

Enterprise M3 Board Meeting

3 August 2023

Enterprise M3 Capital Programme Update – Item 11

1. Background - Capital Programme

- 1.1. The EM3 Capital Programme is structured from three completed government funding programmes:

Table 1: Total funding summary

Growing Enterprise Fund	(GEF)	£20.1 m
Local Growth Fund	(LGF)	£218.8 m
Getting Building Fund	(GBF)	£13.3 m
		£252.2 m

- 1.2. The Government funding element of all projects is spent and completed.
- 1.3. A small number of projects are still in progress (see Table 3 below). These are using either project match funding, or EM3 funding from loan repayments, in order to complete. Most projects are in the monitoring phase which includes monitoring the match funding element and the outputs as they are produced.
- 1.4. Up to 31 March 2023, EM3 has received £32.4m in loan repayments and returns from underspent projects; affording us the flexibility to continue to support some projects over longer timeframes.

Table 2: Total funding including loan repayments

Total funding awarded	£252.2 m
Returns and repayments to date	£32.4 m
Total spent to date	- £265.7 m
Unspent Funding	£18.9 m

Table 3: Unspent funding allocated to projects

Allocated to active projects	- £9.5 m
Farnborough Growth Package	£1.6
Woking STP Phase 1	£1.1
Finance South East	£1.3
Living Lab	£1.0
Gigabit EM3 Towns & Rural (not yet contracted)	£4.5
Unallocated funds at 1 April 2023	£9.4 m

- 1.5. Of the £9.5m of funding allocated to projects, £5.1m has been contracted. The Gigabit project is in the process of being commissioned and is therefore not yet contracted.
- 1.6. At the start of 2023/24, EM3 had £9.4m of unallocated funding to utilise to support further projects, this is now referred to as the EM3 Future Fund.

2. Capital funding: amounts available to support new projects in future

- 2.1. Added to the £9.4m available at the start of this financial year, we expect to receive a further £2.4m in loan repayments in 2023/24, bringing the total of our Future Fund at the end of the current financial year to £11.8m.
- 2.2. Our policy of issuing loans where possible, means we are in a good position to continue funding projects into the future. Appendix 1 shows our current forecast of receipts from loans and Enterprise Zone investments to 2031/32. Taking account of funding which has already been allocated to projects (£9.5m), we expect to have £31.8m available to invest on future projects over this period.
- 2.3. We have taken a prudent approach to risks attached to future loan repayments; estimates are based on a risk analysis of current agreements in place. Additionally, £11.1m has been awarded to projects within our Enterprise Zone as repayable grants to be repaid through Business Rates Income Growth. This funding is based on previous discussions with business partners but is dependent on economic recovery. An external consultancy is currently carrying out a review to update the forecasts, which may affect the timing of the receipts.

3. EM3 Capital Programme general update

- 3.1. The Gigabit EM3 (Fibre Spine) project remains the last project to be contracted. A full update for this project is on the agenda for the Board meeting. See item 9.
- 3.2. The Future Fund is currently being reviewed and re-developed. A full update is on the agenda for the Board meeting. See item 10.

4. Capital Programme (LGF) Outputs for 2022-23

- 4.1. Data regarding LGF project outputs submitted to DLUHC for the 2022-23 year are set out in the table below.

Table 4: Delivery Plan outputs

Output	Forecasted for 2022/23	Actual for 2022/23
Housing		
Housing Completed	3,224	1,705
Jobs		
Jobs Created	N/A	2,852
Apprenticeships Created	N/A	302
Jobs plus Apprenticeships	5,676	3,153
Skills		
New Learners Assisted	4,880	7,117
New/Improved Floor Space (m ²)	2,962	7,900
Commercial		
Commercial Floor Space created (m ²)	24,641	1,942
Business and Enterprise		
Number of Enterprises Receiving Grant Support	5	5
Number of Enterprises receiving non-financial report	202	180
Other – Non LGF		
CO ₂ savings (kg)	451,217	253,059.35

- 4.2. It should be noted that forecasts reflect best estimates and were not always achieved due to various external factors. Whilst there are no Delivery Plan targets against the projects from 2023/24 we continue to work closely with projects to monitor outputs and report to Government.

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20 July 2023

Appendix 1 - EM3 Future Funding Profile

Future Funding Profile	TOTAL	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Brought Forward (Table 2)	18.9	18.9	17.3	24.4	31.0	31.4	31.3	33.3	33.3	36.3
<i>Expected Receipts:</i>										
- <i>Loan repayments</i>	11.3	2.4	1.5	2.3	0.1	0.0	2.0	0.0	3.0	0.0
- <i>BRIG income (para 2.3)</i>	11.1	0.0	6.0	4.5	0.6	0.0	0.0	0.0	0.0	0.0
TOTAL IN YEAR CAPITAL FUNDING	22.4	2.4	7.5	6.8	0.7	0.0	2.0	0.0	3.0	0.0
In-year CUMULATIVE AVAILABLE CAPITAL FUNDING		21.3	24.7	26.8	27.2	26.9	28.8	28.8	31.8	31.8
Of which allocated per year (para 2.2)	(9.5)	(4.1)	(4.8)	(0.3)	(0.3)	(0.1)				
Year-end UNSPENT CAPITAL carried forward		17.3	19.9	26.5	26.9	26.8	28.8	28.8	31.8	31.8
<i>Of which, available for new projects (para 2.1/2.2)</i>		11.8	19.3	26.1	26.8	26.8	28.8	28.8	31.8	31.8