SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

Solent Local Enterprise Partnership

Meeting of the Board to be held on Wednesday 1 March 2017 at the Solent Hotel, Whiteley

8.00am to 10.00am

Item	Title	Time
1.	Welcome and Introduction	08:00 - 08:05
2.	Apologies for absence	08:05 - 08:15
3.	Minutes of meeting held on Friday 16 December 2016	
4.	Matters Arising and declarations of interest	
5.	Executive Update to include: • Local growth deal capital programme 2016/17 and 2017/18 • LGD3 update • Business support programme review • Inward Investment and Trade update	08:15 - 08:45
6.	Industrial Strategy Green paper and Housing White paper to include: • Briefing on South East Sub National Transport Body proposal	08:45 – 09:30
7.	Presentation from Southampton City Council on proposed accelerated housing programme	09:30 – 09:45
8.	Finance year end review to include: • In year budget position for 2016/17 as at 31st January 2017 • Updated financial forecasts and year end position for 2016/17 • Indicative budget position for 2017/18	09:45 – 09:55
9.	Any Other Business	09:55 - 10:00

01.03.2016

Item 3

Draft meeting notes of Board meeting held on 16.12.2016

SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

Solent Local Enterprise Partnership
Meeting of the Board of Directors

Held on Friday 16th December 2016
08:00 - 10:30
Wardroom, HMS Sultan, Gosport

Present	In Attendance
Russell Kew (Acting Chair)	Stuart Baker
Anne-Marie Mountifield	Sophie Egleton
Jonathan Bacon	Marc Griffin
Nick Gross	Richard Jones
Brian Johnson	Chris Ward
Stuart Hill	Hannah Rignell - BEIS
Donna Jones	
Sandra Sassow	**Apologies**
Dave Lees	Gary Jeffries
Simon Letts	Chris Allington
Keith Mans	
Sir Christopher Snowden	
Seán Woodward	

Item		ACTION
1.	**Welcome and Introductions** Gary Jeffries gave advanced apologies and was unavailable to Chair the meeting. As per the Solent LEP Articles of Association, there was a requirement that Board Meetings are Chaired by a Business Director and therefore Russell Kew (RK) agreed to Chair the meeting. RK welcomed everyone to the meeting. He introduced Hannah Rignell from the Department for Business, Energy and Instrustrial Strategy (BEIS), who has replaced Diarmid Swainson as the Solent LEP Relationship Manager. Cdr Mark Hamilton, Executive Officer and Captain Peter Towell, Commanding Officer, HMS Sultan, introduced the Directors to the venue and gave a short presentation on the history and current uses of HMS Sultan.	
2.	**Apologies for Absence** Apologies were noted from Gary Jeffries and Chris Allington.	

3.	**Minutes of meeting held on Friday 21st October 2016** The full set of Minutes and the set for publication on the Solent LEP website were **agreed** from the previous meeting and signed by Russell Kew.	
4.	**Matters Arising and declarations of interest** <u>Declarations of Interest</u> The following declarations of interest were recorded: **Gary Jeffries (advanced declaration, received prior to Board meeting)** Hughes Ellard acts for one of the private sector landowners forming part of the Land East of Horndean site, referenced Item 5, Annex C. **Brian Johnson (advanced declaration, received prior to Board meeting)** BAE Systems - proposal under the innovation fund for a Marine and Maritime test bed. **Sandra Sassow (advanced declaration, received prior to Board meeting)** SEaB Energy in relation to their proposal to the Innovation Programme Fund. **Christopher Snowden** University of Southampton proposals **Simon Letts** Centenary Quay project & Solent Gateway programme **Jonathan Bacon** Island Infrastructure Task Force **Sean Woodward** Daedalus - Fareham/Gosport access <u>Matters arising</u> Isle of Wight Infrastructure Task Force Jonathan Bacon asked for an update on the IOW Task force work and the positioning of the work that the LEP are scheduled to commission on an Island infrastructure Plan.The Executive provided an update advising that as previously notified a steering group for the LEP work will be established as a broader range range of stakeholders will need to be directly enaged with the commission including bus operators, the development sector, key government agencies, network rail and ferry operators. Enquiries and FOI Requests The Board reviewed and **agreed** the proposed format for a new log of enquiries and FOI requests, and **delegated** authority to the Finance, Funding and Performance Management Group (FFPMG) to implement a regular review and follow up any actions required accordingly. It was **agreed** that the log would also capture enquiries that come via Board members regarding	

	funding applications.	
5.	**Local Growth Deal Capital Programme 2016/17 and LGD3 update** <u>Solent Growth Deal Development Fund</u> The Board considered and **approved** the Solent Development Fund Guidance ; and **agreed** to progress with the Development funding once the Local Growth Deal 3 allocation is confirmed. The Board **delegated** authority to the Executive to finalise it in order that it can be launched in 2017; and **agreed** to progress with this work on regeneration sites in the Solent once the Local Growth Deal 3 allocation is confirmed. Innovation Programme Fund Sir Christopher Snowden declared an interest in the National Infrastructure Labroratory at the University of Southampton. Sean Woodward (SW) declared an interest in the Fareham Innovation Centre Brian Johnson (BJ) declared an interest in BAE Systems. Cllr Keith Mans (KM) declared an interest in Fawley Composites Centre Cllr Jonathan Bacon (JB) declared an interest in Fawley Composites Centre Sandra Sassow (SS) declared an interest in SeAB Energy. SW, BJ, KM, JB, SS all left the meeting. The Board considered the applications to the programme fund and the due diligence advice on the top three projects and agreed in principle the projects to be funded under the £3,000,000 programme fund for innovation, subject to affordability, the due diligence recommendations, the satisfaction of any pre-conditions and outcome of the public consultation on the business cases. The projects were as follows: Fareham Innovation Centre 2 BAE Systems Marine and Maritime Autonomy Test Bed Williams Aerospace An update on all the status of these projects would come to the next board meeting. SW, BJ, KM, JB, SS all returned to the meeting. LGD3 Update The executive provided an update on the LGD 3 negotiations and it was expected that confirmation of allocations would come forward in early 2017.	
6.	**Solent Metro presentation followed by Q and A session - Steer Davies Gleave** The executive outlined the update on the Large Local Major Transport Scheme Fund and presented the findings of the Steer Davies Gleave/Ramboll commission on the Solent Metro Phase 1 project. The Board considered the findings from Steer Davis Gleave report and **agreed** to commit a	

	further £745,000 to develop the Solent Metro proposal.	
7.	**Executive Update** <u>Apprenticeships and Local Growth</u> The Board **delegated** authority to the Executive to develop and submit a proposal for submission for the SFA apprenticeship funding. <u>Board roles and Strategy</u> The Board **noted** and **agreed** the revised lead arrangements. The Board discussed that Board representation on the Business Support Investment Panel and **agreed** that Board Directors would attend on a rota basis, to be coordinated by the Executive. <u>Oxford Economics (OE) Report</u> The Board **agreed** the OE report for publication, subject to the following updates: - update the report and executive summary to reflect the position on defence given that the SDSR this time around has included a 2% increase in defence spending and this could result in growth opportunities for our area. - to disaggregate defence spending from public admin and also reflect the desire to see Universities included as key private sector assets in the report as well as the need to set out their relative importance given that we have three that contribute circa £1 bn to annual GVA. <u>Productivity and Growth Supplement 2017 and Annual Report 2016</u> The Board **agreed** to email any comments regarding the new Productivity and Growth Supplement for 2017 (to launch at the Annual Conference) and the Annual Report (to be published at the AGM) by Monday 9 January 2017. The Board **delegated** authority to the Executive to finalise the documents ahead of the Annual Conference on 2 February 2017 and the AGM on 1 March 2017. <u>Assurance Framework</u> The Board **reviewed** the proposed amends to the Solent LEP Assurance Framework and associated Annexes, and **agreed** a revised assurance framework for adoption and publication, subject to a minor revision to the Terms of Reference to the Funding, Finance and Performance Management Group, and an updated diversity statement. The Board **delegated** authority to the Solent LEP accountable bodies S151 Officer to submit a letter to DCLG's Accounting Officer by 28 February 2017 certifying that the Local Enterprise Partnership's local assurance framework has been agreed, is being implemented and meets the revised standards set out in the Local Enterprise Partnership Assurance Framework. <u>Forward Plan</u> The Board **agreed** the updated forward plan.	**Executive to coordinate rota of Board Directors to attend BSIP.** **Executive to action**

8.	**Finance Mid-Year Review** The CFO outlined the Solent LEP Financial Report to 31st October 2016 (Mid-Year review) and highlighted the recommendations being made to the Board. • The revised budget for 2016/17 of £58,836,765 was **approved** by the LEP Board. • The revised budget for the period 2017/18 to 2020/21 was **approved** by the LEP Board. • The Board **noted** the latest forecast of rates that could be generated from the Enterprise Zone. In addition to this the FFPMG agreed at its meeting on 17th November 2016 that the LEP Executive commission a piece of work to set out in greater detail the projected rates available to the LEP. This work will also cover any potential implications associated with the National Revaluation of Business Rates from 2017. Sean Woodward (SW) declared an Interest in relation to the retained rates on the Enterprise Zone in Fareham, and Cllr Keith Manns (KM) declared an Interest in relation to Hampshire County Council and the Stubbington Bypass project. SW and KM left the meeting at this point. • The Board **noted** the update on retained rates and **agreed in principle the** allocation of up to £8.5m of the retained rates on the Enterprise Zone to support the financing requirement of the local contirubtion for the Stubbington Bypass project, subject to finalising the rates forecasting work and **delegated** authority to the Executive working with the Accountable Body to finalise this. SW and KM re-entered the meeting. • The Board **noted** and **agreed** the Solent LEP Financial Statements for the Year Ended 31st March 2016, (circulated as a hard copy paper at the meeting) for signature by the Chairman of the company.. As the Solent LEP is a Company Limited by Guarantee it must return annual accounts to Companies House in order to comply with requirements of the Companies Act 2016. They **delegated** authority to the Executive to make the annual return.	
10.	**AoB** <u>Lord Bridges visit</u> DJ commented that a visit from Lord Bridges, Minister for Exiting the EU, will be taking place in January, and he would like to meet with local business representatives to seek their views.	

Meeting closed at 10:30

01.03.2016

Item 5

Executive Update

SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

Item: 5
Title: Executive update
Date: 1 March 2017
Purpose: For information and action

---

1. Introduction

This report provides an opportunity for issues which are significant, to be brought to the attention of the Board for a decision or for information.

2. LEP Executive team

Since the last Board meeting in December we have advertised the new roles for the Programme Funding Officer and Project Manager Roles and the closing date for applications was 10 February 2017 and we received 10 applications for the Funding Officer role and 11 for the Project Manager role. At the time of writing they are being considered and subject to this interviews are scheduled for 23 and 24 February 2017. A further update will be given at the meeting.

In relation to other staffing changes we can advise that on the LEP apprenticeship programme our Higher Level Apprentice has completed his programme and has secured a permanent officer role in the Transport Department at Portsmouth City Council. Our Advanced Apprentice is due to complete her programme shortly. In line with our ongoing commitment to developing new skills and talent we have advertised the two apprenticeship opportunities with a closing date of 3 March 2017. In addition the Executive support will be moving to the University of Chichester in March 2017 as University Secretary, and we will therefore seek to recruit to this post as well.

Board members are asked to:

- **NOTE** this update.

3. Local Growth Deal update

Section A: 2015/16 and 2016/17 LGD capital programme update

Board members will recall that in addition to monitoring delivery of 2016/17 schemes the Executive are also required to monitor and report the performance and outputs for schemes that concluded in 2015/16, continued in 2016/17 or were forward funded in 2015/16 for future years as agreed buy the Board in January 2016. The Executive will now commission an independent review of the capital programme to date and it is expected that this review will be considered by FFPMG in June 2017.
.

The Board will also recall that as part of the ongoing monitoring process the Executive previously reported a variation in the Solent Recreation Mitigation Project (SRMP) which is a multi-year programme delivering green infrastructure cross the Solent area. The Executive received updated information from the SRMP project lead that proposed to replace the original Manor House Farm project with two substitute sites; one at Itchen Valley Country Park in Eastleigh Borough, and the other as Shoreburs Greenway in Southampton city areas. The alternative projects would deliver the same number of new homes (2,500) over a longer timeframe post 2020.

Since the last the Board meeting the Executive have continued to work with 2016/17 LGD scheme leads to monitor project progress for delivery on site and the signing of funding agreements and funding variations with scheme leads to maximise opportunities for defrayal of the £44,198,569[1] 2016/17 LGD allocation.

Board members will recall that based on the December 2016 position we were forecasting an over programme of **£3,332,702** of the total 2016/17 LGD allocation assuming that all of the programmed expenditure is defrayed by 31 March 2017.

The current position on LGD Capital programme for 2016/17 is detailed in Table 1 as follows;

Table 1: - Proposed revisions to LGD Capital programme for 2016/17 (February 2017)

LGD Programme Management Costs	£300,000
Solent Growth Fund (2016)	£1,597,000
Innovation programme Fund (2016) Programme Management Costs	£75,000
Sub Total	**£1,972,000**
Final Agreement	
Eastleigh College Estates Renewal	£2,190,000
Isle of Wight College CoE for Composites, Advanced Manufacturing and Marine	£5,500,000
Solent Gateway Programme - Isle of Wight Floating Bridge	£3,776,782
A27 Station Roundabout / Gudge Heath Lane	£2,893,000
Fareham and Gosport multiyear programme (Newgate Lane South)	£6,073,000
Fareham and Gosport multiyear programme (A27 Dualling Phase 1 and 2)	£7,325,000
BAE Systems Marine Engineering Centre Development	£1,179,000
Sub Total	**£28,936,782**
At final stages of negotiation with scheme promoters	
Innovation Fund - University of Portsmouth Future Technology Centre	£1,050,000
Innovation Fund - Fareham BC - Fareham Innovation Centre Phase 2	£2,000,000
Sub Total	**£3,050,000**
Schemes to be brought forward in Q4 - 2016/17	
Stubbington Bypass - Phase 1 Land Assembly	£3,500,000
Solent Accelerated housing delivery programme	*£3,000,000*
Sub Total	**£6,500,000**

[1] The £44,198,569 includes the 16/17 allocation of £42,640,334 + carry forward from 2015/16 + Capital Funding returned to LGD from Accountable Body

Total (a)	**£40,458,782**
Solent Growth Deal Award 2016/17 (b)	**£42,640,334**
Carry forward from 2015/16 (c)	**£558,235**
Capital funding for LGD returned from Accountable body (d)	**£1,000,000**
Total LGD Capital programme 2016/17 (e) = (b) + (c) + (d)	**£44,198,569**
Underspend to be carried forward to 2017/18 (f) = (a) - (e)	**£3,739,787**

The Board should note that since the last meeting we have received confirmation from DCLG of a new grant of £7.67 million for infrastructure to support housing delivery at Centenary Quay and as a result the scheme has been completely removed from the 2016/17 LGD Capital programme resulting in the current forecast underspend of £6,739,787 or 15.25% in 2016/17.

It should be noted that the programme also includes provision to provide advance funding of £3,500,000 to support advance works ahead of construction of the Stubbington Bypass which has been supported under Local Growth Deal round three.

There is one more proposal under consideration for 2016/17 which may result in a change to this position. This relates to the Solent accelerated housing delivery scheme where Solent LEP are being asked to partner with Local Authorities and the private sector in the area to bring forward a new and innovative housing delivery programme exploiting new offsite modular build techniques. Primarily it focuses on local authorities making public land available and ready to build on alongside working with innovative private sector companies to build out on such sites.

It should be considered alongside the new government Accelerated Construction programme, where they now want to provide a tailored package of support to ambitious local authorities who would like to develop out surplus land holdings at pace. The programme aims to deliver up to 15,000 homes (housing starts) on central and local surplus public sector land in this Parliament through £1.7 billion of investment. In doing so, they want to use Accelerated Construction to tackle broader constraints to seeing more homes built. The programme is designed to support their market diversification objectives by supporting non-major builders and help tackle the construction skills gaps, including through greater use of Modern Methods of Construction (MMC). Further information on the national initiative and the funding call can be accessed at: https://www.gov.uk/government/publications/accelerated-construction-local-authorities-expressions-of-interest and Local Authorities are invited to submit an EOI by 28 February 2017.

There will be a presentation at the Board meeting and if this progresses in the current year it would reduce the current forecast underspend to £3,739,787 or 8.53% in 2016/17.

The board may also wish to note that the first Solent Growth Fund submission deadline in 2017 for SME support applications closed on 6th January 2017. The LEP received 9 new applications requesting a total of £470,027 in support which would create or safeguard 128 jobs and these are being been considered by the Investment panel.

Section B: Proposed LGD Capital Programme for 2017/18

At the time of writing Solent LEP has received the grant determination letter for the Centenary Quay

scheme and we await the grant determination letter for 2017/18 LGD funding but we have received confirmation from BEIS/DCLG of the funding award of £31.02 million. Table 2 below shows the proposed LGD capital programme for 2017/18:

Table 2: - Proposed LGD Capital programme for 2017/18

Solent Growth Fund	£3,896,568
LGD Programme Management costs	£300,000
Innovation Fund	£1,075,000
Sub Total	**£5,271,568**
Under negotiation - Funding Agreement to be drafted	
Fareham and Gosport multiyear programme (Newgate Lane South)	£2,627,000
North Whiteley	£2,500,000
National Maritime Systems Centre	£1,140,705
Stubbington Bypass Phases 2 to 4	£5,050,000
Sub Total	**£11,317,705**
Work under development	
Local Large majors (Solent Metro and SAEG)	£1,000,000
Regeneration Investment to unlock sites for growth	£1,500,000
Solent Growth Deal Programme Development Fund	£500,000
Sub Total	**£3,000,000**
Total (a)	**£19,589,273**
Solent Growth Deal Award 2017/18 (b)	**£18,982,028**
Local Growth Deal 3 Allocation (c)[2]	**£6,550,000**
Proposed carry forward from 2016/17 (d)	**£3,739,787**
Capital funding returned from Growing Places Fund for accelerated construction (e)	**£3,000,000**
Total LGD Capital programme 2016/17 (f) = (b) + (c) + (d) + (e)	**£32,271,815**
Under programmed capital funding (g) = (a) - (f)	**£12,682,542**

It should be noted that the capital programme is not fully allocated at this stage with just over £12.6 million (or 39%) yet to be committed. This is being considered by the executive currently and we will look at options to bring forward schemes from future years as well as issuing a new funding call (details for this are set out below). A more detailed analysis of the programme through to 2020/21 will come forward to the board at their next meeting in May 2017, including an assessment on deliverability in relation to schemes profiled in future years.

Section C: Local Growth Deal 3 update

Board members will recall that we have recently received confirmation of the Local Growth Deal 3 settlement which, as discussed at the Board in December 2016, is £31.02 million. In addition we have also received confirmation from DCLG of additional funding for Centenary Quay of £7.676 million.

[2] Please note this figure is indicative and will LGD3 profiling to be confirmed

This new tranche of funding will deliver:

- Stubbington bypass, a strategic investment which will transform connectivity of the Solent Enterprise Zone and wider Fareham and Gosport peninsular;
- A Solent Skills and Productivity Investment Fund for the area, enabling the LEP to invest in local skills and infrastructure projects which enable productivity growth in the Solent;
- Enabling infrastructure for Centenary Quay (separate from the Growth Deal)

The fact sheet in Annex A provides further information.

4. Local Growth policy and Consultation responses

The board will be aware that there have been a number of consultations published nationally, inviting a LEP response. The table below summarises the overall position and all consultation responses are published on the Solent LEP website.

Table : Summary of Consultation responses

Consultation Title	Deadline for Responses	Status
Solent Devolution Deal	18/09/2016	Responded
Business Rates Retention Consultation	23/09/2016	Responded
Call for Written Evidence on the Economic Potential of Coastal Communities and the Visitor Economy	30/09/2016	Responded
ABP Port of Southampton Master Plan Consultation	25/11/2016	Responded
Highways England: The Road to Growth Discussion Paper	20/01/2017	Responded
National Infrastructure Assessment Call for Evidence	10/02/2017	Responded
Building Our Industrial Strategy Green Paper	17/04/2017	Open
Fixing our broken housing market White Paper	02/05/2017	Open
Airports National Policy Statement	25/05/2017	Open

5. Inward Investment and Trade

Board members will recall from the October 2016 board meeting that the 2015/16 UKTI results for FDI continue to show that the Solent significantly underperforms on inward investment, and that, following the establishment of the Department for International Trade (DIT), there is a coupling of Trade and Inward Investment at the national level, recognising that inward investment can help to stimulate export-led growth. In consideration of this, the board agreed to reposition the Solent LEP's Inward Investment Strategic Priority as Inward Investment and International Trade and requested that the Executive develops a proposed approach to Inward Investment and International Trade, for consideration by the board.

Encouraging Trade and Inward Investment

One of the areas of focus in the 'Building Our Industrial Strategy' Green Paper is to encourage trade and inward investment. A key rationale for government action to encourage trade and investment is that it drives growth by increasing competition, supports productivity gains (less than 11% of UK business export, yet those that do contribute 60% of the UK's productivity growth) and brings new ideas

to the UK, which 'spill-over' into the wider economy. Government also recognise that diversification across export markets help to increase business resilience and enables stronger growth to be achieved during periods in which economic conditions in the UK are more challenging. The coupling of trade and inward investment recognises that over half of all foreign-owned companies in the UK are exporters.

Actions underway by DIT include doubling export finance capacity; using a new digital platform services at great.gov.uk making it easier for firms to access support; joining up trade and investment promotion with local areas; and improving market access for exporters. New commitments set out in the Green Paper include building future trading relationships, with a more active "Team UK" approach to winning overseas contracts and a greater UK presence at international trade fairs. A new approach will also involve targeting potential exporters, using HMRC data and with analysis of the best practices of the leading global inward investment promotion agencies.

The focus of the proposed Industrial Strategy on providing the conditions to enable every "place" to meet its potential is apparent in proposals to join up national trade and inward investment services with local areas. It is likely that the scale of the national trade and investment services contract will be reduced with some resource re-allocated to teams dedicated to the Northern Powerhouse, Midlands Engine, Greater London and Southern England, working closely with LEP's. The Green Paper also highlights the opportunities for increasing defence exports, which is something pertinent to the industrial base of the Solent. The Defence Security Organisation (DSO) is working with industry whereby consortia of UK defence companies produce a single UK bid for overseas government customers, which enables the UK Government to provide coherent support to a single UK bid, increasing the probability of success. Indeed, Sir John Parker's report to inform the UK National Shipbuilding Strategy recommends that future government defence procurement is designed with an eye to future export opportunities, by ensuring ships the UK procure are of a type with export potential. Locally, we have seen such an approach in the work of the Defence Growth Partnership (DGP) and the establishment of the Centre for Maritime Intelligent Systems (CMIS), although CMIS will now be re-located from Portsdown Technology Park to co-locate the activity with the DGP's UK Defence Solutions Centre (UKDSC) at Farnborough.

Priorities for the Solent LEP

In consideration of the continued FDI performance in the Solent and the increased focus and coupling of trade and inward investment within the approach to developing a modern industrial strategy, it is recommended that the LEP does sharpen its approach with a view to improving both the level of investment attracted to the Solent and supporting our businesses to export more.

The Productivity and Growth Strategy Update 2017 identifies the following priorities for the Inward Investment and International Trade strategic priority in 2017/18:

- Retain and grow existing Solent businesses through supporting investment in the local area, including support to access new markets;
- Developing a more cohesive package of support for businesses that want to invest in the area.
- Develop, coordinate and deliver a new trade and investment strategy.

The scale of the challenge for the Solent, requires a more focussed approach, and one that aligns with the efforts to encourage trade an inward investment at the national level. Therefore, it is recommended that the LEP focusses its efforts on two areas:

A. Supporting existing businesses to grow (in particular by accessing new markets) and encourage new businesses to establish in the Solent; and

B. Enhance the attractiveness of the Solent for Inward Investment (not just FDI, but growth of investment in indigenous companies too)

Supporting existing businesses to grow (in particular by accessing new markets) and encourage new businesses to establish in the Solent

In relation to supporting existing businesses to grow and encouraging new businesses to establish in the Solent, the LEP has recently launched the £5m Solent Growth Fund, which provides funding to support existing businesses to grow and new businesses to establish through delivering new processes / products / services, and / or developing new markets. In addition we have responded to a recent ERDF funding call and if successful there would be revenue available to support SME's seeking to access international markets.

The LEP is also developing a strong relationship with Maritime UK, and has discussed opportunities for Solent marine and maritime businesses to leverage off Maritime UK international trade activities and programmes. The executive has also initiated discussions with Maritime UK in relation to developing a Sector Deal for marine and maritime. Finally, we can also work to leverage more out of the relationship with local DIT teams, to better join-up trade and investment promotion, as set out in the Industrial Strategy.

Enhancing the attractiveness of the Solent for Inward Investment (not just FDI, but growth of investment in indigenous companies too)

In relation to the second part of the proposed approach, that being to improve the attractiveness of the Solent to inward investment, there is much to promote. The Solent - or the Southern Gateway - is exceptionally well positioned in relation to UK and international markets and the global metropolis of London. It benefits from three key international gateways, is close to Heathrow, is well-connected, and is home to a range of multi-national companies as well as a diverse SME base. The area has three Universities and key research assets with world-leading capabilities, exceptional natural assets focussed on our 290 miles of coastline, and globally renowned events (Cowes Week, Southampton International Boat Show, and the Isle of Wight Festival), key tourist attractions (the Historic Dockyard), as well as Premier League football.

In recent roundtables with businesses, it was been suggested that the LEP should actively promote the Solent offer with a focus on our key economic assets, sectoral strengths, innovation assets, geography, quality of life and as a primary gateway for international trade - the Southern Gateway.

Therefore, it is proposed that these assets provide the package upon which our range of key development and regeneration sites can be promoted, in a pitch book, to potential investors and developers. Core criteria to select the key private sector and public sector development opportunities would need to be established relating to, for example, size, impact, availability and permissions.

The approach to the pitch-book can be informed by best practice, and examples include London & Partners, Belfast City, Manchester and Leeds City Region, the latter promoting a range of areas within the Leeds City Region - much like a Solent approach would need to. Each has a strong online presence that is international-facing, sets out a story - why to invest in the area, identifies sectoral strengths, the key development opportunities, and how to access investor support.

It is recommended that the LEP commissions expertise to develop a digital pitch-book, with associated collateral that focusses on describing the Solent offer to help sell our key development and

regeneration opportunities. The LEP is well placed to work with local partners and the Regeneration Investment Organisation (now the DIT Capital Investment Organisation) to market schemes to international investors. Southampton has already been successful in promoting its City Centre Master Plan opportunities to international investors with Hammerson plc recently selling 50% of the new Watermark development to GIC, Singapore's sovereign wealth fund for £48.5m.

6. European Structural Investment Funds (ESIF) update

The Board has received regular up-dates on the progress of the Solent European Union Structural and Investment Fund (EUSIF) Programme. At the last meeting the board considered a table outlining committed sums against remaining allocations and an update as at December 2016 was provided. Further to this a new £4 million funding call under ESIF (ERDF) focused on Enhancing the Competiveness of SME's was launched on 16 December 2016 with a first deadline for applications on 17 February 2017. This is a rolling call and further deadlines for submission are 30 April 2017 and 30 July 2017.

Solent LEP submitted an application seeking £4 million to support an Enhanced Solent Growth Hub and Growth Accelerator initiative and we will update the board when we receive feedback from DCLG as the Managing Authority

6. Land, Property and Infrastructure update

Since the last Board meeting Solent LEP have re issued the invitation to Tender to develop an Island Infrastructure Investment Plan, which will identify the key deliverable infrastructure investments to support sustainable growth of the Isle of Wight economy and enable it to contribute further to the broader Solent and UK economies. The closing date for proposals was 17 February 2017 and an update will be provided at the board meeting

7. Strategic Economic Plan Refresh

Further to the previous update work continues on developing the underpinning evidence base prior to developing a new Strategic Economic Plan. To date we have completed the transport Investment Plan, a revised set of economic forecasts and work will shortly commence on a new skills strategy.
In addition we have also been working with Maritime UK who are currently completing a UK Maritime sector economic impact study. This comes at a time when we do need to refresh the Solent Marine and Maritime Strategy and in discussion with SMMSG it has been agreed to work in partnership with Maritime UK and we will invest in the preparation and production of a standalone report for the Solent LEP area, due for publication alongside the UK wide report in July 2017. Ahead of this the board will consider the interim findings at their next meeting in May 2017.

Alongside this and as part of our new economic plan it is important to ensure that we fully evaluate and promote the economic contributions from the three universities in the Solent. They are widely regarded as important economic assets in their own right and given the increasing emphasis on research, science and innovation in the industrial strategy it will be important to ensure that the Solent is well placed to exploit and promote this key strength as well as to position the area and the universities for additional investment. On this basis work is underway to develop a partnership proposal between

Solent LEP and the three universities to commission an economic impact study for completion by early autumn 2017. An interim report will come forward to the Board for consideration in July 2017.

This together with the feedback we receive in the forthcoming industrial strategy roundtables should ensure that we are well positioned to come forward with a new Solent Economic Plan/Strategy before the end of 2017/18.

8. Hampshire Economic Forum

The board may be aware that from August 2016 to October 2016, the Southern Policy Centre undertook a business consultation exercise on behalf of Hampshire County Council.

This was to ascertain the views of the business community in relation to the prospect of a devolution deal for all or part of Hampshire and to understand more clearly what businesses want to see from any possible future reorganisation of local government in Hampshire.

On Monday 12 December 2016, the County Council's Cabinet considered a report outlining how they might positively respond to the findings of this exercise. A link to the report is provided below:

http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=&pref=Y&item_ID=7931&tab=2&co=&confidential=

One of the key findings was that businesses wish to have more effective engagement with local government, and they are therefore proposing to establish a business engagement forum, bringing together an Economic Development Sub Committee of the Cabinet with the Board of HIBA (Hampshire and Isle of Wight Business Alliance).

It is also proposed that the Chairs of the 2 Local Enterprise Partnerships in Hampshire be invited to participate in the forum.

Further to the Cabinet meeting in December Hampshire County Council have now set up a sub committee on economic development which will include

The Leader of Hampshire County Council - Cllr Roy Perry
The Deputy leader of Hampshire County Council - Cllr Keith Mans
Portfolio holder for Transport Hampshire County Council - Cllr Rob Humby
Portfolio holder for Economic Development Hampshire County Council - Cllr Mel Kendall

As part of this it has been confirmed that they would like the engagement forum to include the Chairs of the 2 LEPs; Solent and Enterprise M3 and the Chair of HIBA. Initially there will be an informal meeting on the Forum on 27 March 2017 where the role and purpose of the forum will be considered further. It is recognized that any forum should consider inputs from the cities of Portsmouth and Southampton as well as the Isle of Wight.

In advance of this first meeting we would like to seek board views and advice to inform the development of the forum and to shape our participation going forward.

9. Governance

There are a number of governance issues to be brought to the attention of the Board and they are documented as follows:

a. P Director Vacancy

The Solent LEP executive team have received notification from Cllr Jonathan Bacon that he has resigned from his position on the LEP Board and, as a result, there is now a vacant P Director position on the Solent LEP Board.

As per Article 10.4.3 of the Articles of Association: P members [have] from time to time, as a class, the exclusive right, by simple majority vote, to appoint, remove and replace up to five directors who shall be the P directors. The Solent LEP Ltd Articles of Association do not prescribe a format for P Members to select their candidates and this is at the discretion of P Members.

An update on this will be provided at the Board meeting.

b. Annual General Meeting - 2018

Please note, the below information relates to the Solent LEP Annual General Meeting (AGM) to be held in 2018. It does not relate to the AGM scheduled for 1st March 2017 to take place directly after the LEP Board meeting.

The Solent LEPs AGM in 2018 will be the sixth AGM of the Company. This does have implications in relation to the Governance of the Company in relation to retirement of Directors as determined by the Company's Articles of Association.

Article 32 and 33 of the Solent LEP Articles of Association cover requirements in relation to retirement of Directors. The Solent LEP Articles can be found here and the relevant section is included below for the information of Board Members:

RETIREMENT OF DIRECTORS

32 At the third annual general meeting all the directors must retire from office unless, by the close of the meeting, the members have failed to elect sufficient directors to hold a quorate meeting of the directors. At every third subsequent annual general meeting one-third of the directors or, if their number is not three or a multiple of three, the number nearest to one third must retire from office. If there is only one director he or she must retire.

33

33.1 The directors to retire by rotation shall be those who have been longest in office since their last appointment. If any directors became or were appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

33.2 If a director is required to retire at an annual general meeting by a provision of these articles the retirement shall take effect upon the conclusion of the meeting.

In accordance with article 32 of the Company's Articles at the Company's sixth annual general meeting one-third of the directors or, if their number is not three or a multiple of three, the number nearest to

one third must retire from office. The directors to retire by rotation shall be those who have been longest in office since their last appointment.

The Solent LEP Executive will meet with each of the 5 longest serving Directors in advance of the May 2017 Board meeting in order to discuss their Board roles and confirm the intentions of the Directors moving forward and a further update will be provided at the next board meeting.

c. Summary of Enquiries, complaints, FOI's and Gifts, Events and Hospitality

An update on the latest status logs summarising all enquiries, FOIs and complaints will be considered by the board alongside the updated register of interests.

10. <u>Forward Plan</u>

Further to the previous Board meeting the forward plan has been updated as follows:

19 May 2017

- Executive update
- LGD Update for 2017/18 programme
- Final year end outturn for 2016/17 financial forecasts and budget for 2017/18
- Report on the Solent Enterprise Zone to include consideration of forecast retained business rates
- Infrastructure update to include presentation from SSE and initial update on the Isle of Wight Infrastructure Investment Plan and Solent Metro

14 July 2017

- Executive update
- LGD Update for 2017/18 programme
- Report on Solent Maritime economic impact study
- Interim Report on Solent Universities economic impact study *(subject to a proposal being agreed)*

Board members are asked to;

- **Consider** and **Agree** the updated forward plan.

01.03.2016

Item 5 Annex A

Growth Deals 3 Factsheet

GROWTH DEALS 3 FACTSHEET – SOLENT LEP

1. **How much is the Government investing in Solent LEP as part of the Growth Deal programme?**

	Growth Deal One (July 2014)	**Growth Deal Two (Jan 2015)**	**Growth Deal Three (Jan 2017)**
Local Growth Fund Award	£124.8m	£27.1m	£31.02m
Total Award	**£182.92m**		

2. **What will this new funding deliver?**

This new tranche of funding will deliver:

- Stubbington bypass, a strategic investment which will transform connectivity of the Solent Enterprise Zone and wider Fareham and Gosport peninsular;
- A Solent Skills and Productivity Investment Fund for the area, enabling the LEP to invest in local skills and infrastructure projects which enable productivity growth in the Solent;
- Enabling infrastructure for Centenary Quay (separate from the Growth Deal)

3. **What has previous funding delivered?**

This builds on previous Growth Deal investments in the Solent, which have funded or are due to fund the following projects:

- A world leading Cancer Immunology Centre, pioneering new treatments with global application, at the University Hospital, Southampton.
- A package of enabling works in Fareham and Gosport to support strategic sites at Welborne (a new housing development) and the Solent Enterprise Zone (1) Preliminary works associated with the Stubbington Bypass; and (2) A Local Road network improvement package (including Peel Common Roundabout); and in addition a provisional allocation to M27 Junction 10 upgrade to “all moves” starting beyond 2017.
- A new highway route to join the existing community of Whiteley and the planned new development to the north of Whiteley to the existing highway network, accelerating the delivery of 3,500 new homes and mitigating chronic congestion at M27 junction 9.
- A replacement Floating Bridge, sustaining the critical connectivity between Cowes and East Cowes on the Isle of Wight.
- Isle of Wight College – building a centre of excellence for composites, advanced manufacturing and marine technology
- Eastleigh College – upgrading existing college facilities, including a new Advanced Technology block
- Solent Growth Fund – extending an existing programme to provide further business start-up funding, support for young entrepreneurs and expansion funds for existing businesses to help them improve productivity and reach new markets.

- Solent Mitigation– a package of measures working with Defra and its agencies to take a more strategic approach to environmental disturbance mitigation across the Solent area, to support new housing delivery.
- Fareham Innovation Centre - Delivery of phase 2 of the successful Fareham Innovation Centre, to respond to demand and provide scale-up space and conferencing facilities.
- Future Technology Centre - Working with the University of Portsmouth to provide new space for Solent SMEs to leverage of the capacity, capabilities and assets of the University.

4. How will this benefit the local community and local businesses?

Stubbington bypass will transform connectivity of the Fareham and Gosport peninsula, linking the local community and local businesses, improving agglomeration, and providing better access to markets. There are particularly strong forecast benefits to private road users. The scheme has been an aspiration for over 30 years and has strong local support. Businesses will benefit from improved access to local skilled labour, in particular those businesses based on or planning to relocate to Solent Enterprise Zone; a key strategic purpose of the scheme is to relieve traffic congestion that might impede the optimal development of this site.

5. Other Sources of Funding for Solent LEP

- Growing Places Fund: £18m
- Enterprise Zone funding (Daedalus): £7m
- Portsmouth & Southampton City Deal: £57m
- Regional Growth Fund: £53.7m
- Other; Broadband Delivery UK - £8.42m
- The Solent LEP area has an indicative allocation of approximately €42.9 million of EU funding to support jobs and growth in the funding period 2014 – 20. This comprises €22 million European Regional Development Funding (ERDF) to support the growth of SMEs, innovation and low carbon projects and €21 million European Social Fund (ESF) for employability, skills and social inclusion.

Communities Secretary Sajid Javid said:

“As part of efforts to deliver an economy that works for everyone, the Government is devolving powers and resources directly from Whitehall to local people who know their areas best.

“That is why we’re giving £31.02 million new money to the Solent to give businesses the support and opportunities they need to achieve their potential – on top of the £151.9 million we have already awarded.”

Solent LEP Chairman Gary Jeffries said:

“The Solent economy has huge potential and the investment announced today for Stubbington Bypass represents a major boost to the region through unlocking growth opportunities on the Fareham / Gosport peninsular.

The bypass was identified as a key scheme within our Transport Investment Plan, however, we know there is more work to do and we will continue to work with both local partners and national

agencies in the coming years to secure the further investments which will unlock growth opportunities in Southampton, Portsmouth and on the Isle of Wight."

01.03.2016

Item 6

Industrial Strategy Green Paper and Housing White Paper

SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

Item: 6
Title: Briefing on the Industrial Strategy Green Paper and the Housing White Paper
Date: 1 March 2017

1. Introduction

This briefing note provides a high level summary of the Green Paper "Building Our Industrial Strategy", which was published by the Department for Business, Energy and Industrial Strategy (BEIS) for consultation on 23rd January 2017 and the White Paper "Fixing our Broken Housing Market" which was published by the Department for Communities and Local Government (DCLG) on 7 Febraury 2017.

The Industrial Strategy Green Paper sets out how the government propose to build a "modern industrial strategy" and seeks views on the proposed approach, by the 17th April 2017. The LEP will be responding to this consultation and is convening a series of roundtables and other fora to inform and shape the our response to the consultation.

The Housing White Paper sets out how the government intends to boost housing supply and, over the long term, create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity. They are seeking views on the propsied approach by 2nd May 2017. The LEP will be responding to this consultation and is convening a roundtable and other fora to inform and shape the our response to the consultation.

2. Building Our Industrial Strategy

The government believe that an industrial strategy must respond to three challenges:

- Build on our strengths and extend **excellence** into the future;
- Close the gap between the UK's most **productive** companies, industries, places and people and the rest; and
- Make the UK one of the most **competitive** places in the world to start or grow a business.

By addressing these three challenges, the government will seek to achieve its objective *"to improve living standards and economic growth by increasing productivity and driving growth across the whole country."*

The underperformance of the UK in terms of productivity, noted in the discussion paper, is mirrored in the Solent economy. The total value of GVA in Solent stood at £27.8 billion, accounting for just under 12% of regional output. Average productivity in the Solent stood at

£45,645 in 2015, this was 8.4% below the regional average and just under half a percent behand the UK average. There are a range of factors that influence this performance, including inadequete transport infrastructre, insufficient levels of higher level and technical skills, and the sectoral profile of the industrial base, amongst others. In response the LEP has prioirtised investment in our economic infrastructure; developing the skills that our economy needs to succeed; **e**nsuring that ideas and knowledge are at the forefront of our approach, supporting our businesses to innovate, export and grow; and building on our sectoral strengths and recognise our comparative advantage. Further detail is set out in the Solent Productivity and Growth Strategy Update 2017.

The government see their approach to an industrial strategy as being different from past approaches, in that a *modern industrial strategy* should seek to create the right conditions for new and growing enterprises to thrive, rather than protecting the position on incumbent or traditional industries. This recognises the unfolding technological revolution that is disrupting existing and creating new markets and that the rate and profound impact of this revolution necessitates an approach that provides the conditions for the nurturing of new, rather than the sustaining of traditional, industries. Locally, the Solent LEP has commissioned work to identify those sectoral and technological strengths where the Solent has a competitive and comparative advantage. Sectoral excellence exists in relation to marine and maritime, defence, aerospace, photonics, aspects of life sciences, CleanTec, whilst we have technological strengths in autonomous systems, advanced materials, intelligent infrastructure, and web science.

The focus of the proposed industrial strategy also looks at providing the conditions and institutions to enable every "**place**" to meet its potential and this includes supporting economic growth in all areas, and there is an emphasis on ensuring that this is not just '***for prosperous places such as London and the South East".*** For an area such as the Solent that underperforms on a number of economic measures, most notably productivity, it is important that the strategy does recognise that not all areas in the South east are prosperous and that work will be required to address the barriers to economic growth and prosperity that we see in our area. Too frequently, the Solent is assumed to be atypical of the wider south east, yet our economic profile is more akin to that of a northern conurbation, and the scale of the challenges that these pose would benefit from a place-based approach that tailors response to the local situation. Indeed, even within the Solent there is disparity. The UK Competitiveness index 2016 ranks Solent as the second least competitive LEP area in the south east of England, and within the Solent Gosport is ranked 208th (out of 379 Local Authority areas), whereas the Isle of Wight is ranked 339th.

The industrial strategy is proposed to be built on ten pillars, which the government believe important to drive forward the industrial strategy. These are summarised in Annex A.

In broad terms there are also three key challenges that the strategy will seek to address as the UK looks to make decision about their long terms economic future. They are as follows:

a. To **build on our strengths and extend excellence into the future**; and
b. To ensure that every place meets its potential by working to **close the gap** between our best performing companies, industries, places and people and those which are less productive; and
c. To **make the UK one of the most competitive places in the world to start or to grow a business**

There will be a discussion on the strategy at the board meeting and the executive are seeking

views from the Board on the following key points:

- **The focus of the industrial strategy**: latest thinking on approaches to cross-sector issues and specific markets, and the degree of intervention it encompasses; and

- **Skills**: priorities for strategic focus on gaps, such as the development of STEM subjects in primary education, as well as closing skills gaps between larger and smaller companies; and

- **Innovation**: what is needed from the strategy to support the development of emerging technologies and sectors, such as robotics, artificial intelligence, biotechnology and advanced materials manufacturing - as well as the impact of new initiatives such as the Industrial Strategy Challenge Fund;

- **National and regional development**: and integration and development of regional initiatives such as Sub National Transport bodies and Local Growth such as the Northern Powerhouse; and

- **Finance**: improving access to finance following the announcement of the governments new service for small businesses who are seeking finance; and

- **Trade and investment**: the future for UK exports following the EU referendum and discussion on the impact of leaving the EU on UK competiveness.

In addition the LEP executive have arranged a number of roundtables with the private sector and key stakeholders to receive feedback on the Green paper and this together with the feedback from the board discussion will be used to inform the response to the consultation. A draft response will be circulated to the board for comment during week commencing 27 March 2017 and the final response wll be signed of by the Chair ahead of the submission on 17 April 2017.

3. Fixing our Broken Housing Market

The Government have published a new White paper that seeks to address three key challenges they have identified as follows:

a. **Over 40 per cent of local planning authorities do not have a plan that meets the projected growth in households in their area.** The government acknowledge that there are many reasons for this, but they contend that one of the most significant is the way local decision-makers respond to public attitudes about new housing; and
b. **The pace of development is too slow**. This Government's reforms have led to a large increase in the number of homes being given planning permission. But there is a large gap between permissions granted and new homes built. More than a third of new homes that were granted planning permission between 2010/11 and 2015/16 have yet to be built; and
c. **The very structure of the housing market makes it harder to increase supply**. The government advise that housing associations have been doing well – they're behind around a third of all new housing completed over the past five years – but the commercial developers still dominate the market.

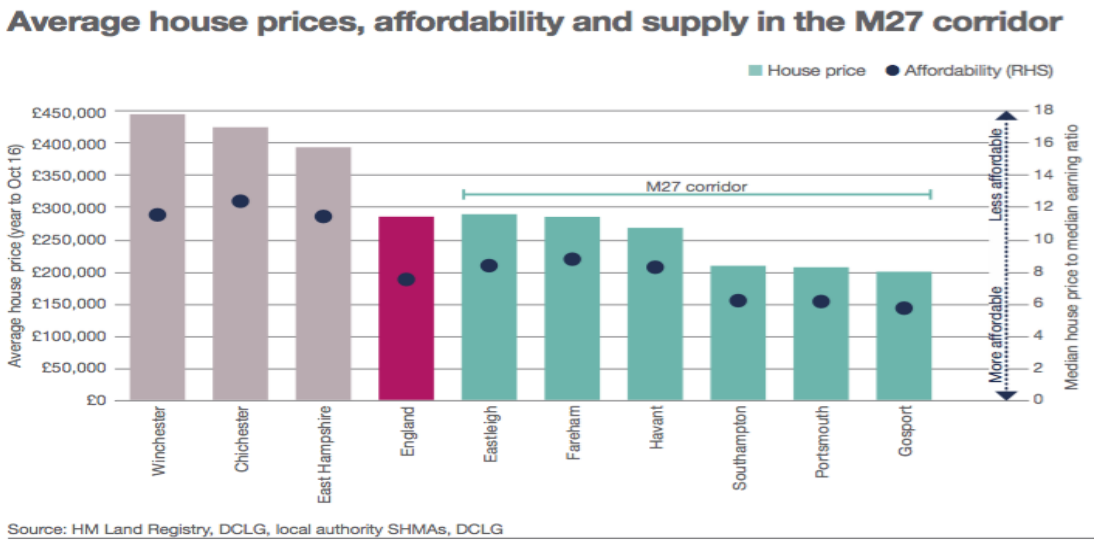
The White paper proposes an approach to house building based on the following:

- **There is a need to plan for the right homes in the right places**. This is critical to the success of our modern industrial strategy. Growing businesses need a skilled workforce living nearby, and employees should be able to move easily to where jobs are without being forced into long commutes.
- **There is a need to build homes faster**. We will invest in making the planning system more open and accessible, and tackle unnecessary delays
- **They will diversify the housing market**, opening it up to smaller builders and those who embrace innovative and efficient methods.

They key elements of the White Paper are summarised in Annex B.

Solent LEP have identified the need to bring forward new housing and as such have prioritised infrastructure funding to support key housing schemes as North Whiteley and Welborne. In both instances thse developments have encountered delay and the pace of development is slow. Alongisde this we have recognised that housing also has a vital role to play. In the Solent area the market is challenging when viewed from the perspective of new supply, availability and affordability. There is a serious and chronic shortage of housing and steps are being taken to address this with delivery of new housing featuring very prominently in the Solent SEP. Notwithstanding this we need to do more as it is affecting productivity and restricting labour market flexibility, with many businesses simply unable to fill vacancies and many areas of the health and social sector reporting skills shortages as they struggle to recruit key workers.

A recent report published by Savills shows that economic growth in the Solent area will place further pressure on an already undersupplied housing market. According to the current Strategic Housing Market Assessments (SHMAs) for the local authorities along the M27 corridor, at least 4,000 additional homes are required per year. The following diagram shows affordability ratios in our area



Whilst the supply of new homes increased over the last five years, reaching 3,060 in the year to

March 2016, it was still short of need by 940 homes. The low level of supply has contributed to an increase in house prices. Over the year to September 2016, house prices have grown between 8.0% and 10.7% across all six local authorities, above the national average of 7.1%.

There will be a discussion on this White Paper at the board meeting and the executive are seeking views from the Board to include;

- exploring practical solutions to **delivering new homes across all tenures** in the Solent; and
- **finance and funding** models; and
- regeneration and **place-making**; and
- addressing **the skills gap in construction**, particularly in civl engineering and ground works; and
- **partnership working and leveraging capacity** through collectively utilizing our assets.

In addition the LEP executive have arranged an infrastructure roundtable with the private sector and key stakeholders to receive feedback on the Industiral Strategy Green paper and we will use this opportunity to discuss the Housing White Paper. This together with the feedback from the board discussion will be used to inform the response to the consultation. A draft response will be circulated to the board for comment during week commencing 10 April 2017 and the final response will be signed of by the Chair ahead of the submission on 2 May 2017.

01.03.2016

Item 6 Annex A

Industrial Strategy Green Paper

Summary

Why we need a modern industrial strategy

Industrial strategy can mean many different things. In the 1970s, industrial strategy became synonymous in Britain with the failures of nationalised industries like British Leyland, "picking winners", poorly targeted government investment and sclerotic growth.

More recently, industrial strategy has been used to describe successful interventions in countries as diverse as South Korea, the United States, Germany and in some aspects, the UK. Targeted interventions – ranging from tax breaks and deregulation to strategic procurement decisions and specific investment in particular skills – have been combined with free market economic policies to nurture growth in particular sectors and places. Far from the experience of 1970s Britain, the international approach to industrial strategy has often been fruitful, leading to more productive and better balanced economies.

This document sets out a new vision. A vision for a modern British industrial strategy that does not repeat the mistakes of our past, and learns the lessons of our own successes and those of our overseas competitors. It is a vision to support, strengthen and develop our different industries, and to get all parts of the country firing on all cylinders.

The objective of our modern industrial strategy is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.

This is not about the Government directing the economy or determining the industries of the future from Whitehall. Instead, we will identify our competitive strengths, explore with industry the ways in which government can help, and put in place institutions and relationships to sustain higher levels of productivity over the long term. It is about creating an economy resilient to change and fit for the future.

In some industries, this approach is already mature. The Government has long worked collaboratively with the aerospace industry to create one of the world's best business environments for advanced aerospace engineering, design and manufacture. In the automotive sector, close partnership between government and industry has supported strong growth, with thousands of people employed in highly skilled jobs. But this relationship is less developed in other industries, and we have not established a coherent framework for industrial strategy across all sectors. This document starts to set out that framework.

We identify 10 pillars we believe are important to drive forward our industrial strategy across the entire economy: science, research and

innovation; skills; infrastructure; business growth and investment; procurement; trade and investment; affordable energy; sectoral policies; driving growth across the whole country; and creating the right institutions to bring together sectors and places. These pillars frame our approach, and across each of them we set out a programme of new policy.

The way in which these pillars relate to specific places will vary, and will change over time. In some areas, it will be important to target government investment flexibly to support specific areas or sectors. In others the right intervention might be to create new sector bodies, research institutions or financing bodies – where the lack of those institutions is holding back growth and productivity.

In all cases, we will work with industry and draw upon the considerable expertise of UK business to design our industrial strategy.

Why we are proposing this strategy

This strategy draws on lessons from other countries and identifies some of the key approaches that have enabled stronger productivity and more balanced growth in other economies.

It also draws on our own history: what has worked and what has failed; the strengths we must build on and the weaknesses we must correct.

These lessons have led us to the 10 pillars for the industrial strategy we set out in this paper. We are proposing these areas because the evidence shows that they drive growth. Places with higher rates of investment in research and development, more highly skilled people, better infrastructure, more affordable energy and higher rates of capital investment grow faster and have higher levels of productivity. Policies on trade, procurement and sectors are tools we can use to drive growth by increasing competition and encouraging innovation and investment. Through central government actions and by strengthening the local institutions that support a more productive economy we can ensure that growth is driven across the whole country.

The pillars

1. **Investing in science, research and innovation –** we must become a more innovative economy and do more to commercialise our world leading science base to drive growth across the UK.

2. **Developing skills –** we must help people and businesses to thrive by: ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.

3. **Upgrading infrastructure –** we must upgrade our standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.

4. **Supporting businesses to start and grow –** we must ensure that businesses across the UK can access the finance and management skills they need to grow; and we must create the right conditions for companies to invest for the long term.

5. **Improving procurement –** we must use strategic government procurement to drive innovation and enable the development of UK supply chains.

6. **Encouraging trade and inward investment –** government policy can help boost productivity and growth across our economy, including by increasing competition and helping to bring new ways of doing things to the UK.

7. **Delivering affordable energy and clean growth –** we need to keep costs down for businesses, and secure the economic benefits of the transition to a low-carbon economy.

8. **Cultivating world-leading sectors –** we must build on our areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.

9. **Driving growth across the whole country –** we will create a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backing local innovation strengths.

10. **Creating the right institutions to bring together sectors and places –** we will consider the best structures to support people, industries and places. In some places and sectors there may be missing institutions which we could create, or existing ones we could strengthen, be they local civic or educational institutions, trade associations or financial networks.

These pillars all reinforce one another. An economy with more innovative start-ups will require more highly skilled people, more venture capital, and better digital infrastructure. Inward investment can drive productivity growth by bringing new ideas and new ways of doing things to the UK. But to attract inward investment we need to be competitive on energy costs and infrastructure – as well as having a strong science base and highly skilled people. And the aims of our strategy will be further advanced by other complementary work – such as our further thinking on the labour market which will be set out later in the year.

In many of these areas, such as innovation, finance and attracting inward investment, the UK already has great strengths. The industrial strategy will enable us to capitalise fully on them.

The nature of the challenge

The UK has grown strongly in recent years – by over 14 per cent since 2010, second only to the United States among major advanced economies[4].

Employment has reached a record high, with 2.7 million more people in work than in the first quarter of 2010[5]. Unemployment is at its lowest level for 11 years.

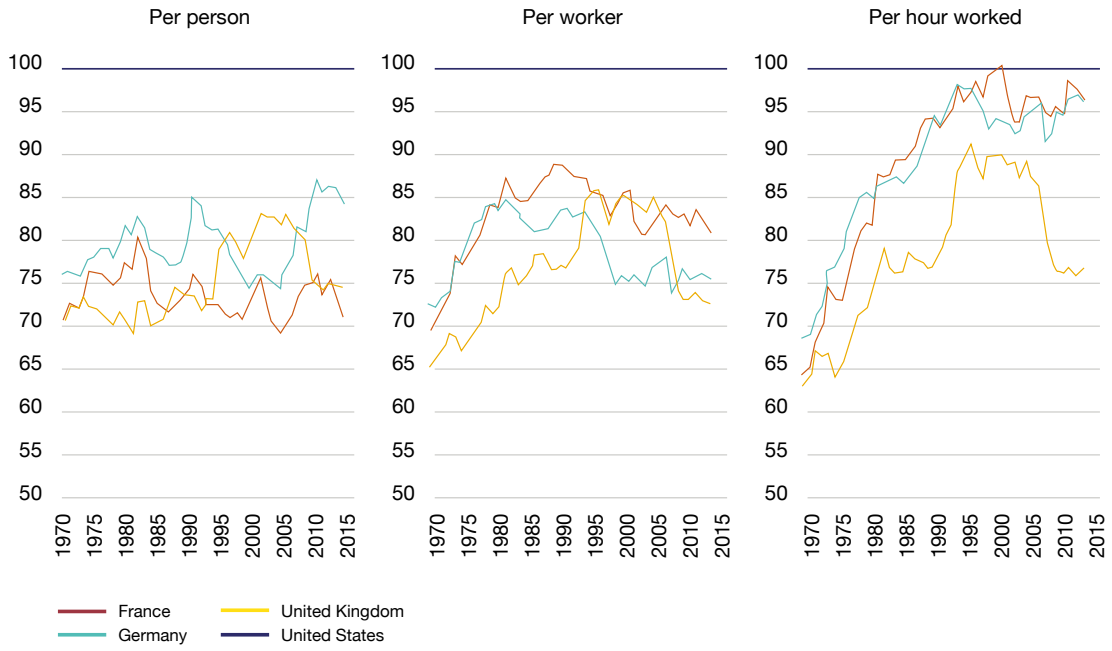
But while real wages are now growing, earnings are still recovering from a substantial decline following the recession of 2008[6]. Per capita growth in incomes has not been as strong as headline figures on overall GDP growth.

If we want to see faster growth in wages, sustained over the long term and experienced across the country, the UK needs to address the productivity gap with other leading countries. While the proportion of people in work is at a record high, we still produce less for every hour we work than our competitors.

The gap with our competitors is a longstanding one. Following the reforms of the 1980s, the UK reduced the productivity gap with the United States. During the years before the 2008 recession, the UK had largely caught up with Germany in terms of output per worker, and moved ahead of France on output per person, showing that we can improve our performance. However, though we closed the per-worker gap substantially, per-hour productivity remained lower than France, Germany and the US[7].

The recession of 2008 reversed much of this progress, with the UK hit harder than other countries. As a result, productivity in the UK fell substantially behind our competitors. As the graph opposite shows, workers in France, Germany and the US produce on average as much in four days as UK workers do in five[8]. To get sustainably higher wages, this gap must be closed.

Productivity and output in the UK, France and Germany, compared to the US



Source: OECD Productivity Statistics

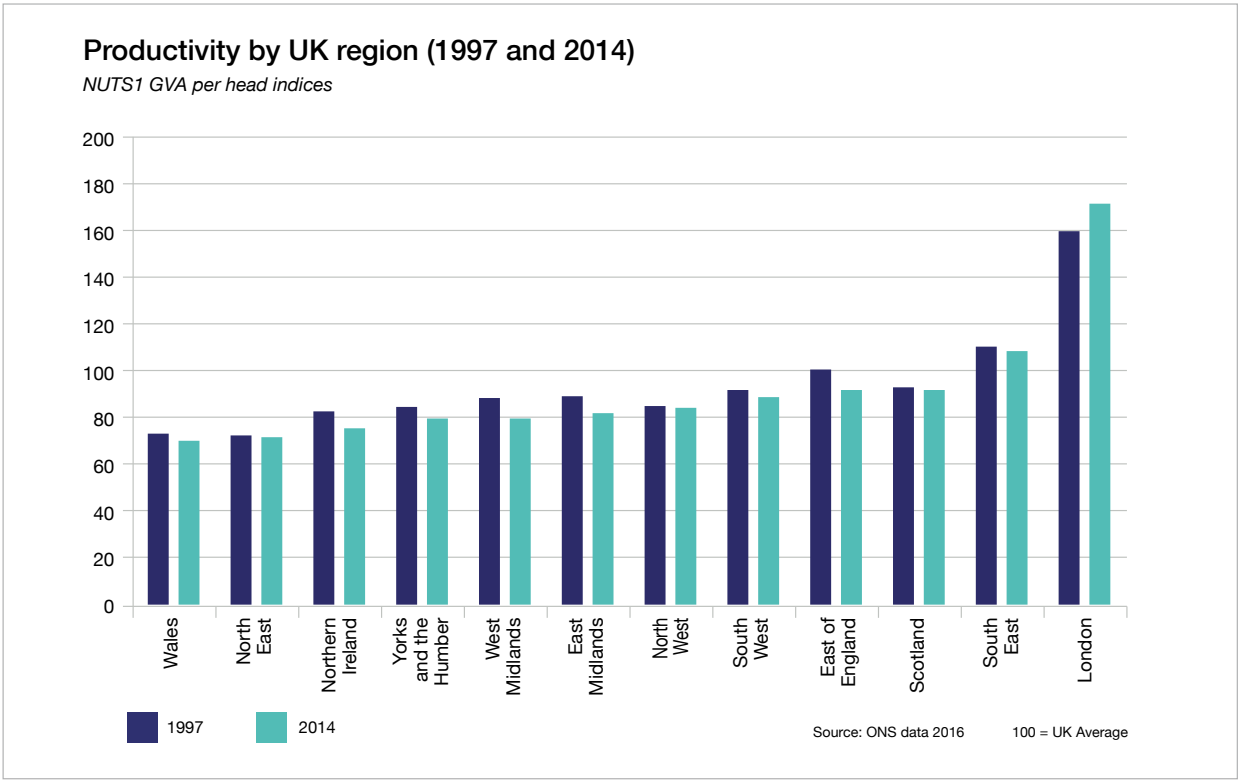
Improving productivity does not mean making people work harder. It means helping them to work smarter – producing more value for each hour of their time and thereby increasing their earning power. This is how economies grow and how living standards improve.

The differences hidden beneath the UK's headline rate of productivity are also of great significance.

Our country has significant disparities in economic performance. The productivity gap between different parts of the country has been widening for decades, and it is these differences that ultimately impact on how much people earn.

As the graph overleaf shows, the majority of increases in productivity have been focused in London. Since 1997, London has moved from being 59 per cent higher than the UK average 'gross value added' per person (GVA is a measure of economic performance), to 72 per cent above, while most other regions have fallen further behind the national average[9].

Regional disparities are now wider in the UK than in other western European nations. In the UK, 61 per cent of people live in areas with incomes 10 per cent below the national average[10]. This compares to only 50 per cent in Germany, and just 40 per cent in Italy. Even France, with a similarly dominant capital city, is more balanced – 53 per cent of people live in areas 10 per cent below the average.



It is important not to over-simplify this story. For instance, the productivity gap within each region is greater than between regions. Furthermore, since the 1990s, the gap between north and south has been driven by the resurgence of London, which for most of the twentieth century had been falling behind the rest of the country[11]. We want London to continue to prosper, but the rest of the country needs to keep pace too.

Change is possible. Since 2010 wages have grown fastest in Northern Ireland and the North East of England[12], while the unemployment rate has fallen fastest in Wales[13]. Scotland has seen the fastest growth in productivity.

So while regional disparities are especially high in the UK, change in the right direction is possible. Indeed, more than possible, it is essential – because that is where much of the untapped potential of the British economy is to be found.

Tackling the productivity gap and driving growth

The objective of the modern industrial strategy is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.

The 10 pillars in this Green Paper are summarised here and explored in more detail in the following chapters.

Investing in science, research and innovation

Innovation is not just about a few people in labs making breakthroughs, but about adopting new and more productive ways of working. To become a more innovative economy requires the ability to seize new opportunities and adapt to change. The United Kingdom has the advantage of a strong science base – including more Nobel Laureates than any country outside the United States[14].

But historically, we have not been as successful at commercialisation and development as we have been at basic research. We have often been slower than competitors to take up and deploy existing technologies: for example, the UK makes less use of robotics and automation than most other countries in Western Europe[15].

Our competitors have also grown their investment in research and development relative to the UK. The UK invests 1.7 per cent of GDP in private and public funds on research and development. This is below the OECD average of 2.4 per cent[16] and substantially below the leading backers of innovation – countries like South Korea, Israel, Japan, Sweden, Finland and Denmark – which contribute over 3 per cent of their GDP to this area[17]. Compared to competitors in Asia, UK public funding is relatively concentrated on early stage research.

Furthermore, there are regional disparities in how the public sector and companies spend money on research and innovation, with UK public R&D funding heavily focused on the 'golden triangle' of Oxford, Cambridge and London. As well as continuing to unleash the excellence of institutions, we need to build on the excellence in research and innovation that exists in other parts of the country too, and ensure that capital, institutional influence and government attention is targeted there effectively.

We will invest an additional £4.7 billion by 2020-21 in R&D funding, a bigger increase than in any Parliament since 1979. This paper starts a consultation on how to invest this funding, setting out options ranging from investment in local science and innovation strengths, and increased support for commercialisation, to investing in future research talent. For example, by increasing the number of PhDs in the STEM subjects – science, technology, engineering and maths.

It also consults on the technologies which the new Industrial Strategy Challenge Fund could support, including: smart and clean energy technologies (such as storage and demand response grid technologies); robotics and artificial intelligence (including connected and autonomous vehicles and drones); satellites and space technologies; leading edge healthcare and medicine; manufacturing processes and materials of the future; biotechnology and synthetic biology quantum technologies, and transformative digital technologies including supercomputing, advanced modelling, and 5G mobile networks.

Given its central importance to a range of new technologies, including in the automotive sector, the government has also asked Sir Mark Walport, the Government's Chief Scientific Adviser, to consider the case for a new research institution as a focal point for work on battery technology, energy storage and grid technology. Sir Mark will report in early 2017. Given the UK's underlying strengths in science and energy technology, we want to be a global leader in battery technology.

Developing skills

The United Kingdom has some of the top universities in the world and a larger proportion of our population have degree-level qualifications than most of our competitors. However, technical education has been relatively neglected. A bewilderingly complex array of qualifications, some of which are poor quality, makes the system hard to use for students and employers.

Consequently, we have a shortage of technical-level skills, and rank 16th out of 20 OECD countries for the proportion of people with technical qualifications[18]. We have particular skills shortages in sectors that depend on STEM subjects, where we need more of these graduates to compete successfully in a global economy.

We still have too many underperforming schools and low overall levels of numeracy and literacy. England remains the only OECD country where 16 to 24-year olds[19] are no more literate or numerate than 55 to 64-year olds. Large differences in skill levels around the country, including among school leavers, are compounding imbalances in the UK economy.

This paper opens a discussion on how we can create a new system of technical education, including: a radically simplified set of qualifications; an easy means of finding and applying for technical education courses similar to the UCAS process for higher education; and creating prestigious new Institutes of Technology to deliver higher-level technical education in all regions. A process will be launched this year to establish Institutes of Technology.

This paper also consults on how to boost STEM skills at all levels, from further encouraging the uptake of these subjects at university and expanding the number of specialist maths schools across the country, to new steps to ensure universal basic numeracy. The creation of a new "transition year" will help ensure no-one drops out of education at the age of 16. Faster changes in technology mean we need to help more people retrain in new skills, so we will embed the concept of lifelong learning. To renew communities affected by economic changes and support people in industries at risk of decline, we will explore new approaches including more effective outreach directly into workplaces to promote retaining. The Government will set out its approach in the Spring Budget 2017.

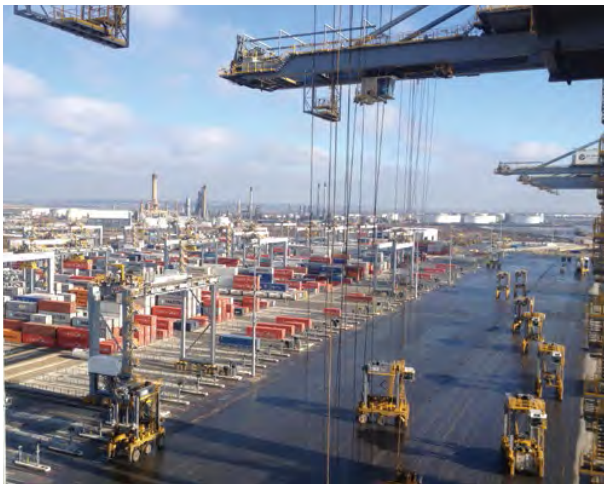
Upgrading infrastructure

Though the United Kingdom has pioneered many types of infrastructure from railways to mobile telecoms, the quality of our transport infrastructure has been rated as second lowest among G7 countries. According to World Economic Forum surveys our overall infrastructure is perceived by international businesses as worse than our competitors[20].

This has been driven by factors such as a lack of clear long-term plans and budgets, a complex planning system, and failure to align planning for infrastructure with planning for housing and industry. We need to upgrade our energy, transport, water, flood defence and digital infrastructure across the country.

This will ensure that our businesses can thrive, services are resilient and can enable higher rates of house-building, making houses more affordable. And, as one of the world's leading digital nations, much of the UK's current and future prosperity depends also on our ability to exploit technology and to ensure our data and networks are secure against the many threats we face.

In the Autumn Statement the Government announced a new National Productivity Investment Fund that will add £23 billion in high-value investment from 2017-18 to 2021-22. This includes: £2.6 billion for improvements in transport projects to reduce journey times and help deepen labour markets through improved travel links, and £740 million to support the roll-out of fibre broadband connections and future 5G mobile technology. As well as increasing central government economic infrastructure investment by 60 per cent between 2016/17 and 2020/21, we have improved the framework for public investment through use of long-term budgets and new institutions like the National Infrastructure Commission and Infrastructure and Projects Authority to enhance planning and project delivery. We will also take action to support more private infrastructure investment: as well as taking strategic decisions on major projects such as Heathrow, Hinkley Point C and HS2, the Government will extend support for infrastructure bonds and loans and create new opportunities for private involvement with new construction-only guarantees.



The Government has established new funding to enable central investment to support local growth. The new £2.3 billion Housing Infrastructure Fund will allow joined-up planning for housing and infrastructure in areas of severe need, and will fund the infrastructure needed to enable house-building on sites with marginal viability in areas with an acute housing need. Our £1.7 billion Accelerated Construction programme will support new entrants and developers, innovative private sector partners and offsite manufacturers to ensure homes are built at up to double the speed of traditional house builders. A total of £1.1 billion of funding for local roads and public transport networks will allow communities to fix local travel bottlenecks that hold back growth.

Supporting businesses to start and grow

The United Kingdom is a world-leading financial centre, but we need to do more to ensure that firms across the whole country can get the finance they need to grow.

The UK ranks third for start-ups, but 13th for the number of businesses that successfully scale up according to OECD research. One potential cause of this is an under-supply of long-term funding – "patient capital" – and later stage venture capital for growing UK companies[21]. Some report that equity finance is more available in London and the South East than other parts of the country. More broadly, we need to ensure that barriers to entrepreneurship and scale-up are identified and addressed in order for UK companies to be able to grow into major global players. We also need to ensure the conditions are right for companies to invest.

The UK invests on average two to three per cent of GDP less than France, Germany and the United States in fixed capital – such as plant and machinery[22]. This is a long running problem: the UK has ranked in the lowest 25 per cent of all OECD countries for investment in 48 out of the last 55 years.

The Patient Capital Review, recently announced by the Prime Minister, will identify the most effective ways to improve the availability of patient capital for growing businesses.

It is essential that we explore all options that could improve businesses' ability to invest for the long term, so in this paper we are also inviting views on how to address the factors constraining quoted companies and fund managers from making longer-term investment decisions. We will work with the British Business Bank and the ScaleUp Institute to understand and address the relative weakness of venture capital funding and entrepreneurship networks outside the South East.

Improving procurement

The public sector spends around £268 billion per year, equivalent to 14 per cent of GDP[23]. Used strategically, government procurement can encourage innovation, competition, and investment in skills. US agencies and initiatives like the Defense Advanced Research Projects Agency (DARPA), and the Small Business Innovation Research programme have shown how strategic procurement can drive innovation and the creation of new technology businesses.

To realise this potential, the Government has launched an independent review of the UK's Small Business Research Initiative to examine how we can use strategic procurement to support businesses developing innovative new products and services. It will report in early 2017. The Government is rolling out the "balanced scorecard", an approach recently developed by the Cabinet Office, across all major construction, infrastructure and capital investment projects over £10 million, including

those in the recently published National Infrastructure and Construction Pipeline[24]. The scorecard will ensure the impact of procurement on the growth of small business and UK supply chains, skills and apprenticeships is taken into account when considering the value for money of different bids.

Encouraging trade and inward investment

Government trade and inward investment policies can open up markets for UK firms and bring in income. Measures to support trade and investment can have a crucial impact on long-term growth; not only do they bring in money, trade and investment, but also bring new ideas and approaches, increasing competition and growth.

We start from a strong position on investment – as the number one location for inward investment in Europe – but not enough UK firms export, and trade as a share of the economy has grown more slowly than in our G7 competitors over recent decades.

The creation of the new Department for International Trade is an opportunity to upgrade dramatically support for investors and exporters. The Autumn Statement doubled capacity to support exports through UK Export Finance. We are also building future trading relationships, and we are encouraged that countries such as Canada, China, India, Mexico, Singapore and South Korea have already said they want to discuss our future trading relationships.

The Government is working to support businesses through discussions on market access issues with third countries[25]. We will test a new 'Team UK' approach to trade, convening consortia of businesses around UK Export Finance backed funding to bid for major overseas contracts, and providing the strong political support that competing countries often do.

We will continue to improve how the promotion of inward investment links up with local areas and we will explore where there are sectors in the UK which could benefit from support to create recurring international trade fairs. We will also consider how we can develop a more strategic approach to targeting inward investment, including measuring our success in terms of the impact of investment on growth. We are also reviewing what we can learn from inward investment strategies of key competitors and will report in 2017.

Delivering affordable energy and clean growth

We need to ensure that we keep costs down for businesses, we coordinate changes to energy infrastructure triggered by new technologies (such as electric vehicles), and we secure the economic benefits of the transition to a low-carbon and resource-efficient economy by making sure next generation technologies are created and harnessed in the United Kingdom.

The Government will set out a long-term roadmap in 2017 to minimise business energy costs. This will be informed by a review, commissioned by the Government, of the opportunities to reduce the cost of achieving our decarbonisation goals in the power and industrial sectors. The review will cover how best to support greater energy efficiency, the scope to use existing instruments to support further reductions in the cost of offshore wind once current commitments have been delivered, and how Government can best work with the regulator Ofgem to ensure markets and networks operate as efficiently as possible in a low-carbon system.

We will also review the opportunities for growth from the energy sector and the opportunities for the UK. We are already testing the use of new grid technologies in various locations around the country in preparation for the shift to electric vehicles. To ensure that new energy technologies are developed here – and the UK benefits from global investment in this area – we have doubled support for energy innovation, and are already investing over £600 million in support to accelerate the transition to ultra low emission vehicles. At the Autumn Statement 2016 additional funding of £270 million was announced.

Cultivating world-leading sectors

Leadership from business has been key to the success of sectoral policies in the UK and other countries. We propose to set an 'open door' challenge to industry to come to Government with proposals to transform their sectors through 'Sector Deals'. The Government will work with sectors that organise themselves behind strong leadership to help deliver upgrades in productivity.

This could involve: addressing regulatory barriers; promoting competition and innovation; working together to increase exports; and working together to commercialise research. Sector deals will be driven by business to meet the priorities of business.

The Government welcomes initial work on early sector deals, including from Sir John Bell on life sciences; Richard Parry-Jones on the transition to ultra low emission vehicles; Juergen Maier on industrial digitalisation; Lord Hutton on improving UK competitiveness and skills in the nuclear industry; and Sir Peter Bazalgette on the creative industries.

Driving growth across the whole country

Economic imbalances between different parts of Britain are larger than our competitors, with incomes and living standards lagging behind in too many parts of the country. These disparities hold back the country's growth and limit opportunities for too many people.

We should confront the fact that our economy is one of the most centralised in the world, with institutions that are often too fragmented to provide the most effective leadership in shaping successful places. Evidence and experience suggests that strong, streamlined, decentralised governance – such as through our city deals, growth deals and mayoral devolution deals – can improve economic decision-making and spur innovation and productivity gains.

We will use infrastructure investment to support local growth and the rebalancing of the economy. The creation of new funding like the Housing Infrastructure Fund and £1.1 billion of funding for local roads and public transport networks will enable infrastructure decisions to be matched more effectively with local economic plans.

We will tackle historic underinvestment and have provided development funding for major infrastructure upgrades such as the Midlands Rail Hub and Northern Powerhouse Rail. We will continue to support better local decision-making structures for infrastructure planning, including the new mayoral combined authorities, and regional bodies like Midlands Connect and Transport for the North. Strong and accountable place-based governance – with a clear business voice – will be critical to making the most of this additional investment.

Differing skill levels entrench the disparities in our economy, so we will go beyond the national skills reforms set out above and take further actions where skill levels are too low. We will work with local areas to test new approaches to closing the skills gap. These could include: improved pre-school education to reduce the divergence of achievement which opens up before school; new schemes to support the retention and attraction of graduates; and measures to increase the take up of apprenticeships.

We will also use the additional R&D investment set out above to back world-class research and innovation, supporting local economies across the country. New funding streams, such as the Industrial Strategy Challenge Fund, could allow us to invest in the innovation strengths of different areas, whether led by businesses or universities. Expanding existing streams supporting universities' commercialisation activity would allow them to do more for their local economy and support more local small businesses.

Creating the right institutions to bring together sectors and places

Two key lessons from industrial policy in other countries are the need for consistency and patient effort, and to deliver this, the need to create the right institutions to support development over the long term.

At the national level, progress has been through the creation of business-led institutions. We will now build on such institutions where they exist, or work with business to create them where they are needed.

We will work with local areas to help develop industry clusters based around local expertise, putting in place the right institutions with the right powers to help support local areas of economic strength. This may involve creating new institutions or strengthening existing ones such as educational and innovation institutions, business networks and trade associations, or financial networks and local funds.
We will maximise the benefit that 'anchor' businesses can bring to an area by supporting the growth of UK supply chains. The Department for International Trade will review the potential role it can play in attracting businesses, including with reference to the impact they can make on areas where productivity needs to catch up.

The Cabinet Office is reviewing the location of Government agencies and cultural institutions and will consider relocating them where they could help reinforce local clusters and support private sector growth. Recognising the importance of cultural and sporting institutions in making different places attractive to people and businesses, this review of arms-length bodies will include cultural institutions, particularly where cultural assets could be better used and exhibited to support local areas – for example, the Government Art Collection.

We will support the creation of new educational institutions where they are needed, and support local networks of universities where they want to come together to improve commercial opportunities. We will also review whether there is more that can be done to leverage government and research council laboratories to drive local growth. We will work with local government to review how to bring more business expertise into local government, for example through the creation of a modern "Alderman" type of role within local government; and we will work with Local Enterprise Partnership (LEPs) to review their role in delivering local growth, examining how we can spread best practice and strengthen LEPs, including extending the support they receive from the What Works centre for Local Economic Growth. We will work with the new Mayoral Combined Authorities to build up their capacity in the run up to the first elections in May.

For those areas where responsibility is devolved to Scotland, Wales and Northern Ireland, we will both respect devolved arrangements, and endeavour to build on shared interests to deliver better outcomes for people in all parts of the United Kingdom. To this end, we propose establishing Ministerial Forums on Industrial Strategy with each of the Devolved Administrations. These will bring together all relevant UK Government departments and the Devolved Administrations to consider how the Industrial Strategy can best address key productivity barriers in Scotland, Wales and Northern Ireland. This is an open invitation to representatives of each Devolved Administration to develop plans jointly with the UK Government to support all areas of the UK, and to align our economic plans and strategies closely.

Questions for consultation

1. Does this document identity the right areas of focus: extending our strengths; closing the gaps; and making the UK one of the most competitive places to start or grow a business?
2. Are the 10 pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?
3. Are the right central government and local institutions in place to deliver an effective industrial strategy? If not, how should they be reformed? Are the types of measures to strengthen local institutions set out here and below the right ones?
4. Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these ten pillars?

01.03.2016

Item 6 Annex B

Fixing our Broken Housing Market White Paper

Executive summary

The proposals in this White Paper set out how the Government intends to boost housing supply and, over the long term, create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity.

The challenge of increasing supply cannot be met by government alone – it is vital to have local leadership and commitment from a wide range of stakeholders, including local authorities, private developers, housing associations, lenders and local communities.

We have listened to concerns expressed by many within the housing and planning sector that the pace of change in policy and legislation can make local delivery more difficult. The White Paper addresses this issue by providing a long-term strategy to build the homes the country needs.

However we also need to help people now to find the right home while our strategy takes effect. So this White Paper sets out how we will address people's housing needs and aspirations in the shorter term. This includes supporting people to buy or rent their own home, preventing homelessness, improving options for older people and protecting the most vulnerable. Central to making our long term strategy work is the partnership between central and local government and developers. This White Paper sets out the support the Government will provide to enhance the capacity of local authorities and industry to build the new homes this country needs. In return we expect professions and institutions to play their part and turn these proposals into reality:

- For **local authorities**, the Government is offering higher fees and new capacity funding to develop planning departments, simplified plan-making, and more funding for infrastructure. We will make it easier for local authorities to take action against those who do not build out once permissions have been granted. We are interested in the scope for bespoke housing deals to make the most of local innovation. In return, the Government asks local authorities to be as ambitious and innovative as possible to get homes built in their area. All local authorities should develop an up-to-date plan with their communities that meets their housing requirement (or, if that is not possible, to work with neighbouring authorities to ensure it is met), decide applications for development promptly and ensure the homes they have planned for are built out on time. It is crucial that local authorities hold up their end of the bargain. Where they are not making sufficient progress on producing or reviewing their plans, the Government will intervene. And where the number of homes being built is below expectations, the new housing delivery test will ensure that action is taken.
- For **private developers**, the Government is offering a planning framework that is more supportive of higher levels of development, with quicker and more effective processing and determination of planning applications, and is exploring an improved approach to developer contributions. In line with the industrial strategy, we will boost productivity, innovation, sustainability and skills by encouraging modern methods of construction in house building. We will encourage greater diversity of homebuilders, by partnering with smaller and medium-sized builders and contractors in the Accelerated Construction programme, and helping small and medium-sized builders access the loan finance they need. In return, the Government expects developers to build more homes, to engage with communities and promote the benefits of development, to focus on design and quality, and to build homes swiftly where permission is granted. Critically, we also expect them to take responsibility for investing in their research and skills base to create more sustainable career paths and genuinely bring forward thousands of new skilled roles.

CONTENTS

- For **local communities**, the Government is offering a simpler and clearer planning process that makes it easier for them to get involved and shape plans for their area. We will ensure they see the benefits of housing growth and have greater say over the design of local developments. In return, the Government asks communities to accept that more housing is needed if future generations are to have the homes they need at a price they can afford.
- For **housing associations and other not-for-profit developers**, the Government has already announced funding worth a total of £7.1 billion through an expanded and more flexible Affordable Homes Programme. We will provide clarity over future rent levels. In return, we expect them to build significantly more affordable homes over the current Parliament.
- For **lenders, institutional investors and capital market participants**, tthe Government is offering a clear and stable long-term framework for investment, including products for rent. In return we call upon lenders and investors to back developers and social landlords in building more homes.
- For **utility companies and infrastructure providers**, the Government is offering a clear framework and simpler plans to help them understand the demands made on them, and is exploring an improved approach to developer contributions to help pay for new infrastructure. In return, the Government expects infrastructure providers to deliver the infrastructure that new housing needs in good time so that development is not delayed.

At the heart of the White Paper is the acknowledgement that the housing market is very different in different parts of the country. The Government is already putting in place devolution deals and large-scale strategies, such as the Northern Powerhouse, the Midlands Engine and our modern industrial strategy, that bring together public and private sector leaders across different regions.

However, we need a better understanding of the specific local issues that are holding back housing development and economic growth. We need to back mayors and local leaders to deliver in their areas for their communities. We will work with local authorities to understand all the options for increasing the supply of affordable housing.

The policies and proposals set out in this White Paper apply to England only. In Scotland, Wales and Northern Ireland, housing and planning policy is the responsibility of the Scottish Government, Welsh Government and Northern Ireland Executive respectively. The UK Government retains responsibility for housing and planning policy in England, including funding for England-only bodies such as the Homes and Communities Agency (HCA). The Mayor of London is responsible for the functions of the HCA in London.

List of proposals

Step 1: Planning for the right homes in the right places

- Making sure every part of the country has an up-to-date, sufficiently ambitious plan so that local communities decide where development should go;
- Simplifying plan-making and making it more transparent, so it's easier for communities to produce plans and easier for developers to follow them;
- Ensuring that plans start from an honest assessment of the need for new homes, and that local authorities work with their neighbours, so that difficult decisions are not ducked;
- Clarifying what land is available for new housing, through greater transparency over who owns land and the options held on it;
- Making more land available for homes in the right places, by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium-sized sites, allowing rural communities to grow and making it easier to build new settlements;
- Maintaining existing strong protections for the Green Belt, and clarifying that Green Belt boundaries should be amended only in exceptional circumstances when local authorities can demonstrate that they have fully examined all other reasonable options for meeting their identified housing requirements;
- Giving communities a stronger voice in the design of new housing to drive up the quality and character of new development, building on the success of neighbourhood planning; and
- Making better use of land for housing by encouraging higher densities, where appropriate, such as in urban locations where there is high housing demand; and by reviewing space standards.

Step 2: Building homes faster

- Providing greater certainty for authorities that have planned for new homes and reducing the scope for local and neighbourhood plans to be undermined by changing the way that land supply for housing is assessed;
- Boosting local authority capacity and capability to deliver, improving the speed and quality with which planning cases are handled, while deterring unnecessary appeals;
- Ensuring infrastructure is provided in the right place at the right time by coordinating Government investment and through the targeting of the £2.3bn Housing Infrastructure Fund;
- Securing timely connections to utilities so that this does not hold up getting homes built;
- Supporting developers to build out more quickly by tackling unnecessary delays caused by planning conditions, facilitating the strategic licensing of protected species and exploring a new approach to how developers contribute to infrastructure;
- Taking steps to address skills shortages by growing the construction workforce;
- Holding developers to account for the delivery of new homes through better and more transparent data and sharper tools to drive up delivery; and
- Holding local authorities to account through a new housing delivery test.

Step 3: Diversifying the market

- Backing small and medium-sized builders to grow, including through the Home Building Fund;
- Supporting custom-build homes with greater access to land and finance, giving more people more choice over the design of their home;
- Bringing in new contractors through our Accelerated Construction programme that can build homes more quickly than traditional builders;
- Encouraging more institutional investors into housing, including for building more homes for private rent, and encouraging family-friendly tenancies;
- Supporting housing associations and local authorities to build more homes; and
- Boosting productivity and innovation by encouraging modern methods of construction in house building.

Step 4: Helping people now

- Continuing to support people to buy their own home – through Help to Buy and Starter Homes;
- Helping households who are priced out of the market to afford a decent home that is right for them through our investment in the Affordable Homes Programme;
- Making renting fairer for tenants;
- Taking action to promote transparency and fairness for the growing number of leaseholders;
- Improving neighbourhoods by continuing to crack down on empty homes, and supporting areas most affected by second homes;
- Encouraging the development of housing that meets the needs of our future population;
- Helping the most vulnerable who need support with their housing, developing a sustainable and workable approach to funding supported housing in the future; and
- Doing more to prevent homelessness by supporting households at risk before they reach crisis point as well as reducing rough sleeping.

01.03.2016

Item 8

Solent LEP Financial Report to 31st December 2016

SOLENT LOCAL ENTERPRISE PARTNERSHIP - FORECAST OF OUTTURN FOR 2016/17

Enterprise (Business Support)	Full Year Budget 2016/17*	Actual Expenditure up to 31 Dec 2016	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 17 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2017/18	Overspend to be funded / (Underspend to be Re-allocated)	Programme Slippage carried forward from 2015/16	Allocation from available Growing Places Loan Fund	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£	£	£
Solent RGF - Bridging the Gap:									
Bridging the Gap (Phase 1, Phase 2 and Solent Wide)	372,604	367,996	372,604	0	0	0	0	0	0
Local Growth Deal Funding:									
Solent Growth Fund (SGD)	2,493,568	722,623	1,597,000	(896,568)	(896,568)	0	0	0	0
- Bridging the Gap (ERDF Match Funded)	1,000,000	0	0	(1,000,000)	(1,000,000)	0	0	0	0
Other Enterprise Initiatives:									
Solent Growth Hub (SGD)	207,900	72,106	207,900	0	0	0	0	0	0
Enterprise Total	**4,074,072**	**1,162,726**	**2,177,504**	**(1,896,568)**	**(1,896,568)**	**0**	**0**	**0**	**0**

Infrastructure (Land & Property)	Full Year Budget 2016/17*	Actual Expenditure up to 31 Dec 2016	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 17 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2017/18	Overspend to be funded / (Underspend to be Re-allocated)	Programme Slippage carried forward from 2015/16	Allocation from available Growing Places Loan Fund	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£	£	£
Growing Places Fund (Round 1):									
Red Funnel Ferry (earmarked)	3,000,000	0	0	(3,000,000)	(3,000,000)	0	0	0	0
Growing Places Loan Fund:									
Funding set aside to underwrite LGD over programming if required	3,332,702	0	0	(3,332,702)	0	0	0	(3,332,702)	0
Growing Places Loan Fund: Capital Loans Advanced	**6,332,702**	**0**	**0**	**(6,332,702)**	**(3,000,000)**	**0**	**0**	**(3,332,702)**	**0**
Use of Fund for other Purposes (not repayable):									
Growing Places Loan Fund Programme Management Costs	125,000	91,179	125,000	0	0	0	0	0	0
IoW Core Composites College Contingency	750,000	0	0	(750,000)	(750,000)	0	0	0	0
Growing Places Loan Fund: Fund used and not repayable	**875,000**	**91,179**	**125,000**	**(750,000)**	**(750,000)**	**0**	**0**	**0**	**0**
Solent Growth Deal:									
Station Roundabout / Gudge Heath Lane (HCC)	2,893,000	0	2,893,000	0	0	0	0	0	0
Newgate Lane South	6,073,000	0	6,073,000	0	0	0	0	0	0
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	3,198,000	0	3,198,000	0	0	0	0	0	0
Fareham and Gosport multiyear programme (A27 Dualling)	4,127,000	392,744	4,127,000	0	0	0	0	0	0
Solent Gateways (Isle of Wight Floating Bridge)	3,776,782	715,280	3,776,782	0	0	0	0	0	0
North Whiteley Transport improvements	0	0	0	0	0	0	0	0	0
Local Large Majors (Solent Metro and SAEG)	1,000,000	0	0	(1,000,000)	(1,000,000)	0	0	0	0
Centenary Quay	7,675,921	0	0	(7,675,921)	(7,675,921)	0	0	0	0
BAE Marine Workshops and Maritime Support Centre	1,050,000	0	1,050,000	0	0	0	0	0	0
Regeneration Investment to unlock sites for growth	1,500,000	0	0	(1,500,000)	(1,500,000)	0	0	0	0
Programme Development Fund (feasibilities)	500,000	0	0	(500,000)	(500,000)	0	0	0	0
Stubbington Bypass	0	0	3,500,000	3,500,000	3,500,000	0	0	0	0
(Over) / Under Programming	(3,332,702)	0	0	3,332,702	0	0	0	3,332,702	0
Solent Growth Deal - Programme Management Costs	300,000	226,562	300,000	0	0	0	0	0	0
Growth deal provisional allocation for M27 Junction 10 (post 2016)	0	0	0	0	0	0	0	0	0
Sub-total: Solent Growth Deal: Infrastructure (Land and Property)	**28,761,001**	**1,334,587**	**24,917,782**	**(3,843,219)**	**(7,175,921)**	**0**	**0**	**3,332,702**	**0**
Other Capital Funding Programmes:									
Building Foundations for Growth Capital Grant for EZ	2,643,133	2,225,350	2,225,350	(417,783)	(417,783)	0	0	0	0
Centenary Quay (DCLG Infrastructure House Building Capital Fund)	0	0	7,675,921	7,675,921	0	0	0	0	7,675,921
Resource Funding of Capital Programmes:									
Capacity funding	100,000	69,716	100,000	0	0	0	0	0	0
One Public Estate	100,000	0	5,000	(95,000)	0	0	0	0	(95,000)
Transport Delivery Excellence Funding	42,000	0	27,000	(15,000)	(15,000)	0	0	0	0
Infrastructure (Land & Property) Total	**38,853,836**	**3,720,832**	**35,076,053**	**(3,777,783)**	**(11,358,704)**	**0**	**0**	**0**	**7,580,921**

Inward Investment	Full Year Budget 2016/17*	Actual Expenditure up to 31 Dec 2016	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 17 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2017/18	Overspend to be funded / (Underspend to be Re-allocated)	Programme Slippage carried forward from 2015/16	Allocation from available Growing Places Loan Fund	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£	£	£
Capacity funding	100,000	47,617	70,000	(30,000)	(30,000)	0			0
Inward Investment Total	**100,000**	**47,617**	**70,000**	**(30,000)**	**(30,000)**	**0**			**0**

Skills	Full Year Budget 2016/17*	Actual Expenditure up to 31 Dec 2016	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 17 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2017/18	Overspend to be funded / (Underspend to be Re-allocated)	Programme Slippage carried forward from 2015/16	Allocation from available Growing Places Loan Fund	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£	£	£
Solent Growth deal FE Capital (2015/16 - 2021)									
Eastleigh College Estates Renewal	2,190,000	0	2,190,000	0	0	0	0	0	0
IOW College Composites Centre	5,500,000	4,812,577	5,500,000	0	0	0	0	0	0
City Deal Wave 2:									
Capacity funding	63,445	48,005	63,445	0	0	0	0	0	0
Solent Employer Ownership Programme	1,435,000	1,148,535	1,435,000	0	0	0	0	0	0
Solent Employer Ownership Programme - Local Growth Deal contribution	129,000	0	129,000	0	0	0	0	0	0
Enterprise Adviser Network	150,993	48,249	100,993	(50,000)	(50,000)	0	0	0	0
Skills Total	**9,468,438**	**6,057,366**	**9,418,438**	**(50,000)**	**(50,000)**	**0**	**0**	**0**	**0**

Strategic Sectors	Full Year Budget 2016/17*	Actual Expenditure up to 31 Dec 2016	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 17 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2017/18	Overspend to be funded / (Underspend to be Re-allocated)	Programme Slippage carried forward from 2015/16	Allocation from available Growing Places Loan Fund	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£	£	£
Solent Futures RGF Round 3:									
Training Scheme	41,909	38,000	41,909	0	0	0	0	0	0
Supply Chain	965,558	965,558	965,558	0	0	0	0	0	0
Other Strategic Sector Initiatives:									
Maritime Supplement	49,515	22,725	49,515	0	0	0	0	0	0
Strategic Sectors Total	**1,056,982**	**1,026,283**	**1,056,982**	**0**	**0**	**0**	**0**	**0**	**0**

Innovation	Full Year Budget 2016/17*	Actual Expenditure up to 31 Dec 2016	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 17 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2017/18	Overspend to be funded / (Underspend to be Re-allocated)	Programme Slippage carried forward from 2015/16	Allocation from available Growing Places Loan Fund	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£	£	£
Local Growth Deal Fund - Innovation Projects	3,075,000	0	2,075,000	(1,000,000)	(1,000,000)	0	0	0	0
University of Portsmouth Future Technology Centre (LGD contribution)	1,050,000	0	1,050,000	0	0	0	0	0	0
Capacity Funding	40,000	31,700	40,000	0	0	0	0	0	0
Innovation Total	**4,165,000**	**31,700**	**3,165,000**	**(1,000,000)**	**(1,000,000)**	**0**	**0**	**0**	**0**

Operational Central Costs	Full Year Budget 2016/17*	Actual Expenditure up to 31 Dec 2016	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 17 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2017/18	Overspend to be funded / (Underspend to be Re-allocated)	Programme Slippage carried forward from 2015/16	Allocation from available Growing Places Loan Fund	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£	£	£
Staffing costs	200,000	142,622	200,000	0	0	0	0	0	0
Office costs	95,000	37,502	75,000	(20,000)	0	(20,000)	0	0	0
Finance costs	80,000	29,455	60,000	(20,000)	0	(20,000)	0	0	0
Legal support	50,000	16,530	25,000	(25,000)	0	(25,000)	0	0	0
Marketing & Communication costs	50,000	18,445	40,000	(10,000)	0	(10,000)	0	0	0
Contingency	250,000	0	100,000	(150,000)	0	(150,000)	0	0	0
Solent Economic Plan and Structural Investment Fund	242,785	167,857	192,785	(50,000)	(50,000)	0	0	0	0
SEEDA legacy funding for business engagement	131,396	0	30,000	(101,396)	(101,396)	0	0	0	0
LEP Network	19,256	5,000	6,756	(12,500)	(12,500)	0	0	0	0
Operational Central Costs Total	**1,118,437**	**417,411**	**729,541**	**(388,896)**	**(163,896)**	**(225,000)**	**0**	**0**	**0**

Total LEP Budget	**58,836,765**	**12,463,935**	**51,693,518**	**(7,143,247)**	**(14,499,168)**	**(225,000)**	**0**	**0**	**7,580,921**

* As agreed at LEP Board 16th December 2016

SOLENT LOCAL ENTERPRISE PARTNERSHIP - BUDGET FORECAST TO 2020/21

ENTERPRISE (BUSINESS SUPPORT)	Actual Expenditure to end 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget	Total Forecast Expenditure	Variance
Solent RGF - Bridging the Gap:									
Awards	4,596,206	354,510	0	0	0	0	4,950,717	4,950,717	-
Due Diligence	331,906	18,094	0	0	0	0	350,000	350,000	-
RGF Solent EZ expansion Fund - Gosport Borough Council - Fund	800,000	-	-	-	-	-	800,000	800,000	-
RGF Solent EZ expansion Fund - Gosport Borough Council - Due Diligence	82,105	0	0	0	0	0	82,105	82,105	-
RGF 3 IOW Private Sector Support - Fund	475,000	-	-	-	-	-	475,000	475,000	-
RGF 3 IOW Private Sector Support - Due Diligence	110,202	0	0	0	0	0	110,202	110,202	-
Solent Growth Fund (Growth deal - 2015/16 to 2021)	355,932	1,447,500	2,246,568	600,000	850,000	1,850,000	7,350,000	7,350,000	-
- Bridging the Gap (ERDF Match Funded)	-	-	1,350,000	500,000	150,000	-	2,000,000	2,000,000	-
- Natural Enterprise Grant Programme	-	-	-	250,000	-	-	250,000	250,000	-
- Matched funding for ERDF Growth Accelerator Fund	-	-	*500,000*	*1,000,000*	*1,000,000*	-	2,500,000	2,500,000	-
Solent Growth Fund (Growth deal - 2015/16 to 2021) - Programme Management	150,500	149,500	150,000	150,000	150,000	150,000	900,000	900,000	-
Solent Growth Hub (Growth deal - 2015/16 to 2021)	247,100	207,900	218,000	*218,000*	*218,000*	-	1,109,000	1,109,000	-
Improving Digital Capability for SME's	112,502	0	0	0	0	0	112,502	112,502	-
Enterprise Total	**7,261,453**	**2,177,504**	**4,464,568**	**2,718,000**	**2,368,000**	**2,000,000**	**20,989,526**	**20,989,526**	-

INFRASTRUCTURE (Land & Property)	Actual Expenditure to end 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget	Total Forecast Expenditure	Variance
Growing Places Fund: Original Capital Allocation									
CEMAST	3,000,000	-	-	-	-	-	3,000,000	3,000,000	-
Solent EZ Infrastructure package	8,000,000	-	-	-	-	-	8,000,000	8,000,000	-
Red Funnel Ferry (earmarked)		-	3,000,000	-	-	-	3,000,000	3,000,000	-
Griffon Hoverwork	2,000,000	-	-	-	-	-	2,000,000	2,000,000	-
Growing Places Loan Fund:									
Funding set aside to underwrite LGD over programming if required	-	-	-	-	-	-	0	0	-
Growing Places Loan Fund: Capital Loans Advanced / Available	13,000,000		3,000,000				16,000,000	16,000,000	-
Grants allocated (not repayable)									
IoW Core Composites College Contingency	-	-	750,000	-	-	-	750,000	750,000	-
Use of Fund for other Purposes (not repayable):									
- Growing Places Loan Fund Programme Management Costs	75,000	125,000	100,000	-	-	-	300,000	300,000	-
Growing Places Loan Fund: Fund used and not repayable	75,000	125,000	850,000	-	-	-	1,050,000	1,050,000	-
Solent Growth Deal confirmed funding:									
The Hard Interchange (PCC)	4,832,000	-	-	-	-	-	4,832,000	4,832,000	-
Dunsbury Hill Farm Link Road (PCC)	4,540,000	-	-	-	-	-	4,540,000	4,540,000	-
Station Quarter North (SCC)	4,185,000	-	-	-	-	-	4,185,000	4,185,000	-
Station Roundabout / Gudge Heath Lane (HCC)	2,065,000	2,893,000	-	-	-	-	4,958,000	4,958,000	-
Cancer Immunology Centre	4,500,000	-	-	-	-	-	4,500,000	4,500,000	-
Environmental Mitigation - Solent Mitigation Disturbance project	1,355,000	-	-	-	-	-	1,355,000	1,355,000	-
Peel Common Roundabout and St Margarets Roundabout	4,340,000	-	-	-	-	-	4,340,000	4,340,000	-
Newgate Lane South	-	6,073,000	2,627,000	300,000	-	-	9,000,000	9,000,000	-
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	-	3,198,000	-	-	-	-	3,198,000	3,198,000	-
Fareham and Gosport multiyear programme (A27 Dualling)	-	4,127,000	-	-	-	-	4,127,000	4,127,000	-
Solent Gateways (Isle of Wight Floating Bridge)	-	3,776,782	-	-	-	-	3,776,782	3,776,782	-
North Whiteley Transport improvements	-	-	2,500,000	8,810,000	2,690,000	-	14,000,000	14,000,000	-
National Maritime Systems Centre	-	-	1,140,705	699,630	1,578,960	1,580,705	5,000,000	5,000,000	-
Local Large Majors (Solent Metro and SAEG)	-	-	1,000,000	-	-	-	1,000,000	1,000,000	-
BAE Marine Workshops and Maritime Support Centre	-	1,050,000	-	-	-	-	1,050,000	1,050,000	-
Regeneration Investment to unlock sites for growth	-	-	1,500,000	-	-	-	1,500,000	1,500,000	-
Programme Development Fund (feasibilities)	-	-	500,000	-	-	-	500,000	500,000	-

Stubbington Bypass	-	3,500,000	5,050,000	14,590,000	2,560,000	-	25,700,000	25,700,000	-
Fareham and Gosport Multi Year Programme - Design and Construction of Junction 10	-	-	-	-	7,075,000	7,075,000	14,150,000	14,150,000	-
Solent Productivity and Investment Fund	-	-	-	4,000,000	4,000,000	4,724,218	12,724,218	12,724,218	-
(Over) / Under Programming	-	-	12,682,542	(5,521,770)	(7,081,274)	(79,498)	0	0	-
Solent Growth Deal - Programme Management Costs	300,000	300,000	300,000	300,000	250,000	242,261	1,692,261	1,692,261	-
Accountable Body Capital Expenditure (Funded by LGD to maximise use of LGD)	1,000,000	-	-	-	-	-	1,000,000	1,000,000	-
	-	-	-	-	-	-	0	0	-
Growth deal provisional allocation for M27 Junction 10 (post 2016)	-	-	-	-	4,000,000	10,900,000	14,900,000	14,900,000	-
SUB TOTAL: Solent Growth Deal:	**27,117,000**	**24,917,782**	**27,300,247**	**23,177,860**	**15,072,686**	**24,442,686**	**142,028,261**	**142,028,261**	**-**
Building Foundations for Growth Capital Grant for EZ	4,446,867	2,225,350	417,783	-	-	-	7,090,000	7,090,000	-
Centenary Quay (DCLG Infrastructure House Building Capital Fund)	-	7,675,921	-	-	-	-	7,675,921	7,675,921	-
Capacity Funding	50,000	100,000	50,000	50,000	-	-	250,000	250,000	-
One Public Estate	14,950	5,000	-	-	-	-	19,950	19,950	-
Transport Delivery Excellence Funding	-	27,000	25,000	-	-	-	52,000	52,000	-
Infrastructure (Land & Property) Total	**44,703,817**	**35,076,053**	**31,643,030**	**23,227,860**	**15,072,686**	**24,442,686**	**174,166,132**	**174,166,132**	

INWARD INVESTMENT	**Actual Expenditure to end 2015/16**	**Budget 2016/17**	**Budget 2017/18**	**Budget 2018/19**	**Budget 2019/20**	**Budget 2020/21**	**Total Budget**	**Total Forecast Expenditure**	**Variance**
Capacity funding	95,000	70,000	110,000	-	-	-	275,000	275,000	-
Inward Investment Total	**95,000**	**70,000**	**110,000**	**0**	**0**	**0**	**275,000**	**275,000**	**-**

SKILLS	**Actual Expenditure to end 2015/16**	**Budget 2016/17**	**Budget 2017/18**	**Budget 2018/19**	**Budget 2019/20**	**Budget 2020/21**	**Total Budget**	**Total Forecast Expenditure**	**Variance**
CEMAST - Fareham College	3,000,000	-	-	-	-	-	3,000,000	3,000,000	-
CEMAST - Due Diligence	63,780	-	-	-	-	-	63,780	63,780	-
		-	-	-	-	-			
Solent Growth deal FE Capital (2015/16 - 2021)		-	-	-	-	-			
Eastleigh College Estates Renewal	6,810,000	2,190,000	-	-	-	-	9,000,000	9,000,000	-
IOW College Composites Centre	5,400,000	5,500,000	-	-	-	-	10,900,000	10,900,000	-
		-	-	-	-	-			
Capacity funding	98,693	63,445	65,000	65,000	-	-	292,138	292,138	-
Solent Employer Ownership Programme	65,000	1,435,000	-	-	-	-	1,500,000	1,500,000	-
Solent Employer Ownership Programme - Local Growth Deal contribution	-	129,000	-	-	-	-	129,000	129,000	-
Enterprise Adviser Network	49,007	100,993	125,000	-	-	-	275,000	275,000	-
Skills Total	**15,486,480**	**9,418,438**	**190,000**	**65,000**	**0**	**0**	**25,159,918**	**25,159,918**	**-**

STRATEGIC SECTORS	**Actual Expenditure to end 2015/16**	**Budget 2016/17**	**Budget 2017/18**	**Budget 2018/19**	**Budget 2019/20**	**Budget 2020/21**	**Total Budget**	**Total Forecast Expenditure**	**Variance**
Solent Futures RGF Round 3:									
Training Scheme - Awards	1,262,000	38,000	-	-	-	-	1,300,000	1,300,000	-
Training Scheme - Due Diligence	155,091	3,909	-	-	-	-	159,000	159,000	-
Supply Chain - Awards	217,011	962,408	-	-	-	-	1,179,419	1,179,419	-
Supply Chain - Due Diligence	113,850	3,150	-	-	-	-	117,000	117,000	-
MARITIME SUPPLEMENT									
Capacity funding	75,484	49,515	50,000	-	-	-	174,999	174,999	-
Strategic Sectors Total	**1,823,437**	**1,056,982**	**50,000**	**0**	**0**	**0**	**2,930,419**	**2,930,419**	**-**

INNOVATION	**Actual Expenditure to end 2015/16**	**Budget 2016/17**	**Budget 2017/18**	**Budget 2018/19**	**Budget 2019/20**	**Budget 2020/21**	**Total Budget**	**Total Forecast Expenditure**	**Variance**
Local Growth Deal Fund - Innovation Projects	-	2,075,000	1,075,000	-	-	-	3,150,000	3,150,000	-
Local Growth Deal Fund - Innovation Projects	-	1,050,000	-	-	-	-	1,050,000	1,050,000	-
Capacity Funding	20,000	40,000	40,000	-	-	-	100,000	100,000	-
Innovation	**20,000**	**3,165,000**	**1,115,000**	**0**	**0**	**0**	**4,300,000**	**4,300,000**	**-**

OPERATIONAL CENTRAL COSTS	Actual Expenditure to end 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget	Total Forecast Expenditure	Variance
Staffing costs	754,511	200,000	500,000	500,000	500,000	401,000	2,855,511	2,855,511	-
Office costs	286,084	75,000	95,000	95,000	95,000	85,000	731,084	731,084	-
Finance costs incl forecast costs for Democratic Services for future years	180,147	60,000	80,000	80,000	80,000	77,960	558,107	558,107	-
Legal support	117,222	25,000	50,000	50,000	50,000	40,000	332,222	332,222	-
Marketing & Communication costs	153,849	40,000	50,000	50,000	46,027	40,000	379,876	379,876	-
Contingency	-	100,000	250,000	250,000	250,000	250,000	1,100,000	1,100,000	-
Solent Economic Plan and Structural Investment Fund	431,205	192,785	190,000	-	-	-	813,990	813,990	-
SEEDA legacy funding for business engagement	-	30,000	1,396	-	-	-	31,396	31,396	-
LEP Network	13,000	6,756	12,500	-	-	-	32,256	32,256	-
Operational Central Costs Total	**1,936,019**	**729,541**	**1,228,896**	**1,025,000**	**1,021,027**	**893,960**	**6,834,443**	**6,834,443**	**-**

LEP BUDGET GRAND TOTAL	Actual Expenditure to end 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget	Total Forecast Expenditure	Variance
	71,326,206	**51,693,518**	**38,801,494**	**27,035,860**	**18,461,713**	**27,336,646**	**234,655,437**	**234,655,437**	**-**

FUNDING SUMMARY	Actual Expenditure to end 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget	
Bridging the Gap Phase 1	1,969,678	-	-	-	-	-	1,969,678	
Bridging the Gap ERGF (Solent Wide)	1,042,654	312,747	-	-	-	-	1,355,401	
Bridging the Gap Phase 2	1,881,981	-	-	-	-	-	1,881,981	
RGF Solent EZ expansion Fund - Gosport Borough Council	882,105	-	-	-	-	-	882,105	
RGF 3 IOW SME Support Fund	585,202	-	-	-	-	-	585,202	
Solent Growth Deal	39,833,433	36,458,781	32,271,815	25,177,860	13,072,686	15,542,686	162,357,261	
Temporary Local Growth Deal Switch with PCC Capital Resources	-	1,000,000	-	-	-	-	1,000,000	
J10 M27 Highways England Retained Scheme	-	-	-	-	4,000,000	10,900,000	14,900,000	
DCLG Infrastructure House Building Capital Fund (CQ)	-	7,675,921	-	-	-	-	7,675,921	
Solent Growth Hub	247,100	207,900	205,000	-	-	-	660,000	
Solent Futures RGF Round 3	1,810,189	1,102,666	-	-	-	-	2,912,855	
Growing Places Fund - Revenue	361,790	84,159	455,000	-	383,258	130,473	1,414,680	
Growing Places Fund - Capital	13,000,000	-	3,000,000	-	-	-	16,000,000	
Growing Places Fund - funds issued on a non-repayment basis	305,839	167,000	967,262	736,193	525,000	525,000	3,226,294	
Solent Futures	3,000,000	-	-	-	-	-	3,000,000	
Solent Employer Ownership Programme (Wave 2 City Deal)	65,000	1,435,000	-	-	-	-	1,500,000	-
The Careers & Enterprise Co. - Enterprise Adviser Network	14,007	85,993	-	-	-	-	100,000	
Enterprise Adviser Network (Match Funding)	35,000	40,000	100,000	-	-	-	175,000	
Cabinet Office - One Public Estate	14,950	5,000	-	-	-	-	19,950	
Enterprise Zone Capital Grant	4,446,867	2,225,350	417,783	-	-	-	7,090,000	
DfT - LTB Funding	131,580	-	-	-	-	-	131,580	
SEP	342,845	449,554	79,220	50,000	47,420	30,961	1,000,000	
Transport Excellence	36,000	-	-	-	-	-	36,000	
BIS - Capacity Fund	76,800	170,000	80,000	-	-	-	326,800	
BIS - Core Funding	640,653	196,847	387,500	-	150,000	-	1,375,000	
BAE Contribution to future of Portsmouth	-	-	-	-	-	-	-	
PUSH	30,000	-	-	-	-	-	30,000	
Push Inward investment contribution	-	-	-	-	-	-	-	
Growing Places Capital - CEMAST admin fee	75,000	-	-	-	-	-	75,000	
LEP Network	13,900	-	-	-	-	-	13,900	
Interest earned on funding yet to pay out	73,633	19,600	471,518	371,807	133,349	207,526	1,277,433	
Local Authority Funding - PUSH, Hampshire & IOW	300,000	-	-	-	-	-	300,000	
SEEDA legacy funding for business engagement	-	30,000	1,396	200,000	-	-	231,396	
BIS - Digital Capability for SME's	110,000	-	-	-	-	-	110,000	
Transport Delivery Excellence Funding	-	27,000	15,000	-	-	-	42,000	
ERDF Funding - Bridging the Gap (matched funding SGF)	-	-	350,000	500,000	150,000	-	1,000,000	
Grant Total - Funding	**71,326,206**	**51,693,518**	**38,801,494**	**27,035,860**	**18,461,713**	**27,336,646**	**234,655,437**	

Growing Places Fund - Forecast Reserve for Future Projects		Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
Total Growing Places Reserve Forecast from Loan Repayments		**9,341,371**	**(2,167,262)**	**1,588,807**	**875,000**	**3,875,000**	**13,512,916**

TOTAL FUNDING TO SUPPORT LEP ACTIVITY	**71,326,206**	**61,034,889**	**36,634,232**	**28,624,667**	**19,336,713**	**31,211,646**	**248,168,353**