



SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

Solent Local Growth Deal

Project Pipeline

Call for Expressions of Interest

Guidance Document

9 October 2015



TOGETHER.STRONGER

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1 Introduction

The Solent Local Enterprise Partnership (LEP) is a locally-owned partnership between businesses, local authorities and higher education which plays a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. To inform this, the Solent LEP has developed a Strategic Economic Plan for the local area. A copy of the Solent LEPs Growth Strategy, [Transforming Solent, is available here.](#)

In 2014, the Solent LEP agreed a Solent Growth Deal with Central Government. The Solent Growth Deal aims to drive growth across the Solent area by investing in transformational projects that will:

- Enable flagship sites for housing and employment; and
- Enhance transport connectivity across the area; and
- Grow the skills base and supporting business growth; and
- Stimulate and support innovation

Through the £151.9m secured through the Solent Growth Deal it is estimated that up to 6,000 new jobs, will be created, 11,000 new homes built, and up to £400m of public and private sector funding will be invested in the area.

Examples of projects that have secured funding under the Solent Growth Deal include:

- Upgrading existing college facilities, and creating a new Advanced Technology block at Eastleigh College;
- A package of enabling works in Fareham and Gosport to support strategic sites at Welborne (a new housing development) and the Solent Enterprise Zone;
- Solent Recreation Mitigation Package – a package of measures working with Defra and its agencies to take a strategic approach to environmental disturbance mitigation across the Solent and unlock development;
- A new STEM Centre of Excellence for Composites, Advanced Manufacturing and Marine on the Isle of Wight;
- The Solent Growth Fund - extending the Solent LEPs Bridging the Gap programme offering grant funding to Small and Medium Sized Businesses (SMEs);
- Investment in cross-Solent connectivity to modernise and relocate the ferry terminals in East Cowes and Southampton;
- Investment in road infrastructure to join the existing community of Whiteley and the planned new development to the north of Whiteley to the existing highway network;
- Bringing forward a National Maritime Systems Centre of Excellence in Portsmouth;
- Improving access to Southampton Western Docks, one of England's largest trade ports;
- A flexible programme to support skills and innovation focused projects in the Solent area.

Further information on the 2014 [Solent Local Growth Deal can be found here.](#)¹

In anticipation of possible future funding opportunities, the Solent LEP is now seeking to establish a pipeline of further growth projects in the Solent area. The following document outlines this call for projects and the process for submitting an expression of interest to register a project for consideration within the pipeline.

¹ An expansion to the Solent Growth Deal was agreed in January 2015 and further information on this is [available here.](#)

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Context

The following section outlines the context in which this call for projects is undertaken. The Solent LEP will be seeking to establish a pipeline of projects which take both the national and local context into account.

2.1 National Context

There continues to be a drive within national government to enable local areas to have a greater role in shaping their futures in a way that responds to specific local opportunities and challenges. This builds on work that has been progressed at the local level by LEPs through Local Growth Deals.

Under the previous Parliament, the Government has been successful in growing employment. However, UK growth in terms of productivity has slowed and the long-standing gap in productivity compared to other countries remains. In response to this, the Government's focus of efforts to drive economic growth has shifted.

[Fixing the Foundations: Creating a more prosperous nation](#), is the Government's 15 point plan to address the UK's underperformance in terms of productivity. The drivers of productivity are well understood: a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science. The Government strategy is therefore built around two pillars:

- Encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and
- Promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use.

Impacts on increasing UK productivity will therefore be the key driver for Government spending and allocations of funding to local areas. In response to this, and to maximise the chances of securing Government funding for the area, the Solent LEP is seeking to secure a strong pipeline of transformational projects which can deliver on the ambition outlined in Fixing the Foundations.

2.2 Local Context

The Solent economy has a population of over 1.3 million, 50,000 businesses, local GVA of £25 billion, and is part of wider south east economy valued at £190 billion GVA. It has a range of assets that are globally renowned, a strong SME and skills base, and a thriving research community through its Universities and research institutions. The area is strategically positioned in relation to London, mainland Europe, and just 20 nautical miles from the key Shanghai to Rotterdam shipping superhighway.

The mainland Solent LEP area is the most urbanised area in the south of England, outside London. It has a complex geography, which, whilst giving the area its unique character, provides both opportunities and challenges with regard to local economic growth. Overlaid on to this complex economic geography are the three major economic assets; the International Gateways of the area: The Port of Southampton and Port of Portsmouth (including the Commercial Port and Naval Dockyard) provide the anchor points for our globally leading marine and maritime sector (which accounts for over 20% of the total GVA, providing over 48,000 jobs and supporting 3,000 businesses) and defence cluster centred around Portsmouth, whilst Southampton International Airport specialises in provision for business passengers and plays an important complementary role in UK air capacity provision. Together, these International Gateways play a crucial economic role in providing global connectivity to markets for businesses in the Solent and to wider regional and UK economies.

Despite these existing strengths and opportunities, the Solent economy has not yet reached its potential and faces challenges similar to those reported nationally. Whilst data suggests that the employment picture in Solent picked up significantly in 2014, growing by almost 18,000 jobs over the year, productivity remains a challenge and the area is lagging behind the south east average by 12% and the UK average by 5%.

Transformational change lies at the heart of the Solent Growth Strategy. The Solent has the power to inspire, to innovate and to flourish, but to achieve our potential we need to build on our strengths and tackle the barriers to growth. To date the partnership that makes up the Solent LEP has been united on the need for transformational change and arrangements have worked very effectively delivering the Solent Growth Deal, Regional Growth fund programmes and the Enterprise Zone, with strong local buy-in and delivery commitment. It builds on the success in securing the City Deal, our role in directing European Union funding for our area and the recently announced Solent Growth Deal.

Ultimately our aim is to create jobs and growth for the Solent. To achieve this we must make best use of the resources at disposal, to maximise the impact for our local economy and secure the process of rebalancing. We have therefore focused very firmly on those activities that will make the greatest impact and create the best conditions for growth, including;

- Unlocking sites for housing and employment
- Improving our connectivity within the Solent and beyond
- Stimulating and supporting innovation
- Improving the skills and talent of our current and future workforce
- Supporting business growth through access to resources and advice
- Supporting our key strategic sectors.

Our Growth Strategy has been further enhanced by series of new and ground breaking collaborations which seek to improve our connectivity, release land for economic use and maximise the return on public sector investments. New arrangements with Network Rail, the Department of Transport, Highways England and the Cabinet Office will put us at the forefront of developing new and creative solutions to local needs. Similarly devolution of skills funding (capital and revenue) from the SFA and agreement of new funding flexibilities have also paved the way to further asks for more devolved responsibility in this area.

As we move forward we face new challenges around productivity and growth. Unlocking growth and improving productivity is a key challenge for the Solent LEP area which unlike the rest of Hampshire has productivity levels in the traditional urban core and cities below the UK average. This is best summarized as follows:

- a. **Transport has a vital role to play** in the area by bringing businesses and people closer together and fostering the agglomeration economies that make our two cities of Portsmouth and Southampton work. Transport will connect people to jobs and products to markets and, it underpins the supply chains in key industries (such as marine and maritime, advanced manufacturing and aerospace) and the logistics networks in our area. Given the location of our global gateways it is also fundamental to domestic and international trade that goes through the Port of Southampton. The connectivity, condition and capacity of our transport network is therefore critical for productivity.
- b. **Housing** also has a vital role to play. The UK has been incapable of building enough homes to keep up with growing demand. In the Solent area the market is challenging when viewed from the perspective of new supply, availability and affordability. Steps are being taken to address this with delivery of new housing featuring very prominently in the Solent SEP and the Solent Growth deal and we need to do more.
- c. Traditionally productivity growth in the Solent has gone hand in hand with rising human capital, as more people have become educated, and to a higher level. Further investment in the **skills base** has the potential to deliver productivity gains and we are prioritising the development of intermediate professional and technical skills (particularly in STEM). It is imperative that the Solent addresses these

shortfalls if productivity is to improve.

- d. New and innovative ways of working will also be important to delivering our growth ambitions and here **digital infrastructure** is vital. With the roll out of superfast broadband in the area, the super connected cities programme and the LEP digital capability initiatives for business, it is improving, but there is still the need to invest in the digital economy.
- e. The Solent is home to **3 world class universities and a very strong FE base** and this represents an important competitive advantage, as technological change continues to increase demand for higher skilled roles in our area. The creation and application of new ideas is critical for our long-run productivity growth. The Solent benefits from strong links between universities, FE and industry, but there is still more we can do in commercialising discoveries made in the research base and in ensuring the diffusion and adoption of these discoveries.

We therefore particularly welcome project proposals that seek to tackle barriers to productivity by;

- Supporting the development of a **highly skilled workforce**, with employers in the driving seat; and
- **Supporting research and development and** new capital investment in this area; and
- Delivering new **housing** by unlocking key sites; and
- Delivering improvements in connectivity by supporting a **modern transport system** that is sustainable and has a secure future; and
- Delivering improved **digital infrastructure** and reliable and high quality fixed and mobile broad band connections.

3 The Local Growth Fund

The Local Growth Fund is fundamentally a capital fund that was established under the previous government and is a central funding pot which has, to date, been accessed through a process of LEPs agreeing Growth Deals with Government. Through Growth Deals, LEPs were invited to seek freedoms, flexibilities and a share of the Local Growth Fund (LGF) to target their identified growth priorities.

The Fund was established as a £12 billion central fund to be operated from 2015-16 to 2020-21. To date around £8bn of LGF has been allocated to LEPs.

Under the new Government, HM Treasury have published [A Country That Lives Within Its Means](#), setting out the government's priorities for the 2015 spending review. The Local Growth Fund is identified as an important part of the government's commitment to empower local places with the tools they need to drive economic growth and the government has confirmed it will identify which budgets will be devolved into the Local Growth Fund to support economic development across the country as part of the Spending Review process.

In readiness for future funding opportunities under the Local Growth Deal, the Solent LEP is seeking to develop the initial pipeline of projects, established as part of the [Solent Strategic Economic Plan](#), in order to identify new opportunities to unlock economic growth and raise productivity in the area.

This call invites Expressions of Interest for predominantly capital projects that will help transform the Solent economy and address our underperformance in productivity, harness our talents, and unlock economic growth.

The Solent LEP is particularly keen to identify projects that will address the challenges identified in section 2 of this document and help to raise productivity levels by creating a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science.

4 Process Overview

The Solent LEP is currently seeking Expressions of Interest for inclusion in its project pipeline for future rounds of Local Growth Deal Funding.

Following the deadline for submission of Expressions of Interest forms, all Eols received will be independently assessed and scored by the Solent LEP against the prioritisation matrix included in section 6 of this document.

Independent advice will then be sought from the relevant Solent LEP Delivery Panel on the Eols received and advice will also be sought from the Solent Growth Forum on all proposals. Details on the Solent LEP Delivery Panels and Solent Growth Forum can be found in the [Solent LEP Assurance Framework which is available here](#).

The Solent LEP Board will then consider all Eols received, along with the independent scoring outcome and advice from Delivery Panels and Solent Growth Forum, and make decisions on those projects to shortlist for inclusion on the project pipeline.

Please note that decisions made by the Solent LEP Board on projects to be shortlisted for inclusion on the project pipeline are final and there will be no right of appeal.

Applicants should also note that shortlisting of a project at Expression of Interest stage does not provide a guarantee of funding.

Shortlisted projects will then be invited to develop an outline business case for their project. Detailed guidance in relation to outline business cases will be issued to leads for shortlisted projects at this time.

For the benefit of applicants, the diagram on page 8 provides an overview of the full process, from Expression of Interest through to securing a funding agreement. Detailed guidance in relation to each stage of the process will be provided to successful applicants upon invitation to develop an outline business case, and invitation to develop a full business case.

HERE IS HOW THE PROCESS WORKS...

Prepare and submit an Expression of Interest form in line with the information provided in this document

Your EoI will be **assessed** and **scored** in line with the **published prioritisation matrix...**

The Solent LEP Board will seek the advice on the proposal from the relevant Delivery Panel and the Solent Growth Forum...



The Solent LEP Board will consider your EoI, assessment against the prioritisation matrix and advice from the Delivery Panel and Growth Forum

Solent LEP develops Local Growth Deal Proposal, including successful projects, for submission to Government

SUCCESS!

You receive confirmation that your project is included in the proposal to Government

Solent LEP Board assess your outline business case



Prepare and submit an outline business case for your project

SUCCESS!

You receive an invitation to progress your project to outline business case stage

Consideration of all Local Growth Deal proposals by Government and announcement of funding

SUCCESS!

You receive an invitation to develop a full business case

Prepare and submit a full business case for your project

Independent due diligence on business case and 8-week consultation

Solent LEP Board considers full business case, due diligence and consultation



Funding Agreement Issued

5 Eligibility

Before submitting an Expression of Interest (EoI) for inclusion in the Solent LEP project pipeline, please ensure that you meet the following eligibility criteria:

5.1 Expression of Interest Form

All EoI's must be submitted using the EoI form and all sections must be completed. We would urge applicants to provide as much clarity as possible in order to allow us to fully understand the proposal when considering projects to add to the project pipeline.

5.2 Applicants

Applications are invited from private and public sector organisations, as well as from private / public partnerships. Clarity must be provided in terms of the lead applicant. All EoI's must be signed off by a senior representative from the lead organisation.

5.3 Geography

Proposals must be delivered in the Solent LEP area with clear evidence that the outcomes (i.e. new private sector investment, new jobs, new housing, new employment space, apprenticeships, etc.) as a result of your application will be located in the Solent LEP area.

The LEP may consider applications for projects outside of the Solent LEP area where there is clear evidence that the outcomes (i.e. additional private sector investment new jobs, new housing, new employment space, apprenticeships, etc.) will deliver direct productivity and growth outcomes in the Solent LEP area. For the avoidance of doubt, induced benefits or indirect outcomes cannot be considered. Equally, the LEP may consider projects whose outputs are outside the Solent LEP area, but where there is clear evidence that the project will directly benefit residents and businesses within the Solent LEP area.

[A map of the Solent LEP area is available here.](#)

5.4 Eligible Costs

All costs must be clearly shown, with contributions split by funding partner. You must also set out the basis on which the costs have been calculated (i.e. pre-feasibility, outline design, detailed design...).

In addition, currently the LGF is a **capital fund** and all funding sought from the LGF should be for capital investment. Revenue requests from the Local Growth Fund are unlikely to be considered.

5.5 Bid Thresholds

The minimum bid threshold is £1,000,000 and there is no maximum bid threshold.

5.6 Local Contribution and private sector leverage

The amount of funding sought from the LGF must contribute directly to a project alongside confirmed and secured third party investment and the project must demonstrate that it will bring in additional private sector investment. Where this is not possible, there should be a clear timeline presented to achieving certainty of contributions.

Funding leveraged directly into the project needs to demonstrate a real stake in the outcome of the project and private sector investment unlocked must be clearly evidenced. The expectation will be clear, demonstrable, leverage. Local contributions should represent 30% of the project as an absolute minimum. In addition to any local contribution there is a clear expectation that the local growth fund contribution will unlock wider additional private sector investment at a minimum ratio of 4:1. Projects that have the potential to unlock higher levels of private sector investment will be favoured.

In very exceptional circumstances, where there is a clear failure of the market to provide an intervention critical to supporting the LEPs Growth Strategy, the LEP may look at a lower rate of contribution. In these circumstances you are strongly advised to contact the LEP executive on 02392 68 8924 before completing an EOI

5.7 Project and Programme Applications

The preference will be for discrete and definable projects, with clear links to outcomes (i.e. private sector investment, new jobs, new housing, new employment space, apprenticeships, etc.). Applications for a programme of activity will generally not be considered unless the programme relates to the delivery of a specific project (e.g. the unlocking of a new development).

5.8 Deliverability

Applications must provide clarity on the route and timeline for delivery. Greater clarity in this regard will enable the LEP greater confidence in deliverability.

5.9 Additionality

Applicants will need to demonstrate clear added value in relation to any project to be funded. This will include demonstrating that the proposal will not come forward at all, or within a timely manner or at a similar scale, if funding is not secured.

5.10 Supporting Material

No supporting material will be considered at this stage.

5.11 State Aid

Public funding will only be available where it is compatible with EU State aid regulations and applicants should be aware that their proposal will be scrutinised accordingly. Potential applicants should take account of this when considering the development of proposals. The applicant will be required to demonstrate that their proposal is compatible with EU State aid regulations.

6 Prioritisation of Projects

All Eligible Expressions of Interest will be assessed against the following prioritisation matrix:

Core Criteria	
Strategic Fit	The extent to which a site supports one or more of the strategic priorities in Solent LEP Strategic Economic Plan and/or raise productivity levels
Productivity	How the proposal will support an increase in productivity.
Deliverability	The ability to demonstrate that the project is deliverable including: the extent to which it has planning permissions and other legal consents in place; the adequacy of the funding package; the financial standing of the delivery partners, and the risks to timely delivery.
Start Dates	Priority may be given to sites/capital projects that are able to come forward in the short-medium term (by March 2017).
Private Sector / Other Leverage	The ability to lever other funding, in particular, private sector funding and the scale of the Investment.
Jobs	The value (quality i.e. permanent vs. temporary jobs) and number of the jobs created.
Homes	Delivery of new housing provision (where applicable).
Skills	Delivery of skills outcomes (where applicable)
Additionality	The extent to which a site's benefits will be realised without the funding (deadweight); the impact of the funding on the speed of delivery of the economic benefits; and the extent to which the funding will shift economic activity from other areas (displacement).
Supplementary Criteria	
Wider Economic Impacts	The wider impact on the economy of the Solent LEP area (i.e. will it help unlock or bring forward other development sites or economic activity; will it help grow the priority sectors; and the knock-on impacts to other companies in a supply-chain).
Social Impact	The extent to which the project will have wider social or environmental benefits to the Solent (e.g. providing employment opportunities in deprived city areas, supporting people into work through apprenticeships and other access to employment routes.

Applicants should note that schemes which are capable for early delivery (by end March 2017) will be favoured. However, the LEP is equally keen to develop the pipeline post 2017, particularly where schemes are of a transformational nature.

7 How to Apply

If you would like your project to be considered for inclusion, please complete the Expression of Interest (Eoi) form which is available at the following link: http://solentlep.org.uk/uploads/documents/Eoi_Call_Template.docx

All Eoi's must be submitted using this form and all sections must be completed.

Please provide as much detail as possible on your project as this will help the Solent LEP to assess the project with the best possible understanding.

When completing your Eoi, please ensure your project is eligible against the criteria in section 5 of this document.

When completing your Eoi, please also ensure you clearly demonstrate how your project will deliver against the LEP prioritisation matrix in section 6 as this will form the basis of the assessment at each stage.

Submit your Expression of interest to: pipeline@solentlep.org.uk no later than 12 November 2015.

8 Activity Timetable

The following provides the expected timetable regarding this call.

Call Opens	9 October 2015
Call Closes	12 November 2015
Assessment Period and review by delivery panels	November 2015 – December 2015
Solent Growth Forum	November - December 2015
Solent LEP Board	22 nd January 2016
Response to all applicants on whether proposal is included within the pipeline and next steps	By 5 February 2016

9 Contact Information

Should you have any questions in relation to the content of this document, the Expression of Interest form, or the application process, please contact the Solent LEP team at:

Email: pipeline@solentlep.org.uk
Telephone: 02392 68 8924