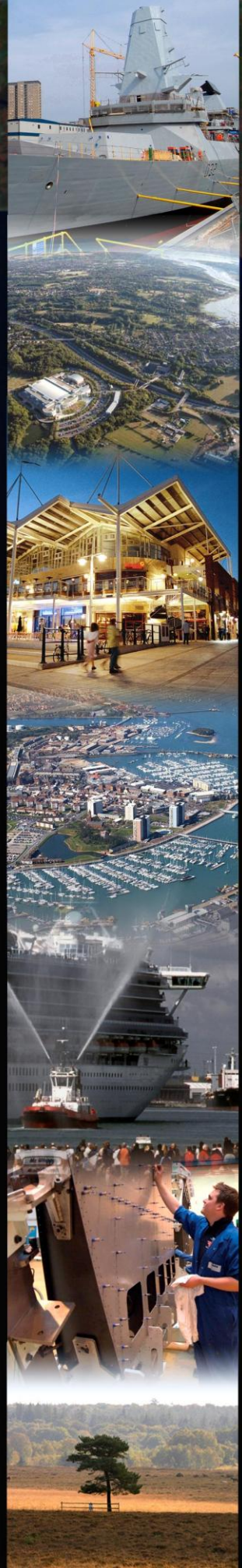




Solent Local Enterprise Partnership

Outline Proposal
6th September 2010



Department for Business, Innovation & Skills
1 Victoria Street
London
SW1H 0ET

Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU

6 September 2010

Dear Secretaries of State

SOLENT LOCAL ENTERPRISE PARTNERSHIP: OUTLINE PROPOSAL

Further to our letter dated 5 August 2010, enclosed is the outline proposal for a business-led Local Enterprise Partnership (Solent LEP).

This represents a further development of the letter sent to you on 5 August and follows several weeks of consultation with, and input from, the private, public and voluntary sectors.

The proposal includes an updated annex containing further letters of support and also our considered response to the Regional Growth Fund consultation which has been prepared in consultation with Solent LEP partners.

We would welcome the opportunity to discuss with you the process of taking forward this initial outline to a more detailed action plan so that we can rapidly establish the LEP for the area, building on the momentum and unity of purpose that already exists.

The creation of a Solent LEP is seen as a positive step by the business community, the higher and further education community and the public and voluntary sector as we work together to further develop local solutions to the challenges we face and bring focus, cohesion and critical mass to the identification and delivery of those solutions.

This proposal represents our initial outline and underlines our commitment to establish a business-led LEP for the Solent area.



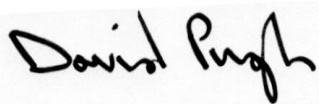
Cllr Seán Woodward
Chairman
Partnership for Urban
South Hampshire



Cllr Royston Smith
Leader
Southampton City
Council



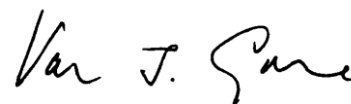
Cllr Gerald Vernon-Jackson
Leader
Portsmouth City Council



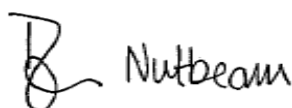
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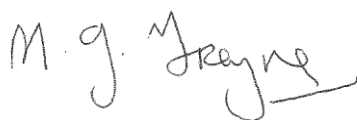


Doug Morrison
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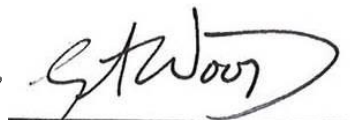


Chris Allington
Managing Director
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Mike Freyne
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Director
Babcock International



Gary Wood
Director
Gifford LLP



Ian Wallace
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Barratt David Wilson



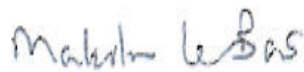
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David Dingle CBE
Chief Executive
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Dr. Jonathan Williams
Chief Executive
Marine South East



Malcolm Le Bas
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Federation of Small Businesses



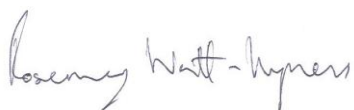
Steve Grant
General Manager and
Sales Director
De Vere Grand
Harbour



Hilary Davies
Strategy Advisor
(South East)
ConstructionSkills



Nicholas Vaughan
Senior LLP Partner
Paris Smith



Rosemary Watt-
Wyness
Regional Director
Prince's Trust



Prince's Trust



Tim Jackson
College Principal
Signing on behalf of the
FE Colleges of South
Hampshire and the
Solent

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Executive summary

Enclosed is our business-led proposal for a Local Enterprise Partnership in the Solent area (Solent LEP). It is driven by the business community and is supported by four university partners, the further education sector, three upper tier authorities, eight district councils and the voluntary and community sector, all of whom are actively working together to secure a more prosperous and sustainable future for the Solent area. There is also a strong willingness to deliver a broader alliance that incorporates Bournemouth and Poole, reflecting the wider Solent coastal area and our respective proposals highlight this emphasis.

With a population of over 1.3 million and some 50,000 businesses, the Solent area is a well recognised functional economic area anchored around the Isle of Wight, the two cities of Portsmouth and Southampton and the M27 corridor and Solent waterway.

Our vision is to create an environment that will better facilitate economic growth and private sector investment in the Solent area, allow businesses to grow, become more profitable, greener and enable new businesses to form and prosper. As a result there is a need to make the best use of the assets that the area already possesses (highly skilled people, world class businesses, outstanding further and higher education, the natural environment and high quality of life) and achieve sustainable economic growth.

The Solent LEP partners are determined to put business at the heart of economic growth in the Solent area, enabling this recognised globally competitive area to realise its full potential. The Solent LEP will be output driven, delivering real and substantial improvements in the co-ordination of private and public investment in key areas of sustainable economic development including skills, business support, regeneration, transport, housing and inward investment. It will focus on: rebalancing the local economy in favour of the private sector; reindustrialising the economic base, supporting the development of knowledge based industries and high value added manufacturing; and providing a catalyst for regeneration.

We will take forward in the first 18 months of the Solent LEP eight key areas of work, building on what has already been achieved in the area:

- Develop a growth hub and strategic based clusters which can deliver export-led growth in high value employment, capitalising on the sectoral strengths of the area and as a leading location and growth hub for advanced manufacturing and engineering and transport and logistics.
- Strengthen the visitor economy reflecting the increasing importance of the sector to the Solent economy, capitalising on our reputation as an international gateway for business visitors and tourists as well as our natural assets, accommodation, heritage and retail experience.
- Invest in skills to enable higher levels of employment and deliver a more balanced and sustainable pattern of growth to ensure that local residents are equipped to take up the jobs that are created.
- Realise the potential of our cities and supporting areas that are economically vulnerable in order to substantially reduce the high levels of welfare

dependency and secure an additional 10,000 job opportunities for those not in work.

- Focus on infrastructure priorities including key land assets, transport and housing, flood risk mitigation and reliable high speed broadband.
- Support enterprise, new business starts and business survival through the further development of the Solent Synergy model, recognising that restrictions on public funding will limit the level of direct Government assistance available for enterprise development and business support.
- Establish a single inward investment and place marketing function building on the streamlining of services that has already taken place.
- Continue to implement innovation in delivery and funding in order to secure a financially sustainable future and commit to a continued programme of public sector rationalisation and co-location of services across the Local Authorities and with key partners such as Job Centre plus and the Environment Agency..

We will fully establish the shadow Solent LEP by January 2011, led by a Board that will have equal representation from the private and public sector and which will be chaired by a prominent business leader from the Solent business community. The governance arrangements will build on what has already been achieved through Partnership for Urban South Hampshire and the Isle of Wight Key Delivery Partnership. Executive support for the Solent LEP is already in place following commitments from the private and public sector to provide staff to take forward the development of the LEP. This includes securing a private sector company secretary from the eminent legal firm of solicitors, Paris Smith in Southampton.

We are in a very strong position to respond to the request for a Local Enterprise Partnership. There is widespread support and commitment from the private sector to lead the LEP, we already have in place a strong and well established private-sector led Employment and Skills Board, the area benefits from an outstanding and high performing higher and further education sector, there exists strong civic leadership as demonstrated by a track record of delivery and partnership working, there is a shared environmental vision and we have a comprehensive economic evidence base which underpins our approach.

The creation of a Solent LEP is seen as a positive step by the business community, the higher and further education community and the public and voluntary sector as we work together to further develop local solutions to the challenges we face, building on the momentum and unity of purpose that already exists in the Solent area.

1. Introduction

Our proposal for a business-led Local Enterprise Partnership in the Solent area (Solent LEP) is driven by the business community and is supported by four university partners, the further education sector, three upper tier authorities (Isle of Wight, Portsmouth and Southampton), eight district councils (East Hampshire, Eastleigh, Fareham, Gosport, Havant, New Forest, Test Valley and Winchester) and the voluntary and community sector, all of whom are actively working together to secure a more prosperous and sustainable future for the Solent area.

There is also a strong willingness to deliver a broader alliance that incorporates Bournemouth and Poole, reflecting the wider Solent coastal economy, and to work collaboratively with other LEPs where it is appropriate to do so.



Satellite image of the Solent area

2. Our vision and approach

Our vision is to create an environment that will better deliver economic growth and private sector investment in the Solent area, allow businesses to grow, become more profitable, greener and enable new businesses to form and prosper. As a result there is a need to make the best use of the assets that the area already possesses (highly skilled people, world class businesses, outstanding further and higher education, the natural environment and high quality of life) and achieve **sustainable economic growth**.

We are determined to put business at the heart of economic growth in the Solent area, enabling this recognised globally competitive area to realise its full potential. Solent LEP will be **output driven and will deliver improvements in the coordination of private and public investment** in transport, housing, skills, regeneration and other areas of sustainable economic development, focusing on:

- **Rebalancing** the local economy in favour of the private sector
- **Reindustrialising** the economic base, supporting the development of knowledge based industries and high value added manufacturing
- **Regeneration** - delivering a coalition between the private, public and voluntary and community sectors to continue the renaissance of the area's cities and urban areas, tackling deprivation, meeting the skills needs of the economy and taking a leading role in the low carbon revolution.

Integrating cutting edge best practice from business, universities, further education, public and voluntary sector organisations is at the heart of our LEP approach. In the period to 2026 it will capitalise on identified strengths and through collaboration commit to:

- **Creating wealth through business growth** by connecting business to people, expertise, finance and networks, and in addition to current forecasts, create **10,000 new jobs** in the Solent LEP area
- **Attracting inward investment** to the area by delivering a business-led approach towards inward investment, ensuring that existing, geographically mobile companies are retained and encouraged to re-invest in the Solent LEP area contributing to **GVA growth of 2.1% equating to an extra £1bn or £6,400 per capita**



Business Consultation Event at the Rose Bowl, 30th July 2010



HMS Daring in Dry Dock, Portsmouth – BAE Systems

- **Promoting the area as the UK's leading growth hub for advanced manufacturing and marine**, both at home and more importantly in the global marketplace, developing the advanced engineering and manufacturing sector through a business-led approach

- **Driving regeneration of the urban areas** and developing new ways of reinvigorating cities and areas of deprivation, thereby reducing benefit dependency. Solent LEP will play a role in identifying and driving forward skills development so that economic growth is not held back by skill shortages in the Solent LEP area thereby increasing **employment rates to 75.9% from the current predicted level of 72.7%**

- **Realising the commercial potential of our universities research, knowledge and expertise** reflecting the needs of business, enhancing employability and local graduate retention. Solent LEP will work with universities to accelerate organisational renewal and adopt best business practices in the delivery of their own services.

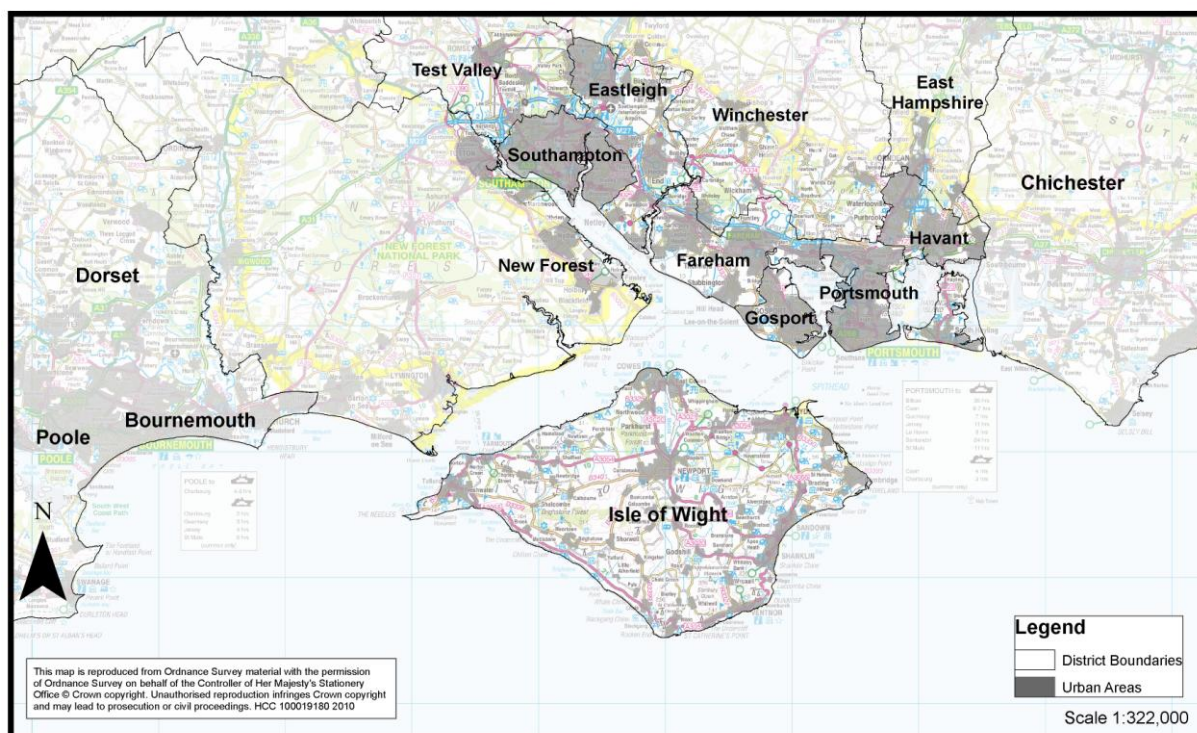


Nanotechnology, University of Southampton

- **Promoting and further improving the quality of life and place** that the Solent area has to offer and which gives the area a significant competitive advantage. Making the Solent area a great place to work and live is vital to our economic ambitions, helping the area to attract and retain businesses and skilled workers. Three key sectors will help to underpin this: the creative industries, the visitor economy and retail.
- **Maximising value for money from key public sector investments** focusing on areas that are economically vulnerable. More open, smarter and innovative public procurement is required which in turn can lever private sector investment. It is vital that the public sector better understands the needs of business, giving local authorities the insight to respond positively to the demands of business, creating the transport infrastructure, development sites and housing to support business growth and at the same time protecting the environment and safeguarding the quality of life. This understanding will help the public sector partners learn from business and deploy business principles to increase public sector productivity.

3. The functional economic area

With a population of over 1.3 million and some 50,000 businesses, the South Hampshire and Isle of Wight area is a well recognised functional economic area anchored around the Isle of Wight, the two cities of Portsmouth and Southampton and the M27 corridor and Solent waterway. This has provided a clear definition in terms of the travel to work and learn area and includes consideration of the housing market area and other service markets. Annex 1 provides further data about the economic profile of the Solent area.



The geography of Solent LEP is therefore based on the realities of the natural economic area rather than artificial public sector boundaries. It builds on and simplifies existing successful business-led partnerships including: Business Southampton, Federation of Small Businesses, Marine South East, Portsmouth and South East Hampshire Partnership Ltd, Solent Synergy Ltd (SSL) and Solent Innovation and Growth Network (SIGN). Solent LEP is also working with the CBI, IoD and Chambers of Commerce to ensure that the needs of all parts of the business community are met. This is supported by strong local authority partnerships and existing collaborative agreements, notably through the Partnership for Urban South Hampshire (PUSH) and the Isle of Wight Economic and Environment Key Delivery Partnership (KDP).

The area has real potential to deliver growth. Recent trends show that private sector jobs growth in Portsmouth exceeded 15% in the ten year period to 2008, reflecting the core strength of advanced manufacturing and marine. The City of Southampton and the Isle of Wight also delivered real GVA growth of 3.7% and 5% respectively over the same period.

4. Transformational actions and key functions

An economic development strategy for the area has been developed, underpinned by a robust economic evidence base. This has involved a significant input from the business and academic community and clear economic priorities have been established which will form the basis of the LEP's business plan. We will take forward in the first 18 months of the Solent LEP eight key areas of work, building on what has already been achieved:

- 1. The development of a growth hub and strategic sector based clusters which can deliver export-led growth in high value employment.** The area has unique sectoral strengths and there is a need to ensure that the Solent continues to be recognised as the leading location and growth hub for advanced manufacturing and engineering (marine, aerospace, renewable energy, environmental technologies and composites) and transport and logistics.

The major advanced manufacturing and marine cluster in the UK is located in the Solent area and is home to 1,750 marine related businesses. With GVA and GDP contributions of £3.6 billion and £1.9 billion respectively, the sector represents around 18% of the Solent economy accounting for some 48,000 jobs. The Isle of Wight is a centre for renewable energy activities and a technology hub for composite materials and their application in marine technology, renewable energy and aerospace. The Solent area has the UK's largest concentration of cleantech companies outside London and the largest number of sustainability researchers, many of whom specialise in marine and maritime energy.

In addition, the transport and logistics sector employs 36,000 people and has grown faster in the Solent area than anywhere else in the UK, built on the key assets of the Ports of Southampton and Portsmouth and Southampton International Airport.



T&T Port of Spain, Portsmouth - BAE Systems



South Boats vessel servicing wind turbines



Ocean Terminal, Southampton © Joe Low photographer

- 2. The development of the visitor economy** is becoming increasingly important reflecting the vibrant visitor economy and leisure sector in the

Solent area. Tourism is vital to the economy of the Isle of Wight, supporting over 20% of employment and generating £500m of direct and indirect tourism expenditure.



Southampton International Airport

The area is also an important international gateway for both business visitors and tourists travelling in and out of the UK. The very buoyant cruise industry and the expansion of routes from Southampton and Bournemouth International Airports are key to this.

The area will seek to capitalise on our transport infrastructure and the natural assets, accommodation, heritage and retail experience in order to attract new visitors as well as encouraging visitors to stay longer and to visit the wider Solent area.

The promotion of the offer of the Isle of Wight and South Hampshire will now be undertaken at a strategic level, bringing together the individual offers into a more comprehensive and collective offer across the area for businesses and visitors alike in order to capture the wider economic benefits of the area.



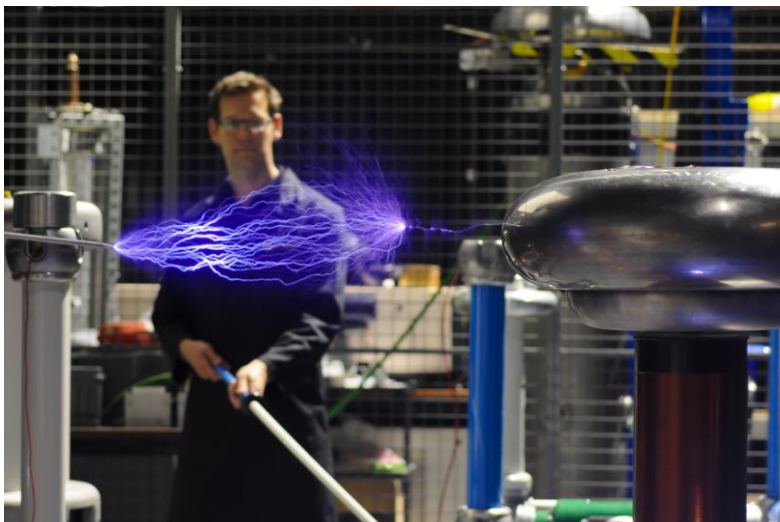
Isle of Wight Festival



Trafalgar Bicentennial Celebrations, Portsmouth Harbour

The LEP will deliver a **comprehensive destination management and marketing approach** across the Solent area to capitalise on its assets and its high brand awareness particularly around internationally renowned events such as Cowes Week, the Isle of Wight Festival, Southampton Boat Show, international cricket at the Rose Bowl, long distance races such as the Global Challenge round-the-world yacht race and major events celebrating the heritage of the area e.g. the Trafalgar bi-centennial celebrations in Portsmouth in 2005.

- 3. A strong focus on employment and skills.** We will invest in skills to enable higher levels of employment and deliver a more balanced and sustainable pattern of growth to ensure that local residents are equipped to take up the jobs that are created. This will reduce the need for in-migration or higher levels of in-commuting, boosting the employment rate, ensuring that GVA per capita can rise more quickly and retaining the benefits of growth within the existing population. The Employment and Skills Board (ESB) has been established with an independent chairman to deliver joined-up working, comprising seven private sector members drawn from some of the largest employers in the Solent area including Pall Europe UK, BAE Systems, EADS Astrium and De Vere Hotels, together with representatives from the wider public sector. An action plan provides a clear focus for engaging with and supporting sectors where the area has a clear advantage regionally, nationally and globally including marine, aerospace and environmental technologies. This includes:
- **Establishing a significant advanced manufacturing and engineering training function** to support the skills needs of the growth hub and sector clusters



High voltage lab, University of Southampton

This will build on the range of investments already made in **STEM** (Science, Technology, Engineering and Mathematics) by the Higher Education Funding Council for England. This will include the regional spoke of the National STEM programme led by the University of Southampton who are also the home of the South East Science Learning Centre; www.sciencelearningcentres.org.uk/centres/south-east/centre-information.

Under the auspices of the Employment and Skills Board there will be the establishment of STEM Routes into employment with key local employers, establishing collaborative curriculum pathways through schools, further education and the higher education network in the area. This will be based on an integrated community approach with collective optimisation of resources in the education and business sector to support the upskilling of the indigenous workforce.

- **Establishing an employer-led Apprenticeship Training Agency** with a focus on priority sectors, and in particular, small to medium sized businesses (SME's), providing a flexible demand-led approach to the employment of apprentices. The Agency will deliver higher completion rates, high quality placements and opportunities for apprentices to switch to other host companies, reducing the perception of risk for both host employer and apprentice.

Apprentices will be employed by the Training Agency and “hired out” as a flexible workforce to other employers, for the work-based element of their apprenticeship. The Training Agency will take on most of the administration, dealing with the payroll, support and supervision of the apprentice and being their legal employer. A key benefit is that this will result in a far more flexible and demand-led approach to the employment of apprentices. This is particularly attractive to SMEs given the current economic climate, and will support the small business economy within the Solent area. It will target sectors which have low proportions of apprentices, particularly transport, logistics, health and financial services, as well as our key growth cluster in advanced manufacturing and marine. This is a high value-added, knowledge-intensive sector where the combination of a skilled workforce, innovative companies and a world class research base could have strong positive returns for the economy in the longer term. On a wider basis the Solent LEP will encourage and advocate proposals in other sectors including the creative industries, digital communications and low carbon/ green technologies establishing vocational route ways through to level 4.

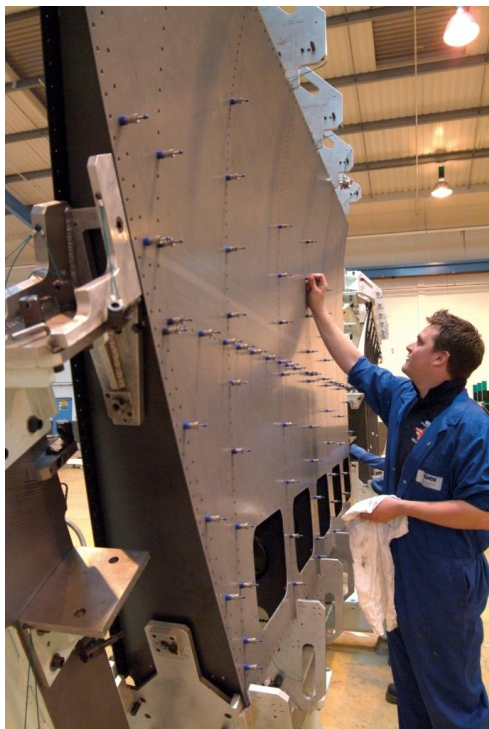
The Training Agency will target **16-25 year olds who are not in education, employment or training but will also focus on ‘higher level apprenticeships’**, targeting the significant number of young people who have achieved a Level 3 in Further Education but are unable to access Higher Education. The Solent LEP will seek to be a national pathfinder for developing additional employer led Higher level apprenticeship pathways and are committed to run a pilot from January 2011 for up to 50 young people supported by 10 employers in the advanced manufacturing and engineering sector. By summer 2011 the LEP will expect to extend this pathfinder to other priority sectors including retail, business services and health and social care.



EADS Astrium, Portsmouth



Solent Composite Systems, Isle of Wight



GKN, Isle of Wight

- Strengthening local business partnerships between employers and HEIs, further education and schools focused on priority sectors in the area**, improving the information, advice and guidance young people receive about vocational and academic options linked to local employment opportunities in the Solent area, developing enterprise skills and entrepreneurial talent for our young people and reducing the high number of young people in the Solent area who remain not in education, employment or training (circa 2,000 16-18 year olds).
- Extending the Skills Development Zone (SDZ)** that is currently operational in Southampton to secure an increase in apprenticeships through cross-organisational programmes, reducing levels of worklessness. The SDZ focuses directly on the needs of local employers and individuals providing a co-ordinated response from the private, public and voluntary sector to key employment and skills issues in the city. The SDZ's innovative cross-organisational apprenticeship programme currently has 38 apprentices with a further 33 planned in 2010/11.
- Promoting Graduate Retention from our four universities** in the region will place a strong emphasis on growing internship programmes, work placements and curriculum reform in Higher Education in partnership with employers
- Aligning single work programmes** to provide route ways into sustainable employment for those currently not engaged in the labour market. The Solent LEP will seek flexibilities to develop tailor made work programmes to facilitate sustainable employment, particularly in areas that are heavily reliant on the public sector for employment. For example, the Royal Navy's presence is estimated to support around 35,000 jobs directly and indirectly in South Hampshire, making up 8% of total employment and contributing around £680m to the local economy each year. The outcome of the Strategic Defence Review could potentially have significant consequences for the Solent area particularly in areas such as Portsmouth and Gosport.
- Creating opportunities for residents to access jobs in sectors that underpin employment growth**, such as financial and business services, the health and care sector, retail and the visitor economy. The financial and business services sector is expected to create an additional 35,000

jobs by 2026 accounting for 25% of all employment. Over the same period the health and care sector is forecast to create an additional 10,000 jobs as the population continues to grow and as people live longer. We must ensure our residents have the opportunity to access these jobs and deliver the skills investment that is required to support this ambition.



West Quay retail complex, Southampton



Gunwharf Quays, Portsmouth

4. **Realising the potential of our cities and supporting areas that are economically vulnerable.** This includes the two cities of Portsmouth and Southampton, Isle of Wight and older urban areas such as Havant and Gosport. South Hampshire and Isle of Wight is the largest expanse of urbanised land in the South of England, outside London, with a resident population in excess of 1.3 million. High levels of welfare dependency are evident and the combined numbers of young people not engaged in education, employment or training (NEET) exceeds 2,000. In the Solent area the number of people claiming unemployment benefit has increased almost three-fold from around 8,500 at its lowest point in October 2004 to over 23,000 in 2010. Continuation of these trends will lead to the emergence of a 'low skill – low value added economy' and higher levels of welfare dependency. The LEP will arrest these trends and furthermore facilitate an additional 10,000 job opportunities for those not in work to become re-engaged thereby generating revenue for the treasury and reducing the dependency on the welfare state.
5. **Infrastructure priorities including key land assets, transport and housing, flood risk mitigation and reliable high speed broadband.** One of the constraints on growth in South Hampshire is the availability of land suitable for housing development and employment. The overall position is that there is no shortage of development land but, given the constraints over the use of greenfield land for environmental and policy reasons, much of the area's potential development potential is located in urban areas and requires significant investment to make it fit for purpose. Key actions we will take forward are:
 - **Reviewing strategic sites and focusing available resources on investment in key locations that have the greatest potential to support business growth.** Large sites with employment and housing potential are available in South Hampshire and the Isle of Wight, some of which require significant investment in infrastructure. Work is underway to review strategic sites, including those wholly owned by the private sector or local authorities in order to develop a framework for the stewardship of

these key sites and to assess how the use and disposition of them can best support enterprise and economic growth and contribute to the area's economic and investment priorities. Part of this will include the potential for private-public ventures in order to unlock sites that are currently not fit for purpose. Sites include;

Eastleigh Riverside – a major employment site in private ownership which includes two key transport gateways; Southampton International Airport; and the neighbouring mainline rail station.

Dunsbury Hill Farm, Havant – a 20 hectare employment site near the A3 (M) which will provide significant employment opportunities. The site adjoins Leigh Park, a deprived inter-war housing estate.

Tipner, Portsmouth – a comprehensive regeneration scheme to create 1,600 homes, 25,000 sq m of employment for 1,500 new jobs.

Gosport Waterfront – growth funding has supported the preparation of a master plan aimed at providing a framework for the regeneration of the waterfront and linking to the town centre – this will act as a catalyst for future investment in retail, commercial, tourism and residential development.

Major Development Quarter, Southampton - 55 hectares of previously developed land in the west of the city centre adjacent to the central station, is providing a major regeneration opportunity to develop up to 322,000 sq m of offices and 130,000 sq m of retailing and creating over 10,000 jobs.



Eastleigh Riverside



Tipner Regeneration Area, Portsmouth



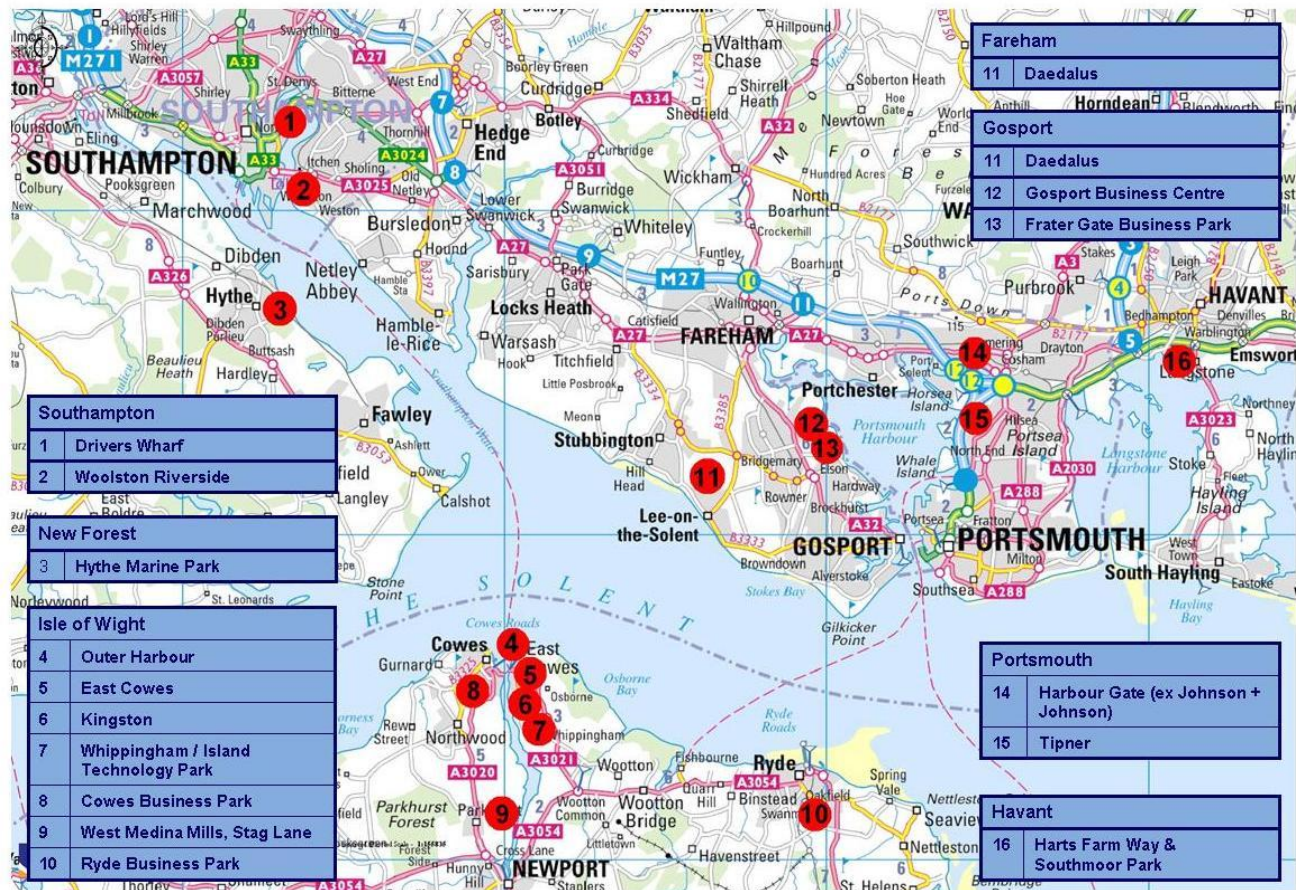
Gosport Waterfront



Major Development Quarter, Southampton

- The review of sites will include **SEEDA's Solent property portfolio** which comprises 14 sites in the Solent LEP area with a book value of around £45m. There have been discussions with SEEDA on their land holdings and, within the context of this proposal; we are seeking to express an interest in them, subject to the completion of appropriate due diligence studies.

Map showing SEEDA's Solent Property Portfolio





Broadmarsh, Havant (encompassing Harts Farm Way and Southmoor Park)

- **Use of innovative funding mechanisms** – work is already underway to put forward a proposal to use Tax Incremental Finance coupled with prudential borrowing to unlock three major regeneration sites in Portsmouth and Havant which together require significant enabling works totalling £105m (Northern Quarter, Dunsbury Hill Farm and Tipner Regeneration Area). The proposal is for a Tax Incremental Finance approach over a 25 year period in which the additional public sector income through NNDR, Council Tax and Stamp Duty is used to repay prudential borrowing to meet the capital costs of the enabling works. We will also consider the use of the proposed New Homes Bonus and tariffs as other sources of funding.

The Solent LEP can provide evidence of how localism can drive economic growth and reduce public spending in a way that specifically protects the most vulnerable in society. We will enter into discussions with the government for the devolution of a single budget to the Solent LEP for economic development, housing, environment and transport and to ensure that the LEP has sufficient freedom to leverage growth and enhanced investment from the areas assets.

- **Development of appropriate housing** - our focus has been on housing in urban areas, particularly Southampton and Portsmouth, using joint venture housing investment as a means of regenerating areas of deprivation, examples of which are given below. We recognise that not all the homes required can be provided in existing urban areas. We are therefore providing for major housing developments on the M27 corridor through urban extensions including the Fareham Strategic Development Area, the proposed creation of a new sustainable community of around 7,000 homes served by an ambitious rapid bus system linked to Fareham town centre and Gosport. Others include:



Rowner Estate Renewal Project, Gosport

Rowner estate renewal project, Gosport – a joint public / private venture to demolish and rebuild around 700 homes in one of the South East's severest pockets of deprivation.



Somerstown regeneration project, Portsmouth

Somerstown regeneration project, Portsmouth – located in an area of multiple deprivation, the project involves the HCA and the active participation of over 200 businesses. The project will deliver more than 1,000 new homes, create 7,000 new jobs and generate £680m of economic activity.

Hinkler project, Southampton – a joint venture with Barratt Homes to regenerate affordable housing stock owned by Southampton City Council. The project forms part of a comprehensive redevelopment aimed at regenerating priority neighbourhoods across the city delivering up to 1,000 new homes and improved local retail and community facilities over a 5 to 8 year period.



Hinkler Parade plans, Southampton

Pan Meadows housing development, Newport - an 850 home scheme currently being developed by Barratt Homes and David Wilson Homes in partnership with Spectrum Housing which includes a construction apprenticeship programme for local residents.

- **Development and implementation of a sustainable infrastructure strategy.** South Hampshire has developed a sustainable infrastructure strategy that includes Memorandum of Understanding with the Environment Agency and Natural England, joint working with Transport for South Hampshire and a MoU with the Highways Agency. The Solent LEP will build on these arrangements and extend them to include the Isle of Wight. The Isle of Wight businesses and the Local Authority will bring a new dimension in relation to renewable and the low carbon economy, with expertise and facilities that can provide a lead to the Solent LEP.

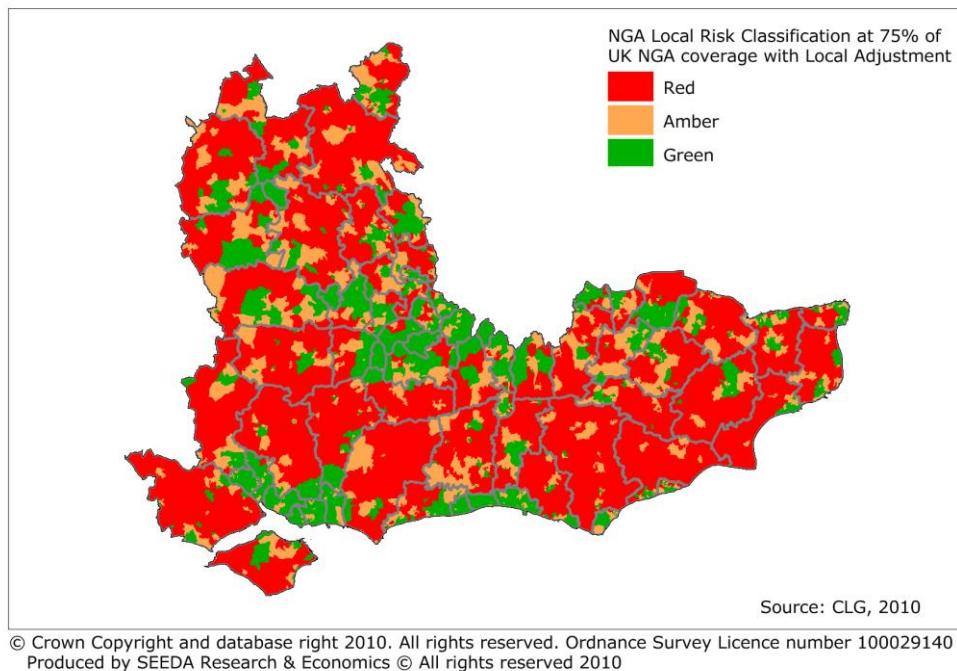


A3(M), South Downs National Park, East Hampshire

- **Enhancing transport partnerships to deliver the transport infrastructure that is needed to unlock the economic potential of sites and areas.** There already exists a strong partnership for transport called 'Transport for South Hampshire' (TfSH) which has been successful in securing funding to deliver transport infrastructure and economic growth in the area, and which is recognised nationally as an example of excellent transport partnership working. The Solent LEP will develop these arrangements further across the Solent area which will include the streamlining of services and shared transport functions.

There exist significant low cost opportunities to tackle transport issues through the intelligent application of transport strategies and plans, complementary land use strategy, managing transport networks better and investing in sustainable modes of transport such as buses, cycling and walking. The Solent area has a strong track record in developing sustainable clean fuel energy and is taking a lead role in securing a low carbon transport future.

- **Extending the coverage of reliable high speed broadband across the Solent area** – on Next Generation Access (NGA) broadband the Solent LEP will maximise the delivery of NGA in the Solent area with a particular focus on improving delivery on the Isle of Wight.



6. Supporting enterprise, new business starts and business survival.

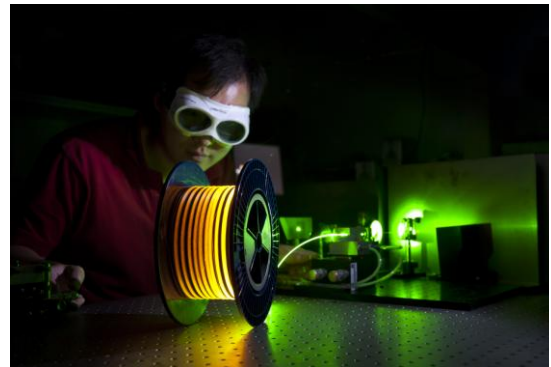
Enterprise is a key driver of productivity and economic growth. Currently business start-up rates in South Hampshire and the Isle of Wight fall well below regional and national benchmarks, as does R&D activity, despite the significant potential to exploit the universities located within the area as centres of knowledge, promoting spill over of innovation and knowledge to industry. The Solent LEP recognises that restrictions on public funding will clearly limit the level of direct Government assistance available for enterprise development and business support. Solent LEP does not see this as a disadvantage but an opportunity to build on what has already been achieved in the Solent area (notably through Solent Synergy and the Solent Innovation and Growth Network) and exploit synergies that exist working closely with the CBI, FSB, IoD and Chambers of Commerce and others to ensure that the needs of all parts of the business community are met.

A key focus of our work will be the further **development of the Solent Synergy model** – set up by business, university and other partners five years ago as a not-for-profit company designed to help innovative businesses grow. Solent Synergy was inspired by CONNECT™, a programme that helped accelerate the development of the San Diego region as one of the world's leading knowledge economies. Solent Synergy now receives 60% of its funding from the private sector through a mixture of sponsorship, subscriptions and charging for services. A key success factor for Solent Synergy has not been the financial support that it receives from the business community, but the considerable *pro bono* in kind support that the company has received from the business and HE community. The development of Solent Synergy would include potential integration of the current activities of the Solent Innovation Growth Team which is part of a SEEDA supported South East network to provide focused support for companies which have the potential to innovate and grow significantly.

- **Levering more economic value from the Solent's four universities** by realising the commercial potential of their research, knowledge and expertise, reflecting the needs of business in the curriculum, enhancing employability and local graduate retention.



Developing coatings that reduce the carbon footprint of existing buildings, University of Portsmouth



Fibre optics, University of Southampton

- **Supporting high growth business start-ups with exporting potential and encouraging growth in existing businesses** through innovation by the development of peer-to-peer self help networks, business-to-business mentoring and more efficient networking opportunities for business.
- **Expanding enterprise programmes for young people in partnership with the voluntary and community sector** working with organisations such as the Prince's Trust and Education Business Partnerships to re-engage young people aged 14-25



Prince's Trust – get into cooking



Prince's Trust – get into retail

- **Helping businesses to create and apply new knowledge by supporting the work of trade associations, industry and sector groups** (e.g. Marine South East), working with employers in the priority sectors such as advanced manufacturing and marine and supporting the development of new growth clusters e.g. low carbon economy and creative industries. This will include helping businesses establish effective knowledge economy support networks, focusing on private sector professional support around key themes such as raising finance, export markets, supply chain development and accessing expertise from universities.

- **Encouraging business start-ups and social enterprise in difficult to reach and economically inactive communities**, working with business leaders, social entrepreneurs, universities and civil society organisations.
7. **Establishing a single inward investment and place marketing function** to ensure we use resources efficiently to improve business retention and attract new businesses to the area.
- **The Solent LEP will play a stronger role in co-ordinating inward investment across the Solent area** and tailoring it according to the particular strengths of the area, complementing any nationally led inward investment function. This will include marketing, enquiry handling, project delivery and aftercare.
 - Work has begun and local functions in the two cities have already been unified saving resources, marketing the South Hampshire area more effectively whilst retaining the distinctive city brands. The LEP will take this further for the Solent area establishing a **single gateway and co-ordinated service for inward investment** and will work with local business clusters acting on their intelligence to target specific types of inward investor, supported by the UK Trade and Investment team.



Portsmouth Harbour

- The LEP will seek to ensure that the **Solent area is recognised as a place of creativity and innovation** from the quality of its education sector, its workforce and its cultural offering. We want to put the Solent area on the map in order to support the visitor economy, attract new business investment and increase the sense of pride and ambition within residents.
8. **Innovation in delivery and funding.** We will ensure that creative and innovative delivery is at the centre of all that we do. Central to this will be:
- **Securing a financially sustainable future** so that on completion of the transition period the LEP is not wholly reliant on public sector funding after 31 March 2012.

- **Reviewing ESF and ERDF programmes currently managed through the RDA.** It will be important to ensure that the flow of funds through these programmes is not disrupted and it is our expectation that the LEP in this area would consider increased devolution of programme management arrangements from 2014 under the next programme.
- **Committing to a continued programme of public sector rationalisation of services and co-location of services** across Local Authorities and public sector agencies.



National Air Traffic Control Centre, Swanwick, Fareham

It is recognised that the current spending environment creates an imperative for all levels of government to refocus on core priorities and to maximise the effectiveness of spending and interventions. The Solent LEP will continue this work with a further streamlining of services. In addition, the Solent LEP recognises that some of the greatest challenges rest with long term infrastructure projects such as Tipner Regeneration in Portsmouth and the development of the SEEDA property portfolio where the benefits lie further into the future. The Solent LEP will work in a mature and co-ordinated manner with Government departments and Local Government to agree the key strategic priorities within the property portfolio that will secure regeneration and create sustainable economic growth. The Solent LEP public partners will commit public investment to complement private investment in areas of market failure that are critical to economic growth i.e. employment and skills, housing and major infrastructure projects and at the same time seek to provide greater certainty for investors.

5. Governance

The structure and organisation of the Solent LEP as a legal entity is important in considering the operation of the LEP day to day. Our recommendation is that the LEP should take the form of a company limited by guarantee providing a legal entity with which the private sector partners are familiar and comfortable. It would enable the LEP itself (rather than any participant on behalf of the LEP) to hold property, employ staff, raise finance and establish decision making processes, whilst enabling liability to be limited to an agreed amount and (subject to more detailed advice from a tax specialist) having a minimal impact on individual participants' tax affairs. The Solent LEP will also set up Special Purpose Vehicles (SPVs), some of which exist e.g. the private sector led Employment and Skills Board.



Southampton Boat Show © Joe Low photographer

We will undertake an options appraisal and consider other options e.g. a contractual arrangement between participants; and a partnership (either with limited or unlimited liability). This would form part of the transition planning, with a **fully established shadow LEP by January 2011**.

The Solent LEP Board will have equal representation from the private and public sector and it is essential that the business community is in the driving seat to genuinely lead and deliver real economic change and outcomes in equal partnership with the public sector. **The LEP Board will be chaired by a prominent business leader from the Solent business community** and the recruitment process for this will commence as soon as we are given the green light to proceed with the LEP. We have already had significant interest from leading private sector individuals and we will appoint a chairman by the late autumn. We will establish a Steering Group to oversee this process and to facilitate the creation of the Shadow Board.

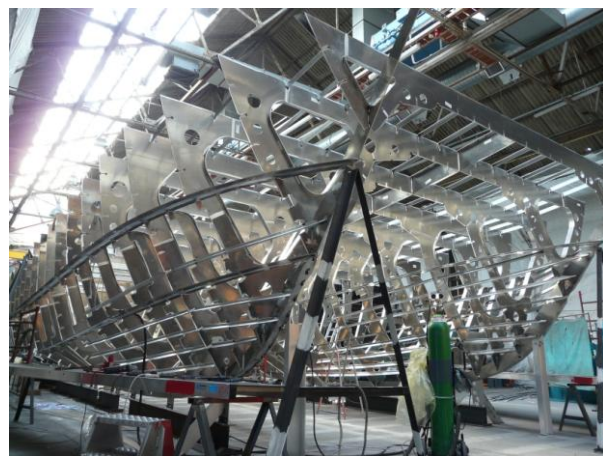
The governance arrangements will build on what has already been established in South Hampshire and the Isle of Wight through PUSH and the KDP in order to develop a fully fledged Local Enterprise Partnership. **Executive support for the Solent LEP is already in place** following commitments from the private and public sector to provide staff to take forward the development of the LEP. This includes securing a private sector company secretary from the eminent legal firm of solicitors, Paris Smith in Southampton.

6. Our capacity to deliver

The key strategic leaders in the area are in a very strong position to respond to your request for an outline submission based on the following:

- **There is widespread support and a commitment from the private sector to lead the LEP.** The Solent LEP has the full support of a wide range of businesses and representative bodies, illustrated by the letters of support given in Annex 3 and as demonstrated by the key signatories to this document. The commitment of the private sector can be demonstrated by the following examples:

- A clear commitment by the private sector to deliver a low carbon economic vision for the Solent area, as demonstrated by the private-sector led bid to become a Low Carbon Economic Area for the Maritime Environment and Ports. This was submitted to BIS in early 2010 and aims to accelerate research and business investment in the area particularly in marine and green logistics expertise attract more cleantech companies and create jobs and businesses based around our unique strengths in the maritime industry.



South Boats, Isle of Wight

- Support from Marine South East – a business-led organisation committed to driving investment in advanced engineering in the Solent area, recognising the importance of sectoral, cluster-scale initiatives for growth, working in harmony with the public sector.



P&O Nedlloyd Marseille, Southampton Docks (Joe Low photographer)

- A commitment from leading edge companies such as EADS Astrium to further develop advanced design, manufacturing and test facilities in the global space industry supported by a highly skilled and motivated workforce.

- A strong commitment from the aerospace and aviation sector to work with the public sector to develop strategic sites such as Daedalus Airfield and realise their potential to deliver tangible and timely regeneration benefits to economically vulnerable areas.



Daedalus Airfield, Fareham

- **A strong and well established private-sector led Employment and Skills Board that is already operational.** The Employment and Skills Board (ESB) has already been established with an independent chairman to deliver joined-up working between the various agencies (including the universities and further education) and to target resources on areas of greatest need. This is already cutting through unnecessary bureaucracy and focusing on agreed outcomes. The ESB forms an essential part of the LEP outline proposal and its function will include directing the commissioning and promotion of workforce training. In addition, given the labour market challenges we face, it will lead on the area of worklessness, both in relation to alignment and rationalisation of local programmes within the Work Programme and scrutinising the delivery of the Work Programme to ensure it meets local need.



Wind tunnel yachting, University of Southampton

- **An outstanding and high performing higher and further education sector.** The Solent LEP is supported by the four universities and the further education sector (refer to Annex 3 for letters of support). The Universities have and continue to influence growth prospects in the Solent area through interaction with businesses and spin out activity. This has provided benefits to the economy beyond the provision of graduates.

The universities have complementary specialisms, for example: Southampton University is recognised as a world class centre for marine, earth sciences and technology through the investment in the National Oceanography Centre; Southampton Solent University has the internationally renowned Warsash Maritime Academy; and Portsmouth University is recognised for its environmental and cleantech specialisms.



City of Portsmouth Centre, Highbury College



Helping UK business, establish a leading role in battery technology, University of Portsmouth

There is a strong engagement in the FE sector within the Solent area and a commitment to deliver the direct services needed to underpin the development of the local workforce and to support the economically more vulnerable areas in the cities, older urban areas and on the Isle of Wight where labour market engagement needs to improve and levels of worklessness remain high. The area benefits from the presence of four large General Further Education Colleges (Highbury, Southampton City, Eastleigh and South Downs Colleges) who have all undergone significant capital investment in recent times in order to provide a modern learning environment with state-of-the-art, industry-standard facilities.

- **Strong civic leadership.** The Solent LEP is supported by three upper tier authorities (Southampton, Portsmouth and Isle of Wight) and eight Hampshire district councils (Eastleigh, East Hampshire, Fareham, Gosport, Havant, New Forest, Test Valley and Winchester). There is also a strong willingness from the two unitary authorities of Bournemouth and Poole to deliver an alliance with the Solent LEP that reflects the needs and interests of the wider business community (refer to Annex 3 for letters of support).
- **A track record of delivery and partnership working.** Structures are already in place through PUSH and KDP characterised by a track record of effective partnership working and delivery of support for business and the local economy. Through PUSH, eleven local authorities in South Hampshire have been working together on major issues of economic concern, for example on employment and skills and the land allocation both for housing and employment. There is a successful South Hampshire Agreement (SHA) which binds together the commitments of PUSH and other partners to facilitate the delivery of economic development and enterprise linked to those aspects of housing, strategic planning and transport that support the Partnership's overall objective of sustainable economic-led growth. This has succeeded in bringing together a wide range of partners to shape strategy across South Hampshire and has produced a significant evidence base to underpin its economic strategy. As we move forward Solent LEP will maximise the legacy of this partnership working.



Business Consultation Event, Rose Bowl, 30th July 2010

- **A shared environmental vision.** There is an agreement in place with the Environment Agency, Natural England and local government to joint working on common environmental outcomes. This includes the Solent Flood Risk 2026 Project which is taking a collective approach to reducing flood risk and achieving safe and sustainable development for the benefit of the local communities. The team has brought together work on flood defence structure, planning policy, local development frameworks and funding to ensure multi agency input on the issues of growth, regeneration and flood risk management.



New Forest National Park



East Cowes Harbour, Isle of Wight

- **A comprehensive economic evidence base.** The area has commissioned an independent refresh of the economic base and strategy to inform a more comprehensive approach to economic development which will be completed in September 2010. The refresh acknowledges the progress and achievements that have been made by partnership working in the area but recognises that the context has changed in terms of the effects of the recession and changes to the public policy environment. The refresh of the economic base and strategy is being jointly developed in partnership with business, the Universities and further education colleges and public sector organisations to ensure that we have a strong and coherent strategy which all partners endorse. The evidence base forms the basis of a framework for our LEP.

7. In conclusion

In formulating this proposal there have been discussions with the RDA as there is a determination that the transition from them is orderly and adheres to a clear timetable, whereby (subject to the detail in the forthcoming White Paper) the Solent LEP would assume the responsibilities by April 2011.

We would welcome the opportunity to discuss with you the process of taking forward this initial outline to a more detailed action plan so that we can rapidly establish the LEP for the area, building on the momentum and unity of purpose that already exists.

The creation of a Solent LEP is seen as a positive step by the business community, the higher and further education community and the public and voluntary sector as we work together to further develop local solutions to the challenges we face and bring focus, cohesion and critical mass to the identification and delivery of those solutions.



This proposal represents our initial outline and underlines our commitment to establish a business-led LEP for the Solent area.

Annex 1: Economic Profile - Solent Functional Economic Area

Table 1: Travel to Work - Commuting between Local Authorities within Solent LEP area

PLACE OF RESIDENCE	PLACE OF WORK								
	<i>Portsmouth</i>	<i>Southampton</i>	<i>Fareham</i>	<i>Gosport</i>	<i>Havant</i>	<i>New Forest</i>	<i>Test Valley</i>	<i>Winchester</i>	<i>East Hampshire</i>
<i>Portsmouth</i>	63,486	2,000	4,834	893	5,888	607	718	1,052	2,255
<i>Southampton</i>	1,821	77,741	2,250	-	577	2,634	6,709	4,337	-
<i>East Hampshire</i>	3,334	468	775	323	3,146	106	98	1,188	28,788
<i>Eastleigh</i>	2,106	15,141	4,484	480	133	616	11,805	5,975	-
<i>Fareham</i>	8,959	4,278	26,860	3,271	2,530	155	1,010	1,484	1,223
<i>Gosport</i>	4,632	1,233	8,624	19,762	505	134	-	87	176
<i>Havant</i>	11,757	1,356	3,800	1,168	26,887	-	154	631	3,468
<i>New Forest</i>	758	14,258	520	-	-	48,612	2,533	1,840	161
<i>Test Valley</i>	780	7,655	154	-	147	1,181	33,971	5,090	324
<i>Winchester</i>	1,666	5,592	2,456	135	565	473	3,172	30,874	648

Source: Annual Population Survey, 2004 data

Table 2: Containment of Economically Active Residents

	Economically active residents	Jobs	Economically active residents working within their Local Authority area	% jobs taken up by economically active residents of the Local Authority	% economically active residents working within their Local Authority area	Jobs taken by economically active residents from other Local Authority areas within the PUSH 10 area	% jobs taken by economically active residents from other Local Authority areas within the PUSH 10 area	% jobs taken by economically active residents from the PUSH 10 area
East Hampshire	58,173	43,583	28,788	66.10%	49.50%	8,255	18.90%	85.00%
Fareham	52,964	57,155	26,860	47.00%	50.70%	27,897	48.80%	95.80%
Gosport	36,225	26,886	19,762	73.50%	54.60%	6,270	23.30%	96.80%
Havant	54,020	44,714	26,887	60.10%	49.80%	13,491	30.20%	90.30%
New Forest	82,415	65,195	48,612	74.60%	59.00%	5,906	9.10%	83.60%
Portsmouth	88,086	109,334	63,486	58.10%	72.10%	35,813	32.80%	90.80%
Southampton	103,014	140,417	77,741	55.40%	75.50%	51,981	37.00%	92.40%
Test Valley	58,053	70,537	33,971	48.20%	58.50%	26,199	37.10%	85.30%
Winchester	52,984	61,920	30,874	49.90%	58.30%	21,684	35.00%	84.90%
S.Hampshire	585,934	619,741	356,981	59.21%	58.67%	197,496	30.24%	89.43%

Source: Annual Population Survey, 2004 data
Centre for Cities – Charting the course: growing South Hampshire's economy

Table 3: Sector Analysis

VAT Registrations: stock end of year	1 : Agriculture; Forestry and fishing (SIC A,B)		2 : Mining and quarrying; Electricity, gas and water supply (SIC C,E)		3 : Manufacturing (SIC D)		4 : Construction (SIC F)		5 : Wholesale, retail and repairs (SIC G)		6 : Hotels and restaurants (SIC H)	
local authority	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
East Hampshire	340	6.1	0	0.0	440	7.9	710	12.8	945	17.0	260	4.7
Eastleigh	55	1.2	5	0.1	340	7.6	745	16.7	1,030	23.1	200	4.5
Fareham	65	1.8	0	0.0	310	8.6	610	17.0	625	17.4	170	4.7
Gosport	10	0.7	0	0.0	150	10.0	270	18.1	300	20.1	145	9.7
Havant	40	1.2	0	0.0	290	9.0	645	20.0	595	18.5	200	6.2
Isle of Wight	290	7.1	5	0.1	305	7.4	555	13.5	870	21.2	570	13.9
New Forest	375	5.5	5	0.1	510	7.4	1,040	15.1	1,305	19.0	435	6.3
Portsmouth	20	0.5	0	0.0	335	7.9	685	16.3	855	20.3	520	12.3
Southampton	20	0.4	5	0.1	395	7.8	770	15.2	1,050	20.7	485	9.6
Test Valley	325	6.6	5	0.1	415	8.5	630	12.9	870	17.8	240	4.9
Winchester	415	7.6	5	0.1	385	7.0	600	11.0	825	15.1	275	5.0
S.Hampshire & IOW	1,955	4.0	30	0.1	3,875	7.9	7,260	14.8	9,270	18.9	3,500	7.2
local authority	7 : Transport, storage and communication (SIC I)		8 : Financial intermediation (SIC J)		9 : Real Estate, renting and business activities (SIC K)		10 : Public administration; Other community, social and personal services (SIC L,O)		11 : Education; health and social work (SIC M,N)		Total Industry Registrations (percent of overall area)	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
East Hampshire	160	2.9	30	0.5	2,150	38.7	410	7.4	95	1.7	5,540	11.3
Eastleigh	245	5.5	30	0.7	1,470	32.9	290	6.5	55	1.2	4,465	9.1
Fareham	130	3.6	30	0.8	1,345	37.5	235	6.5	65	1.8	3,585	7.3
Gosport	55	3.7	5	0.3	385	25.8	145	9.7	30	2.0	1,495	3.1
Havant	110	3.4	20	0.6	1,040	32.3	225	7.0	55	1.7	3,220	6.6
Isle of Wight	170	4.1	20	0.5	935	22.8	320	7.8	55	1.3	4,095	8.4
New Forest	275	4.0	70	1.0	2,185	31.8	550	8.0	120	1.7	6,870	14.0
Portsmouth	155	3.7	20	0.5	1,240	29.4	305	7.2	80	1.9	4,215	8.6
Southampton	260	5.1	45	0.9	1,595	31.5	350	6.9	95	1.9	5,070	10.4
Test Valley	185	3.8	40	0.8	1,715	35.0	415	8.5	55	1.1	4,895	10.0
Winchester	140	2.6	45	0.8	2,220	40.5	450	8.2	115	2.1	5,475	11.2
S.Hampshire & IOW	1,885	3.9	355	0.7	16,280	33.3	3,695	7.6	820	1.7	48,925	100

Source: ONS (NOMIS) - 2007

Table 4: Small Business**Count of births of new enterprises in 2008****Local Authorities by Employment size band**

	Employment Size Band				
	0 - 4	5 - 9	10 - 19	20 +	Total
East Hampshire	590	35	10	5	640
Eastleigh	515	35	20	5	575
Fareham	430	25	10	5	470
Gosport	235	5	5	0	245
Havant	405	20	5	5	435
Isle of Wight	400	45	5	0	450
New Forest	650	40	25	5	720
Portsmouth	650	45	15	5	715
Southampton	650	55	15	10	730
Test Valley	460	30	15	5	510
Winchester	525	40	15	10	590
South Hampshire & IOW	5,510	375	140	55	6,080

Count of active enterprises in 2008**Local Authorities by Employment size band**

	Employment Size Band				
	0 - 4	5 - 9	10 - 19	20 +	Total
East Hampshire	5,235	625	315	205	6,380
Eastleigh	4,035	670	380	285	5,370
Fareham	3,525	470	265	220	4,480
Gosport	1,600	245	115	75	2,035
Havant	3,300	435	210	155	4,100
Isle of Wight	3,700	685	305	230	4,920
New Forest	6,255	915	440	355	7,965
Portsmouth	4,395	730	325	270	5,720
Southampton	4,730	795	415	375	6,315
Test Valley	4,230	630	310	245	5,415
Winchester	4,880	685	370	265	6,200
South Hampshire & IOW	45,885	6,885	3,450	2,680	58,900

Source: BERR (2007)

Table 5: Education Analysis

Area		% with NVQ4+		% with NVQ3+		% with NVQ2+	
	Working Age Population	number	percent	number	percent	number	percent
East Hampshire	64,700	18,800	29.0	32,700	50.6	47,300	73.1
Eastleigh	74,800	23,600	31.5	36,500	48.8	54,500	72.9
Fareham	63,000	14,700	23.3	29,200	46.4	44,200	70.2
Gosport	46,600	13,100	28.1	21,200	45.4	33,700	72.2
Havant	67,300	17,900	26.5	29,300	43.4	43,300	64.2
Isle of Wight	76,900	17,900	23.3	35,100	45.6	51,700	67.2
New Forest	96,600	25,200	26.0	45,200	46.8	65,900	68.2
Portsmouth	130,300	34,000	26.1	62,300	47.9	86,600	66.5
Southampton	157,500	42,500	27.0	75,200	47.8	101,800	64.6
Test Valley	69,300	28,500	41.1	40,200	58.0	55,500	80.1
Winchester	64,900	27,300	42.1	39,000	60.0	48,400	74.5
S.Hampshire & IOW	911,900	263,500	29.5	445,900	49.2	632,900	70.3

Area		% with NVQ1+		% with other qualifications		% with no qualifications	
	Working Age Population	number	percent	number	percent	number	percent
East Hampshire	64,700	56,700	87.6	3,800	5.9	4,200	6.5
Eastleigh	74,800	67,800	90.6	1,500	2.0	5,500	7.4
Fareham	63,000	56,600	89.8	3,600	5.8	2,800	4.5
Gosport	46,600	38,600	82.7	4,200	8.9	3,900	8.4
Havant	67,300	54,900	81.6	6,000	8.9	6,400	9.6
Isle of Wight	76,900	64,600	84.1	4,500	5.8	7,800	10.1
New Forest	96,600	81,800	84.7	4,700	4.8	10,100	10.5
Portsmouth	130,300	106,300	81.6	8,900	6.8	15,000	11.5
Southampton	157,500	128,600	81.6	12,700	8.1	16,200	10.3
Test Valley	69,300	61,100	88.1	4,200	6.0	4,000	5.8
Winchester	64,900	56,100	86.5	3,600	5.5	5,200	8.0
.Hampshire & IOW	911,900	773,100	85.4	57,700	6.2	81,100	8.4

Source: Annual Population Survey (Jan 2008-Dec 2008)

Table 6: Socio-Economic Data

	mid-2008	October 2008 to September 2009				2008	2009
	Population ¹	Labour supply			Working age benefits	Labour demand ⁷	Earnings ⁹
		Employment ²	Unemployment ³	Economic inactivity ²	Claimant count ⁵	Jobs ⁸	Place of work Residence

	16-59/64 (000s)	Total 16+	16- 59/64 Rate (%)	Total 16+	Rate ⁴ (%)	Total 16-59/64	16-59/64 Rate (%)	Level	Proportion ⁶ (%)	Total (000s)	Jobs Density 16-59/64 (ratio)	Median gross weekly earnings (£)	Median gross weekly earnings (£)
	1	2	3	4	6	8	9	10	11	12	13	14	15
East Hampshire	66.0	53,200	80.1	2,300	4.1	12,500	19.3	1,044	1.6	55	0.83	455.00	572.90
Eastleigh	75.3	64,300	80.5	3,000	4.5	11,600	15.3	1,527	2.0	66	0.88	445.40	517.60
Fareham	65.1	52,500	78.7	2,600	4.6	9,700	15.5	1,061	1.6	57	0.87	447.80	533.00
Gosport	48.7	40,800	83.8	2,300	5.3	5,600	11.9	1,209	2.5	26	0.54	447.40	453.90
Havant	68.0	56,100	78.1	3,500	5.9	11,600	17.3	2,107	3.1	44	0.65	467.70	464.00
Isle of Wight	78.8	60,100	72.6	4,000	6.2	17,000	22.1	2,536	3.2	61	0.77	434.90	436.40
New Forest	96.9	77,300	74.6	3,800	4.7	19,300	20.0	1,635	1.7	80	0.82	459.40	487.90
Portsmouth	134.2	97,600	71.7	7,300	7.0	29,300	22.4	4,143	3.1	119	0.89	533.50	474.90
Southampton	160.8	117,700	72.0	8,500	6.7	36,100	22.8	5,077	3.2	130	0.81	499.70	441.60
Test Valley	69.6	61,300	83.5	2,400	3.7	10,600	15.3	1,043	1.5	61	0.87	498.60	510.80
Winchester	67.7	53,100	78.6	2,100	3.8	12,600	19.3	895	1.3	79	1.17	519.90	616.80
S.Hampshire & IOW	931.1	734,000	77.7	41,800	5.1	175,900	18.3	22,277	2.3	778	0.83	473.57	500.89

Source: Annual Population Survey, Jobcentre Plus administrative system, Annual Business Inquiry, Annual Survey of Hours and Earning (2009)

1. Official estimate of the resident population.

2. Annual Population Survey (APS) data. The APS is a survey of the population of private households, student halls of residence and NHS accommodation. The APS data in this table are consistent with the latest revised population estimates.

3. Model-based estimates of unemployment.

4. Unemployment rates calculated as percentage of 16+ economically active population.

5. Count of claimants of Jobseeker's Allowance. Averaged over 12 month period.

6. Percentage of resident working age population of area.

7. Labour demand is jobs plus vacancies. Suitable comprehensive estimates of job vacancies are not available at local level.

8. Jobs data are mainly employees from the Annual Business Inquiry which refers to December of each year; they also include self-employed, HM Forces and government-supported trainees. Jobs densities are calculated as the number of jobs per resident of working age (16-59/64).

Annex 2: Consultation on the Regional Growth Fund

Response co-ordinated on behalf of the partners of the proposed Solent Local Enterprise Partnership

Introduction

With a population of over 1.3 million and some 50,000 businesses, the Solent area is a well recognised functional economic area anchored around the Isle of Wight, the two cities of Portsmouth and Southampton and the M27 corridor and Solent waterway.

The business-led Local Enterprise Partnership in the Solent area (Solent LEP) is driven by the business community and is supported by four university partners, the further education sector, three upper tier authorities (Isle of Wight, Portsmouth and Southampton), eight district councils (East Hampshire, Eastleigh, Fareham, Gosport, Havant, New Forest, Test Valley and Winchester) and the voluntary and community sector, all of whom are actively working together to secure a more prosperous and sustainable future for the Solent area.

Our vision is to create an environment that will better facilitate economic growth and private sector investment in the Solent area, allow businesses to grow, become more profitable, greener and enable new businesses to form and prosper. As a result there is a need to make the best use of the assets that the area already possesses (highly skilled people, world class businesses, outstanding further and higher education, the natural environment and high quality of life) and achieve sustainable economic growth.

The Solent LEP partners are determined to put business at the heart of economic growth in the Solent area, enabling this recognised globally competitive area to realise its full potential. The Solent LEP will be output driven, delivering real and substantial improvements in the co-ordination of private and public investment in key areas of economic development including skills, business support, regeneration, transport, housing and inward investment. It will focus on: rebalancing the local economy in favour of the private sector; reindustrialising the economic base, supporting the development of knowledge based industries and high value added manufacturing; and providing a catalyst for regeneration.

Designing the Regional Growth Fund

1. Are there benefits to be had from allocating different elements of the fund in different ways?

Yes, we believe that it would be sensible and practical to consider different models for allocating funds in order to provide flexibility, ensure that the key economic priorities in each local area are addressed and allow for packages of support that have transformational potential.

We support the principle of allocating a proportion of the fund as a grant to Local Enterprise Partnerships, but on a formula basis based on population size, with weightings according to levels of skills and deprivation and the extent to which the local economy is reliant on public sector jobs. By applying a grant this will ensure an equitable and fair distribution of funds and will provide Local Enterprise Partnerships with some core funding to be able to plan sensibly and quickly respond to local challenges.

Partners involved in formulating the initial outline proposal for a Solent Local Enterprise Partnership (Solent LEP) will seek to ensure that the methodology used to allocate the Regional Growth Fund both recognises the disparities

between regions and **equally within regions** as there are areas of economic vulnerability in the Solent. Public sector employment is higher in this area than the South East average and there are areas that are economically vulnerable, with the most concentrated areas of deprivation in and around Portsmouth and Southampton. As well as the two cities there are also areas of deprivation around Havant, Eastleigh, Test Valley and some areas of Gosport and the Isle of Wight. The Solent economy is also heavily dependent on employment from both the public sector and major public sector suppliers. It is therefore important that any allocation of the Regional Growth Fund supports private sector recovery in the Solent in areas that are reliant on public sector employment. By way of an illustration the strategic defence review could impact naval spending in the area (including the associated supply chain), extending across the economic area, including East Hampshire's Eco town at Bordon and Whitehill. The naval presence is estimated to support around 35,000 jobs directly and indirectly, making up 8% of total employment. The Regional Growth Fund will provide a means for the Solent LEP to in particular support those areas and communities that are dependant on the public sector to make the transition to sustainable private sector led growth and prosperity.

We also support a bidding model that would be used for transformational projects with a value of £1m or more that can demonstrate significant impact in terms of private sector led growth and sustainable employment. We would seek to prioritise infrastructure investment that can complement private-led investment in our key sites in areas essential to our growth capacity in the Cities and urban extensions and on the Isle of Wight.

2. What types of activities, that promote the objectives outlined above, should the fund support and how should the fund be best designed to facilitate this?

We believe it would not be appropriate to be too prescriptive about the types of activities that could be supported, but allow some flexibility so that partners / LEPs can respond to the local needs and priorities of their respective areas. However the Solent LEP WILL be **output driven and will deliver improvements in the coordination of private and public investment** in transport, housing, skills, regeneration and other areas of economic development, focusing on:

- **Rebalancing** the local economy in favour of the private sector
- **Reindustrialising** the economic base, supporting the development of knowledge based industries and high value added manufacturing
- **Regeneration** - developing a coalition between the private, public and voluntary and community sectors to continue the renaissance of the area's cities , rural and urban areas, tackling deprivation, meeting the skills needs of the economy and taking a leading role in the low carbon revolution
- **Promoting and further improving the quality of life and place** that the Solent area has to offer and which gives the area a significant competitive advantage. Making the Solent area a great place to work and live is vital to our economic ambitions, helping the area to attract and retain businesses and skilled workers.

The design of the fund should seek to ensure this flexibility. Hence our support for a combined grant and bidding based model.

A bid system

3. Do you think that these are the right criteria for assessing bids to the Regional Growth Fund?

We agree with the criteria that have been set out, but would favour particular emphasis on the following:

- Strong financial backing from the private sector
- Activities that will lead to transformational outcomes in terms of GVA growth and an increase in the employment rate and the number of jobs created
- Strong evidence base to show the funds will directly support sustainable private sector growth and enterprise, leading to the rebalancing of the economy in favour of the private sector
- Focus on areas and communities that are currently dependent on the public sector ensuring they make the transition to sustainable private sector led growth

We support the idea of having a range of projects that could be submitted as a package that will lead to transformational actions for the area, but would argue for a targeted and focused approach. For example, in the Solent area we would be advocating support for a growth hub and strategic sector based clusters in advanced manufacturing and engineering recognising the area's unique sectoral strengths in marine, aerospace, environmental technologies, renewable energy and composites which offer significant potential for GVA growth and employment. A package of support to develop a growth hub could include skills investment, tourism, business support and enterprise, and release of site assets.

Bidding process

4. Do you think we should operate a two-stage bidding process?

Yes, we would support a two stage bidding process to ensure partners / LEPs do not waste large amounts of time formulating detailed bids only for them to be turned down. It is vitally important that the private sector has confidence in the system and is not put off from committing time, resources and finance. A protracted bidding system would not help in this regard.

We recommend that the first round of bids should target those LEPs that have been established or are close to being established and the Solent LEP will be responding in the first round to support key actions that it is committed to delivering in its first year of operation. This will include consideration of key strategic priorities as follows:

- **Establishing a significant advanced manufacturing and engineering training function** to support the skills needs of the growth hub and sector clusters
- **Establishing an employer-led higher educational vocational pathway** with a focus on 'undergraduate apprentices', targeting the significant number of young people who are achieving a Level 3 in Further Education but are unable to access Higher Education.
- **Reviewing the strategic sites and focusing available resources on investment in key locations that have the greatest potential to support business growth.** Large sites with employment and housing potential are available in South Hampshire and the Isle of Wight, some of which require significant investment in infrastructure.

Longer term potential

5. Should a Regional Growth Fund become a long-term means of funding activity that promotes growth?

We would favour a longer term approach to funding as far as is possible. This would allow for better planning, would secure greater buy in from partners, in particular the private sector, and would lead to more sustainable outcomes, and greater business continuity. Some of the biggest challenges for investment lie with long term projects such as the development of the key RDA assets in the area, where the benefits lie far in the future.

Work is already underway to put forward a proposal to use Tax Incremental Finance coupled with prudential borrowing to unlock three major regeneration sites in Portsmouth and Havant which together require significant enabling works totalling £105m (Northern Quarter, Dunsbury Hill Farm and Tipner Regeneration Area). We will also consider the use of the proposed New Homes Bonus and tariffs as other sources of funding.

The Solent LEP can provide evidence of how localism can drive economic growth and reduce public spending in a way that specifically protects the most vulnerable in society. We wish to enter into discussions with the government for the devolution of a single budget to the Solent LEP for economic development, housing, environment and transport and to ensure that the LEP has sufficient freedom to leverage growth and enhanced investment from the areas assets. Within this framework the Regional Growth fund will play a key role in promoting sustainable growth over the longer term.

Annex 3: Letters of Support (individual letters attached under separate cover)

The proposal for a Solent (South Hampshire and Isle of Wight) Local Enterprise Partnership has received letters of support from private sector business leaders, business representative organisations, the academic and education community, and voluntary and public sector organisations.

Letters of support have been received from the following organisations:

Private Sector Businesses

Associated British Ports
Aster Group
Babcock International Plc
BAA Southampton International Airport
Barratt David Wilson
BDO LLP
Blake Lapthorn
Britten-Norman
CAPITA
Carnival UK
De Vere Grand Harbour
EADS Astrium
Gifford LLP
Gurit
Hammerson (West Quay Southampton)
Highcross
Oxford Innovation
Pall Europe
Paris Smith LLP
Premier Marinas
Private Aviation (16 letters including Atlas Helicopters and Phoenix Aviation)
Prudential Property Investment Managers (PRUPIM)
Radian
South Boats
Turbomeca UK
Vectis Ventures
Wightlink
Warings
Xyratex

Business Representative Organisations

Business Southampton (representing 145 City Champion businesses)
CITB-ConstructionSkills
Federation of Small Businesses
Isle of Wight Chamber of Commerce
Hampshire Chamber of Commerce
Hampshire Economic Partnership
Marine South East
Portsmouth and South East Hampshire Partnership
Solent Innovation and Growth Network (SIGN)
Solent Synergy
Southampton and Region Hoteliers Association

Southern Enterprise Alliance

Academic and Education Community

Bournemouth University
Hampshire and Isle of Wight FE Principals Forum
University of Portsmouth
Southampton Solent University
University of Southampton

Voluntary and Community Sector

Education Business Partnership (Portsmouth and South Hampshire)
IBEX – The Churches Working with the Economy
Prince's Trust
Solent Education Business Partnership

Public Sector

Bournemouth Borough Council
Environment Agency
Homes and Communities Agency
Jobcentre Plus
New Forest National Park
Partnership for Urban South Hampshire (PUSH)
Poole Borough Council
PUSH Employment and Skills Board

Members of Parliament

Chris Huhne MP
Caroline Dineage MP
Caroline Nokes MP
Penny Mordaunt MP