

Solent Local Enterprise Partnership

Meeting of the Board to be held on Friday 6 October 2017
8.00am to 11.00am

Item	Title	Time
1.	Welcome and Introduction	08:00 - 08:05
2.	Apologies for absence	08:05 - 08:15
3.	Minutes of meeting held on Friday 14 July 2017	
4.	Matters Arising and declarations of interest	
5.	Local Growth Deal Retained Schemes – for consideration a. Updated Independent review of Welborne Development: report from Mott Macdonald b. Stubbington Bypass update and consideration of financing options for local contribution	08:15 – 09:00 09:00 – 09:15
6.	Consideration and approval of initial draft Reports on Solent Metro to include: <ul style="list-style-type: none"> • Options development • Financing and Funding options • Value for money analysis • Wider Network Review 	09:15 - 10:00
7.	Executive Update Part A Items for decision: <ul style="list-style-type: none"> • Consideration of Local growth programmes including LGD 2016/17 and 2017/18 and outcome of funding call for the Solent Skills and Productivity Fund • Consideration and approval of IOW Infrastructure Plan and outputs from IOW Task force report • Governance update 	10:00 – 10:35

	<p>Part B Items for Information</p> <ul style="list-style-type: none"> • Strategy update to include sector deals and emerging policy on industrial strategy development • Annual review 2017 and productivity and growth supplement for 2018 • Skills strategy update • Update on Maritime study from CEBR 	
8.	<p>Finance update to include:</p> <ul style="list-style-type: none"> • Updated financial forecasts and year end outturn for 2016/17 • Indicative budget position for 2017/18 • Financial Forecasts for 2017/18 – 2020/21 	10.35 – 10.50
9.	Any Other Business	10:50 - 11:00

29.09.2017

Item 3

Minutes of meeting held on 14 July 2017



SOLENT
LOCAL
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PARTNERSHIP

Solent Local Enterprise Partnership Meeting of the Board of Directors

Held on Wednesday 14th July 2017

08:00 - 11:00am

Landrover BAR

Present	In Attendance
Gary Jeffries (Chairman)	Stuart Baker
Kevin George	Marc Griffin
Nick Gross	Richard Jones
Stuart Hill	Vicki Stone
Brian Johnson	Nicola Twiddy
Donna Jones	Chris Ward
Simon Letts	Toni Wootton - BEIS
Keith Mans	
Anne-Marie Mountifield	
Rachael Randall	
Sir Christopher Snowden	
David Stewart	
Seán Woodward	
Apologies	Guests
Dave Lees	Sean Woodward & Richard Jolley (Fareham Borough Council)
Sandra Sassow	Nick Richardson (Mott MacDonald)
	Mark Thistlewayte & Paul Willoughby (Buckland Developments)
	Graeme Blackett (BiGGAR Economics)

Item		ACTION
1.	Welcome and Introductions Gary Jeffries welcomed everyone to the meeting and introduced the new board directors Kevin George and Rachael Randall.	
2.	Apologies for Absence Apologies were received from Dave Lees and Sandra Sassow.	
3.	Minutes of the meeting held on Friday 19th May 2017 In relation to item 7 of the 19 th May 2017 meeting notes, Chris Ward advised the Board that the final position on the outturn had not yet been reviewed by the Council's external auditors, Ernst & Young. It was agreed that the minutes be updated to reflect this.	

	Toni Wootton arrived for the meeting.	
4.	<p>Matters Arising and declarations of interest</p> <p><u>Declarations of Interest</u> The following declarations of interests were recorded:</p> <p>Cllr Seán Woodward Item 5a, Welborne Development Item 6, RGF project update</p> <p>Cllr Donna Jones Item 5a, the Local Growth Deal</p> <p>Cllr Keith Mans Item 5a, the Local Growth Deal Item 5b, Stubbington Bypass</p> <p>Cllr Dave Stewart Item 6, Floating Bridge Item 8b. Isle of Wight Infrastructure</p> <p>Rachael Randall Item 6, Floating Bridge (location of business in East Cowes)</p> <p>Cllr Simon Letts Item 6, Solent Development Fund application</p> <p>Sir Christopher Snowden Item 7, Solent Universities impact study</p> <p>Kevin George Item 8b, Isle of Wight Infrastructure</p> <p><u>Matters arising</u></p> <p><u>Strategy update</u> Work was continuing on developing the evidence base ahead of producing a new economic strategy for the Solent and further guidance on how this can potentially link with the wider work nationally to develop an Industrial Strategy is awaited from Central Government</p> <p><u>RGF Bridging the Gap</u> A report on the status of this programme will be taken to the next FFPMG meeting and an update provided at the next Board meeting in October.</p> <p><u>Governance Briefing</u> The Executive advised the Board that in light of the request at the last Board, a review had been undertaken of the Articles of Association by Paris Smith in partnership with the LEP Executive.</p>	Executive

	<p>Members of the Board were referred to the governance briefing paper that had been circulated prior to the meeting which provided a summary of rules relating to required characteristics of directors and a summary of the procedures for removing the age requirements.</p> <p>The Executive highlighted to the Board that as the Articles of Association required directors to be 25 years or older and was a permanent requirement in the Articles rather than stipulated by by-laws created by the directors, removing the requirement would require an alteration to the Articles and a special resolution of at least 75% of members to vote in favour or alternatively, at an annual general meeting of the company.</p> <p>The Executive further advised the Board that since the Articles were 6 years old that a sub-group of the Board could be established to look at a wider review of the Articles to ensure that they were fit for purpose.</p> <p>Board Members agreed to a wider review for consideration at the next meeting and that any proposed amendments to the Articles of Association should be considered by the members of the company at the next Annual General Meeting of the Company in early 2018.</p> <p>A Board Member asked for clarification in relation to the management of interests and the Executive advised the Board that national guidelines under the national LEP assurance framework and the Solent LEP Assurance framework (approved by the Board in February 2017 and as per the update agreed by the Board in May 2017) set down the protocols for this and they will be regularly reviewed to take account of the any updates to the National framework which are anticipated to come through in the autumn.</p> <p>The review of the Articles of Association will also take into account such changes as well as any requirements as set out in Company Law and the UK Corporate Governance Code</p>	<p>Board - Executive to support</p>
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<p>5.a</p>	<p>Local Growth Deal Retained scheme - Welborne Development</p> <p>Seán Woodward declared an interest in the item as the Leader of Fareham Borough Council.</p> <p>The Board invited Fareham Borough Council and Buckland Development Limited to present an update to the board.</p> <p>Cllr Seán Woodward, Richard Jolley (Fareham Borough Council), Mark Thistlewayte, and Paul Willoughby (Buckland Development Limited) provided a joint verbal update to the Board and outlined the progress being made on the Welborne Development.</p> <p>Cllr Seán Woodward, Richard Jolley, Mark Thistlewayte and Paul Willoughby left the meeting at this point.</p> <p><u>Presentation from Mott MacDonald</u></p> <p>The Board considered a presentation on the review of the LGD Retained scheme to support the Welborne Development.</p> <p>Members of the Board expressed their continued strong support for the scheme and recognised that due to the scale and complexity of the project there were ongoing delays to the start date for the development. This would need to be reviewed in the context of the timescales that have been provided by Central Government for the Local Growth Deal (LGD) Funding and it would need to be reviewed further.</p> <p>Donna Jones and Keith Mans declared an interest in the item relating to the DfT Retained Funding of £14.9 million and left the meeting. The Board reviewed this and agreed that the LEP should continue to engage with DfT over the funding available and the timetable for the delivery of the Welborne development</p> <p>It was agreed by the Chairman that the order of the agenda be changed to enable the presentation from BiGGAR Economics to commence.</p> <p>Seán Woodward, Donna Jones and Keith Mans returned to the meeting.</p>	<p>Board to write to DCLG re LGD funding timescales</p> <p>Executive to engage with DfT</p>
<p>5.b</p>	<p>Local Growth Deal Retained scheme - Stubbington Bypass</p> <p>Keith Mans declared an interest in this item</p> <p>The board received a short update on this scheme and noted that a further update would come forward at the next meeting.</p>	

6.	<p>Final Draft Report on the Economic Impact of the Solent Universities</p> <p>Graeme Blackett (BIGGAR Economics) provided a presentation on the draft report of the economic impact of Solent Universities.</p> <p>It was noted that the report is still in draft and subject to further comments from the Universities. In addition the board were keen to see some comparative economic impact analysis with other LEP areas/UK averages and also areas where there is no University presence.</p> <p>The board were also keen to see consideration of net benefits</p> <p>Following the presentation Board members agreed to consider the final version of the report at their next meeting with a view to publication in Autumn 2017.</p>	
7.	<p>Local Growth Deal 2016/17 and 2017/18 update</p> <p>Kevin George left the meeting.</p> <p>Dave Stewart declared an interest in the Floating Bridge item and left the meeting</p> <p>The paper was taken as read and the following areas and decisions in the paper were considered:</p> <p><u>Floating Bridge</u></p> <p>Board members were advised that FFPMG had received an update from the IOW Council on the project at a meeting convened on 13 July 2017.</p> <p>The Board agreed that they are keen to see this scheme deliver and work for the local economy and agreed to review further at their next meeting</p> <p>Donna Jones and Keith Mans left the meeting.</p> <p><u>2017/18 Local Growth Deal Programme</u></p> <p>Board Members noted the updated on the programme for 2017/18 and the project updates</p> <p>Cllr Dave Stewart returned to the meeting.</p>	<p>Board to review at October meeting</p>
8.	<p>Executive Update</p> <p>The paper was taken as read and the following areas and decisions in the paper were considered:</p> <p><u>FFPMG and the Employment and Remuneration Committee</u></p> <p>The Executive provided the Board with an update on the review of governance arrangements for FFPMG and the Employment and Remuneration Committee</p> <p>The Executive advised the Board that within the existing terms of reference, the tenure set was for a term of 3 years for appointments to FFPMG with no provision for reappointments in</p>	

	<p>order to ensure continued refreshment of the group's membership. Board Members were therefore advised that the first 3 year cycle will be coming to an end in October 2017 and that two new P director representatives were required.</p> <p>In addition, The Executive advised that due to the limited number of representatives on FFPMG it was proposed that the representation on the group be expanded from two to three B and P/H Directors.</p> <p>The Executive advised that currently the Employment and Remuneration Committee consisted of two Business Directors and one P Director.</p> <p>There was a discussion on the composition of this committee and It was agreed and that an additional B Director and additional P or H Director would be included within the ToR.</p> <p>The board agreed the other proposed adjustments to include a wider Search function.</p> <p>The board agreed the Annual Report from the Employment and Remuneration Committee.</p> <p>Christopher Snowden, Nick Gross and Toni Wootton left the meeting.</p> <p>Board Members agreed that the Executive make contact with all Board Members to seek to fill the director vacancies on the two panels.</p> <p><u>Business Support Review</u> The Executive advised the Board that the Solent LEP had undertaken a review of Business Engagement activity during the first 6 months of 2017 following feedback from a number of Board Members and wider stakeholders on performance to date and aspirations for future activity.</p> <p>It was agreed that a small working group be set up to explore and review business engagement. Brian Johnson and Dave Stewart advised that they would be happy to engage with this.</p> <p>It was also agreed that the LEP would invite colleagues from another LEP area in the South East to brief the Solent LEP on the funding escalator programme in other LEP areas to inform future thinking on wider business support offers which may be able to complement the Solent LEPs existing grant programme.</p> <p>Simon Letts left the meeting.</p> <p>Board members Agreed the Forward Plan.</p> <p><u>Isle of Wight Infrastructure Plan and Isle of Wight Task Force</u> The paper was taken as read and Members noted the updates.</p>	<p>Executive</p> <p>Executive to convene working group to report back in October</p>
<p>9.</p>	<p>Any other Business The Executive advised the Board that following recent work nationally on fire safety, the LEP will take into account any additional monitoring requirements from central Government regarding capital projects funded under LGD and this will be reported to FFPMG and Board in line with usual monitoring requirements.</p>	<p>Executive</p>

Meeting closed at 11.15am

06.10.2017

Item 5

Local Growth Deal Retained Schemes



Item: 5 A
Title: LGD Retained scheme update – Welborne Proposed upgrade to M27 Junction 10
Date: 6 October 2017

This paper provides the following updates to be brought to the attention of the board for information.

- An update on the Welborne Development

Overview Local Growth Deal and DfT Retained Funding

A small number of the most complex and expensive transport projects in the Growth Deals are being treated as part of a national portfolio of schemes, as well as being significant projects within the Local Enterprise Partnership (LEP) areas concerned.

Schemes are generally included in the portfolio where they:

- a) are classed by DfT as a transport scheme;
- b) are a single discrete scheme as opposed to a package of smaller schemes
- c) require competitive Growth Deal funding of over £10m; and
- d) have a total cost of over £20m.

For the Solent LEP the proposed M27 Junction 10 upgrade as set out in the Solent Growth Deal is being treated as part of the national portfolio of transport schemes as well as being significant projects within our Local Growth Deal.

Approved as part of the first Local Growth Deal with a previously anticipated project cost of over £42 million¹ seeking a contribution of £14.9 million of retained DfT funding as well as funding from the Solent LEP general LGD funding allocation, this scheme has retained status as it classed by DfT as a transport scheme, is a single discrete project (albeit it performs an enabling role for Welborne), requires LGD retained funding of over £10 million and has a total project cost of over £20 million.

The main difference for retained schemes is that final approval of each project will be for Ministers, rather than the LEP. DfT advise that this is to ensure that Ministers' initial decision to award funding for specific large projects – based on limited evidence and when many schemes were at an early stage in development – leads to an affordable, deliverable and value for money solution in each case. DfT also advise that this should not delay the scheme in any way. The level of detail that should be included in the schemes' business case and which we will need to see before decisions can be made should be no different to that which would have been required by the LEP under the terms of the LEP assurance framework. DfT will also need to receive a complete final business case (including final tendered costs for construction) before final approval can be provided but would be happy to consider drafts of the business case in advance.

¹ Source Fareham and Gosport Business Case submitted by scheme promoters and HCC

The funding for these schemes will be on DfT's budget unlike the rest of the LGF funding which will be on DCLG's budget. The main construction funding will start to be provided once Ministerial approval has been obtained. After the initial payment it will then be provided annually on the same basis as other funding for Growth Deals to the Solent LEP. DfT will provide the funding to our accountable body rather than the scheme promoter, unless other arrangements are requested (for example if Highways England is promoting a scheme and the LEP wishes them to be paid direct by DfT, or if the LEP is content for payment to go to the promoting authority where different from the accountable body).

Housing Infrastructure Fund

The LEP have been reviewing the wider forms of support from DCLG that maybe available to support the Welborne scheme given the importance of this scheme for housing. The board will be aware that DCLG have established a new £2bn Housing Infrastructure Fund and initial bids have to be submitted by 28 September 2017. There are two parts to the Fund: the first (marginal funding stream) enables bids to be made for marginal funding (effectively gap funding) for amounts of up to £10m; the second is Forward Funding for major schemes of up to £250m.

Further information on the fund can be accessed at <https://www.gov.uk/government/publications/housing-infrastructure-fund>

This opportunity is being made available to Local Authorities and it is understood that Hampshire County Council are considering bidding to the forward funding element of the fund to support the development and Fareham borough Council are considering a marginal viability bid to secure gap funding to supplement the existing indicative funding allocations under the Solent Growth Deal and DfT retained funding. Given that a number of funding streams are potentially being assembled to support this key development there will be a requirement to ensure that all can be aligned to bring forward the enabling infrastructure.

There will be a presentation and further report on the Welborne development and the associated M27 Junction 10 retained scheme which will be considered at the meeting.

Item: 5 - Paper B
Title: LGD Retained scheme updates - Stubbington Bypass
Date: 6th October 2017

1. Executive summary

This paper provides the following updates to be brought to the attention of the Board for information.

- 1) An update on the status in relation to Stubbington Bypass funding and delivery of this scheme; and.
- 2) An update on the financial modelling and financing of the scheme

2. Background recap

Board members will recall that a small number of the most complex and expensive transport projects in the Growth Deals are being treated as part of a national portfolio of schemes, as well as being significant projects within the Local Enterprise Partnership (LEP) areas concerned.

Schemes are generally included in the portfolio where they:

- a) are classed by DfT as a transport scheme;
- b) are a single discrete scheme as opposed to a package of smaller schemes;
- c) require competitive Growth Deal funding of over £10m; and
- d) have a total cost of over £20m.

Stubbington Bypass - Approved as part of the third Local Growth Deal with a previously anticipated project cost of over £34 million¹ seeking a contribution of £25.7 million of retained DfT funding as well as funding from the Solent LEP retained rates, this scheme has retained status as it is classed by DfT as a transport scheme, is a single discrete project (albeit it performs an enabling role for the Enterprise Zone and is assumed as essential to unlock further housing growth on the Fareham and Gosport peninsula), requires LGD retained funding of over £10 million and has a total project cost of over £20 million.

The remainder of this report provides a status update on the Stubbington Bypass scheme.

¹ Source Business Case submitted by scheme promoters HCC

3. Stubbington Bypass - update

The scheme is generally progressing well. Following a **report** to the Executive Member for Environment and Transport on 11 July 17, Hampshire County Council is now progressing design, enabling works for the scheme and commencing the necessary legal proceedings required before construction begins.

Completion of detailed design is due April 2018 and Land Acquisition is ongoing and due to be completed January 2019. Work is scheduled to start on the ground in March / April 2019, and will take approximately two years to complete.

HCC have advised the Executive in relation to the Final Business case they are required to undertake further transport modelling to satisfy the DfT requirements and this together with any cost revisions will be reflected in the updated Business case to DfT. Further work is now being undertaken on this and DfT have also advised HCC to update the business case to ensure the wider benefits of the scheme are considered in the overall value for money calculation

Board members will also recall that a Local Growth Deal (LGD) funding advance of £3.5 million has been provided to HCC to support the initial phase of this project ahead of main construction and we have now received the grant funding letter from DfT confirming that they will provide a further £2 million in development funding to take the project forward to the construction phase which is expected to start in early 2019. This has been signed by the Section 151 officer of Portsmouth City Council and returned to DfT on 8th June 2017 and the funding was received at the end of June 2017.

Board members may also recall that the balance of the retained scheme funding (which is £23.7m following receipt of the development costs from DfT) will be released by DfT on sign off of a final business case (which needs to include details of final tender pricing) just before construction of Stubbington Bypass commences and there is a funding and cash flow gap in the interim.

Hampshire County Council (HCC) has confirmed that they can prudentially borrow their £8.5m local contribution on the basis that the LEP has agreed in principle to provide them with retained rates from the Enterprise Zone to this value plus any borrowing costs.

In order to make this as cost effective to the scheme as possible the Accountable Body has modelled a number of scenarios based on the expected cash inflows from the rates and the grant funding and the cash outflows in terms of the actual expenditure on the project. These options include using all borrowing, all Growing Places Loan (GPL) funding in place of borrowing or a mixture of the two.

The FFPMG considered the above at its meeting on 20th September and their advice will be considered at the board meeting.

06.10.2017

Item 6

**Consideration and approval of initial draft reports on
Solent Metro**

Item: 6
Title: Interim Report - Solent Metro phase 1 and Wider Network Review
Date: 6 October 2017

1. Background

AECOM were commissioned by the LEP in 2015 to come forward with an independent [Strategic Transport Investment Plan \(STIP\)](#) for the Solent. This work included wide ranging engagement with local and national stakeholders. The economically-led STIP has, working closely with local business, major employers, and public sector partners, identified the more economically transformative and longer term investments necessary to support and unlock the Solent's growth potential and create a step-change in productivity over the next 30 to 40 years.

The STIP outlined the economic potential and current performance of the Solent, the likely trends of future growth and the existing transport challenges the area faces, and, informed by these, proposes an investment framework in which a series of investment packages have been identified. These packages could be implemented as the next steps on the road towards the Solent developing the necessary modern transport network that can enable it to achieve its economic potential.

In broad terms the investment plan identified that whilst the growing Solent area is comparatively dense in terms of urbanisation and has an emerging polycentric distribution of housing and growth, it has an all mode transport infrastructure deficit, especially for public transport, lagging behind other UK comparator areas. The area also suffers from relatively slow access to London, which erodes its locational advantage. AECOM concluded that in the long term the Solent LEP's business-led transport strategy should aim to "increase economic proximity" through a number of elements:

- Increase dual city linkages around public transport and business critical movements to integrate labour and consumer markets.
- Support clustering and agglomeration around key local strengths and competitive advantages that other areas cannot replicate (e.g. port functions).
- Develop a corridor of development nodes based around an improved public transport offering between the cities and across the urban network to 2040 including easy access to stations by walking and cycling (active modes).
- Optimise and integrate the transport network (ticketing, information and operation) using next generation solutions so travel demand load can be spread to improve resilience and peak capacity accommodated especially in more constrained cities with pinch points.
- Secure improved strategic connections to London, the south east (airport passenger market), the UK (especially for port freight) and internationally for airport leisure and business market and "European" inward investment.
- A greater focus on Transport Orientated Developments (TODs). Increase residential densities around new and underutilised transport nodes to accommodate additional housing development while protecting natural assets and addressing affordability with the same land take.

The approach has been to pragmatically build upon known investments and directions of travel while seeking to maximise the performance of existing infrastructure. The proposals pertinent to this commission are highlighted:

- A Solent Transit (Solent Metro) package which is the main recommendation and a proposed step change in the development of a more extensive and integrated public transport system (including active modes) across the area to preserve the attractiveness of the area for skilled workers and growing firms.
- A roads package to ensure the best performance of the M27, A34 and other strategic roads acknowledging that additional road capacity is rapidly taken up. The focus is on securing the committed or funded schemes while proposing additional schemes for future Highways England investment phases.
- A strategic rail package to improve connections for passengers and freight to London, the south east and nationally working with Network Rail, Train Operating Companies and other partners. Refranchising gives the opportunity to improve local service provision.
- A range of investments to support the airport's growth potential including adjacent development sites.
- A package to improve access to the nationally strategic port services for both freight and passengers.
- In relation to governance and in the context of devolution, a new single policy and delivery body should be created to determine, manage and deliver transport plans and the delivery of public transport networks for the area. This should be based on any devolution agreement agreed for the area.

The STIP was adopted by the Solent LEP Board in March 2016, and was subsequently published on May 10th 2016.

In April 2016, the Department for Transport (DfT) invited local areas to submit applications to its Large Local Major Transport Schemes Fund (LLMTS) for development costs. Minimum bid thresholds for LEP areas were set (and for the Solent it was £69m). AECOM undertook an Early Sifting and Assessment Tool (EAST) for the various phases of Solent Metro, within the context of the LLMTS fund criteria. This independent assessment identified the phase between Southampton and Eastleigh as the priority.

Accordingly, the LEP submitted applications for development cost funding to develop an Outline Business Case (OBC) in both the fast track round (May 2016) and the main round (August 2016). Unfortunately, both applications were unsuccessful.

In anticipation of a successful application for development cost funding, the LEP Board agreed to commission early feasibility work to underpin the OBC. Accordingly, the LEP commissioned Steer Davies Gleave / Ramboll to develop an Engineering Report and Draft OBC Strategic Case for Solent Metro Phase 1 in August 2016.

Steer Davies Gleave / Ramboll used the STIP as the starting point, which identified the Solent Metro Phase 1, as connecting Royal Pier at Southampton and with the existing Botley Heavy Rail Line, through the major brownfield development areas formerly known as Eastleigh Riverside (see map 1 below). However, in accordance with WebTAG¹, the work considered a range of modal solutions to improving connectivity within the context of the following objectives:

I. Support long term sustainable growth and economic development in the Solent

- Provide a high profile and high impact transport connection between Southampton and Eastleigh that integrates the wider transport network
- Provide a catalytic effect on the profile of the Solent and act as a lever for new investment
- Provide viable alternatives to car travel to reduce congestion on key corridors and ensures that essential road access to key gateways is maintained
- Increase the workforce within a commutable distance of key current and future development sites to encourage continuing development in the area

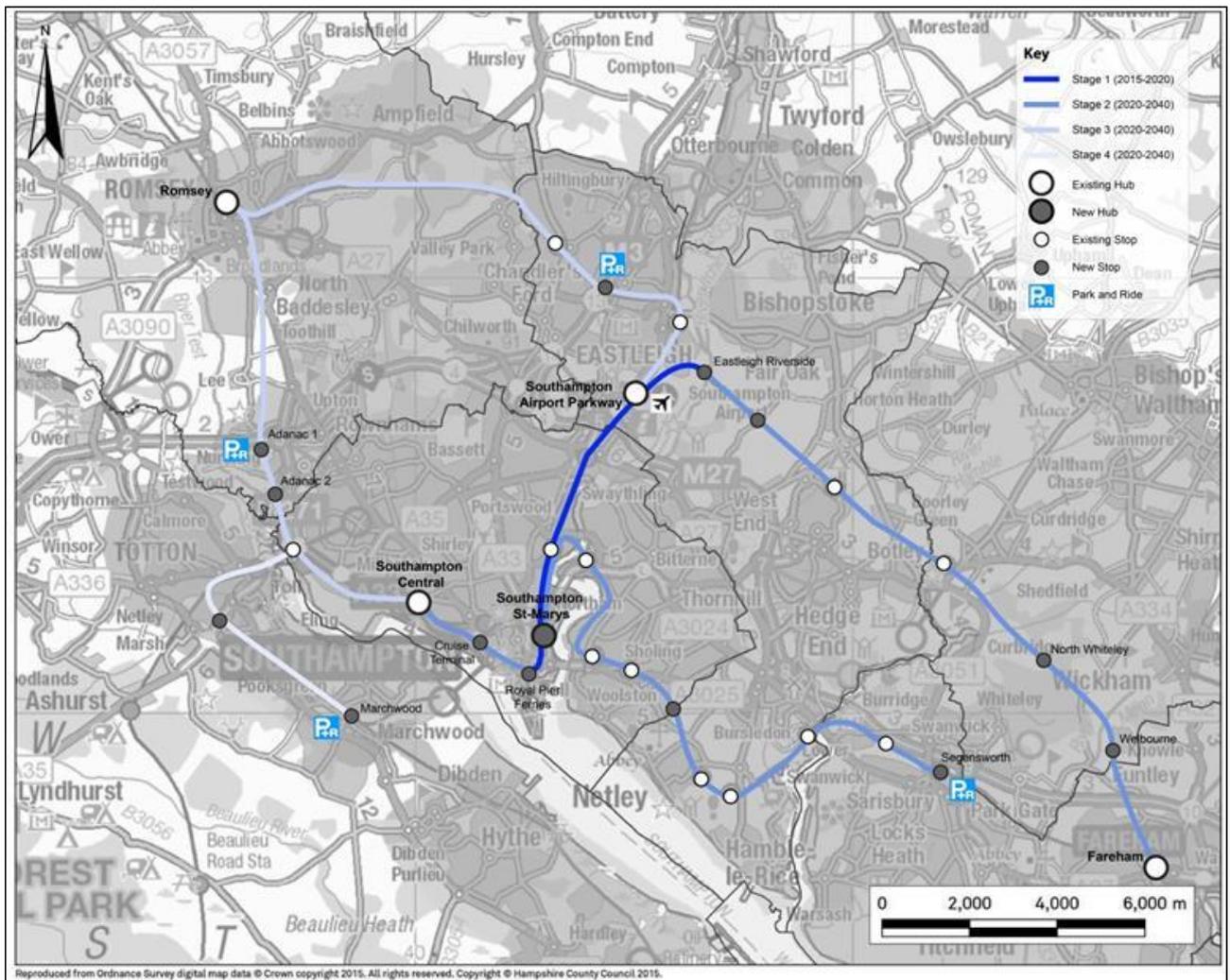
II. Enhance the competitiveness of Public Transport

- Reduce the reliance on car
- Improve the quality and reliability of public transport to attract people away from private modes

¹ WebTAG is the Department for Transport's web-based Transport Appraisal Guidance (TAG), which provides guidance for demonstrating value for money within the context of HM Treasury's Green Book.

- Improve integration of sustainable modes to facilitate interchange and attract people away from private modes
- III. **Improve quality of life**
- Improve access to jobs and services by enhancing connectivity to key current and future development sites
 - Reduce congestion through modal shift to make positive contributions to improved local air quality

Map 1: Proposed Solent Metro around Southampton (STIP)



However, work undertaken by Steer Davies Gleave / Ramboll identified the benefits of connecting the route to key generators of travel demand, and as such route options included connection between Southampton Central Station and Eastleigh Town Centre, via West Quay, the Red Funnel terminal, development sites along the west bank of the River Itchen, and Southampton Airport. An Engineering Commentary Report and Draft Strategic Business Case of an OBC was produced, and considered by the LEP Board in December 2016.

In addition, the LEP board was also keen to address the length of time it takes by rail to travel between Portsmouth and Southampton, as well as from Portsmouth to Southampton Airport. A key future phase for Solent Metro is intended to be provision of improved public transport connectivity between the two cities (Portsmouth and Southampton) to unlock the benefits of agglomeration through a future phase of Solent Metro that provides fast,

frequent and reliable rail-based connectivity between the two cities. As a result, the board requested that work be undertaken to consider options for future phases, emphasising that they should also reflect and not conflict with the aspiration for faster Portsmouth to London rail connectivity. Existing east / west rail infrastructure through the Solent is provided for by the Netley Line and the Botley Line, both of which needed to be considered through options appraisal as part of further work that they agreed to commission in December 2016.

The work to date has been supported by a Steering Group, which comprises the LEP, representatives from the private sector, government agencies (Network Rail and Highways England), and the three Local Authorities through which Solent Metro Phase 1 would run (Southampton City Council, Eastleigh Borough Council and Hampshire County Council). Following completion of the SOBC, membership of the group was broadened in the summer to include representatives from the University of Southampton, additional private sector representatives from the retail sector and wider transport operators (including First/MTR and South Hampshire Bus Operators Association). The group have continued to provide the mechanism for supporting and advising on the development of the work.

The board will receive a presentation at the meeting on the work to date and will consider interim updates on the following work streams:

- **The Wider Area Network Review** - This review will consider the connectivity potential for a Solent Metro Rail Transit network (Part of the Solent Transit concept) in the context of high level prioritisation of future phases of the network for implementation or further study. While the potential for a Solent Metro Rail Transit Network is the focus of this study, the board requested that the development of such a network needed to be seen in the context of the wider aspiration for a better city-city rail service between Portsmouth and Southampton, better local connectivity, and the need to provide for seamless cross-modal movements within the Solent. The study also considers, in outline, the integration between the different elements of Solent Transit across the study area.
- **The Options Development update** - Phase 1 of the Transit proposals (Phase 1) focusses on the Rail Transit route connecting Southampton City Centre and the Southampton Port area with Southampton Airport and Eastleigh, offering a 'metro' level of service.
- **The Funding and Financing Discussion update** - The funding and financing discussion work recognises that a scheme of this size will require a proportion of costs to be met from local funding sources and a proportion will need to be covered by central Government. The primary aims of the initial work to identify and assess a range of local funding mechanisms, to analyse their potential local funding contribution to the capital funding requirement for Phase 1, and to identify the resulting funding gap.
- **Initial Value for Money assessment** - The initial Value for Money work for the Solent Metro Phase 1 advises that the project would provide a high quality, high capacity public transport corridor linking the key existing centres of Southampton and Eastleigh, the international gateways of the Southampton Port (including the Red Funnel terminal) and Southampton Airport, and key development opportunities along the route. Further work is being undertaken to complete a value for money assessment and an update will be provided at the board meeting.

06.10.2017

Item 7
Executive Update

Item 7
Title review: Executive Update
Date: 6th October 2017

Executive Summary

This paper provides

- 1) An update and consideration of Local growth programmes including LGD 2016/17 and 2017/18. The outcome of funding call for the Solent Skills and Productivity Fund will be provided as a verbal update at the board as the closing date for bid submissions is Friday 29 September 2017; and
- 2) An update on the IOW Infrastructure Plan and outputs from IOW Task force report; and
- 3) A Governance update.

1. Local growth programme and Legacy Funds update

a. 2015/16 and 2016/17 Local Growth Deal monitoring

Floating Bridge – Further to the update at the last Board meeting in July 2017 a detailed update was provided to FFPMG members at their last meeting in September 2017 outlining the current status in relation to the floating bridge. Board members should note that, as of August 31 2017, the leader of IWC has confirmed that the floating bridge will be removed from service until such time as it can be demonstrated that the bridge, and the service it provides, can operate properly in accordance with the council's specified requirements.

Accordingly, the FFPMG Chair is also now seeking a meeting with the IWC Leadership to see how the LEP can continue to work with them in order to take the project forward and to receive an update on the plans to restore the service.

BAE Systems Marine Engineering Workshop - Solent LEP has supported this project to a value of £1.8 million (through the Solent Growth Deal and the Solent Employer Ownership of Skills programme) as part of a £9.7 million project refurbishing the former steel production centre within the Dockyard at Portsmouth to enable it to be brought forward as a central engineering facility for BAE Employees, apprentices and SME's in the supply chain. The new centre was due to be completed by the end of December 2017 and will now be fully operational by the end of July 2018.

b. 2017/18 LGD Delivery update

The Local Growth Deal programme continues to progress in 2017/18. Table 1 below shows the current approved capital programme for 2017/18 which is lower than that considered and agreed by the Board in July 2017. This is due to slippage in the North Whiteley programme which has resulted in an updated financial profile for the current year. Board members should note that an update on the 2017/18 programme and overall LGD programme can be found under Item 8: The Finance Report.

Table 1: Current LGD Capital programme for 2017/18

Solent Growth Fund Programme Management Costs	£150,000
Solent Growth Fund (2017)	£3,888,196
Solent Growth Deal Programme Management	£366,044
Innovation programme Fund carry forward (2016/17)	£543,367
Innovation programme Fund (2017) - Programme Management Costs	£125,000
Local Large Major transport schemes (Solent Metro)	£1,000,000
Potential Investment Regeneration to unlock sites for growth	£1,500,000
Solent Development Fund	£500,000
Sub Total	£8,072,607
Under negotiation with scheme promoters	
Fareham and Gosport multiyear programme (Newgate Lane South)	£2,627,429
North Whiteley	£1,008,587
Solent Accelerated Housing Fund	£3,000,000
National Maritime Systems Centre	£1,140,705
Sub Total	£7,776,721
Proposed New call for projects	
<i>Innovation Fund 3 (2017/18)</i>	<i>£2,000,000</i>
Sub Total	£2,000,000
Total Forecast Expenditure (a)	£17,849,328
Solent Growth Deal Award 2017/18 (b)	£24,302,028
Carry Forward from LGD 2016/17 (c)	£6,391,255
Total LGD Capital Programme Funding 2017/18 (d) = (b) + (c)	£30,693,283
Un allocated LGD programme funding 17/18 (e) = (d) - (a)	£12,843,955

Board Members should note for information the following updates related to this years 17/18 programme as follow:

North Whiteley - The scheme lead presented an update to FFPMG in September 2017 and it was noted that the revised programme does mean that the phasing of housing delivery has changed with completion of the 3500 homes in 2026 which is three years later than originally envisaged. An updated business case has been provided and due diligence will be undertaken. It is anticipated that an update will come forward to FFPMG in November 2017 and the next board meeting in December 2017.

The Board should note some positive news in that there has been progress in terms of the Highways England funding for the works to junction 9 of the M27, which was announced by government on 14 August (<https://www.gov.uk/government/news/new-road-upgrade-for-solent-to-unlock-new-homes-and-jobs>), which has been secured (with £9.9m coming from the Growth and Housing Fund and £3m from Highways England Congestion Relief Fund).

Large Local Major Transport schemes (Solent Metro) - Board members should note that this item is covered under item 6.

Solent Growth Fund - Board members will recall that the Solent Growth Fund (SGF) was relaunched by LEP Board Director and SME Ambassador Brian Johnson at the Solent LEP Annual Conference on 2 February 2017. The repurposed fund now has two strands, with the Capital Investment Fund offering

capital finance of between £80,000 to £0.5m, and the ERDF Small Business Programme offering a mix of capital and revenue grant funds of between £5,000 and £75,000. The new SGF is running alongside the more established funds that have either a sectoral, geographical or demographic focus - the Marine & Maritime SME Fund, the Havant SME Support Fund, the Isle of Wight Rural SME Fund (managed by Natural Enterprise) and the Armed Forces Fund. Collectively, Solent LEP to date has agreed funding in excess of £1.83m to 60 SMEs, which will unlock over £9.3m of private sector investment and create or safeguard over 290 jobs. All of the funds continue to be promoted at the series of LEP Business Support Events held across the Solent area, with the most recent one taking place on 22 September 2017 in the East Hampshire District Council area, and a further event scheduled for 2 October 2017 in the Test Valley Council area.

Details on the overall status summary for the fund will be provided at the Board meeting.

Regional Growth Fund Legacy programme - Board members will recall that an update was provided at the last Board meeting and a further update will come forward at the meeting.

In line with the LEP funding agreements with BEIS, a round of monitoring visits to LEP eRGF funded projects has recently been completed. These site visits were in addition to the standard monitoring of job outputs on an annual basis which was completed earlier this year. The businesses visited were selected on a random basis, and whilst many had achieved and maintained the employment levels dictated by their grants, there were a number who were behind in terms of job creation or had suffered some job losses since completing delivery of their projects.

In relation to outputs, from a government perspective, the job targets are specified for the eRGF programme as a whole within the contract and as long as the overall programme of activity maintains the outputs at the minimum threshold level, they do not have any concerns. The job target for the eRGF contract was initially an aggregate of 176 over the five year life span of the project (2014/15 to the end of the monitoring period in 2018/19). This target has been amended by DCLG to 133 as a result of the LEP defraying just over 75% of the total grant available. Currently, over the three years of the project to date, the aggregate job target stands at 245, comfortably above the 133 threshold in the eRGF contract.

c. Outcome of funding call for the Solent Skills and Productivity Fund

The Board should note that the deadline for applications for this fund is 29th September 2017 and a verbal update on the submissions will be provided at the Board meeting with the intention of bringing recommendations to the December 2017 Board meeting following independent assessment.

2. IOW Infrastructure Update

This section of the executive report provides an update on two pieces of work on infrastructure provision on the Isle of Wight that the LEP has been involved in: 1) the Isle of Wight Transport Infrastructure Task Force; and 2) the Island Infrastructure Investment Plan. In relation to the former, the report of the Island Transport Infrastructure Task Force, which considered transport infrastructure and operation on and to the Island, was published on 26th July 2017. The LEP has been represented on the Task Force by Stuart Baker. The Island Infrastructure Investment Plan is a LEP-led commission that seeks to provide a strong evidence base on infrastructure provision on the Island and infrastructure priorities to unlock development.

The Chairman of the Task Force conducted a series of hearings with stakeholders to understand the transport dynamics on the Island, and these hearings informed the study. The final report was published on 26th July 2017, and can be accessed via the following web link: <https://www.iwight.com/azservices/documents/1190-TITF-Report-FINAL.PDF>. The work includes a detailed section on cross-Solent ferry operations and specific analysis was commissioned by the IoW Council to provide an assessment of ferries (see <https://www.iwight.com/azservices/documents/1190-TITF-Ferry-Assessment-FINAL.PDF>).

The recommendations of the Task Force are to the IoWC, and are summarised in the table below, the key themes that emerged from the work covered: Cross-Solent links; Island Gateways; Congestion; Sustainable Transport; and Technology.

Theme	Recommendation (to the IoWC)
Cross-Solent Links	[IoWC] convenes and leads a cross-Solent operators' partnership board, to provide meaningful engagement with the cross-Solent operators. The objective of the board would be to work together for mutual benefit of the cross-Solent operators and the economic development of the Island. Amongst other matters the board should consider the impact of new investment on the flexibility of new services; the potential for provision of increased services in evenings and shoulders; and travel offers for those in education or training.
	The Council and partners lobby central government (e.g. NHS England) to get financial assistance for those who have to travel to visit family in hospital.
	An independent study should be undertaken to evaluate the cost benefit analysis and feasibility of a fixed link across the Solent (road or rail).
Island Gateways	The terminals at Ryde Esplanade, Cowes and East Cowes are improved.
Reducing Congestion	The funding for Newport junction improvements is welcomed, but should include signalling improvements to ensure improved traffic flows.
	A longer-term strategy for congestion in and around Newport is needed.
	The Council and Island Roads should review the specification for surfacing on minor (rural) roads and in addition ensure that surfacing is taken to the edge of the road where appropriate.
Sustainable Transport	In order to identify and develop options for reducing the cost of Island Line over the longer term the Council will need to work closely with First MTR, DFT Rail and Network Rail.
	To bring about the modernisation of the Island Line, including the introduction of a service operating to a 30-minute frequency and investment in the future sustainability of Island Line, the Council will need to fully engage with the new franchise owners.
	To inform investment in improvements to and new routes for sustainable transport, including ensuring routes are properly planned end to end the Council should develop a local cycling and walking investment strategy, to include the completion of the Newport – East Cowes route.
	Assess the feasibility of corridor improvements for bus services.
	Review the funding for maintenance of footpaths and bridleways.
Greater use of Technology	Building on the Island's expertise in digital technology, the Council should work with the digital sector to explore how and where the delivery of improved digital services can be accelerated.
	To improve accessibility across transport modes, and provide the ability to introduce integrated travel information for bus, train and cross-Solent operators, the Council should work with mobile technology companies to improve network coverage across the Island. Additionally, the transport providers should ensure their services are Wi-Fi enabled for passengers.
	The Council work with transport operators to encourage them to introduce smart ticketing opportunities (for example, Solent Go, Smart ticketing cards) and in particular multi-operator use smart payment opportunities.
	National Rail information at Waterloo should include information on the Island and gateways.
	The Council should investigate future investment opportunities for alternative transport modes e.g. hydrogen fuel and other low-carbon fuels; innovation in sustainable transport and/or autonomous vehicles.

The report of the Task Force does not recommend specific schemes, but instead provides recommendations to the IoWC on an approach to a range of transport issues. It is also noted that the report does not prioritise recommendations. The recommendations from the report have been considered within the wider Isle of Wight Infrastructure Plan commissioned by the Solent LEP.

The Chairman of the Task Force proposes to reconvene the Task Force in early 2018 to review progress against the recommendations.

3. Isle of Wight Infrastructure Investment Plan

Board members will recall that at their meeting in October 2016, they agreed to commission work to develop an independent Island Infrastructure Investment Plan, recognising that an infrastructure deficit exists on the Island, which is broader than transport, and influenced by the unique characteristics of the Island. Lichfields were commissioned in March 2017 to take forward this work.

In line with other LEP commissions a steering group was formed to ensure a broad level of expertise could feed into and advise the consultant as they developed the work. The steering group, which met three times, was chaired by Dave Lees and the membership of the steering group included representatives from the private and public sector¹ In addition to the Steering Group, Lichfields have conducted dedicated 1-to-1 phone calls / meetings with a range of stakeholders, held a workshop on the 17th July, and conducted a business survey, which attracted 114 responses.

The draft final report was considered by the steering group in September 2017 and further comments were provided by the steering group and subsequently considered, objectively, by Lichfields. The draft report will be considered by the Board and Lichfields will attend the Board meeting to provide a short presentation on the report.

4. Governance Update

a. Review of Articles of Association

At the meeting on 14th July 2017, the Solent LEP Board agreed to propose an amendment of the Company's Articles of Association to the LEP Membership at the next AGM (2018) to remove the current requirement under Article 27 that LEP directors must be aged 25 years or older. The new minimum age for Directors would be 16, which is the minimum age imposed on all company directors under UK company law. Further to this, the LEP Board requested a full review of the Articles be undertaken in order to ensure that any further amends that may be required can be put to the Members for decision at the next AGM. LEP Director Nick Gross met with the LEP Executive and Company Secretary at Paris Smith on 23rd August 2017 to undertake a review of the Articles and recommendations were considered by FPPMG on 20th September 2017. As part of the review, consideration has been given to potential flexibilities which the LEP Directors may wish to secure in order to enable the Company to respond effectively to changes in national policy in the context of Industrial Strategy, general comparative analysis throughout the wider LEP network, good governance and best practice advice and guidance set out in the [UK Corporate Governance Code](#) and through organisations such as the [IoD](#), as well as the Articles themselves and current role of the Solent LEP.

This will be considered at the Board meeting

¹ Tim Blake BAE Systems, Kevin George Ferry Operators, Mark Wilkins first Group, Paul Flatt HCA, Debbie Lavin IOW College, Chris Ashman IOW Council, Wendy Perera IOW Council, Christopher Garnett Chair of the Island Infrastructure Task Force, Kevin Smith IOW Chamber, Robin Dickins Solent LEP Panel member Land Property and Infrastructure, Peter Clusky MHI Vestas Offshore Wind, Graham Biss Natural Enterprise, Alex Howison SSE, Richard Tyldsley Vectis, Simon Dabell Visit IOW, Sam Underwood Southern Water, Stuart Baker Solent LEP, Dave Lees Solent LEP, Wes Jones Environment Agency.

b. 2018 AGM

The Solent LEP Executive team are currently canvassing the Board in relation to agreeing dates for all Board meetings during 2018. Traditionally, the Solent LEP has held its AGM to coincide with a LEP Board meeting and, on this basis, it is the intention of the Executive to make arrangements for the 2018 AGM to follow the February 2018 LEP Board meeting.

c. 2018 Annual Conference

The Solent LEP Executive are currently working to secure dates for the Annual Conference, which is traditionally scheduled for early in the year. Board Members will be provided with further updates as soon as available.

d. Panel Recruitment

A recruitment process to secure 4 new private sector panel members on our Marine and Maritime Steering Group and 2 new private sector and 1 new social enterprise representative on our Innovation and Business Support Delivery Panel was opened on 7th September 2017. Further information on the current roles / application process is available at: <https://solentlep.org.uk/media/2131/solent-lep-panel-member-information-and-application-pack.pdf>

The closing date for applications was Thursday 28th September 2017. Further updates will be provided in due course.

Item 7B: Executive Update – for information
Service Title: Local Growth
Date: 6th October 2017

This paper provides the following updates to be brought to the attention of the Board for information.

1. A strategy update to include work in progress on the following:
 - Skills - Solent Workforce Futures skills strategy
 - Industrial Strategy and Sector deals
 - Marine and Maritime including our work with Maritime UK and the Solent Marine and Maritime Strategy work
 - National Shipbuilding Strategy
 - Update on Innovation South and progress on the Science and Innovation Audit
2. General policy update
3. Staffing update

1. Strategy update

a. **Workforce Futures**

Board members will be aware A [Solent Skills Strategy](#) was published in March 2014 to inform the [Solent Strategic Economic Plan](#) (published at the same time). Subsequent to this, a [Skills Strategy Interim Evaluation](#) was published in September 2015. However, this work needs updating to:

- reflect the emerging national policy direction in relation to technical and digital skills, talent, apprenticeships, and devolved funding;
- re-focus efforts to enhance the Solent Labour market to support the ambition to bring forward an economy that is more productive, more competitive, and better equipped to face the increasingly technical and digital requirements of industry within a modern industrial economy and the implications of this on staff re-training;
- reflect the recommendations of the [Solent Area Review](#), published in November 2016;
- reflect the forecast impact on skills demand and supply and the labour market following the decision of the UK to leave the EU;
- Engage pre-16 students in technical career opportunities and pathways;
- take account of new evidence we have produced locally;
- support the refresh of the Solent Strategic Economic Plan / Local Industrial Strategy; and
- ensure funding is targeted in an optimum way.

The outputs from this Workforce Strategy for the Solent commission will be:

1. a skills strategy for the period to 2030 drawing on an existing evidence base¹ with appropriate targets; and
2. a delivery plan for a four year period (2017/18 - 2020/21), including a prioritisation framework setting out the key priorities, recognising that affordability will be a consideration; and
3. a Workforce Futures external-facing and accessible document that summarises the main technical Workforce Strategy document.

Steer Davies Gleave Economic Development were commissioned in August 2017 to take forward this work, and a steering group has been established and already met once to provide advice to the consultant. Work is to be progressed at pace, and a stakeholder event is scheduled to take place at the Hilton Ageas on 31st October 2017. A draft strategy will be presented to the LEP Board at its 8th December 2017 meeting.

The board will consider a draft interim report which summarises the key findings that have emerged in the limited time since commission, an initial SWOT analysis, as well as the emerging priorities.

b. Industrial Strategy and Sector Deals

Board members will recall that the LEP responded to the [Building our Industrial Strategy Green Paper](#) in April 2017. The LEP response is published online [here](#). Of course, since that time there has been a General Election which, along with Brexit negotiations have impacted on the pace of policy development. However, it is understood that an Industrial Strategy White Paper will be published this autumn, and that the focus will be retained on extending our strengths, closing the productivity gap with competitors, and making the UK one of the most competitive places to start or grow a business.

Whilst not formally confirmed, it is expected that each LEP will be asked to develop a Local Industrial Strategy, and that these should be in place by March 2019. Whilst further detail is expected to flow through the Industrial Strategy White Paper, the Department for Cities and Local Growth (CLOG) has advised that Local Industrial Strategies: will operate at the functional economic area level (e.g. LEP or Mayoral Combined Authority); should be evidence-led with market intelligence and a focus on local strengths; be aligned with the Industrial Strategy White Paper; Identify existing industrial capacity, key assets, and opportunities based on sector / market development; Be ambitious; Set out long term vision for places; Shape and influence government funding streams and policies; and demonstrate an appetite for collaboration with government.

An area of the Industrial Strategy Green Paper that has gained momentum is Sector Deals. The Green Paper set out in broad terms what the Government is looking for from Sector Deal propositions. Sector Deals should be UK-wide and be driven by business to meet the priorities of business, recognising that it is businesses, rather than Government that are best placed to identify what companies need in order to enhance their competitiveness as a sector.

Government are looking for businesses to collaborate with other stakeholders, such as universities and local leaders to produce a clear proposal for boosting the productivity of their sector, setting out detailed plans to address challenges such as:

- delivering upgrades in productivity, including in supply chains;
- promoting competition and innovation;
- facilitating long term investment and coordination between suppliers and primes;

¹ ONS data, the output of the [UKCES Employer Skills Survey 2015](#) [UKCES' Employer Perspectives Survey 2016](#) (when it reports), the [Working Futures](#) , and the [Solent LEP Baseline Forecasts and Implications of Brexit](#), as well as sector specific reports amongst others.

The LEP has been approached to support work on a range of Sector Deals including one for the Maritime Sector and one for the Off-shore wind energy sector and one for Space. The maritime sector deal is being taken forward currently through Maritime UK and UK Space are leading the work on the Space sector deal

In relation to offshore wind this is one of the original sectors to be invited to produce a sector deal for the industrial strategy, and work has been underway for a while now on behalf of the Offshore Wind Industrial Council. MHI Vestas Offshore Wind, based on the IoW, approached the LEP to help organise a workshop which was held on the 22nd September 2017, with a view to providing a forum for engagement on work on the proposed sector deal to date. Brian Johnson as the LEP Board SME Ambassador chaired the workshop, which was well-attended.

c. Maritime UK update and Developing an economic footprint of the maritime sector in the Solent

Solent LEP have now become a member of Maritime UK and have attended two board meetings. Since the last LEP Board meeting we have been engaging in the work Maritime UK have been undertaking to support London International Shipping Week and the Southampton Boat show. This included the launch of the report commissioned to look at the economic contribution that the sector makes to the UK economy. Further information on the report and supporting appendices can be accessed via the following link <https://www.maritimeuk.org/value/>

Board members will also recall from the May 2017 Board meeting that the Executive updated that they were leveraging off a UK Maritime Economic Footprint study being commissioned by Maritime UK. Work is ongoing on the Solent report following review of the Solent-specific report by the Executive and the Solent Marine and Maritime Steering Group (SMMSG) as it was felt that the key metrics relating to employment and GVA of the Maritime sector in the Solent, need more detailed review.

It is recognised that, owing to the concentration of maritime activity in the Solent, a more detailed analysis is required to more accurately reflect the real size of the sector in the Solent. This work has been requested by the SMMSG, and will be taken forward over the coming weeks with CEBR and reported to the next meeting of the LEP Board in December.

d. The National Shipbuilding Strategy

The National Shipbuilding Strategy was published by Government on the 6th September 2017. The Strategy:

- Sets out new governance structures to ensure grip of the shipbuilding enterprise and seeks to drive pace into acquisition;
- Makes clear the plans for the next generation of frigates: both Type 26 and the new class of Type 31e frigate;
- Shows how Defence will better understand, and factor in exportability (starting with the Type 31e);
- Details a new, competitive approach to the delivery of warships and non-warships alike, with a clearer focus on the impact on prosperity when making procurement decisions, and
- Explains how Government will work with Industry to take forward the wider issues that the Strategy affects, around the growth of the sector and the structural challenges it faces in terms of access to innovation, skills and training.

The Strategy sets out how Government intends to work with Industry to develop a strong, vibrant and globally competitive UK shipbuilding and maritime engineering industry, capable of winning business in the military and commercial markets, both at home and overseas. The Strategy builds on domestic strengths, but also identifies where more must be done collectively to address the structural challenges the sector faces in terms of access to innovation, productivity, skills and winning global business. The ambition is for UK shipyards, and the vast network

of Industry and innovation that underpins them, to be catalysts for their local economies, driving growth, creating highly-skilled and well-paid jobs and raising living standards in the communities where they are based.

The strategy is available here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/643873/NationalShipbuildingStrategy_lowres.pdf.

e. **Science and Innovation Audit**

Board members will recall from the 19th May Board meeting that Solent LEP has collaborated with a range of LEPs, Universities, Research bodies and Industry to form the Innovation South consortium, to submit a Science and Innovation Audit to Government.

The Executive can update that the Innovation South Science and Innovation Audit was published by the Department for Business Energy, and Industrial Strategy (BEIS) on 21st September 2017. The final suite of reports are available here: <https://www.enterprisem3.org.uk/innovation-south-sia>. The Innovation South SIA has provided a timely opportunity to showcase to Government the exceptional science, technology and innovation strengths and capability of the Solent, and wider south and south east regions of England, both within industry and academia. With new innovation funding becoming available through the Industrial Strategy Challenge Fund, for example, this Audit places the area in a strong position to make a case for investment to drive economic growth through the industries and technologies of tomorrow.

2. **General policy update**

Since the last Board meeting there has been an [announcement](#) from The Chancellor that the government will publish its Autumn Budget on Wednesday 22nd November 2017. It is expected that we will receive further guidance on government policy linked to the industrial strategy. In addition, as previously notified to the board and following on from the Industrial Strategy Green Paper all LEP's have received a joint letter (See Annex A) from Jake Berry MP (Minister for Northern Powerhouse and Local Growth) and Margot James MP (under Secretary of State for Small Business, Consumers and Corporate Responsibility) confirming that LEPs are an essential part of Government's plan for driving local growth and the Industrial Strategy. They have also advised that they will be leading a review into the future role of LEPs as they want to explore ways of putting LEPs on a more consistent footing legally, whilst still giving them the freedom and flexibility to attract private sector talent to the boards. Further to this Ministers have invited Christine Gaskell (Chair of Cheshire & Warrington LEP) to be the LEP representative on the review panel and that LEPs have been invited to input to inform the Cities and Local Growth Unit briefing of the review panel when it convenes.

On a broader basis we will start the work on a new Productivity and Growth supplement for 2018, ahead of working on a new Strategic/Economic Plan/Local Industrial Strategy document. The new supplement will support the Annual conference in 2018. We would hope to be able to draw on the anticipated Industrial Strategy White paper and the outcome of the LEP review, both of which are expected during 2017/18 to help shape the new Strategic/Economic Plan/Local Industrial Strategy document. In addition, work is underway on an annual report for 2017 which should provide a progress update on achievements against our original SEP and this will help inform and focus the work of the LEP going forward.

A progress update on the Annual report 2017 and Productivity and Growth supplement 2018 will come to FFPMG in November and the board will be asked to consider the final draft documents at the December meeting in order that they can be published to support the AGM and Annual conference in early 2018.

3. **LEP Executive Team update**

Since the last Board update in March the two vacant apprenticeship roles within the LEP Team and are due to be advertised shortly. A further update will be given at the meeting on the recruitment process. In addition, Board members may wish to note that our current apprentice has completed her Advanced Apprenticeship with Solent LEP and has now secured a full time permanent administration position in a local company based in Portsmouth. It should be noted that our apprenticeship programme continues to be a very successful scheme with a 100% progression rate into permanent roles following scheme completion.

In relation to other staffing changes we can also advise that our Policy, Communications and Events Officer, has secured a new role with a national organisation, X Forces based in London as their Communications Officer and will be taking up this post in October 2017. In the short term we will be securing temporary cover to ensure that there is sufficient resource in place to support events and a report will come forward to the Search, Employment and Remuneration committee on proposals for the medium term.



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Gary Jeffries

Solent LEP

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11 August 2017

Dear Gary,

Thank you for the on-going work and commitment of your LEP. The work you have done in recent years demonstrates how business and civic leaders, working in partnership with universities and colleges, can help business to prosper.

LEPs are an essential part of Government's plan for driving local growth and the Industrial Strategy. They will continue to be critical to our future economic success.

As announced at the LEP Network Management Board, we will be leading a review into the future role of LEPs. As set out in our manifesto we want to explore ways of putting LEPs on a more consistent footing legally, whilst still giving you the freedom and flexibility to attract private sector talent to your boards.

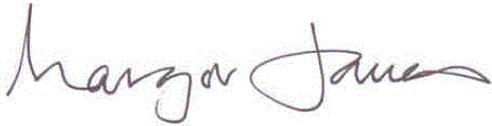
This review reflects our ambition to strengthen the role of LEPs during this Parliament. It is testament to our belief in your institutions and the tangible difference that you have been making on the ground since 2011. The institutional landscape has changed greatly since LEPs were first formed. In many parts of the country, LEPs have now taken on an additional role in voicing the interests of the private sector at mayoral combined authority level.

We want to work jointly with you. This will ensure we arrive at conclusions that will support all local economies, whether urban or rural, and are able to fully capitalise on different strengths and opportunities across the country.

Officials in the Cities and Local Growth Unit will follow up over the summer to set out more detail. In the autumn, we will meet with you and will attend a future LEP Network Management Board to

discuss this further. We also intend to convene a wider advisory board of business voices and we will invite a LEP Chair to join this panel.

We look forward to working with you over the coming months, and thank you again for continuing to drive forward the local growth agenda.

Handwritten signature of Jake Berry in black ink.Handwritten signature of Margot James in black ink.

JAKE BERRY MP AND MARGOT JAMES MP

06.10.2017

Item 8
Finance Update

SOLENT LOCAL ENTERPRISE PARTNERSHIP - BUDGET FORECAST TO 2020/21

ENTERPRISE (BUSINESS SUPPORT)		Actual Expenditure to end 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget	Total Forecast Expenditure	Variance
Solent RGF - Bridging the Gap:									
Awards		4,950,716	0	0	0	0	4,950,716	4,950,716	-
Due Diligence		381,906	0	0	0	0	381,906	381,906	-
RGF Solent EZ expansion Fund - Gosport Borough Council - Fund		800,000	-	-	-	-	800,000	800,000	-
RGF Solent EZ expansion Fund - Gosport Borough Council - Due Diligence		82,105	0	0	0	0	82,105	82,105	-
RGF 3 IOW Private Sector Support - Fund		475,000	-	-	-	-	475,000	475,000	-
RGF 3 IOW Private Sector Support - Due Diligence		110,202	0	0	0	0	110,202	110,202	-
Solent Growth Fund (Growth deal - 2015/16 to 2021)		681,804	2,288,196	600,000	850,000	1,850,000	6,270,000	6,270,000	-
- Bridging the Gap (ERDF Match Funded)		-	1,350,000	500,000	150,000	-	2,000,000	2,000,000	-
- Natural Enterprise Grant Programme		580,000	250,000	-	-	-	830,000	830,000	-
- Matched funding for ERDF Growth Accelerator Fund		-	500,000	1,000,000	1,000,000	-	2,500,000	2,500,000	-
Solent Growth Fund (Growth deal - 2015/16 to 2021) - Programme Management		300,000	150,000	150,000	150,000	150,000	900,000	900,000	-
Solent Growth Hub (Growth deal - 2015/16 to 2021)		452,134	220,866	218,000	218,000	-	1,109,000	1,109,000	-
Improving Digital Capability for SME's		112,502	0	0	0	0	112,502	112,502	-
Enterprise Total		8,926,369	4,759,062	2,468,000	2,368,000	2,000,000	20,521,431	20,521,431	-
INFRASTRUCTURE (Land & Property)		Actual Expenditure to end 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget	Total Forecast Expenditure	Variance
Growing Places Fund: Original Capital Allocation									
CEMAST		3,000,000	-	-	-	-	3,000,000	3,000,000	-
Solent EZ Infrastructure package		8,000,000	-	-	-	-	8,000,000	8,000,000	-
Red Funnel Ferry (earmarked)			-	-	-	-	0	0	-
Griffon Hoverwork		2,000,000	-	-	-	-	2,000,000	2,000,000	-
Solent Accelerated Housing Project			-	3,000,000	-	-	3,000,000	3,000,000	-
Stubbington Bypass			-	3,500,000	-	-	3,500,000	3,500,000	-
Growing Places Loan Fund:									
Funding set aside to underwrite LGD over programming if required							0	0	-
Growing Places Loan Fund: Capital Loans Advanced / Available		13,000,000		6,500,000			19,500,000	19,500,000	-
Grants allocated (not repayable)									
IoW Core Composites College Contingency		-	-	-	-	-	0	0	-
Stubbington Bypass indemnity		-	-	1,500,000	-	-	1,500,000	1,500,000	-
Funding set aside to underwrite LGD overprogramming if required		-	-	-	-	5,000,000	5,000,000	5,000,000	-
Use of Fund for other Purposes (not repayable):									
- Growing Places Loan Fund Programme Management Costs		126,426	173,574	-	-	-	300,000	300,000	-
Growing Places Loan Fund: Fund used and not repayable		126,426	173,574	1,500,000	-	5,000,000	6,800,000	6,800,000	-

Solent Growth Deal confirmed funding:									
The Hard Interchange (PCC)	4,832,000	-	-	-	-	4,832,000	4,832,000	-	
Dunsbury Hill Farm Link Road (PCC)	4,540,000	-	-	-	-	4,540,000	4,540,000	-	
Station Quarter North (SCC)	4,185,000	-	-	-	-	4,185,000	4,185,000	-	
Station Roundabout / Gudge Heath Lane (HCC)	4,953,893	-	-	-	-	4,953,893	4,953,893	-	
Cancer Immunology Centre	4,500,000	-	-	-	-	4,500,000	4,500,000	-	
Environmental Mitigation - Solent Mitigation Disturbance project	1,355,000	-	-	-	-	1,355,000	1,355,000	-	
Peel Common Roundabout and St Margarets Roundabout	4,340,000	-	-	-	-	4,340,000	4,340,000	-	
Newgate Lane South	6,072,571	2,627,429	300,000	-	-	9,000,000	9,000,000	-	
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	3,198,000	-	-	-	-	3,198,000	3,198,000	-	
Fareham and Gosport multiyear programme (A27 Dualling)	4,127,000	-	-	-	-	4,127,000	4,127,000	-	
Solent Gateways (Isle of Wight Floating Bridge)	3,776,782	-	-	-	-	3,776,782	3,776,782	-	
North Whiteley Transport improvements	-	1,008,587	7,848,990	5,142,423	-	14,000,000	14,000,000	-	
National Maritime Systems Centre	-	1,140,705	699,630	1,578,960	1,580,705	5,000,000	5,000,000	-	
Local Large Majors (Solent Metro and SAEG)	-	1,000,000	-	-	-	1,000,000	1,000,000	-	
BAE Marine Workshops and Maritime Support Centre	943,066	-	-	-	-	943,066	943,066	-	
Regeneration Investment to unlock sites for growth	-	1,500,000	-	-	-	1,500,000	1,500,000	-	
Programme Development Fund (feasibilities)	-	500,000	-	-	-	500,000	500,000	-	
Fareham and Gosport Multi Year Programme - Design and Construction of Junction 10	-	-	-	7,750,000	6,400,000	14,150,000	14,150,000	-	
Solent Productivity and Investment Fund	-	-	4,000,000	4,000,000	4,549,218	12,549,218	12,549,218	-	
Stubbington Bypass - LGD forward funding	3,500,000	-	(1,500,000)	(2,000,000)	-	0	0	-	
Solent Accelerated Housing Delivery Project	-	3,000,000	(3,000,000)	-	-	0	0	-	
(Over) / Under Programming	-	12,843,955	(2,705,760)	(8,943,697)	(6,194,498)	(5,000,000)	(5,000,000)	-	
Solent Growth Deal - Programme Management Costs	644,997	366,044	375,000	250,000	242,261	1,878,302	1,878,302	-	
Accountable Body Capital Expenditure (Funded by LGD to maximise use of LGD)	1,000,000	-	-	-	-	1,000,000	1,000,000	-	
SUB TOTAL: Solent Growth Deal:	51,968,309	23,986,720	6,017,860	7,777,686	6,577,686	96,328,261	96,328,261	-	
DfT Retained Schemes									
Stubbington Bypass	-	2,000,000	-	18,000,000	5,700,000	25,700,000	25,700,000	-	
Growth deal provisional allocation for M27 Junction 10 (post 2016)	-	500,000	1,000,000	7,900,000	5,500,000	14,900,000	14,900,000	-	
SUB TOTAL: DfT Retained Schemes:	-	2,500,000	1,000,000	25,900,000	11,200,000	40,600,000	40,600,000	-	
Building Foundations for Growth Capital Grant for EZ	6,672,217	417,783	-	-	-	7,090,000	7,090,000	-	
Centenary Quay (DCLG Infrastructure House Building Capital Fund)	7,675,921	-	-	-	-	7,675,921	7,675,921	-	
Capacity Funding	150,000	50,000	50,000	-	-	250,000	250,000	-	
One Public Estate	14,950	5,000	-	-	-	19,950	19,950	-	
Transport Delivery Excellence Funding	-	52,000	-	-	-	52,000	52,000	-	
Energy Strategy	-	50,000	-	-	-	50,000	50,000	-	
Infrastructure (Land & Property) Total	79,607,823	27,235,077	15,067,860	33,677,686	22,777,686	178,366,132	178,366,132	-	

INWARD INVESTMENT	Actual Expenditure to end 2016/17
Capacity funding	165,000
Inward Investment Total	165,000

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
110,000	-	-	-
110,000	0	0	0

Total Budget	Total Forecast Expenditure	Variance
275,000	275,000	-
275,000	275,000	-

SKILLS	Actual Expenditure to end 2016/17
CEMAST - Fareham College	3,000,000
CEMAST - Due Diligence	63,780
<u>Solent Growth deal FE Capital (2015/16 - 2021)</u>	
Eastleigh College Estates Renewal	9,000,000
IOW College Composites Centre	10,900,000
Capacity funding	162,138
Solent Employer Ownership Programme	1,499,954
Solent Employer Ownership Programme - Local Growth Deal contribution	129,000
Enterprise Adviser Network	175,361
Skills Total	24,930,233

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
65,000	65,000	-	-
46	-	-	-
-	-	-	-
273,639	260,000	260,000	86,000
338,685	325,000	260,000	86,000

Total Budget	Total Forecast Expenditure	Variance
3,000,000	3,000,000	-
63,780	63,780	-
9,000,000	9,000,000	-
10,900,000	10,900,000	-
292,138	292,138	-
1,500,000	1,500,000	-
129,000	129,000	-
1,055,000	1,055,000	-
25,939,918	25,939,918	-

STRATEGIC SECTORS	Actual Expenditure to end 2016/17
<u>Solent Futures RGF Round 3:</u>	
Training Scheme - Awards	1,300,000
Training Scheme - Due Diligence	159,000
Supply Chain - Awards	1,179,419
Supply Chain - Due Diligence	117,000
<u>MARITIME SUPPLEMENT</u>	
Capacity funding	102,842
Strategic Sectors Total	2,858,262

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
72,157	-	-	-
72,157	0	0	0

Total Budget	Total Forecast Expenditure	Variance
1,300,000	1,300,000	-
159,000	159,000	-
1,179,419	1,179,419	-
117,000	117,000	-
174,999	174,999	-
2,930,419	2,930,419	-

INNOVATION	Actual Expenditure to end 2016/17
Fareham Innovation Centre - Phase 2	2,000,000
Innovation Fund - unallocated / new call	0
Innovation Fund - Programme Management Costs	75,000
Local Growth Deal Fund - Innovation Projects	
University of Portsmouth Future Technology Centre (LGD contribution)	1,050,000
BAE Maritime and Test Bed	456,633
UoS - Web Science (Z21)	500,000
Capacity Funding	59,996
Innovation	4,141,629

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
0	0	0	0
2,543,367	3,000,000	0	0
125,000	50,000	0	0
-	-	-	-
-	-	-	-
-	-	-	-
40,004	-	-	-
2,708,371	3,050,000	0	0

Total Budget	Total Forecast Expenditure	Variance
2,000,000	2,000,000	-
5,543,367	5,543,367	-
250,000	250,000	-
1,050,000	1,050,000	-
456,633	456,633	-
500,000	500,000	-
100,000	100,000	-
9,900,000	9,900,000	0

OPERATIONAL CENTRAL COSTS	Actual Expenditure to end 2016/17
Staffing costs	952,082
Office costs	358,859
Finance costs incl forecast costs for Democratic Services for future years	241,673
Legal support	145,772
Marketing & Communication costs	190,296
Contingency	-
Solent Economic Plan and Structural Investment Fund	559,289
SEEDA legacy funding for business engagement	-
LEP Network	18,000
Operational Central Costs Total	2,465,971

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
220,000	500,000	500,000	446,433
80,000	95,000	95,000	87,225
70,000	80,000	80,000	76,434
40,000	50,000	50,000	40,000
90,000	50,000	46,027	40,000
250,000	250,000	250,000	225,000
254,701	100,000	-	-
31,396	-	-	-
14,256	-	-	-
1,050,353	1,125,000	1,021,027	915,092

Total Budget	Total Forecast Expenditure	Variance
2,618,515	2,618,515	-
716,084	716,084	-
548,107	548,107	-
325,772	325,772	-
416,323	416,323	-
975,000	975,000	-
913,990	913,990	-
31,396	31,396	-
32,256	32,256	-
6,577,443	6,577,443	-

LEP BUDGET GRAND TOTAL	Actual Expenditure to end 2016/17
	123,095,287

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
36,273,705	22,035,860	37,326,713	25,778,778

Total Budget	Total Forecast Expenditure	Variance
244,510,346	244,510,346	-

FUNDING SUMMARY	Actual Expenditure to end 2016/17
Bridging the Gap Phase 1	1,969,678
Bridging the Gap ERGF (Solent Wide)	1,387,307
Bridging the Gap Phase 2	1,881,981
RGF Solent EZ expansion Fund - Gosport Borough Council	882,105
RGF 3 IOW SME Support Fund	585,202
Solent Growth Deal	76,640,746
Temporary Local Growth Deal Switch with PCC Capital Resources	1,000,000
DfT Funding for Retained Schemes	-
DCLG Infrastructure House Building Capital Fund (CQ)	7,675,921
Solent Growth Hub	452,134
Solent Futures RGF Round 3	2,912,855
Growing Places Fund - Revenue	445,949
Growing Places Fund - Capital	13,000,000
Growing Places Fund - Contingency Provisions and Programme Management Costs	399,265
Solent Futures	3,000,000
Solent Employer Ownership Programme (Wave 2 City Deal)	1,499,954
The Careers & Enterprise Co. - Enterprise Adviser Network	100,000
Enterprise Adviser Network (Match Funding)	100,361
Cabinet Office - One Public Estate	14,950
Enterprise Zone Capital Grant	6,672,217
DfT - LTB Funding	131,580
SEP	627,698
Transport Excellence	36,000
BIS - Capacity Fund	246,800
BIS - Core Funding	815,339
BAE Contribution to future of Portsmouth	-
PUSH	30,000
Push Inward investment contribution	-
Growing Places Capital - CEMAST admin fee	75,000
LEP Network	13,900
Interest earned on funding yet to pay out	88,345
Local Authority Funding - PUSH, Hampshire & IOW	300,000
SEEDA legacy funding for business engagement	-
BIS - Digital Capability for SME's	110,000
Transport Delivery Excellence Funding	-
Energy Strategy Funding (BEIS)	-
ERDF Funding - Bridging the Gap (matched funding SGF)	-
Grant Total - Funding	123,095,287

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
-	-	-	-	1,969,678
-	-	-	-	1,387,307
-	-	-	-	1,881,981
-	-	-	-	882,105
-	-	-	-	585,202
30,843,283	10,817,860	9,777,686	8,577,686	136,657,261
-	-	-	-	1,000,000
2,500,000	1,000,000	25,900,000	11,200,000	40,600,000
-	-	-	-	7,675,921
207,866	-	-	-	660,000
-	-	-	-	2,912,855
455,000	-	383,258	130,473	1,414,680
-	6,500,000	-	-	19,500,000
290,836	2,336,193	525,000	5,425,000	8,976,294
-	-	-	-	3,000,000
46	-	-	-	1,500,000
137,000	130,000	130,000	43,000	540,000
111,639	130,000	130,000	43,000	515,000
5,000	-	-	-	19,950
417,783	-	-	-	7,090,000
-	-	-	-	131,580
143,921	50,000	47,420	30,961	900,000
-	-	-	-	36,000
80,000	-	-	-	326,800
409,661	-	150,000	-	1,375,000
-	-	-	-	-
-	-	-	-	30,000
-	-	-	-	-
-	-	-	-	75,000
-	-	-	-	13,900
198,274	371,807	133,349	328,658	1,120,436
-	-	-	-	300,000
31,396	200,000	-	-	231,396
-	-	-	-	110,000
42,000	-	-	-	42,000
50,000	-	-	-	50,000
350,000	500,000	150,000	-	1,000,000
36,273,705	22,035,860	37,326,713	25,778,778	244,510,346

Growing Places Fund - Forecast Reserve for Future Projects	
Net Annual Growing Places Reserve Forecast	
TOTAL FUNDING TO SUPPORT LEP ACTIVITY	123,095,287

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
10,324,109	(7,111,193)	275,000	775,000	4,262,916
46,597,814	14,924,667	37,601,713	26,553,778	248,773,262