

Solent Local Enterprise Partnership

Meeting of the Board to be held on Friday 8 December 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 6 October 2017	
4.	Matters Arising and declarations of interest	
5.	Executive Update  <b>Part A Items for decision:</b> i. Update from the Search, Employment and Remuneration Committee ii. Annual review 2017 and productivity and growth supplement for 2018 iii. Governance update to include consideration of: <ul style="list-style-type: none"> <li>• Mary Ney Review</li> <li>• Annual Conversation</li> </ul> <b>Part B Items for Information</b> Strategy update to include: <ul style="list-style-type: none"> <li>• Skills strategy update</li> <li>• Solent Energy update</li> <li>• Feedback from Autumn Statement</li> <li>• Industrial Strategy White Paper</li> </ul>	08:15 – 09: 00
6.	Finance update to include: <ul style="list-style-type: none"> <li>• Updated financial forecasts and year end outturn for 2016/17</li> <li>• Indicative budget position for 2017/18</li> <li>• Financial Forecasts for 2017/18 – 2020/21</li> <li>• Consideration of Solent LEP Limited company Accounts</li> </ul>	09:00 – 09:20
7.	Local Growth Deal Retained Schemes Update	09:20 – 09:40
8.	a. Consideration of Local growth programmes including update on LGD 2016/17, 2017/18 and provisional	09:40 - 10:00

	2018/19 programme and consideration of Round 3 Innovation Programme Funding b. Funding call for the Solent Skills and Productivity Investment Fund	10:00 - 10:50
9.	Any Other Business	10:50 - 11:00

**08.12.2017**

**Item 3**

**Minutes of meeting held on 6<sup>th</sup> October 2017**



**4. Matters Arising and declarations of interest**

**Declarations of Interest**

The following declarations of interests were recorded:

**Cllr Seán Woodward**

Item 5a, Welborne Development  
Item 7a, RGF project update

**Cllr Donna Jones**

Item 7a, Solent Skills and Productivity Fund

**Cllr Simon Letts**

Item 6, Solent Metro  
Item 7a, Solent Skills and Productivity Fund

**Cllr Keith Mans**

Item 5a, Retained LGD Scheme for the proposed upgrade of Junction 10 M27  
Item 5b, Stubbington Bypass

**Kevin George**

Item 6, Solent Metro  
Item 7a, Isle of Wight Infrastructure Plan

**Dave Lees**

Item 6, Solent Metro

**Brian Johnson**

Item 7a, BAE Systems Contract Variation  
Item 7a, Local Growth Deal

**Sir Christopher Snowden**

Item 7a, Innovation Programme Fund

**Rachael Randall**

Item 7a, Isle of Wight Infrastructure Plan

**Matters arising**

**Notes of the meeting 14 July 2017 – matter arising (page 1)**

Board Members were advised that the Council's external audit on the final position on the outturn was still in progress and that an update would be provided at the FPPMG meeting in November.

**Governance Briefing (page 2)**

The Executive advised the Board that all new board members would be offered the opportunity to access an external one-day non-executive director development course as part of board induction. It was agreed to extend this opportunity to existing board members.

**Economic Impact Study of the Solent Universities (page 5 item 6)**

**Executive to action**

	<p>The Executive advised the Board that the draft report had now been considered by all University partners and the final version of the report a would be circulated to the board and arrangements would be made to publish it shortly.</p> <p><u>Business Support Review (item 8 page 6)</u></p> <p>The board received a verbal update from Brian Johnson who advised that a business engagement steering group has been set up and was due to convene later in the month and a further progress update will be provided at the December Board meeting.</p>	<p><b>Executive to action working with Solent based Universities</b></p>
<p><b>5.a</b></p>	<p><b>Local Growth Deal Retained scheme - Welborne Development</b></p> <p><u>Item 5A: Local growth deal retained scheme for the Welborne development</u></p> <p>Seán Woodward declared a direct 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) 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 and Paul Willoughby left the meeting at this point.</p> <p><b>Presentation from Mott MacDonald</b></p> <p>The Board considered an updated 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 noted:</p> <ul style="list-style-type: none"> <li>• The progress in relation to land assembly; and</li> <li>• The updated position statement from Fareham borough Council in relation to their delivery strategy for the development; and</li> <li>• That a marginal funding bid has been submitted to the Housing and Infrastructure Fund to support the proposed upgrade to M27 Junction 10; and</li> <li>• That a forward funding bid has been submitted to the Housing and Infrastructure Fund to support the Welborne Development.</li> </ul> <p>The board continued to recognise that due to the scale and complexity of the project there were ongoing matters that need to be concluded (including the consideration and determination of the planning application) prior to confirming a start date on site 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 in early 2018.</p> <p>Keith Mans as Deputy Leader of Hampshire County Council declared a direct interest in the item relating to the DfT Retained Funding of £14.9 million and left the meeting.</p>	

	<p>The Board noted the update on the retained funding and agreed that the LEP should continue to engage with Government in relation to this scheme.</p>	
<b>5.b</b>	<p><b>Local Growth Deal Retained scheme - Stubbington Bypass</b></p> <p>Sean Woodward returned to the meeting and Keith Mans declared a direct interest in this item and withdrew from this item as well.</p> <p>The Board was provided with an update on the financing modelling options for the scheme and advised that the accountable body had modelled a range of scenarios based on the expected cash inflows from the rates, grant funding and the cash outflows in terms of the actual expenditure of the project.</p> <p>Board members <b>noted</b> the update and detailed financial modelling for the borrowing and considered FFPMG's advice on a preferred option and <b>agreed</b> an option to draw on prudential borrowing from Hampshire County Council, alongside utilising £3.5 million from the Growing Places Fund to support the Stubbington Bypass Scheme.</p> <p>They delegated authority to the Accountable Body Portsmouth City Council to work with Hampshire County council to finalise an agreement in relation to this.</p> <p>Keith Mans returned to the meeting.</p>	<p><b>Portsmouth City Council (as accountable body for Solent LEP)</b></p>
<b>6.</b>	<p><b>Consideration and approval of initial draft reports on the Solent Metro</b></p> <p>Dave Lees registered an interest in this item as Southampton airport is located in the proposed phase 1 route.</p> <p>Kevin George registered an interest in this item as the Red Funnel terminal in Southampton is located in the proposed phase 1 route.</p> <p>Board Members received a presentation from Steer Davies Gleave which included an update on the initial economic appraisal of the Solent Metro scheme</p> <p>Steer Davies Gleave then left the meeting room.</p> <p>The board also noted the work that had been undertaken on the Wider Network Review, the Funding and financing options for a scheme of this scale and complexity and the early development work for the proposed phase 1 route.</p> <p>A discussion took place around the final draft of the Solent Transit wider network review; the draft funding and financing paper for the Solent Metro Phase 1 and the Phase 1 Option Development report and Board members requested that wider work be undertaken that looked beyond the early work on the route option development work that had been completed to date.</p> <p>They asked the executive to schedule a session at the forthcoming strategy day to consider the work further, so that it could be considered in the context of the wider work that needs to</p>	<p><b>Executive</b></p>

	<p>be undertaken in developing a new strategy for the Solent area.</p> <p>Donna Jones left the meeting.</p>	
<p>7.</p>	<p><b>Executive Update</b></p> <p>Board Members were advised that the paper would be taken as read.</p> <p><u>Floating Bridge</u> The Executive provided an update on the current position with the Floating Bridge.</p> <p>Board members <b>noted</b> that the LEP would seek a meeting with the Isle of Wight Council Leadership to see how the LEP can continue to work with them in order to support the project going forward.</p> <p>Board members also noted that the monitoring arrangements for this project would be enhanced and a further update would come back to the board at the next meeting to include an update on the likely date for the resumption of the floating bridge service. The board agreed to review the project again at the next meeting and they requested that the executive provide a further update at the forthcoming FPPMG meeting in November 2017.</p> <p><u>BAE Systems Marine Engineering Workshop</u> Brian Johnson declared a direct interest in this item and withdrew from the meeting.</p> <p>Board members <b>noted</b> the update for this scheme; <b>approved</b> the contract variation for the BAE Systems Marine Engineering workshop scheme to take account of the delay in completion of this phase of the project and <b>delegated</b> authority to the Executive and LEP Accountable body to action the contract variation.</p> <p>Brian Johnson returned to the meeting.</p> <p><u>RGF Project update</u></p> <p>Seán Woodward declared a direct interest in the item and withdrew from the meeting for this element of the discussion.</p> <p>Board members <b>noted</b> the general update on RGF legacy projects and considered and <b>agreed</b> a variation to one of the EZ RGF projects.</p> <p>Seán Woodward returned to the meeting.</p> <p><u>Isle of Wight Infrastructure Investment Plan</u></p> <p>Kevin George registered an interest in this item as the Chief Executive Officer of Red Funnel Rachael Randall registered an interest in this item given her business interests on the IOW</p> <p>The Executive advised Board members that Litchfields had been commissioned in March 2017 to take forward this work.</p>	<p><b>Executive</b></p> <p><b>Executive</b></p>



	<p>The Board invited Litchfield's to update the Board on the Isle of Wight Investment Plan which provided an identification of the future infrastructure needs of the Isle of Wight across a range of economic infrastructure categories.</p> <p>It was noted that the report would need to be considered by the IOW Council and as a result Board members considered the draft final Isle of Wight Infrastructure Investment Plan and <b>agreed</b> to note it and <b>agreed</b> that subject to any further feedback from the IOW Council the LEP should in partnership with the IOW Council work together to explore ways to take this work forward including engagement with central government.</p> <p>The board also <b>agreed</b> to consider publication of the report once any updates and comments from the IOW Council had been considered.</p> <p><u>Governance Update</u></p> <p>Board members considered the review of the Articles and asked for clarification on two areas:</p> <p>Article 45.1 and the position in relation to the management of interests as set out in articles 46 - 48. The executive advised that in relation to article 45.1 they would provide additional clarification. In relation to the management of interests this needed to be considered both within the requirements as set down in the Articles and also in accordance with requirements as set out in the LEP National Assurance Framework. The board were advised that there was an expectation that a further revision of the national assurance framework was anticipated and the policy on the management of interests could be reviewed again once the update guidance is available.</p> <p>Board members <b>agreed</b> the recommended changes and to <b>delegate</b> authority to the Company Secretary and LEP Chairman to finalise a resolution for the consideration of LEP Members at the Company AGM.</p> <p><u>AGM</u></p> <p>Board Members <b>agreed</b> the proposed format for the Solent LEP AGM</p> <p><u>Forward Plan</u></p> <p>Board members <b>agreed</b> the updated Forward Plan</p> <p>Sir Christopher Snowden left the meeting</p>	
<p><b>8.</b></p>	<p><b>Finance Update</b></p> <p>Board members:</p> <ul style="list-style-type: none"> <li>• approved the revised budget for 2017/18 of £36,273,705</li> <li>• approved the revised budget for the period 2018/19 to 2020/21</li> <li>• noted the update on the North Whitely scheme in paragraph 5.1 and agreed to change the profile as set out in the table in paragraph 6.1 to reflect this update</li> <li>• noted and agreed the release of the £750,000 contingency that is no longer required for the IOW Core Composite College from the Growing Places fund</li> </ul>	

	<ul style="list-style-type: none"> <li>• note the updated position of the Growing Places Fund and paragraph 6.4 below which has been updated to reflect the preferred option for the funding of the borrowing costs for the Stubbington Bypass scheme</li> <li>• note the latest Local Growth Fund programme summary and the challenges around future delivery</li> <li>• note the current position on the Investment Regeneration Fund to unlock sites for growth and FFPMG's agreement that the Executive and the Accountable Body should investigate whether the LEP should explore further direct investment on the EZ</li> </ul>	
<p><b>9. Any Other Business</b></p>	<p>Sandra Sassow advised that she had been invited to visit Washington DC to look at the transformation that has been made to the city and felt that this case study could be used to inform place shaping discussions and the development of the new strategy for the Solent area. It was agreed to consider this as part of the forthcoming discussions at the strategy day.</p>	

**Meeting closed at 11.15am**

**08.12.2017**

**Item 5**

**Executive Summary**

Item                    5 Part A  
Title review:        Executive Update  
Date:                    1 December 2017

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## Executive Summary

This paper provides

1. Update from the Search, Employment and Remuneration (SER) Committee; and
2. An update on the Annual review 2017, the productivity and growth supplement for 2018; and the development of local industrial strategies; and
3. A Governance update to include consideration of:
  - Mary Ney Review
  - Annual Conversation 2017
4. The Forward Plan to May 2018

### 1. Update from the Search, Employment and Remuneration (SER) Committee

The role of the Committee was extended in July 2017 to include 2 new primary duties as follows:

- To approve and keep under review, on behalf of the Board of Solent LEP, the LEP's recruitment strategy ensuring efficient and effective recruitment of senior business leaders to fill non-executive roles across the Solent LEP Board (Business Directors), Panel Chairs and Private sector panel members; and
- To advise and guide the LEP Executive and LEP Board on strategies to enable it to find, recruit and retain the best quality executive and non-executive appointees

### The Search Function

The committee considered this new remit at its meeting on 16 November. In relation to the first primary duty the Committee gave consideration to the following:

A review of the existing board structure, composition and skills to inform the approach to developing strategies to enable the LEP to find, recruit and retain the best quality non-executive appointees to include consideration of;

- a. Current board composition (to be undertaken at least annually) to ensure that the correct mix of skills and experience are available; and
- b. Each individual's role and responsibilities on the board and how these interrelate between other Directors on the board. Last year the Chief Executive did meet with all Board members individually to review roles and responsibilities and it is proposed that this is undertaken again with the Chair and the Chief Executive; and
- c. Gaps or overlaps between roles and responsibilities as identified and corrective action (if recommended by the Committee and approved by the Board) planned; and

- d. The supporting delivery panels and committees/groups from the point of view of their terms of reference, life-span, membership and leadership and any action (if recommended by the Committee and approved by the Board) planned. The committee advised that this is reviewed again in early 2018 to take account of anticipated Government policy changes as set out in the Industrial Strategy and the new LEP Strategy.

The committee also started to review the existing processes that underpin the recruitment strategy of senior business leaders to fill non-executive roles across the Solent LEP Board, Panel Chairs and Panel members. It should be noted that one of the current B Directors, Nick Gross has notified the Chairman of his intention to step down from the role in March 2018 on the basis he will be retiring from his role at Coffin Mew, and the Chair of the Business Support Investment Panel (BSIP) has also retired. Therefore it is important that we proactively plan for this, commencing with a review of current practice and processes and a plan to undertake recruitment to these roles early in 2018.

### **Succession Planning**

On a broader level the Committee also started to give careful thought to succession planning for key roles in the LEP. There is a critical moment for the LEP Board when a new member joins and we have seen this on number of occasions when new P, B or H Directors have joined. There is a similarly critical moment when a board member leaves the board. Despite recognition that good succession planning is important to both the board and wider LEP organisation, it is still an area that requires further development. As part of this the Committee started to consider succession planning for critical roles, including that of the Chair of the Board, the Chair of Panels and Chief Executive. The committee agreed some initial principles for good succession planning including the need to:

- a. Evaluate the future role of the LEP. This will be informed by the government review being undertaken which will consider the role of LEPs in Local growth, the Mary Ney review and of course the forthcoming board consideration and agreement of a new strategy for the Solent Area; and
- b. Evaluate existing non-executive, panel Chair and executive capability for future needs; and
- c. Look at selection processes for the Board and supporting panels and the consideration of succession planning to key roles, such as that of Chair of the Board and the Panel Chairs and Chief Executive. The Committee considered the importance of having a portfolio of potential non-executive directors/panel Chairs who could be approached as part of any recruitment process so that they are aware of Board/Panel opportunities on an ongoing basis; and
- d. Succession planning for the Chair of the Board, Board lead roles Panel Chairs and Chief Executive role to include advance consideration and exploration of options including:
  - Advising the board on the advantages and possibility of appointing a future Chair from within the current B Directors on the Board or looking externally; and
  - Advising the board on the advantages and possibility of appointing future Board lead roles from within the current Directors on the Board or looking externally as we have done for the Board Skills lead recently; and
  - Advising the board on the advantages and possibility of appointing future Panel Chairs from within the current panel memberships or advertising externally as we do currently for panels.
  - Advising the board on succession planning for the Chief Executive role.

The committee will be meeting again in early 2018 and mid 2018 with a view to bringing forward a succession plan for the board to consider later in 2018.

### **Board Review and Development**

The Committee also considered the merit of regular evaluation of the board and panels. Currently at Board level there is an evaluation undertaken by central government as part of the Annual conversation and this process is being strengthened following the Mary Ney review as set out later in this report.

Panel work and overall performance is assessed by the Board through consideration of work at Board meetings and through the Annual review which is reported to the membership of the company annually.

At an individual level there is also an annual review of executive performance undertaken as follows:

- Annual review of the E Director on the Board which is the Chief Executive. This is a one-to-one appraisal with the Chair followed by a review of the appraisal and objectives through the SER Committee.
- Annual review of the Executive team which is undertaken by the executive using the line management structure. The one-to-one appraisals are then reviewed by the Chief Executive or Head of Service.

To inform ongoing performance and the search and succession planning function the Committee considered augmenting the evaluation of performance through the annual conversation with a process of evaluating the performance of all directors (non-executive and executive) on the board. This would help the Board in the consideration of existing board structure, composition and skills as well as informing succession planning for critical roles. From a governance perspective it would also ensure that Solent LEP not only continues to meet the requirements of the LEP national Assurance framework, but also demonstrates the highest standards in terms of Corporate Governance as well.

The committee will be looking to explore this further as part of their work plan for the year with a view to bringing forward a proposal for the Board to consider and approve in 2018.

### **Staffing and Organisational Structure**

Taking into account the ongoing LEP obligations, the current vacancy rate and in consideration of new work streams coming on, the Committee reviewed the current resources and agreed adjustments to the existing structure and the proposal to consolidate some posts and create two new roles as follows:

- Local Growth Programme Manager role; and
- Local Growth Project Manager role

In addition following the confirmation of three year funding from the Careers Enterprise Company for the Enterprise Initiative in the Solent they also agreed to establish the CEC Senior coordinator role within the organisational structure. These changes are reflected in the updated organisational structure in Annex A

The committee also noted that Portsmouth City Council act as the Accountable body for Solent LEP and in this role employ the staff who work as part of the LEP Executive. As staff of Portsmouth City Council they work under pay and conditions set out and agreed by Portsmouth City Council. Their pay policy statement is produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), and is compliant with the Local Government Transparency Code 2014. The committee therefore agreed to continue to adopt the Pay Policy (including the additional and exceptional duties policy) for Portsmouth City Council for Solent LEP staff and noted that the draft pay policy statement for 2018/19 is due to be considered by the Council in March 2018.

## **2. Solent LEP Annual Review 2017, the Productivity and Growth Supplement 2018 and local Industrial Strategies**

Following the Government's publication of the Industrial Strategy White paper on 27<sup>th</sup> November 2017, the Solent LEP will be working on the development of a Local Industrial Strategy. However, it is understood that Government intend to agree the first Local Industrial Strategies by March 2019 and the LEP Board will be considering the new Strategic Framework for this at their Strategy day in January, prior to the LEP undertaking wider consultation to shape the formulation of the work. An important component of the new industrial strategy will be the need to bring forward a new Economic Strategy for the Solent and in particular to identify the critical success factors that will drive an improvement in economic performance in the region. This is seen as very important in terms of positioning the new vision for the area, both in the short term and through to 2050. Whilst we await further guidance on the content and

process for developing the Local Industry Strategy, initial feedback from Government suggests that this will build on the Economic Strategy in an area, and that they will work in partnership with localities to both develop and agree it. The strategies are expected to identify priorities to improve skills, increase innovation and enhance business infrastructure and growth and it is intended that this will guide the use of local funding streams and any spending from national schemes.

Primarily the Local Industrial Strategy will therefore need to be long term, evidence based and should focus on identifying local strengths and challenges as well as future opportunities and actions needed to boost productivity and competitiveness. For parts of the Country without a Mayor this will be led by the Local Enterprise Partnership and on this basis Solent LEP will need to make provision to take this work forward.

Alongside this and in the short term there remains a need to update our existing Strategic Economic Plan through a new Productivity and Growth Supplement 2018 to be launched at the LEPs Annual Conference in early 2018. This will be a bridging and positioning document providing a link between our current strategy and the new activity. It will also provide the framework to open up the consultation work with stakeholders as we shape the new strategy.

In addition, an annual report for 2017 will need to be developed for publication at the LEPs AGM. Following on from the Mary Ney review there is an opportunity to use this to respond at an early stage to the requirement to produce an annual statement of fund utilisation containing standard information about capital and revenue project and programme activity that has been funded by awards to the LEP by central government. This will be published on our website covering the 12 months of the previous financial year (2016/17). Therefore it is proposed that the Annual review for 2017 has an annual statement that will include (for 2016/17 LGD capital programme as a whole) as a minimum:

- a. a brief description of the investment, its total value and what it will deliver;
- b. the value and source of funding awarded;
- c. the value and source of other matched funding;
- d. which organisation(s) were awarded the funding (including recipients of funds / contractors);
- e. how the activity is progressing.

This annual statement will also set out how Core funds awarded to our LEP have been spent on the operational costs of LEPs, including staff costs and overheads. This should include local sources of match and should include where the funds have been given as contribution to the running costs of the LEP's accountable Body.

In addition to the above, further information is published on our website to reflect our company structure and arrangements. Solent LEP operate as a Limited Company and therefore alongside the annual review we will also publish on our websites the annual accounts that are submitted to Companies House. As all our funds are routed via the Accountable Body, Portsmouth City Council, we will together with the AB produce an annual statement endorsed by the Section 151/73 Officer.

Working with Deep South Media, the Solent LEP is also developing proposal for a fresh approach to these documents to feature: a more benefits-led, narrative; impactful design; stronger articulation of Place; more infographics and photos to capture the spirit of innovation in the Solent, with a focus on two or three 'big picture' themes that distil the essence of what the LEP is seeking to do. It is also proposed that the new Productivity and Growth publication for 2018 presents information under the headings of People, Ideas, Business and Infrastructure as the foundations of productivity identified in the government's Industrial Strategy, and articulate clearly what is at the forefront of the investment plan going forward.

The annual report will also highlight the success of reaching the >£100m investment milestone, >£10m SME investment milestone since the start of the Solent Growth Deal programme in 2015/16 as well as progress this year against investment challenges.

Both documents will reflect the 'power of partnership' and summarise financial information in a reader-friendly way.

### 3. Governance Update

#### Review of Local Enterprise Partnership governance and transparency

Further to the update provided at the last Board Meeting the Review of Local Enterprise Partnership governance and transparency undertaken by DCLG Non-Executive Director, Mary Ney was published in October 2017. This has been previously circulated to all Board Members. For reference, a copy can be found at: <https://www.gov.uk/government/publications/review-of-local-enterprise-partnership-governance-and-transparency>

The review makes a number of recommendations and, whilst we await publication of formal guidance, the government has confirmed that it has accepted all the recommendations and is implementing them and will shortly be issuing guidance.

Alongside this the National Audit Office have recently published the outcome of their investigation into the governance of Greater Cambridge and Peterborough LEP (available at: <https://www.nao.org.uk/report/investigation-into-the-governance-of-greater-cambridge-greater-peterborough-local-enterprise-partnership/>). In this context, the NAO have explicitly identified 8 recommendations from the review and, in anticipation of the formal response, the executive have undertaken a review of the Solent LEPs Assurance Framework.

On this basis the Board are asked to consider a number of modifications/additions and general enhancements which will strengthen our systems, ahead of receiving further guidance from Government as follows:

- a. The National Assurance Framework will require a brief formal assurance statement on an annual basis from the leadership of the LEP (i.e. the Chair and CEO), on the status of governance and transparency within their organisation and which can be explored in greater detail during the Annual Conversation process with government. This statement is to be published on the website. Last year the Chair and Chief Executive did provide a statement as a foreword on the Solent LEP Assurance framework in 2016 and this will now be strengthened.

The National Assurance Framework will also set a requirement for the Section 151 to provide a report to the Annual Conversation on their work for the LEP and their opinion with a specific requirement to identify any issues of concern on governance and transparency.

- b. The National Assurance Framework will require LEPs to have a code of conduct, which all board members and staff sign up to, explicitly requiring the Nolan Principles of public life to be adopted as the basis for the code. All executive staff do currently sign up to this code of conduct. Whilst it is noted that the Solent LEP Assurance Framework also includes a stated expectation that Solent LEP Board Directors follow the 7 principles of public life, the SER Committee considered the issue at their meeting in November 2017 and advised that this should be strengthened further and it is recommended that an LEP code of conduct is introduced.
- c. In addition to the publication of accounts, the LEP will be required to maintain on its website a published rolling schedule of the projects funded giving a brief description, names of key recipients of funds/ contractors and amounts by year. The Solent LEP publishes beneficiary names and funding amounts for all projects are published on the LEP website (and in addition all payments over £500 are published by PCC and identifiable to the Solent LEP as part of their regularly updated transparency data). However, information on the Solent LEP website does not currently include project funding by year and, in addition, projects are not centralised in a single rolling schedule (e.g.



currently Local Growth Deal projects are published under the LGD section of the site, Growing Places Fund projects on Growing Places section and so on). The Executive will ensure that all information is brought together and a rolling single list established, to include summaries and awards by year, is published in advance of the Annual Conversation in December 2017.

- d. The National Assurance Framework will require the publication of a whistleblowing policy. Whistleblowing relates to internal reporting and the Solent LEP utilises the Portsmouth City Council Whistleblowing Policy for all staff (as employees of the accountable body). However, the PCC Policy is not published externally and this will need to be published by the Solent LEP. There is also an opportunity to further strengthen procedures to incorporate an "Assurance Champion" from the LEP Board of independent non-executive directors which would demonstrate best practice in terms of response to the Ney review and recommended approach contained within the UK Corporate Governance Code 2016. It is recommended that this is the Chair of FFPMG.

#### **4. Forward Plan**

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

##### **Board strategy development day 10 January 2018 08.00 to 13.00 - venue to be advised**

- Format to be discussed at LEP Board meeting on 8 December 2017

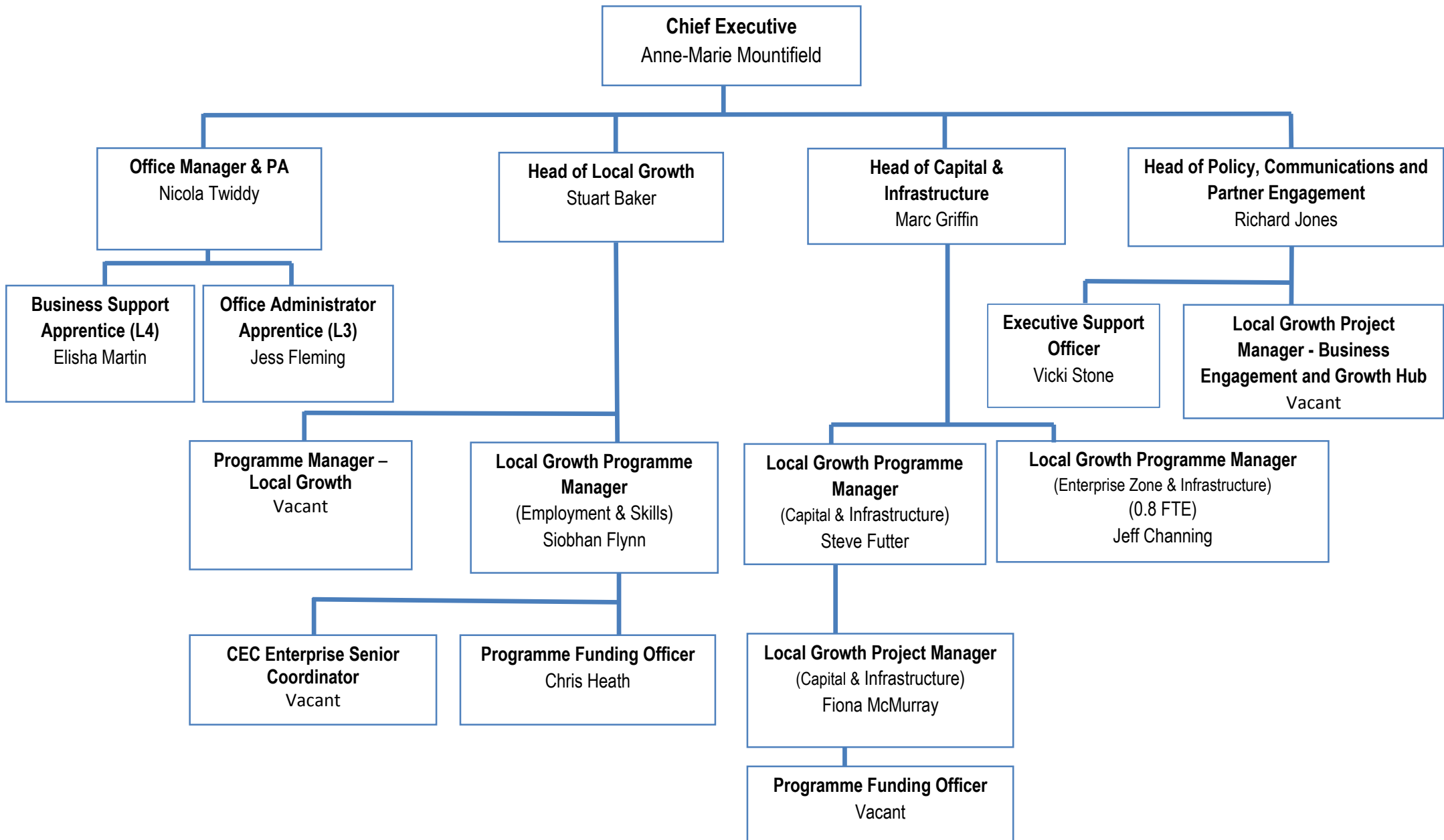
##### **2 March 2018 – Venue to be advised**

- Executive Update to include update on LEP Review and Industrial Strategy
- LGD Update for 2017/18 programme and LGD 2018/19, the LGD Retained schemes and future years
- Interim report on the Solent Energy Strategy
- Solent Maritime CEBR Study
- Financial Forecast Out turn for 2017/18 and financial forecasts for 2018/19 onwards

##### **11 May 2018 – Venue to be advised**

- Executive Update to include update on Solent LEP Strategy and emerging Skills Strategy
- LGD Update for 2018/19 programme and LGD 2019/20, the LGD Retained schemes and future years
- Consideration of the the Solent Energy Strategy
- Final Out turn for 2017/18 and financial forecasts for 2018/19 onwards

# Solent LEP Executive Team Structure Chart as at 30<sup>th</sup> November 2017



Item 5B: Executive Update – for information  
Service Title: Local Growth  
Date: 8 December 2017

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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
  - Solent Energy Strategy
2. The Autumn Budget November 2017
3. The Industrial Strategy White Paper

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.

Steer Davies Gleave Economic Development were commissioned in August 2017 to take forward this work, and a steering group was established. A draft interim report was provided to the board in October 2017. We have now completed this initial piece of work to establish an evidenced baseline and have overseen some targeted consultation activity; with two focused consultation events for business and providers; in conjunction with the dedicated ESB and steering group meetings. Following consultation with the Chair of the ESB and Board Skills lead and taking into account the Industrial Strategy White Paper the work has been concluded at this interim stage whilst we are reviewing the requirements for the next stage of the commission. This includes responding to the introduction of skills advisory panels which will be rolled out shortly in LEP areas. These panels are required to

produce a rigorous analysis of the current and future supply and demand for skills and help areas form a clearer understanding of their skills requirements. It is anticipated that they will have a real and meaningful influence over the provision of post-16 education and training. In addition this analysis will inform the preparation of Local Industrial Strategies.

On this basis the next stage of the work will require a new commission to ensure that the work produced responds to these new requirements.

Board members are asked to

**Note** this update

## **b. Energy Strategy and Local Capacity Funding**

The board should recall that we were awarded capacity funding from BEIS in early 2017 to support the preparation of an Energy Strategy for the area. A tender has been issued to develop a **place-based future-facing Solent Heat and Power Strategy and Action Plan to 2050**, which:

- Provides a portrait of the Solent economy now, and the potential Solent economy in 2050 building on our gateway hubs and sectoral strengths as well as new market and technological opportunities;
- Forecasts supply of, and demand for, heat and power generation and distribution (including transport fuels) in the Solent to 2021, 2030 and 2050, within the context of rapid technological change and housing and industrial growth;
- Identifies gaps in the supply of, and demand for, heat and power in the Solent to 2050;
- Responds to the Industrial Strategy White Paper and in particular the grand challenge around the move to cleaner economic growth through low carbon technologies and efficient use of resources.

The outputs from this commission will be a demand-led long-term Solent Energy Strategy and Action Plan covering the short-term (to 2021), medium term (to 2030) and long-term (to 2050). An initial short report will be provided setting out an initial high level vision for the role of heat and power in a future-facing, agile Solent economy equipped to develop and exploit the new market opportunities of tomorrow. There will also be a requirement to prepare an interim report by 16<sup>th</sup> March 2018 and a final technical report that can be published. Initial responses to the tender are expected 30 November and an update will be provided at the Board Meeting.

One of the main outcomes of the energy strategy will be the identification of a pipeline of energy investment opportunities for our LEP area. This will feed into wider capacity work that is being undertaken by BEIS who are proposing to support the capacity of LEPs and local authorities to play a leading role in delivering low-carbon economic growth. As part of their Local Energy programme, BEIS has allocated £4.7 million in this financial year to support the capacity of LEPs and local authorities to:

- Identify and prioritise local energy projects
- Undertake the initial stages of development for priority projects and programmes (eg feasibility studies and business cases), up to a point where investment can be secured
- Take a collaborative and coordinated approach across multiple LEP areas

Therefore the funding for capacity support is intended to complement existing activity including the work on the Solent Energy Strategy, by providing LEPs and local authorities with additional resources and expertise to undertake the initial stages of energy project development, up to a point where they are able to attract capital investment. BEIS are establishing four local energy hubs across England, to support the capacity of LEPs and local authorities to deliver energy projects. The hubs are:

- Northern Powerhouse (covering 11 LEP areas)
- Midlands Engine (covering 9 LEP areas)

- South East (covering 11 LEP areas)
- South West (covering LEP areas)

Solent LEP is in the South West hub along with Cornwall & the Isles of Scilly, Dorset, Gloucestershire, Heart of the South West, Swindon & Wiltshire and West of England. The total funding available to this hub is £1 million. It should be noted that an important aspect of the Local Energy programme is the facilitation of peer-to-peer collaboration and learning between LEPs and local authorities, and contact between local areas and central government on relevant issues. The aim is to ensure a coherent programme of support across England and clear lines of communication between local areas and central government.

At this early stage there are a number of areas where strong synergies exist between the LEP areas in this hub around clean Energy and early dialogue with LEP colleagues in the South West have identified opportunities for working on a much broader level across a range of agendas including infrastructure, the development of city regions, the development of coastal communities and sector work in defence, visitor economy and maritime. On this basis we will be developing our cross LEP working to embrace the range of opportunities that are emerging as a result of our participation in the South West Energy hub.

Board members are asked to  
**Note** this update

## 2. Autumn Budget 2017

The Chancellor of the Exchequer, Philip Hammond MP, presented his budget to the House of Commons on 22 November 2017. This briefing aims to summarise the key economic data and proposals. Alongside, the Government confirmed that it would publish the expected Industrial Strategy White Paper on Monday 27 November.

The Budget was positioned as *preparing the UK economy for the future*, building on existing strengths and preparing for a new relationship with EU by "*supporting families and business in the near term; setting a path to a prosperous, more open Britain; and building an economy that is fit for the future.*"

A key focus of the Budget was boosting productivity which is seen as central to government policy. One of the key actions outlined was to increase the previously announced National Productivity Investment Fund (NPIF) from £23 billion to £31 billion. Within this, there are plans to:

- Invest an additional £2.3 billion in R&D.
- Establish a £1.7 billion Transforming Cities Fund to improve local transport connections. 50% will be allocated to the 6 combined authorities with Elected Mayors, with other 50% allocated through a competitive process.
- Commit £385 million to projects to develop next generation 5G mobile and full-fibre broadband networks.
- Fund specific improvements including the Partnership for prosperity Growth Deal in the Cambridge-Milton Keynes-Oxford corridor.

Other announcements included:

- Establishing a new partnership with employers and trade unions to deliver a National Retraining Scheme to help people to adapt to changing world of work. In the first instance, this will focus on construction and digital skills.
- Undertaking a range of activities in education including supporting the development of mathematics skills, ensuring every secondary school has a qualified computer science GCSE teacher and investing £20 million to help prepare for introduction of T levels.
- Extending the British Business Bank's Enterprise Finance Guarantee.
- Introducing a new guarantee to improve exporters' access to capital.
- Introducing new regulatory frameworks to stimulate the adoption of Artificial Intelligence (AI) and driveless cars and attract companies working in these areas.

- Support the roll-out of charging infrastructure for ultra-low emissions vehicles.
- Increasing the R&D expenditure credit from 11% to 12%.

There also remains a strong focus on addressing challenges in the operation of the housing market and housing growth with ambition to build 300,000 houses per annum by end of Parliament. Key announcements included:

- Making available £15.3 billion of new financial support for housing over the next five years, bringing total support for housing to at least £44 billion over this period.
- Introducing planning reforms that will ensure more land is available for housing and that better use is made of underused land in cities and towns. This includes consulting on deallocating sites from plans where there is no prospect of a planning application being made; considering intervention in 15 areas where there has a failure to progress Local Plans; consulting on introducing an expectation that local authorities will grant permission outside their Plan for first-time buyer led developments; increasing housing density in urban areas; strengthening the Housing Delivery Test, expecting local authorities to bring forward 20% of their housing supply as small sites; reviewing build out and developing a central register of residential planning permissions.
- Providing £204 million of funding for innovation and skills in the construction industry.

Board members are asked to

**Note** this update

### **3. Industrial Strategy - Building a Britain Fit for the Future**

The publication of the Government's industrial strategy white paper, its emphasis on people and places, and strong signals from Whitehall that it is firmly committed to strengthening the LEP's role to support local economic growth. The white paper cites five 'foundations of productivity': innovative ideas, people and jobs, major infrastructure upgrades, business environment and places for more prosperous communities.

There are also four grand challenges designed to put the UK at the forefront of the industries of the future. These are essentially developments in technology that are set to transform industries and societies around the world, and in which the UK has the opportunity to play a leading role. The grand challenges will be:

- putting the UK at the forefront of the artificial intelligence and data revolution; and
- maximising the advantages for UK industry from the global shift to clean growth ; and
- being a world leader in shaping the future of mobility; and
- harnessing the power of innovation to help meet the needs of an ageing society

As part of the overall strategy, the LEPs are set to be given a more clearly defined set of activities and objectives in early 2018 including leading on the Local Industrial strategies in areas where there is no Mayoral Combined Authority. The Government white paper states that it will support 'Local Industrial Strategies' which will be developed locally and agreed centrally, helping to more accurately identify priorities to improve skills, increase innovation and enhance infrastructure and business growth. It will also make additional financial resources available to LEPs which demonstrate ambitious levels of reform. Local industrial strategies will be long-term, based on clear evidence, and aligned to the national industrial strategy. They will identify local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness

Next year, the Prime Minister will also preside over a biannual 'Council of Local Enterprise Partnership Chairs', providing an opportunity for LEP leaders to inform national policy decisions. A summary power point presentation on the Industrial Strategy is included in Annex A and the Board will consider it in more detail at the Strategy day in January 2018.

Board members are asked to: **Note** this update

# Industrial Strategy



# Industrial Strategy: overview

We will create an economy that boosts productivity and earning power throughout the UK:



We will set Grand Challenges to put the UK at the forefront of the industries of the future:



## AI & Data Economy

We will put the UK at the forefront of the artificial intelligence and data revolution



## Future of Mobility

We will become a world leader in the way people, goods and services move



## Clean Growth

We will maximise the advantages for UK industry from the global shift to clean growth



## Ageing Society

We will harness the power of innovation to help meet the needs of an ageing society



# Key policies include:

## Ideas

- ▶ Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027
- ▶ Increase the rate of R&D tax credit to 12 per cent
- ▶ Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation

## People

- ▶ Establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system
- ▶ Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills
- ▶ Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training

## Infrastructure

- ▶ Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure
- ▶ Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant
- ▶ Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks

## Business Environment

- ▶ Launch and roll-out Sector Deals - partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector
- ▶ Drive over £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank
- ▶ Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the 'long tail' of lower productivity firms

## Places

- ▶ Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities
- ▶ Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions
- ▶ Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1000 budget for high-quality professional development for teachers working in areas that have fallen behind

# Our approach is based on strategy, leadership and locally targeted national policies

## Strategy

The people best placed to drive forward local economies are those who live, work and do business in them. Local Industrial Strategies will:

- Be developed in partnership with places to **identify local strengths, challenges and action needed to boost productivity.**
- long-term, based on clear evidence and aligned to the national Industrial Strategy.
- **guide the use of national and local funding streams**, such as the UK Shared Prosperity Fund.
- Be led by the **mayors or Local Enterprise Partnerships.**

## Leadership

We will continue to work with new city region mayors, combined authorities, local authorities and Local Enterprise Partnerships to drive growth in England.

- **£12m fund made available for Mayoral Combined Authorities** for 2018/19 and 2019/20 to boost new mayors' capacity
- **Progressed devolution deals** including West Midlands Combined Authority and North of Tyne.
- **Local Enterprise Partnerships capacity funding for those that demonstrate ambitious levels of reform following the LEP review**

## Productivity

The success of our Industrial Strategy relies on credible Local Industrial Strategies and strengthened local leadership but this will also be supported by effective, locally targeted national policies:

- **Investing in skills:** £42m to pilot a Teacher Development Premium and introduction of Skills Advisory Panels
- **Improving infrastructure:** new £1.7bn Transforming Cities fund for intra-city transport to improve connections between city regions
- **Building on research and innovation strengths:** £115m per year Strength in Places Fund<sub>4</sub>

**08.12.2017**

**Item 6**

**Financial Update**

**SOLENT LOCAL ENTERPRISE PARTNERSHIP - BUDGET FORECAST TO 2020/21**

<b>ENTERPRISE (BUSINESS SUPPORT)</b>		<b>Actual Expenditure to end 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	<b>Total Budget</b>	<b>Total Forecast Expenditure</b>	<b>Variance</b>
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 (LGD and ERDF Match Funded)		-	1,100,000	750,000	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	-
<b>Enterprise Total</b>		<b>8,926,369</b>	<b>4,509,062</b>	<b>2,718,000</b>	<b>2,368,000</b>	<b>2,000,000</b>	<b>20,521,431</b>	<b>20,521,431</b>	<b>-</b>
<b>INFRASTRUCTURE (Land &amp; Property)</b>		<b>Actual Expenditure to end 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	<b>Total Budget</b>	<b>Total Forecast Expenditure</b>	<b>Variance</b>
<b>Growing Places Fund: Original Capital Allocation</b>									
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	-
<b>Growing Places Loan Fund:</b>									
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	-
<b>Grants allocated (not repayable)</b>									
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	-
<b>Use of Fund for other Purposes (not repayable):</b>									
- Growing Places Loan Fund Programme Management Costs		126,426	173,574	-	-	-	300,000	300,000	-
<b>Growing Places Loan Fund: Fund used and not repayable</b>		<b>126,426</b>	<b>173,574</b>	<b>-</b>	<b>1,500,000</b>	<b>5,000,000</b>	<b>6,800,000</b>	<b>6,800,000</b>	<b>-</b>

<b>Solent Growth Deal confirmed funding:</b>									
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	2,927,429	-	-	-	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	-	-	8,857,577	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)	-	600,000	400,000	-	-	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	-	-	-	-	-	0	0	-	
Programme Development Fund (feasibilities)	-	223,500	-	-	-	223,500	223,500	-	
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	-	-	4,276,500	4,000,000	4,549,218	12,825,718	12,825,718	-	
Stubbington Bypass - LGD forward funding	3,500,000	-	-	(3,500,000)	-	0	0	-	
Solent Accelerated Housing Delivery Project	-	-	-	-	-	0	0	-	
Unallocated Funding	-	-	-	-	1,500,000	1,500,000	1,500,000	-	
(Over) / Under Programming	-	18,579,042	(8,590,847)	(7,968,697)	(7,019,498)	(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	-	
<b>SUB TOTAL: Solent Growth Deal:</b>	<b>51,968,309</b>	<b>23,836,720</b>	<b>6,017,860</b>	<b>7,252,686</b>	<b>7,252,686</b>	<b>96,328,261</b>	<b>96,328,261</b>	<b>-</b>	
<b>DfT Retained Schemes</b>									
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	-	
<b>SUB TOTAL: DfT Retained Schemes:</b>	<b>-</b>	<b>2,500,000</b>	<b>1,000,000</b>	<b>25,900,000</b>	<b>11,200,000</b>	<b>40,600,000</b>	<b>40,600,000</b>	<b>-</b>	
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	-	
<b>Infrastructure (Land &amp; Property) Total</b>	<b>79,607,823</b>	<b>27,085,077</b>	<b>13,567,860</b>	<b>34,652,686</b>	<b>23,452,686</b>	<b>178,366,132</b>	<b>178,366,132</b>	<b>-</b>	

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

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

<b>Total Budget</b>	<b>Total Forecast Expenditure</b>	<b>Variance</b>
275,000	275,000	-
<b>275,000</b>	<b>275,000</b>	<b>-</b>

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
<b>Skills Total</b>	<b>24,930,233</b>

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
<b>338,685</b>	<b>325,000</b>	<b>260,000</b>	<b>86,000</b>

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	-
<b>25,939,918</b>	<b>25,939,918</b>	<b>-</b>

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
<b>Strategic Sectors Total</b>	<b>2,858,262</b>

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

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	-
<b>2,930,419</b>	<b>2,930,419</b>	<b>-</b>

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
<b>Innovation</b>	<b>4,141,629</b>

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	-	-	-
<b>2,708,371</b>	<b>3,050,000</b>	<b>0</b>	<b>0</b>

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	-
<b>9,900,000</b>	<b>9,900,000</b>	<b>0</b>

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
<b>Operational Central Costs Total</b>	<b>2,465,971</b>

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	-	-	-
<b>1,050,353</b>	<b>1,125,000</b>	<b>1,021,027</b>	<b>915,092</b>

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	-
<b>6,577,443</b>	<b>6,577,443</b>	<b>-</b>

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

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
<b>35,873,705</b>	<b>20,785,860</b>	<b>38,301,713</b>	<b>26,453,778</b>

Total Budget	Total Forecast Expenditure	Variance
<b>244,510,346</b>	<b>244,510,346</b>	<b>-</b>

<b>FUNDING SUMMARY</b>	<b>Actual Expenditure to end 2016/17</b>
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)	-
<b>Grant Total - Funding</b>	<b>123,095,287</b>

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
30,693,283	10,817,860	9,252,686	9,252,686	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	836,193	2,025,000	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
100,000	750,000	150,000	-	1,000,000
<b>35,873,705</b>	<b>20,785,860</b>	<b>38,301,713</b>	<b>26,453,778</b>	<b>244,510,346</b>

<b>Growing Places Fund - Forecast Reserve for Future Projects</b>
<b>Net Cumulative Growing Places Reserve Forecast - see appendix D for details</b>

Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
<b>10,324,109</b>	<b>4,712,916</b>	<b>3,487,916</b>	<b>4,262,916</b>	<b>4,262,916</b>

<b>TOTAL FUNDING TO SUPPORT LEP ACTIVITY</b>	<b>248,773,262</b>
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**08.12.2017**

**Item 7**

**Local Growth Deal Retained Schemes Update**





**SOLENT  
LOCAL  
ENTERPRISE  
PARTNERSHIP**

**Item:** 7  
**Title:** LGD Retained Schemes update  
**Date:** 8th December 2017  
**Purpose:** For information

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1. Executive summary

This paper provides an update on the Stubbington Bypass and M27 Junction 10 (Welborne) DfT Retained Schemes.

2. Stubbington Bypass

Board members will recall that Hampshire County Council (HCC) has confirmed that they can prudentially borrow their £8.5m local contribution on the basis that the LEP had previously agreed in principle to provide them with retained rates from the Enterprise Zone to this value plus any borrowing costs. The principle has always been that the LEP will only reimburse HCC for the borrowing costs of any gap funding they have to take out on an actual costs basis and that we work with them to ensure that these costs are as low as possible.

The Board will recall at its last meeting that they agreed to advance HCC £3.5m of Growing Places Loan (GPL) funding therefore reducing the need for HCC to take their own borrowing which would in turn result in borrowing costs estimated at £440,000 for the life of the scheme.

As agreed by the Board the Accountable Body are now liaising directly with HCC to enter into a legal agreement for the provision of rates with the condition that that LEP funding would be capped to the value of the agreed option unless HCC could suggest another route for consideration that is more cost effective to the project and the LEP.

The Accountable Body is actively working with both HCC and FBC with the aim to conclude drawing up the draft funding agreement and share with both FBC and HCC during early December 2017 with a view to signing the funding agreement in January 2018. The Board should note that the funding agreement will include a clause that states that HCC must bear the risk of any overspend on the project.

In addition to this the Accountable Body are liaising with Fareham Borough Council (FBC) and Gosport Borough Council (GBC) to agree the actual rates generated by the Enterprise Zone to date including the process of FBC and GBC transferring over all those rates not covered by the existing agreements.

3. Welborne and M27 Junction 10

At its last meeting on 6th October 2017 the Board received updates from Fareham Borough Council (FBC) and Buckland Development Limited (BDL) about the progress being made on the Welborne development as well as an updated presentation and report from Mott MacDonald providing a review of the scheme and its deliverability.

The Board may also wish to note that Highways England have independently written to the LEP setting out their position in relation to the delivery of the SMART motorway programme and the interaction with the Welborne Development including junction 10. The Board should note that Highways England has advised that the Smart Motorways programme has been delayed with a proposed start anticipated for Autumn 2018 and the sequencing of works have now been revised and we understand they will commence with an initial phase from Junction 4 – 7, before commencing with junction 8 – 11.

In conclusion the Board restated its support for the development of Welborne again at its meeting in October 17. However, there remains an overriding obligation to manage its capital programmed effectively and progress will be reviewed again in Spring 2018.

### **Autumn Budget**

It is also worth reflecting on the Autumn Budget where the government set out its determination to deliver more homes. On this basis they have committed to strengthening the ability of the HCA (to be renamed Homes England) to use investment and planning powers to intervene more actively. Measures including increasing the HIF may assist and also the proposal to bring together public and private capital under appropriate delivery vehicles (such as development corporations) are under consideration. It is therefore recommended that the Board agree to write to DfT and DCLG to follow up on the recent announcements in the Autumn Statement.

**08.12.2017**

**Item 8**

**Local Growth Deal Programme Update**

Item: 8  
Title: Local Growth Update  
Date: 8<sup>th</sup> December 2017  
Purpose: For information and decision

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### Executive summary

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

- 1) An update to the Legacy programmes including Regional Growth Fund (RGF) and Local Growth Deal (LGD) Capital programme 2015/16 to 2016/17; and
- 2) An update to the LGD Capital programme 2017/18 to include:
  - An update on the Solent Growth Fund and business support; and
  - An update on European Funding - ERDF programmes; and
  - An update on Round 3 Innovation Fund programme.
- 3) A provisional LGD Capital programme for 2018/19.

#### 1. Legacy programmes

##### a. LGD 2016/17 – IOW Floating Bridge

The Board will recall that since 31 August 2017 the floating bridge has been removed from service, as instructed by the Leader of Isle of Wight Council (IWC), 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.

The Chairman of FFPMG has met with the IWC Leadership in order to receive a progress review on the Floating Bridge project, and he will provide an update to the Board at their meeting on 8 December.

It is anticipated that an updated business case will need to provide in early 2018 to take account of the changes to the project delivery, cost, implementation and milestones going forward. Due diligence of any updated business case will be commissioned in line with the published Assurance Framework, with a view to an updated report being submitted to FFPMG for their consideration in February 2018 and subsequently to the board in Spring 2018.

##### b. LGD 2016/17 BAE Systems Marine Engineering Workshop

Further to the update at the October Board meeting where the Board agreed to a contract variation revising the Initial Operational Capability date until 31 July 2018, BAE have announced that they are undertaking a restructuring of their organisation in the UK to improve operational capability. Therefore, there was a need to see whether this impacts on any of the project deliverables linked to the Marine Engineering Workshops, before finalising the contract variation. The Executive have met with the BAE project and lead and they have confirmed that the

Engineering Workshop project and economic outputs are not impacted by the recent announcement. However, there have been enhancements to the original scheme which now mean that the planned operational completion date will move back to 30 September 2018.

**c. LGD 2016/17 Cancer Immunology Centre**

The Solent LEP has provided £4.5m in support of a £25m world-leading Centre for Cancer Immunology adjacent to the University Hospital Southampton (UHS) NHS Foundation Trust. The development of the UK's first dedicated Centre for Cancer Immunology will support innovation in the field of immunology research. The centre was due to be completed in mid-October 2017, but there is a delay in the building being completed to address some issues that have arisen in the construction phase. A revised completion date is now indicated as mid-March 2018. Given this change in delivery timeframe, it is proposed to vary the contract for delivery to take account of this new completion date.

**d. RGF Legacy schemes – Solent Futures BAE Systems**

As advised under 1b BAE Systems have announced a restructuring of their organisation which will result in jobs losses across a range of UK Locations, including Portsmouth Naval Base. The Board may recall that, under the RGF, funding was provided for retraining support to BAE employees at risk of redundancy in the ship build facility. It is recognised that there is a need to see if the most recent announcement impacts on any of the project outputs delivered under the RGF scheme and work is ongoing to consider this with a view to bringing forward an update at the next FFPMG meeting.

**2. LGD Capital programme 2017/18**

Work has been ongoing to deliver the approved LGD 2017/18 capital programme and Table 1 below shows the status of the programme approved at the previous board meeting of the 6 October 2017. At that time there was an unallocated programme funding of £12,843,955, which represented 42% of the 2017/18 LGD programme. In addition, it should also be noted that at that time of the approved capital programme, 25% of the projects were under negotiation or at due diligence and therefore had not progressed to contract. Since this update the status has changed and updates on individual elements of the programme are provided below under sections a to k.

**a. North Whiteley**

Board Members should note that the Executive received an updated business case for the North Whiteley scheme. AECOM have reviewed and updated their due diligence report on the project and the Board will be asked to consider and agree this at the meeting.

**b. Solent Accelerated Housing Fund**

The Board will recall that the Executive wrote to Southampton City Council (SCC) in March 2017 to confirm approval in principle of up to £3m of funding to the Solent Accelerated Housing Delivery Scheme. FFPMG considered an update on the status of the scheme and noted that it would not be in a position to finalise their investment plan or start in 2017/18. On this basis FFPMG have recommended to the Board that the project is removed from the LGD programme for 2017/18. It is however provided for in the Growing Places Loan (GPL) Fund in 2018/19 (subject to submission of an investment plan and due diligence) as the intention, as agreed by the Board, was always to provide equity funding from the GPL fund, subject to receiving a full business case and investment appraisal for the scheme.

**c. National Maritime Systems Centre**

The Board should note that the Executive met with the QinetiQ scheme lead on the 12 October 2017 and an updated business case for the scheme was received on the 8 November 2017. AECOM have completed further due diligence on the updated Business Case and the Board will be asked to consider this at the meeting.

**d. Solent Metro**

The Board will recall that at their meeting in October the Board advised that they would like to revisit route options and phasing of the proposed Solent Metro and this will be discussed further at the forthcoming strategy day in

January 2018. In the interim, work will be put on hold pending this further consideration. As a result, the provision in the capital programme for 2017/18 has been revised to reflect the current position.

**e. Potential Investment Regeneration to unlock sites for growth**

A LGD allocation of £1.5m was set aside in the current year to support potential equity investment with partners in capital projects. However, despite AECOM reviewing six bids received under the initial funding call, due to a number of reasons explained at previous meetings no funding is going to be required for this purpose in the current financial year. FPPMG have therefore recommended that this is removed from the capital programme for 2017/18.

**f. Fareham and Gosport Multiyear Programme - Newgate Lane South**

The Board should note that the construction of Newgate Lane South is progressing well and is on programme to complete next year. At present there is a small allocation of funding within the 2018/19 financial year to the value of £300,000. Based on progress to date and on the basis that there is clear evidence of spend provided by Hampshire County Council for this scheme for the funding already paid in advance, it is recommended that the final amount of funding is paid in advance in 2017/18 through a new funding agreement to Hampshire County Council

**g. Solent Growth Fund (SGF) and business support update**

Collectively, Solent LEP to date has agreed funding under the SGF in excess of £2.8m to 74 SMEs, which will unlock over £12.2m of private sector investment and create or safeguard over 330 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 28 November 2017 in the Southampton City Council area. Application rates across the main elements of the fund are lower than anticipated and it is unlikely that the 17/18 spend forecast will be achieved. The Board should note that the Business Support Investment Panel (BSIP) will be meeting on 14 December 2017 to consider the latest round of applications from 13 SMEs seeking a total of £1,855,000 in LEP funding. Also, at the time of writing a review of the SME applications coming through the Innovation Fund programme call is currently being undertaken and there may be an opportunity to support all those that are approved via the SGF, if the LEP is oversubscribed on the Innovation Fund programme call.

It should be noted that Natural Enterprise programme which provides support to SMEs in the Isle of Wight rural cluster continues to perform well. Based on current performance against the allocation for £250,000, there is an opportunity for the board to support advancing the 2018/19 allocation in quarter four of 2017/18.

**h. SGF Small Business Programme (ERDF)**

Board Members should note, the Managing Authority for the ERDF funds (DCLG) were due to provide a required variation to the funding agreement and, given the project is now in delivery mode, the first funding claim was submitted for payment on 27 October 2017. The funding variation has now been received. A total of £350,000 was forecast to be spent in the current financial year, however, due to the reasons set out above, £250,000 of this has been re profiled into 2018/19.

**i. ERDF Growth Hub Programme (future years)**

The Board may recall that an outline application for ERDF funding to support the development of a broader Solent Growth Hub was submitted to DCLG as the Managing Authority for the Fund earlier in 2017. DCLG has invited the LEP (working with its accountable body) to come forward with a full application, subject to a number of pre-conditions and a meeting took place with DCLG in September 2017 to discuss next steps. As part of the discussions during the meeting the LEP was advised that the Managing Authority has received a number of outline applications in response to their funding call and, as a result, there is an overlap in the proposals, particularly in relation to the provision of enhanced support and business mentoring. Alongside this it is recognised that the time period under

which the programme can be delivered is diminishing (given that deliverables have to be largely demonstrated by 2020). On this basis, it is proposed that the full application is revised to reflect this.

#### **j. Solent Skills, Productivity and Investment Fund**

Board members should note that the deadline for submission of Full Business Cases was 29 September 2017. The Executive provided a high level summary of the submissions to FFPMG and following their feedback further due diligence was undertaken by AECOM. An update is provided in item 8 B and this item will be fully considered by the board at the meeting.

#### **k. Innovation Fund Round 3 2017/18 and 2018/19**

The Solent Innovation Programme Fund is a £5m fund targeting projects that seek to invest in new technologies, equipment, infrastructure, facilities and estates for either: 1) Supply Chain Technology Development Projects (that include at least two entities, are seeking to improving productivity and/or increasing exports, commercialise ideas, or will deliver innovations in future products, service or manufacturing processes); or 2) Demand-led Innovation Space or Test Facilities.

Capital Funding is being made available to eligible projects that will commence delivery by 31<sup>st</sup> December 2018, can spend all LEP funding by 1<sup>st</sup> March 2019, and can complete the project by 31<sup>st</sup> March 2020. The minimum funding request is £250,000. The Fund opened on 18<sup>th</sup> July 2017 and represents the third round of this fund. Previous rounds have seen the following projects funded:

- Cancer Immunology Centre
- Future Technology Centre
- Solent Test Facility
- Fareham Innovation Centre

In response to feedback from intermediaries and applicants, the LEP introduced a pre-application phase for this round of the Fund, providing prospective applicants with an opportunity to seek guidance on their project within the context of the eligibility criteria for the Fund. For SMEs this support has been provided by the Solent Growth Hub, whilst the LEP Executive has provided this support for non-SME projects. The deadline for submission of pre-applications was 29<sup>th</sup> September 2017 and as previously reported 18 pre-applications were submitted.

The deadline for submission for Full Business Cases was 31<sup>st</sup> October 2017 and ten applications have been received.

In accordance with our usual process, all applications have been reviewed and assessed, independently, by AECOM. The Board are asked to consider the recommendations and prioritisation presented in the AECOM report and they will also receive a presentation from them at the meeting.

Board members should note that in light of the update above to projects within the 2017/18 LGD programme the FFPMG considered a revised forecast for the LGD Capital programme for 2017/18 as part of the mid-year review as set out below.

**Table 1: Forecast LGD Capital programme for 2017/18 following mid-year review**

Solent Growth Fund Programme Management Costs	£150,000
Solent Growth Fund (2017/18)	£4,038,196
Local Growth Deal Programme Management	£366,044
Innovation programme Fund carry forward (2016/17)	£543,367

Innovation programme Fund (2017/18) - Programme Management Costs	£125,000
Local Large Major transport schemes (Solent Metro)	£600,000
Solent Development Fund	£223,500
<b>Sub Total</b>	<b>£6,046,107</b>
<b>Under negotiation / due diligence with scheme promoters</b>	
Fareham and Gosport multiyear programme (Newgate Lane South)	£2,627,429
National Maritime Systems Centre	£1,140,705
<b>Sub Total</b>	<b>£3,768,134</b>
<b>Proposed New call for projects</b>	
<i>Innovation Fund 3 (2017/18)</i>	<i>£2,000,000</i>
	£2,000,000
<b>Proposal to bring forward from 18/19 programme</b>	
Fareham and Gosport multiyear programme (Newgate Lane South)	£300,000
<b>Sub Total</b>	<b>£300,000</b>
<b>Total Programme Allocation (a)</b>	<b>£12,114,241</b>
<b>Solent Growth Deal Award 2017/18 (b)</b>	<b>£24,302,028</b>
<b>Carry Forward from LGD 2016/17 (c)</b>	<b>£6,391,255</b>
<b>Total LGD Capital Programme Funding 2017/18 (d) = (b) + (c)</b>	<b>£30,693,283</b>
<b>Un allocated LGD programme funding 17/18 (e) = (d) - (a)</b>	<b>£18,579,042</b>

On this basis, the forecast for allocated funds is £12,114,241 which is only 39% of the total funding available. £4,871,580 (15.9% of the total funding available) is contractually committed with a significant balance still under allocated, under negotiation, completing due diligence and subject to final contract.

The board should also note that this mid-year review currently does not incorporate any decision by the Board to fund SSPIF projects as this will be considered by the board under item 8 B.

### 3. LG D proposed capital programme 2018/19

It is important that Board members are aware of the status of the programme for 2018/19 as this is a key consideration when looked at alongside the 2017/18 position. The current forecast of the LGD capital programme for 2018/19 is set out in table 2 below:

Table 2: Provisional LGD capital programme for 2018/19

Solent Growth Fund Programme Management Costs	£150,000
Solent Growth Fund (2018/19)	£1,600,000
Local Growth Deal Programme Management	£375,000
Innovation programme Fund (2017/18) - Programme Management Costs	£50,000
Local Large Major transport schemes (Solent Metro)	£400,000
<b>Sub Total</b>	<b>£2,575,000</b>
<b>Under negotiation / due diligence with scheme promoters</b>	
Innovation Fund 3 (2018/19)	£3,000,000
Solent Productivity and Investment Fund	£4,276,500
North Whiteley	£8,857,577
National Maritime Systems Centre	£699,630
<b>Sub Total</b>	<b>£16,833,707</b>



Total Programme Allocation (a)	£19,408,707
Indicative Total Solent Growth Deal Award 2018/19 (b)	£10,817,860
<b>(Over Allocated LGD programme funding 18/19 (c) = (a) - (b))</b>	<b>£8,590,847</b>

The current forecast for 2018/19 is that there is an over-programming of £8.59m. This should be netted off against the forecast under allocation on the programme in 2017/18 to reflect the slippage of some schemes (including North Whiteley) between the two years. Therefore, the position across both financial years is currently forecast to be an under allocation of £9.98 m. This could however reduce depending on any mitigation measures the Board decides to take and on the deliverability of proposals coming forward under the SSPIF.

It is important to continue to note that overall the LGD capital programme to 31<sup>st</sup> March 2021 is over programmed by £5m (underwritten by the Growing Places Loan Fund) and at this stage the Board are essentially required to manage the profiling of activity across years. It should also be noted that during the remaining years of the LGD capital programme the schemes in the pipeline are in the main multi-year highly complex housing schemes. There is an ongoing risk that the board will need to manage in the event they continue to slip as they form the main part of the programme in the period 2019 to 2021. As a result, the board are strongly advised to manage this risk by developing a further pipeline of projects that have the capacity to deliver in the period from 2019/20 onwards. As a result of previous advice from the board and FFPMG and following the publication of the Industrial Strategy the Executive are in the process of drafting a new funding call for the Board to consider in the New Year.

Item                    8 b  
Title review:        Funding Call for Solent Skills and Productivity Investment Fund (SSPIF)  
Date:                    8<sup>th</sup> December 2017  
Purpose:                For decision

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## 1. Executive Summary

This report provides Board members with an update on applications received to the Solent Skills and Productivity Investment Fund (SSPIF) and the process for assessing and prioritising projects.

## 2. Solent Skills and Productivity Investment Fund (SSPIF)

The LEP Board will know that the Solent Skills and Productivity Investment Fund (SSPIF) is a £12.5m capital fund inviting applications from those discrete projects that were included within the Solent LEP Local Growth Deal 3 proposal in July 2016, but were not able to be funded due to affordability reasons, and is also an open call to employer-led skills projects. The SSPIF was launched on 31<sup>st</sup> March 2017 and guidance for the skills capital programme is available on the LEP website [here](#). The call for discrete projects was by invitation only, but for transparency purposes the guidance is published on the LEP website [here](#).

The closing date for applications was the 29<sup>th</sup> September 2017 and, in total, seven applications were received. Of these, four are skills projects and three are discrete projects. The sum total of all application grant requests is £32.7m, of which the four skills projects account for £13.6m, whilst the three discrete projects account for £19.1m.

Given that we are seeking to support strong projects that can come forward in the period 2017/18 and 2019/20, applicants were required to submit a Full Business Case, to enable a clear position in relation to deliverability and value for money to be determined.

In accordance with our usual process, all applications have been reviewed and assessed, independently, by AECOM. AECOM presented their emerging findings to a sub-panel recruited from the LEP's Employment and Skills Board and the Land, Property and Infrastructure Delivery Panel, which took place on 1<sup>st</sup> November 2017. This feedback, alongside advice provided by FFPMG at its meeting on 8<sup>th</sup> November has informed the development of the AECOM report, which will be considered by the Board at the meeting.

AECOM will also be in attendance at the Board to present their findings and recommendations.