

Solent Local Enterprise Partnership
Meeting of the Board to be held on Friday 14 December 2018
9.00am to 12.00pm

Item	Title	Time
1.	Welcome and Introduction	09:00 - 09:05
2.	Apologies for absence	09:05 - 09:15
3.	Minutes of meeting held on Friday 19 October 2018	
4.	Matters Arising, items of correspondence and declarations of interest	
	<u>Items for discussion and decision</u>	
5.	Governance update to include: <ul style="list-style-type: none"> • LEP Review update • LEP Annual performance review • LEP Assurance framework • GDPR Board briefing 	09:15 – 09:55
6.	Report from Land Property and Infrastructure Panel Chairman Richard Soper to include consideration of Solent Heat and Power Strategy	09:55 – 10:30
	<u>Items for decision</u>	
7.	Finance forecast year-end report to include: <ul style="list-style-type: none"> • mid year budget position for 2018/19 • Financial Forecasts for the period 2018/19 – 2020/21 • Review of Corporate Risk Register 	10:30 – 10:45
8.	Local Growth Deal Update to include: <ul style="list-style-type: none"> • Retained schemes update • Consideration of Local growth programme 2015/16 to 2019/20 • Update on Solent Prosperity Fund 	10:45 – 11:25
9.	Draft Annual report 2018 and outline Business Plan for 2019/20	11.25 - 11.55
	<u>Items for information and note</u>	
11.	Any other business <ul style="list-style-type: none"> • Forward plan for agreement 	11:55 - 12.00

Please note the board strategy day will commence at 12.15 pm

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Item 3

Draft Meeting Notes

Item		ACTION
1.	<p>Welcome and Introductions</p> <p>The Chairman welcomed everyone to the meeting.</p>	
2.	<p>Apologies for Absence</p> <p>Apologies were received from Chris Ward, Gerald Vernon- Jackson, Stuart Hill and Sophie Mallon.</p>	
3.	<p>Notes of the meeting held on Friday 13th July and Wednesday 19th September 2018</p> <p>The following erratum's in the minutes of the 13th July 2018 board meeting were highlighted as follows:</p> <ul style="list-style-type: none"> • The meeting date should read Friday 13th July; • The Local Growth Deal (LGD) funding had to be allocated and defrayed by the funding beneficiary by 31st March 2021 <p>The above amendments were agreed and the meeting notes of Friday 13th July 2018 and exceptional meeting notes of Wednesday 19th September 2018 were agreed and signed by the Chairman.</p>	
4.	<p>Matters Arising and declarations of interest</p> <p><u>Declarations of Interest</u> The following declarations of interests were recorded:</p> <p><u>ClIr Keith Mans</u> Item 6 - Gosport Infrastructure Investment Plan (for noting only) Item 8 - Solent Enterprise Zone retained rates Item 9 - Retained LGD Scheme update - Stubbington Bypass and Proposed upgrade to Junction 10 M27 (for noting only)</p> <p><u>ClIr Seán Woodward</u> Item 6 - Gosport Infrastructure Investment Plan (for noting only) Item 8 - Solent Enterprise Zone retained rates Item 9 - LGD Programme update - CETC (for noting only) Item 9 - LGD Programme update - North Whiteley (for noting only) Item 9 - Retained LGD Scheme update - M27 J10 and Stubbington Bypass</p> <p><u>ClIr Dave Stewart</u> Item 9 - LGD Programme update - Floating Bridge (for noting only)</p> <p><u>Kevin George</u> Item 9 - LGD Programme update - Floating Bridge (location of Red Funnel business in East Cowes) (for noting only)</p> <p><u>Chris Ward</u> Item 9 - LGD Programme update - Floating Bridge (for noting only)</p> <p><u>Rachael Randall</u> Item 9 - LGD Programme update - Floating Bridge (for noting only, location of business in East Cowes)</p>	

	<p><u>Matters arising</u></p> <p><u>Board recruitment (page 3 item 4)</u> Board members were advised that following a recruitment process SJ Hunt and Paula Swain had been appointed to the Board as Business Directors.</p> <p><u>Maritime UK (page 6 item 11)</u> Board members were advised that the Maritime UK Council meeting, UK/US trade mission was taking place next week. In addition, board members were advised that the Solent would host the 2019 Maritime Awards.</p>	Executive to action
	<p>5.Strategy update</p> <p>Board members were provided with an update on the development of the evidence base for the Strategic Economic Plan; Local Industrial Strategy and the LEP review.</p> <p>Kevin George and David Youngs joined the meeting via conference call.</p> <p>Board members were reminded that at the last Board meeting, the board considered the updated economic profile for the Solent and it was agreed that work has been undertaken in relation to the LEP geography and pending the government response to the board proposal on the LEP Geography, it was possible that it will need to be revised further and the profile updated to take account of any changes in geography that emerge from the LEP review. Additionally it was agreed that work should be undertaken to update the Oxford economic forecasts produced in 2017.</p> <p>Board members agreed to refresh the Economic Forecasts which would reflect an up to date position of the area.</p> <p>Work that the LEP Visioning Group had undertaken on the Local Industrial Strategy would be discussed at the December Board Strategy day.</p> <p>Peter Baulf arrived.</p> <p>Board members considered the report and proposed implementation plan and proposal for additional funding and there was a discussion on the key area of communication and engagement with key stakeholders including Local Authorities, Business and Education. It was noted that further engagement work will be undertaken with these key groups ahead of the Board strategy day in December.</p> <p>Cllr Christopher Hammond arrived.</p> <p>Board members:</p> <ul style="list-style-type: none"> • Noted the update on the development of the Solent Economic Profile, and Local Industrial Strategy; and supported the ongoing work; and • Agreed the implementation plan and delegated authority to the Chief Executive and Chair of the Solent LEP to finalise it for submission no later than 31st October 2018; • Agreed the proposal for additional funding and delegated authority to the Chief Executive and Chair of the Solent LEP to finalise it for submission no later than 31st October 2018. 	

6. Infrastructure update

Richard Stokes provided an overview of the work of the Gosport Taskforce and highlighted the key issues and opportunities for the future of the Borough including the establishment of a Gosport Infrastructure Investment Plan.

Board members:

- **Delegated** authority to the Executive to finalise the Gosport Infrastructure Investment Plan

Due to the need to schedule a number of presentations the Chair requested that the agenda be reordered so that the board considered item 8 & 9 ahead of item 7. This was agreed.

8. Enterprise Zone update

The Board received a deputation from Seán Woodward in relation to the area of retained rates on the Enterprise Zone.

Following the deputation, Seán Woodward declared an interest in this item and withdrew from the meeting.

Keith Mans declared an interest in this item and withdrew from the meeting.

Board members were provided with an update on progress with the Solent Enterprise Zone (EZ) at Daedalus and the forecasts for the potential growth in rates income derived from retained business rates from the EZ, which are payable to Solent LEP. The forecasts were highlighted to the Board.

Board members:

- **Noted** the progress in delivering the Solent Enterprise Zone (EZ);
- **Noted** the draft Report;
- **Agreed** the report and the Board's position in relation to the treatment of retained rates; and **Delegated** authority to the Executive to take this work forward;
- **Noted** the template Memorandum of Understanding provided and **agreed** the Accountable Body and LEP Executive in taking this forward.

Seán Woodward & Keith Mans returned to the meeting.

9. Local Growth Deal Update

M27 Junction 10

A short presentation was provided to Board members from Hampshire County Council (HCC), which summarised the progress of the development. It was highlighted that the scheme was evolving and that HCC continued to engage with Highways England and DfT. An update was also provided to board members on funding required to support the development phase of the scheme.

Board members **noted** the update and **agreed** that a joint letter be sent to the developer to request contribution to funding.

Stubbington Bypass

A short update was provided to Board members from Hampshire County Council and DfT on the scheme which highlighted indicative programme of works to date.

Board members **noted** the update on the Stubbington Bypass project.

Local Growth Deal Programme

Board members **noted** the updates in relation to the Local Growth Deal Programme, the Solent Prosperity Fund and the Centenary Quay project.

10. Any other Business

LEP Board Forward Plan

Board members **agreed** the forward plan.

A letter had been received from Highways England and circulated to board members. Board members **Delegated** authority to the Executive to ascertain further details.

A call had been made to apply to be a digital skills partnership and board members agreed to delegate authority to the executive to finalise this submission with the Board Skills lead Rachael Randall.

Board members were also asked to support the proposal that Kevin George join Anne-Marie Mountifield as the Solent LEP representatives on the Maritime UK Council. Board members **agreed** this and delegated authority to the executive to formally notify Maritime UK.

Energy Strategy

The Solent Energy briefing strategy would be circulated to Board members for consideration.

7. Finance forecast

Board members were advised that the paper would be taken as read.

The Board considered the financial position of all the LEP funds to 31 July 2018 and the forecast position to 31 March 2019.

Graham Baldwin left the meeting.

Board members:

- **Approved** the revised budget for 2018/19 of £43,872,240 and the revised budget for the period 2019/20 to 2021/22 which included:
- The re-profiling and budget movements;
- The removal of Saab SeaEye project from the approved LGD programme and the reallocation of the funding of £2.5m to the Solent Prosperity Fund.

Board members also:

- **Noted** the Corporate and Strategic Risk Register;
- **Noted** the current position of the Growing Places Fund;
- **Noted** the latest forecast position on the Local Growth Deal programme particularly in light of the key risks identified;
- **Noted** the high level LGD Risk Matrix for the Local Growth Programme; and
- **Agreed** the risk management framework and supportive assessment and proposed actions as a basis for moving forward.

ERDF Contract

An update was provided to board members on the ERDF contract management.

Meeting closed at 11:15

14.12.2018

Item 5

Governance update

Item 5

Title: Governance update
Date: 14 December 2018
Purpose: Information and Decision

1. Draft Resolution:

Board members will be asked to:

- **Note** the work on the Draft Assurance statements in Annex A and provide further advice in order that it can be finalised for the Annual performance review in January 2019; and
- **Note** the update on the LEP review (including the update on Skills Advisory Panels) and UK Corporate Governance Code; and
- **Note** the update in relation to the work on the LEP Assurance framework and provide advice on the Draft contained in Annexe B; and
- **Consider** and **Agree** the revised Terms of reference for FFPMG as set out in Annexe C
- **Consider** and **Agree** the revised Terms of reference for SERCOM as set out in Annexe D
- **Consider** and **Agree** the revised Terms of reference for the Solent Growth Forum as set out in Annexe E;
- **Consider** the GDPR update.

2. Overview

The Solent LEP has, for a number of years, established a process of reviewing and updating its local Assurance Framework on an annual basis to ensure continued best practice in relation to governance and management with a view to ensuring the significant public funds entrusted to the LEP can be spent with regularity and propriety in a transparent and accountable manner that always ensures best value for public money.

3. Annual Performance review

The Annual Performance Review is the formal process by which the Government and each LEP meet annually: to discuss the contribution the LEP has made towards driving forward local economic growth; to review LEP governance and assurance processes; to look at progress on delivery of key local growth programmes; to discuss the LEP's strategy, its priorities and challenges for the year ahead.

The Annual Performance Review also acts as a key milestone in the process of confirming LGF payments for the following year. Review will provide the Government and LEP with the opportunity to:

- Reflect on the LEP's performance over the last twelve months in the areas of governance, delivery and strategy;
- Elaborate on key issues highlighted in their pre-annual performance review document return;
- Showcase the progress to date on delivery of strategic economic objectives and programmes;

- Reflect on their current position and highlight to Government any barriers they are encountering, and
- Look forward to the major achievements and challenges expected in 2019-20.

As in previous years, the 2018-19 Annual Performance Review meeting will focus on three themes of **Governance, Delivery** and **Strategy**. There is also an opportunity in each section for the LEP to identify areas where the Cities and Local Growth Unit can provide further support. This can be used to feedback to the Cities and Local Growth Unit any issues that might be hindering growth, and any relationship issues that government intervention may be able to help resolve. We will need to send the following documents to the Cities and Local Growth Unit Area Lead at least one week before our scheduled Annual Performance Review in January 2019:

- Completed Annual Performance Review Preparation document; and
- Section 151/73 Assurance Statement; and
- Governance Assurance Statements (Attached in Annex A); and
- Any additional supporting documentation.

The Board should note that in line with the National Assurance Framework, Section 151/73 Officers must write to the Ministry of Housing, Communities and Local Government's (MHCLG) Accounting Officer by 28 February 2019 certifying that the LEP is compliant with the National Assurance Framework (Nov 2016) and the changes outlined in National Assurance Framework amendments following the issuing of the Local Enterprise Partnership governance and transparency: Best practice guidance January 2018. Further guidance will be provided by HM Government on this and an update provided to the Board for their meeting in February 2019.

The Board are asked to:

- **Note** the work on the Draft Assurance statements in Annex A and provide further advice in order that it can be finalised for the Annual performance review in January 2019

4. LEP Review and Skills Advisory Panels

a. LEP Review

The HM Government LEP Review sets out the conclusions of their policy review. It includes a series of Government commitments alongside a number of additional changes that Government will work with Local Enterprise Partnerships to implement. We have now received confirmation from the Secretary of State for MHCLG that confirms that the LEP has positively addressed the recommendations from the LEP review and that we are making good progress on taking forward our implementation plan which includes work in relation to the adjustment to the LEP economic geography. On this basis we should be working to ensure that all elements of the implementation plan, including the transition to the new geography are in place for the start of 2019/20.

The board will be considering progress against the plan and work required deliver on all elements of the implementation as part of the strategy session discussions that will follow on from the board meeting.

As previously advised HM Government has strengthened its approach to assurance processes for the Local Growth Fund. Additional guidance has also been provided to Local Enterprise Partnerships on transparency. The review requires Local Enterprise Partnerships to have the organisational capacity to fulfil their roles and responsibilities, including the means to prioritise policies and actions, and to commission providers in the public, private sector and voluntary and community sector to deliver programmes. On this basis HM Government expect LEPs to;

- **Consult widely and transparently** with the business community before appointing a new Chair; and introduce **defined term limits** for Chairs and Deputy Chairs in line with best practice in the private sector.
- Establish more **representative boards of a maximum of 20 persons** with the option to co-opt up to five additional board members. Their aspiration is that two-thirds of board members should be from the private sector.
- **Improve the gender balance and representation of those with protected characteristics on boards** with an aim that women make up at least one third of Local Enterprise Partnership boards by 2020 with an expectation for equal representation by 2023, and ensuring all Local Enterprise Partnership boards are representative of the businesses and communities they serve.
- Set out clearly and transparently the **responsibilities of the Chair, Board, Director, and Accountable Body**, including over spending decisions, appointments, and governance.

The Search, Employment and Remuneration Committee (SERCOM) have been considering these matters and will provide an update and advice to the board at the meeting and there will be a broader review of governance structures considered within the Board strategy session.

b. Skills Advisory Panels

The board have previously received updates on policy development in the skills arena and alongside this the ongoing work of the Employment and Skills Board (ESB). Alongside the LEP review and wider work linked to the preparation of Local Industrial Strategies the Government have now confirmed the next steps in relation to the development and role of Skills Advisory Panels.

Skills Advisory Panels aim to bring together local employers and skills providers to pool knowledge on skills and labour market needs and to work together to understand and address key local challenges.

HM Government have confirmed that, where existing employment and skills boards (ESB) are functioning well, they will take on the Skills Advisory Panel function (in addition to any other responsibilities they hold) rather than creating a new body. Our ESB has already considered preliminary steps in this regard and it is recognised that the new Advisory Panel structure will aim to strengthen the capabilities of Solent LEP to carry out this new role.

This is important as the LEP is responsible for decisions on how large amounts of public money are spent and we have an important local leadership role in the skills system. Understanding our local areas' skills shortages and labour market challenges, in the short term and more long-term, helps us to draw up action plans to address skills issues which, in turn, can give more people in the local community access to high quality skills provision which leads to good jobs

The introduction of Skills Advisory Panels will help the LEP achieve this by ensuring our area builds on our strong governance arrangements that we have in place for our ESB and successor Skills Advisory Panel as well as ensuring we have meaningful analytical capability and access to the right data. This will allow us to:

- Produce analysis of their local skills and labour markets to understand the local position;
- Discuss and agree local skills needs priorities in the short-term and more longer-term;
- Consider how these will be met through local provision over time.

This will also support the development of our Local Industrial Strategies which we will have in place by early 2020 and HM Government will also provide £75,000 to each LEP to grow their analytical capability.

The governance expectations set out in Strengthened Local Enterprise Partnerships apply equally to Skills Advisory Panels and it is expected that the chair of the Skills Advisory Panel will be a member of

the LEP board, to ensure that the Skills Advisory Panel decision making and advice is reflected in strategic board discussions. It is expected that the arrangements for the Chair's term to be in line with the arrangements for the LEP Board's Chair.

The Board will be aware that we have a Board skills lead who sits on the current ESB and as a result transition to the new arrangements should take this into account. There will be further discussion on this at the strategy session that follows the Board meeting.

5. The UK Corporate Governance Code 2018

Further to previous updates on the Corporate Governance Code the Board are advised that a new update has been published to take effect in January 2019. The Board may recall that over the years the Code has been revised and expanded to take account of the increasing demands on the UK's corporate governance framework. The 2018 revision provides an updated set of Principles that emphasize the value of good corporate governance to long-term sustainable success. By applying the Principles, following the more detailed Provisions and using the associated guidance, companies can demonstrate throughout their reporting how the governance of the company contributes to its long-term sustainable success and achieves wider objectives. The Code is also supported by the *Guidance on Board Effectiveness* (the Guidance). The Guidance is designed to help boards with their actions and decisions when reporting on the application of the Code's Principles.

The new Code and supporting guidance can be accessed through the following links:

<https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF>

<https://www.frc.org.uk/getattachment/61232f60-a338-471b-ba5a-bfed25219147/2018-Guidance-on-Board-Effectiveness-FINAL.PDF>

The LEP does support ongoing development for board members and the HM Government LEP review sets out an intention to offer an **induction and training** programme for Local Enterprise Partnership board members and officers on working with Government. They are seeking to work with the LEP Network, Local Government Association and other professional development bodies to develop this programme. This should support the local development opportunities offered to Solent LEP Board members. In addition, and to take account of the changes in the corporate governance code, an update on the key areas of the code will be provided at the strategy day to ensure board directors are up to date with the new requirements.

6. LEP Assurance framework

Following publication of a number of policy documents and guidance notes and the update of the UK Corporate governance code, the annual review of the Assurance Framework is expected to include a number of significant changes. As previously advised HM Government has strengthened its approach to assurance processes for the Local Growth Fund. Additional guidance has also been provided to LEPs on transparency to ensure continued compliance with the policy requirements of:

- Strengthened Local Enterprise Partnerships (available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf),
- CIPFA Principles for section 151 officers in accountable bodies working with local enterprise partnerships (available here: <https://www.lepnetwork.net/media/1813/principles-for-section-151-officers-and-leps.pdf>),
- The updated National Assurance Framework for LEPs (not currently published), and;
- Guidance in relation to the formation of Skills Advisory Panels (not currently published)

In relation to bullet points 3 and 4 above, final guidance is expected later in 2018 and, as a result, and in order to avoid the need for multiple Board reviews, an interim draft Assurance Framework update has been prepared and is included in Annexe B. the final version will come forward for LEP Board consideration in February 2019 following receipt of all relevant Government national guidance documentation.

In addition to requirements to consider the Assurance Framework in light of national policy changes, LEP Board Members may also wish to consider the amending the Framework in relation to emerging local priorities, including;

- Feedback from the LEP Chairman's review of Local Authority Engagement with the Solent LEP incorporating revisions to the terms of reference for the Solent Growth Forum as set out in Annexe E. (overall review due to report to the LEP Board at the strategy session in December 2018), and;
- Emerging strategic priorities developed as part of the ongoing development and consultation on an updated economic evidence base and Local Industrial Strategy for the Solent area.
- The emerging self-assessment that we will be undertaking in preparation for the Annual Conversation this year

Whilst it is recognised that the National Assurance Framework is currently being updated by HM Government, under the requirements of the current Framework (available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/567528/161109_LEP_Assurance_Framework.pdf) there is a requirement for the LEP Board and Section 151 Officer of the accountable body to sign off any revisions to the local assurance framework. It is not anticipated that this requirement will change.

Both FPPMG and SERCOM have considered the LEP review policy changes and draft assurance framework and as a result have proposed an update to their terms of reference for the board to consider and approve. In addition, as part of our Local Authority engagement work, they have reviewed the terms of reference for the Solent Growth Forum and have proposed an update for the Board to consider and approve.

As a result, the board will be asked to:

- **provide feedback** to the Executive on an interim update to the National Assurance Framework (as set out in Annex B) to help inform the preparation of a revised draft for the consideration of the LEP Board in February 2019, following the publication of all relevant national policy,
- **consider and agree** an updated Terms of Reference for FPPMG (included in Annex C), incorporating key amends linked to the above national policy updates, and;
- **consider and agree** an updated Terms of Reference for SERCOM (included in Annex D)), incorporating key amends linked to the above national policy updates.
- **consider and agree** an updated Terms of Reference for the Solent Growth Forum (included in Annex E), incorporating key amends linked to the above national policy updates and advice from local authorities.

7. GDPR Update

As previously agreed the Board will receive an update on GDPR at the meeting, including the provisions of the GDPR that will help organisations such as Solent LEP to comply with its requirements.

Annexe A – Draft Assurance statements

A confidential report will be considered at the meeting

Annexe B – Draft Assurance Framework

A confidential report will be considered at the meeting

Annexe C – Updated Terms of Reference for the Funding, Finance and Performance Management Group (FFPMG)

A confidential report will be considered at the meeting

Annexe D – Updated Terms of Reference for the Search, Employment and Remuneration Committee (SERCOM)

A confidential report will be considered at the meeting

Annexe E – Proposed update to the Terms of Reference for the Solent Growth Forum (SGF)

A confidential report will be considered at the meeting.

14.12.2018

Item 6

**Report from Land Property and Infrastructure Panel
Chairman Richard Soper to include consideration of
Solent Heat and Power Strategy**

Item Number: 6
Item Title: Land, Property and Infrastructure Advisory Panel Update
Meeting Date: 14 December 2018
Purpose: For Information and Decision

1. Draft Resolution

The Board are asked to:

- **Note** the update on the activity of the recent Land, Property and Infrastructure Advisory Panel (LPIAP), attached as annexe A; and
- **Consider** and **Agree** the draft final Solent Heat and Power Strategy and Action Plan, attached as annexe B.

2. Overview

This paper updates the Board on the activity of the Land, Property and Infrastructure Advisory Panel (LPIAP) and also ask the Board to consider and agree the draft final Solent Heat and Power Strategy and Action Plan. The update on the activity of the LPIAP is for noting and includes:

- Gosport Infrastructure Investment Plan;
- Reflections on proposed LEP Geography and the Local Industrial Strategy;
- Junction 9 M3 - Highways England request for a local contribution.

3. Update on Activities of the Land, Property and Infrastructure Advisory Panel

The Chair of the Land, Property and Infrastructure Advisory Panel, Richard Soper, will attend the meeting to provide an update on the activities of the Panel covering the areas described above and summarized in annexe A.

4. Draft Final Solent Heat and Power Strategy and Action Plan

The Carbon Trust were commissioned to develop a Solent Heat and Power Strategy and Action Plan, following an award of funding to the LEP for this purpose from BEIS.

Board members received an Executive Summary of the Draft Solent Heat and Power Strategy at its May 2018 meeting and agreed this as the basis for developing the action plan. Since that time, the strategy has been finalised and an action plan developed through the task and finish group. In addition, the final draft was considered by the LPIAP at its meeting on the 16 November, who agreed to recommend it to the Board for adoption.

The final draft Solent Heat and Power Strategy and Action Plan is provided in annexe B for consideration by the Board.

This work will feed into the cross-LEP work on Energy that is being coordinated through regional energy hubs, which have been established by BEIS. Solent has been included in the South West Energy Hub area and initial funding is available for feasibility studies that are identified in Energy Strategies, once they have been agreed.

Annexe A – Update from the Land, Property and Infrastructure Delivery Panel

A confidential report will be considered at the meeting

Annexe B – Final Draft Solent Heat and Power Strategy and Action Plan

A confidential report will be considered at the meeting

14.12.2018

Item 7

Finance forecast

Item: 7

Title: Solent LEP Financial Report to 31 October 2018

Date: 14 December 2018

Purpose: For approval

Confidential information has been removed from this report.

Information defined as exempt in Part 1 of Schedule 12A to the Local Government Act 1972 has been removed from this report including:

- **information relating to an individual, and/or;**
- **relating to the financial or business affairs of a particular person.**

1. Introduction

- 1.1 This report provides the LEP Board with the financial position of all the LEP funds to 31 October 2018 reflecting the re-profiling of budgets after a detailed review of progress to date and the revised forecasts to the end of the financial year.
- 1.2 The opening budgets are as previously approved at the Board meeting on 19 October 2018. The report sets out the projected outturn for the 2018/19 financial year, looking to maximise the expenditure on all of the time-limited funds and in particular the Local Growth Deal, where the high value schemes are funded from.
- 1.3 It explains any material forecast variances by exception together with any mitigation proposals and considers whether any likely underspends can and should be carried forward into the following financial year or if there is a requirement or risk to return any funding to government. The budget for future years also takes into account any known re-phasing of expenditure as individual schemes and programmes become more certain.

2. Purpose of the report

2.1 To inform the LEP Board of:

- The forecast expenditure for the 2018/19 financial year compared with the approved budget;
- The slippage or underspending carried forward into the 2019/20 financial year;
- The phasing of budgets for future years highlighting movements (acceleration or slippage of programmes) between years;
- The identification of funding that is, or may potentially be, required to be returned to government;
- The updated Corporate and Strategic Risk Register for review attached as appendix C;
- The Growing Places Loan Fund status attached as appendix D;
- The latest Local Growth Deal programme summary attached as appendix E ;
- The Local Growth Deal high level deliverability matrix as attached at appendix F;
- The LEP's statutory accounts as attached at appendix G
- Any risks in respect of budgeted expenditure with suggested mitigating action.

3. Recommendations

3.1 It is recommended that:

- (i) The revised budget for 2018/19 of £38,689,658 as set out in appendix A and the revised budget for the period 2019/20 to 2021/22 as set out in appendix B is approved by the LEP Board which includes the following:

- The latest position of the Local Growth Deal Fund for the current financial year as set out in appendix E noting the challenges around future delivery as set out in paragraphs 5.3 and 7.1 of this report.
- The re-profiling and budget movements as set out in the table in paragraph 6 overleaf.
- Advice in respect of the projects that are deemed as the highest risk in the current approved budget

The LEP Board are also asked to:

- Note the Corporate and Strategic Risk Register attached at appendix C
- Note the current position of the Growing Places Fund as summarised in appendix D
- Note the latest forecast position on the Local Growth Deal programme as attached at appendix E, particularly in light of the key risks identified in this report
- Note the high level LGD Risk Matrix for the Local Growth Programme attached at appendix F.
- Note the Solent LEP statutory accounts as prepared by the Accountable Body attached at Appendix G and agree for the Chair to sign them off.

4. **Forecast Outturn 2018/19:**

	£000's
Budget agreed at the LEP Board on 19th October 2018	43,872
Re-profiling:	
Growing Places Loan Fund	(3,631)
ERDF programme	(316)
Building Foundations for Growth (EZ infrastructure)	(417)
Capacity and Operational Costs	(565)
Other	(254)
LGD Programme slippage into 2018/19 (see detail in para 6)	(3,390)
Increase in in-year unallocated LGD funding	3,390
Revised Budget / Forecast Outturn for 2018/19	38,689

- 4.1 This report contains the actual expenditure up to 31st October 2018 and the key movements following the last approval of the budget at the Board meeting on 19th October 2018.

A detailed analysis of the financial position and the forecast outturn for the current financial year is attached at appendix A

- 4.2 The expenditure to date is still low compared to budget which is in the main due to the larger projects either being in due diligence prior to contract signature and claims due to be submitted in the coming months totalling £10.2m as follows:

Fareham College - Civil Engineering Training Centre	£2.4m
National Maritime Systems Centre	£2.6m
Warsash School of Maritime Science and Engineering	up to £5.2m

The LEP Executive and Accountable Body continue to work pro-actively with project leads to ensure that these claims can be received and processed in a timely fashion.

There remains a significant difference in terms of expenditure incurred to date and the revised forecast for the year which is categorised as follows:

- £20m of in year LGD under programming which is planned to be spent in future years
- Up to £10.2m in respect of the claims due as set out above
- Up to £2m for other approved schemes awaiting funding agreements and further SME grant payments
- 5 months of operational and capacity costs which are likely to be in the region of £0.7m

5 **Analysis of the Key Issues and Variances against the Approved Budget for 2018/19**

5.1 Solent Growth Fund (SGF) - SME Support

This funding has been allocated to support SME digital capability and export capability from 2018-2021, support High Growth Start-ups and support for Established SMEs in high growth sectors seeking to grow / expand. This allocation is also being used to fund the SME grant applications that have already been approved but are awaiting claims / final due diligence to take place and an update on the position of the larger projects and recommended action is provided in the Local Growth Deal report at item 8 on this agenda.

ERDF Programme:

There has been further engagement with MHCLG (the managing authority) of the programme including the introduction of additional capacity. A monitoring visit took place on 26th November and it is now hoped that the programme can be taken forward which will see an increase in the pipeline of projects that can be both considered and supported.

Notwithstanding this it is clear that actual expenditure incurred to date on the programme is much lower than earlier forecasts and due to this £441k has been re-profiled into the following financial year. In addition we will be looking to agree a variation to the funding agreement with MHCLG to reflect this re-profiling and the revised timetable for the delivery of the programme.

5.2 Building Foundations For Growth Grant - Enterprise Zone (EZ)

£7.09m was set aside for the construction of a new road to the south of the EZ and the majority of the works are now complete aside from a minor adjustment in order to enable Hampshire County Council to adopt it.

5.3 Local Growth Deal 2018/19

The latest status of the fund is set out in appendix E which shows an in year under-programming of £16.6m (however in total the LGD remains fully programmed to 31 March 2021).

The revised forecasts include the slippage of some funding into the following financial year but in a number of cases this is due to re-profiling the tail end of expenditure for schemes that are already in progress and deemed low risk.

The operational and delivery risks of the LGD capital programme are set out by exception in the update report under item 8 of this agenda.

6. Budget movements

An analysis of the LEP's final outturn and total forecast expenditure for the period 2018/19 to 2021/22 together with how this is funded is attached at appendix B. The details of the re-profiling of budgets that have taken place since the Board last approved the budget are shown in the table below:

	Previous Years to 2017/18	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Budget Agreed at LEP Board 19th October 2018	132,672	43,872	39,256	22,120	9,663	247,583
Stubbington Bypass - Growing Places Loan		(3,500)	3,500			0
Growing Places Loan - programme management costs		(131)	131			0
Grants to SME's (Prosperity Fund)		(792)	792			0
ERDF programme (incl LGD match)		(442)	442			0
National Maritime Systems Centre		(6)	6			0
Local Large Majors (Solent Metro)		(635)	635			0
Solent Development Cost Fund		(50)	50			0
LGD programme management costs		(8)	8			0
Operation Costs		(146)	146			0
Fareham College - Civil Engineering		(423)	423			0

Training Centre						
Solent Prosperity Fund		(1,350)	1,350			0
EZ - Building Foundations For Growth		(417)	417			0
Transport Delivery Excellence		(52)	52			0
Energy Strategy		(15)	15			0
Enterprise Adviser Network		(187)	187			0
Capacity Funding		(243)	243			0
Re-profiling of Contingency		(175)	175			0
Change in instance of LGD under / over-programming		3,390	(3,390)			0
Revised Budget	132,672	38,690	44,438	22,120	9,663	247,583
Cumulative Net GPL Fund Reserve Balance (see appendix D for details)		11,665	6,488	9,263	0	

7. Key budget issues in future years (2019/20 to 2021/22).

7.1 Local Growth Deal (LGD) - 2019/20 onwards

This has been, and continues to be, the area of the highest financial risk in relation to defrayal of funding by 31 March 2021 for the LEP.

Appendix E sets out the latest LGD position, showing the most recent slippage between financial years and highlighting for Board members where the under and over programming currently occurs.

8. Operational Costs and Capacity Funding

The operational and capacity costs of the LEP continue to be recharged to the programmes that are actually being supported which maximises the ability to use the other generic core funding across a number of years to ensure that a sustainable budget remains in place for the operation of the LEP where programme funding may be less certain. The operational costs and their associated recharges for 2018/19 have been reviewed and this has been reflected in the revised financial forecasts attached to this report.

The outcome of this is that due to the maximisation of recharging to programme funding it has been possible to reduce the overall net operational costs budget allocation by £146,000 which has been added to the contingency budget in 2019/20.

As well as this the contingency budget of £275,000 has had no calls against it therefore at this stage of the financial year it is prudent to re-profile a proportion of this (£175,000) into the following financial year. If there are no future calls on this budget then it will be further re-profiled into future years as necessary.

In addition due to the ongoing delay in bringing forward the Local Industrial Strategy and supporting evidence base there has been less expenditure on the capacity funding allocations across the budget meaning that £243,000 of this has been re-profiled into 2019/20 to reflect the anticipated resourcing requirement in this regard.

These costs and associated recharges will continue to be reviewed up to the end of the financial year to reflect any further changes in the incidence of these costs in line with the priorities of the Board.

The operational costs of the LEP are also kept under review by the Search, Employment and Remuneration Committee, which met most recently on 16 November 2018. Part of the remit of this committee is to review the ongoing operational costs to ensure that they remain within affordability limits and critically also at a level where there are sufficient resources in place to allow the LEP and Accountable body to discharge its obligations.

9. Risk Management

Further to the recent review and further strengthening of the risk management of the LEP Executive and the Accountable Body as reported to the FPPMG and the LEP Board the agreed processes are now embedded within day to day operations.

This was further underpinned by a risk update session which was delivered as part of the recent LEP away day to ensure that there was a consistent approach being taken across all of the different teams.

In addition to this the senior management team (including the Accountable Body) has undertaken a review of the Corporate and Strategic Risk Register which is attached at Appendix C and this will continue to be reviewed at each Operational Case Conference meeting and updates reported to the FFPMG and Board at each meeting as part of this report.

10. Additional Funding

At the time of writing this report the LEP has just been notified that it has been awarded two further tranches of funding as follows:

- LEP Review - £200,000 to fund a timely and effective implementation of the LEP review, and the development of an evidence base for Local Industrial Strategies
- Skills Advisory Panels - £75,000 to support the development of analytical capability for our area

Due to the timing of these announcements these funding sources have not yet been added to the financial forecasts however they will be updated for the next meetings of the FFPMG and the Board along with any conditions around their defrayal.

11. Summary

The forecast outturn against the approved budget for 2018/19 is set out in appendix A.

It is clear from this report where the main financial risks are and the Board are asked to consider the latest information available in order to ensure that mitigating actions can be taken to help maximise the defrayal of expenditure within the timelines set by Government.

12. LEP Statutory Accounts

As the LEP is a company limited by guarantee it has to submit a set of statutory accounts on an annual basis. These have been prepared by the Accountable Body and are attached at appendix G for the Board to consider and approve in order for the Chair to sign off so that they can be submitted to companies house.

SOLENT LOCAL ENTERPRISE PARTNERSHIP - FORECAST OF OUTTURN FOR 2018/19

Enterprise (Business Support)	Full Year Budget 2018/19*	Actual Expenditure up to 31 October 2018	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 19 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2019/20	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
Local Growth Deal Funding:							
SME Support - Solent Prosperity Fund	1,620,849	466,333	829,064	(791,785)	(791,785)	0	0
ERDF BTG - Awards (ERDF Funded)	415,554	35,142	100,000	(315,554)	(315,554)	0	0
ERDF BTG - Awards (LGD Match Funded)	426,190	184,687	300,000	(126,190)	(126,190)	0	0
Other Enterprise Initiatives:							
Solent Growth Hub	217,941	100,597	361,507	143,566	0	143,566	0
Enterprise Total	2,680,534	997,311	1,590,571	(1,089,963)	(1,233,529)	143,566	0
Infrastructure (Land & Property)							
	£	£	£	£	£	£	£
Growing Places Fund Loans:							
Stubbington Bypass	3,500,000	0	0	(3,500,000)	(3,500,000)	0	0
Growing Places Loan Fund: Capital Loans Advanced	3,500,000	0	0	(3,500,000)	(3,500,000)	0	0
GPL Contingency Provisions and Programme Management costs							
Growing Places Loan Fund Programme Management Costs	149,484	7,692	18,450	(131,034)	(131,034)	0	0
Sub-total: GPL Contingency Provisions and Programme Management costs	149,484	7,692	18,450	(131,034)	(131,034)	0	0
Solent Growth Deal:							
North Whiteley Transport Improvements	1,223,233	0	1,223,233	0	0	0	0
National Maritime Systems Centre	2,570,666	0	2,564,664	(6,002)	(6,002)	0	0
Local Large Majors (Solent Metro and SAEG)	660,503	24,210	25,000	(635,503)	(635,503)	0	0
Programme Development Fund (feasibilities)	223,500	0	173,500	(50,000)	(50,000)	0	0
Solent Growth Deal - Programme Management Costs	368,282	208,435	366,564	(1,718)	(1,718)	0	0
Stubbington Bypass - LGD forward funding	3,500,000	0	3,500,000	0	0	0	0
Fareham College - Civil Engineering Training Centre	2,833,000	0	2,410,000	(423,000)	(423,000)	0	0
Southampton Solent University - Warsash School of Maritime Science and Engineering	5,164,000	0	5,164,000	0	0	0	0
Solent Prosperity Fund	1,350,000	0	0	(1,350,000)	(1,350,000)	0	0
(Over) / Under Programming	13,217,464	0	16,607,249	3,389,785	3,389,785	0	0
Sub-total - Local Growth Deal	31,110,648	232,645	32,034,210	923,562	923,562	0	0
DfT Retained Schemes							
Stubbington Bypass	2,000,000	0	2,000,000	0	0	0	0
Growth deal provisional allocation for M27 Junction 10 (post 2016)	1,500,000	0	1,500,000	0	0	0	0
Sub-total - DfT Retained Schemes	3,500,000	0	3,500,000	0	0	0	0
Other Capital Funding Programmes:							
Building Foundations for Growth Capital Grant for EZ	417,783	0	0	(417,783)	(417,783)	0	0
Other Infrastructure Funding:							
Capacity funding	174,514	33,403	83,184	(91,330)	(91,330)	0	0
One Public Estate	5,000	0	5,000	0	0	0	0
Transport Delivery Excellence Funding	52,000	0	0	(52,000)	(52,000)	0	0
Energy strategy	39,770	14,657	25,000	(14,770)	(14,770)	0	0
Infrastructure (Land & Property) Total	38,949,199	288,398	35,665,844	(3,283,355)	(3,283,355)	0	0

Place	Full Year Budget 2018/19*	Actual Expenditure up to 31 October 2018	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 19 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2019/20	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
Capacity Funding	100,667	8,932	42,429	(58,238)	(58,238)	0	0
Place Total	100,667	8,932	42,429	(58,238)	(58,238)	0	0
Skills	Full Year Budget 2018/19*	Actual Expenditure up to 31 October 2018	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 19 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2019/20	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
City Deal Wave 2:							
Capacity funding	149,723	42,420	84,043	(65,680)	(65,680)	0	0
Solent Employer Ownership Programme	46	0	46	0	0	0	0
Enterprise Adviser Network	358,679	15,721	171,760	(186,919)	(186,919)	0	0
Enterprise Adviser Network - Programme Management	0	32,608	0	0	0	0	0
Skills Total	508,448	90,749	255,849	(252,599)	(252,599)	0	0
Strategic Sectors	Full Year Budget 2018/19*	Actual Expenditure up to 31 October 2018	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 19 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2019/20	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
Martime Supplement: Capacity Funding	87,398	33,661	59,558	(27,840)	(27,840)	0	0
Strategic Sectors Total	87,398	33,661	59,558	(27,840)	(27,840)	0	0
Innovation	Full Year Budget 2018/19*	Actual Expenditure up to 31 October 2018	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 19 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2019/20	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
Innovation Fund - Programme Management	40,457	37,182	34,870	(5,587)	(5,587)	0	0
Capacity Funding	79,320	75	79,320	0	0	0	0
Innovation Total	119,777	37,256	114,190	(5,587)	(5,587)	0	0
Operational Central Costs	Full Year Budget 2018/19*	Actual Expenditure up to 31 October 2018	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 19 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2019/20	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
Staffing costs	500,000	236,700	315,000	(185,000)	0	(185,000)	0
Office costs	95,000	36,845	65,000	(30,000)	0	(30,000)	0
Finance costs including forecast costs for Democratic Services for future years	80,000	26,703	40,000	(40,000)	0	(40,000)	0
Legal support	50,000	9,870	15,000	(35,000)	0	(35,000)	0
Marketing & Communication costs	130,000	33,261	130,000	0	0	0	0
Contingency	275,000	0	100,000	(175,000)	(175,000)	0	0
Solent Economic Plan and Structural Investment Fund	256,565	50,051	256,565	0	0	0	0
SEEDA legacy funding for business engagement	31,396	0	31,396	0	0	0	0
LEP Network	8,256	6,000	8,256	0	0	0	0
Operational Central Costs Total	1,426,217	399,430	961,217	(465,000)	(175,000)	(290,000)	0
Total LEP Budget	43,872,240	1,855,737	38,689,658	(5,182,582)	(5,036,148)	(146,434)	0

* As agreed at LEP Board 19th October 2018

SOLENT LOCAL ENTERPRISE PARTNERSHIP - BUDGET FORECAST TO 2021/22

ENTERPRISE (BUSINESS SUPPORT)		Actual Expenditure to end 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Solent RGF - Bridging the Gap: Awards	4,950,716	-	-	-	-	-	4,950,716	4,950,716	-
Due Diligence	381,906	-	-	-	-	-	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	-	-	-	-	-	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	-	-	-	-	-	110,202	110,202	-
Solent Growth Fund (Growth deal - 2015/16 to 2021) / - SME Support from Solent Prosperity Fund (2018/19 to 2020/21)	988,277	700,000	2,300,000	1,500,000	-	-	5,488,277	5,488,277	-
ERDF BTG - Awards (ERDF Funded)	84,446	100,000	815,554	-	-	-	1,000,000	1,000,000	-
ERDF BTG - Awards (LGD Match Funded)	73,810	300,000	626,190	-	-	-	1,000,000	1,000,000	-
Natural Enterprise Grant Programme	580,000	-	-	-	-	-	580,000	580,000	-
Matched funding for ERDF Growth Accelerator Fund	-	-	-	-	-	-	0	0	-
Solent Growth Fund (Growth deal - 2015/16 to 2021) - Programme Management	479,151	129,064	141,785	150,000	-	-	900,000	900,000	-
Solent Growth Hub (Growth deal - 2015/16 to 2021)	673,059	361,507	218,000	250,000	-	-	1,502,566	1,502,566	-
Improving Digital Capability for SME's	112,502	-	-	-	-	-	112,502	112,502	-
Enterprise Total	9,791,175	1,590,571	4,101,529	1,900,000	0	0	17,383,275	17,383,275	-

INFRASTRUCTURE (Land & Property)		Actual Expenditure to end 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Growing Places Fund: Original Capital Allocation									
CEMAST	3,000,000	-	-	-	-	-	3,000,000	3,000,000	-
Solent EZ Infrastructure package	8,000,000	-	-	-	-	-	8,000,000	8,000,000	-
Griffon Hoverwork	2,000,000	-	-	-	-	-	2,000,000	2,000,000	-
Stubbington Bypass	-	-	3,500,000	-	-	-	3,500,000	3,500,000	-
Solent Shared Prosperity Fund (loan element)	-	-	-	-	9,262,916	-	9,262,916	9,262,916	-
Growing Places Loan Fund:									
Funding set aside to underwrite LGD over programming if required	-	-	-	-	-	-	-	-	-
Growing Places Loan Fund: Capital Loans Advanced / Available	13,000,000		3,500,000		9,262,916		25,762,916	25,762,916	-
Grants allocated (not repayable)									
Stubbington Bypass indemnity	-	-	1,500,000	-	-	-	1,500,000	1,500,000	-
Funding set aside to underwrite LGD overprogramming if required	-	-	-	-	-	-	0	0	-
Use of Fund for other Purposes (not repayable):									
- Growing Places Loan Fund Programme Management Costs	150,516	18,450	131,034	-	-	-	300,000	300,000	-
Growing Places Loan Fund: Fund used and not repayable	150,516	18,450	1,631,034	-	-	-	1,800,000	1,800,000	-

Solent Growth Deal confirmed funding:								
The Hard Interchange (PCC)	4,832,000	-	-	-	-	4,832,000	4,832,000	-
Dunsbury Hill Farm Link Road (PCC)	4,540,000	-	-	-	-	4,540,000	4,540,000	-
Station Quarter North (SCC)	4,185,000	-	-	-	-	4,185,000	4,185,000	-
Station Roundabout / Gudge Heath Lane (HCC)	4,953,893	-	-	-	-	4,953,893	4,953,893	-
Cancer Immunology Centre	4,500,000	-	-	-	-	4,500,000	4,500,000	-
Environmental Mitigation - Solent Mitigation Disturbance project	1,355,000	-	-	-	-	1,355,000	1,355,000	-
Peel Common Roundabout and St Margarets Roundabout	4,340,000	-	-	-	-	4,340,000	4,340,000	-
Newgate Lane South	9,000,000	-	-	-	-	9,000,000	9,000,000	-
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	3,198,000	-	-	-	-	3,198,000	3,198,000	-
Fareham and Gosport multiyear programme (A27 Dualling)	4,127,000	-	-	-	-	4,127,000	4,127,000	-
Solent Gateways (Isle of Wight Floating Bridge)	3,776,782	-	-	-	-	3,776,782	3,776,782	-
<i>North Whiteley Transport improvements</i>	-	1,223,233	2,020,737	10,756,030	-	14,000,000	14,000,000	-
National Maritime Systems Centre	1,679,334	2,564,664	756,002	-	-	5,000,000	5,000,000	-
Local Large Majors (Solent Metro and SAEG)	339,497	25,000	635,503	-	-	1,000,000	1,000,000	-
BAE Marine Workshops and Maritime Support Centre	943,066	-	-	-	-	943,066	943,066	-
Programme Development Fund (feasibilities)	-	173,500	50,000	-	-	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	-
Stubbington Bypass - LGD forward funding	3,500,000	3,500,000	(7,000,000)	-	-	0	0	-
Fareham College - Civil Engineering Training Centre	-	2,410,000	423,000	-	-	2,833,000	2,833,000	-
Southampton Solent University - Warsash School of Maritime Science and Engineering	2,300,000	5,164,000	-	-	-	7,464,000	7,464,000	-
Solent Growth Deal - Programme Management Costs	1,017,760	366,564	251,718	242,260	-	1,878,302	1,878,302	-
Solent Prosperity Fund	-	-	6,450,000	1,653,808	-	8,103,808	8,103,808	-
Accountable Body Capital Expenditure (Funded by LGD to maximise use of LGD)	1,000,000	-	-	-	-	1,000,000	1,000,000	-
(Over) / Under Programming	-	16,607,249	(5,157,836)	(11,449,413)	-	0	0	-
SUB TOTAL: Solent Growth Deal:	59,587,332	32,034,210	6,179,124	7,602,685	-	105,403,351	105,403,351	-
DfT Retained Schemes								
Stubbington Bypass	-	2,000,000	18,000,000	5,700,000	-	25,700,000	25,700,000	-
<i>Growth deal provisional allocation for M27 Junction 10 (post 2016)</i>	-	1,500,000	7,900,000	5,500,000	-	14,900,000	14,900,000	-
SUB TOTAL: DfT Retained Schemes:	-	3,500,000	25,900,000	11,200,000	-	40,600,000	40,600,000	-
Building Foundations for Growth Capital Grant for EZ	6,672,217	-	417,783	-	-	7,090,000	7,090,000	-
Centenary Quay (DCLG Infrastructure House Building Capital Fund)	7,675,921	-	-	-	-	7,675,921	7,675,921	-
Capacity Funding	200,486	83,184	191,330	-	-	475,000	475,000	-
One Public Estate	14,950	5,000	-	-	-	19,950	19,950	-
Transport Delivery Excellence Funding	-	-	52,000	-	-	52,000	52,000	-
Energy Strategy	10,230	25,000	14,770	-	-	50,000	50,000	-
Infrastructure (Land & Property) Total	87,311,652	35,665,844	37,886,041	18,802,685	9,262,916	188,929,138	188,929,138	-

PLACE	Actual Expenditure to end 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Capacity funding	204,333	42,429	88,238	-	-	335,000	335,000	-
Place Total	204,333	42,429	88,238	0	0	335,000	335,000	-

SKILLS	Actual Expenditure to end 2017/18
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	227,415
Solent Employer Ownership Programme	1,499,954
Solent Employer Ownership Programme - Local Growth Deal contribution	129,000
Enterprise Adviser Network	350,321
Skills Total	25,170,470

Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
84,043	125,680	-	-
46	-	-	-
-	-	-	-
171,760	446,919	86,000	-
255,849	572,599	86,000	0

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	-
437,138	437,138	-
1,500,000	1,500,000	-
129,000	129,000	-
1,055,000	1,055,000	-
26,084,918	26,084,918	-

STRATEGIC SECTORS	Actual Expenditure to end 2017/18
<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	142,602
Strategic Sectors Total	2,898,021

Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
59,558	57,840	-	-
59,558	57,840	0	0

Total Budget	Total Forecast Expenditure	Variance
1,300,000	1,300,000	-
159,000	159,000	-
1,179,419	1,179,419	-
117,000	117,000	-
260,000	260,000	-
3,015,419	3,015,419	-

INNOVATION	Actual Expenditure to end 2017/18
Fareham Innovation Centre - Phase 2	2,000,000
Saab SeaEye	0
Innovation Fund - Programme Management Costs	209,543
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	70,680
Innovation	4,286,856

Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
-	-	-	-
-	-	-	-
34,870	5,587	-	-
-	-	-	-
-	-	-	-
-	-	-	-
79,320	30,000	-	-
114,190	35,587	0	0

Total Budget	Total Forecast Expenditure	Variance
2,000,000	2,000,000	-
0	0	-
250,000	250,000	-
1,050,000	1,050,000	-
456,633	456,633	-
500,000	500,000	-
180,000	180,000	-
4,436,633	4,436,633	0

OPERATIONAL CENTRAL COSTS	Actual Expenditure to end 2017/18
Staffing costs	1,254,244
Office costs	427,809
Finance costs incl forecast costs for Democratic Services for future years	298,968
Legal support	154,905
Marketing & Communication costs	242,483
Contingency	-
Solent Economic Plan and Structural Investment Fund	607,425
SEEDA legacy funding for business engagement	-
LEP Network	24,000
Operational Central Costs Total	3,009,834

Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
315,000	500,000	500,000	300,000
65,000	95,000	95,000	50,000
40,000	80,000	80,000	30,000
15,000	50,000	50,000	20,000
130,000	100,000	100,000	-
100,000	596,434	255,365	-
256,565	275,000	251,027	-
31,396	-	-	-
8,256	-	-	-
961,217	1,696,434	1,331,392	400,000

Total Budget	Total Forecast Expenditure	Variance
2,869,244	2,869,244	-
732,809	732,809	-
528,968	528,968	-
289,905	289,905	-
572,483	572,483	-
951,799	951,799	-
1,390,017	1,390,017	-
31,396	31,396	-
32,256	32,256	-
7,398,877	7,398,877	-

LEP BUDGET GRAND TOTAL	Actual Expenditure to end 2017/18
	132,672,340

Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
38,689,658	44,438,268	22,120,077	9,662,916

Total Budget	Total Forecast Expenditure	Variance
247,583,259	247,583,259	-

FUNDING SUMMARY	Actual Expenditure to end 2017/18
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	84,953,746
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	660,000
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	423,356
Solent Futures	3,000,000
Solent Employer Ownership Programme (Wave 2 City Deal)	1,499,954
The Careers & Enterprise Co. - Enterprise Adviser Network	237,000
Enterprise Adviser Network (Match Funding)	138,321
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	387,063
BIS - Core Funding	875,000
PUSH	30,000
Growing Places Capital - CEMAST admin fee	75,000
LEP Network	13,900
Interest earned on funding yet to pay out	650,881
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)	10,230
ERDF Funding - Bridging the Gap (matched funding SGF)	84,446
Grant Total - Funding	132,672,340

Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
33,198,143	9,252,686	9,252,686	-
-	-	-	-
3,500,000	25,900,000	11,200,000	-
-	-	-	-
-	-	410,000	-
-	-	-	-
455,000	383,258	130,473	-
-	3,500,000	-	9,262,916
650,470	2,477,468	425,000	-
-	-	-	-
46	-	-	-
30,000	230,000	43,000	-
116,760	216,919	43,000	-
5,000	-	-	-
-	417,783	-	-
-	-	-	-
193,921	47,420	30,961	-
-	-	-	-
40,169	399,568	-	-
76,208	418,520	505,272	-
-	-	-	-
-	-	-	-
67,545	322,322	79,685	400,000
-	-	-	-
200,000	-	-	-
31,396	-	-	-
-	42,000	-	-
25,000	14,770	-	-
100,000	815,554	-	-
38,689,658	44,438,268	22,120,077	9,662,916

Total Budget
1,969,678
1,387,307
1,881,981
882,105
585,202
136,657,261
1,000,000
40,600,000
7,675,921
1,070,000
2,912,855
1,414,680
25,762,916
3,976,294
3,000,000
1,500,000
540,000
515,000
19,950
7,090,000
131,580
900,000
36,000
826,800
1,875,000
30,000
75,000
13,900
1,520,433
300,000
200,000
141,396
42,000
50,000
1,000,000
247,583,259

Growing Places Fund - Forecast Reserve for Future Projects
Net Cumulative Growing Places Reserve Forecast - see appendix D for details

Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
11,665,384	6,487,916	9,262,916	(0)

Total Budget
(0)

TOTAL FUNDING TO SUPPORT LEP ACTIVITY	247,583,259
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APPENDIX C - RISK REGISTER

A confidential report will be considered at the meeting

GROWING PLACES LOAN FUND POSITION

Fund Activity	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Total £
Opening Balance	0	(10,064,210)	(5,889,210)	(9,108,371)	(10,214,945)	(11,915,855)	(11,665,384)	(6,487,916)	(9,262,916)	
Capital Injection	(16,739,210)									(16,739,210)
<u>Loans Out (Round 1 - tranches 1 to 4):</u>										
CEMAST	2,175,000	825,000								3,000,000
Solent EZ Infrastructure package	4,500,000	3,500,000								8,000,000
Griffon Hoverwork		1,000,000	1,000,000							2,000,000
<u>Subsequent Allocations:</u>										0
Stubbington Bypass (Note 1)							3,500,000			3,500,000
<u>New Solent Shared Prosperity Fund (loan element)</u>									9,262,916	9,262,916
Sub-total: Loans Advanced	6,675,000	5,325,000	1,000,000	0	0	0	3,500,000	0	9,262,916	25,762,916
Contingency Provisions										
Local Growth Deal:										
Stubbington Bypass indemnity							1,500,000			1,500,000
Operational Costs			230,839	42,000	0	632,021	846,434	425,000		2,176,294
Sub-total: Contingency Provisions	0	0	230,839	42,000	0	632,021	2,346,434	425,000	0	3,676,294
Growing Places Loan Fund Programme Management Costs			75,000	51,426	24,090	18,450	131,034			300,000
Total: Contingency Provisions and Growing Places Loan Programme Management Costs	0	0	305,839	93,426	24,090	650,471	2,477,468	425,000	0	3,976,294
<u>Loans repaid (Capital Receipts)</u>										
<u>Round 1</u>										
CEMAST		(300,000)	(575,000)	(800,000)	(1,325,000)					(3,000,000)
Solent EZ Infrastructure package		(850,000)	(3,950,000)					(3,200,000)		(8,000,000)
Griffon Hoverwork				(400,000)	(400,000)	(400,000)	(800,000)			(2,000,000)
	0	(1,150,000)	(4,525,000)	(1,200,000)	(1,725,000)	(400,000)	(800,000)	(3,200,000)	0	(13,000,000)
Sub-total: Total Planned Fund Repayments	0	(1,150,000)	(4,525,000)	(1,200,000)	(1,725,000)	(400,000)	(800,000)	(3,200,000)	0	(13,000,000)
TOTAL CUMULATIVE BALANCE OF FUND AVAILABLE (Note 2)						(11,665,384)	(6,487,916)	(9,262,916)	0	**

Notes:

1. The loan for the Stubbington Bypass project will be repaid but repayments do not start until until 2023/24

SOLENT LOCAL ENTERPRISE PARTNERSHIP - LOCAL GROWTH DEAL FUNDING BY SCHEME (NET OF DfT RETAINED SCHEME FUNDING)							
SCHEME NAME	Actual 2015/16	Actual 2016/17	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
Solent Growth Fund (Growth deal - 2015/16 to 2021) / - SME Support from Solent Prosperity Fund (2018/19 to 2020/21)	355,932	1,405,872	306,473	700,000	2,300,000	1,500,000	6,568,277
LGD matched funding towards the ERDF grants programme			73,810	300,000	626,190		1,000,000
Solent Growth Fund (Growth deal - 2015/16 to 2021) - Programme Management	150,500	149,500	179,150	129,065	141,785	150,000	900,000
The Hard Interchange (PCC)	4,832,000	-	-	-	-	-	4,832,000
Dunsbury Hill Farm Link Road (PCC)	4,540,000	-	-	-	-	-	4,540,000
Station Quarter North (SCC)	4,185,000	-	-	-	-	-	4,185,000
Station Roundabout / Gudge Heath Lane (HCC)	2,065,000	2,888,893	-	-	-	-	4,953,893
Cancer Immunology Centre	4,500,000	-	-	-	-	-	4,500,000
Environmental Mitigation - Solent Mitigation Disturbance project	1,355,000	-	-	-	-	-	1,355,000
Eastleigh College Estates Renewal	6,810,000	2,190,000	-	-	-	-	9,000,000
IOW College Composites Centre	5,400,000	5,500,000	-	-	-	-	10,900,000
Capitalisation Costs for Solent Growth Deal Programme Management and Capacity funding	300,000	344,997	372,762	366,564	251,718	242,261	1,878,302
Peel Common Roundabout and St Margarets Roundabout	4,340,000	-	-	-	-	-	4,340,000
Newgate Lane South	-	6,072,571	2,927,429	-	-	-	9,000,000
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	-	3,198,000	-	-	-	-	3,198,000
Fareham and Gosport multiyear programme (A27 Dualling)	-	4,127,000	-	-	-	-	4,127,000
Solent Gateways (Isle of Wight Floating Bridge)	-	3,776,782	-	-	-	-	3,776,782
Innovation Fund - Fareham Innovation Centre - Phase 2		2,000,000					2,000,000
Innovation Fund - Programme Management Costs		75,000	134,544	34,869	5,587		250,000
Innovation Fund - BAE Maritime and Test Bed		456,633					456,633
Innovation Fund - Future Technology Centre (University of Portsmouth)		1,050,000					1,050,000
Contribution to BAE Employer Ownership Programme Scheme		129,000					129,000
National Maritime Systems Centre		-	1,679,334	2,564,664	756,002		5,000,000
Local Large majors (Solent Metro and SAEG)		-	339,497	25,000	635,503		1,000,000
BAE Marine Workshops and Marine Support Centre		943,066					943,066
Solent Growth Deal Programme Development Fund		-		173,500	50,000		223,500
Stubbington Bypass (note 1)		3,500,000		3,500,000	(7,000,000)		0
Fareham College - Civil Engineering Training Centre				2,410,000	423,000		2,833,000
Southampton Solent University - Warsash School of Maritime Science and Engineering			2,300,000	5,164,000			7,464,000
North Whiteley (note 2)		-	-	1,223,233	2,020,737	10,756,030	14,000,000
Design and Construction of M27 Junction 10 (note 2)	-	-	-	-	7,750,000	6,400,000	14,150,000
Solent Prosperity Fund				-	6,450,000	1,653,808	8,103,808
SUB-TOTALS:	38,833,432	37,807,314	8,312,999	16,590,895	14,410,522	20,702,099	136,657,261
(Over) / Under programming		-		16,607,249	(5,157,836)	(11,449,413)	0
TOTAL EXPENDITURE ON APPROVED LOCAL GROWTH DEAL SCHEMES	38,833,432	37,807,314	8,312,999	33,198,144	9,252,686	9,252,686	136,657,261
Accountable Body Capital Expenditure (Funded by LGD to maximise use of LGD)	1,000,000		-	-	-	-	1,000,000
TOTAL UTILISATION OF LOCAL GROWTH DEAL	39,833,432	37,807,314	8,312,999	33,198,144	9,252,686	9,252,686	137,657,261
FUNDING AGREED / INDICATIVE ALLOCATIONS							
Solent Growth Deal Funding - received	40,391,667	42,640,334	24,302,028	10,817,860			118,151,889
Solent Growth Deal Funding - indicative					9,252,686	9,252,686	18,505,372
Capital Funding from Accountable Body (Returned)	-	1,000,000	-	-	-	-	1,000,000
Funding Slippage / Acceleration	(558,235)	(5,833,020)	(15,989,029)	22,380,284	-	-	-
TOTALS:	39,833,432	37,807,314	8,312,999	33,198,144	9,252,686	9,252,686	137,657,261
Variance:	0	0	0	0	0	0	0

Notes:

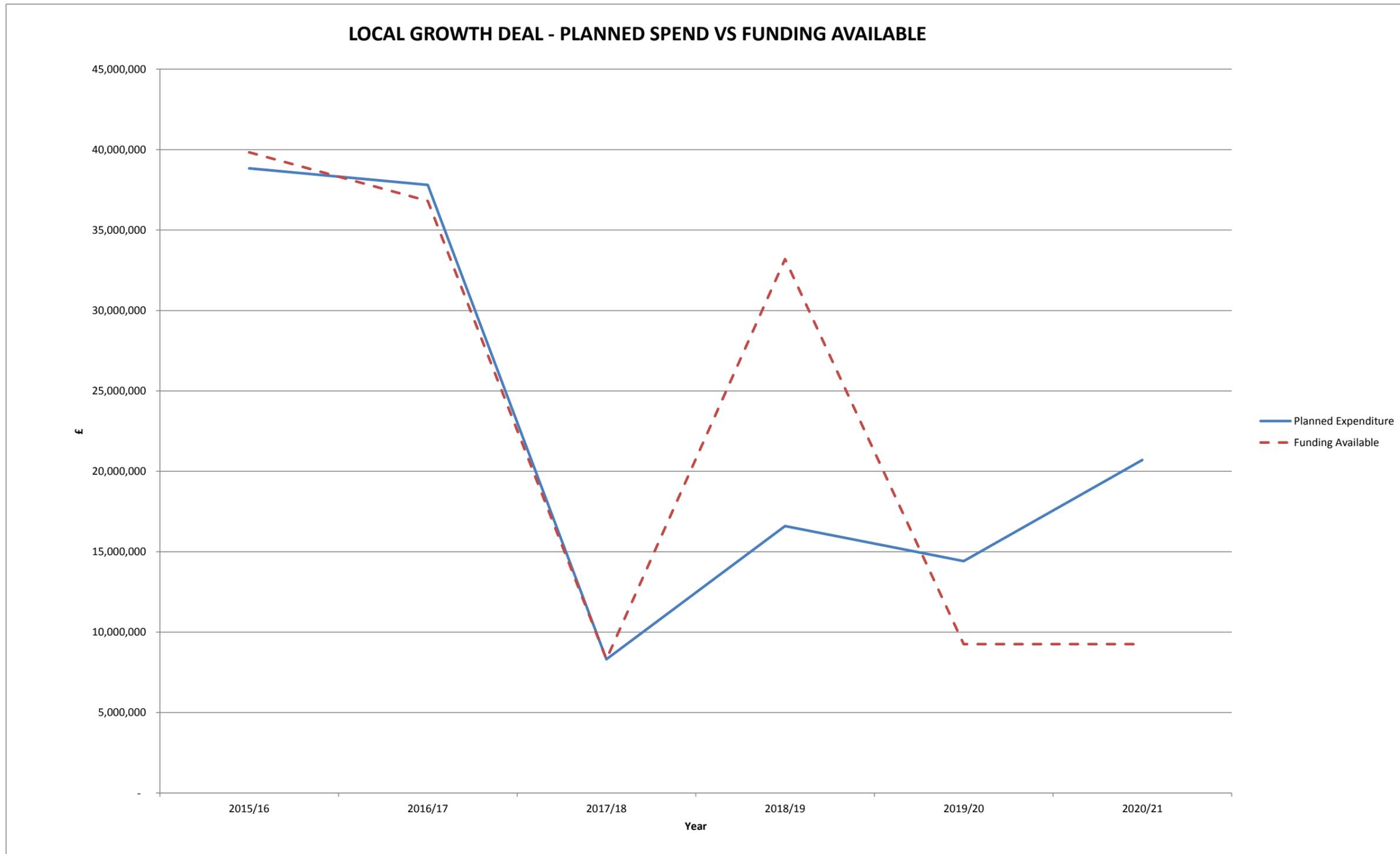
- The initial £3.5m allocation for Stubbington Bypass is at present an advance at risk from the LGD due to DfT not agreeing to release any retained scheme funding over £2m until final tendered costs are received in February 2019. The repayments to the LGD are assumed to be £1.5m from the GPL Fund and the £2m advanced by DfT. The further £3.5m advance programmed for 2018/19 is to reduce the borrowing costs that HCC would incur if they had to start financing the scheme early themselves. This will be replaced by the approved GPL allocation when it is required for other LGD projects
- The funding to enable both of these scheme to proceed is still subject to receiving the LGD allocations in future years

DfT RETAINED SCHEMES - FUNDING PROFILES

SCHEME NAME	Actual 2016/17	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
Stubbington Bypass	0	0	2,000,000	18,000,000	5,700,000	25,700,000
M27 Junction 10 (note a)	0	0	1,500,000	7,900,000	5,500,000	14,900,000
Totals:	-	-	3,500,000	25,900,000	11,200,000	40,600,000

Notes:

(a) The £1.5m in 2018/19 for the M27 Junction 10 scheme has been paid directly to HCC who are the accountable body for the development phase of the project.



APPENDIX F
Local Growth Deal High Level Deliverability Matrix

A confidential report will be considered at the meeting

APPENDIX G

SOLENT LOCAL ENTERPRISE PARTNERSHIP LIMITED (COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

A confidential report will be considered at the meeting

14.12.2018

Item 8

Local Growth Deal update

Item Number: 8
Item Title: Local Growth Deal Update
Meeting Date: 14 December 2018
Purpose: For Information and Decision

Confidential information has been removed from this report.

Information defined as exempt in Part 1 of Schedule 12A to the Local Government Act 1972 has been removed from this report including:

- **information relating to an individual, and/or;**
- **relating to the financial or business affairs of a particular person.**

1. Overview

This paper provides updates to the Board on the following matters:

- The two Local Growth Deal retained schemes;
- Consideration of Local Growth Deal programme 2015/16 to 2020/21;
- The broader Local Growth programme including SME funding, Careers Activity, Solent Growth Hub, the Centenary Quay project, Risk Management activity and the Solent Enterprise Zone capital programme;
- Due diligence reports received from AEOCM in relation to the North Whiteley and Floating Bridge projects;
- Large project applications received under Round One of the Solent Prosperity Fund.

2. Recommendations

Board members are asked to:

- **Note** the update in relation to the two Local Growth Deal Retained schemes, M27 Junction 10 and Stubbington Bypass; and
- **Note** the updates in relation to the Local Growth Deal programme, the SME Funding Programme, Careers Activity, the Solent Growth Hub, the Centenary Quay project, LEP Risk Management and the Solent Enterprise Zone capital programme; and
- **Consider** the independent due diligence report on the Floating Bridge project attached as annexe C and provide and **Note** that this will return to the Board for decision in February 2019 so that this may be considered alongside responses to the public consultation that closes on 28 December 2018; and
- **Consider** the updated independent due diligence report on the North Whiteley project attached as annexe D and provide **Advice** to the LEP Executive on taking this forward; and
- **Consider** the independent analysis of the Round One applications to the large project component of the Solent Prosperity Fund, attached as confidential annexe E, alongside the advice of the Large Project Advisory Panel, and **Agree** which applications to invite to co-develop a Full Business Case with the Solent LEP.

3. Retained schemes update

M27 Junction 10

Hampshire County Council (HCC) updated the Board in October that the £1.5m advance from the £14.9m Solent Growth Deal DfT retained funding to support the development of scheme design and the full business case will be exhausted by the end of the calendar year. An update on this project to include; feedback from the steering group meeting scheduled to take place on 7 December 2018, the timetable for delivery of the project and consideration of the Local Growth Deal Capital Programme pipeline will be provided at the meeting. In addition we have received an update from Buckland in relation to the development of the scheme which is attached in annexe A, and we are engaging with HM Government in relation to the Local Growth Deal funding as set out in the letter in annexe B.

Stubbington Bypass

The Public Inquiry called by the Department for Transport, and as updated to the Board at its last meeting, took place on the 26 and 27 November 2018. A site visit was undertaken on the 4 December, and the Inquiry remains on schedule to conclude in May 2019. There is no other update on this project at this time.

4. Consideration of Local Growth Deal programme 2015/16 to 2020/21

Local Growth Deal 2016/17 legacy project - Floating Bridge

Isle of Wight Council (IWC) submitted the final version of their updated business case incrementally, between 10 and 21 September 2018. The business case has undergone independent due diligence and this is attached at annexe C.

The Board are asked to consider the independent due diligence report on the updated Full Business Case for Floating Bridge 6 in Annexe C, and it should be noted that this will return to the Board for decision in February 2019 so that this may be considered alongside responses to the public consultation that closes on 28 December 2018. To date, six consultation responses have been received.

Local Growth Deal 2016/17 legacy project - Z21

The University of Southampton (UoS) received £0.5m of Local Growth Deal funding in advance in 2016/17 to establish a new funding programme to support web-related research projects and early stage commercial initiatives that can be accelerated towards commercialisation and angel funding. UoS have requested approval for a contract variation to extend the closing date for applications to the programme to 31 March 2020. In support of this, FFPMG will receive a detailed update report and presentation for consideration at their next meeting on 25 January 2019.

Local Growth Deal capital programme update - 2018/19

Work is ongoing to deliver the LGD 2018/19 capital programme and Table 1a overleaf illustrates the current financial position and commitments relating to those projects either approved or under negotiation for 2018/19.

Table 1a: Approved LGD Capital projects continuing / commencing expenditure in 2018/19

Solent Growth Fund Programme - SME support (2018/19)	£700,000
Solent Growth Fund Programme Management Costs	£129,065
LGD matched funding towards the ERDF grants programme	£300,000
Local Growth Deal Programme Management	£366,564
Innovation programme Fund (2018/19) - Programme Management Costs	£34,869
Local Large Major transport schemes (Solent Metro)	£660,503
Solent Development Fund	£223,500
Fareham College - Civil Engineering Training Centre	£2,833,000
<i>National Maritime Systems Centre</i>	£3,320,666
Southampton Solent University - Warsash School of Maritime Science and Engineering	£5,164,000
Sub Total	£13,732,167
Under negotiation / due diligence with scheme promoters	
<i>Stubbington Bypass (further advance)</i>	£3,500,000
<i>North Whiteley</i>	£14,000,000
Sub Total	£17,500,000
New Funding Call - available funding	
Unallocated Funding	£1,350,000
Sub Total	£1,350,000
Total Programme Allocation (a)	£32,582,167
Solent Growth Deal Award 2018/19 (b)	£10,817,860
Carry Forward from LGD 2017/18 (c)	£22,380,284
Total LGD Capital Programme Funding 2018/19 (d) = (b) + (c)	£33,198,144
Under allocated LGD programme funding 18/19 (e) = (d) - (a)	£615,977

Note 1: The projects in italics include funding allocations for future years

On this basis, the approved capital programme, in respect of open funding calls and projects under negotiation or at funding agreement stage, is £32,582,167, which is an under allocation of £615,977 against the total funding available for allocation in 2018/19 of £33,198,144.

Board members should note however that the latest position shows that the forecast defrayal of funding approved in the current year will be significantly lower as shown in Table 1b below.

Table 1b: Forecast actual LGD Capital programme expenditure against the 2018/19 allocation

Solent Growth Fund Programme - SME support (2018/19)	£700,000
Solent Growth Fund Programme Management Costs	£129,065
LGD matched funding towards the ERDF grants programme	£300,000
Local Growth Deal Programme Management	£366,564
Innovation programme Fund (2018/19) - Programme Management Costs	£34,869
Local Large Major transport schemes (Solent Metro)	£25,000
Solent Development Fund	£173,500
National Maritime Systems Centre	£2,564,664
Fareham College - Civil Engineering Training Centre	£2,410,000

Southampton Solent University - Warsash School of Maritime Science and Engineering	£5,164,000
Sub Total	£11,867,662
Under negotiation / due diligence with scheme promoters	
North Whiteley	£1,223,233
Stubbington Bypass (further advance)	£3,500,000
Sub Total	£4,723,233
Total Programme Allocation (a)	£16,590,895
Solent Growth Deal Award 2018/19 (b)	£10,817,860
Carry Forward from LGD 2017/18 (c)	£22,380,284
Total LGD Capital Programme Funding 2018/19 (d) = (b) + (c)	£33,198,144
Under allocated LGD programme funding 18/19 (e) = (d) - (a)	£16,607,249

This table reflects the mid-year re-profiling adjustments set out in more detail in Item 7 and shows that the forecast expenditure is currently expected to be £16,590,895 which is 49.9% of the total funding available to spend in 2018/19. It should be noted however that some of the schemes in the capital programme for 2018/19 will continue into 2019/20 and 2020/21.

A high level summary of the LGD expenditure against allocations received from 2015/16 to date is set out in the table below:

Local Growth Deal Summary of Expenditure to 31 March 2019	Actual 2015/16	Actual 2016/17	Actual 2017/18	Forecast Spend 2018/19	Total Cumulative Forecast Spend to 31 March 2019	Percentage - Cumulative Spend to 31 March 2019
Actual / Forecast Expenditure	38,833,432	37,807,314	8,312,999	16,590,895	101,544,640	85.9%
LGD Allocation	40,391,667	42,640,334	24,302,028	10,817,860	118,151,889	
Over / (Under) LGD Allocation	(1,558,235)	(4,833,020)	(15,989,029)	5,773,035	(16,607,249)	

The current forecast for 2018/19 shows that the cumulative LGD allocation up to and including 31 March 2019 will be 85.9% against a cumulative budget of £118m (an under allocation of £16.6m). However, the proposed capital programme makes provision for all funds to be allocated to 31 March 2021.

The 2018/19 position and aggregate performance for the period 2015/16 through to the end of quarter 2 2018/19 has been reported in the latest quarterly return to MHCLG, which is as shared previously with the Board. Board members may also wish to refer to appendix F under Item 7 which monitors the risk associated with the Local Growth Programme and DfT Retained Scheme projects. Specific project issues, reported by exception, for Board members to be aware of are as follows:

Fareham College - Civil Engineering Training Centre (CETC)

The Board will receive an update on progress being made by Fareham College on their CETC project.

North Whiteley

The Board will receive an updated due diligence report, which is attached as annexe D.

The consultation on this business case closed on 5 November 2018, and no responses were received.

The Board are asked to consider the updated independent due diligence report on the project and to provide advice to the Executive on moving this project forward.

QinetiQ - National Maritime Systems Centre + Innovation and Collaboration Hub

Following completion of a site visit in early November, work continues apace and the construction completion forecast has moved from 24 February 2020 to 15 June 2020.

The next draw down of funding for circa £2.6m of LGD funding expected to be received in the early part of 2019, and to be paid prior to 31 March 2019.

Solent Prosperity Fund update

The Solent Prosperity Fund (SPF) launched in August 2018 and has received eight applications across two rounds, one closing on 28 September and another closing on 2 November. Round three closes on 25 January, and, to date, one application has been received.

The table below summarises the position in relation to the first two rounds:

Round	Number of Applications	Project Type	Total Project Costs	LEP Loan Request	LEP Grant Request	Total Funding Request and % of Total Costs	Total Leverage
1 ¹	5	<ul style="list-style-type: none">1 x Skills3 x Infrastructure1 x Innovation	£61,619,000	£7,400,000 (12%)	£25,900,000 (42%)	£33,300,000 (54%)	£28,651,000 (46%)
2	3	<ul style="list-style-type: none">2 x Skills1 x Business Expansion	£25,565,639	£0 (0%)	£10,267,182 (40%)	£10,267,182 (40%)	£15,298,458 (60%)
1 and 2 Combined	8	<ul style="list-style-type: none">3 x Skills3 x Infrastructure1 x Innovation1 Business Expansion	£87,184,639	£7,400,000 (8.5%)	£36,167,182 (41.5%)	£43,567,182 (50%)	£43,949,458 (50%)

The total currently unallocated funding is £17.4m, of which £9.3m is Growing Places Capital Loan funding and £8.1m is Local Growth Deal capital grant funding.

Round One applications have been reviewed by the LEP's independent consultancy and these initial findings were reported to a meeting of the Large Project Advisory Panel (LPAP) on 21 November 2018. The Panel agreed with the independent analysis and an update on the LPAP meeting and supporting advice will be provided at the meeting and the independent analysis report is provided as confidential annexe E.

The Board will be asked to consider the advice of LPAP and the independent analysis report which sets out which projects should be **invited to work with the LEP to bring forward a Full Business Case to be considered for our capital programme pipeline**, subject to deliverability. Board members should note that this is not an investment decision, but rather a decision on which projects have the accord with the fund criteria and - critically - are low risk on deliverability and have the strongest potential to spend LEP funding by the 31 March 2021 deadline.

5. SME Funding Programmes (ERDF, LGD and RGF Legacy programmes)

Since securing Local Growth Deal funding of £12m for SME support over the six year period from 2015/16 to 2020/21, the LEP Executive has worked to develop, promote and manage a number of funds, both run from within

¹ As two options provided for one of the project in round 1, the above is based on their first option figures.

the LEP itself and contracted out to third-party suppliers, to support the start-up and growth of SMEs within the Solent area.

As reported previously to the Board and FFPMG on a number of occasions, SME application rates remain persistently low. The two tables in annexe F set out the current position in relation to the funds.

Since the LGD submission, the SME programme has been recalibrated a number of times to take account of the evolving role of LEPs, and is very much in line with the focus on productivity which LEPs have been clearly tasked with in the "Strengthened Local Enterprise Partnerships" document, published by HM Government in July 2018. Alongside this the Board are now asked to consider reviewing the programme to take account of macro-economic circumstances and the need for the LEP to play a role in supporting SMEs that may be potentially impacted as a result of BREXIT and also to look at the development of the programme to respond to the future of the high street and the requirement to support local businesses. An update on this will be provided at the meeting.

On a broader basis following a meeting with the managing authority for the ERDF funded Small Business Programme (SBP), the LEP Executive and accountable body are looking to submit and agree a contract variation which will extend the timeline for delivery of this programme. This should help to reinvigorate the SBP and enable a re-launch of the programme in Q1 of 2019.

In addition, the LEP Executive is continuing to explore opportunities for working with third party organisations to deliver programmes of support to Solent based SMEs and start-ups. This could include a programme of small grants linked to developing SMEs digital capability, export capacity, or activity focussed on reinvigorating high streets within the Solent LEP area; this last example would be very much in line with the Chancellor's Autumn Budget 2018, which trailed forthcoming policy around Future High Streets.

Further to the RGF legacy programme update provided to FFPMG in November 2018, a further update on this will be provided at the Board meeting.

6. Careers Activity

The Careers and Enterprise Company (CEC) co-funded activity in the Solent consists of the Enterprise Advisor Network, which has been operating since 2015, and the Solent East Careers Hub, which is one of 21 pilot initiatives across England, secured this year.

The CEC published [The State of the Nation 2018](#) report in November 2018. The provides an assessment on the quality of careers education and guidance of schools and colleges measured against the eight Gatsby benchmarks, which provide a framework of eight guidelines that define the best careers provision in schools and colleges. The assessment set out in The State of the Nation report places Solent schools and colleges **as the highest achieving against the Gatsby Benchmarks in the country**. This is a significant achievement.

A launch event for the Solent East Careers Hub is scheduled to take place on the 13 December and will provide an opportunity to bring together the organisations who are involved in the Hub to shape the activity of the Careers Hub, outline the support that can be made available, and provide an opportunity for networking and sharing best practice. Rachael Randall, as Board lead for employment and skills, is leading this event.

The first meeting of the Careers Hub Executive Forum, chaired by the Principal of UTC Portsmouth (the Careers Hub lead school), is expected to take place by the end of the year and will be informed by discussions at the launch event. This will be the key forum that will provide advice and steer the activity of the Careers Hub, reporting into the Solent LEP Employment and Skills Board.

Finally, the co-location of the Solent Growth Hub and Careers activity within the Solent Executive team is delivering dividends in terms of leads for growing the Enterprise Adviser Network and improving business intelligence.

7. Solent Growth Hub

Further to previous updates, Board will receive a verbal update at the meeting into the ongoing transition and integration of the Solent Growth Hub from a largely outsourced delivery model, to a hybrid model with the core Growth Hub service embedded directly within the LEP team.

8. Infrastructure to Support House Building Fund - Centenary Quay Phase 4

Further to updates provided to the LEP Board meeting on 19 October 2018 and FFPMG at their meeting in November, Crest Nicholson (the developer and beneficiary of LEP funding) are continuing to assemble evidence in support of their next claim of circa £1.9m.

The LEP Executive and accountable body will continue to work with Crest Nicholson and a further update will be provided to the Board in February 2019. The Board may also wish to note that FFPMG considered the PCC Internal Audit report into the Centenary Quay grant at their meeting in November, which provided full assurance.

9. Building Foundations for Growth - Capital programme for the Solent Enterprise Zone

As reported under Item 7, £7.09m was set aside for the construction of a new road to the south of the Enterprise Zone (EZ) and the majority of the works are now complete, aside from a minor adjustment in order to enable Hampshire County Council to adopt it.

10. Risk Management

Following consideration by FFPMG in September 2018, and subsequent approval by the LEP Board at their meeting on 19 October 2018, work has been underway to integrate the refined risk management framework into the day to day activities of the wider LEP team. This has included a session on programme and project risk management delivered to all LEP staff at the Team Development Day on 19 November 2018, and work with the accountable body legal team to further refine the funding agreement template and ensure the escalating scale of interventions as agreed by the Board are represented in specific funding agreement clauses.

Annexe A - Update on the proposed M27 Junction 10 and Welborne Development

A confidential item will be considered at the meeting

Annexe B – Letter to HM Government on Local Growth Deal

A confidential item will be considered at the meeting

Annexe C – Independent Due Diligence report on the Floating Bridge

A confidential report will be considered at the meeting

Annexe D – Independent Due Diligence report on the North Whiteley development

A confidential report will be considered at the meeting

Annexe E - Independent assessment of round one Solent Prosperity Fund applications

A confidential report will be considered at the meeting

Annexe F – Update on SME funded programmes

A confidential report will be considered at the meeting

14.12.2018

Item 9

**Draft Annual Report 2018 and Outline Business
Plan for 2019/20**

Item Number: 9
Item Title: Draft Annual Report 2018 and Update on Annual Business Plan 2019/20
Meeting Date: 14 December 2018
Purpose: For Consideration and decision

1. Draft Resolution:

Board members will be asked to:

- **Consider** and **Agree** the final draft of the Annual Report (2018) for the Solent LEP; and
- **Note** the guidance and proposed approach to developing a 2019/20 Solent LEP Business Plan.

2. Overview

This paper will provide an update to Board members on the following matters:

- The Solent LEP 2018 Annual Report; and
- The Solent LEP 2019/20 Business Plan

On 24 July 2018, HM Government published new proposals for Local Enterprise Partnerships (LEPs) to supercharge economic growth and drive forward investment in local businesses across the country. The publication of the [‘Strengthened Local Enterprise Partnerships’](#) review sees government delivering on its promise in the [Industrial Strategy white paper](#) to bring forward reforms to the leadership, governance and accountability of the 38 LEPs charged with kick-starting economic growth and creating jobs in their regions.

The review proposes a number of changes to boost the performance of LEPs, increase their diversity and ensure they’re operating in an open and transparent way. Key areas of the review relate to:

- Roles and responsibilities
- Leadership and organisational capacity
- Accountability and performance
- Geography

At the Board meeting in October the Board supported work in progress to publish an annual delivery plan and end of year report to assess the impact of their strategies and investment. We currently publish an annual report and work will be undertaken to augment this with the annual delivery plan. The initial draft annual report (2018) was considered by FFPMG at their meeting in November 2018 and there was a briefing on the work in relation to the draft annual business plan (2019/20). Further to the advice received by FFPMG, a final draft of the annual report will come to the board in December 2018 and an outline framework for the Business plan 2019/20 with the final draft to be considered and approved by the Board in February 2019.

3. Annual Report

Solent LEP has, for some years, produced an annual report which has set out the performance of the LEP against key targets in the Strategic Economic Plan and Solent Growth Deal. The LEP review published in July 2018 includes a requirement for all LEPs to publish an **annual delivery plan and end of year report**. This should include key performance indicators to assess the impact of their strategy, funding and interventions. It will inform an objective assessment on LEP performance both nationally and locally. As in previous years, work is ongoing in

relation to this document and a final draft of the Solent LEP 2018 Annual Report for is included for Board members in Annexe A for their consideration. In terms of format, the Annual Report has drawn on the structure agreed for the 2017 version, available here:

<https://solentlep.org.uk/media/2274/solent-lep-annual-review.pdf>.

Board members should note that all output and financial figures within the final draft report are being updated to reflect the final year-end position.

Board members are asked to:

- **Consider** and **Agree** the final draft of the Annual Report 2018 (as set out in Annex A) for the Solent LEP and to **Delegate** authority to the LEP Executive to finalise for the AGM in March 2019.

4. 2019/20 Business Plan

[Strengthened Local Enterprise Partnership](#), published in July 2018, set out a range of requirements of LEPs, including a requirement for each LEP to develop and publish an Annual Delivery Plan (Business Plan) **by 1 April 2019** (subject to confirmation when guidance is published). Advice on the development of LEP Delivery Plan is limited, and contained solely within the Strengthened LEPs document, which itself, states that the revised LEP Assurance Framework, to be published in autumn 2018, will provide further clarity on the development of LEP Delivery Plans and that Government will work with LEPs to develop a consistent approach to delivery plans that recognises different local priorities. It is recognised that they will be significant documents that will adopt the following framework:

- They will include a set of headline outcome indicators based on local priorities to benefit people and communities, and a detailed and well developed understanding of the local economic evidence base across their area.
- They will inform objective assessments of LEP performance both nationally and locally.
- It is expected that these delivery plans will include how LEP's are investing existing Local Growth Fund awards, and delivering other local growth programmes such as Enterprise Zones and Growth Hubs. This should include detail on how LEP's will work with local authorities to make the most of their existing levers to drive economic growth and ensure that the planning system is responsive to commercial development.
- They will include details on the allocation of any other national and local funds, alongside approaches to monitoring and evaluation, and how the LEP plans for consultation and engagement with public, private and voluntary and community based bodies.
- Each LEP's overall performance will be held to account through measures agreed in their delivery plans.

In addition the plan should set out the key delivery priorities for 2019/20 and the board are therefore asked to consider the initial framework for the plan for 2019/20 as set out in Annexe B as this will inform the preparation of the final document which the Board will be asked to approve at their Board meeting in February 2019.

Board members are asked to;

- **Note** the guidance and proposed approach to developing a 2019/20 Solent LEP Business Plan.

Annexe A – Draft Annual report

A confidential report will be considered at the meeting

Annexe B – Draft framework for LEP Business plan 2019/20

A confidential report will be considered at the meeting

14.12.2018

Item 10

Any Other Business and Forward Plan



Item: 10
Title: Any other business – LEP Board forward plan
Date: 14 December 2018
Purpose: For information and decision

Draft Resolution:

The Board is asked to:

- **Consider** and **agree** the forward plan as set out below

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

15 February 2019 (9.00 am to 12.00 pm) – Venue to be advised

- Update on Solent Local Industrial Strategy and LEP review implementation plan to include:
 - Revised economic forecasts from Oxford Economics
 - Updated Solent Economic Profile
- Governance update to include;
 - Final LEP Assurance Framework 2019 and LEP Assurance statement (to include HMG Compliance letter)
 - Review of Articles of Association and Preparation for AGM
- LGD Update for 2018/19 programme and LGD 2019/20, the LGD Retained schemes and future years
- Final Business Plan for 2019/20
- Financial Forecast Out turn for 2018/19 and financial forecasts for 2019/20 onwards and approval of interim budget for 2019/20

10 May 2019 (9.00 am to 12.00 pm) – venue to be advised

- Update on Solent Local Industrial Strategy and LEP review implementation plan
- Local Growth Update for 2019/20 programme to include LGD Retained schemes and future pipeline
- Final Out turn for 2018/19, in year budget position for 2019/20 and financial forecasts to 2021
- Initial update on Solent Maritime Economic impact study
- Update from ESB on Enterprise Adviser Network and Solent careers Hub

19 July 2019 (9.00 am to 12.00 pm) – venue to be advised

- Update on Solent Local Industrial Strategy and LEP review implementation plan
- Local Growth Update for 2019/20 programme to include LGD Retained schemes and future pipeline
- Final Out turn for 2018/19, in year budget position for 2019/20 and financial forecasts to 2021
- Annual audit report 2018/19
- Annual report from SERCOM