



SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP



Local Growth Fund -
Early Stage Progress
Review to Q3 2019/20

Local Growth Fund - Early Stage Progress Review to Q3 2019/20

Since 2015 the Solent LEP has secured **£182.9m through the Local Growth Deal (LGD) to create jobs, support businesses and enable growth**¹. The projects funded through the Local Growth Fund (LGF) support the long-term objectives of the Solent 2050 Strategy by enhancing the region's distinctive strengths, especially in the maritime sector, supporting coastal renaissance, and targeting investments which will increase productivity and resilience through skills, infrastructure and business support. These projects also support the goals of the Economic Recovery Plan for survival, stability and growth in the aftermath of Covid-19.

The Solent 2050 six priorities:



This progress report explores the performance and impacts of 18 projects funded by the Local Growth Fund as of Q3 2019/20. These projects were delivered between the summer of 2015 and the first half of 2018. They represent 60% of all LGF funding spent between 2015/16 and 2019/20 and just over 45% of the Solent LEP's total LGF allocation. The analysis therefore only presents a sub-set of the full impacts of LGF investment in the Solent region.

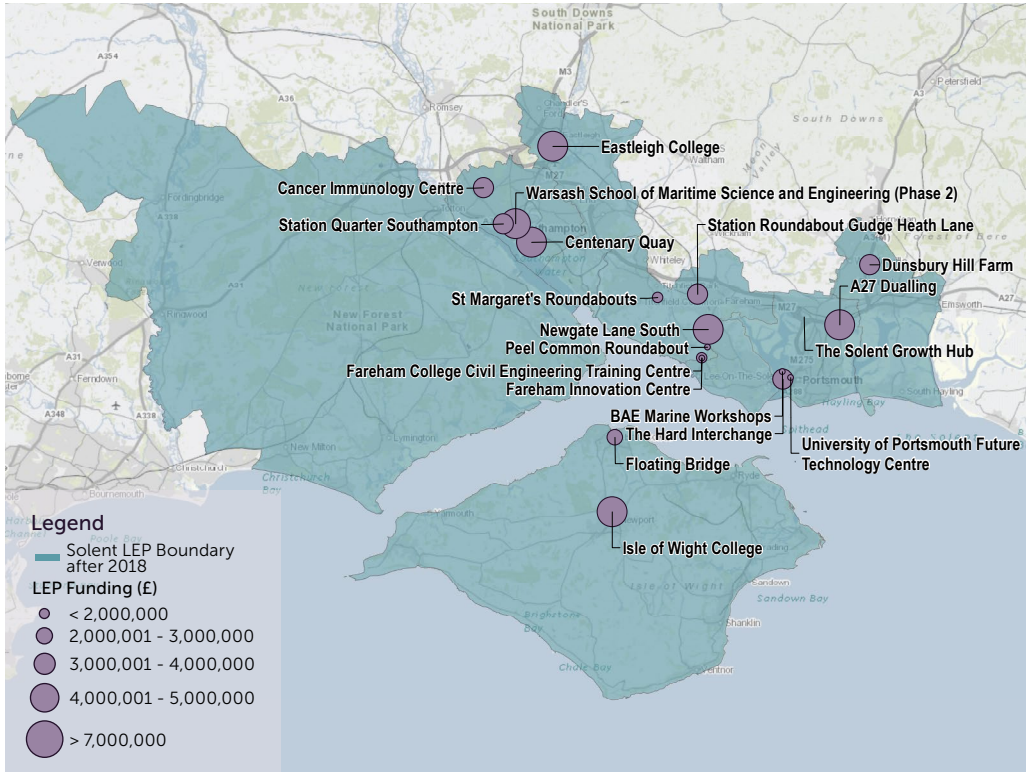
In addition, this report highlights the contribution of the Solent Growth Hub to the local economy through its provision of business support services.

¹ Source: https://assets.publishing.services.gov.uk/government/uploads/system/uploads/attachment_data/file/589198/170202_Solent_LEP_GD_factsheet.pdf



The LEP funds delivered a wide range of projects which will benefit residents and businesses across the Solent

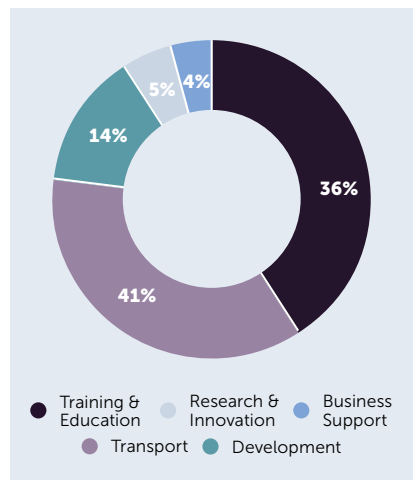
Distributed across the whole of the Solent area, the Local Growth Funds have been invested in transport infrastructure, housing development, training centres, and research and innovation facilities.



The majority of LEP funding has been targeted towards training & education and transport projects (77% of all funding) which will benefit many residents and businesses throughout the area.

The training and education projects open new opportunities, for both the existing workforce and new students, to acquire specialist and vocational skills in priority sectors such as maritime, aerospace and advanced manufacturing. They will help to address the needs of employers, increase productivity and boost the profile of the Solent as a world-class education destination.

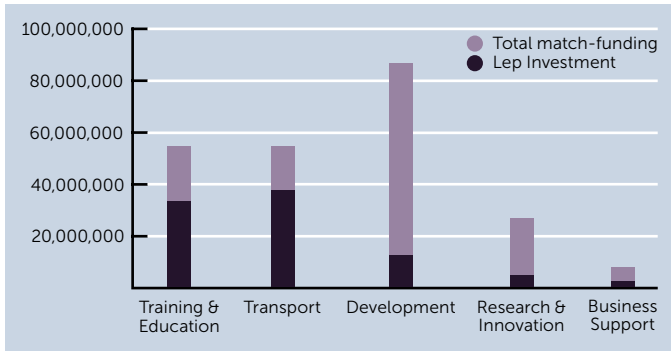
The transport projects will shape and improve the long-term economic infrastructure of the Solent by addressing congestion and delays which affect both residents and businesses, by enabling new development and city centre renaissance, and by supporting a shift towards more active modes of transport.



£90 million of LEP funds have already directly unlocked £140 million of additional public and private match-funding, and there is more to come...

Together with the match-funding provided by public and private sector organisations at the outset, and including the Local Growth Hub, approximately £230m worth of new financial investment has been delivered by these projects since 2015/16. This means that, across the project portfolio, **for every £1 invested by the LEP another £1.6 has been directly invested in projects from public and private sectors across the Solent, with more investment due before the whole LGF is spent.**

In the case of development projects (Centenary Quay and Dunsbury Hill Farm), £6 of match-funding investment has been secured for every £1 from the LEP while the research project funded by the Cancer Immunology Centre directly attracted £4.8 from the private sector for every £1 received from the LEP.



For every £1 invested by the LEP, the private and public sectors have contributed £1.6 in match-funding.

Effective delivery of outputs, good budget management and delivery within programme

Delivery performance of the projects can be summarised across the three core criteria of timescales, budget and outputs.

Overall, **almost all LGF projects have achieved strong delivery of LEP contracted outputs.** Delivery covered a range of different outputs across new transport infrastructure, public realm, housing, commercial floorspace, research or education floorspace. In the rare cases where outputs have not been fully completed, work is underway to respond to this.

More than 50% of projects were delivered within their budget. Where some cost overruns did occur, these were on average only 5% of the budget and covered by planned contingency allowances.

Over 55% of projects were delivered on time or with minimal delays (two months maximum). The other projects generally experienced delays to their starting date which then impacted the overall programme for completion.

Portfolio delivery overview				Portfolio average		Keys
Timescale	6	4	8	29% delay in delivery timescale across the portfolio		
Budget	10	7	1	90% of projects delivered on budget or with small cost over-run		
Outputs	17	0	1	Outputs delivered as per Grant Agreement		

- Success
- Small under-performance
- Did not meet targets

Strong progress on achieving and exceeding impact targets

The LGF projects committed to a range of impact targets covering jobs, housing, commercial and training floorspace, apprenticeships and learning opportunities. The projects also delivered significant outputs in terms of transport infrastructure.

A summary of key outputs and impacts to Q3 2019/20 against targets to 2019/2020 is presented below. The full economic benefits of the projects have yet to be fully realised. Impacts will keep accruing over time as the projects become fully operational and development space occupied. This can be expected to increase both their economic value for money and overall benefits for the local economy.

	Gross new direct jobs (excl. construction)	Safeguarded jobs	Gross housing impacts	Gross commercial space (sqm)	Training floorspace (sqm)	Apprenticeships	New learners (qualification gaining and CPD courses)	New / enhanced road (km)
Outputs to Q3 2019	1,383	620	867	18,342	19,126	2,727	10,685	15
Targets to 19/20	2,487	431	747	23,692	16,046	2,696	14,454	
Achievement	55.6%	143.9%	116.1%	77.4%	119.2%	101.1%	73.9%	
Targets to end of monitoring period	4,006	473	1,262	75,99	16,046	4,571	25,563	
Achievement	35%	131%	69%	24%	119%	60%	42%	

As seen above, **the portfolio shows strong performance across most direct impact metrics.**

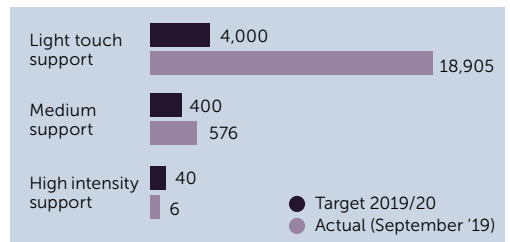
The 2019/20 targets for four of seven metrics (safeguarded jobs, housing, training floorspace and apprenticeships) have been met or exceeded. With another two quarters to run between Q3 2019/20 and the end of the 2019/20 financial year, the projects were also on track to achieve targets for commercial floorspace and new learners. In addition, 15km of new roads and cycle lanes were also delivered.

Only the delivery of direct jobs is lagging. This may be due to a number of factors such as delays to the implementation of the projects as well as challenges in estimating job impacts at the outset of the project and accurately recording job impacts during implementation. Job generation can be particularly challenging for projects which provide development-enabling infrastructure (e.g. Station Quarter, The Hard Interchange, Dunsbury Hill Farm) as in these cases, the creation of jobs is indirect and relies on the associated developments coming forward in the time and quantum initially envisaged.

With the occurrence of the Covid-19 pandemic since the report, project delivery generally has been detrimentally affected. This has resulted in outputs and wider impacts being delayed or reduced. However, the strategic long-term value of the projects funded by LGF has not changed

as they will deliver assets and services which support economic growth and recovery.

As for the Solent Growth Hub, the service has continuously matured since its inception in 2015 and delivered strong performance in terms of both services provided and funds leveraged. In the first half of 2019/20, the hub had already exceeded its annual targets for two out of three KPIs.



The Solent Growth Hub is an effective mechanism to leverage and distribute private and public funding for the benefits of the Solent economy. In 2019/20, the Hub leveraged a combined £31.5m from other Government funds managed by the LEP and private sector contributions.

With the emergence of the Covid-19 crisis in the last quarter of 2019/20, inquiries for business support grew rapidly. The demand for adaptable and trusted business support can be expected to remain high for the near future.

Around £700m of economic output expected to be added over the next 10 years through employment impacts alone

The projects funded by the Solent LEP through the Local Growth Fund all aim to enable growth and development in the region. Their full value to the economy is in how they trigger positive long-term change:

- education centres create a more skilled workforce which in turns support business productivity and sectoral competitiveness;
- transport infrastructure enables the economy to operate more efficiently (through reduced congestion and delays) and unlocks development;
- housing addresses latent demand, supports the regeneration of wider areas and creates spend in the economy; and
- research centres support innovation and global competitiveness.

As facilitators of growth and change, the full impacts of these projects occur through many channels and take time to fully materialise.

This makes it difficult to accurately quantify their economic value to the local economy at this stage.

Preliminary analysis estimates that the economic output (Gross Value Added) created by the net new and safeguarded jobs from these 18 projects could generate between £610 and £790m for the Solent economy over the next 10 years. In addition, the housing delivered by or enabled through the LGF projects will boost land values in the area and create homes for residents who will in turn spend additional money locally.

The LGF investment has also resulted in the creation of 10,000 – 13,000sqm of additional training floorspace. While the economic value of the training and education services offered by the schemes included in this study cannot be monetised at this point there is extensive evidence of the economic value of education on individuals (in terms of lifetime earnings) as well as for their employers (in terms of productivity gains and innovation)

Estimated net additional impacts as of Q3 2019/20

Employment Impacts



500 - 700 New jobs in Solent
600 - 700 Safeguarded jobs



£61m - 79m job-related GVA → **£610m - 790m** job-related GVA over **10 years**

Development Impacts



380-480 additional dwellings



£22m - 27m land value uplift at Centenary Quay, plus
£150m - 190m real disposable income from residents in new dwellings



9,000 - 12,000sqm additional commercial floorspace

Training & Education



10,000 - 13,000sqm additional training floorspace



7,000 - 8,500 additional courses (qualification gaining & CPD)



1,000 - 1,300 additional apprenticeships

Catalysing growth and deepening Solent's national strengths

The long-term economic impacts from the projects occur through complex interconnected effects which are described and illustrated below. These generate significant multiplier effects for the local economy.



LEP Strategic Added Value

- Engagement with & commitment from local partners
- Supporting long-term strategic investment priorities
- Addressing market failures & spatial disparities
- Leveraging resources from partners outside Solent LEP



SOLENT GROWTH HUB

The strategic value of the LEP's involvement in local investment is perfectly illustrated by the Solent Growth Hub which has been delivered by the LEP since September 2018. Since then, the Hub has simplified business support provision in the area and been fully embedded within the LEP's business support programme which, in 2019, provided £456,928 in grant funding to SMEs through the Solent Prosperity Fund and has been pivotal in allocating the region's ERDF funds.

The LEP also continues to develop its network of Strategic Partnerships to broaden the support provision of the Growth Hub. There are seven new strategic partnerships in place with Oxford Innovation, NatWest, University of Portsmouth Future Technology Centre, CSW, FSB, Barclays Eagle Lab and 49. These partnerships are in addition to the first three partnerships established during 2018/19 (the Solent Apprenticeship Hub, Havant Business Partnership and Start-Up Grind).

They provide invaluable resources to the Growth Hub including access to new business networks in the form of electronic communications distribution, access to established business support events and the opportunity to develop new, partnership approaches to events. It also includes the direct involvement of a NatWest employee through the NatWest Expert in Residence Programme.

Finally, the relationship with the LEP enables the Solent Growth Hub to adapt to emerging challenges such as Brexit. Additional funding secured by the LEP has enabled the delivery of a local Brexit Readiness Toolkit to ensure simplified Brexit support provision is available to local SMEs.



The wider impacts of transport projects

- Unlock regeneration sites and new development opportunities
- Ensure continued vitality and resilience of local economy
- Support strategic priorities in terms of health and climate change mitigation



STATION QUARTER Southampton

Southampton City Council received £4.2m from the Solent LEP which delivered: improvements to the northern entrance/exit of Southampton Central rail station and the surrounding local street network; simplified junction signal timings to increase pedestrian/cycle phase times; better bus interchange facilities including waiting areas, information and way-finding; improved taxi stands and more cycle parking.

The aims of the scheme are to:

- Develop a modern access infrastructure with capacity to support anticipated growth
- Support modal shift towards active modes
- Improve and extend the quality of the pedestrian environment
- Improve the transport interchange and arrival experience at and around Central Station.

The project was completed in March 2016 on budget and to programme.

By providing new transport infrastructure, the project plays a critical role as a catalyst for further development and regeneration in the surrounding area. It is a core component of the City Centre Action Plan's strategy for the Station Quarter area which aims to create an enhanced and distinctive 'gateway' to the city centre, incorporating high density office development, new public squares and new links to the waterfront and main shopping area.

It is also adjacent to Mayflower Quarter, one of the largest city centre regeneration opportunities in the UK, extending from Southampton train station to the waterfront. The area will provide world class facilities for business, homes, retail and leisure and will also re-connect the waterfront with the city centre.

As a result, the transport infrastructure provided by this scheme will unlock and support the development and growth of Southampton City Centre.



Wider impacts of development projects

- Improve the profile of the area, making it more attractive to future inward investment
- Increase density and viability of future developments as a result of increased sales and land values, supporting local authorities in meeting their housing and job targets
- Reduce deprivation
- Bring brownfield sites back into use and kick-start wider regeneration.



DUNSBURY HILL FARM BUSINESS PARK

Portsmouth City Council received £4.5m from the Solent LEP to build a new link road and enable the development of the Dunsbury Hill Farm Business Park, the largest of five sites in the Havant Core Strategy. This land has been identified in the Havant employment land for many years but could not be developed due to the lack of a road.

The new link road has been completed and the first two phases of the new business park have been developed. They are now occupied with around 400 jobs on the site. When fully developed, the Business Park will offer a combination of office space, industrial and warehousing units and a hotel / conference centre. The Gross Development Value (GDV) of the site is estimated at £130m.

The development forms a new business gateway to South Hampshire from the A3(M) and will provide accommodation for a high number of locally based accessible jobs.

Dunsbury Park won Business Park of the year at the 2017 South Coast Property Awards.





Wider impacts of training projects

- Address local skills shortages
- Improve business and learner retention in Solent
- Raise Solent's national and international profile as leading destination for high-value skills and education
- Expand education offer & cross-fertilise with existing providers
- Expand links with business



CECAMM

Centre for Excellence for Composites, Advanced Manufacturing and Marine Technology

The Isle of Wight College was granted £10.9m by the Solent LEP to build a new Centre of Excellence for Composites, Advanced Manufacturing and Marine Technology (CECAMM) led by GKN Aerospace.

The aim was to provide the existing and future workforce of the Isle of Wight with the skills local employers need in order to grow and prosper in the modern economy, and to encourage new businesses to locate and invest on the Island.

This new training facility is now completed, and training delivery commenced in September 2017.

Through the building itself as well as the courses offered at the Centre, CECAMM has generated several beneficial wider impacts for the residents and businesses of the Isle of Wight:

- Partnerships with engineering employers have been very successful and ensure the Centre's curriculum aligns with employer requirements
- By providing employers with access to a locally trained workforce, which will support engineering and related businesses, businesses retention on the island is supported. Businesses from the mainland have also expressed interest in the centre's offer.
- The island's wider economy benefits from retaining both large and small high value engineering companies on the island and their associated supply chains.
- Residents have access to new opportunities to acquire STEM skills, improving their prospects for employment, university education or upskilling.
- Awareness of STEM careers is raised amongst young residents through school pupils who visit CECAMM for tasters, tours and open days.
- The building has contributed to enhancing the college's reputation within the island community and with engineering employer forums and organisations such as the Chamber of Commerce and the local authority.
- Networking opportunities have been increased through events facilitated by CECAMM.



Wider impacts of research & innovation projects

- Build Solent's innovation capacity and capability
- Support Solent's global competitiveness as a research centre in niche markets and attract top talent and investment to the area



CENTRE FOR CANCER IMMUNOLOGY

The University of Southampton applied to Solent LEP for £4.5m to support the delivery of a new build Centre for Cancer Immunology (CCI) at University Hospital Southampton. This is the UK's first dedicated Centre for Cancer Immunology. It supports innovation in the field of immunology research, places the UK firmly on the map as a global Centre of Excellence in this field, and delivers new therapies for curing cancer.

The building has been completed and opened in July 2018. Beyond the direct jobs and research positions created by the Centre, its wider impacts play out on a national and global scale:

- It has attracted researchers of global standing, which strengthens the international significance of the centre. This in turn has enabled collaborations with prominent overseas research institutes and businesses which would not otherwise have been possible.
- Its facilities will accelerate innovation and commercialisation in the field of cancer immunology delivering new therapies that will cure many types of cancer and extend patient lives.
- It supports the Solent area's competitiveness in the life science industries by fostering business collaboration across a range of high value sectors.





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