



**SOLENT  
LOCAL  
ENTERPRISE  
PARTNERSHIP**

## **SOLENT GROWTH FORUM**

**MONDAY, 17 OCTOBER 2016 AT 7.00 PM  
OR ON THE CLOSING OF THE PUSH JOINT  
COMMITTEE, WHICHEVER IS LATER**

**COUNCIL CHAMBER, FAREHAM BOROUGH  
COUNCIL**

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### **AGENDA**

- 1 Introductions and Apologies for Absence**
  
- 2 Declarations of Interests**
  
- 3 Notes of Previous Meeting of 7 June 2016 and Matters Arising (Pages 1 - 4)**  
Minutes attached.  
**RECOMMENDED that the minutes of the meeting held on 7 June 2016 be agreed as a correct record.**
  
- 4 Local Growth Deal Capital Programme Update (Pages 5 - 10)**  
(10 minutes)  
**Purpose:** to receive a paper from the Solent LEP updating the Solent Growth Forum on the 2016/17 Local Growth Deal Programme.  
  
The Solent Growth Forum is asked to:  
**Note the update for the LGD 2016/17 capital programme.**

## 5 Solent LEP Strategy Update

(30 minutes)

**Purpose:** to receive a short presentation from the Solent LEP advising the Solent Growth Forum on new government policy on local growth and the development of the Industrial Strategy. To be followed by a question and answer session and discussion.

## 6 Updated Economic Baseline and Forecasting

(45 minutes)

**Purpose:** to receive a short presentation from Oxford Economics updating the Solent Growth Forum on the work currently being carried out around economic forecasting for the Solent LEP area. To be followed by a question and answer session and discussion.

## 7 Forward Plan (Pages 11 - 12)

(5 minutes)

**Purpose:** to receive a proposed forward plan for forthcoming meetings of the Solent Growth Forum.

Solent Growth Forum Members are asked to:  
**Consider and Agree the proposed Forward Plan**

## 8 Any Other Business and Close

### Membership

Councillor Seán Woodward	Fareham BC
Councillor Donna Jones	Portsmouth CC
Councillor Simon Letts	Southampton CC
Councillor Guy Shepherd	East Hampshire DC
Councillor Keith House	Eastleigh BC
Councillor Mark Hook	Gosport BC
Councillor Keith Mans	Hampshire CC
Councillor Michael Cheshire	Havant BC
Councillor Martin Hatley	Test Valley BC
Councillor Stephen Godfrey	Winchester CC
Councillor Johnathan Bacon	Isle of Wight Council
Councillor Edward Heron	New Forest DC

### **Invited Ex Officio Members**

Di Roberts	Brockenhurst College
Ken Moon	Federation of Small Businesses
John Ball	Southern and Eastern Region Trades Unions Congress
Tim Houghton	Community First
Phillip Sheppard	Highways England
Fiona Willmot	Skills Funding Agency
Mike O'Neill	Environment Agency
Diarmid Swainson	BIS Local
Fiona Dalton	University Hospital Southampton NHS Foundation Trust
Graham Galbraith	University of Portsmouth
Vacancy	Network Rail
Kevin Bourner	Homes and Communities Agency

### **Standing Ex Officio Members**

Stuart Baker	Solent LEP
Marc Griffin	Solent LEP
Robert Parkin	Legal Advisor to Solent LEP Accountable Body (PCC)
Chris Ward	Chief Finance Officer for the Solent LEP Accountable Body (PCC)

### **Also invited:**

Anne-Marie Mountifield	Chief Executive, Solent LEP
Gary Jeffries	Chair, Solent LEP
A representative (tbc)	Oxford Economics

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# Agenda Item 3

## SOLENT GROWTH FORUM

Minutes of the meeting of the Solent Growth Forum held on Tuesday, 7 June 2016 at 7pm at the Council Chamber, Fareham Borough Council.

### Present

Councillors	Guy Shepherd	East Hampshire District Council
	Keith House	Eastleigh Borough Council
	Sean Woodward	Fareham Borough Council
	Patricia Stallard	Hampshire County Council
	Michael Cheshire	Havant Borough Council (CHAIR)
	Edward Heron	New Forest District Council
	Victoria Weston	Winchester City Council
	Martin Hatley	Test Valley Borough Council
Ex-Officio	Di Roberts	Brockenhurst College
	John Ball	Southern and Eastern Region Trades Unions Congress
	Tim Houghton	Voluntary and Community Sector
	Sarah Duckering	University of Portsmouth
	Bruce Voss	Homes and Communities Agency
	Stuart Baker	Head of Local Growth Solent LEP
	James Fitzgerald	Solent LEP Accountable Body (Portsmouth City Council)
Robert Parkin	Deputy Chief Executive and City Solicitor, Portsmouth City Council	
Invited	Marc Griffin	Head of Capital and Infrastructure, Solent LEP
	David Williams	Chief Executive, Portsmouth City Council
	Anne-Marie Mountifield	Chief Executive, Solent LEP
In attendance	Gary Jeffries	Chairman, Solent LEP
	Steve Tilbury	Winchester City Council
	Stuart Jarvis	Hampshire County Council
	Tom Horwood	East Hampshire District Council

### 25. Introductions and Apologies for Absence.

Introductions were made.

No apologies for absence were received.

**26. Meeting Notes and Matters Arising.**

**RESOLVED** that the minutes of the meeting held on 15 March 2016 be agreed.

**27. Declarations of Interests.**

Di Roberts and Sarah Duckering declared prejudicial interests in item 6 as this affects their area and so they would not take part in any discussions.

**28. Local Growth Deal Capital Programme Update.**

Marc Griffin Head of Capital and Infrastructure, Solent Local Enterprise Partnership introduced the report on the 2015/16 Local Growth Deal Programme. He asked members to note that report would be discussed later that week at the Local Enterprise Partnership Board.

There were no questions from members.

The Chair thanked Marc for his report.

**RESOLVED** that the report be noted.

**29. Competing for Growth: Further Growth Deals.**

Stuart Baker, Head of Local Growth, Solent LEP introduced the report which updated the forum on the new Local Growth Fund.

Members commented that the area should be ambitious in its ask of government, given the excellent delivery track record in the first year of the Local Growth Deal Capital Programme. It was also noted that there is a need to support housing growth, given the quantum of housing needing to be built in the Solent to support forecast economic growth.

**RESOLVED** that the report be noted.

**30. Large Local Major Transport Schemes Fund**

Stuart Baker, Head of Local Growth, Solent LEP introduced the report which updated the forum on the submission to the Department for Transport for development cost funding for transformative transport projects in the Solent.

In response to a question from members, Stuart explained that the table on page 1 of the report shows the profile of funding available within the Large Local Major Transport Fund. The breakdown of the funding year by year to account for the pre-allocation of funds to two schemes in East Anglia, is not yet available from DfT.

There was support from Easteigh Borough Council for the Solent Airport Economic Gateway scheme.

**RESOLVED that the update on the Local Large Major Transport Fund be noted.**

**31. Any Other Business and Close.**

There was no further business.

The meeting concluded at 7.35pm.

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Chair

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# Agenda Item 4



**Meeting:** Solent Growth Forum  
**Date:** 17<sup>th</sup> October 2016  
**Item 4:** Local Growth Deal 2016/17 Capital Programme Update

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## Purpose of report

This report provides an update to the Solent Growth Forum on the 2016/17 Local Growth Deal (LGD) programme.

### 1. Current status of 2016/17 LGD schemes and the future capital programme.

Since the last Solent Growth Forum the Executive have continued to worked with 2016/17 LGD scheme leads to progress projects to signed agreements and to ensure early commencement of delivery on site to maximise opportunities for defrayal of the £44,198,569<sup>1</sup> 2016/17 LGD allocation.

Table 1 below summarises the current position (incorporating approvals from the June Solent LEP Board meeting) at the end of quarter 1 in 2016/17.

**Table 1: Current Funding Agreement Status of Projects within the 2016/17 Solent Growth Fund Programme**

LGD Programme Management Costs	£	300,000
Solent Growth Fund (2016)	£	3,493,568
Innovation programme Fund (2016)	£	5,575,000
Local Large Major transport schemes (Solent Metro and SAEG <sup>2</sup> )	£	255,000
<b>Sub Total</b>	<b>£</b>	<b>9,623,568</b>
<b>Final Agreement</b>		
Eastleigh College Estates Renewal	£	2,190,000
Isle of Wight College CoE for Composites, Advanced Manufacturing and Marine	£	5,500,000
Solent Gateway Programme - Isle of Wight Floating Bridge	£	3,776,782
A27 Station Roundabout / Gudge Heath Lane	£	2,893,000
Fareham and Gosport multi year programme (A27 Dualling and Newgate Lane)	£	4,500,000
<b>Sub Total</b>	<b>£</b>	<b>18,859,782</b>
<b>Under negotiation</b>		
BAE Systems Marine Engineering Centre Development	£	129,400
North Whiteley	£	2,500,000
Centenary Quay	£	1,261,176
BAE Marine Workshops and Marine Support Centre	£	1,050,000

<sup>1</sup> The £44,198,569 includes the 16/17 allocation of £42,640,334 + carry forward from 2015/16 + Capital Funding returned to LGD from Accountable Body

<sup>2</sup> SAEG – Southampton Airport Economic Gateway

<b>Sub Total</b>	<b>£</b>	<b>4,940,576</b>
<b>Total (a)</b>	<b>£</b>	<b>33,423,926</b>
<b>Solent Growth Deal Award 2016/17 (b)</b>	<b>£</b>	<b>42,640,334</b>
<b>Carry forward from 2015/16 (c)</b>	<b>£</b>	<b>558,235</b>
<b>Capital funding for LGD returned from Accountable body (d)</b>	<b>£</b>	<b>1,000,000</b>
<b>Total LGD Capital programme 2016/17 (e) = (b) + (c) + (d)</b>	<b>£</b>	<b>44,198,569</b>
<b>Un allocated capital funding (e) - (a)</b>	<b>£</b>	<b>10,774,643</b>

Solent Growth Forum members should note that a number of schemes have gone to contract and final agreements have been signed.

Solent Growth Forum members may wish to note the following additions to the Local growth deal capital programme for 2016/17

The launch of an **Innovation Programme Fund** – which has resulted in a number of new innovation projects coming forward. A further round of the Innovation Programme Fund was launched on the 3<sup>rd</sup> October. Further details are available [here](#).

In relation to the **Solent Growth Fund** a new Marine and Maritime SME Growth Fund, in partnership with British Marine, was launched in April 2016. It is expected that a new Solent Growth Fund launch will be launched in November 2016, focussing on supporting businesses with high growth potential, as well as those that are seeking to raise productivity, strengthen export based activity, or that have been impacted by economic factors.

Following the Board meeting in June 2016 there is now an allocated capital programme of £33,423,926 (including under negotiation schemes) which represents 75.6% of the total allocation for LGD 2016/17. There still however remains £10,774,643 of unallocated capital funding for 2016/17.

The Solent Growth Forum should note that we are now considering proposals in relation to the use of the unallocated capital funding. This includes looking at bringing forward projects from the capital programme for 2017/18, reviewing the programme pipeline that has been developed for the LGD 3 Competing for Growth Solent LEP submission (a summary of which is provided as Annex A) to see if there are any projects in scope for early delivery under our current funds and considered options for investment regeneration to unlock land. These options will be presented to the Solent LEP Board in October 2016 and a further update will be provided to the Solent Growth Forum at their next meeting.

Therefore the Solent Growth Forum is asked to:

- **Note** the update for the LGD 2016/17 capital programme



# SOLENT LOCAL ENTERPRISE PARTNERSHIP

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# TRANSFORMING THE SOLENT: SOLENT GROWTH DEAL 3



“ Since the agreement of the Solent Growth Deal, we have been working hard to help this world-class area achieve its full potential. We remain committed to building on this progress and our ask of government is a Local Growth Deal 3 settlement of £161.7m. In the period to 2025 this will unlock over £410m of local contributions and £1.4bn private sector investment, safeguarding and/or creating over 15,000 jobs, 1,000 new apprenticeships, unlocking 527,000 sq metres of new employment land and enabling 7,250 new homes.

This proposal seeks to provide a new strategic investment framework for the area and to underpin the refresh of our Solent Strategic Economic Plan (SEP). It will also enable us to build on the investment commitments already made, with a view to securing a greater level of commitment to the collective planning and delivery of our growth ambitions. Our five point plan is clear and we must:

- Address deficits in **traditional transport infrastructure**
- Address the serious and chronic **shortage of housing** in the Solent area.
- Develop the **skills that our economy needs to succeed**, with a continued focus on higher level skills, apprenticeships and STEM
- Ensure that **ideas and knowledge are at the forefront** of our approach
- Address the economic challenges on the **Isle of Wight**

The progress we have made during the first year of the Solent Growth Deal is a strong testament to the area and our ability to deliver. The £151.9m Solent Growth Deal has allowed the area to deliver a number of new infrastructure and skills capital projects in 2015/16. In addition we continue to support our SME business base and our small business growth programme

has directly supported 130 local businesses including the creation of over 70 new start-ups.

Furthermore, we are pleased to see some early results from work with Government to create the Solent Strategic Land and Infrastructure Board (SSLIB) with the very timely publication of the Solent Transport Investment Plan in 2016 which has allowed the area to respond positively and proactively to the new investment opportunities announced under the Local Large Transport Majors Fund.

In addition the completion of the Solent Area review provides us with renewed momentum and offers a valuable opportunity to realise the talents of our residents whilst supporting the development of our employment and skills base for the future.

We remain committed to transforming the Solent economy and our new proposal brings forward a new deal which will work for everyone in the Solent.



Gary Jeffries — the LEP Chairman

## DELIVERY OF OUR EXISTING GROWTH DEAL



Peel Common Roundabout

► **The first year of our Solent Growth Deal has seen the delivery of a £40m capital programme which has:**

- unlocked 4150 new homes
- created 4000 new jobs
- unlocked 72,000 sq metres of new employment floor space
- delivered significant improvements in connectivity

The schemes that have been delivered include:

- Fareham and Gosport programme phase 1
- Investment in key transport interchanges in both cities
- Green infrastructure to unlock new housing
- New development land for employment
- 2 world class skills centres; delivering more apprenticeships in STEM and Advanced Manufacturing on the Isle of Wight and in Eastleigh
- A leading global centre of excellence for cancer immunology.

Another important element of our Solent Growth Deal and wider business support strategy has been the SME funding programmes, which to date have delivered:

- £7m grant funding allocated to more than 130 SME businesses in the Solent
- Support for high growth firms in the Solent
- Support for 70 new start-up businesses
- 1,200 jobs created / safeguarded
- The Solent Growth Hub has supported 15,000 businesses
- Dedicated SME SGF programmes with partner organisations that represent SME's including British Marine, Natural Enterprise, FSB and Composites UK.

Through the Solent Growth Deal we have invested more than £40m across the area in 2015 and work is already underway to invest a further £44m in 2016 to stimulate further growth.



CECAMM/Golden Bolt Ceremony



Dunsbury Hill Farm

## 1. CECAMM (CENTRE OF EXCELLENCE FOR COMPOSITES MANUFACTURING AND MARITIME TECHNOLOGY) ISLE OF WIGHT £10.9M LOCAL GROWTH DEAL INVESTMENT

► Building on the investment at MHI Vestas Offshore Wind, the Solent LEP has used capital funding available through the Local Growth Deal to support the Isle of Wight College’s ambitious plans to build a £12 million specialist centre for engineering, offering specialised education and training for around 600 students.

The new centre will create a world-class workforce and help to assure sustainable long term economic success for local people and the island as a whole. Due to open Spring 2017, the Centre of Excellence for Composites, Advanced Manufacturing and Marine (CECAMM) has been designed with guidance from Island employers to give students the skills needed for work, empowering the next workforce generation.

The new CECAMM Centre will offer students a choice of career first and course second. The focus will be to provide all of the knowledge and skills that any student will need to enter their chosen field and prepare them for work and/or higher study. The CECAMM curriculum will be created in partnership with local industry leaders to ensure that students gain the most relevant up to date industry knowledge.

**“This new centre will take us to a new level for advanced manufacturing and for attracting major businesses over to the Isle of Wight. It is an opportunity for our outstanding college to take island businesses forward, island employment forward and to train more people to do the jobs which the island does best”**

**Sarah McCarthy-Fry**, Financial Director at **GKN Aerospace Ltd.**

## 2. DUNSBURY HILL FARM, HAVANT, £4,540,000 LOCAL GROWTH DEAL INVESTMENT

► Dunsbury Hill Farm (DHF) is a strategically positioned development site with strong links to London via the A3 and wider Solent area.

Despite this huge potential, the DHF site currently has no means of vehicular access. Without the necessary investment in providing such access, development of the site is not possible. As a result, whilst there has been much interest from the private sector in occupying any developed employment units at DHF, the site has remained out of economic use for the last decade.

The Solent LEP has invested Local Growth Deal Funds in bringing forward a link road to the site which has proved the critical piece of infrastructure to catalyse wider investment and development totalling 67,534m<sup>2</sup> of employment-land and the creation of some 3,400 new jobs.

Since the investment, Fat Face has been announced as the first, anchor tenant at the site.

**Simon Ratcliffe**, infrastructure director at **FatFace**, said:

**“For some time we have been exploring options to expand our distribution facilities in order to support the company’s ambitious growth plans. Having considered a number of locations across the UK, we have decided to maintain our commitment to the Havant region. The new site will support our expansion plans whilst allowing us to better serve our customer base. We also look forward to continuing our support for local employment in the Havant area where our excellent staff, which now total 300 people in both Head Office and our existing distribution facilities, continue to drive this business forward.”**

## THE LOCAL GROWTH DEAL 3 PROPOSAL



Port of Southampton. Credit: Southampton City Council

► **Securing a new £161.7 million Local Growth Deal will, in the period to 2025, deliver a £572 million growth investment plan for the area; and:**

- Unlock over **£1.4 billion new private sector investment**
- Demonstrate strong collaboration between the LEP and the local area bringing forward **£410 million local contributions;** and
- Unlocking 527,000 sq metres of new **development land for employment** by supporting investment in critical infrastructure in the cities of Portsmouth and Southampton
- **Bringing forward an additional 7,250 new homes** with a focus on affordable housing, by supporting new developments like Centenary Quay in Southampton and flood defence protection in both cities to unlock new land for housing
- Support for at least 200 **high growth businesses** through our Solent Growth Fund
- A new £10.98 m innovation fund to support the **commercialisation of research and knowledge**, thereby encouraging innovation
- A new £34m skills programme to support the **delivery of 1000 new apprenticeships** to support our workforce
- New transport investment in a range of schemes such as Stubbington Bypass, access to the Western Docks in Southampton, Botley Bypass and BRT Phase 1B to support connectivity across the Solent region.

This will be a huge benefit to the local economy and is comparative to the outputs we are delivering through our existing Growth Deal arrangements. However, the step change in delivery achieved through this proposal will be seen in the wider leverage unlocked. We have the potential to **secure a wider investment of over £1.4 bn** which will bring the **total value of our deal to £2bn**. This represents a truly transformational opportunity.

Our proposal brings forward a very strong pipeline of activity that clearly engages with the government priorities around transport and infrastructure, housing and skills. The local area recognises the need to be responsive and agile and therefore the pipeline is scalable and flexible and we have a portfolio of fully consented schemes with local funding in place. There is **strong local buy in** with a commitment to invest £410 million to support this proposal and a commitment to invest £38 million this year if the Local growth deal proposal is supported. £11 million has already been invested in a range of projects to ensure that they are ready to come forward now and with local growth deal funding confirmed they will be ready to commence in 2017.

Similarly there are a number of transformational projects that are in an advanced stage of development and will be ready to commence in 2018. All projects and programmes will complete by 2021 and we have the ability to accelerate delivery and bring activity forward should it be required.

In addition, the new proposal will continue to deliver new job creation and importantly, it will unlock higher levels of private sector investment and it is closely aligned with the emerging Solent devolution deal and the proposal to establish a Solent Mayoral Combined Authority (MCA).

We have been working with a wide range of partners in developing this proposal, including colleagues at Local Authorities, Members of Parliament and, critically, business and are very grateful to all those individuals and organisations that have offered their backing. Through this we have been able to focus the proposal on key projects that will unlock new housing and employment developments, address deficits in our transport connectivity and develop the skills and innovation are leading industries need to grow .



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**Anne-Marie Mountifield**

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**Solent Growth Forum Update  
17 October 2016**

Agenda Item 5

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# 01 Overview

- Review of 2016 activity
- Policy update post EU Referendum
- Local growth - emerging policy
- Future role for LEP's



## 02 Review of 2016 Priorities - strategic

1. SEP refresh - economic modelling work underway
2. Skills Strategy Update - planned for 2017
3. Innovation Strategy - initial work commissioned and underway
4. Transport Investment Plan - completed April 2016 and published May 2016
5. Logistics Study - initial work commissioned



## 03 Review of 2016 Priorities - operational

1. Local Growth Deal programme - 2015/16 capital programme committed with 98% expenditure defrayed in year. 2016/27 capital programme under development
2. Enterprise Zone - developments progressing on Daedalus East and West and EZ Capital infrastructure programme due for completion in 2016/17.  
Business support programmes (Growth hub and legacy funds) - new Solent growth hub contract in place up to and including 2016/17
4. Employer Ownership Programme - programme fully committed and expenditure expected to be fully defrayed as per contract
5. Possible ESIF ? - Delayed due to capacity constraints within managing authorities and uncertainty post EU Referendum. Working on agreeing a position re ERDF SME funding for the Solent by Autumn statement in November 2016



# 04 Policy Update

- Outcome of EU referendum and impact on Economic forecasting
- New PM , New Ministerial Team and the creation of new government departments including BEIS and International trade
- Industrial Strategy
- Ministerial champions - Local growth champions for LEPs

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## 05 Government policy and industrial strategy

Broadly, the Government's industrial strategy appears to feature the following elements:

- Stricter **merger and acquisition rules**, with more emphasis on a 'public-interest test' for foreign take-overs
- New **corporate governance** structures, including consumer and employee representation on boards, and greater transparency around executive pay
- Continued work towards **higher productivity**, including through the development of the science and research base in the UK
- Delivery of **infrastructure projects**
- Increased **house-building**
- Continued support for **regional development** of cities and other economic areas outside London

In common with almost all areas of Government policy, industrial strategy could be radically altered by the UK's decision to leave the EU. Aspects of industrial policy that could see particularly significant changes include the application of State Aid rules, trade and the labour market.

## 06 ROLE OF BEIS

Greg Clark (Secretary of State at BEIS) introduced his approach to the Department's areas of responsibility and he emphasised the following:

- Successful industries in the UK must be recognised and supported, including automotive, aerospace and space
- Scientific research must be encouraged through support for relevant institutions
- New industries and technologies must be allowed to develop
- The interests of consumers must be protected and served through innovation and competitive pricing
- The contribution of employees and businesses owners must be recognised
- Local areas must be encouraged through transport, skills and “pro- business leadership”



# 07 ROLE OF MINISTERIAL LOCAL GROWTH CHAMPION FOR LEPs

**Solent LEP Ministerial champion - Jo Johnson** Minister of State for Universities, Science, Research and Innovation (joint minister with [Department for Education](#)), with responsibility for research and innovation policy, in addition to Higher Education.

Role of ministerial champions;

- To work with LEPs to develop and deliver growth ambitions for the area
- Engage with business and local stakeholders to see how we can ensure that the strengths of the Solent are reflected in the Industrial Strategy
- LEPs have an active role in ensuring 'place' is a key component of the strategy
- Industrial strategy has to recognise and take advantage of the differences and unique strengths that exist across the Country



## 08 Local Growth - emerging policy in other government departments

### Local Growth - key priorities for DCLG to address the productivity gap

- Local growth Deal round 3 £1.8 billion available - total bids over £5 billion. Expecting to hear shortly
- Government looking at Enterprise Zones and their role in supporting local growth (breadth and depth)
- Housing and affordable housing - key to improving mobility of the labour force
- Devolution and also the development of 'pan regional' initiatives bringing together multiple LEP areas.

### Local Growth - key priorities for the Department for International Trade

- Role of growth hub to support the development of the local economy
- Supporting SME in the export market
- Importance of Inward Investment
- Trade policy including the organization of trade delegations and supporting the private sector to secure overseas business

## 09 FUTURE ROLE FOR LEPs

in.....

- Business Engagement
- Industrial Strategy
- Local growth and the development of place
- 'Pan' Regional and/or sub national developments







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*Thank you*

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# SOLENT GROWTH FORUM

Recent performance and outlook

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17<sup>th</sup> October 2016

## CONTENTS

- Key messages
- Solent LEP area outturn performance
- Solent LEP baseline forecast
- Brexit and refreshing the SEP

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# KEY MESSAGES

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## **Brexit and forecast revisions**

- Brexit has shifted the economic landscape of the UK economy
- Oxford Economics have revised down UK growth every year to 2020
- South East to be one of the strongest regions, though receives a relatively large downward revision

## **Solent LEP recent performance**

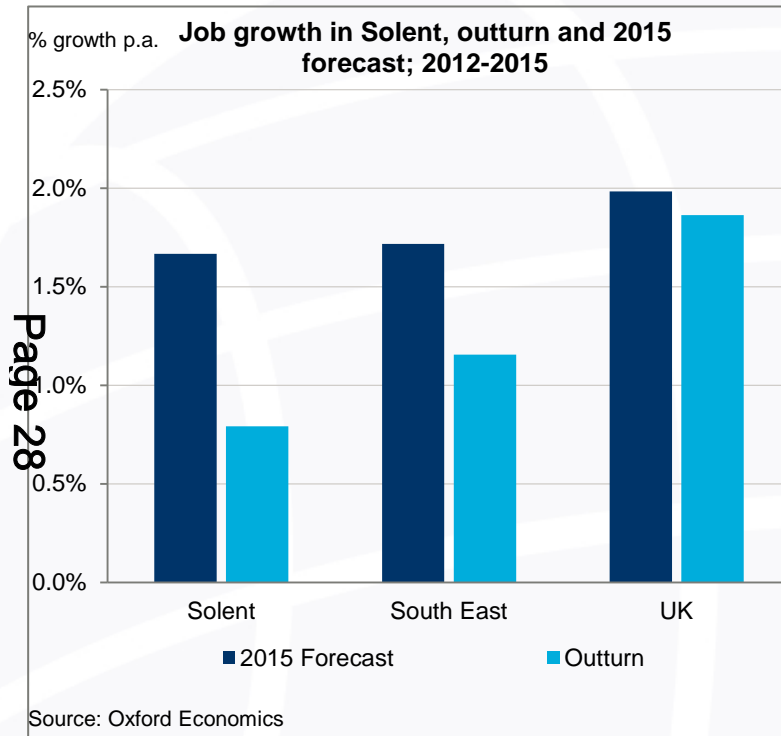
- Recent published data shows Solent's job growth was weaker than expected
- Key sectors have underperformed
- Leading to slower overall growth

## **Solent LEP outlook**

- We expect slower population, jobs and GVA growth in Solent over the forecast period due to Brexit

# THE SOLENT LEP AREA'S RECENT PERFORMANCE

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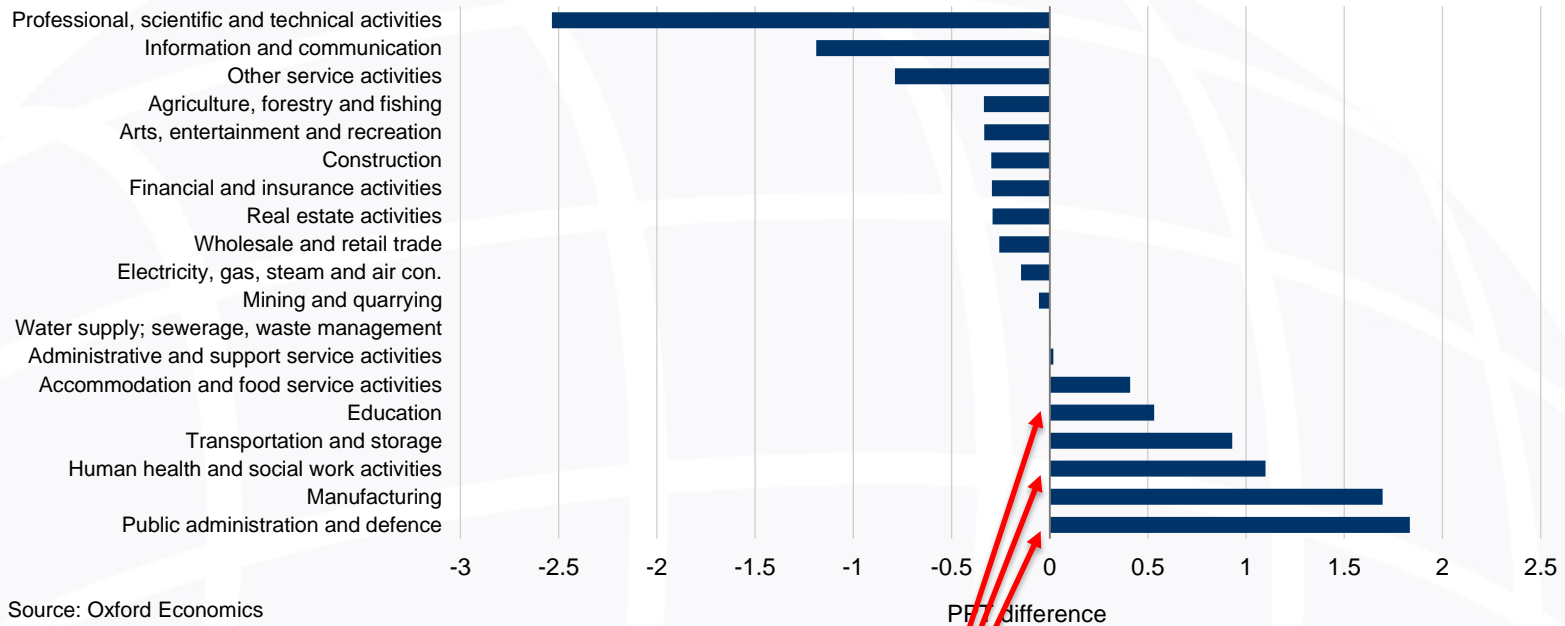


Jobs by sector	2015 Forecast	Outturn	Difference
Agriculture, forestry and fishing	237	-514	-751
Mining and quarrying	-153	-139	13
Manufacturing	-8,018	-8,669	-651
Electricity, gas, steam and air con.	-727	-373	354
Water supply; sewerage, waste management	64	597	533
Construction	3,693	4,038	344
Wholesale and retail trade	692	-3,833	-4,524
Transportation and storage	1,100	2,325	1,225
Accommodation and food service activities	11,780	6,289	-5,492
Information and communication	6,856	1,796	-5,060
Financial and insurance activities	350	-757	-1,108
Real estate activities	798	1,016	218
Professional, scientific and technical activities	2,419	801	-1,619
Administrative and support service activities	1,946	5,467	3,521
Public administration and defence	-2,304	-2,423	-119
Education	5,185	6,559	1,374
Human health and social work activities	1,898	-1,664	-3,562
Arts, entertainment and recreation	4,248	1,542	-2,707
Other service activities	183	2,168	1,985
<b>Total</b>	<b>30,249</b>	<b>14,226</b>	<b>-16,023</b>

- Job growth significantly weaker than expected
- Job growth driven by education; accommodation and food service activities; and administrative and support services
- Underperformance of key sectors led to growth underperforming.



**Composition of employment, Solent relative to the South East, 2015**



Source: Oxford Economics

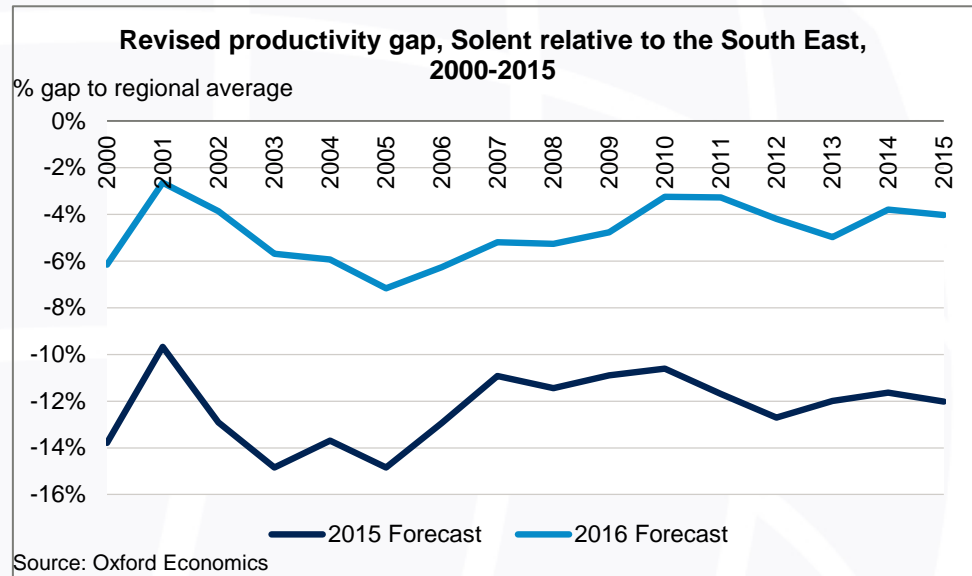
- Slower job growth relative to the region explained by sectoral structure.
- Relatively large share of jobs in the public sector and manufacturing.
- Despite weak job growth, residential employment rate up strongly, indicates that people are finding work outside the LEP area.

- GVA of Solent LEP area £29bn, 12% of the region.
- Outturn growth for Solent only half the pace expected, but this reflects disappointing growth across the UK.
- Slower growth driven by slower job growth, as productivity matched region.
- Average output per worker at £47,800 is 4% below the regional average.
- Productivity gap less than expected, though stable since recession.

Outturn and forecast Growth, Solent, South East and UK, 2015

GVA	Forecast	Outturn
Solent	3.0%	1.5%
South East	3.4%	1.8%
UK	3.3%	2.2%

Source: Oxford Economics



# THE SOLENT LEP AREA OUTLOOK

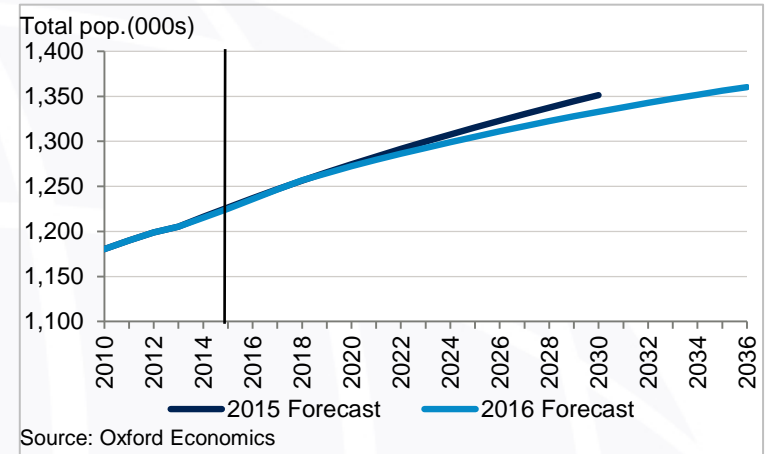
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## Population growth for Solent, South East and UK, 2015-2036

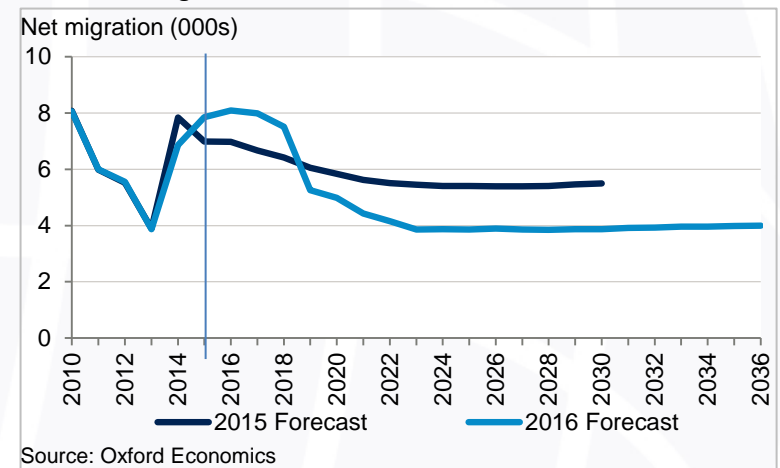
Area	Total population		Working age population (16-64)	
	Level (000)	% p.a.	Level (000)	% p.a.
Solent	135	0.5%	-12	-0.1%
South East	1,083	0.5%	22	0.0%
UK	6,873	0.7%	308	0.0%

- Solent to experience slower population growth, and a shrinking working age population.
- Total population deviates from previous forecast from 2020 onwards, driven by a reduction in net inward migration.
- We expect less inward migration into the UK as a whole, but slower job growth also reduces the economic incentive to migrate.

## Solent LEP area population, pre and post Brexit forecasts, 2010-2036



## Net inward migration, Solent LEP area, 2015-2036

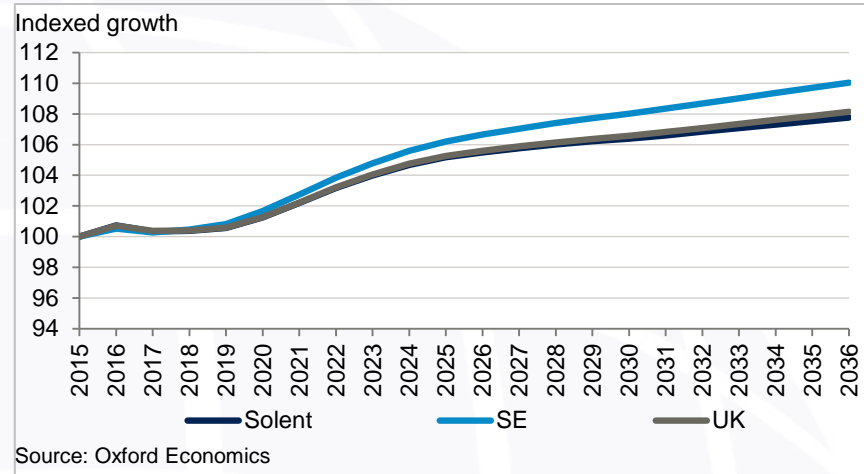


- We expect 47,000 additional jobs in the Solent LEP area. The pace of growth slower than the region but in-line with the UK.
- Similar growth profiles – flat up to 2020, before accelerating.

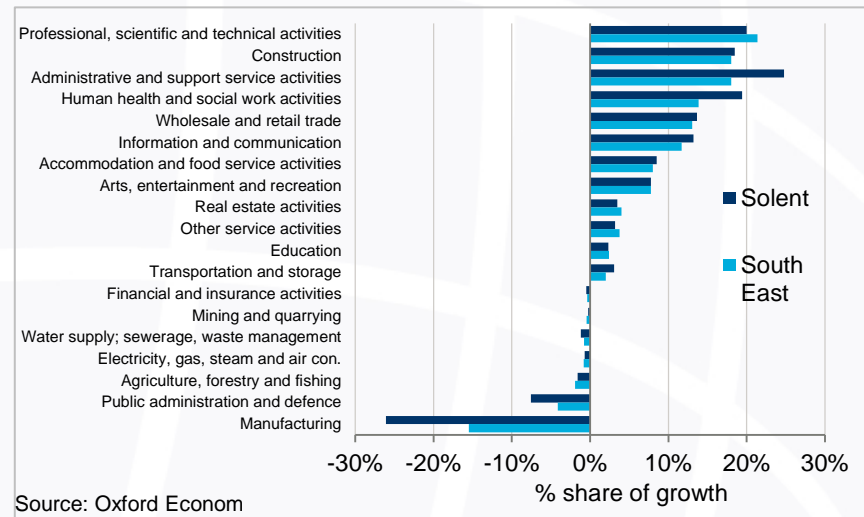
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Composition of labour market explains slower growth relative to the region. Growth held back by manufacturing and public admin.

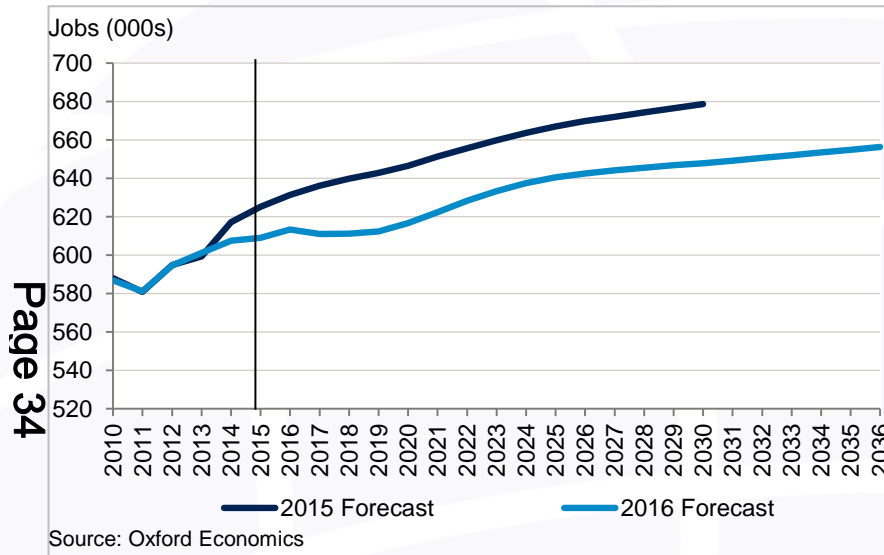
**Indexed employment growth, Solent, South East and UK, 2015 to 2036**



**Sectoral share of job growth, Solent relative to South East, 2015-2036**



Solent LEP area employment forecasts, pre and post Brexit, 2010-2036



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Sectoral employment growth, pre and post Brexit forecasts, Solent LEP area, 2015-2030

Sector	2015 Forecast	2016 Forecast	Difference
Agriculture, forestry and fishing	-831	-505	326
Mining and quarrying	-81	-88	-7
Manufacturing	-8,654	-8,848	-194
Electricity, gas, steam and air con.	-171	-209	-37
Water supply; sewerage, waste mgmt.	-173	-375	-202
Construction	8,207	6,469	-1,738
Wholesale and retail trade	7,595	5,907	-1,688
Transportation and storage	2,960	1,739	-1,222
Accommodation and food service act.	4,714	3,519	-1,195
Information and communication	6,975	4,713	-2,262
Financial and insurance activities	658	-51	-709
Real estate activities	2,146	1,250	-896
Professional, scientific and technical activities	7,504	7,120	-384
Administrative and support service act.	11,169	8,676	-2,493
Public administration and defence	-2,304	-2,906	-602
Education	828	914	86
Human health and social work activities	6,964	6,787	-177
Arts, entertainment and recreation	4,732	3,207	-1,526
Other service activities	1,234	1,593	359
<b>Total</b>	<b>53,475</b>	<b>38,912</b>	<b>-14,562</b>

- Slower growth than previous forecast. Largely due to flat growth up to 2020.

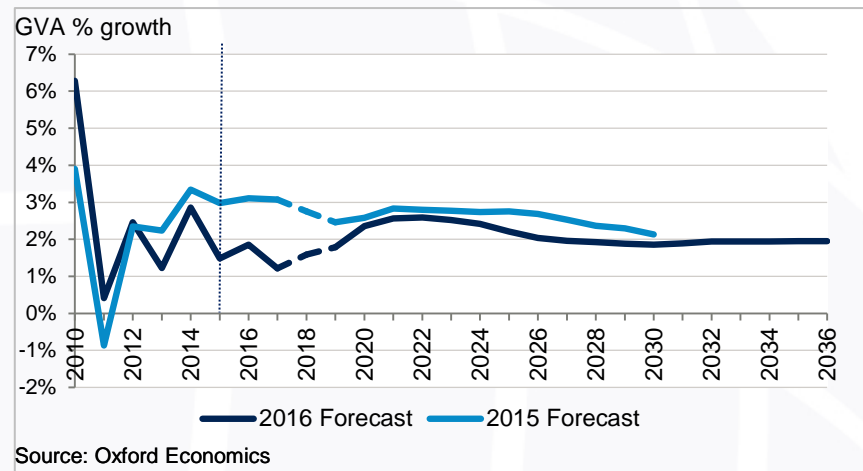
- Significant revisions to growth of key sectors – again, largest differences occur in the first 5 years of the forecast.

- Solent to grow slightly slower than regional and national average, due to slower job growth.
- Year-on-year growth in Solent expected to be slower over the entire forecast period.
- Lower growth forecast due to reduced productivity, but this reflects pattern of weaker than expected productivity across the UK.

## GVA, productivity and jobs, Solent, South East and UK

Area	Average growth 2015-2036		
	GVA	Productivity	Jobs
Solent	2.0%	1.7%	0.4%
SE	2.2%	1.7%	0.5%
UK	2.1%	1.7%	0.4%

## GVA, productivity and job growth, Solent, South East and UK



## GVA, productivity and jobs, Solent, South East and UK, revisions between forecasts

Area	PPT difference between forecast growth rates		
	GVA	Productivity	Jobs
Solent	-0.6	-0.5	-0.1
SE	-0.6	-0.5	-0.1
UK	-0.5	-0.5	-0.1

# BREXIT AND REFRESHING THE SEP



- The impact of Brexit on the UK economy will depend on:
  - I. The deal the UK government strikes with the EU and with other countries;
  - II. the post-Brexit policies of the UK government;
  - III. The response of businesses.
  
- Additionally, the impact on Solent will be determined by:
  - I. Sectoral structure;
  - II. Export propensity and the importance of the EU market;
  - III. The dependence on inward migration for workers;
  - IV. The ability of local businesses to adapt .

<b>Risk</b>	<b>Level of impact</b>	<b>Likelihood</b>
Reduction in inward migration	High negative	High
Increase in tariffs on UK goods	Low negative	High
Reduction in trade with the EU	Low negative	High
Loss of EU funding for research	High negative	High
A deepening of the single market in services post UK exit	Low negative	Medium
<b>Opportunity</b>	<b>Level of impact</b>	<b>Likelihood</b>
Reduction in business regulation	Low / medium positive	Medium
Increase in exports to non-EU countries	High positive	Medium
Initial windfall from budget contributions	Low positive	Medium
Investment in infrastructure	Medium positive	Medium

- Limited data makes accessing the direct impact on Solent difficult. Primary research is needed to fully understand:
  - The role of inward migration in the local labour market;
  - The nature of manufacturing in Solent;
  - The dependence of research on EU funding;
  - How restricted local businesses are by current regulations;
  - The strength of relationships with EU and non-EU markets.

#### Refreshing the Strategic Economic Plan:

- What is the vision for Solent LEP area?
- What are the targets?
- How will they be achieved?

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# Agenda Item 7



**Meeting: Solent Growth Forum**

**Item: 7 - Forward Plan**

**Date: 17<sup>th</sup> October 2016**

**Stuart Baker**

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This report recommends a proposed Forward Plan for the consideration of the Solent Growth Forum.

The proposed forward plan is programmed to align with the schedule of Partnership for Urban South Hampshire (PUSH) meetings.

## **7<sup>th</sup> February 2017**

- Local growth capital programme update for 2016/17 and proposed programme for 2017/18
- Presentation from a Local Growth Deal project
- Local Growth Deal 3 Update
- A briefing and discussion on Innovation in the Solent
- Progress update on Solent LEP Strategy Refresh

Future meetings expect to follow schedule of Partnership for Urban South Hampshire Meetings for 2017/18, with agenda items to include:

- Presentations on Local Growth Deal schemes in delivery
- Local Growth Deal Capital Programme Update
- Update on Transport Investment Plan (TIP) – one year on
- Solent Growth Forum annual review
- Update and discussion on the Skills Strategy Refresh
- Progress update on Solent LEP Strategy Refresh

Solent Growth Forum Members are asked to:

- **Consider** and **Agree** the proposed Forward Plan

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