

Meeting: Solent Growth Forum
Date: 7th June 2016
Item 4: Local Growth Deal Capital Programme Update.

Purpose of report

This report provides an update to the Solent Growth Forum on the final outturn of the 2015/16 Local Growth Deal Programme and an update on the current 2016/17 Local Growth Deal (LGD) Programme.

1.0 Solent Growth Deal (SGD) 2015/16 Programme

Work has now been finalised in relation to the 2015/16 Local Growth Deal programme. The Solent LEP Executive have worked to maximise the full defrayal of the LGD funds in 2015/16 to support key local growth priorities. Despite this, there was a very small underspend of 1.38%, which has been carried forward to 2016/17. This was the best outturn of any of the 39 LEPs in the country. The final outturn is set out in table 1 below:

Table 1: Final outturn for the 2015/16 Solent Growth Deal capital Programme

Solent Growth Fund (launched 23 March 2015)	£	506,432
LGD Programme Management Costs	£	300,000
Sub Total	£	806,432
Final Agreement		
Eastleigh College Estates Renewal	£	6,810,000
Isle of Wight College CoE for Composites, Advanced Manufacturing and Marine	£	5,400,000
Dunsbury Hill Farm Link Road	£	4,540,000
Station Quarter Southampton	£	4,185,000
The Hard Interchange	£	4,832,000
Fareham and Gosport programme (part 1 and 2) - St. Margaret's Roundabout and Peel Common Roundabout	£	4,340,000
A27 Station Roundabout / Gudge Heath Lane	£	2,065,000
Solent Recreation Mitigation Project	£	1,355,000
Cancer Immunology Centre (CIC)	£	4,500,000
Sub Total	£	38,027,000
ERDF SME Match funding for business support scheme		
Temporary Local Growth Deal switch with PCC Capital Resources to support ESIF bid	£	1,000,000
Sub Total	£	1,000,000
Forecast total expenditure on Solent Growth deal 15/16	£	39,833,432
Solent Growth Deal Award 15/16	£	40,391,667
Actual underspend	£	(558,235)

2015/16 was unquestionably a successful first delivery year of the SGD programme with a range of transformational projects either complete or significantly advanced to underpin economic growth and the ambition set out in the Strategic Economic Plan. This is testament to the area's ability to deliver large complex projects. The area has delivered a number of strategically important schemes, including Phase 1 of the Eastleigh College STEM project, which has seen the refurbishment of existing estate completed and a new teaching block now at an advanced stage. Indeed the project received a visit from the Secretary of State for DCLG, the Rt. Hon Greg Clark in March.

There have been major advances at the strategic employment site, Dunsbury Hill Farm, with the new highway very near to completion, which provides enabling/unlocking infrastructure. This is now attracting interest from businesses, with Fat Face recently confirmed as the first to occupant. The site has also been visited by James Wharton MP, Parliamentary Under-Secretary of State for DCLG, Minister for Local Growth and the Northern Powerhouse

A strengthened and modernised transport interchange has been delivered at Southampton Station Quarter, whilst The Hard Interchange is progressing well, with completion later this year. We are also delighted to see the Isle of Wight Centre of Excellence for Composites and Advanced Manufacturing coming out of the ground, which will strengthen the skills pipeline on the Island to support key businesses.

Projects at St. Margaret's Roundabout and Peel Common Roundabout are very near to completion, strengthening access to the Solent Enterprise Zone.

2.0 Solent Growth Deal (SGD) 2016/17 Programme

The Solent LEP has received the grant determination letter, confirming the £42,640,334 2016/17 LGD funding allocation (provided in Annex 1), and this funding has been received by the accountable body, Portsmouth City Council.

The Solent LEP Executive has been working with scheme leads to reach final agreement on the programme for 2016/17 and several funding agreements have been issued. A report is due to be discussed at the next LEP Board meeting on the 10th June 2016 on the 2016/17 capital programme. The current 2016/17 SGD programme is set out in table 2.

Table 2: Current Funding Status of Projects within the 2016/17 Solent Growth Fund Programme

Solent Growth Fund	£	2,275,000
LGD Programme Management Costs	£	300,000
Sub Total	£	2,575,000
15-16 funding for schemes with deferred delivery to 16-17		
Isle of Wight College CoE for Composites, Advanced Manufacturing and Marine	£	5,500,000
Solent Gateways	£	10,315,000
North Whiteley Transport Improvements	£	4,428,000
Sub Total	£	20,243,000
16-17 LGD schemes		
Eastleigh College Estate renewals	£	2,190,000
Fareham and Gosport Programme- Phase 4 (Including A27 dualling, and Newgate Lane South)	£	4,500,000

A27 Station Roundabout and Gudge Heath Lane	£ 2,893,000
National Maritime Systems Centre	£ 542,503
Sub Total	£ 10,125,503
Total	£ 32,943,503
Solent Growth Deal Award 16-17 (to be confirmed)	£ 42,640,334
Unallocated funding for 2016/17	£ 9,696,831

The 2016/17 SGD programme has a number of exciting new major Growth Deal projects. These include the North Whiteley transport improvement project, which will accelerate the delivery of 3,500 homes. In addition, further phases of the Fareham and Gosport programme of works to improve transport connectivity in the Gosport / Fareham peninsula will follow.

Solent Growth Forum members will note that there is circa £9.7m yet to be allocated in the capital programme for 2016/17. This has resulted from a range of circumstances, including providing additional funding in 2015/16 to enable project spend programmed for 2016/17 to accelerate in 2015/16 and other projects reporting a delay in their proposed start date. As a result the Board has agreed to launch an invitation for projects to come forward with a full business case to access a new Innovation Fund. Details of the Innovation Fund are available here: (http://solentlep.org.uk/uploads/documents/Innovation_Fund_Guidance_Note_-_April_2016.pdf). The submission deadline is on 3rd June, and the LEP expect interest to be high. It is hoped that this Fund will allow innovation projects, such as the Cancer Immunology Centre, which the LEP funded in 2015/16, to come forward and support innovation-led growth in the Solent.

Work also continues in relation to the Solent Growth Fund, which is providing grant funding to enable businesses to grow and for new businesses to start-up. A new Marine and Maritime SME Growth Fund, in partnership with British Marine, was launched in April.

The Board will be reviewing the Innovation call at its next meeting to ensure all 2016/17 funding is defrayed and enables economic growth.

Solent Growth Forum Members are asked to:

- **Note** the update on the Solent Growth Deal Programme for 2015/16 and 2016/17
- **Agree** for the Executive to showcase the completed projects from 2015/16 at the next SGF and **Confirm** if they would like to invite a particular scheme to present at the subsequent SGF