

Meeting: Solent Growth Forum
Date: 7th June 2016
Item 5: Competing for Growth - Further Growth Deals

This paper and its annexes provide information for the Solent Growth Forum on the development of the Solent LEP Local Growth Deal proposal.

1.0 Background

The Local Growth Fund (LGF) is a £12bn single-pot capital fund made available by central Government to local areas through Local Enterprise Partnerships (LEPs). The fund aims to support investment in the infrastructure, housing and skills that will drive forward local economies, create more jobs, leverage in private sector investment and generate wealth, and should support the economic strategy of an area as set out in a Strategic Economic Plan. Historically, the fund has been largely competitive, and outputs driven. Moving forward funding will be on a competitive basis only.

LEPs are invited by government to submit Local Growth Deal proposals to make the case for investment in a local area. These are then considered by central government and a Local Growth Deal (LGD) is agreed with each LEP. The first [Solent Growth Deal](#) was published in July 2014, with an [Expanded Solent Growth Deal](#) published in January 2015. Through these Deals the Solent has secured £151.9m of Local Growth Funding, which will create up to 6,000 new jobs, 11,000 new homes, improve skills provision, improve connectivity, unlock development sites, and generate £400m public and private investment. Government has advised that proposals should include a greater level of private sector investment than in previous rounds.

On 22nd March 2016, the Secretary of State for the Department for Communities and Local Government (DCLG), the Rt. Hon. Greg Clark MP, announced the next LGF round and invited the 39 LEPs in England to submit proposals, in July, to access £1.8bn of capital funding to boost skills, support business and build more homes. The funding is available from 2017/18 to 2020. The letter the LEP received from the Secretary of State inviting an application is attached as annex 1.

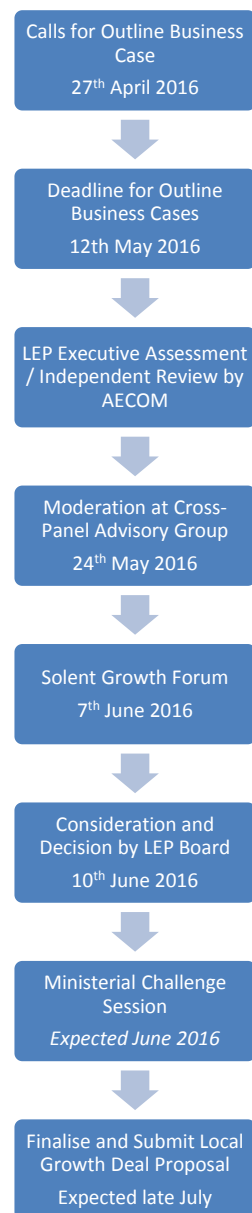
This will be highly competitive – to be successful, the Solent LEP is working with partners to develop a submission to government that will boost growth in the Solent and bring in even greater levels of private sector funding than previously.

In response, and following on from the Expression of Interest (Eoi) call that the Solent LEP issued in the autumn of 2015 (and was discussed by the SGF at its meeting on 9th December 2015), the LEP opened a call for Outline Business Cases to be submitted for consideration for inclusion within the LGD submission to government in July 2016, which will build on the Solent Growth Deal secured in July 2014, and expanded in January 2015. As noted above, the Fund is expected to be highly competitive, and, in order to achieve the best Deal for the Solent, only the strongest and most deliverable projects will be taken forward. For information, the guidance document for the recent call is available from here:

<http://solentlep.org.uk/blog/solent-lep-to-look-for-a-share-of-18-billion>.

2.0 Timeline

The figure below provides a timeline for the development and submission of the Solent Local Growth Deal proposal to government in July 2016.



In consideration of the timeline for submission of the LGD proposal, it has not been possible to convene individual Panels, and the LEP therefore convened a Cross-Panel Advisory Group, which drew on expertise from across the LEP delivery panel structure to provide valuable additional advice alongside advice from the Solent Growth Forum. This advice will be considered by the LEP Board, together with the independent assessment undertaken by AECOM and the LEP Executive review of proposals that has been undertaken in accordance with the published guidance.

3.0 High Summary of Proposals

A high level summary of proposals is provided in annexes 2 and 2a.

4.0 Assessment Process

A more detailed independent assessment of the OBC's will be provided by AECOM for consideration by the LEP Board at its meeting on 10th June 2016.

In addition to the independent assessment, the LEP Executive is undertaking a detailed assessment against the published prioritisation criteria, as set out below. Again, this will be presented to the LEP Board at its meeting on the 10th June, along with advice from this Forum.

Core Criteria	
Strategic Fit	The extent to which a site supports one or more of the strategic priorities in Solent LEP Strategic Economic Plan and/or raise productivity levels
Productivity	How the proposal will support an increase in productivity.
Deliverability	The ability to demonstrate that the project is deliverable including: the extent to which it has planning permissions and other legal consents in place; the adequacy of the funding package; the financial standing of the delivery partners, and the risks to timely delivery.
Start Dates	Applicants should identify whether the project is expected to come forward in the short-term (by March 2017) or whether it is expected to come forward in the medium term (between April 2017 and 2020).
Private Sector / Other Leverage	The ability to lever other funding, in particular, private sector funding and the scale of the Investment.
Jobs	The value (quality i.e. permanent vs. temporary jobs) and number of the jobs created.
Homes	Delivery of new housing provision (where applicable).
Skills	Delivery of skills outcomes (where applicable)
Additionality	The extent to which a site's benefits will be realised without the funding (deadweight); the impact of the funding on the speed of delivery of the economic benefits; and the extent to which the funding will shift economic activity from other areas (displacement).
Supplementary Criteria	
Wider Economic Impacts	The wider impact on the economy of the Solent LEP area (i.e. will it help unlock or bring forward other development sites or economic activity; will it help grow the priority sectors; and the knock-on impacts to other companies in a supply-chain).
Social Impact	The extent to which the project will have wider social or environmental benefits to the Solent (e.g. providing employment opportunities in deprived city areas, supporting people into work through apprenticeships and other access to employment routes.

This LGF is expected to be highly competitive, and, in order to achieve the best Deal for the Solent, only the strongest and most deliverable projects will be taken forward. Projects should support the Solent LEP [Strategic Economic Plan](#) and associated documents such as the recently published [Productivity and Growth Supplement](#) and boost local economic growth and create jobs in the Solent.

Through assessment, particular attention is being placed on the achievability of outputs, as the Deal that is agreed between Solent and Government, will bind the area to achieving these outputs. In addition, a robust approach has been taken to certainty of delivery which includes funding status and any relevant consent, within the context of the delivery profile.

5.0 Developing a Proposal

Recent discussions with BIS have advised that there is no fixed model for LGD proposals. However, proposals should set out what the area is seeking to achieve, delivery performance to date, ambitions for the future, a well-

articulated ask of what is requested from this new round, governance arrangements, and where the Deal will position the Solent economy moving forward.

Advice received from the Cross-Panel Advisory Group has suggested that the submission to government may benefit from a programme-based approach, alongside a set of discrete projects. This will be particularly relevant in relation to skills capital projects, as the Solent Post-16 Area Review is yet to complete and enable a targeting of higher level skills outputs. In addition, programme funds could be a novel approach to ensure that funds may be deployed to target specific areas, including infrastructure on the Isle of Wight and Innovation projects. In terms of the former, work is expected to commence shortly in relation to the development of an Island Infrastructure Plan, and, in terms of the latter, enable decisions to be informed by the work that is underway to develop an Innovation Strategy for the Solent. A programme-based approach worked successfully in 2015, with the Cancer Immunology Centre having been funded through a Skills and Innovation Fund.

Solent Growth Forum Members are asked to:

- Provide **advice** to the LEP Executive on the following:
 - Specific advice on any projects identified in the high level summary (annex 2a)
 - The types of projects the LEP should fund
 - The level of ambition within the LGD proposal
 - The potential for a programme-based approach, where appropriate.