

**Meeting:** Solent Growth Forum  
**Date:** 14<sup>th</sup> March 2017  
**Item 6 :** Local Growth Deal Programme update  
**Purpose:** For information

## Purpose of report

This report provides an update to the Solent Growth Forum on the 2016/17 and 2017/18 Local Growth Deal (LGD) programme and the outcome of Local Growth Deal 3

### 1. Current status of 2016/17 LGD programme

Since the last the Solent Growth Forum the Executive have continued to work with 2016/17 LGD scheme leads to monitor project progress for delivery on site and the signing of funding agreements and funding variations with scheme leads 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 March Solent LEP Board meeting) at end of quarter 3 in 2016/17.

The current position on LGD Capital programme for 2016/17 is detailed in Table 1 as follows;

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

LGD Programme Management Costs	£300,000
Solent Growth Fund (2016)	£1,597,000
Innovation programme Fund (2016) Programme Management Costs	£75,000
<b>Sub Total</b>	<b>£1,972,000</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

<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

A27 Station Roundabout / Gudge Heath Lane	£2,893,000
Fareham and Gosport multiyear programme (Newgate Lane South)	£6,073,000
Fareham and Gosport multiyear programme (A27 Dualling Phase 1 and 2)	£7,325,000
BAE Systems Marine Engineering Centre Development	£1,179,000
<b>Sub Total</b>	<b>£28,936,782</b>
<b>At final stages of negotiation with scheme promoters</b>	
Innovation Fund - University of Portsmouth Future Technology Centre	£1,050,000
Innovation Fund - Fareham BC - Fareham Innovation Centre Phase 2	£2,000,000
<b>Sub Total</b>	<b>£3,050,000</b>
<b>Schemes to be brought forward in Q4 - 2016/17</b>	
Stubbington Bypass - Phase 1 Land Assembly	£3,500,000
<i>Solent Accelerated housing delivery programme</i>	<i>£3,000,000</i>
<b>Sub Total</b>	<b>£6,500,000</b>
<b>Total (a)</b>	<b>£40,458,782</b>
<b>Solent Growth Deal Award 2016/17 (b)</b>	<b>£42,640,334</b>
<b>Carry forward from 2015/16 (c)</b>	<b>£558,235</b>
<b>Capital funding for LGD returned from Accountable body (d)</b>	<b>£1,000,000</b>
<b>Total LGD Capital programme 2016/17 (e) = (b) + (c) + (d)</b>	<b>£44,198,569</b>
<b>Underspend to be carried forward to 2017/18 (f) = (a) - (e)</b>	<b>£3,739,787</b>

Solent Growth Forum members should note that a number that since the last Solent Growth Forum more schemes have gone to contract, final agreements have been signed and LGD funding has been defrayed.

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

We have received confirmation from DCLG of a new grant of £7.67 million for infrastructure to support housing delivery at Centenary Quay and as a result the scheme has been completely removed from the 2016/17 LGD Capital programme resulting in the current forecast underspend of £6,739,787 or 15.25% in 2016/17.

The 2016/17 programme now includes provision to provide advance funding of £3,500,000 to support advance works ahead of construction of the Stubbington Bypass which has been supported under Local Growth Deal round three.

The LEP have also agreed to support a Solent accelerated housing delivery scheme in the area to bring forward a new and innovative housing delivery programme.

This scheme will complement the new government Accelerated Construction programme, which is seeking to provide a tailored package of support to ambitious local authorities who would like to develop out surplus land holdings at pace. The programme aims to deliver up to 15,000 homes (housing starts) on central and local surplus public sector land in this Parliament through £1.7 billion of investment. In doing so, they want to use Accelerated

Construction to tackle broader constraints to seeing more homes built. The programme is designed to support their market diversification objectives by supporting non-major builders and help tackle the construction skills gaps, including through greater use of Modern Methods of Construction (MMC). Further information on the national initiative and the funding call can be accessed at:

<https://www.gov.uk/government/publications/accelerated-construction-local-authorities-expressions-of-interest>

As a result of the changes and additions outlined above to the 2016/17 LGD programme it has reduced the current forecast underspend to £3,739,787 or 8.53% in 2016/17.

## **2. Proposed LGD Capital Programme for 2017/18**

At the time of writing Solent LEP has received the grant determination letter for the Centenary Quay scheme and we await the grant determination letter for 2017/18 LGD funding but we have received confirmation from BEIS/DCLG of the funding award of £31.02 million. Table 2 below shows the proposed LGD capital programme for 2017/18:

**Table 2: - Proposed LGD Capital programme for 2017/18**

Solent Growth Fund	£3,896,568
LGD Programme Management costs	£300,000
Innovation Fund	£1,075,000
<b>Sub Total</b>	<b>£5,271,568</b>
<b>Under negotiation - Funding Agreement to be drafted</b>	
Fareham and Gosport multiyear programme (Newgate Lane South)	£2,627,000
North Whiteley	£2,500,000
National Maritime Systems Centre	£1,140,705
Stubbington Bypass Phases 2 to 4	£5,050,000
<b>Sub Total</b>	<b>£11,317,705</b>
<b>Work under development</b>	
Local Large majors (Solent Metro and SAEG)	£1,000,000
Regeneration Investment to unlock sites for growth	£1,500,000
Solent Growth Deal Programme Development Fund	£500,000
<b>Sub Total</b>	<b>£3,000,000</b>
<b>Total (a)</b>	<b>£19,589,273</b>
<b>Solent Growth Deal Award 2017/18 (b)</b>	<b>£18,982,028</b>
<b>Local Growth Deal 3 Allocation (c)<sup>2</sup></b>	<b>£6,550,000</b>
<b>Proposed carry forward from 2016/17 (d)</b>	<b>£3,739,787</b>
<b>Capital funding returned from Growing Places Fund for accelerated construction (e)</b>	<b>£3,000,000</b>

<sup>2</sup> Please note this figure is indicative and will LGD3 profiling to be confirmed

<b>Total LGD Capital programme 2016/17 (f) = (b) + (c) + (d) + (e)</b>	<b>£32,271,815</b>
<b>Under programmed capital funding (g) = (a) - (f)</b>	<b>£12,682,542</b>

Solent Growth Forum members be note that the 2017/18 LGD capital programme is not fully allocated at this stage with just over £12.6 million (or 39%) yet to be committed. This is being considered by the executive currently and they will look at options to bring forward schemes from future years as well as issuing a new funding call (details for this are set out below). We are also scheduled to launch the new Solent Growth Deal programme development fund in March 2017 and further information on this will be provided at the meeting.

A more detailed analysis of the programme through to 2020/21 will come forward for consideration by the board at their next meeting in May 2017, including an assessment on deliverability in relation to schemes profiled in future years and shared thereafter with the Solent Growth Forum.

### **Section C: Local Growth Deal 3 update**

Solent Growth Forum members should note that that we have recently received confirmation of the Local Growth Deal 3 settlement which is £31.02 million. In addition we have also received confirmation from DCLG of additional funding for Centenary Quay of £7.676 million.

This new tranche of funding will deliver:

- Stubbington bypass, a strategic investment which will transform connectivity of the Solent Enterprise Zone and wider Fareham and Gosport peninsular;
- A Solent Skills and Productivity Investment Fund for the area, enabling the LEP to invest in local skills and infrastructure projects which enable productivity growth in the Solent;
- Enabling infrastructure for Centenary Quay (separate from the Growth Deal)

The fact sheet in Item 6 Annex A provides further information.

Therefore the Solent Growth Forum is asked to:

- **Note** this update.