



**SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP**

Solent Growth Forum

Item: 7
Title: Developing the Project Pipeline
Date: 9th December 2015

Purpose

This report provides the Solent Growth Forum with an update on the work of the Local Enterprise Partnership to develop its project pipeline, and seeks strategic advice from the Forum in relation to the prioritisation of projects.

1. Background and Context

Solent Growth Forum Members will recall from the last meeting in June 2015 that there was an appetite from the Forum for the LEP initiating a call for Expressions of Interest (EoI's) to develop and refresh the project pipeline to ensure that the area benefits from and maintains an up-to-date pipeline of projects to support economic growth and raise productivity within the Solent. Forum members will also note that an up-to-date pipeline is a critical component of programme management to enable the LEP to respond to any instances of project slippage, and, in-so-doing, ensures spend against annual allocations. It is recognised that future Local Growth Deal allocations may be influenced by past performance.

Accordingly, the LEP issued a call for Expressions of Interest (EoI) on the 9th October 2015 to develop and refresh the pipeline of projects. The call closed on the 12th November and sought to enable a state of readiness should a new Local Growth Fund round be opened for LEPs post the 25th November Comprehensive Spending Review (CSR).

Subsequent to this, the £12bn of Local Growth Funding was confirmed in the CSR. Of the £12bn, around £4.3bn remains unallocated, and we await detail of how this funding will come forward over the course of this Parliament.

The EoI call was for capital projects, reflecting the nature of the Local Growth Fund, and sought to identify projects that will bring transformational change to the Solent economy. Projects were encouraged from all organisations with an interest in driving growth, productivity and innovation in the Solent and the LEP specifically sought projects which will;

- Unlock sites for housing and employment
- Improve our connectivity within the Solent and beyond
- Stimulate and support innovation

- Improve the skills and talent of our current and future workforce
- Support business growth through access to resources and advice
- Support key strategic sectors, and in particular the marine and maritime sector

The call for projects is part of the Solent LEPs work to update the Strategic Economic Plan for the area and builds on the £151.9m Solent Growth Deal, announced in 2014, which will deliver 6,000 jobs and 11,000 new homes in the area.

The published guidance for the call is available [here](#), and included the prioritisation criteria previously employed by the LEP, with an additional criterion on productivity to reflect the government's focus on the drivers of productivity as set out in the HM Treasury publication, [Fixing the Foundations](#), which is the Government's 15 point plan to address the UK's underperformance in terms of productivity. The drivers of productivity are well understood: a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science. The Government strategy is therefore built around two pillars:

- Encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and
- Promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use.

The focus on raising productivity also responds to the discussion that took place at the 9th June 2015 Solent Growth Forum, where Members advised a need to focus on skills and transport proposals, to support a rise in productivity.

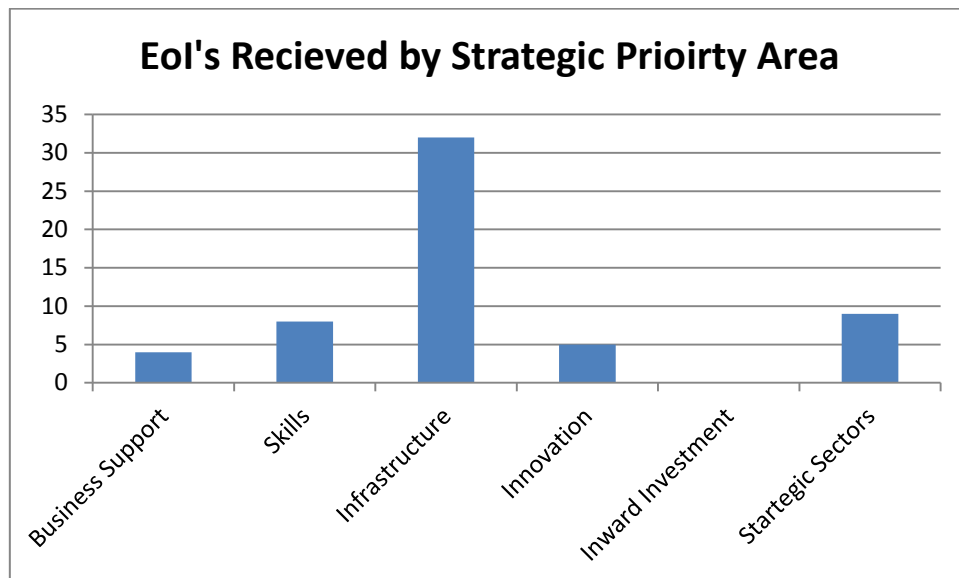
The LEP prioritisation criteria are reproduced below.

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	Priority may be given to sites/capital projects that are able to come forward in the short-medium term (by March 2017).
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).

2. Overview of Eol Submissions

The LEP received 43 Expressions of Interest. Of these, 27 were from the public sector (although a number included private sector partners), eight from the private sector, and eight from other organisations (seven of which are from education providers). There was a strong coverage across five of the LEP's strategic priorities, as represented in the graph below.



*Total of projects by strategic priority area exceeds the 43 Eol's received, as some cover more than one strategic priority area.

Forum members will note that infrastructure proposals form the majority of the Eol's, which reflects both the nature of funding (capital) and the role of infrastructure in enabling housing and employment opportunities. This focus is consistent with the priority given to the role of infrastructure in supporting housing growth in the Hampshire and Isle of Wight (HIOW) devolution prospectus. It is encouraging to see eight skills projects come forward, nine projects that support the marine and maritime sector (strategic sectors), five innovation projects, and four business support projects. Whilst no Inward Investment projects have come forward, this may be a reflection of the need for revenue to support inward investment activity.

At a headline level, the proposals received have the potential to realise the following growth metrics:

- New Direct Jobs - 12,000
- New Indirect Jobs - 13,000

- Safeguarded Jobs - 32,000
- New Housing - 21,000
- Employment Floorspace - 921,000m²
- Apprenticeships - 600 p.a.
- Learners - 900 p.a.
- Leverage - £1,773,000,000 (rounded to the nearest £m)

Collectively and individually, these projects have the potential to contribute to the targets set out in the Solent Strategic Economic Plan, including creation of an additional 15,500 new jobs, start-up of 1,000 new businesses and 24,000 new homes in the Solent by 2020.

The total (rounded) cost of proposals is £877,000,000, of which, there is a £277,000,000 call on Local Growth Funding, providing a ratio of circa 3:1.

As part of the assessment process described below, a more detailed and rigorous analysis will be undertaken of the EoI's that will include an assessment of these metrics, and, critically, deliverability. Therefore, the final position with regard to metrics will be different to those set out above.

3. Assessment of Expressions of Interest

The detail of all EoI's will be assessed and scored against the above stated prioritisation criteria by the Solent LEP Executive. In addition, and in accordance with the LEP assurance framework, an important part of the assessment process is for the Board to receive advice from the it's Delivery Panels and the Solent Growth Forum in relation to the EoI's ahead of making a decision on prioritisation. This is an important part of the assessment process, to ensure that the advice of elected Members, local and national partners and expertise from the wider private sector informs decision-making. The Solent Growth Forum, therefore, is asked to consider the high level summary of the 43 EoI's provided in Annex A and provide strategic advice in relation to:

- the types of projects that have the potential to deliver transformational change, support economic growth and raise productivity in the Solent economy; and
- the strategic direction that the LEP Board should take in relation to prioritisation, to include strategic priority areas, project outputs, and leverage

Forum members will appreciate that some proposals, have information that has been submitted as commercial in confidence, and therefore, in most instances, we have sought to anonymise projects, whilst at the same time providing the Forum with high level information on which to provide strategic advice.

Annex A provides high level information in relation to the project type, the LEP strategic priority area(s) that each scheme relates to, schemes costs and funding request. In some instances, required information has not been provided in the EoI submission, and Annex A reflects this. Annex A shows the total scheme cost, the Local Growth Deal funding request, and in some cases, applicants have provided an indication of the wider leverage that may be unlocked.

In relation to the EoI's that have come forward from the Further Education sector, members will know that the Solent Area review is underway which is a Post-16 Education and Training Review that is due to complete in March 2016.. Therefore any decision in relation to FE-related skills projects should take

account of any recommendations that emerge from the review process which is expected to report in spring 2016.

The advice of the SGF will be reported to the LEP Board at its January 2016 meeting, alongside an assessment against the prioritisation matrix by the LEP Executive, and additional advice from the Delivery Panels.

It is expected that projects prioritised through the process will form the basis of future LEP bids for Local Growth Funding.

Forum members are asked to:

- **Consider** the high level summary of EoI's provided in annex A, and provide **Advice** in relation to:
 - the types of projects that have the potential to deliver transformational change, support economic growth and raise productivity in the Solent economy; and
 - the strategic direction that the LEP Board should take in relation to prioritisation, to include strategic priority areas, project outputs, and leverage