

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	27 October 2014
Title:	Local Growth Deals (Enterprise M3 and Solent LEPs)
Reference:	5993
Report From:	Director of Economy, Transport and Environment

Contact name: David Fletcher

Tel: 01962 846125

Email: david.fletcher@hants.gov.uk

1. Executive Summary

1.1. The purpose of this paper is to:

- a) Brief Cabinet in relation to the Growth Deals secured by the two Hampshire Local Enterprise Partnerships (LEPs);
- b) Seek Cabinet endorsement for Hampshire County Council's role as a key delivery partner for both the Enterprise M3 and Solent LEPs;
- c) Seek Cabinet approval for the necessary arrangements to be put in place for the County Council, as both partner and accountable body for the Enterprise M3 LEP, to be able to deploy appropriate resources, specifically in relation to the management of the Local Growth Fund programme;
- d) Brief Cabinet on LEP governance arrangements for the delivery of Local Growth Deals, based on recent Government guidance;
- e) Seek Cabinet endorsement for the County Council to support the two Hampshire LEPs in negotiating future rounds of funding from the Local Growth Fund, for the benefit of the county, its residents and its future prosperity.

2. Background – Local Growth Deals and Local Growth Fund

- 2.1. The Government established the Local Growth Fund in response to Lord Heseltine's report, *No Stone Unturned* (November 2012).
- 2.2. Each of the 39 LEPs were invited to submit a Strategic Economic Plan, outlining their local priorities for economic growth by 31 March 2014.

- 2.3. In *Investing in Britain's Future*, published alongside the 2013 Autumn Statement, the Local Growth Fund was committed to be at least £2bn a year from 2015/16. The Fund is drawn from the existing budgets of Government Departments.
- 2.4. Key objectives of the Growth Deals are to support the creation of jobs; support skills development (particularly in young people); to facilitate the building of new homes; and to deliver key infrastructure projects.
- 2.5. In 2015/16, £1.1bn of the Fund was committed (principally to local transport projects). This left £930m to be allocated competitively in 2015/16. LEP Strategic Economic Plans, setting out how those funds would be used, were assessed according to their ambition and rationale, value for money and deliverability.
- 2.6. On Monday 7 July 2014, a series of Growth Deals were announced across England, representing the first stage of a total of £12bn investment over a six year period.
- 2.7. LEPs will be permitted to exercise flexibility to substitute other projects if they have been rigorously assessed and if they offer comparable or better value for money. The stronger the track record of delivery, the greater the flexibility a LEP will have. In some areas, the Government has approved funding beyond 2015/16 to ensure the benefits of long-term projects can be realised. Both Enterprise M3 LEP and the Solent LEP have been offered this flexibility and both LEPs will receive their respective 2015/16 Local Growth Fund allocations in advance in April 2015.
- 2.8. Growth Deal discussions for future years have effectively started immediately, with LEPs being asked to submit proposals for 2016/17 by the end of November 2014.

3. Enterprise M3 – Growth Deal Summary

- 3.1. In its initial Growth Deal, Enterprise M3 LEP has secured £118.1M from the Local Growth Fund, summarised below:

EM3 LEP	2015/16 (£M)	2016 onwards (£M)	Total (£M)
Local Growth Fund award	29.4	31.3	60.7
Previously committed	5.6	18.7	24.3
Provisional allocation to projects starting 2016/17 and beyond	-	33.1	33.1
Total	35	83.1	118.1

3.2 Appendix 1 provides a summary of the key projects to be funded in the Hampshire area.

3.3 Appendix 3 provides a summary of the transport schemes in which Hampshire County Council will have a key role as delivery partner.

4. Solent LEP – Growth Deal Summary

4.1. In its initial Growth Deal, Solent LEP has secured £124.8M from the Local Growth Fund, summarised below:

Solent LEP	2015/16 (£M)	2016 onwards (£M)	Total (£M)
Local Growth Fund award	27.5	57.7	85.0
Previously committed	18.5	6.2	24.7
Provisional allocation to projects starting 2016/17 and beyond	-	14.9	14.9
Total	45.8	78.8	124.6*

* Local Growth Fund award includes increase to Housing Revenue Account borrowing limit for Winchester City Council.

4.2 Appendix 2 provides a summary of the key projects to be funded in the Hampshire County area.

- 4.3 Appendix 3 provides a summary of the transport schemes in which Hampshire County Council will have a key role as delivery partner.

5. Growth Deals – Next Steps

- 5.1. Following the announcement of the Growth Deals, the next key steps to be taken are as follows:

End October 2014 – Growth Deal assurance framework, funding agreement, implementation plan and performance metrics agreed with Government

End November 2014 – submission of projects for 2016/17

April 2015 – LGF funding comes on stream

6. Growth Deal Delivery

- 6.1 Successful delivery of the Growth Deal projects will underpin both LEPs' future negotiations for funding through the Local Growth Fund. The level of autonomy LEPs will be given over future local growth funding will largely depend on their delivery capacity and being able to evidence clearly established governance arrangements.
- 6.2 The County Council will have a key role to play as a local highway authority in the delivery of the transport schemes in the Hampshire area (see Appendix 3 for a summary of those schemes).
- 6.3 There may also be opportunities for the County Council, through its property services function, to fulfil a role as technical advisor to some of the further education capital projects, as it did for the CEMAST project at Daedalus for Fareham College.
- 6.4 The County Council also has a central role to play as the Accountable Body for Enterprise M3 LEP. The Local Growth Funding awarded to this LEP will need to be received by, and distributed through, Hampshire County Council.
- 6.5 In addition, Hampshire County Council has facilitated access to resources from AECOM, via the newly established strategic partner arrangements, to act as programme manager for the Enterprise M3 LEP. This means that Enterprise M3 has ready-made access to cost effective, independent, professional resources to undertake overall programme management, due diligence on individual projects, overall budget management and risk management/reporting.
- 6.6 It is also worth noting that additional support will be needed from in-house professional services resources to support the Enterprise M3 LEP in delivery of its Growth Deal, specifically in relation to legal, financial and procurement related matters. Where appropriate, the cost of providing such services will be recovered from the LEP.

6.7 The Homes & Communities Agency (HCA) is the national housing and regeneration agency for England. For the Solent Enterprise Zone, Daedalus, an HCA led development, Hampshire County Council is the delivery partner for the on-site infrastructure, runway improvements and waterfront access road, in addition to delivering the enhancements to the off site highways access to the site and the Gosport peninsula generally. Hampshire County Council and the HCA are also working closely around other key developments across the county, including Whitehill Bordon and Welborne. Through these positive engagements, there is strong potential to further develop the collaborative relationship between our respective organisations, to drive forward key regeneration projects. For example, the HCA has approached the County Council to see if we are able to assist them in delivering a Construction Skills Centre at Whitehill Bordon, which is one of the projects to be successful in securing funding in the initial Growth Deal negotiated by the Enterprise M3 LEP.

7. **Governance**

7.1 Government is anxious to ensure that the LEPs have appropriate and robust governance arrangements in place to ensure that resources are deployed with regularity, propriety and value for money. LEPs are being asked to agree these governance arrangements with Government by the end of October 2014. The Accountable Body role is a key part of this framework.

7.2 Guidance to LEPs in the form of a draft accountability and assurance framework states that there needs to be “strong underpinning local authority partnership arrangements in place to facilitate joint decision making and collaboration of growth and economic development between all local authorities in each LEP area.....areas should seek to develop an arrangement which enables collective engagement of local authority leaders in decision-making on growth priorities”.

7.3 In terms of mechanisms suggested to achieve this outcome, the accountability framework suggests that “in places where not all local authorities are represented directly on the LEP Board, it is important that their representatives have been given the mandate – through an underpinning Local Authority arrangement, such as a Joint Committee or Combined Authority or other similar arrangement, which brings all the local authorities together in the area.”

7.4 The need for independent scrutiny is also highlighted in the guidance – “to ensure that the value for money systems established and associated decision making practices are fully adhered to.”

7.5 Cabinet will be aware that Enterprise M3 LEP has a Joint Leaders’ Board to ensure involvement of all the local authority leaders. In order to help ensure appropriate decisions are made around the use of Local Growth Fund monies it is also establishing a new Programme Management Group to oversee the

Local Growth Fund programme. The County Council will be represented at a senior officer level on this group. This is in addition to the County Council's Deputy Leader having a seat on the LEP Board.

- 7.6 The Solent LEP is seeking to establish a 'Forum' to oversee its LGF programme. Its purpose would be to review project funding decisions made by the LEP Board and its Delivery Panels; to provide recommendations, advice and guidance to the Board; and to scrutinise delivery of the Strategic Economic Plan. All twelve authorities within South Hampshire will be invited to join the Forum with full voting rights, including the County Council in addition to the seat held by the County Council on the LEP Board. The Forum will also include ex officio members invited to attend Forum meetings from the education sector, business, trade unions and other Government agencies/departments, as specified in the Government's guidance.
- 7.7 The outcome of a recent PUSH Leaders workshop was to agree to PUSH delivering the Forum through a reconfiguration of the existing PUSH Joint Committee, to ensure that the decision making process is 'fit for purpose' to accommodate Government requirements. The offer from PUSH to host the Forum has now been accepted in principle by the Solent LEP Board. This approach also provides a ready made scrutiny vehicle via the existing PUSH Overview and Scrutiny Committee, should the LEP wish to make use of this option.

8. Future Growth Deal Funding Rounds

- 8.1 The Government has made it clear that this is the first of a series of annual Growth Deal negotiations for LEPs, with negotiations for 2016/17 already commencing. Proposals for 2016/17 are to be submitted to Government by the end of November 2014.
- 8.2 It is likely that the LEPs will, given the very short timescales and the level of detail and strength of business case required, primarily base their 2016/17 submissions on credible and deliverable projects which were not successful within the initial Growth Deals.
- 8.3 For Hampshire, a number of key projects submitted were not included in the initial Enterprise M3 and Solent LEP Growth Deals, such as:
- a. Regional Centre for Aerospace at Farnborough College of Technology
 - b. Hampshire Centre for Environmental Technologies (Sparsholt College)
 - c. Whitehill Bordon Business / Enterprise Centre
 - d. Construction and Built Environment Skills Centre, Havant
 - e. Solent Academy for Applied Technology and Mathematics (Fareham College)

- 8.4 In addition to projects proposed for inclusion in the local growth deals with the two LEPs, there are also continuing national investment programmes for strategic road and rail improvement schemes. It will be important for the County Council and the LEPs to engage with these as well, to promote delivery of major strategic schemes such as improving J9 of the M3 at Winchester, a vital transport link on the strategic road network connecting the south coast ports to the midlands and the north of England.
- 8.5 It is critical that Hampshire County Council and the other local authorities work closely with the LEPs, and engage with wider partners such as the Highways Agency where necessary to ensure that the right projects are considered for future funding rounds, and where necessary the business cases for these interventions are made more robust. The County Council, and other local authority partners provide the democratic accountability and community leadership which is essential to the long term successful operation of the LEPs.

9. Recommendations

- 9.1 That the role of Hampshire County Council as a key delivery partner for both the Enterprise M3 and Solent LEPs is endorsed;
- 9.2 That the provision of support from the County Council, as the Accountable Body for the Enterprise M3 LEP, in relation to the delivery of the Local Growth Fund programme in 2015/16 and in future years, is endorsed, on the basis that the reasonable costs of providing such services are recovered from the LEP;
- 9.3 That approval be given for Hampshire County Council to enter into a revised governance agreement with the Enterprise M3 LEP to enable the scope of our role as accountable body to encompass all funding streams under the control of the LEP;
- 9.4 That Cabinet approves appropriate engagement and participation of the County Council in the proposed arrangements which will ensure all local authorities in the LEP areas are involved in joint decision making in relation to growth and economic development.
- 9.5 That approval be given for Hampshire County Council to explore the potential to extend its partnership approach with the Homes & Communities Agency (HCA) in relation to the delivery of key regeneration projects across Hampshire;
- 9.6 That endorsement is given to Hampshire County Council continuing to support the two LEPs in progressing negotiations for future rounds of funding through the Local Growth Fund, for the benefit of the county, its residents and its prosperity.

Rpt/5993/DF

Appendix 1 – Enterprise M3 LEP Growth Deal Summary

Key projects in Hampshire which will benefit from the above funding allocation include the following (figures indicate Local Growth Fund allocation and total project cost):

- a. **Andover Technology and Skills Centre (£2.6M/£6.4M)** - A new technology and skills centre at Andover College, to focus on sectors where local employers have identified employment/skills needs.
- b. **Basingstoke North Corridor A340 (£3.34M/£4M)** - Partial dualling of the A340 that will reduce business-based congestion and bring forward housing development in the Basingstoke area. This will result in 1400 new homes in a new development adjacent to the A340.
- c. **Basingstoke North Eastern Corridor to Growth (£6.6M/£8.2M)** - Improvements to the key transport route between Basingstoke and Reading, supporting housing delivery and access to Chineham Business Park.
- d. **Brockenhurst College (£3.2M/£9.5M)** – Upgrading of existing further education estate with a new state of the art science, technology, engineering and maths (STEM) facility. The facility will provide support to local businesses and improve the efficiency of the college estate.
- e. **Whitehill & Bordon Construction Skills Centre (£4M/£4.8M)** - A new construction skills centre to upskill the local labour force and meet the demands of new housing development in Whitehill and Bordon.
- f. **Whitehill & Bordon Relief Road (£16M/£23M)** - This project delivers a relief road for Whitehill and Bordon and a series of complementary measures to the A325 to enable strategic growth and support a buoyant town centre.

In addition, the following LEP geography-wide investments will also benefit the Hampshire economy:

- a. **Enterprise M3 Growth Hub (£1M)** - Development of a Growth Hub that will provide a focussed and co-ordinated enterprise, innovation and skills support offer enabling all businesses, especially those in key sectors identified by Enterprise M3, to secure the connections they need via the private, public and not-for-profit sector to start, grow and develop their business.
- b. **Enterprise M3 Local Sustainable Transport (£20.7M)** - This package covers capital transport improvements across the Enterprise M3 area with a strong focus on improving the quality of sustainable forms of transport, including rail, bus and cycling networks.

Within Hampshire, the provisional allocation for projects starting in 2016/17 and beyond includes:

- a. Basingstoke South Western Corridor to Growth** (£9.3M of total project cost £11.6M)
- b. Junction Capacity Improvements in Farnborough** (£2.3M of total project cost of £8M).

Appendix 2 – Solent LEP Growth Deal Summary

Key projects in Hampshire (excluding Southampton and Portsmouth) which will benefit from the above funding allocation include the following (figures indicate Local Growth Fund allocation and total project cost):

- a. Fareham/Gosport package (£34.6M/£90M)** - (an initial enabling programme of works aimed at enable access to the strategic sites at Welborne and the Solent Enterprise Zone) - with funding agreed for the following:
- preliminary works associated with the Stubbington Bypass:
 - a local road network improvement package (including Peel Common Roundabout);
 - initial site preparation work/land remediation at Welborne, and a provisional allocation to M27 Junction 10 upgrade to 'all moves' starting beyond 2016.

It is recognised that in addition to this co investment and the provisional allocation to M27 Junction 10, the local area has identified a requirement for further co-investment to support improvements to the strategic transport infrastructure on the Fareham/Gosport peninsula (including the construction of the Stubbington bypass) and on-site development at Welborne. This will inform the negotiation of the next iteration of the Solent Growth Deal and there is an ambition to progress this in 2014. The LEP has flexibility over the management of these projects and their phasing in order to deliver the greatest economic benefits to the area, and this has been agreed.

- b. Whiteley Way (£14M)** - route to join the existing community of Whiteley and the planned new development to the north of Whiteley to the existing highway network.
- c. Eastleigh College (£9M/£12.4M)** – upgrading existing college facilities, including a new Advanced Technology block.
- d. Dunsbury Hill Farm Link Road (£4.5M/£8.5M)** – provision of link road into this strategic development site on the A3(M).
- e. A27 Improvements, Fareham (£4.96M/£6.6M)** – Station roundabout and Gudge Heath Lane junction improvements.
- f. Solent Growth Fund (£12M)** – extending an existing programme to provide further business start up grants, support for young entrepreneurs and expansion funds for existing businesses.

Appendix 3 – Hampshire Growth Deal Transport Schemes

Scheme	Total £M	LGF £M	2015/16 £M	2016/17 & beyond £M
Whitehill Bordon Relief Road	23	16	0	16
Basingstoke NE Corridor	8.2	6.56	2.16	4.4
Basingstoke North Corridor A340	4.0	3.34	2.34	1.0
Basingstoke SW Corridor	11.6	9.3	-	9.3
Farnborough junction improvements	8.0	2.3	-	2.3
Sustainable transport (Hampshire & Surrey)	Scalable	20.7	4.3	16.4
Fareham / Gosport Package	90	34.6	6	28.6
Whiteley Way	14	14	3.7	10.3
Dunsbury Hill Farm Link Road	8.5	4.5	4.5	-
A27, Fareham	6.6	4.96	4.96	-

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- (a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- (b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- (c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The decision relates to Hampshire County Council's relationship and governance of two Local Enterprise Partnerships. The framework agreed will have no impact on statutory groups.

2. Impact on Crime and Disorder:

2.1. The Growth Deals secured by the Enterprise M3 and Solent LEPs will bring significant capital investment into Hampshire, primarily through transport and further education projects. These strategic investments are designed to facilitate increased economic activity, greater levels of employment and enhancement of the employability of local people. It is therefore envisaged that indirectly the Growth Deals would support reduced crime and disorder.

3. Climate Change:

3.1 How does what is being proposed impact on our carbon footprint / energy consumption?

The transport schemes invested in through the Growth Deals should lead to reduced congestion and more efficient use of fuel.

In addition, a proportion of the funding is to be directed at improving the quality of more sustainable forms of transport, including rail, bus and cycling.

3.2 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As stated above, a proportion of the funding is to be directed at improving the quality of more sustainable forms of transport, including rail, bus and cycling.