

Southampton and Portsmouth City Deal



Executive Summary

The Southampton and Portsmouth City Deal will maximise the economic strengths of these two coastal cities and the wider Solent area, by supporting further growth in the area's maritime, marine and advanced manufacturing sectors.

Across Southampton, Portsmouth and the Solent, the marine and maritime sector already accounts for over 20% of gross value added and provides 40,000 jobs locally. Over the next 12 years this sector is expected to grow by 5%, driven in part by key assets such as the Port of Southampton, Portsmouth Naval Base; and the Solent Marine Cluster – which includes Lloyds Register and the Southampton Marine and Maritime Institute. Advanced manufacturing is also an area of strength, growing during the recent recession and creating almost 5,000 new jobs.

The flagship proposal for this City Deal will support further growth in these sectors by unlocking two high-profile sites within Southampton and Portsmouth – one of which involves Ministry of Defence owned land. These sites, once developed, will provide: new employment space; new housing; and lever in significant amounts of new private sector investment into the economy. To complement this, the City Deal will also implement programmes to: align skills provision to employer needs; tackle long term unemployment and youth unemployment; and enable small and medium enterprises to grow through the provision of effective business support. Over its lifetime the Solent Local Enterprise Partnership predict the City Deal will deliver:

- Over 4,700 permanent new jobs particularly focussed in marine, maritime and advanced manufacturing sectors.
- Over 13,000 construction jobs.
- Unlock 107,000 sq metres of new employment floor space with a focus on supporting growth in the marine, maritime and advanced manufacturing sectors.
- Support small and medium enterprises to grow through better business support over the next three years.
- Provide £115m of local and national public sector investment.
- Lever in over £838m of private sector investment into the area through site development, skills and unemployment schemes; and business support services.
- 2,370 new homes

All signatories to this City Deal recognise that the proposals within this document will support the local economy to grow and create new jobs. Every effort will be made to support the local area through the recent economic shock, including through the support that BIS and Jobcentre Plus provide through the Rapid Response Service and schemes such as the Talent Retention Solution.

Our signing of this document confirms our joint commitment to ensure full implementation of the Southampton and Portsmouth City Deal proposed by: the Solent Local Enterprise Partnership; Southampton City Council; Portsmouth City Council, Hampshire County Council and other councils that are members of the Partnership for Urban South Hampshire (Eastleigh, East Hampshire, Fareham, Gosport, Havant, Isle of Wight, New Forest, Test Valley and Winchester).

Introduction

With a population of 1.3m and over 50,000 businesses operating in the area, the Solent Local Enterprise Partnership is one of the UK's key engines of growth. As a functional economic area its economic output equates to £48.5bn (gross value added per annum of £23.7bn) and it supports 485,000 full-time equivalent jobs. At the heart of its economy are the two cities of Southampton and Portsmouth and their associated ports. Together these two cities provide nearly 39% of high-skilled jobs in the Solent and contribute 37% of its total economic output.

The coastal location of the Solent, clustering of businesses and educational strengths (with Portsmouth and Southampton at its core) places it at the heart of the UK's marine and maritime economy. This sector accounts for 20.5% of the Solent's gross value added; provides 40,000 jobs locally; and supports over 3,000 businesses. Over the period to 2025 this sector is projected to grow by 5% in the region. The Solent sub-region also plays a significant role in advanced manufacturing with significant clusters linked to our key economic assets (see box 1). Employment rates in this sector are significantly higher when compared to the UK average, particularly in: computing; electronic and optical products; and electrical equipment. Indeed from 2009-11, despite the ongoing challenges facing the manufacturing sector locally it grew by almost 8%, creating 4,600 new jobs (to 58,800).

The growth strategy across Southampton, Portsmouth and the wider Solent (Eastleigh, East Hampshire, Fareham, Gosport, Havant, Isle of Wight, New Forest, Test Valley and Winchester) recognises these comparative economic advantages and the City Deal will help Southampton and Portsmouth achieve their shared long term vision for the local economy by:

- **Maximising the economic impact of our marine and maritime assets** in the area;
- **Unlocking critical employment** sites to enable their marine, maritime and advanced manufacturing sectors of their economy to expand;
- **Providing new housing** to support their growing workforce;
- Ensuring people have the **right skills** to access employment in these growing sectors; and
- Providing **effective support to their small and medium enterprises** to enable them to grow – including marine and maritime small and medium enterprises.

Box 1: Solent Economic Assets related to the City Deal

The **Port of Southampton** is one of the UK's largest, busiest and most diverse ports providing a wide range of passenger, freight and cargo functions. It provides, directly and indirectly, 15,000 jobs¹ in the Solent and contributes over £1.2bn of output per annum. The Port is the busiest cruise port in the UK (home to the UK fleets of P&O Cruises and Cunard Line and home to Carnival – the largest Cruise operator in the world). The number of cruise ships calling has increased by over 200% in the last 10 years. The Port of Southampton is also the largest vehicle handling port in the UK, with more than 750,000 vehicle exports. The container terminal is also the second largest in the UK, handling almost 50% of UK trade with the Far East. Finally, Southampton is one of the leading hubs for the import and export of liquid bulk cargos, primarily crude oil.

Portsmouth Naval Base is at the heart of the sub-regional defence cluster providing, directly and indirectly, 20,000 jobs across the sub region and contributing over £1.6bn gross value added of output. Currently the Naval Base supports the Royal Navy surface fleet and there is a strong maritime services function offering: integrated ship support; complex software engineering and advanced manufacturing solutions; equipment management; training; and estates and logistics service. It encompasses: the Naval Base; associated Naval establishments; the defence industrial base and other dependent firms (including Babcock, BAE Systems, Lockheed Martin, Northrop Grumman, Qinetiq, Serco Denholm Ltd and Vector Aerospace).

The Marine cluster, including the marine and marine-recreational sector, is the province of smaller enterprises. This sector will be boosted by the decision of Lloyd's Register's to relocate to Southampton to be part of the Maritime Centre of Excellence, which includes the Southampton Marine and Maritime Institute (SMMI).

¹ Across the City of Southampton and surrounding areas including Isle of Wight and Districts in South Hampshire

Why do we need the City Deal?

Southampton and Portsmouth need to maximise the impact of their key marine and maritime assets through the provision of new housing and employment sites. The City Deal provides a unique opportunity to both: supporting a critically important stalled private sector led development in Southampton; and providing new employment and housing sites in Portsmouth, by unlocking land that is currently owned by the Ministry of Defence.

Marine and maritime businesses, which account for 20% of the Solent economy and are responsible for 17% of UK gross value added in the United Kingdom, contain many smaller firms with specific skills requirements. Working within the employer-led skills system the City Deal has agreed additional flexibilities to ensure marine and maritime small and medium enterprises can secure employees with the right skills, thereby enabling them to grow.

Despite the economic potential of Southampton and Portsmouth, the local area continues to face the challenge of supporting long term unemployed residents back into work. The City Deal helps address this challenge by creating new jobs and getting unemployed people – especially the long-term and young unemployed – into work.

The City Deal will also help improve the relatively low rates of new business start-ups in the area.

The Deal

At the heart of the Southampton and Portsmouth City Deal is an ambitious proposal to **maximise the impact of marine and maritime assets by unlocking critical employment and housing sites** in both cities. The two critical sites, within the wider Solent pipeline, are the Watermark West Quay site in Southampton and Tipner-Horsea in Portsmouth. To deliver this flagship proposal City Deal partners will:

- Agree a **funding package** for both sites utilising significant local funding sources, private sector investment (including developer contributions) and Government investment. This funding will facilitate the provision of enabling infrastructure to be undertaken – making these sites ready for private sector investment.
- Support **land assembly** on the Tipner-Horsea island site through the transfer of Ministry of Defence owned land, with an overage agreement, to local partners.
- Agree to expedite planning applications which relate to the **relocation of Ministry of Defence related facilities**.

The marine and maritime assets programme will be complimented by skills, labour market and business support packages. These proposals are designed to ensure local residents can access jobs in growing sectors and that local businesses are able to grow and thrive across the Solent. To achieve this City Deal partners will:

- Establish a **Skills Investment Strategy** and **Solent Skills for Growth fund**, using funding from local partners and the private sector. This strategy and fund will ensure local residents can take courses that meet employer needs.
- Create a **Solent Employer Ownership of Skills programme** that identifies immediate skills needs in small and medium enterprises, in the **advanced manufacturing sector**, and funds the provision of relevant courses through local skills providers.
- Launch a new **Solent Jobs programme** that will support long term unemployed people into sustained employment.
- Launch a **Young Person's Demonstration project** to trial new approaches to supporting young people into employment, in line with the forthcoming findings from the Government's review into employment, education and training support for 16-24 year olds.
- Provide support for those facing redundancy to access alternative employment through a Department for Work and Pensions **Rapid Response** programme.
- Establish a programme to **provide effective business support** including local schemes that promote small and medium enterprise business growth and enterprise.

Over its lifetime the Solent Local Enterprise Partnership predict the City Deal will deliver:

- Over 4,700 permanent new jobs particularly focussed in marine, maritime and advanced manufacturing sectors.
- Over 13,000 construction jobs.
- Unlock 107,000 sq metres of new employment floor space with a focus on supporting growth in the marine, maritime and advanced manufacturing sectors.
- Support small and medium enterprises to grow through better business support over the next three years.
- Provide £115m of local and national public sector investment.
- Lever in over £838m of private sector investment into the area through site development, skills and unemployment schemes; and business support services.

Geography

This City Deal sets out a range of programmes and initiatives which seek to support the Southampton, Portsmouth and the wider Solent Eastleigh, East Hampshire, Fareham, Gosport, Havant, Isle of Wight, New Forest, Test Valley and Winchester. In Portsmouth the Tipner-Horsea scheme will provide vital new employment and housing space and in Southampton the Watermark West Quay scheme will provide a new leisure quarter that will support the expanding maritime industry. The impact of both proposals will be felt across the Solent. Both cities will also benefit from new schemes that will support long term unemployed residents and young people that are unemployed. Further, across both cities and the wider Solent residents and businesses will benefit from the City Deal's skills and business support proposals.

Key Elements of the City Deal

Maximising the impact of marine and maritime assets by unlocking critical employment and housing sites

Providing suitable employment sites for Southampton and Portsmouth's growing marine, maritime and advanced manufacturing sectors that are in close proximity to key economic assets (Port of Southampton, Portsmouth Naval Base and the Solent Marine Cluster) as well as meeting growing housing demand are key economic challenges for the Solent. This City Deal will support wider work to address these two challenges by unlocking two sites in the Solent (Tipner-Horsea Island in Portsmouth and Watermark West Quay in Southampton).

These sites will be unlocked by assembling public/private sector land and agreeing funding packages to support the provision of enabling infrastructure. Both funding packages will lever in significant local and/or private sector investment.

Tipner-Horsea Island (Portsmouth)

The **Tipner-Horsea Island** site is within close proximity to Portsmouth City Centre, the Portsmouth International Port and Portsmouth Naval Base. It is comprised of five pieces of land: Port Solent; Tipner West; Tipner East; Horsea Island East; and the Tipner Firing Range. **Unlocking this site fully will enable the provision of 2,370 new homes and 58,000 square metres of employment space** for the growing marine and advanced manufacturing sectors of the Solent economy. **This will help create over 3,700 permanent jobs.**

Portsmouth City Council has already invested £24m in infrastructure around Tipner-Horsea Island to support current and future development. This includes the building of a new motorway junction, which provides access between the motorway and Tipner East, Tipner West and the Ministry of Defence Firing Range. This work will be completed in March 2014. Housing construction will also begin at Tipner East in 2014/15.

Other areas of the site currently cannot be developed due to multiple land ownership and/or the need for land remediation and enabling infrastructure to be provided. In order to overcome these barriers and unlock this site the City Deal will: assemble the land across these five sites; support the relocation of Ministry of Defence facilities; and agree a funding package that will enable the required enabling infrastructure to be undertaken.

Land Assembly

As stated above, the Tipner-Horsea Island site is comprised of the five pieces of land: Port Solent; Tipner West (owned by Tipner Regeneration Company and Portsmouth City Council); Tipner East (owned by the HCA and Tipner Regeneration Company); Horsea Island East (owned by the Ministry of Defence); the Tipner Island Firing Range (owned by the Ministry of Defence).

The Government will transfer both Ministry of Defence sites (Horsea Island East and the Tipner Firing Range), for a nominal fee, and agree an overage deal with Portsmouth City Council which will be concluded by the end of 2013/14. This overage agreement will provide for MOD to recover a fair and equitable share of the future market value of the overall development and site (after taking into account all costs incurred within this element of the deal). Portsmouth City Council will also agree to pay £3.75m to Government, which will recover the costs of relocating of Tipner Firing Range. The inclusion of both pieces of land in this scheme will maximise development opportunities. Once land assembly is complete, Portsmouth City Council will provide enabling infrastructure, so that the site can be made ready for private sector led development.

As part of this land assembly and transfer process the Ministry of Defence will relocate the existing firing range on Tipner to an alternative military facility – potentially to Longmoor Military Camp. As part of this deal East Hampshire Council have agreed to expedite the planning application for any such relocation, subject to full compliance with planning policies and statutory requirements, should the Ministry of Defence decide to relocate the firing range to this location.

Funding Package for Tipner-Horsea Island

The redevelopment and renewal of the Tipner-Horsea Island site will lever in significant financial investment into the local economy. Providing the required enabling infrastructure for this site will lead to an investment of £184m. This funding includes £88m in developer contributions, £47m of local investment (local authority funding, existing grant, local authority capital receipts, Community Infrastructure Levy and local business rates), Government support for this scheme will be capped at a £49m Government grant and the transfer of the two MOD sites for a nominal fee, which has an associated land value. This investment will lever in £647m of private sector development investment into the local economy.

Watermark West Quay (Southampton)

A further critical industry within our maritime sector is the growing international cruise industry. With over 400 ships expected to dock in Southampton in 2013 (providing approximately £1bn to the local economy²); a 200% increase in passenger numbers in the last 10 years; projected growth of 6% in the next five years; and the Cruise Liners International Association naming Southampton one of the “best cruise destinations” – providing a compelling offer for international visitors in Southampton is crucial. A significant opportunity to improve the attractiveness to visitors can be found in the stalled 49,000 square metre Watermark West Quay development in Southampton. This site, which is in close proximity to Southampton Port and the existing retail offer, will maximise the economic impact of foreign tourists that visit Southampton.

This £97m mixed-use scheme will be delivered in two phases by Hammerson. The first phase comprises: a landmark cinema building; up to 15 restaurants; additional retail space; and newly created public space in front of the city’s historic walls – **creating 500 new permanent jobs**. The second phase has the potential to include: a residential tower; a hotel; flexible office space; restaurants; and additional public space. This City Deal will take forward phase one of this scheme. Due to this scheme’s advanced stage construction is expected to commence in 2014 and will be completed by 2016.

Financial package to unlock the Watermark West Quay site

This development is currently stalled due to the need to provide a £10m site enabling package. This includes the relocation of the public utilities and new public infrastructure that will link the site to docked ships in the Port of Southampton via a park and plaza. The location of Southampton’s historic medieval city walls to this site within the new public infrastructure also means that this enabling work needs to be undertaken sensitively. The private sector is contributing £3m to support this site enablement works. In order to fund the remaining £7m the City Deal has secured, through round four of the Regional Growth Fund (RGF), funding for the public infrastructure part of this development. In addition, given that this public realm infrastructure will not be built until the end of the construction programme, Southampton will be provided with an additional year to spend this RGF funding – enabling funding to be drawn down from Government until March 2016.

² On average, each docking is worth £2.5 million to the local economy

Developing a locally responsive skills system to drive economic growth

As Southampton and Portsmouth unlock new development schemes and grow their marine, maritime and advanced manufacturing sectors of the local economy it is essential that local businesses are able to employ individuals that have the appropriate skills and training. Therefore, building on the Government's recent skills reforms the Southampton and Portsmouth City Deal will ensure the local skills system further responds to employer needs by establishing a local **Skills for Growth Fund**. In addition the City Deal will also establish a Solent-wide **Employer Ownership of Skills programme** that identifies immediate skills needs in small and medium enterprises (in the advanced manufacturing sector) and funds the provision of relevant courses through local skills providers.

A system wide approach to meeting local employer skills demand

The skills infrastructure in the Solent has a long history of working together to meet the needs of local businesses and our learners. To extend this relationship, and in the spirit of collaboration, the City Deal will deliver a new three-year tripartite skills investment strategy which will identify local employer skills needs. This strategy will be supported by funding from the private sector, the seven major Further Education colleges across the Solent and the Local Enterprise Partnership's Employment and Skills Board. This funding will be aligned and placed into a single responsive Solent Skills for Growth Fund. This Solent Skills for Growth Fund will become operational in 2014 and will consist of £4m of funding over a two year period (academic years 2014/15 and 2015/16). Funding will be drawn from:

- £1m from Solent's 7 major colleges³ each agreeing to ring-fence /co-invest funding from their Adult Skills Budget allocation;
- £1m from the Local Enterprise Partnership's European Union Structural Investment Fund (subject to its final approval); and
- £2m matched funding from local employers.

The Solent Skills for Growth Fund will be managed by the Solent Local Enterprise Partnership through the Employment and Skills Board and will complement Solent Local Enterprise Partnership's Skills Strategy, its European Union Structural Funds Investment Strategy and the forthcoming Local Growth Deal. The City Deal will also provide additional freedoms from the Skills Innovation Code, for specific courses to ensure that Further Education Colleges can align their investment and provision with the requirements of employers, linked to agreed job outputs. These flexibilities will be subject to final agreement by the end of 2013/14.

In total, over the two year period a minimum of 1,000 individuals (of which at least 600 will be aged 16-24) will participate in this programme. A minimum of 300 will be unemployed – undertaking job related training to secure sustainable employment and a minimum of 700 will be employees undertaking professional or high level training (at levels 3 or 4).

The Government will also agree specific flexibilities via the Innovation Code to enable individuals to acquire additional units of learning to supplement a qualification. This will provide broader skills, where needed, as part of the package of support for those seeking new qualifications or skills that will lead to employment. These flexibilities will be underpinned by the following principles:

- This is a commitment to funding growth in a contract that enables all of the opportunities and flexibilities of the Adult Skills Budget to be utilised. This will be offered through a 'where needed' approach in which employers and existing adult skills budget providers come to the Local Enterprise Partnership for funding for a specific need and they draw down in line with demand.
- Payment by the Skills Funding Agency will be made on profile and the contract is managed in line with the existing local authority contract.
- Government will support more flexible use of the Innovation Code for Southampton and Portsmouth for eligible learning although will need more detail from the city/Solent Local Enterprise Partnership on what specifically they want to support before programmes are agreed. The priority will be:
 - Flexibility will be for those individuals affected by the redundancies and seeking to address priority skills needs identified by the Solent Local Enterprise Partnership to remain in/find work.

³ Brockenhurst College, Eastleigh College, Fareham College, Isle of Wight, Southdowns College, Southampton City College, Sparsholt College.

- Use of the Innovation Code must support a wider package of learning in addition to a full qualification or framework, for example undertaking additional units related to skills gaps in employment opportunities locally to supplement an Apprenticeships framework.
- Programmes should deliver good value for money and deliver transferable qualifications.

A Marine and Maritime Employer Ownership of Skills Programme

The foundations of the Solent are built upon a set of existing strengths in the maritime and marine sectors, with a particular emphasis on small and medium enterprises and micro-firms. The importance of the engineering, aerospace and marine industries to the Solent Local Enterprise Partnership area remains evident in the presence of major employers with supply chains running through the sub-region. The local area has a particularly strong concentration of employment in manufacturing, accounting for 9% of all employees (58,800 jobs). The maritime and marine sector in the Solent also accounts for 20% of the functional economic area and is responsible for 17% of UK gross value added in this sector nationally.

However it should be noted that the marine and maritime sectors contain many smaller firms which are not yet able to maximise the flexibility of the newly reformed skills system. To address this issue the City Deal will create a £3m Solent wide **Employer Ownership of Skills programme** that identifies immediate skills needs in small and medium enterprises, in the **advanced manufacturing sector**. In this programme the Solent Local Enterprise Partnership, through their Employment and Skills board, will act as the broker and aggregate up small and medium enterprise skills demands on behalf of local business. These skills gaps will be addressed through the provision of courses provided by local skills providers. "A co-investment funding model will underpin the Employer Ownership of Skills programme. £1.5m of this £3m programme will be provided by local employer contributions. Government will provide the other £1.5m (£0.75m in 2014/15 and £0.75m in 2015/16) from the adult skills budget. This will be paid into the Single Adult Skills Budget held by the Local Enterprise Partnership's accountable body (Portsmouth City Council) through their Skills Funding Agency contract in 2014/15. This £1.5m would be in addition to the £1m of Adult Skills Budget funding already identified for the City Deal by local providers

Helping the Long Term and Young Unemployed into work

Economic analysis undertaken to support the Southampton and Portsmouth City Deal suggests that almost 10,000 jobs will be created in the two cities over the next decade. As part of the City Deal the Government and local partners are committed to opening up this potential economic opportunity to those that are furthest from the labour market, so that they can secure sustained employment.

Solent Jobs Pilot

In order to link long term unemployed people with private sector job creation this City Deal will create a new **Solent Jobs pilot targeting 1,000 of the very long-term unemployed over two years**. The cohort for this programme will be drawn from those who have left the Work Programme without finding work. The programme will include:

- **Stage 1:** A pre-employment and placement support programme aimed at identifying key barriers to work, improving basic employability and advice and guidance on how to make the transition into supported work.
- **Stage 2:** A subsidised job for up to 25 hours per week paid at the national minimum wage for up to six months, alongside caseworker support, skills and job search advice.
- **Stage 3:** Intensive post-placement support and job matching with expert senior advisors/job brokers using a payment by results mechanism.

Supported jobs will be concentrated on entry level private sector roles. Roles and sectors are to be selected on basis of client need and which offer the best opportunity for a successful placement for both the client and host. The length of placements will reflect the readiness of each client and will ensure a challenging whilst supportive environment to develop within.

The total cost of this two-year scheme is £5.8m. Local partners will provide £2.9m from local budgets and EU funding. The Government will support this scheme through the provision of £2.9m.

Supporting unemployment challenges

In addition in the light of the local redundancy situation the Department for Work and Pensions is prepared to commit up to a £1m extra funding, through its Rapid Response Service, to support those made redundant

secure new jobs as quickly as possible. That is an average of £1,000 per head of extra help on top of the normal support Jobcentre Plus offers.

Young Persons' Fund

Local partners will complement national youth unemployment programmes by designing **new demonstration projects for 18-24 year olds**. A total fund of £1.4m will be used to trial innovative new approaches to tackling youth unemployment within Southampton and Portsmouth. This will build on the forthcoming findings of the Government's review into employment, education and training support for 16-24 year olds. The new demonstration projects will build on what we know already works well in helping young people back to work including: skills training; work experience; and apprenticeships. £700K of funding will be provided by local partners (including private sector companies), with the remaining £700K will be provided by a combination of Youth Contract under spend (450K) and DWP Flexible Support fund (250K). Release of Government's contribution will be made by the end of 2013 and will subject to approval of a full business case.

Enterprise and Innovation

A new business support service⁴ will boost economic growth by improving the coordination of local and national business support, making it easier for businesses to find the help they need and introducing a range of enterprise and innovation schemes tailored to the needs of local businesses. Across the Solent local partners will raise awareness and uptake of public and private sector support available at the local and national levels by effectively guiding businesses to the most appropriate support. At the same time, a suite of additional support services, including local schemes that promote small and medium enterprise business growth and enterprise will be rolled out. To support this scheme £3.1m of funding has been bid for by local partners. This will be supported by £424K of local public sector match funding and £6.5m of private sector leverage. The schemes proposed will create 310 jobs and safeguard a further 100 over a two year period (2014/15 - 2016/17).

Governance

A formal protocol of collaboration already exists between Southampton City Council and Portsmouth City Council. The formal creation of the Solent Local Enterprise Partnership, and their links with existing sub-regional bodies, Partnership for Urban South Hampshire (PUSH) and Transport for South Hampshire (TfSH) has enhanced the existing local authority governance arrangements by bringing together not only the main business organisations but also a wide range of sector based organisations that provide a strong base on which to build and drive forward an economic strategy. This will ease the transition towards a stronger governance arrangement. It has also enabled the private sector, local authorities and higher education to work together under the Solent Local Enterprise Partnership and the relevant local authorities and others to work together effectively for eight years.

As part of the Southampton and Portsmouth City Deal local partners have agreed to a "non legal entity" group comprising:

- Leader of Hampshire County Council
- Leader of Portsmouth City Council
- Leader of Southampton City Council
- Private Sector representative for the Solent Local Enterprise Partnership

The purpose will be governance relating to the City Deal. Decisions relating to statutory services will revert back to the relevant local authority or statutory body. The relevant sub regional groups are Partnership for Urban South Hampshire, TFSH/ Local Transport Board (Solent Transport). All representatives may appoint a deputy, as they see fit.

⁴ This element of the Deal will be funded through a bid into the Wave 2 Business Growth programme developed by the Cities Policy Unit, BIS and Lancaster University. All commitments in this area are therefore subject to local partners being successful in their bid into this fund.

Summary of Commitments

Tipner and Horsea Island

Central Government Commitments	Southampton and Portsmouth Commitments
<p>Ministry of Defence to designate the Tipner Firing Range as surplus to requirement and transfer ownership, for a nominal fee, to Portsmouth City Council in return for an overage agreement. This overage agreement will be concluded and approved by the end of the 2013/14 financial year and will provide for MOD to recover a fair and equitable share of the future market value of the overall development and site (after taking into account all costs incurred within this element of the deal).</p> <p>Ministry of Defence to transfer Horsea Island East to Portsmouth City Council, for a nominal fee, and agree an overage agreement. This overage agreement will be concluded and approved by the end of the 2013/14 financial year and will provide for MOD to recover a fair and equitable share of the future market value of the overall development and site (after taking account all costs incurred within this element of the deal).</p> <p>Provision of £48.75m in Government Grant to Portsmouth City Council to support the provision of enabling infrastructure to make the Tipner-Horsea Island site ready for private sector investment. This funding will be transferred through a Section 31 payment to Portsmouth City Council in 2014/15.</p>	<p>Portsmouth City Council to oversee the assembly of land on Tipner-Horsea Island.</p> <p>Portsmouth City Council to procure organisations to undertake (either or both) remediation activity and provision of enabling infrastructure at the Tipner-Horsea Island site. This activity will make the site ready for sale to one or more private sector developers.</p> <p>Portsmouth City Council to agree an overage agreement with the MOD as part of the transfer of the Tipner Firing Range and Horsea Island East.</p> <p>Portsmouth City Council will pay £3.75m to Government, which will recover the costs of re-providing the Tipner firing range.</p> <p>Portsmouth City Council to provide £47.2m in local investment (local authority funding, existing grant, local authority capital receipts, Community Infrastructure Levy and local business rates) to support the provision of enabling infrastructure and land remediation to make the Tipner-Horsea Island site ready for private sector investment.</p> <p>Secure £87.8m in developer contributions to support the provision of enabling infrastructure and land remediation to make the Tipner-Horsea Island site ready for private sector investment.</p> <p>Agreement by East Hampshire Council to expedite the planning application, subject to full compliance with planning policies and statutory requirements, for the re-provision of the Tipner firing range at the Longmoor Military Camp – should the Ministry of Defence decide to relocate the firing range at this location.</p> <p>Portsmouth City Council to upload all their land and property assets onto the ePIMS database, managed by the Government Property Unit.</p>

Watermark West Quay

Central Government Commitments	Southampton and Portsmouth Commitments
<p>Provision of up to £7m of RGF Round 4 funding in 2013/14 to support site enabling works for the Watermark West Quay site.</p> <p>Government commitment to expedite the conclusion of RGF due diligence for the Watermark West Quay site.</p> <p>Agreement to provide additional flexibility to the RGF award, allowing funding to be spent and claimed by March 2016.</p>	<p>£90m private sector led investment into Southampton to create a significantly enhanced leisure and culture offer for the city.</p> <p>£3m private sector contribution to the site enabling works.</p> <p>Southampton City Council to upload all their land and property assets onto the ePIMS database, managed by the Government Property Unit.</p>

Developing a locally responsive skills system to drive economic growth

Central Government Commitments	Southampton and Portsmouth Commitments
<p>Subject to final agreement from the Skills Funding Agency, flex rules on the use of the Innovation Code for programmes funded through the Solent Skills for Growth programme in the two year period 2014/15 and 2015/16 – focusing on point 15 within the “How to use the Innovation Code in 2013/14” (Version 1.0). Each programme flexibility will be agreed on a case-by-case basis before the end of 2013/14.</p> <p>£1.5m from BIS Adult Skills over two years to support the co-investment funding model underpinning the Solent Employer Ownership of Skills programme for advanced manufacturing (marine and aerospace), of which no more than 5% of this funding will be used for administration. £750k will be provided in 2014/15 and £750k in 2015/16.</p>	<p>Creation of a tripartite skills investment strategy that will identify critical skills needs of local employers and ensure provision of appropriate courses through a Solent Skills for Growth Fund.</p> <p>Create a £4m Solent Skills for Growth fund over a two year period (2014/15 academic year and 2015/16 academic year) funded through:</p> <ul style="list-style-type: none"> • £1m Solent Local Enterprise Partnership European Union Structural Investment Fund • £1m ring fenced from within FE colleges Adult Skills budgets • £2m private sector contribution <p>This fund will be managed by the Solent Local Enterprise Partnership Employment and Skills Board.</p> <p>The Solent Local Enterprise Partnership through their Employment and Skills Board will establish and manage a Solent wide Employer Ownership of Skills Programme that will: identify immediate skills needs in small and medium enterprises within the advanced manufacturing (marine and aerospace) sector; aggregate their skills needs up; and broker the provision of these skills with local providers.</p> <p>Provision of £1.5m of funding to over two years from local employer contributions in 2014/15 and 2015/16 to fund the Solent Employer Ownership of Skills programme as part of the co-investment funding model. This will fund provision that will tackle immediate/short term skills needs in the advanced manufacturing (marine and aerospace) sector.</p>

Helping the Long Term and Young Unemployed into work

Central Government Commitments	Southampton and Portsmouth Commitments
<p>Provision of £2.9m of funding to fund the Solent Jobs pilot.</p> <p>Department for Work and Pensions will work with Southampton City Council to support the commissioning of the Solent Jobs Pilot.</p> <p>£450K from the Youth Contract under spend and £250K from DWP Flexible Support Fund to align with local funding to create a Young Persons Fund, subject to approval of a full business case.</p>	<p>Southampton City Council, on behalf of the Solent Local Enterprise Partnership, will finalise the design of the Solent Jobs Pilot with Department for Work and Pensions and local partners. The council will also act as the programme management organisation for the pilot, overseeing its delivery and ensuring performance benchmarks are met.</p> <p>Southampton City Council will lead the commissioning of the Solent Jobs Pilot and Young Persons Fund, working with local partners and the Department for Work and Pensions.</p> <p>Provision of £2.9m from local funds to fund the delivery of the Solent Jobs pilot.</p> <p>Creation of a Young Persons Fund with £700,000 from local public sector and private sector funding.</p>

Supporting unemployment challenges

Central Government Commitments	Southampton and Portsmouth Commitments
<p>Government to commit up to £1m of extra funding, through its Rapid Response Service, to support those made redundant into new jobs.</p>	<p>Southampton and Portsmouth to pro-actively work with DWP to implement the Rapid Response Service.</p>

Enterprise and Innovation

Central Government Commitments	Southampton and Portsmouth Commitments
<p>Subject to a successful bid into the Wave 2 Business Growth programme, Southampton and Portsmouth will receive £3.1m of funding for a range of bespoke business and innovation schemes.</p> <p>Enhanced engagement with the Technology and Strategy Board, UKTI and Growth Accelerator to support better business support co-ordination across the market.</p>	<p>Creation of an enhanced business support co-ordination function for small and medium enterprises across the Solent. This co-ordination function will be lead by a collaboration of the Hampshire Chamber of Commerce, Hampshire Business Alliance, Solent Local Enterprise Partnership, Southampton City Council, Portsmouth City Council, Hampshire County Council, University of Portsmouth, University of Southampton and Southampton Solent University.</p> <p>Provision of tailored business support programmes for high growth businesses in targeted sectors (including marine). These include:</p> <ul style="list-style-type: none"> • Growth and Skills Audits undertaken by University of Portsmouth Business School. • Enterprise vouchers (up to £20K per company). • Small and medium enterprise business growth grants of between £50K - £100K per company. <p>Provision of £6.5m of private sector funding and £424K of local public sector funding to support delivery of the tailored business support programmes.</p>