



**SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP**

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Gloria Ighodaro
Interim Chief Executive
Partnership for Urban South Hampshire (PUSH)

Sent be email only to gloria.ighodaro@push.gov.uk

CC swoodward@Fareham.Gov.UK
david.williams@portsmouthcc.gov.uk

Date 9th October, 2014

Dear Gloria,

Re: Solent Inward Investment Delivery Model

You will be aware that at the recent Solent LEP Board meeting, the LEP Board agreed to adopt an Inward Investment Strategy for the Solent. For ease of reference I attach the Strategy along with the accompanying Options for Implementation document.

Inward Investment has been identified as one of the LEP's six strategic priorities, in recognition of the strong relationship between foreign direct investment (FDI) and economic growth, and in recognition of the relative underperformance of the Solent area when compared to other LEP areas. Indeed, the recently published UKTI Inward Investment Report identifies that despite the UK securing a record number of inward investment projects in 2013-14, the Solent LEP area saw a decline in FDI projects from 17 in 2012-13 to 16 in 2013-14. Consequently the Solent's share of FDI in the UK (excluding London) fell from 3% in 2012-13 to 2% in 2013-14. Furthermore, the Solent LEP area was one of just five LEP areas that did not see an increase in FDI projects secured between 2012-13 and 2013-14. Against this falling performance, you will be aware that the LEP has an aspirational target to achieve 5% of UK FDI (excluding London) by 2020.

As a result, the LEP Board is keen to initiate a step-change in Inward Investment service delivery to provide an integrated approach covering the whole Solent region and, in addition to the strategy development, commissioned work to provide an objective appraisal of options for delivery. This work identified that a co-

investment model should be the desired option, which would see the LEP, Local Authorities and other partners contributing cash to a single integrated performance driven inward investment team. A total collective cash contribution of circa £770,000 was identified as the preferred level at which to initiate a step-change in performance and the LEP Board is keen to consider co-investment opportunities to achieve this figure.

However, the LEP is very mindful of the current financial environment with reducing public sector budgets placing a significant pressure on the ability of Local Authorities to deploy resources outside of core and statutory service provision. As a consequence the Board is aware that the preferred co-investment model at the £770,000 figure may be unachievable at this time. To reflect this, a so called 'progressive model' was proposed, whereby the LEP could progress a delivery model at a reduced cost (£289,000) in the short term.

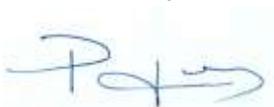
However, whilst the lower cost model is an option, the LEP Board is keen to establish a model underpinned by an appropriate level of funding (£770,000) and also remains committed to working with partners to deliver a step-change in the inward investment offer in the Solent, and to this end is seeking to work through PUSH to invite the 12 Local Authorities to co-invest in the delivery model.

In order to progress this matter the LEP would welcome confirmation from PUSH whether the partnership are in a position to work with the LEP on taking forward the Inward Investment delivery model, and in such case what level of cash contribution PUSH is able to make.

Once we have established this position it will allow the LEP Board to understand what level of funding commitment may be required from the LEP in order to take the delivery model forward. Clearly, it is the preference of the Board that this is done in collaboration with our local partners.

Should you have any questions regarding this, please do not hesitate to contact Stuart Baker in the Executive team.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Philippe Jouy', is written over a light blue rectangular background.

Philippe Jouy
Solent LEP Board Director