



SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

Solent LEP Office
Second Floor
1000 Lakeside
Western Road
Portsmouth
PO6 3EN

All-Party Parliamentary Group for the Visitor Economy
C/O British Hospitality Association

Sent by email only to appg@bha.org.uk

30th September 2016

Dear Sir / Madam,

Re: Solent LEP Response to Call for Written Evidence on the Economic Potential of Coastal Communities and the Visitor Economy

Thank you for the opportunity to provide written evidence on the economic potential of coastal communities and the visitor economy.

The Solent Local Enterprise Partnership (LEP) is a partnership organisation between the business community, the Higher Education sector, three unitary authorities, eight district councils and one county council, all of whom are actively working together to secure a more prosperous and sustainable future for the Solent area. These make up a fully-elected Board of 15 directors.

LEPs have been asked to provide a strategic role as the lead bodies for economic development in their areas. Accordingly, the Solent LEP is the key interface and lead for economic development in the Solent, and has set out its evidence-based strategy to deliver transformational economic growth within the area in its [Strategic Economic Plan](#) (SEP), published in 2014.

It is recognised that this call for evidence is seeking to understand the significance of tourism and hospitality to coastal communities, with reference to the need for investment in vital infrastructure and technology, to realise their economic and social potential. Whilst this does apply to parts of the Solent, through this evidence I would encourage you to

broaden the dialogue beyond the visitor economy, to consider the wider economic challenges that inhibit the ability of coastal economies, such as the Solent, reaching their economic potential.

The mainland Solent LEP area is the most urbanised area in the south of England, outside of London, and has a population growth rate higher than the Manchester / Liverpool conurbation. The Solent has a complex geography, which, whilst giving the area its unique character, provides both opportunities and challenges with regard to local economic growth. The area is made up of three islands, two peninsulas, and over 290 miles of coastline. This natural geography is challenging, resulting in severance, additional travel costs, additional travel time, and the channelling over 3.2 million trips each day through a small number of transport pinch-points. Despite reasonably close proximity to London, as a result of intra-Solent connectivity challenges, communities do feel isolated. Indeed, Gosport, which has a job density of just 0.43, is the largest town in England to not have a rail station. Its peninsula geography in conjunction with the low job density and a transport infrastructure deficit create daily tidal commuting flows that result in severe congestion and associated productivity challenges.

The environmental considerations associated with the coastal and riverine geography can make new development more challenging, adding increased cost and delay, which can put off investors. Indeed, despite an increase of 11% in 2015/16 in Foreign Direct Investment successes in the UK, the Solent has seen a 20% reduction, landing just 17 successes, much of which is expansion and low-skilled employment.

Overlaid on this complex economic geography are three major economic assets: the International Gateways of the area. The Port of Southampton and Port of Portsmouth (including the Commercial Port and Naval Dockyard) provide the anchor points for our globally leading marine and maritime sector, which is one of the largest and most productive in the Solent economy, contributing 20.5% of our GVA and 5% of our private sector jobs. Southampton International Airport is home to 21 airlines and tour operators and serves up to 40 short haul UK and European destinations for business and leisure travellers. The Airport forms an economic gateway for the Solent and represents a significant growth opportunity in terms of airport growth and, sitting at the heart of a significant growth hub.

The pattern of economic performance in the Solent tends to perform at a lower level than neighbouring areas in the wider south east, and is more characteristic of a northern conurbation, than the south east of England. This is evidenced in low productivity levels; productivity in the Solent is 12% lower than the south east average and 5% lower than the national average.

The Solent has two "type C" Assisted Areas covering Portsmouth Harbour and the northern wards of the Isle of Wight. Our two cities have experienced economic shocks in recent years

- the loss of ship-building from Portsmouth, and the closure of the Ford manufacturing plant in Southampton - which have both had deep and lasting consequences for the local SME base. In addition, the Solent is seeing a slow degradation of our aerospace sector to continental Europe, whilst the reduction in domestic defence expenditure is being disproportionately felt in the Solent given the MoD presence and supporting industrial base. More widely, cutbacks in public sector expenditure have also had a disproportionate impact on the Solent, given the high public sector dependency.

Parts of the Solent, such as some of the coastal towns of the Isle of Wight, experience distinctive challenges typical of many coastal towns, which include seasonal employment, low educational attainment, lack of private sector investment, severance, deprivation, low employment diversity and, infrastructure deficits, that combine to make it difficult for towns such as Sandown, Ryde and Shanklin to initiate structural change.

The decision of the UK to leave the EU is creating uncertainty, and given the importance of international trade through the Port of Southampton and the supporting transport and logistics sector, there is nervousness amongst businesses.

Despite these challenges, our coastal location, marine business base and research and skills strengths provide us with immense marine and maritime strengths, strengths on which we can build, taking advantage of global growth in maritime trade, the rapid expansion of the cruise sector, rising demand for leisure marine and specialist vessels, expansion in marine renewables and in technology-led industries. On a broader basis, the Solent is home to emerging technologies (such as marine autonomy, advanced materials, photonics, computer science, and life sciences) that have significant market and wealth creation potential.

To ensure that the Solent economy works for everybody and that we can support our industrial base capitalise on opportunities and mitigate challenges brought about by the dynamic economic landscape, the transport infrastructure deficit, which is stifling the economy, does need to be addressed. The LEP has published a [Strategic Transport Infrastructure Plan](#) (TIP) in May this year, which responded to the clarion call from business to deliver the transport improvements that their businesses need to grow and become more productive. The TIP identified a range of infrastructure projects seek to improve labour mobility, broaden the labour pool available to employers, support growth at our international gateways, improve economic interaction between Portsmouth and Southampton, improve connectivity of the Solent with London, the wider UK and international markets, improve the attractiveness of the area to new investment, including foreign direct investment; and respond to the needs of businesses in the Solent.

Central to transforming transport connectivity in the Solent is the delivery of a Solent Metro, providing a multi-modal transport network connecting our two cities and our matrix of towns. This has cross-Party support from Solent Members of Parliament, and the LEP is working with partners to develop a Strategic Outline Business Case to deliver phase 1 of

Solent Metro, linking Southampton city centre with Eastleigh, via the cross-Solent ferry interchange and Southampton International Airport. This has the potential to ease rail capacity constraints, reduce the number of car journeys, and strengthen access to the Port of Southampton - which accounts for 11,000 jobs and £1bn GVA. Allied to this, the LEP has submitted an application to the Department for Transport for development costs to undertake the next stage of work (and Outline Business Case) for phase 1 of Solent Metro. The importance of this scheme to supporting economic growth in the Solent should not be underestimated - and it will provide the catalyst for coastal regeneration at a myriad of waterfront development sites in Southampton, and have a wider catalytic impact on the Solent economy. We await the outcome of this application.

It is the view of the LEP Board that investment in coastal communities cannot be piecemeal, and should not tinker at the edges, but instead be cross-cutting investment at a level that can be transformative and address the structural challenges that stifle economic growth in ways other geographic areas do not experience and create a trading environment for business that is more challenging.

I hope that the above is helpful to informing your enquiry. Should you wish to discuss any of the contents of this letter, I would be happy to do so.

Yours sincerely,



Gary Jeffries
Chairman
Solent Local Enterprise Partnership

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