



Solent Economic Recovery Plan

Shaping our response to the Covid-19 pandemic

V2.0 May 2021



1.0 Introduction

This Economic Recovery Plan sets out how the Solent LEP, working with local partners, will bring forward actions and interventions to build a positive growth agenda for the Solent in the aftermath of Covid-19.

Purpose

This document, developed by the Solent LEP, sets out the latest version of our Economic Recovery Plan to build a positive growth agenda for the Solent region in the aftermath of the Covid-19 pandemic. The pandemic and associated restrictions imposed on our everyday lives have caused a major economic shock to the global economy, and businesses and communities across the Solent have been affected by this. All aspects of the region's economy have been impacted in some way, and in some respects, the future in the aftermath of the pandemic will look very different. So as a region it is vital that we not only continue to support a return to business-as-usual, but also take action now to ensure we can be more resilient to future disruptions and seize the opportunities for innovation and the benefits of doing things differently that have been brought about by the pandemic.

Building on our initial economic recovery response (published in September 2020) and reflecting the rapidly evolving, dynamic situation both nationally and locally, this Plan provides an updated set of actions and interventions that the Solent LEP will bring forward to support and position the Solent for recovery and growth in line with the long-term objectives set out in Solent 2050.

Whilst it has been developed by the Solent LEP, the Plan has been informed by our close working relationships with local partners, including local authorities, sector groups, the business community, colleges and universities (see Annex 1 for a list of contributors). Delivery of the Plan will depend on continuing the strong tradition of partnership working that is a key part of the economic success of the Solent region. The remainder of this document sets out:

- Our understanding of the local impacts of the pandemic within the Solent as they continue to evolve, based on the latest available data and intelligence (section 2.0).
- The three-stage approach that will guide our response over the next few years, alongside actions and interventions we propose to bring forward aligned to the seven priorities for the region as set out in Solent 2050 (section 3.0).
- Our collective approach to delivering this Economic Recovery Plan working alongside key partners (section 4.0).

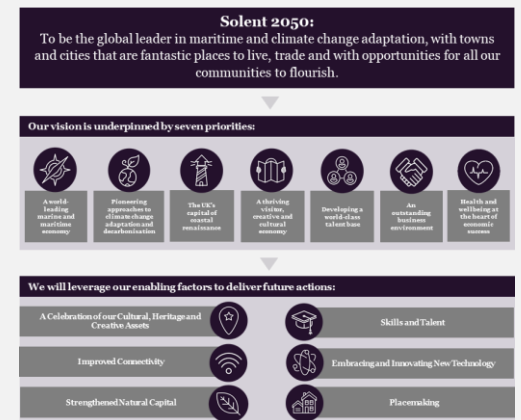
A supporting data pack is included at Annex 2.

Solent 2050 – our long term strategy for growth and prosperity

Solent 2050 sets out a long-term action plan, aligned to the UK Industrial Strategy, to unleash Solent's distinctive strengths that can power the local economy to increase productivity and support our communities to prosper in a fast-changing world. The strategy offers a bespoke approach for building on these strengths to achieve sustainable and transformative growth in the Solent, with a vision of building a more prosperous and productive regional economy. It seeks to protect our natural assets and communities from the effects of climate change given our unique geographical constellation of islands and peninsulas, and the major coastal cities of Portsmouth and Southampton, and secure the renaissance of our coastal towns and their adaptation within a changing economic landscape. The Strategy aims to unite the region's illustrious history across the marine and maritime sectors with the region's world-class universities and colleges. It identifies how the Solent will build on its strengths to become a leading hub for decarbonisation and environmental innovation, and an international centre for the incubation and application of ground-breaking technological solutions. This will help deliver an ambitious and innovative local economy, whilst protecting and enhancing our region's natural capital and ensuring opportunities are created for all our communities.

The outbreak of Covid-19 has brought with it challenges for our economy unlike any that have been seen before. The ongoing economic impact on the Solent's economy cannot be underestimated and is likely to be extreme. We remain committed to bringing forward a new ambitious and long-term vision and strategy for the area, and will deliver the actions set out in this Economic Recovery Plan as the first step in this journey.

Solent 2050 represents a major opportunity to put our region on the path to realise its potential as a world-renowned economic cluster by 2050.



2.0 Understanding local impacts

Based on the latest real-time data, we can develop our understanding of the significant economic impacts of Covid-19 as they continue to unfold across the Solent.



£3.1 billion economic impact during 2020 if the latest ONS output (GDP) trends for the UK are replicated in the Solent



43,490 people claimed unemployment benefit in December, a rise of 122% since February, and representing nearly 6% of the working age population



552 applications to the LEP's dedicated Coronavirus funding packages, with over £3.4m LEP investments approved to date



7% of Solent's employed residents remained furloughed by October through the Job Retention Scheme, equivalent to 36,700 jobs



26,800 jobs could be lost across the Solent during the course of 2020 according to Experian's Covid-19 scenario



101,435 local business engagements via the LEP's online Coronavirus Support Hub, and 9,730 individual business interactions with the Solent Growth Hub team and Coronavirus Taskforce since early April



¼ of local jobs, businesses and output is supported by sectors at highest short term risk reflecting strong local representation of hospitality, recreation, construction and education sectors



18,700 Solent SMEs have received Coronavirus grant funding from the Small Business Grants Fund or Retail, Hospitality and Leisure Business Grants Fund administered by local authorities



Over £34m LEP capital investment announced over summer 2020 to kick start recovery, leveraging just under £190m, through a new Centre for Creative and Immersive eXtended Reality and Centre of excellence for Enzyme Innovation at the University of Portsmouth, major improvements to the A326 and digital infrastructure to unlock development at Fawley peninsula, flood defence in Southsea, shore power and a new cruise terminal at the Port of Southampton, a sustainable rural employment hub on the Isle of Wight, a low carbon marine logistics technology and control centre in Southampton, and an innovative land acquisition project to mitigate increased levels on nutrients on the marine ecosystem and unlock housing



High street activity has declined by more than 50% compared with March 2020 in Portsmouth and Southampton



45,000 self-employed residents have claimed financial support through the Self-Employment Income Support scheme second grant as at end of October

Source: Lichfields analysis, drawing on various sources

2.0 Understanding local impacts

The Covid-19 pandemic has induced and accelerated some key structural economic changes that will influence patterns of local economic growth and prosperity as society adapts to a ‘new normal’.

Longer Term Implications of Covid-19

As we reflect on the short to medium term impacts of Covid-19 on our economy, it becomes increasingly apparent that the pandemic will have lasting effects on our day-to-day lives and the way in which people, businesses and society in general will operate in the years to come.

Although it is still too early to predict the full extent of this, we consider ‘Life after Covid’ will instigate some longer term ‘paradigm’ shifts and opportunities for local economic development here in the Solent, and we want to be ready to capture and facilitate these opportunities as we chart a course to economic recovery and growth.



Rediscovery of “proximity” and “local”

Towards a more self-sufficient economy



Embedding health and wellbeing into our economic plan

Innovation opportunities as we re-define a ‘new normal’ of economic wellbeing



Increased environmental awareness & “green recovery” focus

Adapting our economy around technologies of the future and the pathway to Net Zero



Digital transformation

Re-defining our use of ‘space’ and delivering digital inclusion



Towards a more dynamic workplace

Implications of remote working and training for our traditional economic hubs and urban centres



Levelling up economic opportunity

Tackling deprivation and raising productivity

3.0 Our response

Our approach to recovery planning follows three key stages to ensure that activities and resources are deployed in the most effective way as the Solent's economy begins to stabilise and return to growth.

Our response through this Economic Recovery Plan takes a three-stage approach to drive activity over the next few years focused in turn on: survival, stability and growth:

- **Survival:** whilst many of our sectors and businesses have now begun to resume activity and trading, others are still in 'survival' mode and may continue to be for some time. Over the coming months we will therefore continue to focus on activity required to help the Solent's economy to function whilst some degree of restriction on normal activities remains in place. This includes extending some of the LEP's emergency support measures to give critical support to those businesses and communities that continue to need it, including those also facing challenges associated with the new trading arrangements post-Brexit.
- **Stability:** as we enter 2021, our focus will shift towards supporting Solent businesses and other local partners to adjust to the 'new normal', and at the same time increasing the region's adaptability and future resilience. This will not only help to protect the productive capacity of the Solent during a period of continued economic disruption, but also ensure that we are better placed to respond to potential future disruptions.
- **Growth:** we want to ensure that the Solent has the strongest platform possible for recovery by accelerating progress to meet our long-term ambitions for transformation, productivity and prosperity, aligned to the vision set out in Solent 2050. This will include maximising the opportunities for growth arising from the pandemic in a way that helps build a more resilient and innovative Solent region, and supports 'levelling up' within our region and with the rest of the UK.

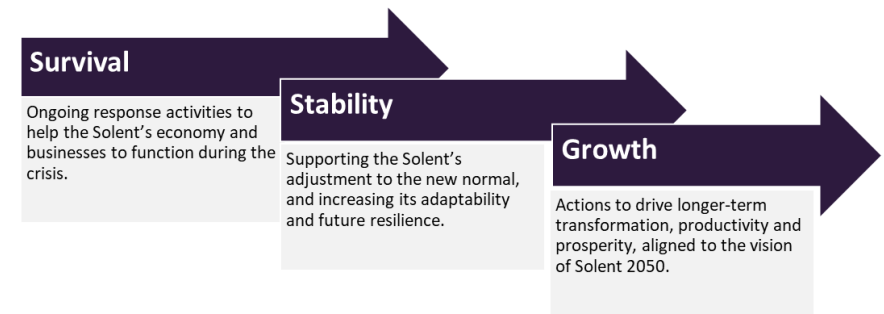
This three-stage approach provides an overarching framework to guide our economic recovery activity over the coming months and years, as we gradually pivot towards stability by bringing forward activities that accelerate the Solent's recovery from the pandemic and providing a positive platform for growth. We recognise that the timing and pace of recovery will be different for individual sectors and locations across the Solent, so will be flexible and responsive to real-time changes in circumstances; for example, the potential for further periods of national or local lockdowns. This means that the three stages will overlap, and practically some activities will take place in parallel.

Our Recovery Plan is focused on how we deliver activities over the next few years, as part of the initial phase of delivering the Solent 2050 strategy. On the following pages we summarise the key support measures that have been put in place by the Solent LEP in response to the evolving pandemic, and then detail our future actions aligned to each of the seven priorities of Solent 2050.

Solent LEP Mission Statement

"To lead Solent's recovery, with key priorities around fighting Coronavirus, backing business, unleashing innovation, pioneering nature-based solutions, and optimising Solent's critical role in strengthening the UK's trading relationship with the world."

Our three-stage approach



2021 ————— 2022 ————— 2023/24 ►

The Solent 2050 seven priorities:



3.0 Our response

Since the onset of the pandemic, the Solent LEP has mobilised to provide a range of ongoing support for businesses across the region.

Restart, Restore and Recover Loan

This Loan Fund has been shaped to provide two routes to funding:

- Loans of between £250,000 and £1,500,000 for businesses providing Economic Lifeline and Essential services who need bridging finance ahead of accessing other government support, or for those who need loan finance and cannot access other government support.
- Loan funding of between £100,000 and up to £1,500,000 where other Covid-19 support is not available, or the amount businesses can access is insufficient to deliver their recovery plan.

This loan fund opened on 4 June and closed on the 31st October 2020. Nine applications for funding have been received, and to date two projects have been supported - totalling £2.75m of loan funding.

New Forest and Isle of Wight Rural Business Resilience Funds

The LEP has established two dedicated Rural SME Funds to support rural small and medium sized businesses (SMEs) within the New Forest and Isle of Wight which are looking to develop alternative ways of working during the Covid-19 pandemic.

The Isle of Wight fund was launched on 1st April 2020 and 36 projects have been approved for funding with a total LEP investment of £236,523, helping to safeguard 118 FTE jobs on the Island.

The New Forest fund launched on 30th April 2020 and 22 projects have been approved for funding, committing £158,222 and safeguarding 25 FTE jobs in the New Forest.

ERDF SMR Restart and Recovery & Kickstarting Tourism Grant Fund

Grants have been created specifically to help SMEs in the Solent LEP area to adapt and diversify in response to the continuing impacts of Covid-19 and lockdown measures. Funded by the European Regional Development Fund (ERDF), eligible SMEs can access grants of between £1,000 - £3,000 (up to £5,000 in exceptional circumstances) for specialist advice.

Solent LEP received 162 applications in Round 1 and 156 applications in round 2. 152 projects have been agreed for funding. This includes 70 visitor economy projects and 82 wider economy projects. The supported projects recommended for support represent a total investment value of £403,313.

Covid-19 Business Support Tool and Self Help Resources

Following the announcement of government plans to ease lockdown restrictions, the LEP launched a free online tool in May 2020 to help businesses develop their own roadmap to restart, restore and recover. The Covid-19 Business Support Tool provides businesses in the Solent with an invaluable review of their current position in a range of key areas, including; business strategy and operations, sales and marketing, supply chain, customers and clients, people management and finance.

To date 45 businesses have used the tool. Following insight generated from the toolkit, including a focus on a range of areas where legal expertise may be beneficial to supporting SMEs recovery, the Solent LEP has partnered with legal firm Paris Smith LLP to launch a series of webinars designed to support directors and managers on the latest government advice.

Crowdfunding Programme: Pay it forward

We are redirecting £600,000 from our Local Growth Fund to support small and medium-sized enterprises (SMEs) to keep trading, maintain cash flow and to stay connected with their customers during these uncertain times.

The Solent LEP has received 145 applications from businesses for this funding and 91 have been approved with a total value of £214,993 LEP investment. The Fund was repositioned following the announcement of new national restrictions in November 2020 and the programme was relaunched as Crowdfund Solent on 11th November 2020.

Capital Investment Programme to support economic recovery

Alongside the various funding and support packages for SME's, the LEP is now bringing forward a capital programme of major schemes to support economic restart and recovery. In June 2020 we announced £3.6m of funding towards the University of Portsmouth's development of a Centre for Creative and Immersive eXtended Reality, and £5.6m capital funding to Hampshire County Council to support investment in the A326 to unlock major growth and development on the Fawley peninsula. As part of the government's Getting Building Fund we have brought together a portfolio of 68 projects with a total value of over £900m, and in July were awarded an initial allocation of £15.9m to help deliver 'shovel ready' projects across the Solent.



3.0 Our response

Priority 1: A world-leading marine and maritime economy

Safeguarding our global gateways

Our international gateways have been playing a critical infrastructure role during the pandemic but many of our marine and maritime assets continue to face unprecedented economic challenges as a result of travel restrictions introduced by governments around the world and following the closure of global economies.

The Ports of Southampton and Portsmouth remain operational to receive and distribute essential supplies and maintain lifeline passenger routes alongside the Solent ferry operators, against the backdrop of significantly reduced patronage, freight volumes and revenues. The pandemic is directly impacting on Southampton Airport's ability to recover from an already challenging situation following the collapse of Fly-Be but remains operational to maintain lifeline routes.

A recent LEP survey of Solent maritime businesses identified the most significant operational issues to be restrictions on international travel to maintain business, weakening supply chains, and managing the impact of social distancing on day-to-day business operations.

The overriding economic influence of our marine and maritime sector cluster – which supports a thriving supply chain as well as a rich tapestry of heritage, visitor economy and cultural assets – places it at the heart of our Recovery Plan.

Survival

- In partnership with Maritime UK Solent, continue to monitor the impact of Covid-19 on the Solent's marine and maritime sector by capturing 'real time' intelligence on needs and priorities for ongoing operation, recognising the staggered nature of 'restart' for different parts of the sector.
- Continue to signpost support and practical guidance from government to help those businesses re-entering the international export market following lockdown, as well as broader guidance on implementing social distancing measures as these change.
- Work with Maritime UK to lobby government to extend employment subsidy schemes and other financial support for those parts of the sector facing particular challenges including ferry operators, the cruise sector, leisure operators and education/training providers.
- Support our Ports to have the necessary infrastructure in place to maintain day-to-day border control operations following our changing trading relationships with the EU.
- Develop a dedicated Maritime UK Solent Economic Recovery Plan to supplement the overarching plan prepared by Maritime UK and this wider Solent Recovery Plan.

Stability

- Work with government to secure a Freeport in the Solent as part of our recent bid. This represents a key economic stimulus for our world-leading maritime cluster to boost local economic productivity, attract investment, catalyse regeneration and coastal renaissance and open up new trading relationships with the rest of the world.
- Undertake an analysis of how the Covid-19 pandemic has impacted upon skills and future labour market requirements for the sector, working in partnership with the Solent Skills Advisory Panel and Maritime Skills Commission.
- Establish an Institute of Technology within the Solent to ensure employment and training opportunities are created within the marine and maritime sector over the medium to longer term.
- Work with the Royal Navy to support the development of the Solent Maritime Enterprise Zone to provide a centre of excellence for maritime research, innovation, education, skills and training.

Growth

- Position our cruise industry for a low carbon return to growth through a new fifth Cruise Terminal at the Port of Southampton which will deliver an iconic wave inspired building complete with solar generation and 'shore power', ensuring a world leading zero emissions facility for cruise vessels in port.
- Fast track the sector's recovery by investing in a Marine Innovation Hub within a Solent port to support R&D into pioneering marine and maritime innovations.
- Secure investment in a state-of-the-art terminal at Portsmouth International Port to ensure the country's best-connected port remains competitive on a global stage.
- Maximise local innovation assets (such as clean maritime technologies) to drive a green recovery by establishing dedicated funding opportunities.
- Promote Solent's maritime assets on a national and international stage through US and UK Global Trade Forums, and work with Maritime UK to position the Solent as a leading player within the GREAT maritime marketing campaign.



3.0 Our response

Priority 2: Pioneering approaches to climate change adaptation and decarbonisation

A green recovery

Promoting a clean, green recovery lies at the heart of the government's strategy to rebuild Britain and fuel economic recovery across the country, and the Solent is well placed to respond. The area's combination of natural geography and industrial strengths provides a major opportunity to strengthen its position as a leading hub for environmentally friendly innovation and a pioneer of clean growth by incorporating emerging technologies with an appetite to deliver ground-breaking solutions within maritime, logistics, transport mobility and coastal protection.

The outbreak of the Covid-19 pandemic has arguably made our aspiration through Solent 2050 to pioneer approaches to climate change adaptation and decarbonisation more challenging, yet we have also seen new opportunities emerging which could not only accelerate the pace of short term economic recovery but also lead to longer term productivity improvements across our region.

We want to use this Economic Recovery Plan to renew our commitment to securing the shift to a net zero carbon economy and re-consider the opportunities this presents through the prism of renewal from the Covid-19 pandemic.

Survival

- Work with partners across the Solent to monitor the evolving impacts of Covid-19 on our clean growth assets (including key businesses, skills providers, infrastructure providers) and signpost relevant financial support and operational guidance.
- Through the Getting Building Fund, kick start investment in decarbonisation through a package of pioneering projects including the University of Portsmouth's Centre for Enzyme Innovation, Shore to Ship Power initiative at the Port of Southampton and Woolston 'Silicon Wharf' low carbon marine logistics technology and control centre.
- Through the emerging £1bn Solent recovery investment package, prioritise sustainable infrastructure and other low carbon capital projects (such as new and enhanced walking/cycling routes, public transport, digital connectivity) to embed green lifestyle changes brought about by the pandemic, creating and safeguarding jobs as well as helping to secure the Solent's shift to a net zero carbon economy.
- Develop a Solent Green Recovery Plan to identify a more detailed series of actions and interventions to plot a low-carbon recovery from Covid-19.

Stability

- Work with local partners to identify green infrastructure opportunities to boost economic resilience and productivity (including through the forthcoming Havant and New Forest Infrastructure Investment Plans), building on our strong track record in piloting innovative solutions to green mobility.
- Strengthen our evidence base to better understand the value of our natural capital and the opportunities this provides to enhance the Solent's economic resilience, beginning with an innovative assessment of Natural Capital in the New Forest.
- Launch the Solent as a national pilot/test bed area to develop a Natural Solutions Hub to trailblaze our green recovery and transition to a zero carbon economy.
- Establish a world-leading centre for pioneering new and innovative solutions to the Greening of Maritime to support the Government's ambition that the UK 'lead the way in taking action on clean maritime growth, enjoying economic benefits from being an early adopter or fast mover'.
- Work in partnership with local conservation organisations and charities to create and safeguard employment through local projects to restore nature and develop nature-based solutions to tackling climate change, initially through funding from the government's £40m Green Recovery Challenge Fund.

Growth

- Accelerate development of a Decarbonisation Cluster and Natural Capital Hub in the Solent to bring key assets and ideas together to pioneer innovation and application of green technology to drive longer term growth and productivity, supported by a decarbonisation strategy, Road Map, working group, and improved electricity infrastructure to enable greener forms of transport. This responds to Government's Industrial Clusters mission to create a net-zero carbon industrial cluster by 2040.
- Support delivery of the government's Clean Maritime Plan in the Solent by working with ABP and partners to develop a Full Business Case for shore to ship power at the Port of Southampton, supporting air quality improvements and decarbonisation.
- Develop a new LEP-wide fund to invite applications to bring forward low carbon solutions for the Solent's marine and maritime sector, supported by wider skills development opportunities facilitated through Freeport status and a new Institute of Technology within the Solent.



3.0 Our response

Priority 3: The UK's capital of coastal renaissance

Supporting our coastal communities

The coast defines so much of the heritage, culture and future potential of the Solent. Yet our coastal communities face some of the greatest challenges in terms of responding to de-industrialisation, changes in tourism and globalisation.

We know that the pandemic is likely to exacerbate some of these existing challenges; a [study](#) by the University of Southampton and the Centre for Towns has shown that coastal communities are likely to be most affected economically by Covid-19 restrictions, and specifically identified areas such as Hayling Island in Havant and Sandown on the Isle of Wight as being highly exposed. Feedback has highlighted that our coastal communities are less resilient to the effects of the social and economic consequences of the pandemic, and therefore will need targeted support in both the short and medium-term.

Securing a resurgence in our coastal communities has never been more important and will require us to harness new technologies and approaches that will ensure growth is inclusive. We will accelerate local infrastructure investment to facilitate the 'levelling up' of our coastal communities both with other parts of the Solent and in national terms. In tandem, we want to pioneer the next generation of coastal-urban living by adopting innovative practices and smart technologies in terms of improved transport and digital connectivity and coastal living. Centenary Quay in Southampton and the proposed Intelligent Merchant City on the site of the former Fawley Power Station both provide good examples and have the coastal renaissance agenda at their heart.

Survival

- Work with local authorities and other partners to develop a range of measures to help high street businesses reopen and operate safely, to build consumer confidence and rethink the way our town centres function.
- As the guidance around public transport use changes, we will work to support and promote safe and sustainable public transport use, to continue to improve air quality, reduce congestion and increase access across our communities.
- Establish a Solent-wide high streets task force group to explore how Covid-19 has impacted and accelerated trends already underway across our coastal communities pre-pandemic and coordinate a package of support and investment to re-imagine our high streets as thriving economic hubs.

Stability

- Review the Solent Prosperity Fund to secure applications for transformational large scale infrastructure projects in our coastal communities.
- Continued investment of up to £7.675m in 2020/21 to support the ongoing delivery of Phase 4 of the Centenary Quay development in Southampton.
- Work with local partners to accelerate delivery of a comprehensive strategy to test-bed before fully rolling out 5G and gigabit fibre throughout the region and in particular explore the development of a full-fibre strategy to better connect our coastal communities.
- Secure further capital investment to support high street resilience and town centre regeneration in communities such as Eastleigh.
- Work with Havant Borough Council and wider partners to develop an Infrastructure Investment Plan for Havant Borough.
- Work with the Fawley Waterside Partnership and wider partners from across the New Forest to develop an Infrastructure Investment Plan for the New Forest.

Growth

- Completion of the Stubbington Bypass by 2021/2022 to transform connectivity to the Fareham and Gosport Peninsular and support the delivery of key development sites, including the Solent Enterprise Zone and the new community at Welborne.
- Support and accelerate the delivery of local infrastructure and housing to build sustainable communities, for example improvements to the A326, the key road linking Southampton and Fawley Waterside.
- Provide funding in support of Fawley Digital to provide additional optical fibre capacity in this disconnected part of the Solent, and provide enabling infrastructure for the Intelligent Merchant City site.
- Make up to £0.7m of investment available in 2020/21 to South Western Railway towards the re-instatement of a passing loop at Brading station to make rail a more attractive and sustainable travel option on the Isle of Wight.
- Continue to invest in the Solent's coastal defences, starting with the Southsea Coastal Scheme, to safeguard our coastal communities from the impacts of climate change and to stimulate wider regeneration.



3.0 Our response

Priority 4: A thriving visitor, creative and cultural economy

Restarting our visitor economy

With its unique combination of outstanding natural environments, coastal communities, associated marine and cultural heritage and an array of world class visitor attractions, the visitor and cultural economy is a critical part of the Solent's economy. However, this sector has been very directly impacted by the Covid-19 lockdown restrictions which have closed the sector for a large part of the 2020 season. Cruise ship calls at our two ports were completely halted, and may take sometime to recover to previous levels given the disruption to the global cruise sector. Many cultural attractions are still closed and may be some of the last to re-open. Even as restrictions are eased, social distancing measures may constrain capacity for some time and, ultimately revenues. Feedback from the sector has highlighted how significant these effects are, with redundancies and business closures expected; heritage attractions with high overheads are particularly at risk.

Recognising that international tourism may take longer to recover, we want to attract domestic 'staycation' visits to the Solent by capitalising on the Solent's superb natural beauty and rich maritime history. This includes encouraging visitors to stay longer and explore more of the Solent and our key attractions, to give an enhanced experience and thereby greater spending locally during their stays. We expect renewed interest in eco-tourism which is something that the Solent is well placed to provide given our region's wealth of environmental and coastal assets, and has a key role in supporting health and wellbeing. Now more than ever it means that the Solent needs a clear and unified approach to promoting our tourism offerings, to showcase the variety and uniqueness of our regional offer.

Survival

- Work closely with Visit England and Visit Hampshire to promote the Solent's tourism and hospitality opportunities, to attract domestic visitors to the region and support the adjustments required by businesses to meet the continuing Covid-19 secure guidance as we look ahead to the 2021 season.
- Develop programmes which promote innovation and digital adoption, as well as peer-to-peer learning and sharing best practice, to enable visitor economy and cultural businesses to adapt and transition their business models whilst restrictions remain in place but also to support long-term productivity gain.

Stability

- Support the revival and resilience of our visitor economy, and supporting assets such as Southampton Airport to continue to play a vital role in regional connectivity across the UK through investing in a runway extension. Linked to this, work with Hampshire County Council to update a feasibility study into highway access at Southampton Airport (at Wide Lane Bridge).
- Working with partners, and informed by Solent 2050, develop and deliver a new strategy to promote our visitor economy - focusing on our heritage, environmental and cultural assets at a national and international level.
- Create a single destination management offer for the Solent to ensure that we promote our maritime heritage assets, including Portsmouth Historic Dockyard, Titanic and Bucklers Hard.
- Work with local partners to support a thriving creative and cultural business base in the Solent through targeted business support, skills development opportunities and by reducing barriers to market entry for smaller scale enterprises, for instance through facilitating pop-up 'makers markets'.
- Deliver a zero-emissions cruise facility at the Port of Southampton to unlock early investment and to attract the next generation of cruise vessels scheduled to enter service and decarbonisation of the sector.
- Secure agreement for delivery of a new passenger terminal annex at Portsmouth International Port to provide additional capacity for passengers, supporting both the cruise industry and any requirements for processing of cross-Channel passengers post-Brexit.

Growth

- Work with government to realise our ambition for the Solent to be designated as a Tourism Zone, focused on enhancing the region's tourism product, and promoting our distinctive heritage and natural assets.
- Work with local partners to progress a bid for Southampton to be the City of Culture 2025, and use the process of consultation and collaboration to stimulate the cultural sector and create a compelling case for the City that celebrates Southampton's cultural, community, arts and heritage offer and links these to the wider Solent visitor economy.
- Build on our existing Solent Careers Hub to deliver 2,000 apprenticeships in the visitor and hospitality sector in period to 2024, providing the vital entry to employment as our young people transition from education to employment in a highly competitive post Covid-19 labour force with limited opportunities.
- Publish a report on the role of the Creative and Cultural sector to better understand the sector's contribution to the Solent economy.



3.0 Our response

Priority 5: Developing a world-class talent base

A responsive skills and training offer

Emerging data and wider feedback tells us that the impact of Covid-19 on our labour market has been significant; from the impact on individuals caused by increases in redundancies and unemployment, through to the challenges faced by our further and higher education sector and the disruption to learning in schools. The full scale of labour market impact will remain hard to fully determine until government employment support schemes are withdrawn in Spring 2021. People on the lowest incomes may be particularly vulnerable, with a significant number of jobs at risk in lower paid occupations such as retail and hospitality which are some of those hardest hit by the pandemic.

The Solent needs to respond quickly and adapt to remain competitive on a global stage, particularly in relation to our sectoral strengths to ensure that our position of advantage and strength is advanced further. In the new technologically-driven age, human capital (i.e. knowledge and skills) will be a key driver of regional and local competitiveness and productivity growth. We want to invest in skills and talent development to support locally-significant industries and respond to innovation opportunities within the Solent.

Our [analysis](#) has identified four key areas of long-term focus: replacement demand; the impact of autonomy; the need to strengthen softer skills within the workforce, and graduate retention. As the economy begins to stabilise and grow, it will also be critical that individuals are supported to identify alternative opportunities, which may include using their transferable skills to consider moving into a different sector or setting up their own business. We will work with local partners, including through the Solent Skills Advisory Panel (SAP) to ensure every individual has access to opportunities to upskill and reskill, adapting the skills provision so that it meets the changing needs of businesses and the aspirations of individuals.

Survival

- Ensure the continued collection of real-time labour market information for the Solent, informed by employers and local-level data, to monitor change and inform local and national programme partners.
- Through the existing Covid-19 Business Support Tool, develop further resources relating to business crisis and financial management skills.
- Through the Solent Careers Hub, work with our schools, colleges and universities to explore tailored careers support for recent graduates, to help increase their chances of securing employment or further education within the region.
- Tailor local skills and training provision for those disproportionately affected by Covid-19 (including women who's jobs are estimated to be nearly twice as vulnerable to this crisis than men's) to support (re)entry to the labour market, including through bespoke peer-to-peer networks for female entrepreneurs and by working in partnership with Enterprise Nation, Facebook and NatWest through the 'SheMeansBusiness' campaign.
- Develop a Solent Skills Strategy to set out a programme of actions in conjunction with the Solent SAP, followed by a Local Skills Report in early 2021.

Stability

- Deliver world class employer-led training facilities for our key growth sectors as part of our bid to secure a Freeport in the Solent, which includes an ambition to develop a Green Growth Institute.
- Establish an Institute of Technology within the Solent to secure employment and training opportunities within the marine and maritime sector as well as associated advanced manufacturing and technical pathways.
- Build on the success of the Solent Apprenticeship Hub to showcase Apprenticeship opportunities for all ages and expand the Hub's remit to provide a comprehensive skills brokerage service to local employers.
- Explore the potential to establish new modes of learning and support, such as a virtual job club/brokerage scheme within the Solent to include a redundancy 'triage' service to help connect people to new training and employment opportunities.

Growth

- Support and accelerate the delivery of skills and training infrastructure projects, for example Warsash School of Maritime Science and Engineering, and the construction of Fareham College's new Civil Engineering Training Centre.
- Continue to develop our Careers Hub activity with a specific focus on providing virtual work experience opportunities and support our young people as they transition to a very challenging labour market.
- Work with Maritime UK to develop a careers outreach programme for the maritime sector.
- Building on investments already made in digital skills infrastructure such as the Centre for Creative and Immersive eXtended Reality, work with education providers to develop a digital skills programme and to scale up existing initiatives.



3.0 Our response

Priority 6: An outstanding business environment

Keeping the Solent 'Open for Business'

The Covid-19 pandemic has presented unprecedented challenges for the Solent's business base; both in terms of survival and over the longer term to regain business efficiency and productivity. The situation has developed rapidly with far reaching impacts on the area's businesses, with some sectors such as the visitor economy and maritime being affected disproportionately by enforced lockdowns and knock-on impacts on economic activity.

The LEP mobilised quickly following the outbreak of Covid-19 by redirecting our resources to provide financial backing for local businesses, including funding and support to help businesses make the move to remote working and through innovative funding models such as crowd funding. Thousands of Solent businesses have already benefited and we have taken a flexible approach to evolving the support available as we move through the different phases of this economic crisis.

Our response focuses on business resilience and continuity in the short term, followed by a longer-term emphasis on productivity growth as the economy recovers and transitions to a 'new normal'.

Intelligence from our business community suggests that many have emerged from recent lockdown with positive ambitions for growth over the next 12 months, with clear appetite for support to market and reposition their business in response to emerging opportunities, as well as advice around financial planning and business resilience more generally.

Survival

- Expand the package of business support and funding opportunities available for Solent businesses via the Solent Growth Hub, online Coronavirus Support Hub and secure additional national funding for business recovery as new government interventions emerge. This has already been strengthened through business support funding for the Small Business Leadership Programme, Peer to Peer Networks Programme, small business recovery grant and the Kick-starting Tourism Package.
- Establish a Brexit Transition and Overseas Trade Hub for businesses seeking to develop new business relationships on an international basis.
- Work with industry partners to develop sector-specific interventions tailored to the short term needs and priorities of our strategic clusters including marine and maritime, visitor economy and advanced manufacturing.
- Via the dedicated Solent Coronavirus Business Support Task Force, promote the sharing of best practice and intelligence around initial phases of business support, to ensure that our business community can access information and guidance in a straightforward and streamlined way across the Solent.

Stability

- Through the Solent Growth Hub, deliver a locally responsive Business Resilience Programme including targeted support to enable firms to adapt to new technologies (such as enhancing digital and e-commerce capabilities), diversify or access new markets (including exporting opportunities) and support business start-ups amongst residents re-entering the labour market as a result of Covid-19.
- Facilitate a world-class, globally competitive trading environment for businesses as part of our bid to secure a Freeport in the Solent.
- Ensure our businesses have access to the talent and skills they need to grow through establishing a world-class Institute of Technology within the Solent.
- Establish a Solent supply chain network to facilitate resilient, inclusive local supply chains and a collaborative approach to procurement of local products and services.
- Work with local partners to implement a Solent-wide 'open for business' campaign to boost consumer demand and confidence and attract more spending back to our town and city centres through promotional activity, local purchasing campaigns and community projects.

Growth

- Continue to evolve the business support available via the Solent Growth Hub, including dedicated hubs for sectors hardest hit by the pandemic (such as visitor and cultural economy) and development of peer-to-peer business networks to facilitate cross sector working and diversification.
- Through our emerging £1bn economic recovery road map, prioritise key investments to stimulate business growth and innovation as we emerge from the Covid-19 pandemic, such as Innovation Wight; a new £1.75m innovation centre at Northwood providing state-of-the-art space for start-ups and existing businesses.
- Work with local partners to elevate the contribution that the Solent's social enterprises can make to supporting economic recovery, by establishing a Social Enterprise Economy working group and exploring opportunities to develop a dedicated Social Enterprise Hub in the Solent.
- Explore opportunities for commercialising new ideas through the LEP funded Zero to One programme, run by the University of Southampton's Web Science Institute.
- Continue to support and sponsor key business festivals such as Venturefest, working with organisers to deliver a showcase event for the region pairing innovative entrepreneurs with investors.



3.0 Our response

Priority 7: Health and wellbeing at the heart of economic success

Strong, healthy and resilient communities

Our experience of navigating the Covid-19 pandemic and resulting economic crisis over the course of the past year has significantly elevated the health and wellbeing agenda, which has become increasingly recognised as a critical underpinning ingredient of economic resilience and performance. Going forward, and as we look to increase local productivity and support our communities to prosper in a fast-changing world, we want health and wellbeing in its broadest sense to form a key part of Solent 2050's DNA.

The healthcare sector makes an important contribution to the Solent economy and has risen magnificently to the Covid-19 challenge and public health response, for instance through Covid-19 vaccine trials led by the University of Southampton and drone delivery trials between St. Mary's Hospital on the Isle of Wight and the mainland.

Recent months have also emphasised the stark health and wellbeing inequalities that exist between and within our communities, and the need to embed healthier ways of living and working as we look to level up opportunity across all parts of the Solent.

As the sector has become more pronounced throughout the pandemic and the pace of change has accelerated in response, we need to ensure that the Solent's health and wellbeing assets and business base more broadly, are equipped to seize growth and innovation opportunities as society adapts to a 'new normal'.

Survival

- In partnership with FSB Hampshire & Isle of Wight, launch a new Solent Business Wellbeing Scheme to provide all Solent business owners access to a free and confidential health and wellbeing support service. This will showcase simple strategies that small business owners can put in place to look after themselves and overcome the stresses brought about by running their business through the challenging circumstances associated with the Covid-19 pandemic.
- Establish a Solent-wide health and wellbeing task force to bring key partners and providers together to monitor the evolving impacts of the Covid-19 pandemic upon the region's business and workforce base and co-ordinate targeted intervention to raise awareness and take-up of health and wellbeing support services.
- Via the Solent Growth Hub, raise awareness of the many existing resources available to promote positive mental health amongst businesses and employees across the Solent, including the 'mental health toolkit for employers' developed by Public Health England to help employers take positive actions to build a culture that champions good mental health and to better understand how to help those who need more support.

Stability

- Undertake an audit of existing health and wellbeing assets across the Solent, including our leading education and research institutes and innovative business base, to better understand the type, scale and economic contribution of existing activity, and in turn, where opportunities exist to harness these assets as we look to embed a more proactive wellbeing agenda into the Solent's economic fabric.
- Work with Portsmouth University and Portsmouth Hospitals NHS Trust to test the feasibility of developing a medical education facility in the Solent, and explore associated opportunities to grow a medical technology cluster locally.
- Undertake targeted research to better understand existing health inequalities across the Solent, focusing on related barriers to economic and labour market participation, how these might have changed as a result of Covid-19, and which of our communities face the most acute challenges.
- Explore the potential to introduce a specific health and wellbeing dimension into the LEP's Assurance Framework and associated appraisal criteria for funding.

Growth

- Working with the Solent SAP, explore the skills development opportunities associated with a more explicit focus on health and wellbeing within our Solent 2050 economic strategy, engaging with education and training providers across the Solent to examine particular skills innovation opportunities as society adapts to a 'new normal'.
- Via the Solent's existing business, skills and careers networks, establish a health and wellbeing ambassadors programme to champion the importance of good physical and mental health and wellbeing within all aspects of our economy, and provide our ambassadors with the tools, resources and support they need to raise awareness, promote and share good practice.

4.0 Delivering our plan

The scale of the economic recovery challenge posed by Covid-19 requires a truly collaborative response that brings together our wide range of private, public and third sector partners.

Our work to support Solent businesses in the ongoing response to the Covid-19 pandemic, as well as the wider activities to support economic recovery set out in this plan, cannot be achieved without the continued support of our LEP business, academic and public sector members, as well as a wide range of strategic and delivery partners.

Whilst the current situation continues to be extremely challenging, the Solent has a history of rising to such challenges. We have weathered storms in the past and we will navigate our way through this one. Our economy has faced adversity before and on each occasion, through innovation and entrepreneurialism, our businesses have not only survived but gone on to thrive and establish a powerful £31bn economy with a significance extending far beyond our own boundaries.

We have a strong track record in convening key partners to co-ordinate responses to economic shocks, and this will be central to our Covid-19 response and as we begin to implement our ambitious vision for longer term growth and prosperity through Solent 2050. We look forward to strengthening these working relationships to ensure the Solent not only recovers from current challenges, but also lays the foundations to secure future prosperity for all in the years ahead.

Our collective approach to delivering this Economic Recovery Plan over the next few years will focus on:

- Maintaining ongoing intelligence gathering and review through a series of working groups, many of which have been established in direct response to Covid-19. These include the Solent Coronavirus Business Support Task Force, Solent Leaders Forum, Skills Advisory Panel, Maritime UK Solent, Hampshire and Isle of Wight Local Resilience Forum and various local authority and sector representative groups.
- Continue to collate business intelligence for government on the economic impact of Covid-19 upon the Solent economy and use this to monitor evolving effects and economic change.
- Engage with local partners to develop a road map of £1bn worth of investments to drive economic recovery and progress business case activity to accelerate more key projects to 'shovel ready' status.
- Enable our businesses to respond to, and take advantage of, new trading relationships with Europe following the UK's transition period through direct support and funding via the Solent Growth Hub and by securing Freepoint status in the Solent.
- Continue to liaise with government in respect of new economic recovery funding initiatives, including those announced in the Spending Review 2020, and lobby to secure funding opportunities to kick start economic activity within the Solent on an ongoing basis.
- Continue to consider opportunities, through delivery of Solent 2050, arising from wider government policy, such as the forthcoming English Devolution and Local Recovery White Paper, comprehensive planning reform agenda, and the forthcoming UK Shared Prosperity Fund.

Delivering our Economic Recovery Plan



Annex 1: Contributors

Contributors

Our Economic Recovery Plan has been shaped through extensive consultation with a wide range of partners and stakeholder organisations from across the Solent and beyond.

Action Hampshire	ExxonMobil	LiveLink Technologies	Shoosmiths
Airbus Defence	Fareham Borough Council	Make UK	SMR-Automotive
AR Urbanism	Federation of Small Businesses	Maritime Industries	Social Enterprise Link
Associated British Ports	Future South	Marwell	Society of Maritime Industries
BAE Systems	Go New Forest	Mary Rose Trust	Solent Local Enterprise Partnership
Beaulieu Motor Museum	Go Southampton	MHI Vetas Offshore	Solent University
BEIS/DCLG Cities and Local Growth Unit	Gosport and Fareham Multi-Academy Trust	National Museum of the Royal Navy	Southampton Airport
British Business Bank	Gosport Borough Council	Natural Enterprise	Southampton City Council
British Marine	Griffon Hoverwork	Natwest	Southampton Marine and Maritime Institute
Business South	Hamble Aerostructure	New Forest District Council	Southern Policy Centre
Carnival UK	Hampshire Chamber of Commerce	New Forest National Park Authority	SPI Lasers
Confederation of British Industry	Hampshire conference Bureau	New Place Hotel	Tapnell Farm
Creative Network South	Hampshire County Council	Parity Trust	Test Valley Borough Council
Department for Work and Pensions	Hampshire Cultural Trust	Paultons Park	The Garlic Farm
DP World	Hampshire Fare	Peopley Limited	The Marketing Collective
East Hampshire District Council	Havant and South Downs College	Portsmouth City Council	The Rees Group
Eastleigh Borough Council	Havant Borough Council	Portsmouth Creates	Tourism South East
Education and Skills Funding Agency	HIT Training Ltd	Portsmouth International Port	University of Portsmouth
EM3 Local Enterprise Partnership	HSDC	QinetiQ	Vectis Ventures
English Heritage	HTP Apprenticeship College	Quattro Foods	Visit Britain
Enterprise First	Inspiring Enterprise	Red Funnel	Visit England
Enterprise South	Isle of Wight Chamber	Royal Hotel	Visit Isle of Wight
Escape Yachting	Isle of Wight Council	Royal Navy	Winchester City Council
Export UK	L3 Harris	Shaping Portsmouth	WSEX Enterprise

Annex 2: Supporting data pack

Covid-19 macro-economic outlook

The ongoing Covid-19 pandemic led to a record fall in economic output during the course of 2020, with disruption expected to continue for some time as lockdown restrictions remain in place.

A major economic shock

The Covid-19 pandemic represents a major economic shock, with lockdown measures imposed over the course of 2020 and into 2021 leading to unprecedented shut downs of large parts of the economy simultaneously, with effects being transmitted rapidly across all sectors.

The full extent of economic disruption continues to unfold in real time, and much will depend on the timing and nature of current lockdown easing and measures taken by the government to 'restart' key parts of the economy.

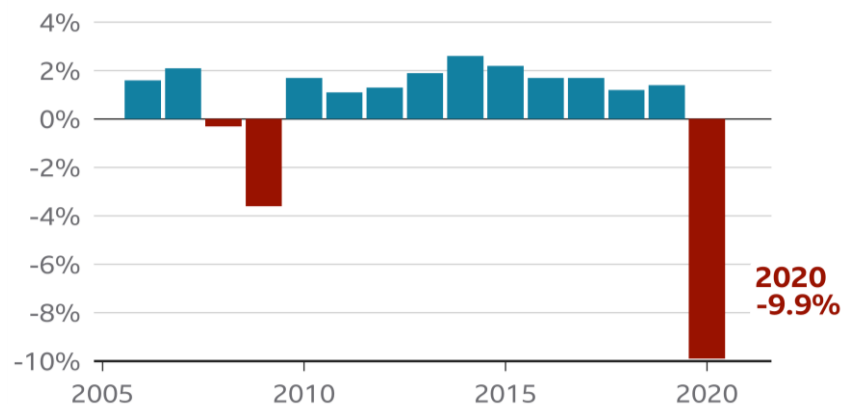
During the first wave of infections, the UK locked down later and for longer than some of its European neighbours and experienced a deeper fall and slower recovery in economic activity. The latest official economic performance figures from the ONS show that the UK economy shrank by a record 9.9% in 2020 as Covid-19 restrictions hit output (see Figure 1). All four economic sectors tracked by the ONS saw a drop in output, with the highest fall coming in the construction sector, which contracted by 12.5%.

However, the economy looks set to avoid a 'double-dip' recession after growth picked up at the end of the year (see Figure 2); in December 2020 the economy grew by 1.2%, after shrinking by 2.3% in November, as some restrictions eased, with hospitality, car sales and hairdressers for instance recovering some lost ground. An increase in Covid-19 testing and tracing also helped to boost output.

With lockdown related restrictions expected to remain until at least early spring 2021, the hit to the economy is expected to continue over the next few months. This is accompanied by some ongoing economic impact from increased trade barriers with the European Union.

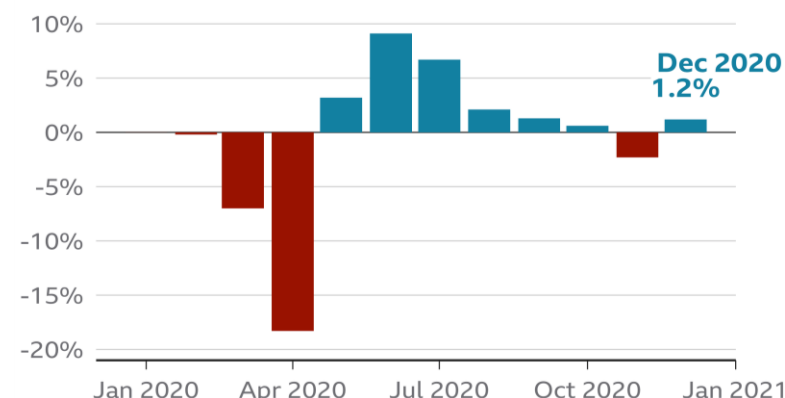
Following a sharp decline in activity during the first quarter of the year, economic growth is anticipated to pick up from the second quarter onwards as restrictions ease on the back of a successful Covid-19 vaccination programme.

Figure 1: Annual real GDP percentage change since January 2006



Source: ONS, February 2021

Figure 2: Monthly GDP growth (%)



Source: ONS, February 2021

Covid-19 macro-economic outlook

A number of scenarios continue to emerge to consider the potential short and longer term impacts of Covid-19 upon the UK's economy.

Covid-19 economic scenarios

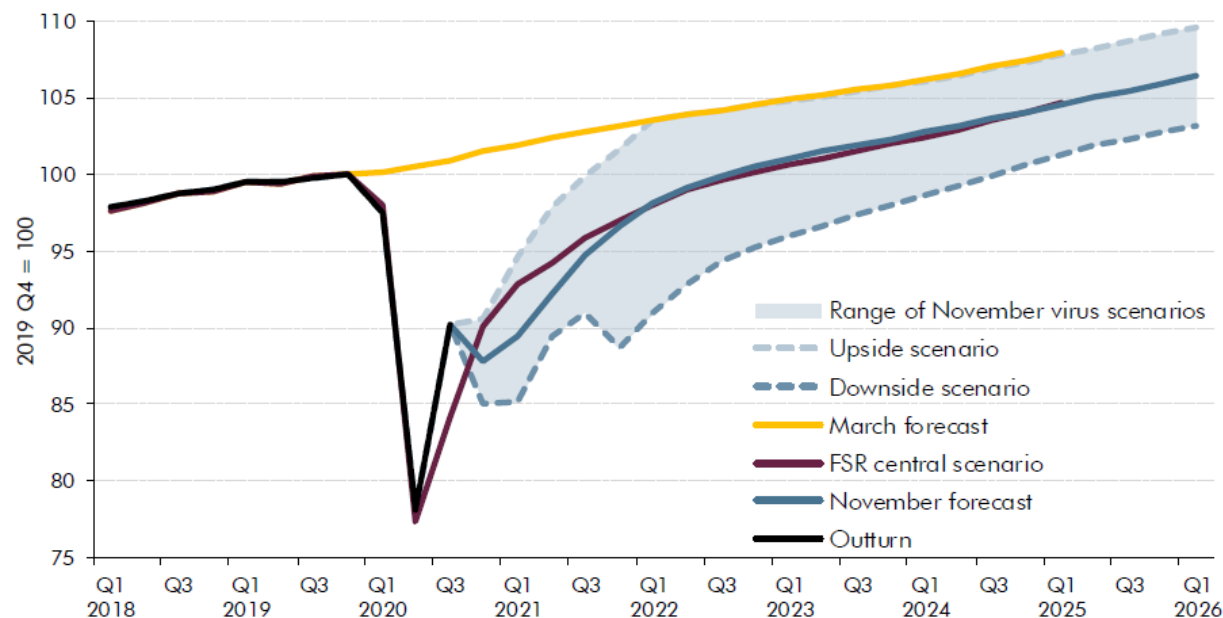
To assist in navigating through the ongoing uncertainty, various macro level scenarios and forecasts continue to emerge to help understand the potential outcomes and impacts of Covid-19 on the UK economy.

In November 2020 the Office for Budget Responsibility (OBR) released their latest Covid-19 scenarios to reflect the latest economic and fiscal outlook at the time. They note that the economic outlook remains highly uncertain and depends upon the future path of the virus, the stringency of public health restrictions, the timing and effectiveness of vaccines, and the reactions of households and businesses to all of these.

Three economic scenarios are presented for the virus, as summarised in Figure 3:

1. An upside scenario, in which pre-Christmas lockdown succeeds in bringing the second wave of infections under control and the rapid rollout of effective vaccines enables output to return to its pre-virus level during late 2021;
2. A central one, in which restrictive public health measures need to be kept in place until the spring and vaccines are rolled out more slowly, leading to a slower return to pre-virus levels of activity at the end of 2022;
3. And a downside one, in which lockdown has to be extended, vaccines prove ineffective in keeping the virus in check, and a more substantial and lasting economic adjustment is required with economic activity only recovering to its pre-virus level at the end of 2024.

Figure 3: Real GDP: Central forecast and alternative scenarios



Source: ONS, OBR

Source: ONS, [OBR](#), November 2020

Covid-19 local impacts

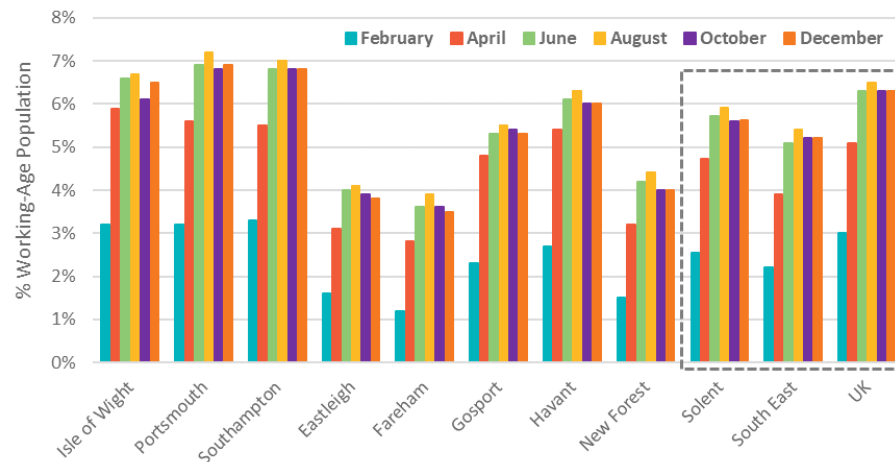
The local Claimant Count increased sharply following the outbreak of Covid-19 and amounted to 43,490 unemployment related benefit claims by December 2020.

Claimant Count

Experimental data released by ONS provides an indication of trends in unemployment related benefit take-up since the outbreak of Covid-19 at the local authority level. The Claimant Count data consists of claimants of Jobseekers Allowance (JSA) and some Universal Credit (UC) Claimants.

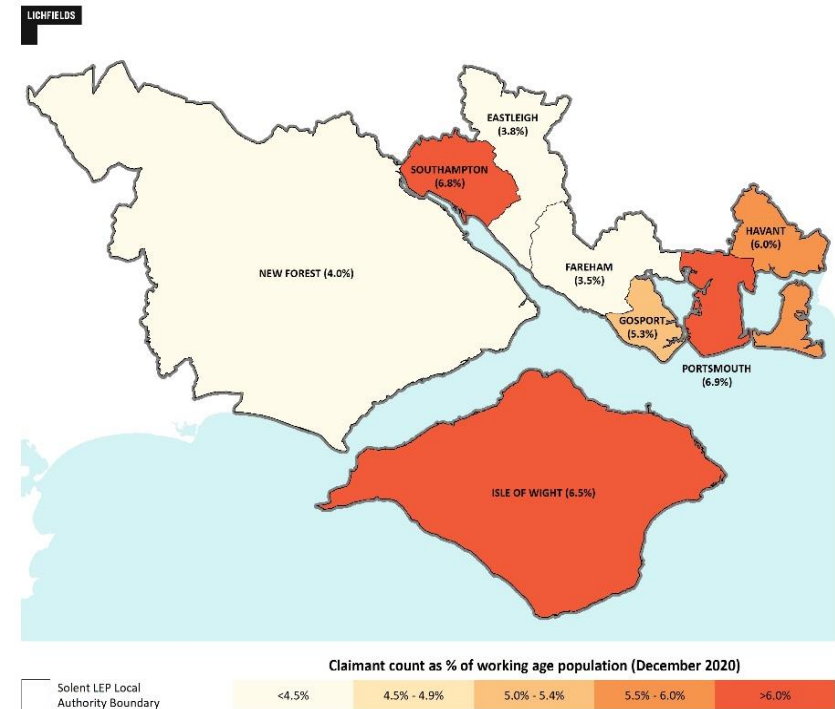
When compared with working-age population, this data shows that the Claimant Count increased across all parts of the Solent from February to a peak in August 2020, then reduced by October 2020. Eastleigh, Fareham and Gosport saw a further reduction by December 2020, whilst figures in Southampton, Havant and the New Forest remained steady. The Isle of Wight and Portsmouth saw a slight increase in the Claimant Count more recently, albeit remaining below the August 2020 peak. In December 2020, the Claimant Count exceeded the national average on the Isle of Wight, Portsmouth and Southampton. Across the Solent, a total of 43,490 residents were claiming benefits in December 2020, representing 5.6% of the working-age population. This represents an increase from 19,595 in February 2020, equivalent to 122%.

Figure 4: Claimant Count as % of working age population (Feb, Apr, June, Aug, Oct, Dec 2020)



Source: Lichfields analysis, based on ONS Claimant Count December 2020 (published January 2021)
Note: Includes claimants of Jobseekers Allowance (JSA) and some Universal Credit (UC) Claimants

Figure 5: Claimant Count as % of working age population (December 2020)



Covid-19 local impacts

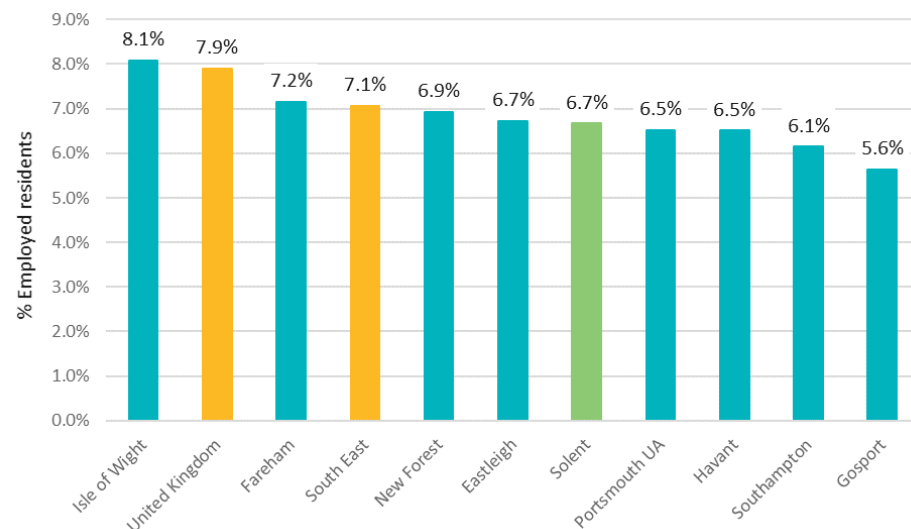
Just under a third of the Solent's working residents were furloughed through the government's Coronavirus Job Retention Scheme at its peak in July 2020, reducing to just below 7% by October 2020.

Coronavirus Job Retention Scheme

The government's Coronavirus Job Retention Scheme (JRS) is aimed at supporting businesses and preventing unemployment during the ongoing crisis. Businesses that are unable to maintain their current workforce because operations have been severely affected by Covid-19 can furlough employees and apply for a grant to cover the majority of their wages. The latest data from HM Revenue and Customs (HMRC) on take-up of the JRS shows that a total of 36,700 jobs associated with Solent residents were furloughed at 31 October 2020, equivalent to just under 7% of the LEP area's working aged residents that are employees. This is lower than the regional and UK-wide averages (Figure 6). Within the Solent, take-up of the JRS throughout the pandemic has been highest amongst residents on the Isle of Wight. The retail, hospitality and manufacturing sectors recorded the highest number of furloughed jobs nationally.

The number of furloughed employees has reduced significantly across all areas since the peak of JRS take-up in July 2020, when 31% of Solent workers were furloughed. Those employees remaining on furlough are likely to be particularly at risk as the JRS is gradually withdrawn over the coming months, and the retention of these jobs is highly dependent upon the ability of local employers and sectors to recover as lockdown is progressively eased.

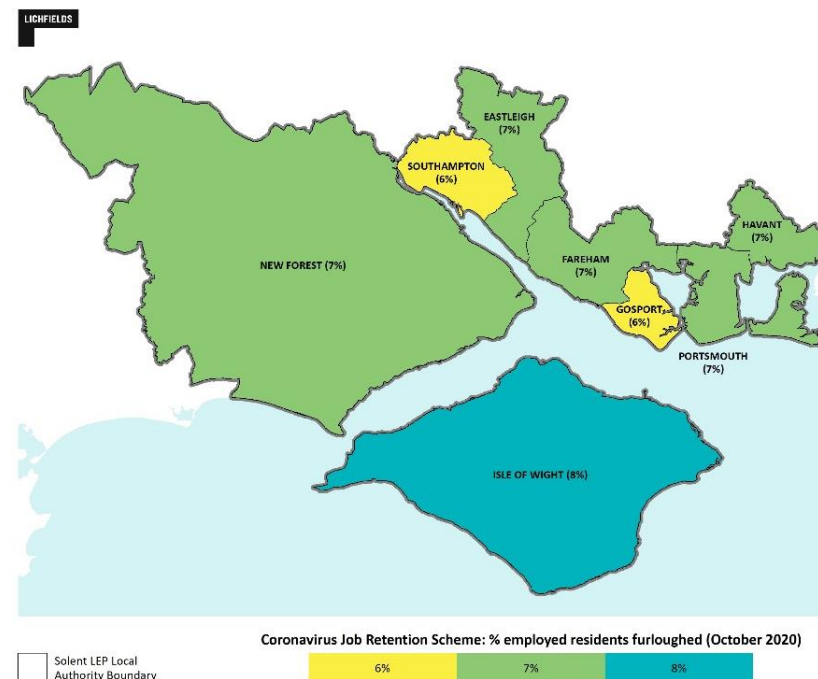
Figure 6: % Employed residents furloughed (at 31 October 2020)



Source: Lichfields analysis, based on HMRC Coronavirus Job Retention Scheme (CJRS) Statistics: October 2020 (published December 2020)

Note: CJRS claims are based on an employee's last known address to HMRC, and do not directly translate to the employee's usual place of work

Figure 7: % Employed residents furloughed (at 31 October 2020)



Covid-19 local impacts

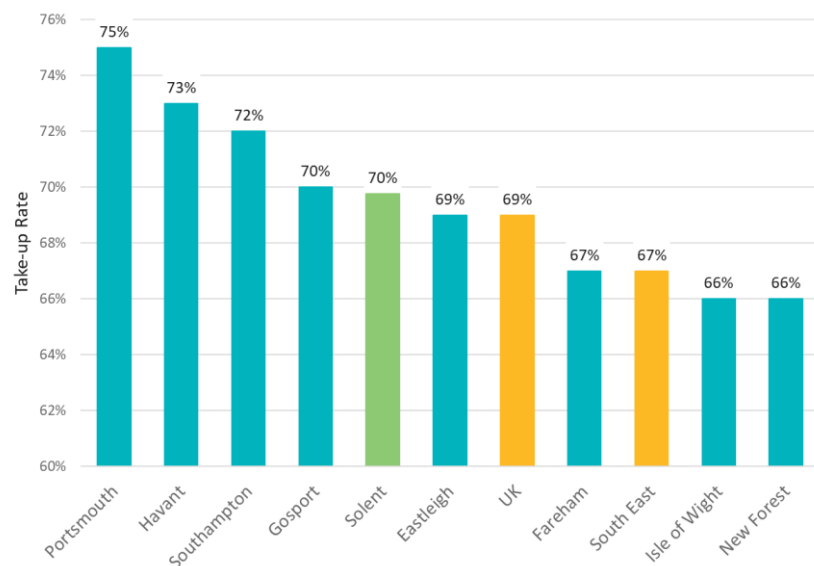
Just under three quarters of local residents eligible for the second grant under the Self-Employment Income Support Scheme claimed financial support, equivalent to 45,000 claims by October 2020.

Self-Employment Income Support

Experimental data published by HMRC provides an indication of the take-up of HMRC's Self-Employment Income Support Scheme (SEISS). The SEISS provides support for self-employed individuals whose business has been adversely affected by Covid-19. Under the first SEISS grant which closed in July 2020, eligible self-employed individuals could claim a grant worth 80% of their average monthly trading profits, paid out in a single instalment covering three months' worth of profits, capped at £7,500 in total. Under the second SEISS grant which closed in October 2020, eligible self-employed individuals could claim a grant worth 70% of their average monthly trading profits, up to a cap of £6,570.

As shown in Figure 8, local take-up of the second SEISS grant in the Solent was higher than the national and regional average, with 70% of eligible local residents having claimed financial support. This amounts to 45,000 claims as at the end of October 2020. The data also shows that the local area with highest self-employment rates – the Isle of Wight – recorded one of the lowest SEISS take-up rates within the Solent.

Figure 8: Take-up of Self-Employment Income Support Scheme second grant (October 2020)

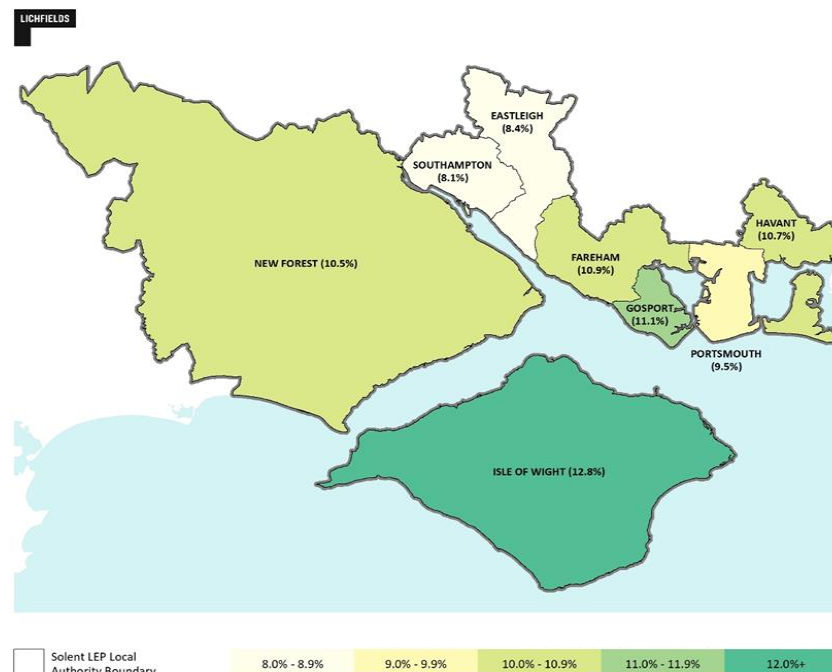


Source: Lichfields analysis, based on HMRC Self-Employment Income Support Scheme (SEISS) Statistics: October 2020 (published November 2020)

Note: Take-up is based on total number of claims to date over total potentially eligible population when the scheme opened

Solent Economic Recovery Plan

Figure 9: % Working-age population who are self-employed (Jan-Dec 2019)



Source: Lichfields analysis, based on ONS (2020)

Covid-19 local impacts

As of 30 September 2020, Solent local authorities have distributed almost £240 million of central government Coronavirus grant funding to 18,700 SMEs across the area.

SME Coronavirus grant funding

Following the outbreak of Covid-19 in March, the government established a number of grant schemes to support SMEs across England with their business costs during the pandemic and associated lockdown. This includes the Small Business Grants Fund (SBGF) scheme and the Retail, Hospitality and Leisure Business Grants Fund (RHLGF), both of which have been administered by local authorities.

The latest data from the Department for Business, Energy & Industrial Strategy (BEIS) shows that of the 19,600 Solent businesses eligible for the grant funding, 18,700 (95%) received funding as of 30 September 2020. Solent local authorities have paid out almost £240 million of the initial £279 million of SME grants allocated. Those areas attracting the highest value of SME grant funding include the Isle of Wight, New Forest, Portsmouth and Southampton (Figure 11), reflecting the higher number of eligible businesses (Figure 10).

Figure 10: SME grant funding by local authority (at 30 September 2020)

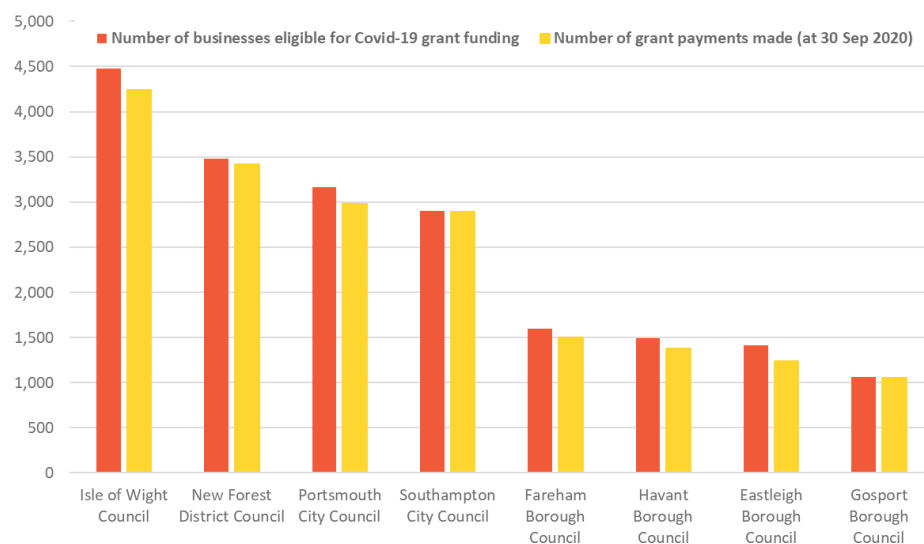
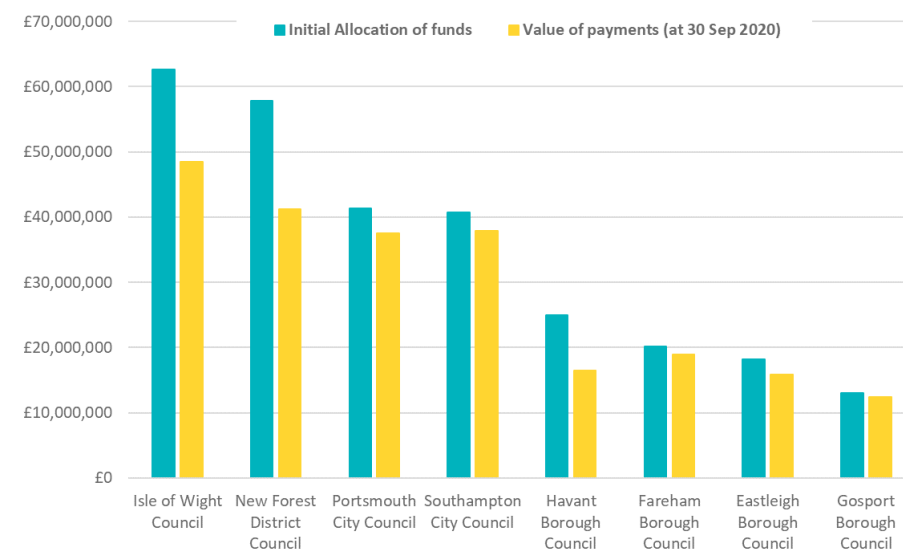


Figure 11: SME grant funding by local authority (at 30 September 2020)



Source: Lichfields analysis, based on Department for Business, Energy and Industrial Strategy (2020)

Covid-19 local impacts

The Solent's high streets experienced a gradual recovery as workers and visitors cautiously returned during summer and autumn 2020, but have seen a sharp drop in activity following the latest lockdown.

High street activity

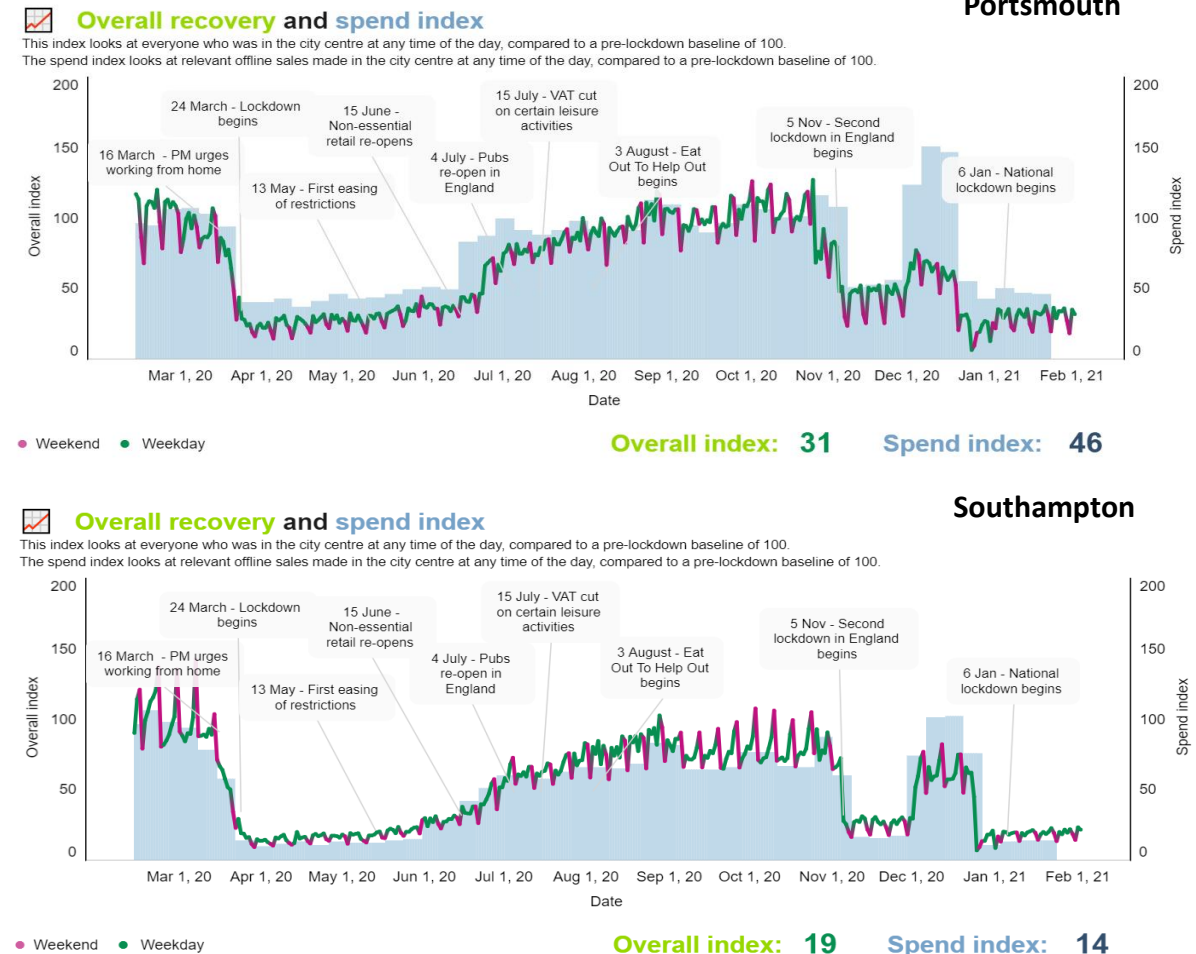
High streets across the country have been hit particularly hard over the course of the Covid-19 pandemic as retail, leisure and food and beverage businesses closed and footfall significantly reduced.

ONS national retail figures show that spending levels in 2020 were very volatile and have been closely linked to lockdown restrictions and easing. The largest month-on-month increase in spending was 14% to June 2020 and the largest decrease was the record 18% drop to April 2020. Spending in December 2020 was 1.3% higher than that in December 2019. The reopening of 'non-essential' shops will no doubt lead to steady increases when the current lockdown is eased.

Centre for Cities' 'high streets recovery tracker' monitors levels of high street activity in the UK's largest cities and towns, using anonymised mobile phone data from Locomizer. For the Solent cities of Portsmouth and Southampton, the latest tracker shows that activity gradually increased following the easing of lockdown restrictions in the summer and early autumn of 2020 before reducing again in the second and third lockdowns.

As of February 2021, high street activity in both of these cities is less than 50% of that in March 2020 (Figure 12). Weekends continue to record comparatively lower levels of activity when compared to the start of the pandemic.

Figure 12: High street recovery tracker



Covid-19 local impacts

The latest mobility trends data from Google suggests that visits to retail, recreation and workplace venues across the Solent are still significantly lower than ‘normal’.

Mobility trends

Lockdown measures have rapidly impacted on all forms of discretionary mobility since being formally introduced by government in March 2020. The latest mobility data from Google charts movement trends over time by geography, across different categories of places such as retail and recreation, groceries and pharmacies, parks, transit stations, workplaces, and residential.

The data for key Solent centres, summarised below, shows that retail and leisure activities have seen the largest reduction in visits compared to what might typically be expected, followed by public transport and workplaces. This underlines the scale of the challenge that the Solent faces to encourage consumers back to local high streets, shopping centres and leisure venues once lockdown measures are eased, as well as transitioning the workforce back to formal workplaces safely.

Figure 13: Mobility trends for key Solent locations

Portsmouth

Retail and recreation

-61%

compared to baseline



Supermarket and pharmacy

-16%

compared to baseline



Public transport

-53%

compared to baseline



Workplaces

-49%

compared to baseline



Southampton

Retail and recreation

-67%

compared to baseline



Supermarket and pharmacy

-12%

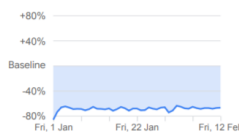
compared to baseline



Public transport

-67%

compared to baseline



Workplaces

-51%

compared to baseline



Isle of Wight

Retail and recreation

-59%

compared to baseline



Supermarket and pharmacy

-6%

compared to baseline



Public transport

-55%

compared to baseline



Workplaces

-41%

compared to baseline



Source: [Google](#) Covid-19 Community Mobility Report, 12 February 2021

Covid-19 local risk factors

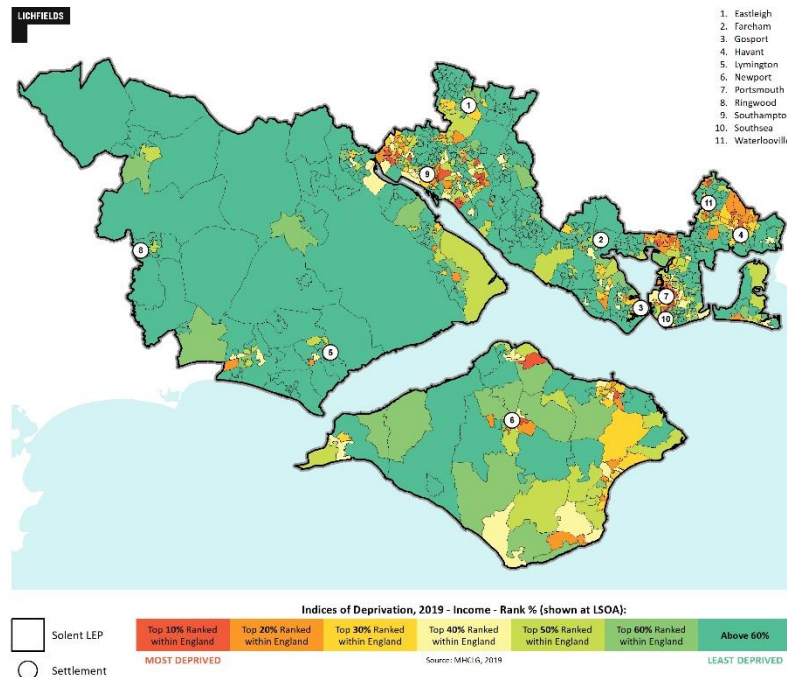
Key segments of the Solent's population already facing deprivation challenges will be particularly susceptible to unfolding economic impacts.

Socio-economic deprivation

Key segments of the Solent's population facing deprivation challenges will be particularly vulnerable to the economic impacts of Covid-19 such as unemployment and reduced earnings. As shown in the maps below, the most acute pockets of deprivation are found within the two cities of Southampton and Portsmouth, the urban areas of Waterlooville, Gosport and parts of the Isle of Wight.

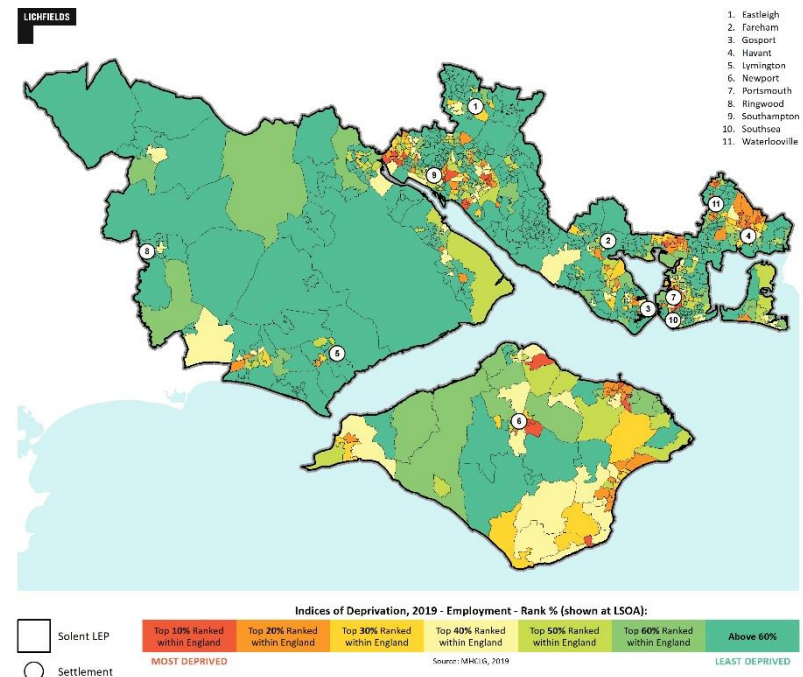
Recent research by the Institute for Fiscal Studies (IFS)² documents the geography of the Covid-19 crisis along the three dimensions of health, jobs and families. It concluded that some local authorities are more vulnerable than average on health, economic and social lines, identifying the Isle of Wight as being amongst the top 20% most vulnerable places in the country, reflecting its elderly population, economic reliance on tourism and hospitality, and pockets of local socio-economic deprivation. The study identifies coastal areas more generally for their notable vulnerability along both health and jobs dimensions, and suggests that the crisis could be set to make existing socio-economic inequalities with non-coastal areas even wider.

Figure 14: Income deprivation by Solent LSOA



Source: Lichfields analysis, drawing on MHCLG, (2020); Index of Multiple Deprivation

Figure 15: Employment deprivation by Solent LSOA



² Institute for Fiscal Studies, The geography of the COVID-19 crisis in England, June 2020

Covid-19 local risk factors

Local residents and workers will be exposed to the economic effects felt by neighbouring areas, particularly those sharing strong labour market linkages.

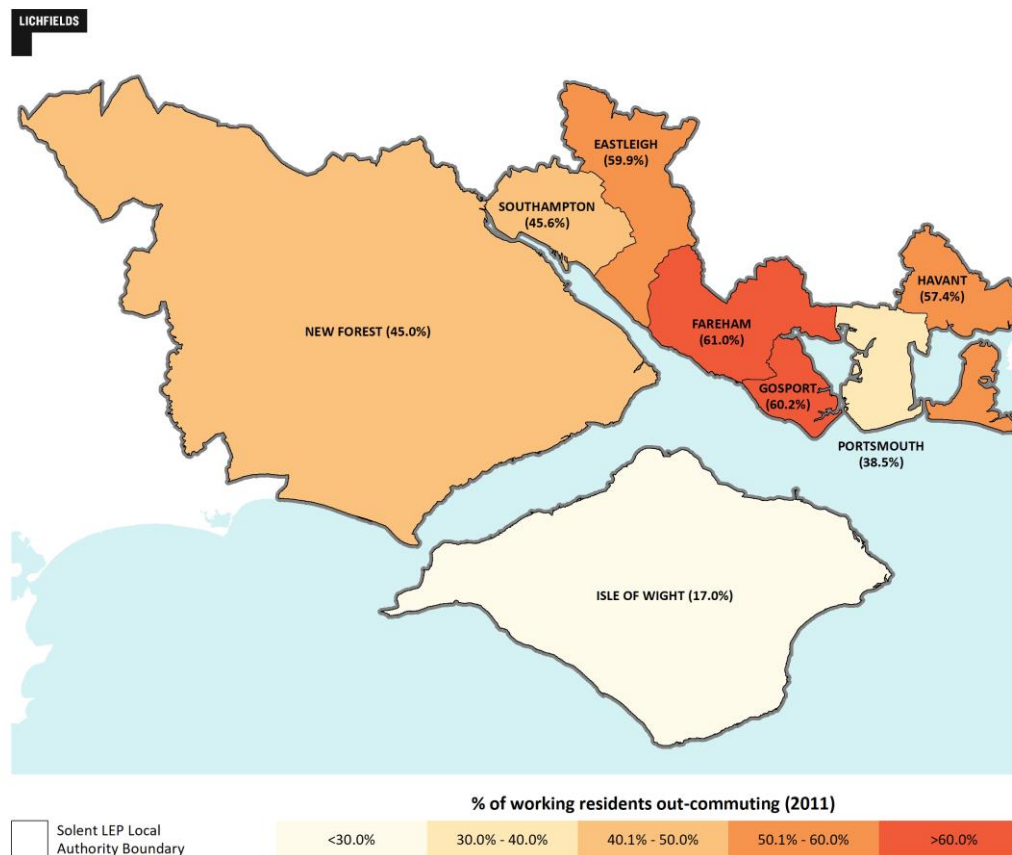
Wider economic relationships

Local residents and workers will be exposed to the economic effects of Covid-19 felt by neighbouring areas, particularly those sharing strong labour market linkages.

Whilst the Solent LEP area is relatively self-contained from a labour, housing and commercial market point of view, it does share strong economic relationships with its neighbouring areas, including other parts of Hampshire, West Sussex and London.

For instance, Figure 16 shows that over half of Gosport, Fareham, Eastleigh and Havant's working residents travel outside of their local area for work and will be particularly exposed to the economic impacts that the Covid-19 pandemic will have upon economies elsewhere.

Figure 16: Out-commuting by Solent local authority



Source: Lichfields analysis, drawing on Census 2011

Covid-19 local economic scenario

Covid-19 forecasts from Experian imply a short term economic impact equivalent to £4.5 billion across the Solent during 2020, with pre Covid-19 output levels not expected to return until at least 2022.

Potential Solent economic scenario

Local area forecasts released by Experian in summer 2020 provide a view on the impact of Covid-19 upon the Solent's economy and its constituent local areas. The forecasts imply a significant impact on all sectors of the economy and all parts of the country, based on the assumption that the recovery will follow a delayed-V shape, with a substantial drop in output in Q2 2020 as economic activity is paralysed by government lockdown measures to contain the virus. The virus in the UK is assumed to be brought under control after five months of intensive suppression, and the modelling output shows the economy bouncing back in the second half of the year.

Summary GVA outputs for the Solent and its constituent local authority areas are shown in Figure 17. The forecasts imply a short-term economic impact worth £4.5bn during the course of 2020, equivalent to a 14.7% drop in GVA from pre Covid-19 levels. This percentage decline is expected to be similar across the Solent's local areas, which means that those areas with the largest economies coming into the pandemic (such as Southampton and Portsmouth) are expected to record the largest absolute drops in economic output. The short-term impact on local GVA is also forecast to exceed UK-wide GVA reductions.

Echoing the macro outlook, the Solent is expected to see a sluggish return to GVA growth, with 2019 GVA levels not expected to return until at least 2022, and not until 2023 and 2024 in the case of Isle of Wight and Gosport.

It should be noted that current economic scenarios and forecasts should be treated with a high degree of caution, are subject to greater than usual uncertainty and volatility and are under constant review.

Figure 17: Local level GVA forecasts

Geography	GVA (million)				Year return to 2019 GVA level	2019-2020 GVA Change	
	2019	2020	2021	2022		£m	%
Eastleigh	£4,028	£3,431	£3,951	£4,127	2022	-£597	-14.8%
Fareham	£2,791	£2,395	£2,693	£2,817	2022	-£396	-14.2%
Gosport	£939	£812	£883	£926	2024	-£127	-13.5%
Havant	£2,626	£2,260	£2,517	£2,635	2022	-£367	-14.0%
New Forest	£4,190	£3,583	£4,077	£4,260	2022	-£607	-14.5%
Portsmouth	£5,581	£4,755	£5,468	£5,713	2022	-£826	-14.8%
Southampton	£8,072	£6,855	£7,982	£8,334	2022	-£1,217	-15.1%
Isle of Wight	£2,368	£2,011	£2,264	£2,367	2023	-£356	-15.0%
Solent	£30,594	£26,101	£29,836	£31,179	2022	-£4,493	-14.7%
South East					2022		-14.8%
UK					2022		-12.2%

Source: Lichfields analysis, drawing on Experian June 2020

Covid-19 local economic scenario

Experian's Covid-19 forecasts imply widespread job losses of 26,800 across the Solent during 2020, which could take at least three years to replenish.

Potential Solent economic scenario

Widespread job losses as a result of Covid-19 will impact on local levels of employment, with Experian's summer 2020 forecasts implying a reduction of 26,800 workforce jobs across the Solent in 2020. At 4.3%, this reduction also exceeds expected employment decline across the UK as a whole. The cities of Portsmouth and Southampton are forecast to record the most significant job losses (at 5,400 and 5,900 respectively).

The overall scale of impact is such that it will take at least three years to return to pre Covid-19 employment levels across the Solent, or four years in the case of Gosport, Havant, New Forest and Portsmouth.

It should be noted that local employment trends and job losses will be strongly influenced by national policy and packages of support, namely the government's Coronavirus Job Retention Scheme, which has been extended until 30 April 2021. This support is likely to be masking longer term employment impacts from the pandemic across the Solent.

Figure 18: Local level employment forecasts

Geography	Workforce Jobs				Year return to 2019 employment level	2019-2020 Employment Change	
	2019	2020	2021	2022		No	%
Eastleigh	78,900	75,700	75,700	77,900	2023	-3,200	-4.1%
Fareham	58,600	56,200	56,100	57,700	2023	-2,400	-4.1%
Gosport	29,300	28,000	27,900	28,600	2024	-1,300	-4.4%
Havant	52,700	50,300	50,100	51,500	2024	-2,400	-4.6%
New Forest	85,200	81,500	81,100	83,300	2024	-3,700	-4.3%
Portsmouth	122,900	117,500	117,500	120,500	2024	-5,400	-4.4%
Southampton	128,400	122,500	123,500	127,300	2023	-5,900	-4.6%
Isle of Wight	63,400	60,900	60,800	62,400	2023	-2,500	-3.9%
Solent	619,400	592,600	592,700	609,200	2023	-26,800	-4.3%
South East					2023		-4.7%
UK					2023		-3.1%

Source: Lichfields analysis, drawing on Experian June 2020

