

Economic Recovery – Update

Policy & Resources Select Committee

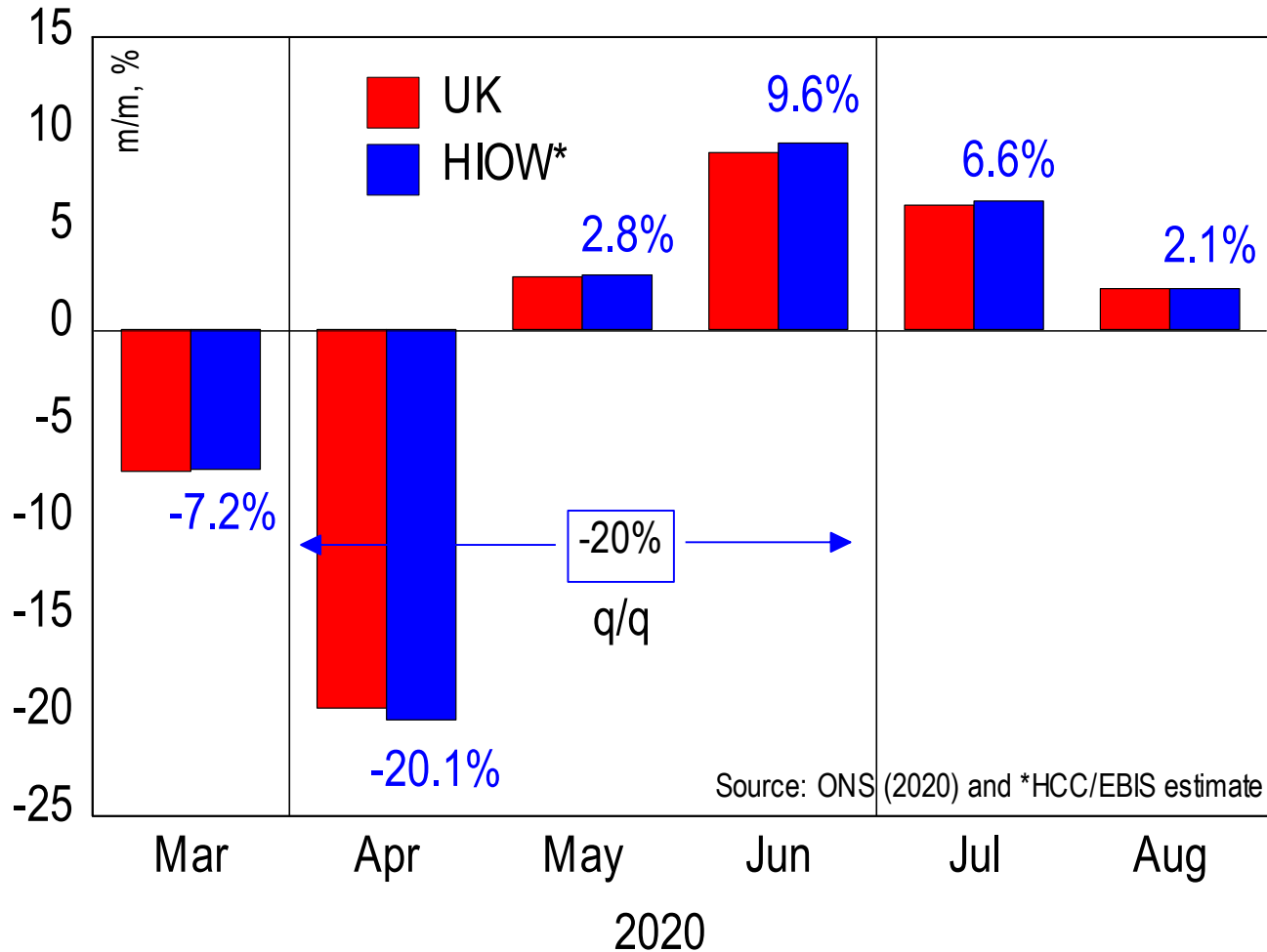
David Fletcher

Assistant Director – Economic Development

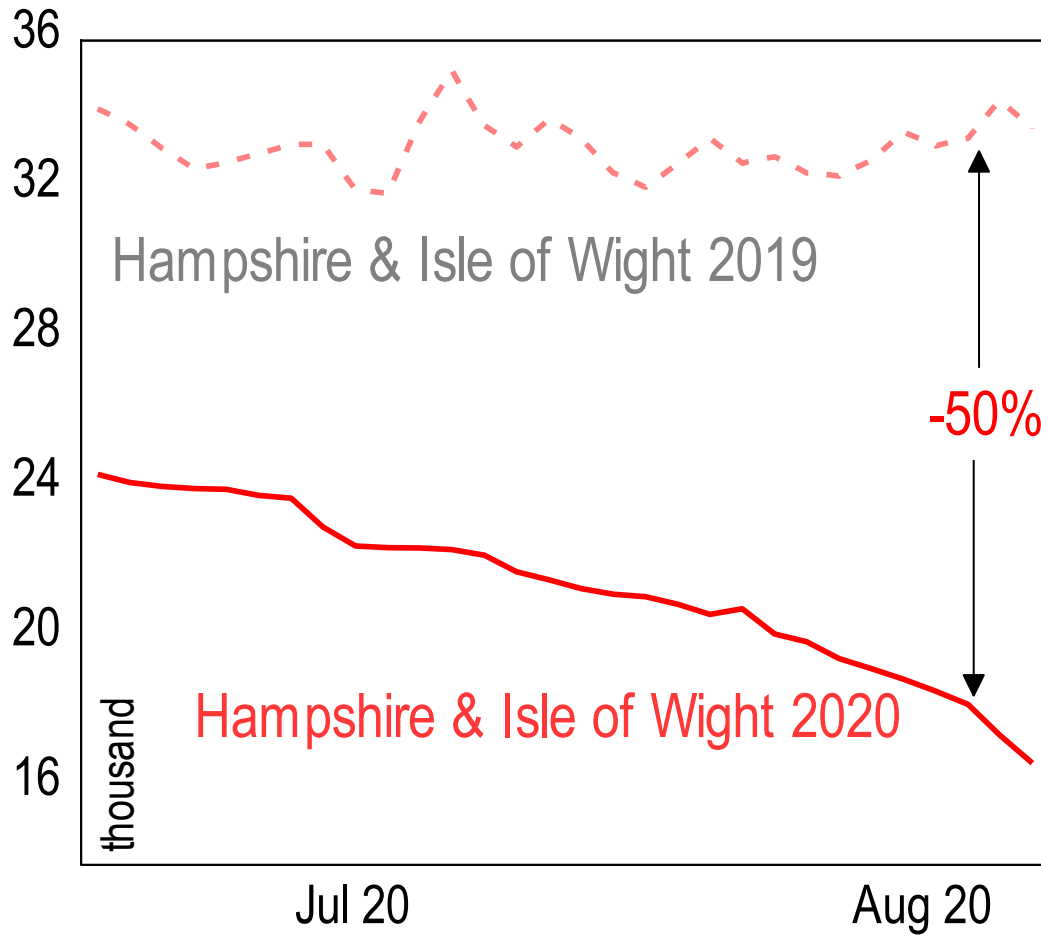
5 November 2020

Economic Recovery - Data

Fall and rise of GDP

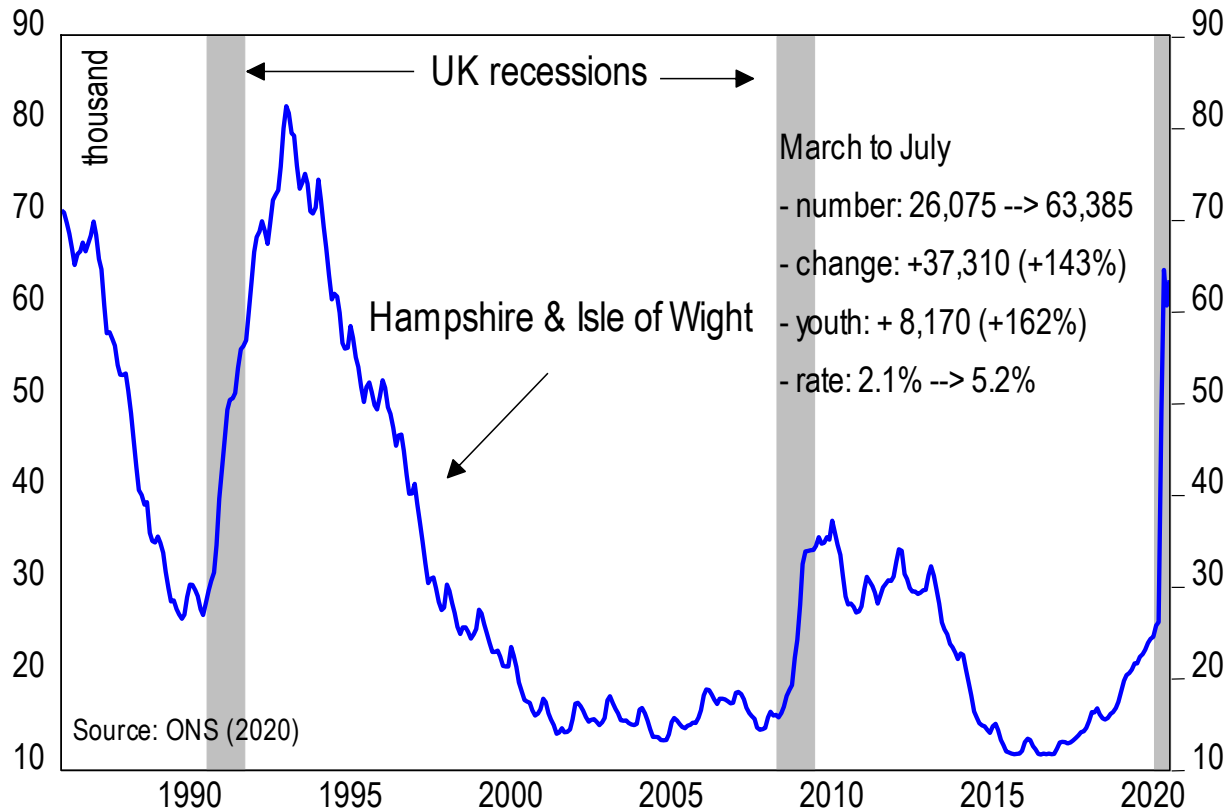


Impact on labour market (1)



Jobs postings in HIOW

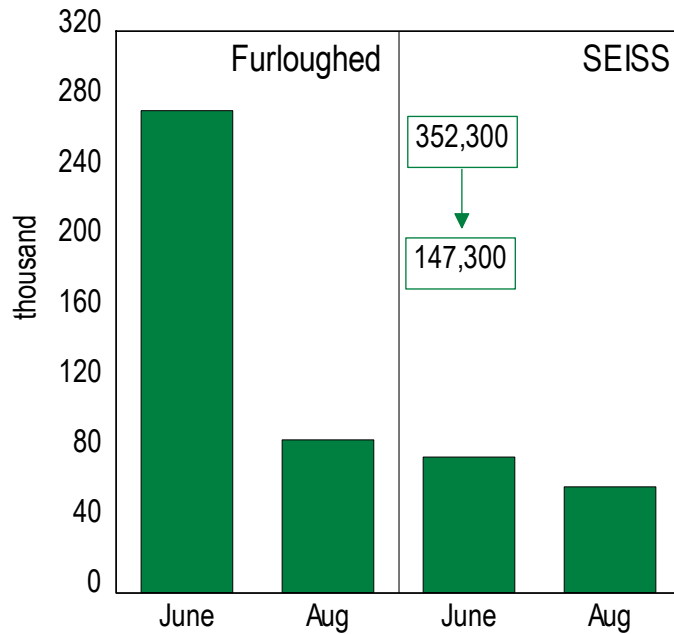
Impact on labour market (2)



Unemployment: claimant count,
HIOW

Jobs supported by Government schemes

Residents supported - HIOW

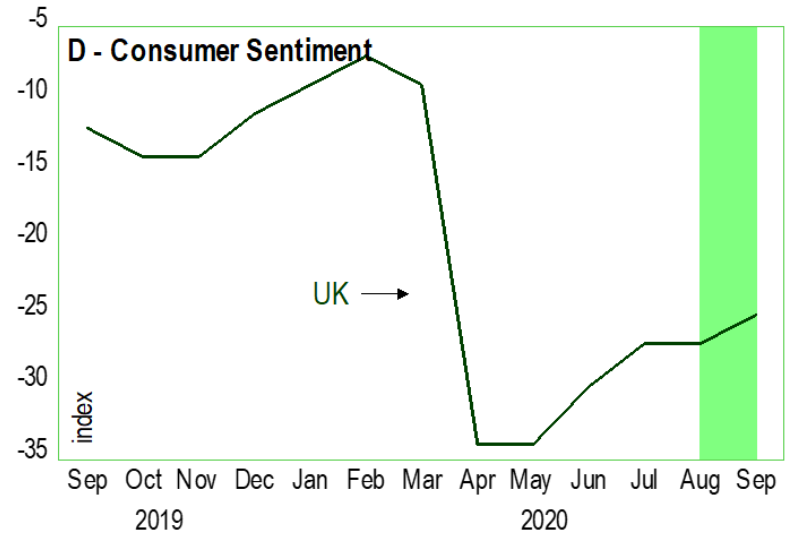
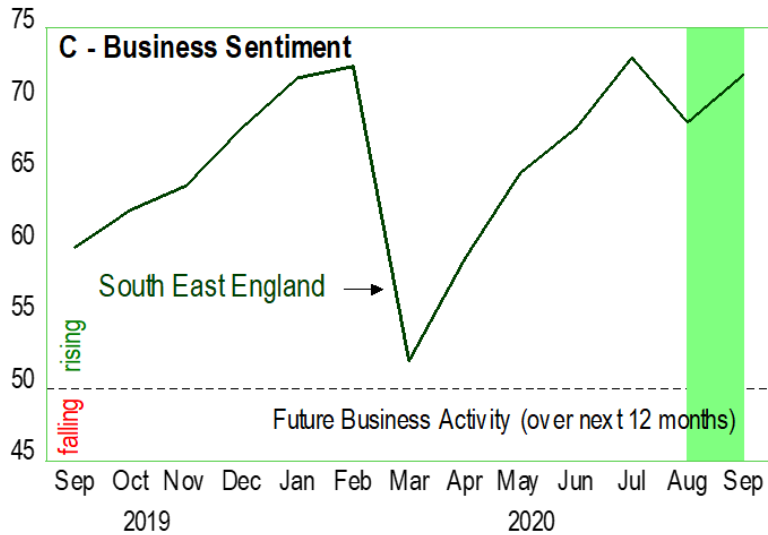
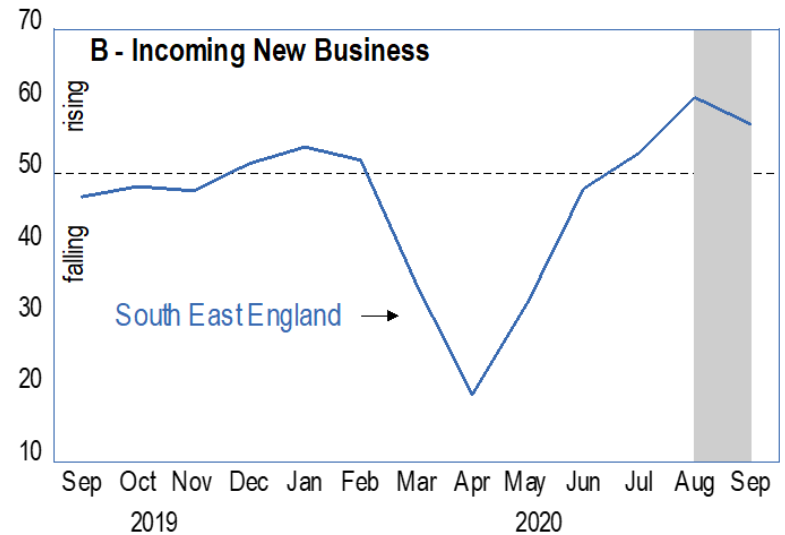
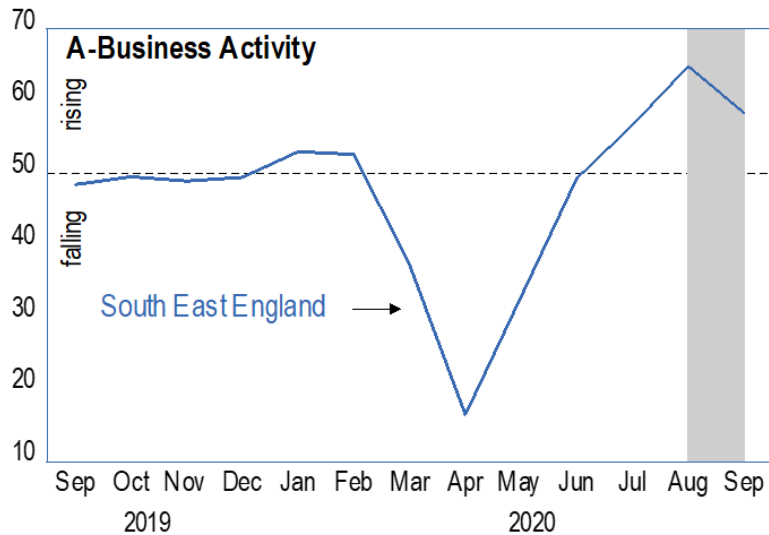


Furloughed residents by sector – South East

Accommodation & food	77%
Arts, Entertainment etc.	72%
Construction	55%
Wholesale & retail etc.	40%

Public admin & defence	1%
Finance & insurance	7%
Health / Education	11% / 13%
Information & comms	16%

Confidence returning?



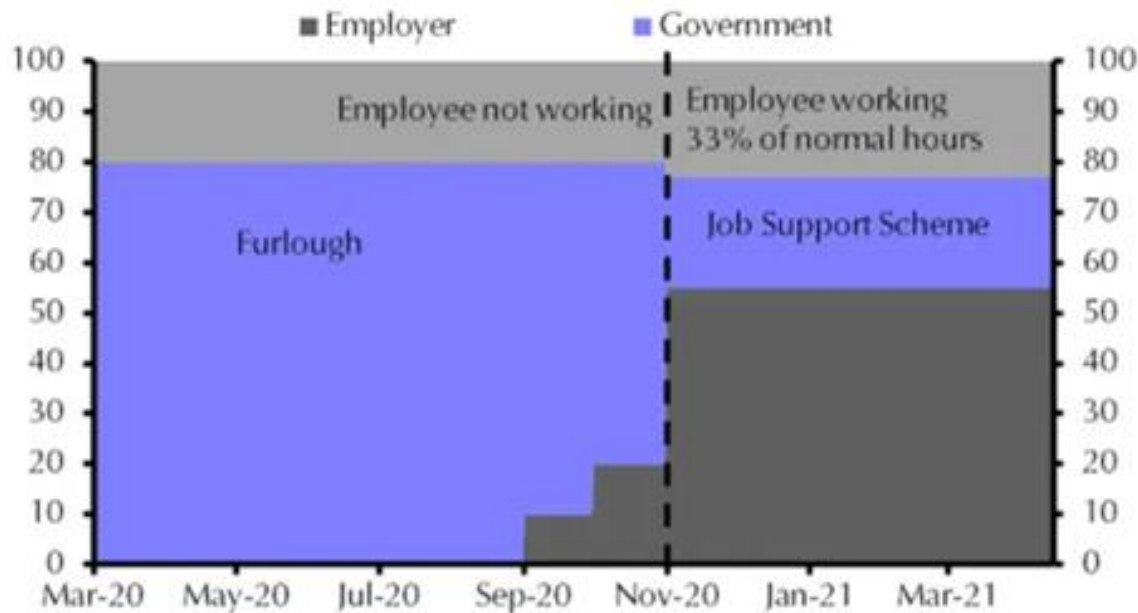
Winter Economy Plan

Winter Economy Plan

- New Job Support Scheme
- Self employed income support – extended to end April 2021
- VAT cut for hospitality/tourism – extended end of March 2021
- Business loans – payback extended from 6 to 10 years

New Government job support scheme

Chart 1: Contributions to Employee Wages (%)



Source: Capital Economics

- Min 33% of hours worked
- Scheme funds one third of hours not worked
- Employer funds hours worked + one third of hours not worked
- 6 months from Nov

Hampshire – Emerging Priorities

Emerging Priorities (Short Term)

- Continued Govt support for businesses
- Domestic tourism support
- Employment and skills support including Kickstart scheme, Construction Skills Fund
- Cruise sector support?
- Southampton Airport – planning
- Local retail – high streets and e-commerce

Emerging Priorities (Medium Term)

- Business support – including financial (grants, community bank)
- Innovation support – tech start up programme
- Work hubs – urban centres
- Digital connectivity – multiple proposals

Emerging Priorities (Long Term)

- Freeport status – competitive process
- Major regeneration, housing and infrastructure projects
- Green recovery/low carbon growth
- Circular economy – local supply chains

Sectoral / thematic perspectives

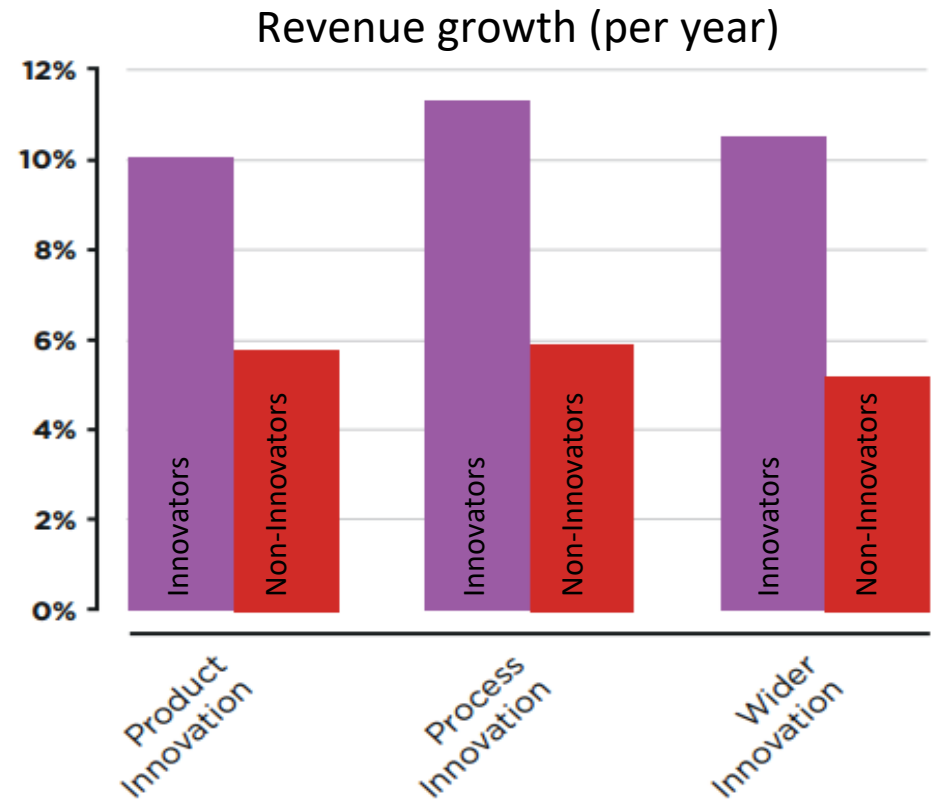
Innovation

Hampshire Innovation Roundtable



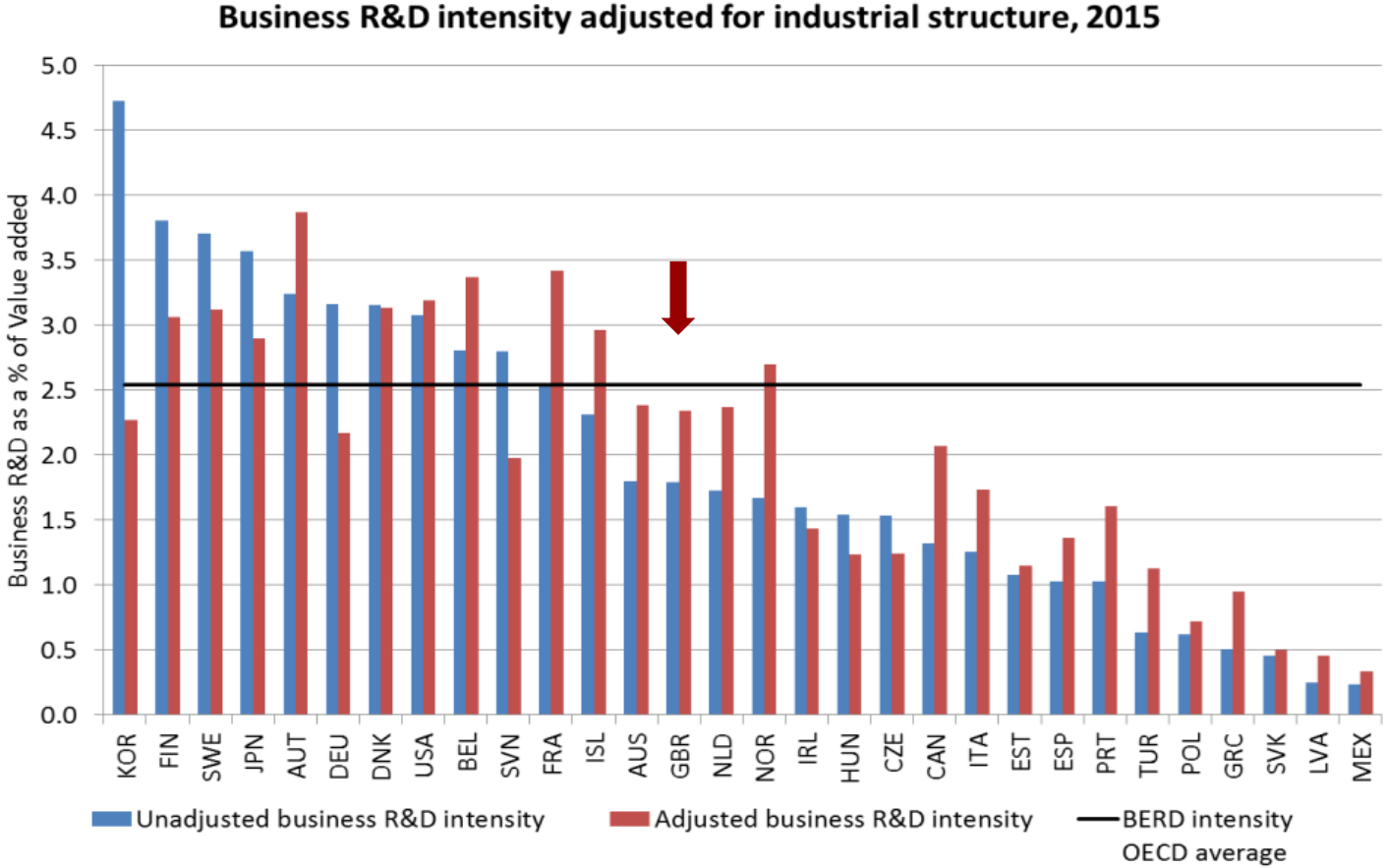
Innovation drives growth

Innovative firms grow twice as fast, both in employment and sales, as firms that fail to innovate



Source: https://www.nesta.org.uk/documents/28/business_growth_and_innovation.pdf

UK BERD is below OECD – even when adjusted for industrial structure



Innovation – key issues (1)

- Better connected partners – universities, science park, Oxford Innovation, Qinetiq, SetSquared, etc.
- Government support
 - More effective local interface (Innovate UK)
 - Too many initiatives

Innovation – key issues (2)

- Centre of Excellence / region-wide accelerator? – emerging technologies
- Innovation ecosystem factors
 - Access to finance
 - Culture
 - Infrastructure
 - Talent
 - Access to markets

Rural

Rural – tourism/hospitality

- Networks have proved to be key – Go New Forest, Hampshire Fare, etc
- Demand – staycation +, social distancing –
- LEADER programme – valued resource (ends Dec 2021)
- Frustrations – small grant schemes (ERDF), broadband (online bookings)

Rural – business/enterprise (1)

- Outdoor activities – land-based, forestry, fisheries – less impacted
- Food & drink producers – alternative routes to market key – home deliveries, local shops
- Support – free online mentoring highly valued (FSB)

Rural – business/enterprise (2)

- Planning – challenges – repurposing of buildings, rural housing
- Brexit – key issue for rural businesses
- Employment - concerns around end of job retention scheme
- Local sourcing – increased consciousness – opportunity?

Freeports - Update

FREEPORTS: ABP HIGHLIGHTS ECONOMIC POTENTIAL

🕒 20 Oct 2020 📍 South East 💡 Business



ABP Southampton director Alexair Welch with Richi Sunak and ABP chief commercial officer



Hampshire
County Council

Vision

- “Innovative hubs that boost the economy by helping businesses to invest in their machinery, infrastructure and staff”
- “Bringing jobs, investment and prosperity to some of our most deprived communities around the UK”
- “Boost global trade, by showcasing the best of British industry, technology and innovation to the rest of the world”



Process

- Freeport coalitions – of international and local businesses, academic institutions, ports and local authorities
- Policy and bidding process - including Bidding Prospectus – anticipated launch late 2020?
- In place by late 2021?

Freeport incentives

- Customs flexibilities, to provide relief from duties, import taxes and administrative burdens;
- Tax measures to incentivise private investment – eg capital allowances;
- Regulatory flexibilities – eg permitted development rights, local development orders
- Investment in infrastructure – transport, digital – Freeport Challenge Fund?

Freeport sites/boundaries

- Customs sites – primary and subzones – in or near port
- Tax site – single contiguous defined site – primarily underdeveloped land – 300-600 Ha
- Outer boundary – 25-45km – planning, regeneration, innovation

Hampshire - considerations

- Who leads / co-ordinates the bid?
- Does the applicant need to be an SPV?
- Are all relevant local planning authorities on board?
- On which sites is our proposal based?
- Bid needs to be compelling, competitive and of relevance at a UK level

Thank You