



Solent Economic Recovery Plan

Shaping our response to the Covid-19 pandemic

September 2020



1.0 Introduction

This Economic Recovery Plan sets out how the Solent LEP, working with other local partners, will bring forward timely actions and interventions to help our region respond to the Covid-19 pandemic.

Purpose

This document, developed by the Solent LEP, sets out an Economic Recovery Plan for the Solent region in the aftermath of the Covid-19 pandemic. The pandemic and associated restrictions imposed on our everyday lives have already caused a major economic shock to the global economy, and businesses and communities across the Solent are feeling the immediate effects of 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 help 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 the programme of support already being provided at national and local levels, this Plan sets out the actions and interventions that the Solent LEP will bring forward to support our local economy in the current challenging circumstances, and critically, also 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:

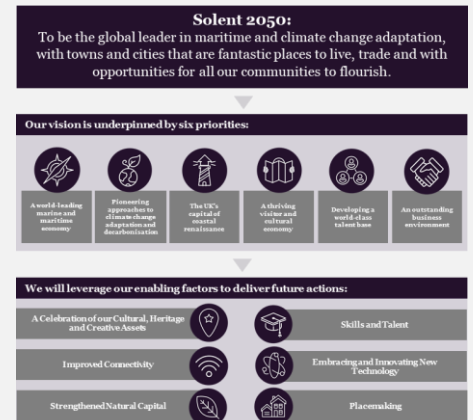
- Our understanding of the local impacts of the pandemic within the Solent to date based on the latest available data (section 2.0).
- Latest forecasts for how the Solent's economy may change and the effect on different sectors over the short and medium-term (section 2.0).
- The three-stage approach we will take to our response over the next few years, alongside actions and interventions we propose to bring forward aligned to the six 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

The Solent 2050 Strategy 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 will 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. 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 potential economic impact on the Solent's economy cannot be underestimated and is likely to be extreme. Alongside delivering the actions set out in this Economic Recovery Plan, we remain committed to bringing forward a new ambitious and long-term vision and strategy for the area. 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 start to understand the significant economic impacts of Covid-19 within the Solent.



£11 billion short term economic impact during Q2 2020 if OBR's macro economic scenario is replicated in the Solent



45,275 people claimed unemployment benefit in July, a rise of 133% since March, and representing nearly 6% of the working age population



202 applications to the LEP's dedicated Coronavirus funding packages, with over £2m LEP investments approved to date



31% of Solent's employed residents were furloughed in July through the Coronavirus Job Retention Scheme, equivalent to 171,400 jobs



26,800 jobs are expected to be lost across the Solent in 2020 according to Experian's latest Covid-19 scenario



47,000 local businesses engaged via the LEP's online Coronavirus Support Hub, and over 4,700 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



18,000 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



Job postings have fallen by 44% across the Solent compared with mid-March just before start of lockdown



50,000 self-employed residents have claimed financial support through the Self-Employment Income Support scheme as at end of July

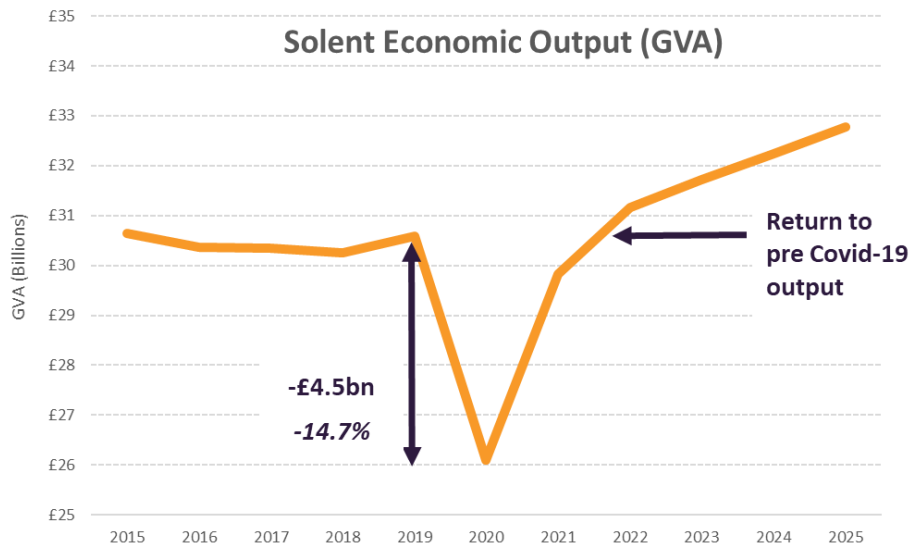
Source: Lichfields analysis, drawing on various sources

2.0 Understanding local impacts

Latest post Covid-19 forecasts from Experian underline the scale of economic shock and recovery challenge the Solent faces, equivalent to a short term impact worth £4.5 billion and nearly 27,000 jobs.

Emerging economic scenarios

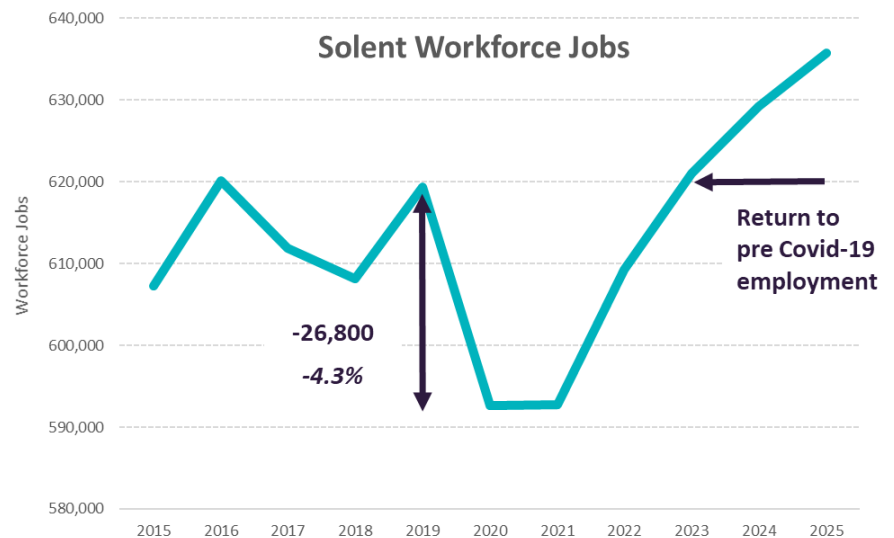
Local area forecasts released by Experian in June 2020 provide an up-to-date view on the impact of Covid-19 upon the Solent's economy. Though viewed as a temporary shock, the forecasts imply a significant impact on all sectors of the economy and all parts of the Solent. The forecasts are based on the assumption that the recovery will follow a **delayed-V shape**, with a substantial drop in output in Q2 2020 as economic activity was highly restricted due to lockdown measures to contain the virus. The virus in the UK is assumed to be brought under control after five months of intensive suppression, with the economy bouncing back in the second half of the year.



Source: Lichfields analysis, drawing on Experian UK Local Market Forecasts, June 2020

The forecasts imply a short-term economic impact worth £4.5bn during the course of 2020, equivalent to a 14.7% drop in GVA in the Solent from pre Covid-19 levels. Whilst output is expected to pick up later in the year, it is likely to take at least two years for Solent GVA to return to 2019 levels. Widespread job losses as a result of Covid-19 will impact on local levels of employment, with the latest Experian forecasts implying a reduction of 26,800 workforce jobs across the Solent in 2020, and a return to pre Covid-19 employment levels after three years.

Notwithstanding the severity of the short term challenge, the Solent's economic resilience represents a key strength and will be fundamental as we develop a strategic road to recovery. We have weathered storms in the past and will rise to the challenge once again to emerge as a stronger and more productive economic powerhouse.



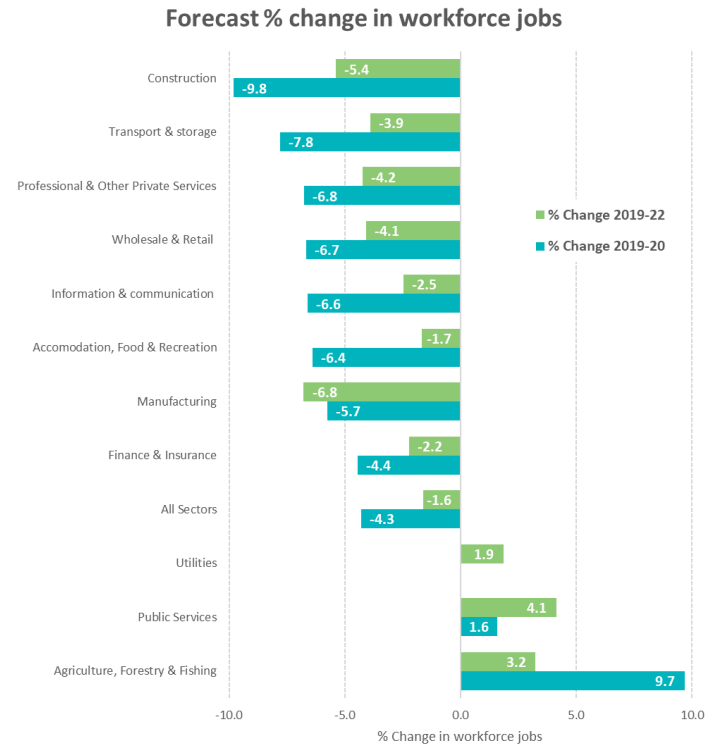
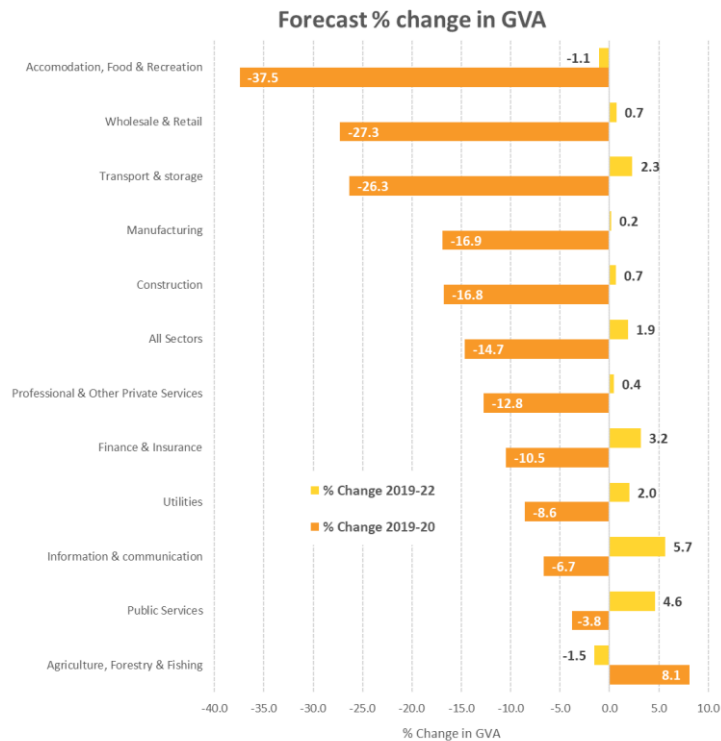
2.0 Understanding local impacts

The economic effects of Covid-19 have been felt unevenly across our different sectors, reflecting the extent to which lockdown measures have forced some industries to temporarily 'shut down'.

Sector impacts

Through ongoing engagement with our business community, we know that some of our strategic sectors have been hardest hit by the Covid-19 pandemic. This is reflected within the latest economic data which shows that the sectors most significantly impacted so far include hospitality, tourism, retail, transport, manufacturing and construction.

Whilst we expect much of our economy to enter the recovery phase over the coming months, forecasts indicate that it could take a number of years for employment within key sectors such as manufacturing, transport and hospitality to return to pre Covid-19 levels.



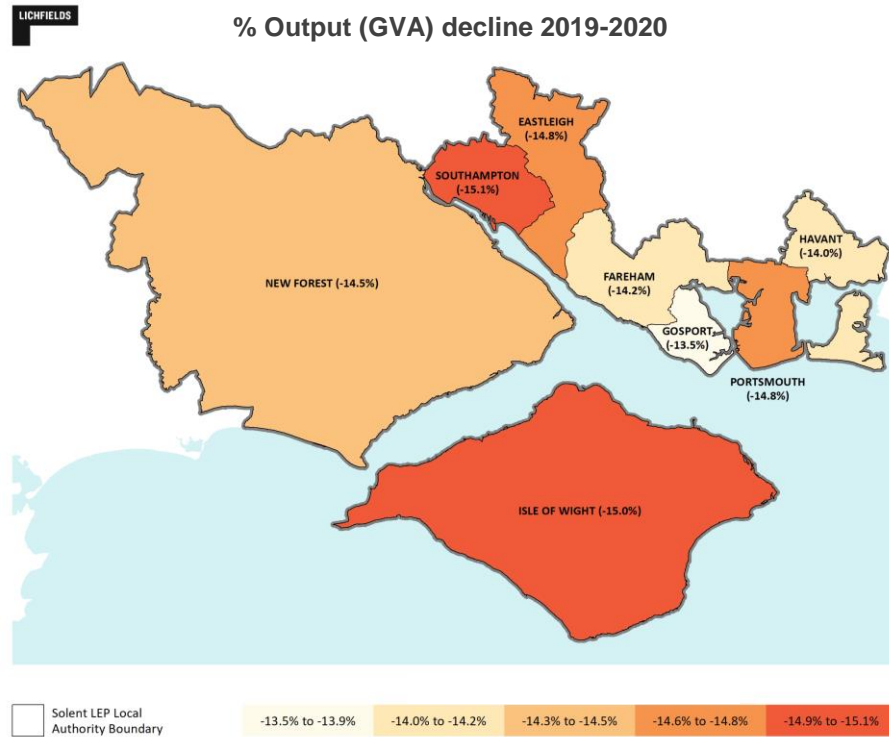
Source: Lichfields analysis, drawing on Experian UK Local Market Forecasts June 2020

2.0 Understanding local impacts

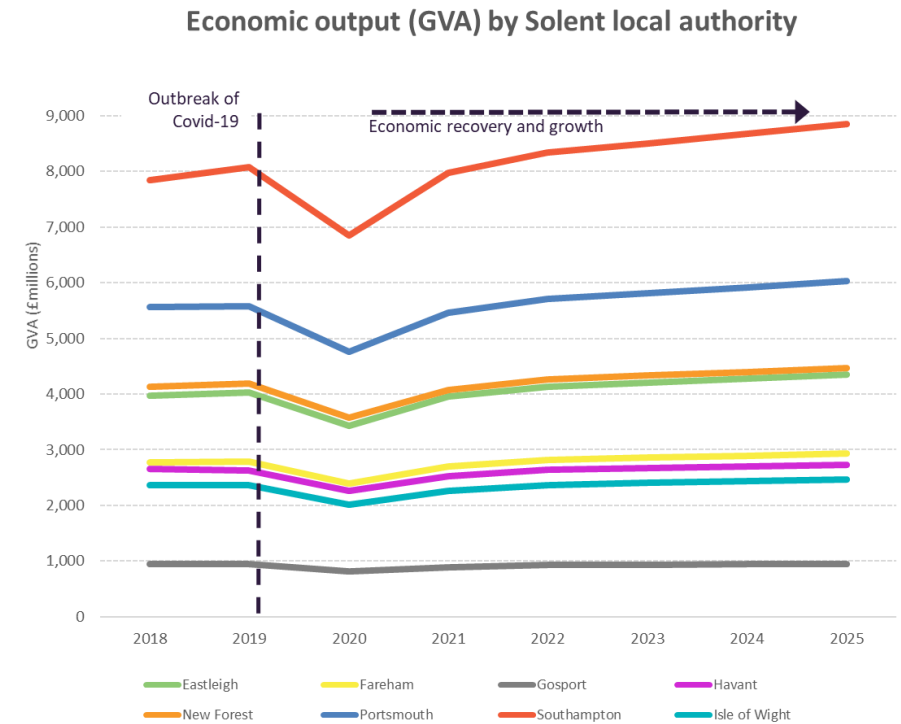
Southampton and the Isle of Wight have been particularly exposed to the negative effects of Covid-19, reflecting unique economic characteristics and relative representation in sectors most directly impacted.

Spatial effects

Whilst the economic impacts of Covid-19 have been widespread across the Solent, some of our local communities are facing particularly acute challenges to maintain output during this period of unprecedented economic disruption. This includes Southampton, Portsmouth and the Isle of Wight which heavily rely on the visitor economy and the Solent's role as a global gateway.



The scale and diversity of sectors across different parts of the Solent will be an important influencing factor behind the pace of economic recovery. The latest Experian forecasts expect all local economies to record a sharp decline in output (GVA) during 2020, and while pre Covid-19 local output is expected to recover by 2022 for most areas, it could take another year for the Isle of Wight to 'catch up', and two years in the case of Gosport.



Source: Lichfields analysis, drawing on Experian UK Local Market Forecasts June 2020

3.0 Our response

We will take a three-stage approach to recovery planning activity that ensures our activities and resources are deployed in the most effective way as the Solent's economy restarts and returns to growth.

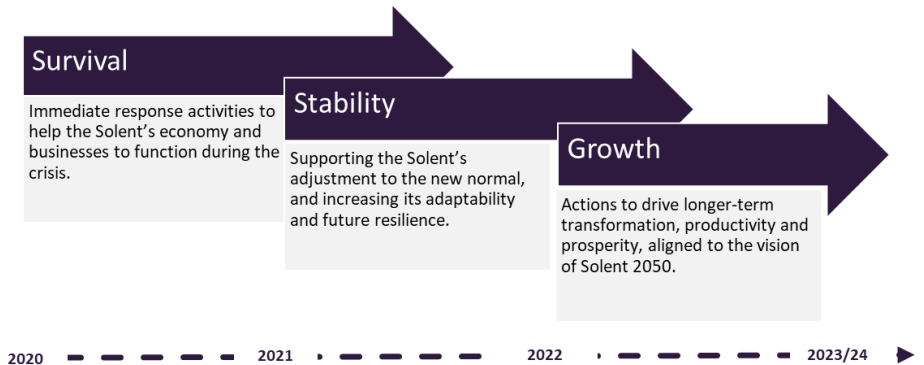
Our response through this Economic Recovery Plan takes a three-stage approach to drive activity over the next few years focused in turn on: survival, stability and growth:

- **Survival:** over the first 12 months, we will continue to be focused on the immediate activities required to help the Solent's economy to function whilst some degree of restriction on normal activities remains in place. This includes many of the emergency support measures which have already been brought forward by the Solent LEP, and which may need to be extended, and give critical support to our businesses and communities.
- **Stability:** between 12-24 months, we want to work with businesses and other local partners to support the Solent's adjustment 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 what is likely to be a period of national recession, 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.

We have adopted this three-stage approach to help ensure that our activities and resources can be deployed in the most effective way as lockdown restrictions are lifted and the region's economy restarts. This also recognises that the timing and pace of recovery may be different for individual sectors and locations across the Solent. We will also be flexible and responsive to real-time changes in circumstances; for example, the potential for any further periods of national or local lockdowns, and how government support packages evolve. This means that the three stages will overlap, and practically some activities will take place in parallel. We will keep this under review.

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. In due course, the Solent LEP will monitor and review the Solent 2050 strategy priorities to take account of the activities delivered through this Economic Recovery Plan. On the following pages we set out the support measures that have already been put in place by the Solent LEP since the onset of the pandemic, and then detail our future actions aligned to each of the six priorities of Solent 2050.

Our three-stage approach



The Solent 2050 six 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 during the initial emergency phase.

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, such as the Coronavirus Business Interruption Loan Scheme (CBILS).
- 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 2020 and will accept applications on an ongoing basis until all the funding has been allocated, or until 31st October 2020, whichever is the soonest. Seven applications for funding have been received to date, seeking loan funding support of over £4.3 million.

New Forest and Isle of Wight Rural Business Resilience Funds

The LEP has established two dedicated Rural Business Resilience 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 £72,774, helping to safeguard 106 FTE jobs on the Island. The initial fund has now been closed to new applications and work is underway to renew the fund, utilising additional LEP investment.

The New Forest fund launched on 30th April 2020 and 18 projects have been approved for funding, committing £37,452 and safeguarding 25 FTE jobs in the New Forest.

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.

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 Pay it Forward initiative enables the self-employed, micro and small businesses to generate sales by pre-selling their goods or services or diversifying their offer. There is a maximum pledge of up to £2,000 per micro business (fewer than 10 staff) and up to £5,000 per small business (fewer than 50 staff) available, contributing up to 50% towards the total target.

The fund launched on 31st March 2020 and 119 applications have been received from businesses for funding, 80 of which have so far been approved with a total value of £180,000 LEP investment. We hope to be able to provide financial assistance to more than 120 local companies with the initial funding available through this programme.

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 on 11th 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, employees and 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.



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 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.
- 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 pilot a Freeport in the Solent ahead of the formal designation and competition process later this year, building on the significant progress already made to establish a Steering Group and identify a preferred option for the Solent. 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.

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.
- 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.
- 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 Forum during autumn 2020, 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 the Solent Offshore Wind Sector cluster during summer 2020 to foster R&D and innovation, develop and supply talent for the sector, and engage with government to ensure the Solent can maximise its contribution to the recent Sector Deal in Offshore Wind.
- 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 governments £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 local carbon solutions for the Solent's marine and maritime sector, supported by wider skills development opportunities facilitated through 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 the lockdown measures, 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.
- Continued investment of up to £7.675m in 2020/21 to support the ongoing delivery of Phase 4 of the Centenary Quay development.
- 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 in Autumn 2020, 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 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 this year's peak Easter and summer season. Cruise ship calls at our two ports have been completely halted, and may take sometime to recover to previous levels given the disruption to the global cruise sector. 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 as part of the 'Enjoy Summer Safely' campaign for the tourism and hospitality sector, to attract domestic visitors to the region and support the adjustments required by businesses to meet the Covid-19 secure guidance for the summer and potentially an extended season into the autumn.
- 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 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.
- 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.
- Secure agreement for delivery of 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.
- 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 will be 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. We expect the labour market impact will remain hard to fully determine until government's Coronavirus Job Retention Scheme is withdrawn in October 2020. 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 forecast to be some of the 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 restarts, 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 Hubs, work with our schools, colleges and universities to explore tailored careers support for students graduating this summer, 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.
- Accelerate development of a local Massive Open Online Course (MOOC) scheme within the Solent for introduction in the 2020/21 academic year.

Stability

- Develop a new Solent Skills Strategy to set out a programme of actions by autumn/winter 2020 in conjunction with the Solent SAP.
- Work with Maritime UK to develop a careers outreach programme for the maritime sector and have this in place by autumn 2020.
- 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.
- 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.
- 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

- Establish an Institute of Technology within the Solent to secure employment and training opportunities within the marine and maritime sector.
- 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 development of the Solent Careers Hub (East) covering Gosport, Fareham, Havant and Portsmouth and Careers Hub West (covering Southampton, Eastleigh, New Forest and the Isle of Wight) as one Solent Careers Hub.
- Deliver world class employer-led training facilities for our key growth sectors as part of our bid to secure a Freeport or Free Zone in the Solent.



3.0 Our response

Priority 6: An outstanding business environment

Keeping the Solent 'Open for Business'

The Covid-19 pandemic presents unprecedented challenges for the Solent's business base; both immediately 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 the enforced lockdown and knock-on impact 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 will take 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'.

Latest intelligence from our business community suggests that many have emerged from 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.
- 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.
- Linked to the above, expand the range of support facilities available via the LEP's online Coronavirus Support Hub.
- Work with local partners to implement a Solent-wide 'open for business' campaign to boost consumer demand and confidence and attract spending back to our town and city centres through promotional activity, local purchasing campaigns and community projects.
- 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 the Hampshire Federation of Small Businesses (FSB) to develop a dedicated recovery action plan to support the area's small business community to respond to growth and innovation opportunities posed by Covid-19.

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.
- Facilitate a world-class, globally competitive trading environment for businesses as part of our bid to secure a Freeport or Free Zone 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.
- 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.
- Continue to support and sponsor key business festivals such as Venturefest in October 2020, working with organisers to deliver a showcase event for the region pairing innovative entrepreneurs with investors.

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 immediate 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 is 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 response to the Covid-19 pandemic 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 as the UK's transition period comes to an end this year through direct support and funding via the Solent Growth Hub and by securing Freeport or Free Zone status in the Solent.
- Continue to liaise with government in respect of new economic recovery funding initiatives, such as the £1.57bn support package for cultural and heritage organisations, 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



We will review this initial Economic Recovery Plan by the end of 2020 to reflect the unfolding economic situation, emerging impacts locally, and the effects of national recovery policy, interventions and gradual tapering of measures such as the Coronavirus Job Retention Scheme. This will also provide an opportunity to review wider economic implications for the Solent as the UK seeks to establish new trading relationships with the EU and elsewhere.

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.

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

Annex 2: Supporting data pack

Covid-19 macro-economic outlook

The outbreak of Covid-19 has led to unprecedented economic disruption which has quickly evolved into a period of global and UK recession.

A major economic shock

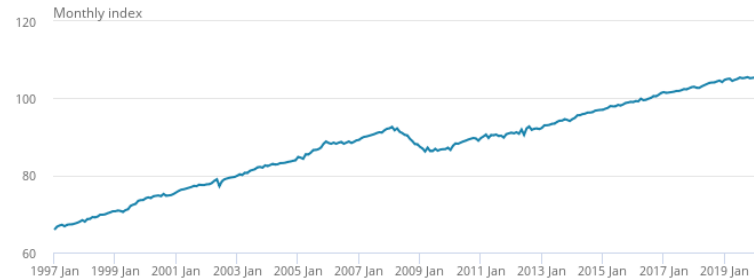
The Covid-19 pandemic represents a major economic shock, evolving quickly from what was initially assumed to be a supply-side/trade shock focused in China, to a global-scale demand-side shock as economies across the world were progressively locked down. These lockdown measures have led to unprecedented shut downs of large parts of the economy simultaneously, with effects being transmitted rapidly across all sectors. A period of global and UK recession is now underway, the severity and duration of which will be a function of how quickly the pandemic can be sustainably managed.

The full extent of economic disruption continues to unfold in real time, and much will depend on the timing and nature of lockdown easing and measures taken by the government to 'restart' key parts of the economy. The recent re-opening of non-essential shops on 15th June and some hospitality venues from 4th July mark important milestones in the UK's recovery journey and to get the UK 'open for business' once again.

The latest official economic performance figures from the ONS show that UK GDP fell by 20.4% in April 2020, the largest fall since monthly records began in 1997, reflecting record widespread falls in services, production and construction output as the negative impacts of social distancing and lockdown kicked in (Figure 1).

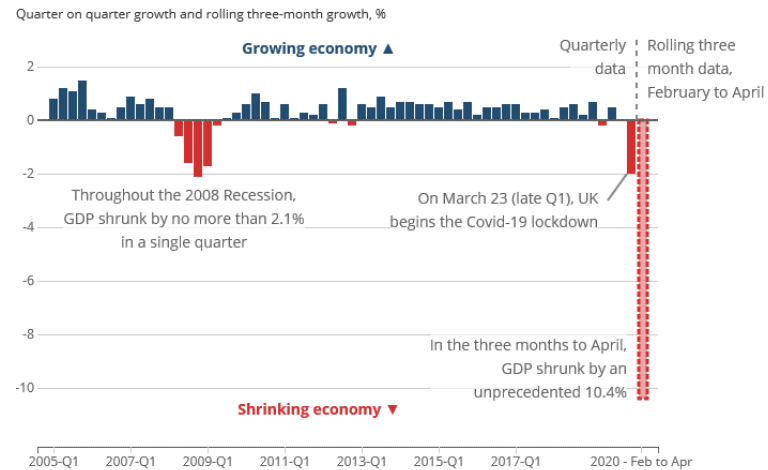
This equates to a GDP reduction of 10.4% across the three months to April 2020, as shown in Figure 2.

Figure 1: UK GDP Monthly index, January 1997 until April 2020



Source: [ONS](#)

Figure 2: UK GDP growth, Quarter 1 (Jan to Mar) 2005 until February to April 2020



Source: [ONS](#)

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

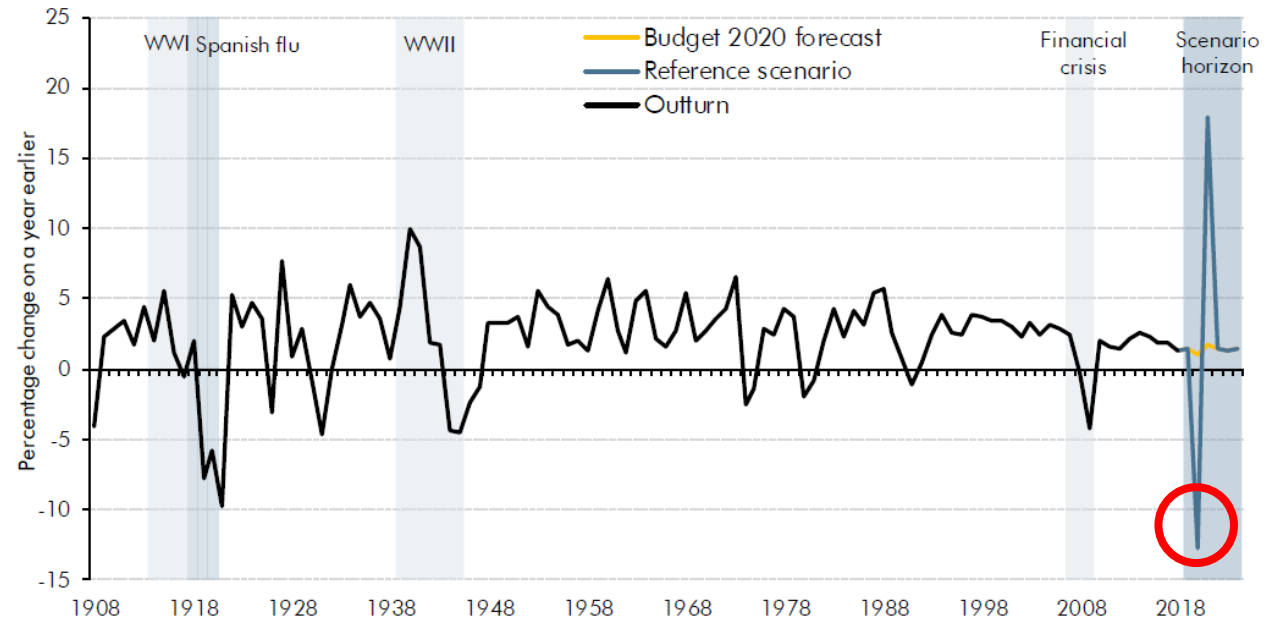
To assist in navigating through the ongoing uncertainty, various macro level scenarios and forecasts are emerging to help understand the potential outcomes and impacts of Covid-19 on the UK economy.

This includes a 'V-shaped' economic scenario from the Office for Budget Responsibility (OBR) which suggests that UK output (measured in terms of GDP) could drop by around 35% in the second quarter of 2020 (see Figure 3).

If replicated within the Solent, this 35% decline in GDP could amount to a short term economic impact of nearly £11 billion, based on pre Covid-19 levels of output.

Whilst the OBR expect economic activity to bounce back later in the year, the overall scale of the impact on the economy - a 13% fall in annual GDP in 2020 - will be significant in historical terms.

Figure 3: Modelled GDP decline in historical perspective



Source: Bank of England, ONS, [OBR](#)

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

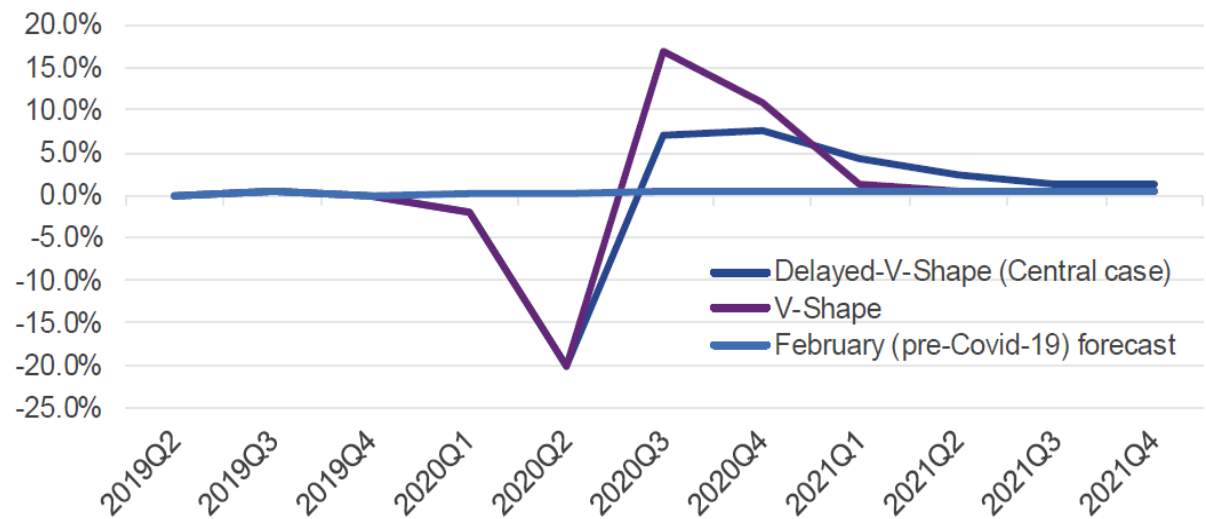
More recent macro-economic forecasts released by Experian at the end of June 2020 includes a base case 'delayed V-shaped' recovery scenario that implies an overall GDP reduction of 12.2% for 2020, following the sharp decline recorded in April as lockdown measures and social distancing stifled consumer spending (Figure 4).

With lockdown measures easing further through June and July, GDP is expected to have bottomed out in April and May, underpinning a return to growth in 2020 Q3. It could however take up to two years before UK output returns to 2019 levels.

The longer-term outlook continues to remain extremely uncertain and Experian note that risks to the recovery further down the line have increased. Concerns are building that the restrictions are being eased too quickly, raising the threat of a second wave of Covid-19 cases later in the year. Alongside this, the unwinding of government support measures risks triggering a renewed bout of job shedding and financial stress for businesses.

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 4: UK GDP quarter-on-quarter growth



Source: Experian UK Macro Economic Forecast June 2020

Covid-19 macro-economic outlook

The impact so far on individual sectors has varied reflecting the extent to which lockdown measures have forced some industries to temporarily ‘shut down’.

Sectors at particular risk

The impact so far on individual sectors has varied significantly, reflecting the extent to which lockdown measures have forced some industries to temporarily ‘shut down’. Some sectors have seen their output directly impacted by the lockdown (such as entertainment and recreation) while others have continued to function at some level through remote-working (such as professional services), albeit potentially with reduced capacity. Some sectors have the potential to rebound quickly as lockdown measures are progressively eased, for example construction. However, there may be longer-lasting effects. For instance, consumption-led activities such as retail may be vulnerable if consumer confidence and spending remains cautious.

Until more granular data becomes available to quantify how different sectors are faring, we have drawn upon business survey data from the Bank of England and analysis by the Office for Budget Responsibility (OBR) to give an initial view on which sectors are most ‘at risk’ of economic harm as a result of Covid-19. Blending together a number of demand and supply-side assumptions, this is summarised by broad industry sector and risk category in Figure 5.

The scale and diversity of sectors at a local level will be important factors when it comes to considering the overall economic risks that the Solent faces as the immediate impacts of the public health emergency unfold, and the pace of eventual recovery.

Figure 5: Covid-19 economic impact: relative risk by sector

Higher Risk	Accommodation & food services, entertainment & recreation, construction, education
Medium Risk	Manufacturing, wholesale & retail, transport & storage, information & communication, finance & insurance, real estate, professional services
Lower Risk	Agriculture forestry & fishing, mining & quarrying, utilities, admin & support services, public admin & defence, health & social care, other services

Source: Lichfields analysis, based on Bank of England and Office for Budget Responsibility

Covid-19 local impacts

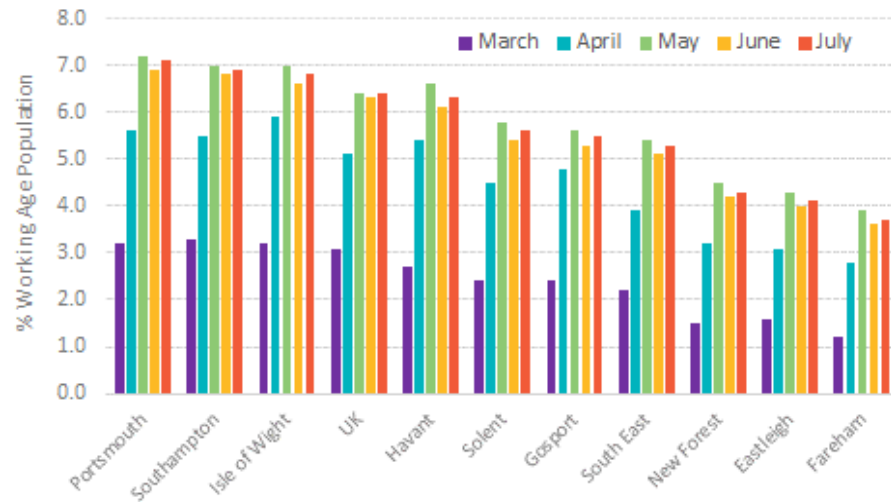
The local Claimant Count has increased sharply following the outbreak of Covid-19, and amounted to 45,275 unemployment related benefit claims in July.

Claimant Count

Experimental data released by ONS provides an early 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.

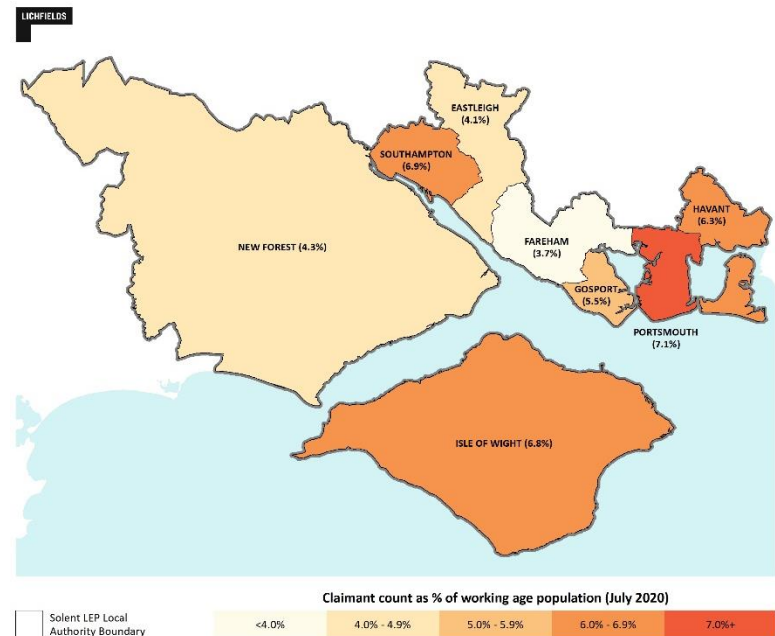
When compared with working-age population, this shows that the Claimant Count has increased across all parts of the Solent, but with Portsmouth seeing the sharpest rise followed by Southampton and the Isle of Wight. Within these authority areas, the latest (at July 2020) proportion of unemployment benefit claimants exceeds national and regional averages (Figure 6). In absolute terms, this equates to a Claimant Count of 45,275 across the Solent in July, representing nearly 6% of the working-age population. This has increased from 19,670 in March; an increase of 130%.

Figure 6: Claimant Count as % of working age population (Mar, Apr, May, June, July 2020)



Source: Lichfields analysis, based on ONS Claimant Count August 2020 (experimental data)
 Note: Includes claimants of Jobseekers Allowance (JSA) and some Universal Credit (UC) Claimants

Figure 7: Claimant Count as % of working age population (July 2020)



Covid-19 local impacts

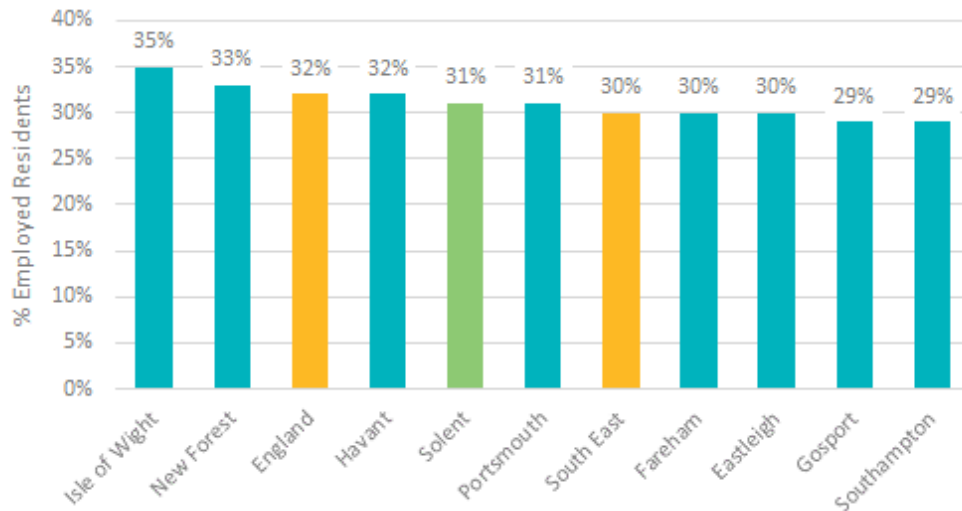
Just under a third of the Solent’s working residents have been furloughed through the government’s Coronavirus Job Retention Scheme.

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 (80%) of their wages. Latest data from HM Revenue and Customs (HMRC) on take up of the JRS shows that a total of 171,400 jobs associated with Solent residents were furloughed as at 31 July 2020, equivalent to 31% of the LEP area’s working aged residents that are employees. This is similar to regional and England-wide averages (Figure 8). The retail, hospitality and manufacturing sectors have recorded the highest number of furloughed jobs nationally.

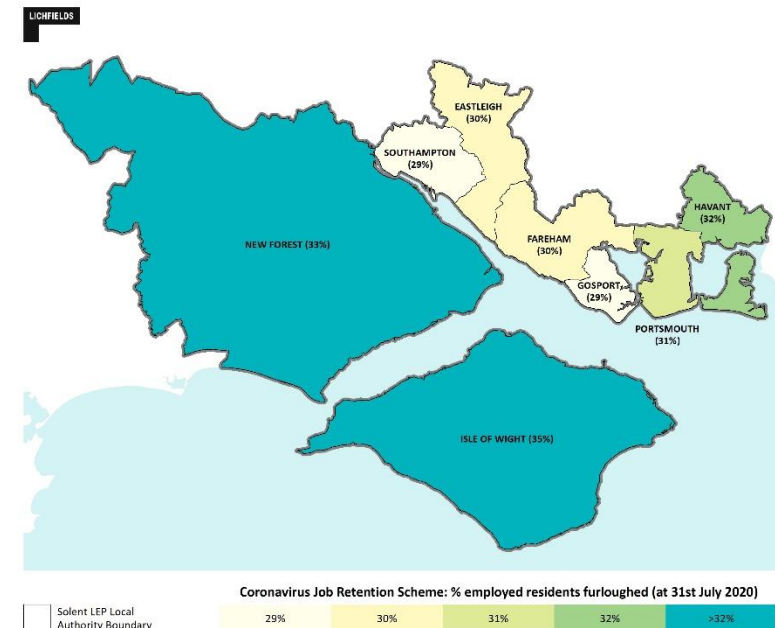
Within the Solent, take-up of the JRS has been highest amongst residents of the Isle of Wight, New Forest and Havant but remains very significant in absolute terms across all areas. These jobs are likely to be particularly at risk as the JRS is gradually withdrawn over the coming months, and highly dependent upon the ability of local employers and sectors to recover as lockdown is progressively eased.

Figure 8: % Employed residents furloughed (at 31 July 2020)



Source: Lichfields analysis, based on HMRC Coronavirus Job Retention Scheme (CJRS) Statistics: August 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 9: % Employed residents furloughed (at 31 July 2020)



Covid-19 local impacts

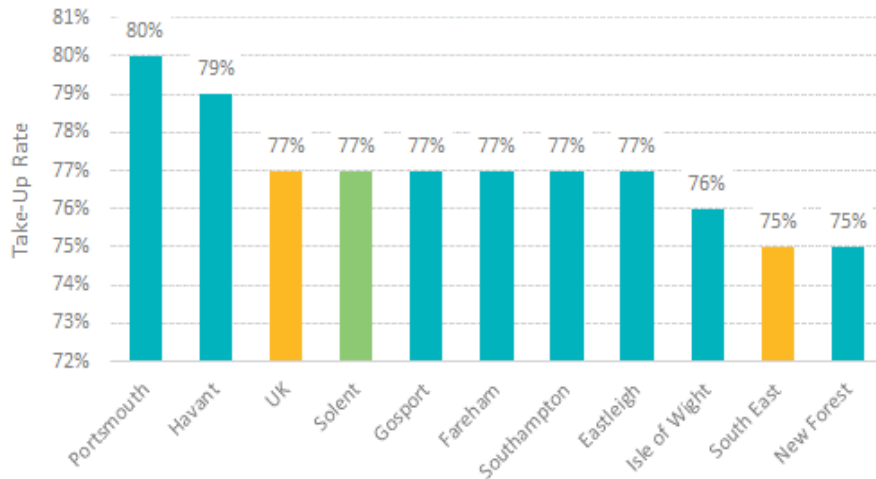
Over three quarters of local residents eligible for the Self-Employment Income Support Scheme have so far claimed financial support, equivalent to 50,000 claims by July.

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) to date (claims made up to 31 July 2020). The SEISS provides support for self-employed individuals whose business has been adversely affected by Covid-19. From 13 May 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.

As shown in Figure 10, local take-up of the SEISS has been particularly high within the Solent when compared with the regional average, with 77% of local residents eligible for the Self-Employment Income Support Scheme having claimed financial support. This amounts to 50,000 claims as at the end of July. The data also shows that the local area with highest self-employment rates – the Isle of Wight – has recorded one of the lowest SEISS take-up rates within the Solent so far.

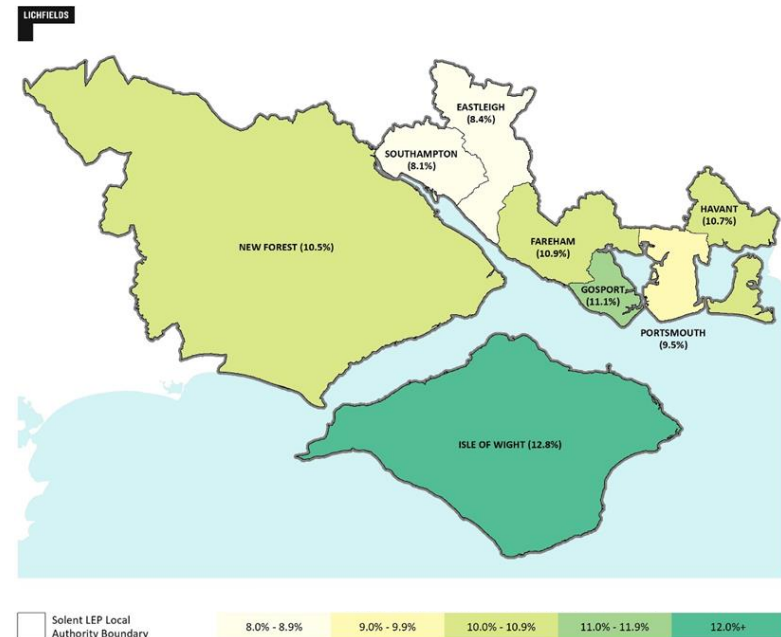
Figure 10: Take-up of Self-Employment Income Support Scheme (July 2020)



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

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

Figure 11: % Working-age population who are self-employed (Jan-Dec 2019)



Source: Lichfields analysis, based on ONS (2020)

Covid-19 local impacts

Local job vacancies have been declining following the outbreak of Covid-19 in March, with no obvious signs of any significant recovery in hiring and employer confidence.

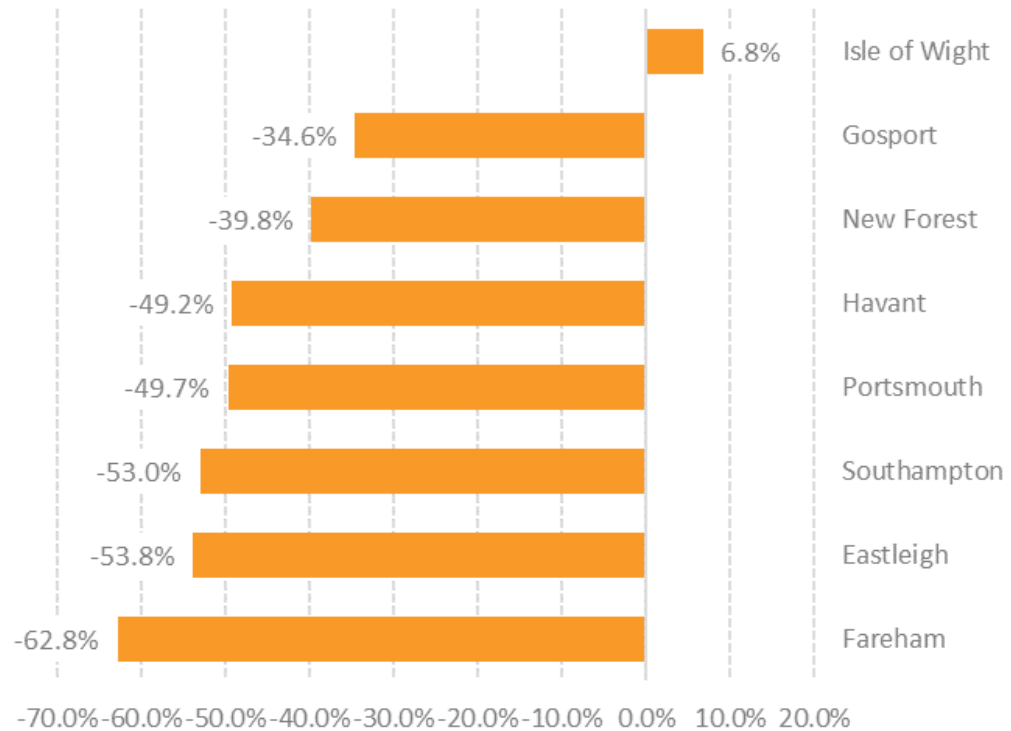
Job vacancies

Analysis of 'real time' job vacancies and postings by the Institute for Employment Studies (using vacancy data collected by Adzuna.co.uk) shows that job vacancies across the UK have been falling week-on-week since the Covid-19 crisis began.

This identifies a total of 6,545 job vacancies within the Solent for the week-ending 14 June 2020; a drop of around 44% compared with mid-March just before the beginning of lockdown. Figure 12 shows the variation across the Solent, with Isle of Wight representing the only local authority area to record an increase in job postings over this time.

At a national level, the largest categories of job vacancies are healthcare and nursing, teaching, IT and social work. Social work vacancies are the only category where job vacancies have continued to hold up at similar levels to before the crisis began. Hospitality/catering, administration, consultancy, and HR/recruitment continue to be the occupational categories with the largest percentage drop, reflecting areas of the economy highly affected by the 'shut down'. The data suggest that there are no signs yet of any significant recovery in hiring and employer confidence.

Figure 12: Change in job vacancies since 15th March 2020



Source: Institute for Employment Studies, (2020); Weekly Vacancy Analysis: Vacancy Trends in Week-Ending 21 June 2020

Covid-19 local impacts

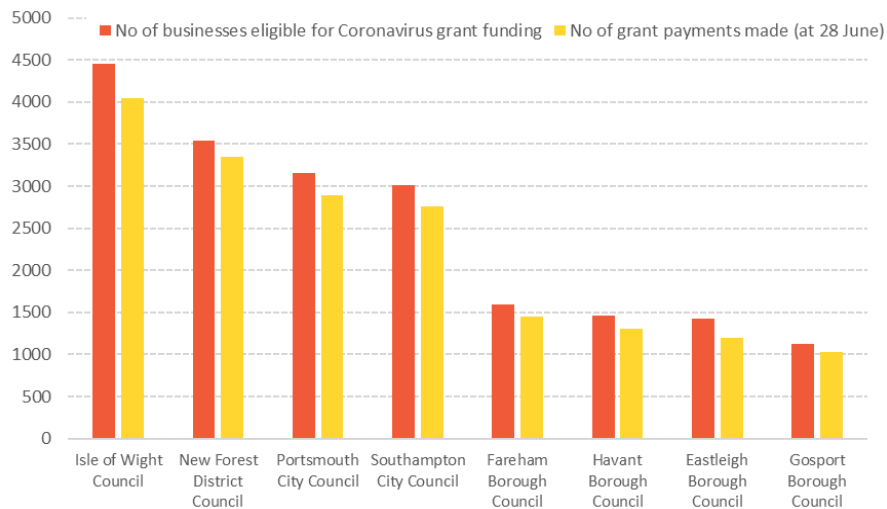
Solent local authorities have distributed over £220 million of central government Coronavirus grant funding to 18,000 SMEs across the area.

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.

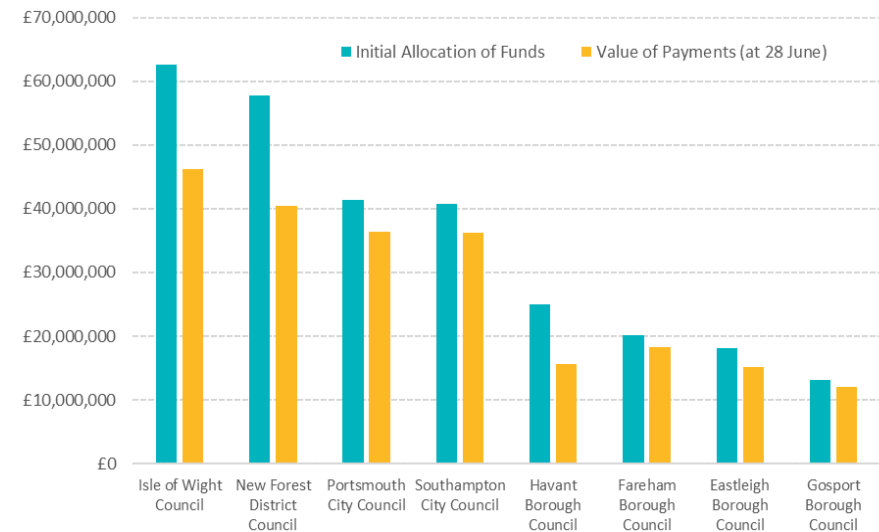
Latest data from the Department for Business, Energy & Industrial Strategy (BEIS) shows that of the 19,800 Solent businesses eligible for the grant funding, just over 18,000 (91%) have received funding as of 28 June 2020. Solent local authorities have paid out over £220 million of the initial £279 million of SME grants allocated. Those attracting the highest value of SME grant funding include the Isle of Wight, New Forest, Portsmouth and Southampton (Figure 14), reflecting the higher number of eligible businesses (Figure 13).

Figure 13: SME grant funding by local authority (at 28 June 2020)



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

Figure 14: SME grant funding by local authority (at 28 June 2020)



Covid-19 local impacts

The Solent's high streets have experienced a sharp drop in activity following lockdown, but are starting to see a gradual recovery as workers and visitors cautiously return.

High street activity

High streets across the country have been hit particularly hard over the last few months as retail, leisure and food and beverage businesses temporarily closed and footfall significantly reduced. More recently, ONS retail figures released in June showed that high streets have started to bounce back, with a 12% increase in retail spend in May 2020 compared to April's record 18% drop. The reopening of 'non-essential' shops from 15 June will no doubt lead to further steady increases.

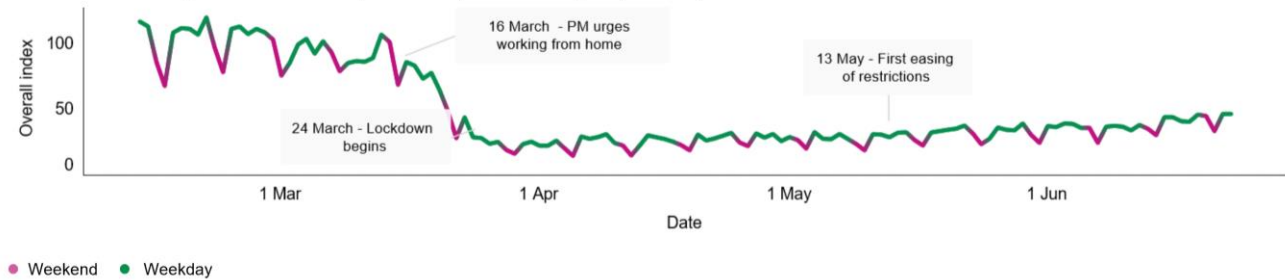
Centre for Cities' 'high streets recovery tracker' monitors how quickly high streets in the UK's largest cities and towns are returning to their previous levels of activity, using anonymised mobile phone data from Locomizer. For the Solent cities of Portsmouth and Southampton, the latest tracker shows that activity is beginning to return following the easing of lockdown restrictions, but remains around 50% lower than March levels, with weekends continuing to record comparatively low levels of activity (Figure 15).

Figure 15: High street recovery tracker

Portsmouth

Overall recovery index

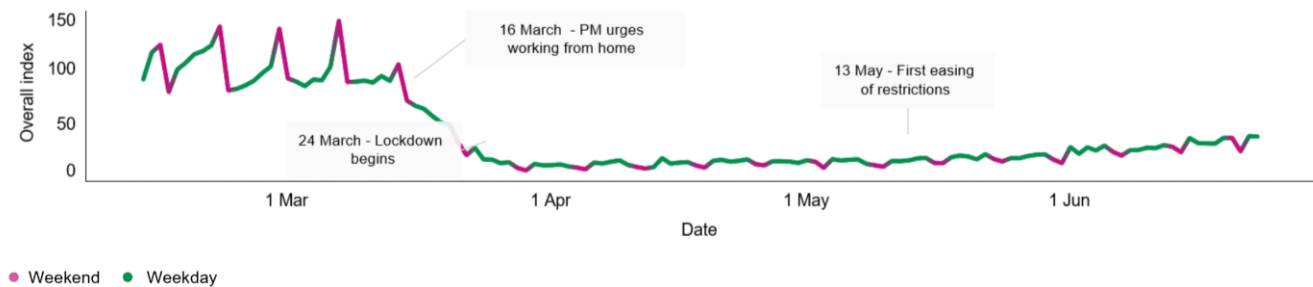
This index looks at everyone who was in the city centre at any time of the day, compared to a pre-lockdown baseline of 100.



Southampton

Overall recovery index

This index looks at everyone who was in the city centre at any time of the day, compared to a pre-lockdown baseline of 100.



Source: [Centre for Cities](#) (accessed July 2020)

Covid-19 local impacts

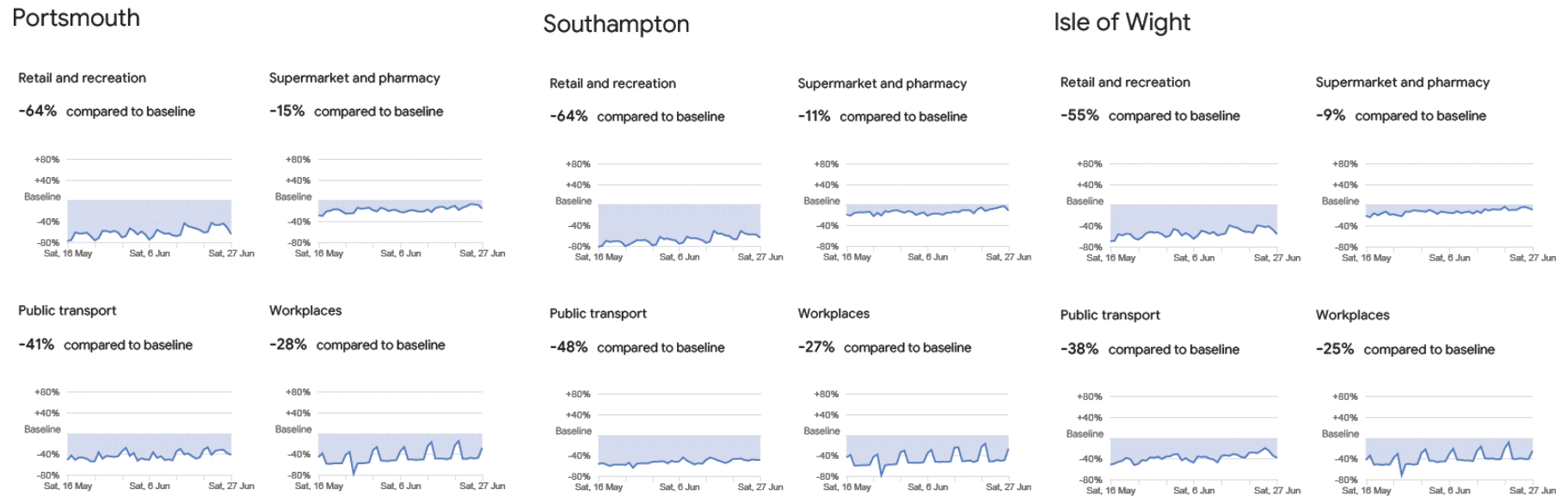
The latest mobility trends data from Google suggests that visits to retail, recreation and workplace venues across the Solent are still significantly lower than ‘normal’.

Mobility trends

Lockdown measures have rapidly impacted on all forms of discretionary mobility since being formally introduced by government in March. 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. The underlines the scale of the challenge that the Solent faces to encourage consumers back to local high streets, shopping centres and leisure venues as lockdown measures continue to be eased, as well as transitioning the workforce back to formal workplaces safely.

Figure 16: Mobility trends for key Solent locations



Source: [Google](#), (2020); Covid-19 Community Mobility Report – 27th June 2020

Covid-19 local risk factors

Around one quarter of local employment, output and business base fall within sectors at highest risk from short term economic harm from Covid-19.

Sector risk profile

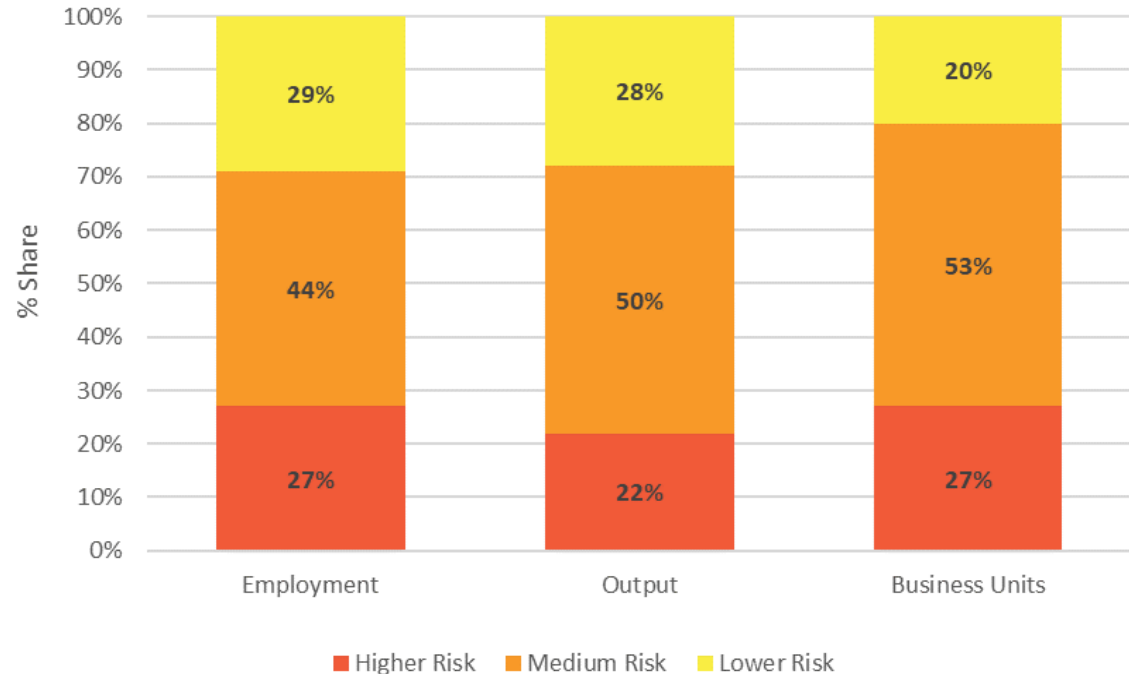
Drawing on the OBR's initial view of sectors most 'at risk' of economic harm as a result of Covid-19, Lichfields has developed a Local Economic Risk Index to explore how different areas could be affected in the short term based on the sectoral composition of their local economy.

This draws on assumptions about the relative risk profile of each industrial sector (as summarised on page 20) and measures the representation or share of activity in each of these sectors in terms of three economic metrics for each local authority: employment, output (GVA) and number of business units.

For the Solent this indicates that around a quarter of local jobs, businesses and economic output is associated with 'high risk' sectors (Figure 17). This exceeds GB wide averages across all metrics and reflects the strong local representation sectors such as hospitality, recreation, construction and education.

A recent study by the University of Southampton and the Centre for Towns¹ has shown that coastal communities are likely to be most affected economically by the lockdown measures brought in as a result of the Covid-19 pandemic, with former industrial towns also at risk from longer-term effects of the crisis. The study identified the Solent towns of Sandown on the Isle of Wight and South Hayling as being particularly exposed to short term negative economic effects due to their local concentration of 'shutdown sectors' (arts & leisure; accommodation; pubs & restaurants; and non-food retail).

Figure 17: % Solent employment, GVA and local business units by sector risk category



Source: ONS (2019); Business Register and Employment Survey; ONS (2019); Regional GVA (Balanced); ONS (2019); UK Business Counts; and Lichfields [Local Economic Risk Index](#)

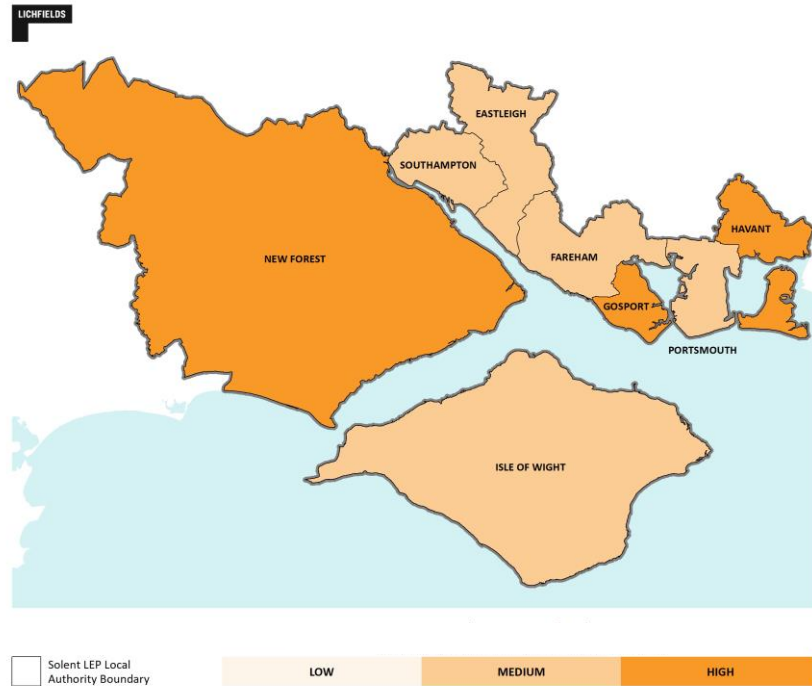
Covid-19 local risk factors

Parts of the Solent are particularly exposed to short term economic impacts due to strong local reliance upon sectors such as hospitality, construction and education in business base and output terms.

Sector risk profile

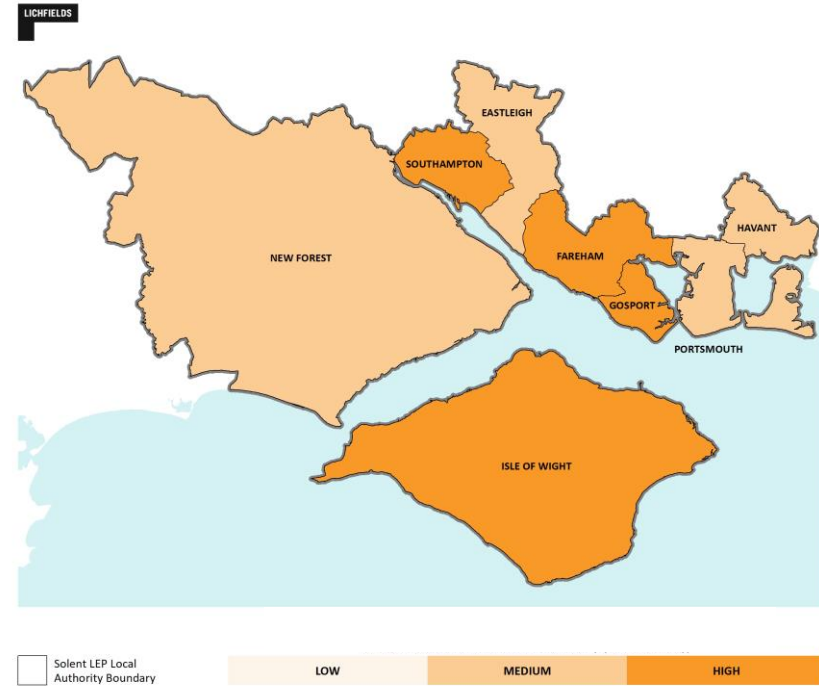
Within the Solent, areas such as the New Forest, Havant and Gosport rely particularly strongly on 'high risk' sectors to generate local economic output (GVA), with the hospitality and construction sectors making a significant contribution to these local economies pre Covid-19 (Figure 18).

Figure 18: Share of output (GVA) within 'at risk' sectors by local authority



From a business population perspective, Figure 19 shows that the Isle of Wight, Fareham, Southampton and Gosport have strongest representation of local business base within 'high risk' sectors, in particular the construction, education and hospitality sectors.

Figure 19: Share of business base within 'at risk' sectors by local authority



Source: ONS (2019); Regional GVA (Balanced); ONS (2019); UK Business Counts; and Lichfields [Local Economic Risk Index](#)

Covid-19 local risk factors

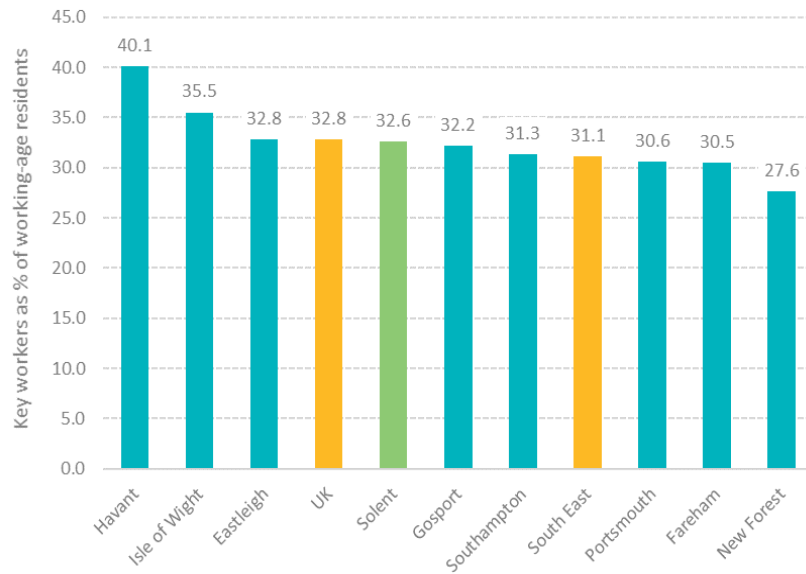
A third of the Solent’s employed population are classed as ‘key workers’ whose work is considered to be critical to the Covid-19 response.

Key workers

The ONS have provided estimates of the numbers and characteristics of those who could be considered as potential “key workers” in the response to Covid-19. Based on an interpretation of UK government guidance, this includes employees working in: education and childcare; food and necessary goods; health and social care; key public services; national and local government; public safety and national security; transport; and utilities and communication.

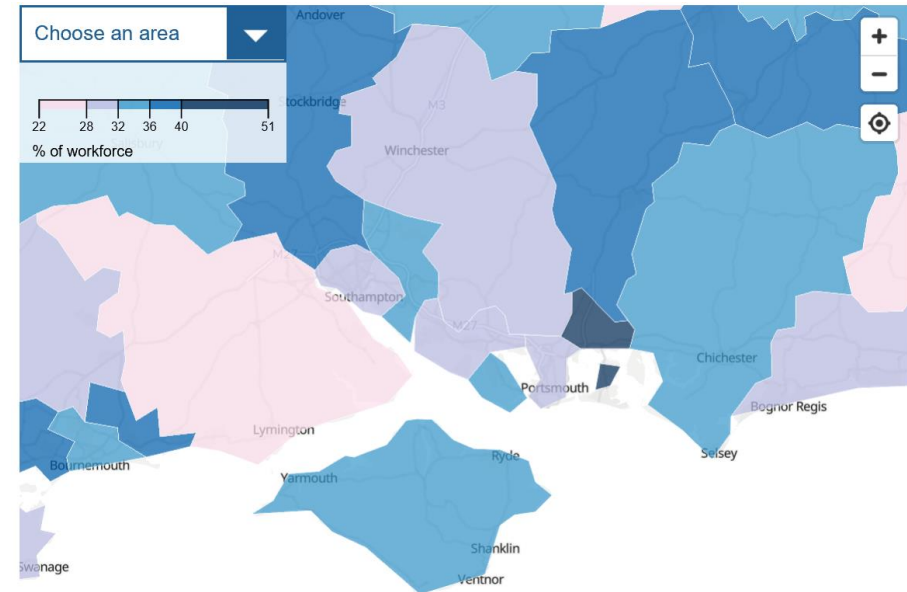
The data suggests that approximately 187,000 Solent residents aged 16-64 years are employed as key workers, equivalent to 33% of the LEP area’s working age employed population. This is similar to UK and South East averages, although Figures 20 and 21 identify significant variation within the LEP area, with Havant and Isle of Wight accommodating the highest proportion of key workers.

Figure 20: Key workers as a % of working age employed residents



Source: ONS, (2020); Key Workers: Population and Characteristics, UK, 2019

Figure 21: Proportion of workforce who are key workers by Local Authority



Source: ONS, Annual Population Survey

Covid-19 local risk factors

The Solent has a relatively low share of home workers, posing a key risk when it comes to maintaining productive capacity and generating economic output during the pandemic.

Home working

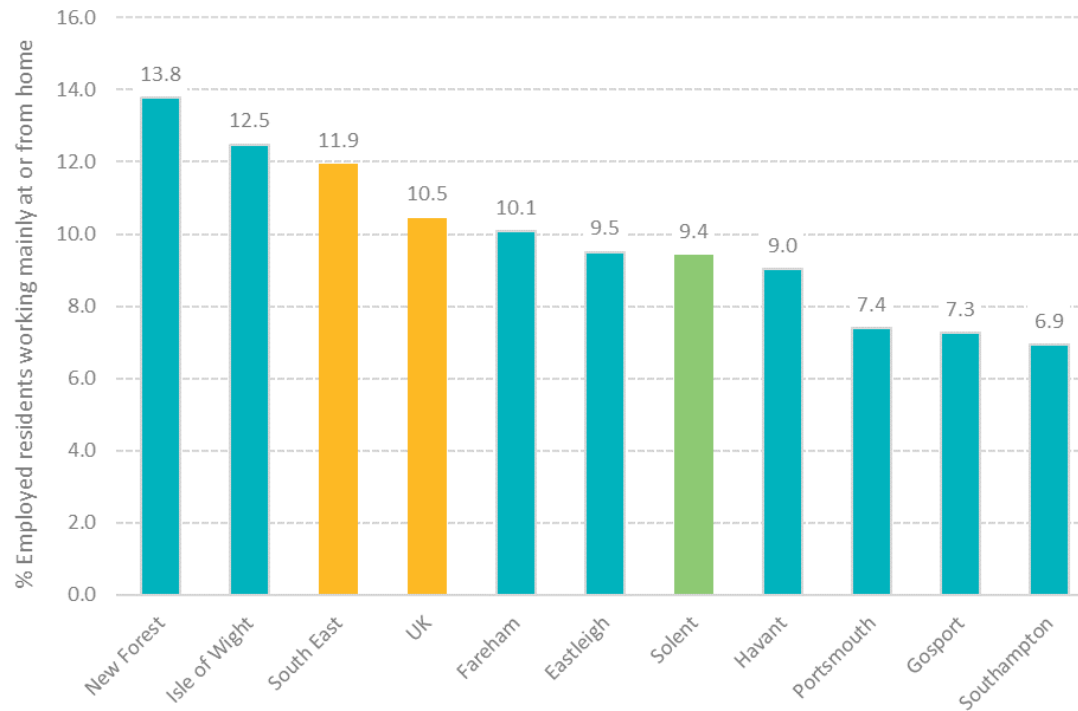
The extent to which the local labour force has been able to work from home and maintain productive capacity whilst formal working environments have been closed during the initial period of lockdown represents a key influencing factor behind how Covid-19 economic impacts have been unfolding across different parts of the country.

The South East as a whole has a greater share of workers able to adapt or shift to home working to continue generating economic output during the pandemic.

At 9.4%, the share of the Solent's working residents that work mainly at or from home (based on Census 2011 data) is lower than regional and national averages although there are some exceptions with New Forest and Isle of Wight (Figure 22).

Risks therefore remain for key parts of our economy – notably our two cities, Gosport and Havant - to maintain productive capacity over the short term until employees are able to safely return to more formal workplaces.

Figure 22: Home working rates by local authority



Source: Lichfields analysis, drawing on Census 2011

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 23: Income deprivation by Solent LSOA

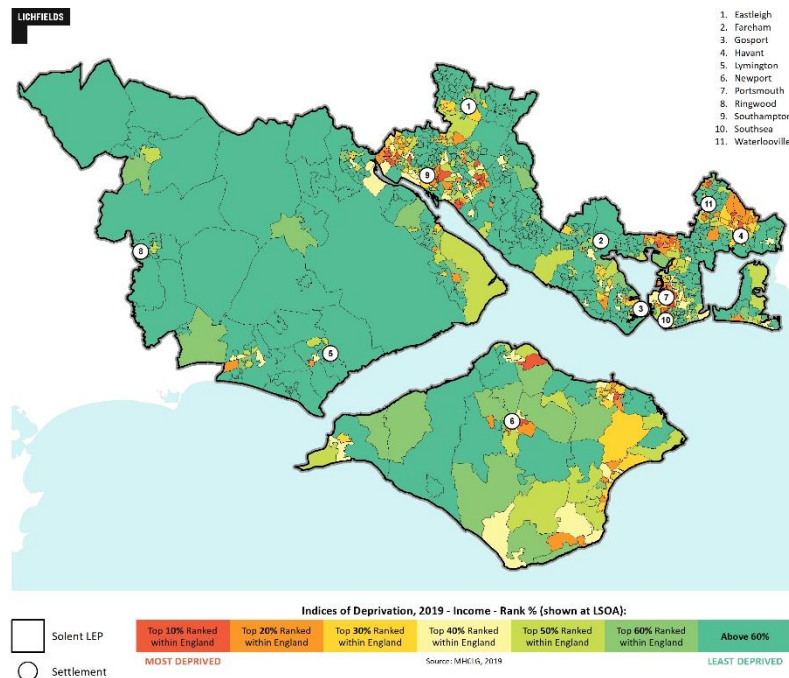
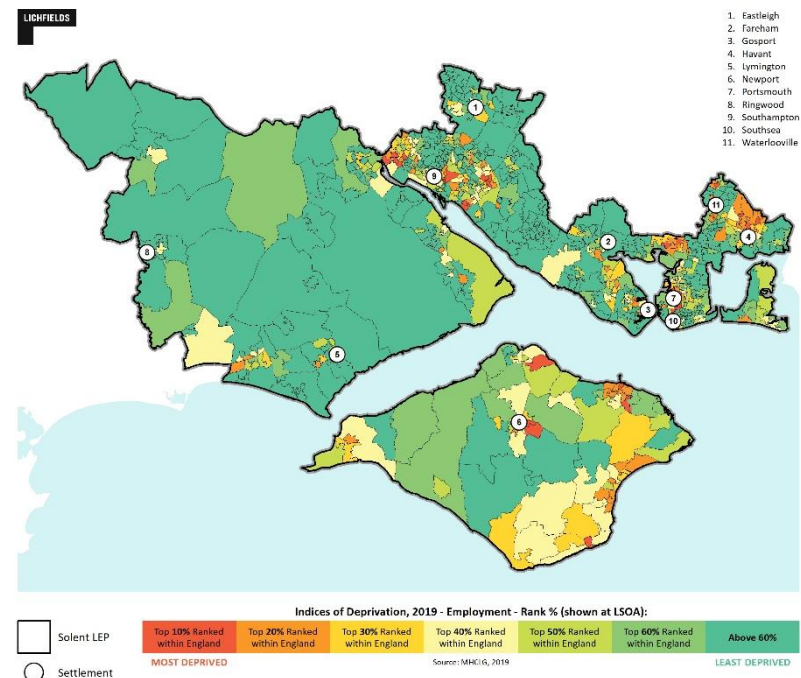


Figure 24: Employment deprivation by Solent LSOA



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

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.

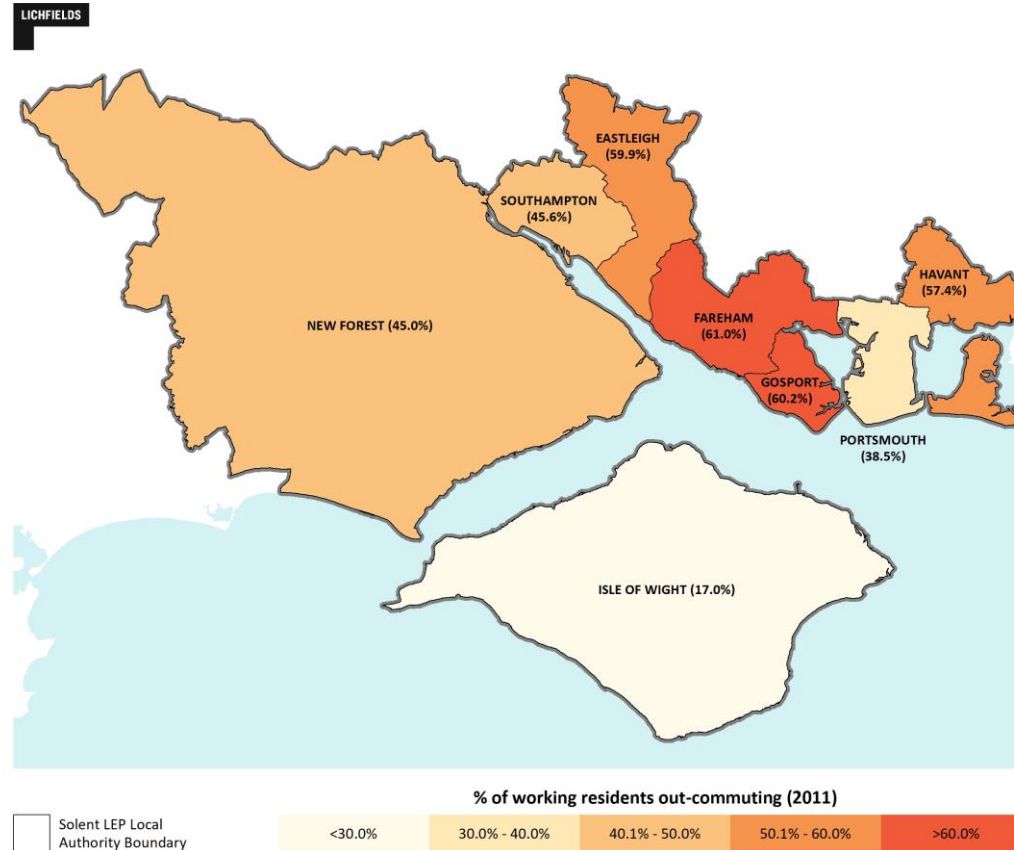
Wider economic relationships

Local residents and workers will be exposed to the economic effects 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 25 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 25: Out-commuting by Solent local authority



Source: Lichfields analysis, drawing on Census 2011

Covid-19 local economic scenario

Latest 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

Latest local area forecasts released by Experian in June 2020 provide an up-to-date view on the full impact of Covid-19 upon the Solent's economy and its constituent local areas. Though viewed as a temporary shock, the forecasts imply a significant impact on all sectors of the economy and all parts of the country. The forecasts are based on the assumption that the recovery will follow a delayed-V shape, according to which there is 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 26. 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.

Figure 26: 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

Latest Covid-19 forecasts from Experian 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 the latest Experian 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.

Figure 27: 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
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

