



RECOVERY IN THE CENTRAL SOUTH: COLLABORATION FOR GROWTH

Online seminar: 12th June 2020



Feedback from the launch of this report on Friday 12th June

“Really timely and coherent presentation which underlines an urgent and compelling case for the Central South to get its act together. Really good start and we must build on this to co-ordinate bids, identify key regen projects and develop a green growth strategy.” **Tim Hancock, Chairman, Terence O’Rourke Ltd.**

“The paper and analysis is spot on. The challenge is for all of us, and our organisations, to act on it and take the key messages and resultant actions seriously. There are real opportunities if we get this right, but also threats if we fail to do so.” **Professor Mark Spearing, Vice President of Research and Enterprise, University of Southampton.**

“Encourage investment of public money to incentivise public good - which should be defined by our vision. This is enshrined in the new Agriculture Bill and could be a way of investing that unlocks our vision with and across sectors.” **Alison Barnes, Chief Executive, New Forest National Park Authority.**

“At a time of rising unemployment and potentially significant numbers of business failures, support for start-ups, early stage businesses and seasoned entrepreneurs is critical. We need to provide environments in which innovative businesses can launch with confidence and grow to fill the space left by those that decline.” **Dr. Robin Chave, Chief Executive Officer, University of Southampton Science Park.**

“The paper represents the culmination of much research and well informed discussion with which the FE colleges of the Hampshire area were well represented. We believe that the themes emerging from the research are pivotal to the post Covid-19 recovery and hope these will be adopted and actioned widely. The FE colleges have a particular role in ‘Ensuring a future for young people and opportunities for all’ and ‘Collaboration amongst key institutions and businesses’, with which we have many existing examples. We hope that the collaboration encouraged through this paper will extend the role of FE in serving the needs of the communities and businesses of Hampshire.” **Tim Jackson, Chairman of Hampshire FE Colleges Group.**

Statement from our sponsor Radian

We find ourselves in an unprecedented environment. Investment in housing should be central to economic recovery, building the homes and communities our nation needs at a local, regional and national level; driving economic growth, supporting jobs and empowering people and communities. Housing association activity alone adds an estimated £2.4bn to the national economy, supporting more than 43,000 full-time jobs - but taken as a whole, the entire housing industry is estimated to add c1% to GDP each year with associated employment of 2.3million people. Our combined activities have much to contribute to our nation's recovery. We echo the suggestions made by the National Housing Federation and this research by the Southern Policy Centre, to call for an extension of the funding certainty provided by government and advocating for the cross-sector partnerships and collaboration vital to economic recovery. Radian will be playing our part – major investment, creating communities and empowering lives. **Gary Orr, Chief Executive – Radian**

Recovery in the central South: collaboration for growth

In this short paper, we identify key themes that will enhance regional economic recovery from the recession that will follow the coronavirus pandemic. The over-arching message is of the need for collaboration in the central South across different organisations and sectors to integrate policy responses so that they reinforce each other. The region needs to develop a new focus on 'place based' policies to support recovery leading to green and sustainable long-term growth.

Over 60 participants from business, local government, economic development, Higher and Further education and the voluntary and community sector took part in three seminars that helped shape this paper. We heard a wealth of evidence of how city and town centres are being re-shaped, innovative steps are being taken to support local business, and how major companies, universities and other organisations are adapting their business models to prepare for the new economic environment.

It was clear that the lockdown was accelerating the pace of social, environmental, economic, and technological changes that were already well underway. We cannot return everything to the way it was in the past but must plan positively for a new future. This will be done against the background of other challenges, including Brexit, and a more restrictive immigration system, that will also have a marked economic impact.

A government white paper on devolution is expected later this year. Collaboration on recovery from the pandemic can help lay a strong foundation for a future devolution bid for the area.

1. The central South

Over the last year, the Southern Policy Centre has worked with stakeholders across the region to develop a narrative description of the central South.

The central South has three waterfront cities with diverse and complementary economies. With a population of around 2 million people, the region stretches from the Isle of Wight across Hampshire towards the economies of Surrey, the Thames Valley and London and enjoys strengths in maritime industries, advanced manufacturing, digital technologies, defence and aerospace. The region has two national parks, areas of outstanding natural beauty and a superb coastline, and has a strong cultural, tourist and heritage offer. Our universities are centres of learning, innovation and world class research. The region is internationally facing with strong links through its ports, airports, rail and road to other parts of the UK, Europe and the rest of the world.

This narrative has already been used by, amongst others, the partnership that had planned to attend the MIPIM property conference. As a regional 'brand' it remains powerful. As a recognisable geographical area, albeit with flexible boundaries, it provides a practical focus for collaboration and cooperation. It can be a starting point for our plans for economic recovery.

2. Public confidence and communications

Public confidence will be essential if people are to return to shops, work and other economic activity. Current polls suggest a drop in confidence in central government information, while there may also be a dangerous break-down in public support for essential social distancing. With the possibility of future localised lockdowns, it will be essential to establish reliable, consistent and trustworthy local information about the spread of the virus, adherence to public health measures, school openings and also, on the more positive side, what is available in towns, cities, coast and countryside across the central South.

There is a pressing need for consistent regional communications and messaging across the central South to foster public confidence and convey accurate local information. Public trust in local government, the police and the NHS remains high, and the potential for Local Resilience Forums to lead these communications should be explored. Much key data already derives from local agencies, and government should be lobbied to release other data only available centrally.

3. Collaboration amongst key institutions and businesses

The seminars emphasised that the regional economy is dependent on a relatively small number of 'anchor' institutions and businesses, particularly local authorities, higher education, further education, NHS Trusts, the ports and airports. The support of public transport is critical. All these organisations face challenging financial and business conditions. It is important that central government recognises the interdependence and avoids policies that could destabilise individual bodies with serious knock-on effects on the wider economy.

Within the central South, strong partnerships need to be formed between these anchor institutions. These should be centred on each of the major travel-to-work economies but also co-operate together. These partnerships can play an important role in leading local economic recovery through:

- Developing a clear and consistent vision of the new and better future for each major city and town within it and for the region as a whole, reflecting the changes brought about by the pandemic;
- Focussing procurement on local suppliers and businesses to local economic wealth creation and social gain;

- Supporting reskilling and upskilling in the regional workforce:
- Ensuring that Further Education (FE) and Higher Education (HE) can offer appropriate and flexible support to local business on knowledge exchange and further and higher-level skills and education;
- Ensuring a consistent approach in response to our environmental challenges and opportunities.

Local Enterprise Partnerships (LEPs) will have an important role to play in supporting partnerships amongst the ‘anchor institutions’ and local and regional collaboration to facilitate growth.

Where recovery may be delayed for some time (such as with the cruise industry or the airports) regional collaboration should ensure that, where possible, plans for future activity are agreed so that there are no unnecessary delays once market conditions improve.

4. Being ready for, and encouraging new investment

New investment will depend on both government support and private investor confidence. It appears that investment remains available in innovative sectors with good long-term growth capacity. House building will attract investment provided land supply, match funding and infrastructure issues are resolved. The planning system also needs to be agile and responsive, to support new investment.

Early action on key transport and broadband infrastructure will ensure that renewed growth is not constrained and that all areas of the region, including the rural economy can recover. Innovative investment schemes using crowd-funding and matched public funds have already been developed locally. Investment plans should help consolidate some changes, such as working patterns, that we want to retain for the future.

Action by local authorities, LEPs and the private sector might include:

- Promoting those business sectors that may already be in a position to attract investment;
- Ensuring that there is a pipeline of housing, infrastructure and other construction projects that are ‘shovel-ready’ once investment becomes available from the private or public sector;
- Agreeing a regional priority list for digital and transport infrastructure investment in the central south with which we can lobby government;

- Promoting successful innovation in investment within the region and seeking greater flexibility from central government to enable these to grow;
- Ensuring investment has regard to local environmental challenges and concerns.
- Reaching an early agreement and narrative on sensitive matters of regional importance, including, for example, motorway or airport development.

Partnership for South Hampshire may be well placed to coordinate this activity across southern Hampshire and with Bournemouth Christchurch and Poole.

5. Business support

While support cannot be maintained for companies that are likely to fail in any case, it is important that the government takes a flexible approach and continues support in sectors with a viable long-term future but whose recovery will be slow.

As broad-based employment support schemes are withdrawn, unemployment will rise and the ability to support new business start-ups, including social enterprises, will be essential. Small business contributes 60% of employment and over 50% of turnover. Regional collaboration should assess whether existing business support from LEPs and local authorities, including advice, grants and finance, and access to public sector procurement, has the capacity to meet demand. Where necessary government should be pressed to support business start-ups through tax, regulation and access to external finance. Business support needs to be well integrated with support for skills development.

6. Making effective use of spare capacity

The recession will create capacity, including unused office and retail space and in Higher and Further education. Some companies may have under-employed staff who they still wish to retain. This spare capacity offers new opportunities to support economic recovery and meet social need. Local place-based strategies should identify the potential for re-purposing this spare capacity.

These could include:

- Re-using premises for housing, including temporary homes for homeless people;
- Short- term licensing of empty property for other purposes;

- Flexible delivery of skills and higher education;
 - Retraining of current workforce and offering some training/work experience to others.
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7. Ensuring a future for young people and opportunities for all

To avoid a 'lost generation' of young school and college leavers, some form of government skills and intermediate labour market programme will be required. The Prime Minister has talked of an apprenticeship for every young person, although no details are yet available. Additionally, people working in specific sectors or from certain demographic groups may be disproportionately impacted by the changes in the economy and will require targeted interventions to support their access to, and progression in employment. Our local collaboration should now be identifying the type of programmes and initiatives that would work in the central South to meet the needs of our communities, including young people and those with low skills, as well as for businesses and the future demands of the central South's economy. It should explore how the apprenticeship levy could be repurposed to support flexible and effective training.

This vision should be developed by colleges, LEPs, employers, local authorities and other providers. It should be used both to lobby government and our regional MPs, to ensure that any new government programme is well used. and that any national employment programmes are delivered with the incentives and support to maximise local take-up and impact.

We should also recognise the opportunities offered by the skilled graduates from local universities. Local authorities and LEPs should work with universities to retain graduate skills in key sectors for the central South.

8. Strengthening communities

The lockdown has demonstrated the value of cohesive and resilient communities in which people support one another. Strong communities underpin economic activity by supporting health and social wellbeing, access to paid and voluntary work and local enterprise development. They are also a key component in the recovery and regeneration of town and city centres.

However, many voluntary and community-based organisations are struggling and may not survive the recession, and the more deprived communities in the central South are likely to suffer disproportionately from the recession and find it hardest to recover. The region's economic recovery plans must include measures to strengthen local communities, including investment in local homes, supporting

community and voluntary organisations, leisure and cultural services and enabling communities to have a voice in shaping their future and their local economies.

9. A green and sustainable future

Future growth must be both sustainable and help meet climate change objectives, and the government has already indicated that it wants to move policy in this direction. The central South has a key contribution to make to sustainable growth. We have many companies working in relevant fields and technologies. The region has a strong research base in higher education. There are many opportunities to de-carbonise homes, business premises and transport.

Local authorities, LEPs, the national parks and other agencies have already done much work in this area. The Southern Policy Centre believes there is a good case to draw the different strands together in a single 'green growth' prospectus for the central South. We should recognise our environmental assets give us the ability to make the link between green economic growth and the health and wellbeing benefits of a sustainable relationship with the environment.

10. Conclusion

It was clear from our seminars that organisations across the central South are undertaking a huge volume of work responding to the immediate crisis and planning for the future. We hope that this paper has highlighted some of the key cross-cutting issues that were raised, and that it has identified a number of areas of practical co-operation that would enhance the existing efforts of many different agencies.

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