

### Item 3

**Title:** LEP response to Covid-19  
**Date:** 17<sup>th</sup> November 2020  
**Purpose:** For Information and advice

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#### 1. Introduction

The following report provides a summary of Solent LEP activity in response to the Covid-19 pandemic, including information in relation to strategy, business support and funding.

#### 2. Strategy

2020 has seen Solent businesses face challenges of unprecedented scale as they respond to the impact of the Coronavirus pandemic. Latest post Covid-19 forecasts 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 job losses. This has required a fundamental change in our strategic approach and we have established a Solent Economic Recovery Plan to shape our response and support our economy to survive, stabilise and grow. Of course, the situation remains highly dynamic, with a second England-wide lockdown covering the period 7<sup>th</sup> November to 2 December now underway.

In recognition of this, the LEP has published a Solent Economic Recovery Plan. 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, the 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 our emerging longer-term strategy 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. 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. A copy of the Economic Recovery Plan is available at: <https://solentlep.org.uk/media/3268/solent-economic-recovery-plan-25920.pdf>

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:

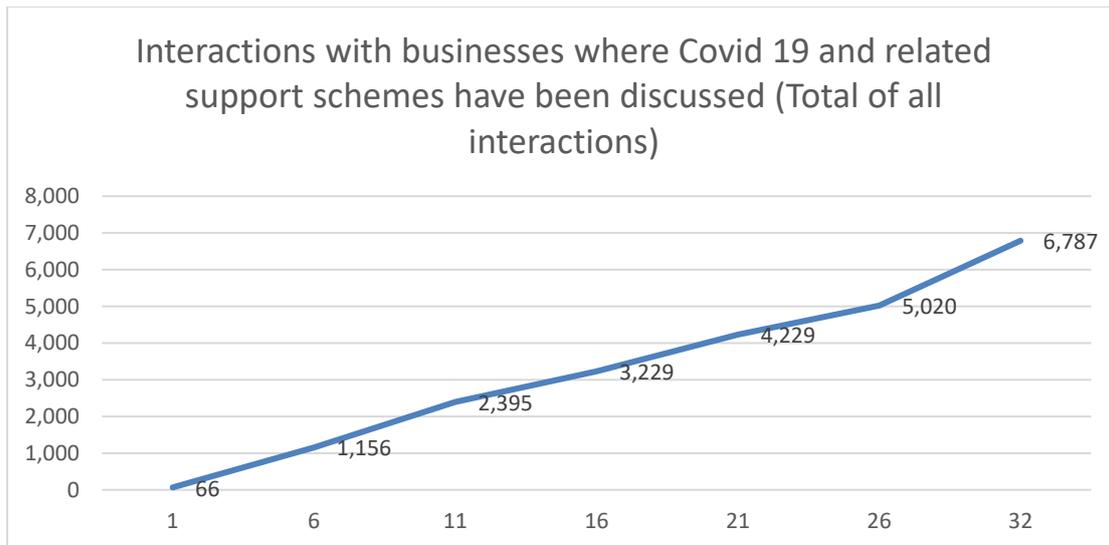
- **Survival:** over the first 12 months, we will continue to be focused on the immediate activities required to help the Solent's economy to function whilst some degree of restriction on normal activities remains in place. This includes many of the emergency support measures which have already been 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.

The Solent Economic Recovery Plan and emerging strategic framework is framing policy and investment decisions, ahead of agreeing our new economic strategy with Government.

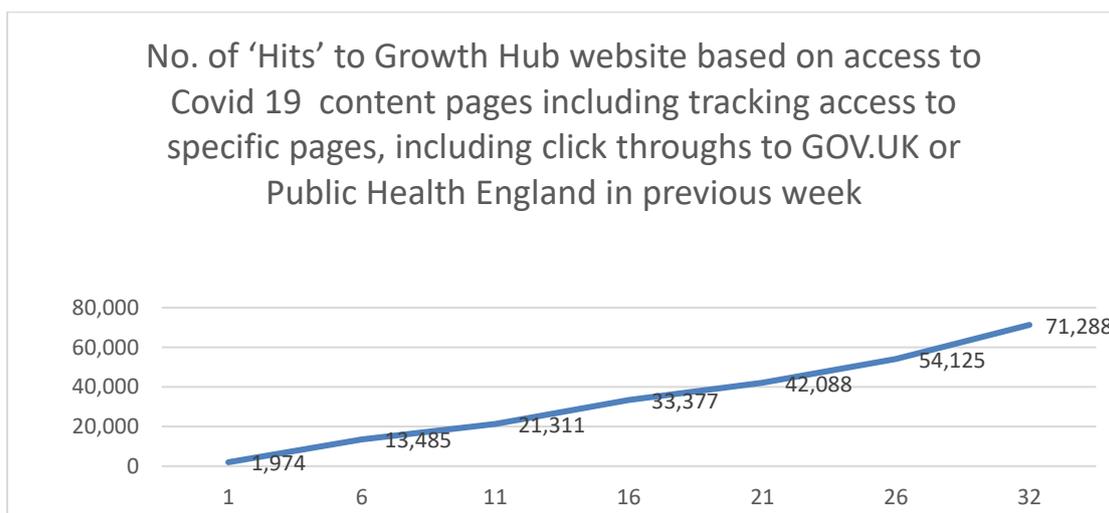
### **3. Business Support**

Since March 2020, the Solent LEP have established remote working for all staff and this has ensured that our business support service, the Solent Growth Hub, has been available to businesses throughout the year with no break in service for SMEs seeking to access support. Demand for the support service has been exceptionally high and, in response to this, the LEP has secured additional resources to meet demand, through redirecting resource from other business areas with transferable skills (such as our skills team) and recruitment of new staff. An overview of engagement with businesses on a cumulative weekly basis since w/c 23rd March 2020 is provided below:



The support available includes one-to-one, "high intensity" (minimum of 12 hours of support) engagement with businesses, and the LEP has launched a virtual business resilience programme in partnership with leading accountants and business advisers, BDO. Further information on the Business Resilience Programme is available at: <https://www.solentgrowthhub.co.uk/home/about-us/business-resilience-programme/>

Alongside, this direct support, the focus of the service has been pivoted to provide online information, advice and guidance for businesses through a range of tools, including establishment of a dedicated Coronavirus Support Hub (<https://solentlep.org.uk/coronavirus-support-hub/>), eNews updates providing latest information to circa 7,500 contacts and development of new online support content (example at: <https://youtu.be/zE7A6nJEnq8>). An overview of access to the online support hub on a cumulative weekly basis since w/c23rd March 2020 is provided below:



In addition, to enhance the online resources available for business, the Solent LEP launched a free online Covid-19 Business Support Tool on Monday 11<sup>th</sup> 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 a valuable 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. The Covid-19 Business Support Tool is available now at: <https://solentlep.org.uk/self-help-resources-toolkits-for-all/>

Critically, the Solent LEP has also prioritised activity to convene other partners across the Solent area to provide a more coordinated response to the pandemic and maximise the level of support available. At a strategic level, this has included establishment of a Solent Coronavirus Business Support Taskforce, consisting of local authorities, business support organisations and intermediaries to develop partnership approaches and gather intelligence to inform reporting to central Government across key initiatives and impacts.

Alongside the taskforce, the LEP has utilised strategic partnerships to bring forward activity in the Solent. This has included support programmes, such as the [Rapid Response Mentoring Programme](#) in partnership with Be the Business, as well as continued work to deliver a programme of events and masterclasses for businesses seeking support. This programme is now delivered virtually through a range of webinars and, examples of support sessions provided include:

- Series of three legal support webinars in partnership with Paris Smith LLP covering:
  - Redundancies and talent retention - 16 June 2020
  - Changes to the furlough scheme - 23 June 2020
  - Responding to the changing landscape of work - 14 July 2020
- Support for SMEs to get started and make the most of eCommerce platforms in partnership with eBay and Caroline Dinenage MP - 6 November 2020
- Managing cashflow and Building Resilience in partnership with EY and British Business Bank - 17 November 2020

#### 4. Funding

In addition to the provision of business support activity, the Solent LEP has made a range of investments to support economic recovery and information on each programme, including key outputs delivered during the period, is provided below:

**SME Restart and Recovery & Kickstarting Tourism Grant Fund:** The Solent LEP received confirmation from MHCLG of an allocation of additional ERDF to respond to the impact of Covid-19, including £157,341 in relation to the Visitor Economy and £250,000 in relation to the wider economy. In terms of administering the funds, the LEP is working in partnership with the University of Portsmouth to ensure SMEs can access this funding in the Solent. Funding available is for SMEs to access grants of between £1,000 - £3,000 (and up to £5,000 in exceptional circumstances), with no match funding requirement, and can be utilised to access professional services, purchase minor equipment or adopt new technology to continue or diversify business activity.

Ahead of launching the programme, the Solent LEP reviewed feedback received from other LEPs which indicated that first-come-first-served models are being overwhelmed by demand (and closing extremely early) and that the approach is not resulting in targeted investment. On this basis, the Solent LEP opted for a phased approach to application rounds to enable effective targeting and prioritisation of funds. The Solent LEP is also utilising a one-stage application process to assist with managing demand and ensuring prioritisation can be undertaken effectively. Round one launched on 16 September and closed on 23 September 2020. 162 applications were received during round 1 and 37 projects have been agreed for funding by the LEPs Business Support Investment Panel. This includes 21 visitor economy projects and 16

wider economy projects. The supported projects recommended for support represent a total investment value of £94,399. At the time of writing, the LEP is making arrangements for a second funding round to launch in response to the recent announcement of a second national lockdown.

**Rural Resilience Funds:** The Solent LEP has launched two rural resilience programmes through Natural Enterprise to support ongoing rural business funds across both the Isle of Wight and New Forest areas.

The Isle of Wight Rural Business Resilience Fund launched on 1<sup>st</sup> April and full information on the support available can be found at: <http://www.naturalenterprise.co.uk/pages/economic/159-isle-of-wight-rural-business-resilience-fund> 35 projects have been approved for funding with a total LEP investment of £71,253. The supported projects are expected to safeguard 99.5 FTE jobs on the Island. The resilience fund is now closed and the LEP has established a reconstituted fund to support rural businesses moving forward and this launched on 12<sup>th</sup> August 2020 and details are available here: <http://www.naturalenterprise.co.uk/pages/economic/110-the-isle-of-wight-sme-fund> The first round of the relaunched fund closed on Thursday 3<sup>rd</sup> September and five projects were supported with £124,977 LEP investment which will create and / or safeguard a further 11 jobs on the Island.

The New Forest Rural resilience fund launched on 30<sup>th</sup> April and full information on the support available can be found at: <https://solentlep.org.uk/new-forest-rural-business-resilience-fund/> 17 projects have been approved for funding through this fund, committing £33,245 and safeguarding 18.8 FTE jobs in the New Forest. Similar to the approach with the Isle of Wight Fund, the fund was relaunched on 18<sup>th</sup> August 2020 following work to renew the fund, utilising additional LEP investment, to support rural businesses through the economic recovery phase of activity. Details in relation to the reconstituted fund are available here: <https://solentlep.org.uk/what-we-do/news/new-forest-rural-businesses-to-receive-funding-boost/> The deadline for the first round of applications for the relaunched fund was on 15<sup>th</sup> October and applications will be reviewed for investment decisions by the panel in November 2020.

**Solent LEP Pay it Forward Fund:** The Solent LEP Pay it Forward fund, operated in partnership with Crowdfunder, is providing support for Solent-based micro and small businesses seeking to cope in challenging trading conditions as a result of the COVID-19 pandemic. The Solent LEP Pay it Forward fund seeks projects that can demonstrate how they will help a business cope with current challenging trading conditions. 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 businesses total fund-raising target.

To access LEP funding, businesses need to raise at least 50% of their target from at least 10 different backers; ensuring our funding reaches those businesses that matter most to local communities. The Solent LEP will match this investment, pound for pound, up to the maximum pledge value. Full details on the support available, including how businesses can start crowd funding is available now at: <https://www.crowdfunder.co.uk/funds/crowdfund-solent>

The Solent LEP has now received 125 applications from businesses for funding and 84 have been approved with a total value of £188,500 LEP investment.

**Solent LEP Restart, Restore and Recover Loan Fund:** As reported in previous LEP intelligence reports, the fund launched on 4<sup>th</sup> June 2020 and full information on the fund is available at: <https://solentlep.org.uk/covid-19-restart-restore-and-recover-loan/>

The Restart, Restore and Recover Loan Fund has been made available as a bridging facility ahead of businesses accessing Government support offers and also to plug gaps in the Government support offers identified by the local business community, on the following basis:

1. Loans of between £250,000 and £1,500,000 for businesses providing Economic Lifeline and Essential Services (see glossary) 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).
2. 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.

Weekly webinars have been held to support potential applicants seeking to access the funds. Nine applications for funding have been received seeking loan funding support of over £6.1 million. Two projects have been agreed for funding to date with a total loan value of £2.75m and two further applications are currently being reviewed.

Based on the interest and successful applications to the fund to date, it remains clear that there is demand for this form of loan funding in the Solent and, in particular, from businesses operating in the visitor economy sector. The first round of the fund concluded on 31<sup>st</sup> October 2020 and is currently under review following the announcement of a second national lockdown.

### **Capital Investment Programme to support economic recovery**

Alongside direct funding support to SMEs, the Solent LEP has also started to bring forward initiatives to support economic restart and recovery through a capital programme of major schemes which will help kick start recovery.

As part of developing a strategic road to recovery on 18 June 2020 we announced that we have awarded the University of Portsmouth £3.6M towards the development of a Centre for Creative and Immersive eXtended Reality.

The Centre for Creative and Immersive eXtended Reality (CCIXR) focuses on digital skills and technology; this is the first major capital investment that we have made following the Covid-19 pandemic.

The Centre will deliver 12 state-of-the-art XR laboratories with specialist equipment that will be used for business engagement, technical support, applied research projects and skills training. The investment in the CCIXR will support 800 businesses, create 200 new jobs and see 500 new learners supported through courses and workshops.

On 25 June 2020 we followed up this by announcing the award of £5.6m capital funding to Hampshire County Council to support investment in the A326 which is the major road access to the Fawley peninsula, home to key economic assets such as the Exxon Mobil advanced petrochemical facility, Solent Gateway (the former Marchwood MOD seamounting facility) and port related activity. The LEP investment will be critical to helping to catalyse growth and support economic recovery in the Solent. Investment in eight junctions along the A326 will not only bring about benefits for existing businesses and residents, vehicles, pedestrians and cyclists, it will also enable the Fawley Waterside Development to be brought forward, allowing the benefits associated with the development to be realised earlier than they otherwise would have been. A

copy of the announcement can be found at <https://solentlep.org.uk/what-we-do/news/our-56m-investment-opens-up-coastal-development-on-southampton-water/>

The LEP has finalised contract arrangements in relation to three further capital investments with £10.1m LEP investment into rail, flood defence and energy infrastructure. Announcements in relation to these investments are expected shortly.

Finally the LEP is also looking at the pipeline of projects that could come forward as part of The Getting Building Fund. Following the MHCLG call for projects we have brought together a portfolio of 68 projects with a total value of over £900 million. This demonstrates the capacity of the area to respond to the economic challenges created as a result of COVID-19 and it also showcases the potential of the area as a catalyst for growth. The LEP submitted 11 projects that are shovel ready and can start and complete by December 2021. This is a £277 million programme of activity seeking a £48.17 million contribution from government and private sector leverage is strong. The broader outputs around housing (4,000+), jobs (6,000+ new jobs and over 13,000 construction jobs) and human capital is also strong and there is a well-balanced spread of proposals across the area reflecting our desire to bring forward a stimulus package for the whole of the Solent which also responds to the ministerial objectives around driving up growth and jobs whilst supporting green recovery, and at the same time improving digital connectivity on our peninsulas.

On 1<sup>st</sup> July 2020, the Solent LEP received confirmation that we will receive up to an additional £15.9 million for the Solent area and the Solent LEP have engaged with all of the 11 projects in the initial pipeline submitted to better understand affordability considerations, such as scalability of proposals, to inform the LEPs prioritisation process. The Solent LEP Board agreed a final package of six projects to progress with the funds. The projects will leverage an additional investment of £58.74 million, directly creating over 730 jobs. Our construction industry will also be re-energised through the creation of over 3,600 additional jobs in the sector. Critically our coastal communities will benefit from the unlocking of 1,500 new homes and there is a programme of town and city centre modernisation through targeted investments in our maritime and visitor economy infrastructure and the enhancement of digital connectivity to support economic performance in our more isolated coastal areas, including the delivery of over 23,000 new super or ultra-fast broad band connections. Looking to the future we have also prioritised investment in our innovation ecosystem to secure improvements to our research and development facilities, spearheading a revolution in green recovery and low carbon technology and our human capital will be enhanced through nearly 500sqm of new learning and training floor space and 2,800 sq. m of employment floor space. This also delivers on our ambition to pioneer new approaches to climate change adaptation and decarbonisation as delivery of these projects will reduce CO2 emissions by over 34 million kg.

Further details in relation to the Getting Building Fund are available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/906579/GBF\\_Summary\\_Solent\\_LEP.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/906579/GBF_Summary_Solent_LEP.pdf)

### **Equality impact assessment**

EIA not required for note items.

### **Legal implications**

There are no direct legal implications arising from this report itself. In relation to section 4 of the report - funding. Legal advice and assistance is provided prior to any issuing of any Grant Agreement ensuring necessary controls and mechanisms to secure Grant sums as against Project outputs are in place.

**Financial comments from the S151 Officer of the Accountable Body**

All of the LEP funding that has been directed to COVID support activities and programmes has been agreed by the LEP Board and has come from within the approved LEP budget.