

# TRANSFORMING SOLENT

## MARINE & MARITIME SUPPLEMENT

Rear Admiral Rob Stevens, CB

March 2014



CREATING A WINNING TEAM

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## ACKNOWLEDGEMENTS

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As I am conscious that the success of any strategy depends on the ownership of its contents, I and my colleagues in the Solent deliberately set out, from the start, to ensure this report was the product of a highly participative process. The result of this is that a large number of people have been involved in the development, too many to thank here by name. I would, however, like to express my immense gratitude to the many people who contributed to the development of the report, its proposals and recommendations, through membership of the eight sub-groups of the Solent Maritime Forum, through the workshops, through individual letters, approaches and recommendations. The energy and enthusiasm that you put into the process of creating this report was extremely gratifying and bodes well for the future.

At the heart of that process are the eight Solent Maritime Forum group leaders who brought industry and public sector representatives together to consider and come up with the proposals that follow. These were: Clive Johnson, Managing Director of Magmastructures; Ian Lycett, CEO of Gosport Borough Council; Jan Ward, CEO of Corrotherm; Kevin Forshaw from Southampton University; Adrian Went, Managing Director of Griffon Hoverwork; Chris Ward, Chief Financial Officer at Portsmouth County Council; Clive Thomas, Deputy Port Director of ABP Southampton; and Anne Marie Mountifield, Chief Executive of the Solent LEP<sup>1</sup> and her team at the LEP particularly Stuart Baker, Head of Local Growth, who was extremely helpful in providing wise transport advice.

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Thanks are also due to Ben Neild and Chris Evans, at the University of Exeter, for their professionalism, steadfast support and unfailing good humour in helping to compile the report.

To all a huge thank you.

*Rear Admiral Rob Stevens, CB*

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<sup>1</sup> See Annex 2 for details of the areas for which each sub-group was responsible.

## FOREWORD

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The extraordinary maritime heritage of the Solent region is founded on its geographic advantages and centuries of success in traditional maritime skills.

Continuing that success in an increasingly competitive global market needs leadership, a new culture of working together across the Solent, investment, innovation, and to nurture the skills and talents required to embrace new technologies. This must all be underpinned by an efficient transport system, suited to the demands of modern logistics, coupled with sufficient space in which businesses can grow.

My report, created as a Supplement to Solent's Strategic Economic Plan (SEP), proposes a route to that success and a strategy for rekindling the Solent's world-renowned marine and maritime strengths.

*Rear Admiral Rob Stevens, CB*

## EXECUTIVE SUMMARY

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The Marine and Maritime sector is one of the largest and most productive in the Solent, contributing 20.5% of our GVA and 5% of our private sector jobs. Our coastal location, business base, traditions, research and skills strengths provide us with immense marine and maritime strengths, strengths on which we can build, taking advantage of global growth in maritime trade, the rapid expansion of the cruise sector, rising demand for leisure marine and specialist vessels, expansion in marine renewables and in technology-led industries. Although the recent announcements by Ford and BAE rocked the region, we have a host of world-class marine and maritime assets. With investment, leadership and a region-wide plan, we have the opportunity to address the challenges that we face, to take advantage of a range of growth opportunities (see Annex 1 for analysis), to expand our market share, contribute to the UK's export-led recovery and deliver our over-arching aim of positioning the Solent as a *globally recognised marine and maritime centre of excellence*.

This Plan, with 36 recommendations and 15 proposals for funding, sets out how we propose to move forward together as a region and the support that we need to deliver this exciting and attainable goal.

### **Theme 1      Leadership**

The inherent strength of Solent's Marine and Maritime sectors could, with improved leadership, enable us to become a global force and to capture the increased market share to which all our companies aspire. The disparate nature of current leadership has, at times, resulted in disjointed policy and in companies spending considerable time seeking approval for planning or projects across the boundaries of different organisations. This Strategic Plan, with its clear priorities and binding commitments, addresses this shortfall, providing a new yardstick that businesses can use to guide future planning and investment decisions. It proposes a new strong regional leadership capability – the Solent Marine and Maritime Working Group (M&M WG) – to unlock the sector's potential by: bringing coherence to sector support; reducing planning times; ensuring that investments are delivered and that the commitments set out in this report are met.

## **Theme 2      Developing our Ports**

The Solent's ports have the scope to grow. Globalisation is expanding maritime trade, particularly in containerised goods. The Cruise sector is growing rapidly, while the UK motor industry's booming car exports from Southampton are expected to jump from 650,000 in 2012 to above one million by 2017. Our ports can generate jobs and wealth, within and beyond the region, provided we address two constraints: the lack of space at the ports; and the need to make improvements to regional infrastructure.

To make this happen, Marchwood Military Port needs be released, without delay, to deliver long-term economic value for the region. By converting Marchwood MP to commercial port use, we can unlock growth across the Southampton waterway, freeing the Itchen riverside for marine manufacturing and residential development. With investment, Portsmouth Docks could capitalise on global trends, accommodating larger container and cruise ships, boosting tourism. And we have the chance to take advantage of the rapid growth in port-centric logistics, starting with a Solent-wide review of latent demand and sites appraisal.

The competitiveness of all ports depends on the ease with which people and goods can pass through them. Our ports lie just 20 miles from the world's busiest shipping route from Shanghai to Rotterdam. They are ideally placed to expand, if we make space available and invest in a number of infrastructure improvements. This Plan proposes measures to improve access to Southampton's Western Docks and to undertake a wider Southampton Strategic Transport Review. The Solent LEP Strategic Economic Plan (SEP) includes complementary Local Growth Deal (LGD) proposals to address bottlenecks on the strategic road network and to ensure the free-flow of goods beyond our ports to the rest of the nation. These changes would cement Southampton and Portsmouth Ports' key role in the UK drive to export out of recession.

We have the chance to improve maritime access to the Isle of Wight, helping businesses within this Assisted Area to compete in national and global markets. And we need to improve Portsmouth-Southampton transport links, binding our economy together, enabling employers to recruit from across the region, to make the most of the many talents on the Isle of Wight and throughout the labour market.

## **Theme 3      Marine Manufacturing**

The Solent's topography, history, economy, and skills provide us with the foundations for a world-class ship and boat-building industry.

Although we were hit hard by the recession, experiencing a 2.3% fall in our business base and a decline in new start-ups, global demand for leisure and other marine craft is forecast to grow. We need to take advantage of this growth, by creating and sustaining new marine companies and building Marine Enterprise Hubs as magnets for inward investment and high-value marine manufacturing in different parts of our region. We therefore propose to:

- build a new marine incubation centre in Portsmouth, providing flexible accommodation coupled with business and innovation support;
- create a new Isle of Wight (Marine) Enterprise Zone<sup>2</sup> stretching across five sites, three with direct water access;
- improve marine supply chain collaboration within and beyond these hubs;

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<sup>2</sup> The Isle of Wight (Marine) Enterprise Zone will deliver many of the same benefits as areas with Enterprise Zone with official designation, including 50% business rates relief.

- provide financial support and help to marine enterprises breaking into markets abroad; and to
- integrate these new strong measures with existing activities, such as the Solent Business Hub, to create a unified offer, supporting sustainable growth and export opportunities for Solent's Marine sector.

To secure the long-term future of this industry, we will undertake a review of waterside sites across the Solent and develop a regional policy to safeguard sites with the greatest marine manufacturing utility for employment use.

One of these sites covers the BAE's ship-building operations in Portsmouth Naval Base. The delivery of a prospectus and processes for new companies to apply to use this facility is a welcome step. But we will have to move quickly if we are to satisfy concerns about running costs, security and Naval Base requirements. The concept of building marine mobile power stations seems to have the potential to address these concerns and should be investigated promptly.

#### **Theme 4            Technology & Innovation**

The Solent is fortunate in having clear areas of comparative advantage underpinned by fantastic natural, business and research and innovation assets, such as the Southampton Marine and Maritime Institute (SMMI), the National Oceanography Centre (NOC) and three outstanding Universities each with marine and maritime specialisms.

What the region has not done in the past is unify this research effort and make it more accessible to Small and Medium-sized Enterprises (SMEs). To secure high-tech growth, particularly in our smart specialisation sectors - Composites; Marine Greening and Marine Autonomous Systems - we propose to build on these assets to ensure that all enterprises that could benefit have access to the R&D support that they need.

The chance to bring a satellite of the National Composites Centre to the Solent, to create a Solent Large Structures Composites Centre, focused on the marine, maritime, oil and gas, construction and rail industries, is a huge opportunity. The uptake of composites is spreading rapidly across marine manufacturing. As in the past (when steel replaced wood), this transition depends on confidence in the new material, particularly among safety assessors and regulators. Our region hosts the Maritime Coastguard Agency and Lloyds Register, the world's maritime safety / certification authority. We have clear composite research, innovation and manufacturing strengths. By bringing these together, we could give the UK a clear competitive advantage in development, regulation and the manufacture of composites for marine and maritime uses and make the Solent the Centre of Global Marine Excellence to which we all aspire.

Alongside this flagship proposal, we also propose to:

- exploit our strength in Marine Autonomous Systems (MAS) by building a cluster around the NOC MAS Innovation Centre in Southampton;
- focus EU Funds<sup>3</sup> on securing global business opportunities arising from EU low sulphur regulations and the move to liquid natural gas fuelled shipping;
- upgrade the shallow water monitoring and testing platform at the University of Portsmouth;
- establish a maritime-focused Satellite Applications Centre of Excellence at the University of Portsmouth; and

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<sup>3</sup> The 20% of ERDF that is reserved for developing the 'low carbon economy'.

- subsidise access to SMMI R&D facilities and to the Marine Autonomous test-bed at the NOC.

## **Theme 5            Skills**

Technological advances and changes to the occupational structure are driving up skills requirements across the Marine and Maritime sectors. Although we have an excellent skills infrastructure and the building blocks for a world-class workforce, we need to address the fact that 20% of employers are already experiencing recruitment difficulties while forecasts suggest that we will need to replace 50% of our Associate Professionals & Technicians and 30% of Skilled Tradespeople in the next 10 years. The current skills system remains too supply-side driven. Marine and maritime employers are keen to work with publicly funded skills providers, if we remove the bureaucracy and create the right incentives to engage. As stated in the Solent LEP SEP (LGD proposal 14), we need:

- scope to change national policy, to allow more flexibility to accommodate local employer-led demand, and, in the short term, the right to flex the £2 million that the SEP sets aside for employer-led provision in line with future industry demand; and to
- secure a funding uplift for STEM<sup>4</sup> provision, removing the disincentive that colleges currently face to putting on the STEM courses that are more expensive to run.

The Further Education (FE) capital proposals set out in the SEP (LGD 11), creating five new employer-led STEM Centres of excellence across the Solent, will make a major contribution to the future competitiveness of the sector. We welcome the proposals from Brockenhurst and Isle of Wight College which focus specifically on marine and maritime technologies. In the longer-term, we propose to add to this portfolio, securing our competitive advantage in composites by including a training offer within the Solent Large Structures Composite Centre. And we have two additional immediate asks, to address localised and niche needs, for:

- an employer-led STEM skills partnership to help young people progress to the higher-level technical jobs on the Isle of Wight; and
- a heritage skills centre, delivering the craft skills needed to build, conserve and repair older and historic vessels at the Portsmouth Historic Boatyard.

## **Theme 6            Brand Solent**

With leadership and investment, our aim of positioning Solent as a globally recognised Marine and Maritime Centre of Excellence is both realistic and achievable. However, to cement this ambition we need a globally-recognised brand: a clear image behind which we can rally to raise the profile of our sector, communicate its scale and potential; leverage inward investment; and support export-led growth. To harness the potential of the £3m 'Visit Solent' campaign (LGD 16, in the SEP), we propose that the Inward Investment and Marketing Working Group of the LEP take ownership of a marine and maritime brand and campaign; tender and select a marketing company; ensure that the campaign gets under-way in 2014/15 and is properly resourced; and that it supports growth in both the leisure and commercial sectors. This will ensure a unified approach and cut costs by have one not two marketing campaigns.

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<sup>4</sup> STEM = Science, Technology, Engineering and Maths

Finally and most importantly, we have a huge opportunity to put the Solent on the global map as a centre of marine excellence - Sir Ben Ainslie's proposal to base his America's Cup challenge in our region. As shown elsewhere, this initiative will deliver a major economic boost to the region, generating spin-off technologies, public engagement and youthful interest in our sector. It is also an iconic symbol of the Solent's recovery. We are therefore endorsing an £8m exceptional RGF bid to construct showcase team headquarters and a visitor centre for this initiative.

Despite all of our strengths, the Solent has recently performed below its potential. The recession has curbed investment and highlighted a range of weaknesses, including: high levels of dependency on public spending and defence; over-reliance on a handful of large enterprises; low levels of business start-up; limited R&D investment; poor transport links; and inefficient routes to market. We are now emerging from recession. The investment and flexibilities that we are seeking are vital for a full recovery. If agreed, we have a real opportunity to grow and to capture a larger share of expanding global markets. This Plan, coupled with the Solent LEP SEP, provides a strategy for achieving this, for removing the constraints on our potential, and for unlocking the enormous contribution that Solent's Marine and Maritime sectors could be making to the regional and national economy.

## Funding proposals

The table below provides a summary of our Local Growth Deal (LGD) proposals. Proposals one to sixteen are set out within the Solent LEP SEP. Proposals within this supplement are numbered from 17 to 31.

The recommended RGF private to government funding ratio of four-to-one has presented a dilemma in compiling this report. After consideration, I have taken the view that, in order to create a coherent Strategic Plan that is transformational in aspiration and content, all the opportunities presented by industry and partners during the compilation of this report need to be considered. However, to expect each project to be fully formed within the three months available to compile the report, with a four-to-one funding ratio, is challenging. We expect further private sector backing and funding to be unlocked as we develop these proposals in full. However, to exclude projects that do not meet the funding ratio at the outset would emasculate the report to virtually a series of recommendations on flexibilities. Therefore, to maintain the coherence of this plan and demonstrate its transformational potential, I have included all our recommendations. These recommendations are, however, numbered in priority order, in the event that the funds available will not stretch to cover them all. Recommendations that are not funded should remain in the Plan as intentions for future years, with the M&M WG responsible for bringing each forward to the LEP as they are fully developed.

Recommendation	Priority Order	Total financial requirement	Private/local funding source	Request from Central Government	Benefit to the Solent region	Delivery potential in 2015-17
<b>Local Growth Deal funding ask</b>						
<b>17. Portsmouth International Port improvements</b>	<b>7</b>	£12,800,000	£2,300,000	£10,500,000 (82%)	10 direct jobs 40 indirect jobs Safeguarding of up to 700 direct/indirect jobs	Medium
<b>18. Solent-wide Logistics Review</b>	<b>5</b>	£75,000	N/A	£75,000 (100%)	To be determined by the review	High
<b>19. Access to Southampton Port - Western docks</b>	<b>6</b>	£5,500,000	£1,650,000	£3,850,000 (65%)	311 direct jobs 344 indirect jobs 103 jobs safeguarded	High
<b>20. Southampton Strategic Transport Study</b>	<b>9</b>	£550,000	N/A	£550,000 (100%)	To be determined by study	High
<b>21. Marine Enterprise Hub - Portsmouth Incubation Centre</b>	<b>8</b>	£3,080,000	£1,580,000	£1,500,000 (49%)	500 direct jobs	High
<b>22. Isle of Wight (Marine) Enterprise Zone</b>	<b>4</b>	£50,000,000	£40,000,000	£10,000,000 (20%)	500 direct jobs	High

					750 indirect jobs 300,000 sq. ft. employment space	
25. Shallow-water testing platform	13	£600,000	£100,000	£500,000 (83%)	15 direct jobs 50 within extended supply chain	High
26. Satellite Applications Centre of Excellence	14	£600,000	£300,000	£300,000 (50%)	3 direct jobs 30 within extended supply chain	Medium
27. Commercialisation of Southampton Marine Maritime Institute (improved SME access to R & D)	11	£1,000,000	£500,000	£500,000 (50%)	25 direct jobs 100 within extended supply chain	High
28. Marine Autonomous Systems Test-Bed	12	£1,000,000	£500,000	£500,000 (50%)	150 direct jobs 300 within extended supply chain	High
29. The Isle of Wight Partnership	10	£1,797,500	£1,287,500	£510,000 (28%)	40 direct jobs 100 indirect jobs 500 safeguarded jobs	High
30. Boathouse 4 – Heritage Skills Training Centre	15	£5,555,000	£5,355,000	£200,000 (4%)	25 direct jobs	High
Total - Local Growth Deal		£82,557,500	£53,572,500	£28,985,000 (35%)		
Exceptional Regional Growth Funding / BIS						
31. Ben Ainslie Racing – America’s Cup Challenge [3]	3	£87,000,000	£79,000,000	£8,000,000 (8%)		High
23. Large Structures Composites Centre (Study)	1	£250,000	N/A	£250,000 (100%)	To be determined by study	High
24. Large Structures Composites Centre (Implementation)	2	£54,000,000	N/A	£54,000,000 (100%)	200 direct jobs (within 4 years) 500 indirect jobs (within 4 years) 2,000 safeguarded jobs (est.)	High
Total		£223,807,500	£132,572,500	£91,235,000 (41%)		

## Annual Funding Requirement

	Short Term			Long-term		Total	Local contribution	Total
	2014/15	2015/16	2016/17	2017/18	2018/19			
Portsmouth International Port	£0	£8,375,000	£2,125,000			£10,500,000	£2,300,000	£12,800,000
Solent-wide Logistics Review	£75,000					£75,000	£0	£75,000
Access to Southampton Port - Western docks		£3,850,000				£3,850,000	£1,650,000	£5,500,000
Southampton Strategic Transport Study		£550,000				£550,000	£0	£550,000
Marine Enterprise Hub - Portsmouth Incubation Centre		£1,500,000				£1,500,000	£1,580,000	£3,080,000
Isle of Wight (Marine) Enterprise Zone		£5,000,000	£5,000,000			£10,000,000	£40,000,000	£50,000,000
Shallow-water testing platform		£500,000				£500,000	£100,000	£600,000
Satellite Applications Centre of Excellence		£300,000				£300,000	£300,000	£600,000
Commercialisation of Southampton Marine Maritime Institute		£250,000	£250,000			£500,000	£500,000	£1,000,000
Marine Autonomous Systems Test-Bed		£250,000	£250,000			£500,000	£500,000	£1,000,000
The Isle of Wight Partnership		£85,000	£110,000	£157,500	£157,500	£510,000	£1,287,500	£1,797,500
Boathouse 4 – Heritage Skills Training Centre		£200,000				£200,000	£5,355,000	£5,555,000
<b>Total - Local Growth Deal</b>	<b>£75,000</b>	<b>£20,860,000</b>	<b>£7,735,000</b>	<b>£157,500</b>	<b>£157,500</b>	<b>£28,985,000</b>	<b>£53,572,500</b>	<b>£82,557,500</b>
<b>Exceptional Regional Growth Fund Bid /BIS Funded</b>								
Ben Ainslie Racing – America's Cup Challenge	£8,000,000					£8,000,000	£79,000,000	£87,000,000
Large Structures Composites Centre (Study)	£250,000					£250,000		£250,000
Large Structures Composites Centre (Implementation)		£20,000,000	£34,000,000			£54,000,000		£54,000,000
<b>Total</b>	<b>£8,325,000</b>	<b>£40,860,000</b>	<b>£41,735,000</b>	<b>£157,500</b>	<b>£157,500</b>	<b>£91,235,000</b>	<b>£132,572,500</b>	<b>£223,807,500</b>

## 1. INTRODUCTION

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In November 2013, BAE Systems announced that it would cease ship-building in the Portsmouth Dockyard in 2014. Recognising that the Solent would need additional support to recover from this shock, the Minister for Business, the Rt Hon Michael Fallon, announced the creation of an industry-led Solent Marine and Maritime Forum<sup>5</sup> (the Forum), to identify the steps that should be taken to secure the future of the marine and maritime industries in Portsmouth and across the Solent (see Annex 2 for details of initiatives in Portsmouth)

As the announcement occurred at a time when Local Enterprise Partnerships (LEPs) were developing Strategic Economic Plans, the Forum was tasked with working with the LEP to produce a Marine and Maritime Supplement, to be submitted alongside its Local Growth Deal proposals, ensuring a joined-up approach. Since December 2013, the Forum has set about identifying actions and investments that need to be made to harness the Marine and Maritime sector's growth potential. Through its eight sub-groups (see Annex 3) and consultations with the Marine Industry Leadership Council, it has collated evidence, gathered expert opinion and forged consensus on the content of this Supplement. However, what has emerged most clearly in the course of this work is the need, not just for specific investments, but for clear leadership and the implementation of a unified marine and maritime Strategic Plan for the whole of the Solent area. This report provides the first such plan: a strategy for the sector's long-term development, setting out our marine and maritime strengths, the opportunities for growth, and the steps that we need to take, locally and nationally, to address a range of constraints facing the sector, both immediately and in the longer term.

Harnessing our marine and maritime potential is already a strategic priority, reflected in: *Transform Solent*, the Solent Strategic Economic Plan (SEP); the Southampton and Portsmouth City Deal; and the Solent European Union Strategic Investment Fund (EU SIF) Strategy. This is tremendously important, as these strategies include many of the essential building blocks for the delivery of this Plan. Conversely, many of recommendations set out in this document strengthen and support delivery of the SEP, City Deal and EU SIF Strategy.

This Strategic Plan has been subject to widespread consultation and discussion. It contains 36 recommendations and 15 proposals for government funding, seeking £91m to unlock projects worth £224m. Fully implemented, this funding will create more than 1,750 direct jobs and 2,200 indirect jobs, while safeguarding up to a further 3,300. The additional value-added from having a clear strategy and strong sectoral leadership is intangible and nearly limitless.

Every recommendation and funding request contained in this strategy is owned by named partners responsible for its delivery. A detailed business plan is available for each funding proposition, summaries of which are provided in Annex 4<sup>6</sup>. These have been reviewed and have the support of the Solent LEP Board, which is critical as we are acutely aware that success depends on leadership and commitment to drive our recommendations through at the highest level.

Given this support, we are convinced that our Plan will be a game changer, for marine and maritime businesses, our economy and for delivering the over-arching aim of our Strategy:

*Position the Solent as a globally-recognised marine and maritime centre of excellence.*

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<sup>5</sup> Made up of representatives of industry, local authorities, Government departments, universities, training providers and sector representative bodies.

<sup>6</sup> Full copies are available on request. They are not fully appended to this document as they contain commercially-sensitive information.

**To deliver this aim, we have identified six thematic objectives:**

1. **Leadership** – establishing an accountable group with the authority to drive the long-term, sustainable growth of Solent's Marine and Maritime sectors.
2. **Developing Our Ports** – creating a clear plan for the development of our ports, their infrastructure, logistics and expansion.
3. **Marine Manufacturing** – nurturing the capacity and growth of the sector, through the formation of Marine Enterprise Hubs and securing adequate access to support waterside marine manufacturing sites.
4. **Technology and Innovation** – building on our world-class marine and maritime research and development assets and creating a national Large Structures Composite Centre with associated skills training.
5. **Skills** – addressing the fact that 20% of employers in our sector are already experiencing recruitment difficulties and taking urgent steps to avoid future skills gaps resulting from the need to replace 50% of our Associate Professionals & Technicians and 30% of skilled tradespeople in the next ten years;
6. **Brand Solent** – creating a Global Marine Excellence brand for the Solent through a regional marketing campaign, underpinned by a new iconic project - Sir Ben Ainslie's America's Cup bid.

# **THE SOLENT MARINE AND MARITIME SECTORS**

## 2. SOLENT'S MARINE AND MARITIME SECTORS

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The Marine and Maritime sectors are vital to the UK economy. Recent data<sup>7</sup> shows that they<sup>8</sup>:

- contributed £35.1 bn to UK GDP in 2011/12, equivalent to 2.3% of total output;
- directly employ 367,000 people, including 146,000 in shipping, 117,000 in ports and 95,000 in marine industries.
- support 703,000 jobs in total (2011/12); and
- contribute £9.2bn for the Exchequer, or 2% of all tax receipts.

Despite recent economic challenges, the sectors are growing. Across the UK, the number of marine and maritime jobs has risen by 6% since 2009. They are highly productive sectors, with average GVA 10% above the national average. And they are significant exporters, contributing £1.4bn to UK net exports in 2011; and a fivefold increase in exports to non-EU countries since 2007.

### The Marine and Maritime Sectors in the Solent

The Solent's coastal location, its sheltered havens, double tides, business base, skills, traditions, research and educational strengths place it at the forefront of our national marine and maritime economy. Locally, the Marine and Maritime sectors contribute 20.5% of Solent's GVA and account for 5% of private sector jobs. They are central to our success and aspirations.

Our ports at Southampton and Portsmouth are the most advantageously positioned in the UK. Situated just 20 nautical miles from international shipping lanes and less than 100 nautical miles from the mass markets of mainland Europe, they provide a strategic hub and gateway to global markets for enterprises across southern and central England. Portsmouth Port is one of the country's leading 'Roll-on, Roll-off' (Ro-Ro) traffic destinations, with crossings to France, Spain and the Channel Islands. Southampton is a critical stopping point on the world's busiest trade route from Shanghai to Rotterdam; a gateway to global markets for the automotive industry<sup>9</sup>; and the busiest cruise port in the UK<sup>10</sup>. Supporting 15,000 jobs and contributing over £1.2bn of GVA to the local economy, Southampton Port's potential contribution to the export-led recovery is clear from its data on vehicle exports, which rose from 650,000 in 2012 to 745,000 in 2013, with further increases to 800,000 in 2014 and above one million by 2017 expected.

We have clear strengths in marine manufacturing. The Portsmouth Naval Base sits at the heart of a high-tech defence and advanced manufacturing cluster, supporting 20,000 direct and indirect jobs, contributing over £1.6bn of GVA<sup>11</sup>. This cluster extends beyond marine into aerospace, including companies such as BAE Systems, GE Aviation Systems, Astrium and Qinetiq.

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<sup>7</sup> The economic impact of the Marine and Maritime sector on the UK in 2011/12, January 2013, Oxford Economics

<sup>8</sup> The sector is defined to include nine individual industries which are: ports; shipping; maritime business services; ship building and repairs; marine equipment; marine renewable energy servicing; leisure and small commercial; marine science; and maritime technical consultancy.

<sup>9</sup> Accounting for a quarter of all UK car exports.

<sup>10</sup> With more than 1.6million passengers departing in 2012

<sup>11</sup> Southampton and Portsmouth City Deal Negotiation Document.

We have an international reputation for leisure marine excellence; a cluster of world-class Superyacht designers; and a central role in maintaining the UK's world-leading reputation for the production of quality powerboats and high-value sailing yachts. We are renowned as a venue for watersports, sailing, long-distance races and for globally recognised events such as Cowes Week and the Southampton Boat Show. Our waterways and marinas are filled with leisure boats year around, supporting a variety of jobs in large and small businesses across the economy.

And we have strengths in emerging sectors and technologies, such as composite manufacturing, marine autonomous systems, offshore wind and tidal energy; sectors in which our skills and innovation assets can give us first to market advantage. The Isle of Wight, home to the world's first hovercraft, is now a major site for the development of composite materials, used by GKN (Airbus), GURIT (Automobile and Marine), BAE systems (warships), Perpetuus (tidal energy), local boat-builders and within the Danish company Vestas' wind turbine blade research and testing facility, which was drawn to the island drawn by its reputation for innovation and complementary skill-sets.

Our research and development assets are also second to none. They include three universities with specialisms in areas such as composites, fluid dynamics and marine autonomous systems. In September 2014, they will be further enhanced through the opening of the Southampton Marine and Maritime Institute (SMMI) – a £120m investment<sup>12</sup> to create an internationally-recognised centre of excellence, bringing together a research, innovation, regulatory skills and education community from universities, research institutes, industry and government.

Despite these strengths, the Solent has performed below its potential. The recession curbed investment and highlighted a range of economic weaknesses, such as: high levels of dependency on public spending and defence; over-reliance on a handful of large enterprises; low levels of business start-up; limited Research and Development (R&D) investment; poor Portsmouth - Southampton transport links; and inefficient routes to market. It also showed up low levels of inward investment, inadequate attempts to capture new markets and a disparate approach to regional marketing. These constraints contributed to a jump in the number of business deaths, from 6,480 in 2006 to 8,525 in 2009<sup>13</sup> and to a number of large companies (including Ford, Vestas and BAE) re-evaluating their manufacturing locations and leaving the area, with detrimental downstream effects on their supply chains and associated manufacturing companies.

As we come out of recession, global competition to gain entry into new and expanding markets will remain intense. To remain competitive, we will need to improve regional productivity. To do this, we need a clear regional plan; we need to remedy a number of infrastructure constraints; to encourage the take-up of new technologies; raise skill levels and replace an aging workforce. And we need to be more aggressive in competing in international markets. We need to unite behind a regional marketing campaign emphasising the global excellence of our marine and maritime offer through iconic projects like Sir Ben Ainslie's America's Cup bid.

Despite the disappointing job losses at Ford and the end of BAE's ship-building in Portsmouth, the Solent has enormous potential. The projections are positive, pointing to growth in international maritime trade, the Cruise sector, in sectors such as Leisure marine and Renewables and in technology-led industries. If we implement the changes set out in this report, the Solent region can grow quickly and increase its market share. If we don't, there is a danger we could be left trailing in the wake of traditional competitors and fierce new competition emerging from rapidly developing nations.

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<sup>12</sup> Building on the existing, internationally-recognised Wolfson Centre.

<sup>13</sup> ONS Business Demography.

# DELIVERING THE STRATEGY

### 3. THEME 1 LEADERSHIP

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A central pillar of this Strategic Plan is to establish the strong regional leadership capability that the Marine and Maritime sectors need. Current structures do not provide this. There are more than 90 business support organisations in the region, but no single organisation with the authority to propose and champion a single, agreed Solent-wide Marine and Maritime Strategy that meets the needs of all communities. The absence of such leadership and strategy means that the sectors' needs are, on occasion, subordinated in favour of more immediate local needs or political pressures. The result is that strategic arguments for regional infrastructure improvements, for safeguarding waterside sites for employment purposes, or for proposals for regional funding can end up being overlooked, in favour of other priorities. This needs to be addressed at the regional, Solent-wide level.

This current lack of leadership means that marine and maritime companies can spend a considerable amount of unproductive time seeking consensus and separate approvals for planning, projects or support across the boundaries of different organisations. Difficulties with land acquisition and obtaining planning consents discourage local investment, creating a barrier for new businesses and companies considering moving into the area. Last year, overseas inward investment into the Solent area was 2%, the worst sub-regional performance in the UK. In the absence of clear leadership, organisations can end up lobbying for specific forms of business support for their members or sub-sector, resulting in piecemeal and disjointed delivery.

The key factor for driving forward the successful implementation of this Strategy is, therefore, to establish regional leadership for the sectors: a **Marine and Maritime Working Group (M&M WG)**, which does not undermine the sense of responsibility that individual organisations feel and have for their local communities.

The route to successful marine and maritime growth, which ensures that local communities' needs are taken into account, is an agreed Strategic Plan, with an annual budget and commitments that are agreed and binding on local government planning organisations. This Strategic Plan, which is binding on Local Authorities, should give marine and maritime companies a yardstick to guide future planning and investment decisions and the LEP and local authorities guidance of the industrial impact of local planning decisions on Industrial waterside properties. It should bring coherence to sector support, reduce bureaucracy and planning times and add weight to arguments for infrastructure improvements and destination marketing.

<u>KEY PRIORITIES</u>		<u>RESPONSIBLE BODY</u>	<u>TIME- SCALE</u>	<u>LGD</u>
1.	Establish this <b>Marine and Maritime Strategy</b> as a 7 year strategic plan for the development of the sector in the Solent LEP area.	Solent LEP and LAs	March 2014	N/A
2.	<b>Establish a Solent Marine and Maritime Working Group</b> (M&M WG), to include marine companies at CEO/Director level, with the authority for delivery of the Solent Marine and Maritime Strategic Plan, with specific responsibility for: <ul style="list-style-type: none"> <li>Policy relating to the use and acquisition of waterside land and planning.</li> <li>Identifying and establishing strategic transport priorities that have a direct impact on the Marine and Maritime sector.</li> <li>Maximising the impact of the Solent SEP, EU SIF other strategies and initiatives on the Marine and Maritime sector.</li> </ul>	Solent LEP and LAs	July 2014	N/A
<u>ADDITIONAL PRIORITIES</u>		<u>RESPONSIBLE BODY</u>	<u>TIME- SCALE</u>	<u>LGD</u>
3.	<b>Influential role on transport</b> – M&M WG to provide Solent Transport and other transport groups with Marine and maritime requirements and a voice on strategic transport planning decisions.	Solent LEP and LAs	July 2014	N/A
4.	<b>Influence over planning decisions for waterside properties</b> – M&M WG to be consulted and to provide the LEP and local councils with advice on the industrial impact of planning permissions for Industrial waterside sites in the Solent area.	Solent LEP and LAs	2014	N/A

## 4. THEME 2 DEVELOPING OUR PORTS

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The International Maritime Organisation (IMO) describes shipping as the 'lynchpin of the global economy'. It is by far the most cost-effective way of moving goods and raw materials from one place to another, as a result of which 90% of the world's trade continues to be carried by sea<sup>14</sup>.

Although international seaborne trade slumped at the start of the recession, it bounced back rapidly, growing by 7% between 2009 and 2010<sup>15</sup>. Globalisation and the economies of scale delivered by the concentration of specialised economic activity in different parts of the world are expected drive further long-term growth in world trade. According to Colliers International, growth in the volume of containerised goods passing through Europe's ports is set to outstrip overall growth for the foreseeable future.

### 4.1 Ports

#### Port of Southampton

The Port of Southampton is one of the largest, busiest and most diverse ports in the UK, providing a wide range of passenger, freight and cargo functions. In 2010, it was the UK's 4th biggest port in terms of cargo handled, with some 39 million tonnes, or 7.7% of total UK cargo<sup>16</sup>. It is the UK's second largest container port, handling 40% to 45% of deep-sea trade with the fast-growing economies of the Far East and China, and a global gateway for the UK motor industry, accounting for a quarter of all UK car exports. With vehicle exports expected to rise from 650,000 in 2012, to 800,000 in 2014 and above one million by 2017, Southampton has a key role to play in the UK's strategy for export-led recovery.

Southampton is also a leading hub for the flourishing cruise industry, accounting for 81% of all UK passenger traffic in 2011. As a base for Carnival, Cunard, P&O, and Royal Caribbean, it handled 1.68m passengers in 2013, 434 cruise calls and contributed c.£1bn to the local economy<sup>17</sup>. Securing the future of this industry, which has shown 7% growth on 2012, 200% growth over 10 years and is predicted to grow by a further 6% p.a. in future, is a key goal of this Strategic Plan.

The port has recently completed a major investment programme, which has seen non-port related business removed from the Port area. Since 2002, AB Ports have invested in five multi-storey car storage facilities adding 50 acres of storage space to the estate. However, despite recent investments<sup>18</sup>, growth is jeopardised by a lack of space for expansion and an inadequate road infrastructure which is causing congestion and delays, reduced productivity and acting as a discouragement to inward investment. These constraints need to be removed to enable the port to grow from contributing £1.75bn to national GDP today, to a potential £2.9bn by 2030<sup>19</sup>.

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<sup>14</sup> United National Maritime Organisation - <http://business.un.org/en/entities/13>

<sup>15</sup> International Shipping Facts and Figures – Information Resources on Trade, Safety, Security, Environment © Maritime Knowledge Centre 6 March 2012.

<sup>16</sup> UK Office for National Statistics.

<sup>17</sup> On average, each docking is worth £2.5 million to the local economy.

<sup>18</sup> Such as a new five-storey flat deck car storage facilities for export vehicles.

<sup>19</sup> Economic Impact of the Port of Southampton, Atkins, 2011.

## Marchwood Military Port

With excellent rail connections and wharfs, the sale of the 300-acre MOD-owned Marchwood MP in Hampshire has the potential to unlock maritime growth across Southampton's waterways. Marchwood MP includes three jetties, the largest of which is 220m and capable of accepting vessels up to 16,000 tonnes.

Southampton port is currently reaching capacity. It has scope to grow, but is constrained from doing so by a lack of space. The conversion of Marchwood MP to operational port use offers a solution and the opportunity to unlock wider growth by:

- expanding car exports from Marchwood MP;
- relocating aggregate operations from the Itchen Riverside to the Port of Southampton;
- releasing the Itchen as a hub for marine manufacturing and for the expansion of the Composites sector, alongside residential development<sup>20</sup>.

Most immediately, releasing Marchwood MP could result in an increase in car export capacity by 200,000 vehicles from Land Rover, Jaguar, BMW and Honda over the next two years. Longer term, it is estimated that, including knock-on benefits, the release of Marchwood MP, without undue restriction on its economic contribution, could generate 3,500 new jobs.

It is four years since Marchwood MP was first declared surplus to military requirements and yet the lease and future use of the land has still not been decided. This situation makes investment planning for a commercial company extremely challenging. We need a resolution; an agreement on the leasehold by the end of the year and to have secured operational use in the new role commencing in March 2015. This could unlock the full economic potential of the area and the Southampton development plan. It will also remove the potentially damaging constraint to exporting cars from the UK's burgeoning car industry.

Looking at the wider issue of the transfer of redundant properties between Whitehall departments, there is currently no mechanism to arbitrate between the release of land to secure greatest short-term fiscal gain for the releasing department, enabling them to meet annual budgets, and the release of land to secure the greatest long-term strategic economic benefit for the UK and local area. The numerous examples of damaging delays in the release of land in the Solent (from Marchwood MP to Tipner in Portsmouth and the Royal Clarence Yard in Gosport) demonstrate an urgent need to streamline central government processes for agreeing on the future use of land, resolving appeals and securing its release with the minimum of delay. Such a policy could also benefit the plans to use the Shiphall in Portsmouth Naval Base.

The Cabinet Office Government Property Unit (GPU) is considering a One Public Estate<sup>21</sup> approach and proposing to pilot this in Portsmouth and Hampshire, reporting back in the coming months. This is a useful step. Once the lessons have been learned from the pilots, this approach could be usefully rolled out across the Solent, to effectively 'plug the gaps' in the region. The LEP is also taking a leadership role, setting up a property group to draw the different interested parties together and to propose a local asset management solution, to be delivered by the LEP to the GPU. The key point, however, is that this is a serious constraint that needs to be resolved within the GPU as a matter of urgency.

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<sup>20</sup> The release of Marchwood MP could lead to the development of 4,000 additional homes within central Southampton.

<sup>21</sup> See [http://www.local.gov.uk/productivity/-/journal\\_content/56/10180/3932538/ARTICLE](http://www.local.gov.uk/productivity/-/journal_content/56/10180/3932538/ARTICLE)

## Portsmouth International Port

Portsmouth International Port, owned by the City Council, is the UK's premier ferry port for the western channel, providing: nine commercial berths; five Ro-Ro berths serving France, Spain and the Channel Islands; two large conventional berths for deep-sea world-wide refrigerated cargo and short-sea container vessels; and two berths serving dedicated Isle of Wight car ferries.

An Economic Impact Analysis by Portsmouth University suggests that the Port is responsible for the direct employment of 805 Full Time Equivalent (FTE) jobs and contributes £38.7m to the greater Portsmouth economy. Including indirect effects, these figures rise to 1,595 FTE jobs and a total estimated £71.3m in output.

The port is a major hub for 'reefer' (refrigerated) ships, fruit and vegetable imports and is the largest handler of bananas in the UK. Changes in this sector – notably the use of larger ships and increased containerisation – require improvements to be made, to retain customers such as Fyffes, and ensure that jobs are secure in the long term.

Between 2002 and 2009, the volume of cruise traffic at Portsmouth more than doubled. The city has huge potential as a cruise destination, being within walking distance of the Maritime Museum and HMS Victory and a short drive from Stonehenge, Salisbury, Winchester, the New Forest and Winchester. With suitable berthing facilities and successful promotion, the volume of cruise passengers visiting Portsmouth could double by 2023.

However, to accommodate larger cruise and container ships, Portsmouth Docks need improvement including: the demolition and removal of a floating dock jetty; release and acquisition of land to extend Flathouse quay from 199 to 300 metres; and localised dredging. To keep pace with increasing containerised traffic, we need new facilities, including: a crane; container warehouse; and the purchase of land for port vehicle marshalling. There is also a need to improve passenger facilities at the ferry terminal, by providing new linkspans, gangways and to accommodate shipping using Liquid Natural Gas (LNG).

LGD 17	Portsmouth International Port
Our Ask – central Government Commitment	Our Offer – Solent Commitment
£10.5m contribution to cost of the initiative	£1m Public Sector Commitment £1.3m Private Sector Commitment
Expected outcomes	
<ul style="list-style-type: none"> <li>• Direct On-going Jobs (FTE) - 10.</li> <li>• Indirect On-going Jobs (FTE) – 40.</li> <li>• Safeguarded Jobs – 175 direct and up to 700 indirect.</li> <li>• Construction Jobs – 25.</li> <li>• Construction of a new 300m quay wall dredged to -11m CD.</li> <li>• Increase in container ships, reefer ships, cruise liner calls to Portsmouth.</li> </ul>	

## 4.2 Logistics

Solent has the opportunity to take advantage of the rapid global growth in port-centric logistics, being driven by companies seeking to shorten supply chains, reduce fuel costs and environmental impacts and avoid delays caused by congestion. Recent research<sup>22</sup> shows that competition between European ports is intensifying<sup>23</sup> and that competitive advantage today is increasingly determined by nautical accessibility, cargo-handling capacity, the provision of value adding services and efficient multi-modal hinterland connections. Port-centric logistics is gaining momentum as a source of competitive advantage, which in turn is driving demand for port-centric logistics real estate.

There is a lack of port-centric logistics facilities around southern UK Ports<sup>24</sup>. Local studies, commissioned in 2008<sup>25</sup> and 2010<sup>26</sup>, have identified a potential shortfall of 4,000,000 sq. ft. of warehouse and distribution space in South Hampshire during the period to 2026; and that the provision of suitable port-centric logistics sites could unlock up to 3,000 new jobs in the Solent, adding approximately £150m p.a. in GVA. There has, however, been little action since the commissioning of these reports, which will damage the ports international competitiveness in future.

We need to address this if we are to compete with other ports in Europe.

Whilst the availability of land within the Port of Southampton is limited, industry partners point to opportunities for the development of port-centric logistics across a constellation of sites around the Solent, such as:

- Dunsbury Hill Farm - a greenfield site owned by Portsmouth City Council, adjacent to the A3 (M);
- Adanac Park - bordering the M27, M271 and two miles from the city's docks and the cruise capital of the UK; and the
- Ford site - the 18 hectare (c1.9m sq. ft.) former Ford Transit van production site at Swaythling.

We need to develop a demand-led strategy for the long-term expansion of port-centric logistics in the Solent, starting with: a Solent-wide review of latent demand in the sector and its potential economic impacts and an objective sites appraisal. This should be coupled with a commitment from partners to acting on the results of the study.

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<sup>22</sup> European Sea Ports: The growing Logistics Opportunity, Jones Lang Lasalles, November 2013.

<sup>23</sup> This affects Southampton and other UK ports. Although Southampton lies 20 miles off the key Shanghai to Rotterdam shipping route, companies have the option of shipping direct to Rotterdam, breaking cargos down on the continent and only then importing goods to the UK by lorry.

<sup>24</sup> Latest trends in global trade and the business case for Port Centric Logistics – *MDS Transmodal* (2011).

<sup>25</sup> Partnership for Urban South Hampshire – Property Requirements for Logistics and Distribution, Roger Tym & partners, Lambert Smith Hampton and MDS Transmodal (2008).

<sup>26</sup> PUSH Employment Sites & Premises Demand and Supply Analyses, *DTZ*, (2010).

<b>LGD 18</b>	<b>Solent-wide logistics review</b>
<b>Our Ask – central Government Commitment</b>	<b>Our Offer – Solent Commitment</b>
£75k	Commitment to act on results, improving logistics in the Solent area.
<b>Expected outcomes</b>	
Understanding of how to develop our logistics sector in the region.	

### 4.3 Infrastructure

The SEP makes a clear case for improving the strategic infrastructure of the Solent, pointing to the benefits that will accrue from binding Solent's economy and labour market together into a fully integrated functional economic geography. High levels of congestion are already estimated to be costing up to £0.4bn p.a. in Hampshire and £0.1bn p.a. to both Southampton and Portsmouth. Unless something is done, this congestion will get worse, productivity will stagnate and new investment will decrease, reducing the contribution that our region could be making to national growth.

Increased activity within the ports will place further demands on an already stretched utilities infrastructure. Although it is beyond the scope of this report, partners have particular concerns about the security of future electricity supplies; an issue that needs to be addressed if we are to deliver our long-term growth ambitions.

#### 4.3.1 Infrastructure improvements – in the Strategic Economic Plan

Although the benefits of the infrastructure investments described in this section will be felt across the economy, and are therefore set out in the SEP, they are crucial for the Maritime sector. The success of all ports depends on the ease with which people and goods can move in and out of them, by rail, air and the strategic road network. In 2006, the Eddington Report was already recommending that national strategic transport policy should address the fact that *'key international gateways are showing signs of increasing congestion and unreliability'*<sup>27</sup>. Other ports across Europe are modernising their infrastructure, on the basis of integrated development plans, covering transport and associated logistics, including air-transport and power supply. Locally, not enough has been done. If nothing is done, the situation will eventually become critical. We have a fantastic location, world-class ports and airport just 66 minutes from London. We need to make the most of it. Therefore, while the infrastructure investments described below are included in the SEP, they are reiterated here, as delivering them is central to our strategy for marine and maritime growth.

#### **LGD 6 - Improving Portsmouth-Southampton connectivity through improved rail links and managed motorways**

Current connectivity between Southampton and Portsmouth is poor, acting as a severe brake on economic growth. This must be addressed to attract new marine and maritime enterprises to our region, enabling employers to draw

<sup>27</sup> Eddington Transport Study, December 2006.

on the skills of people from across the region, and to reduce the costs of long and unreliable travel times. The SEP sets out proposals to improve Portsmouth - Southampton rail connectivity, reduce journey times, increase capacity and frequency of rail journeys, to relieve pressure on the highway network and provide direct access from the East to Southampton International Airport.

### **LGD 7 - M3 Junction 9/A34 improvement**

Junction 9, joining the M3 with the A34, is a critical node in the regional transport network, connecting the Solent with the Midlands and North. It is currently a bottle-neck for our maritime economy, which depends on the junction to transport containerised, bulk and automotive freight to the rest of the country. Long delays are already experienced and are forecast to get worse, adversely affecting Jaguar / Land Rover's ability to export cars built in Coventry through Southampton. It has been estimated that a scheme to provide segregated free-flow links between the A34 and M3 could reduce delays in peak hours by some 65% to 90%. Major and early investment is required to enable the free flow of traffic south-bound from the A34 to south-bound on the M3, if Southampton Port is to continue to grow.

### **LGD 1 - Stubbington bypass**

The Stubbington bypass will address congestion, economic deprivation and support growth in the Fareham area and Gosport Peninsula. The case for the bypass extends beyond our sector, facilitating the growth of the new town at Welborne, for example. However, it is also key for marine and maritime businesses clustered on the Gosport Peninsula and for growth of the Solent Enterprise Zone at Daedalus, which has a focused on Advanced Engineering, Aerospace and Marine. The SEP therefore proposes the creation of a new bypass to provide an alternative route to Gosport and relieve extreme congestion on the existing road link from the motorway and A32.

### **Maritime access to the Isle of Wight**

The Isle of Wight is an important base for employers in the Marine and Maritime sectors. The island has good skills and waterfront employment sites that have potential for development. However, its economy is constrained by poor connectivity to the mainland. With GVA per head at just 60% of the England average<sup>28</sup>, the scale of these constraints has recently been recognised through the award of Assisted Area status.

To promote economic growth, address unemployment and enable marine enterprises on the island to compete in the global marketplace, we need to improve maritime access to the Isle of Wight by:

- Relocating the **Red Funnel** ferry terminal to the Eastern Docks, freeing up land for redevelopment at Royal Pier. Red Funnel services from Southampton to East Cowes are currently constrained by inadequate quayside and terminal infrastructure and inadequate road access. We therefore endorse the proposal, set out in the SEP (LGD 8), to improve this link to the Isle of Wight, boosting visitor spend by an estimated £27m and creating c.300 new jobs.
- Connecting Portsmouth and the Isle of Wight via a car ferry from Southsea to Ryde, creating a low cost link to the island with faster crossing times. This initiative does not require government funding and is therefore subject only to positive support from Portsmouth City Council. Early indications are that there

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<sup>28</sup> ONS Regional & Sub-regional GVA - <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach--december-2010/stb-regional-gva-dec-2011.html>

are no major barriers and that the proposal will proceed, as we desire, improving connectivity to the island.

### 4.3.2 Infrastructure Requirements – Marine and Maritime Growth

In addition to the infrastructure improvements described above, which will support growth across all economic sectors, there are a number of improvements that need to be made specifically to enhance the competitiveness of our marine and maritime industries.

#### Southampton Port - Eastern and Western Docks

Although it is located just two miles from the M27 motorway, the Port of Southampton does not benefit from direct access to the strategic road network, creating significant pinch-points on the first and last legs of journeys which need to be addressed to safeguard the port's future competitiveness.

Highway access to the Eastern docks suffers from significant congestion, with journey times from the city boundary often extending beyond 45 minutes, compared with free-flow journey times of around 15 minutes. Access to and from the Western Docks is currently via a section of a local highway authority road (A33), two roundabouts (Millbrook and Redbridge), the M271, and then onward to the M27/M3. The M271, the key freight route between the Solent and the Midlands, is severely congested, with just 61.6% of journeys taking place on time.

To improve this situation, we need to secure Regional Growth Deal funding to:

- Improve capacity at the Redbridge roundabout on the M271 and at the Millbrook roundabout, at the entrance to the Western Docks, in the short term.
- Conduct a wider Southampton Strategic Transport Review, identifying a long-term transport solution to safeguard Southampton Port's growth, including how best to improve access to the Eastern docks. See Annex 5 for details.

LGD 19	Access to Southampton Port – Western Docks
Our Ask – central Government Commitment	Our Offer – Solent Commitment
£3.85m	£1.65m
<b>Expected outcomes</b>	
<ul style="list-style-type: none"> <li>• Direct On-going Jobs (FTE) - 311.</li> <li>• Indirect On-going Jobs (FTE) – 344 indirect jobs created in the port.</li> <li>• Safeguarded Jobs – 103.</li> <li>• Construction Jobs – Not calculated.</li> <li>• Improvements to Redbridge and Milbrook Roundabouts and journey time savings to all traffic seeking to access the Strategic Road network from Southampton.</li> </ul>	

<b>LGD 20</b>	<b>Access to Southampton Port – Southampton Strategic Transport Review</b>
<b>Our Ask – central Government Commitment</b>	<b>Our Offer – Solent Commitment</b>
£550,000	
<b>Expected outcomes</b>	
<ul style="list-style-type: none"> <li>To be identified by the study.</li> </ul>	

<u>KEY PRIORITIES</u>	<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
<b>1. Marchwood MP</b> – resolve the leasehold by the end of the year, to the full economic advantage of the area, by securing: <ul style="list-style-type: none"> <li>a cross-Whitehall/departmental agreement on the real economic value of leasing Marchwood MP;</li> <li>a Cabinet office (Government Property Unit) process, which , includes a LEP local asset management role, for the timely release of redundant sites between Whitehall departments to take into account local economic needs;</li> <li>the lease of the Marchwood site for operational use in 2015, without delay.</li> </ul>	MOD / DIO / Cabinet Office (GPU) Solent LEP Hampshire CC New Forest DC	Dec 2014   June 2014  March 2015	
<b>2. Portsmouth International Port</b> - deliver improvements to Portsmouth Port, including the demolition of a floating dock jetty and extension of Flathouse Quay, from 190metres to 300metres, to allow use by longer ships.	Portsmouth CC PNBC	2014 to 2016	£10.5m
<b>3. Western Docks access</b> - address pinchpoints at Redbridge Roundabout, at the bottom of the M271, and Millbrook Roundabout, the main entrance to the Western Docks.	DfT / Southampton CC	2014 to 2017	£3.85m

<u>ADDITIONAL PRIORITIES</u>		<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
4.	<b>Southampton Strategic Transport Review</b> – undertake a study to identify a long-term transport solution for Southampton Port & City, including how best to improve access to Eastern Docks via West Quay Road	DfT / Southampton CC	2014	£550k
5.	<b>Infrastructure</b> – improve Portsmouth-Southampton connectivity; Junction 9 of the M3; and the Stubbington bypass.	M&M WG Solent LEP		SEP (LGD 6 & 7)
6.	<b>Logistics</b> - secure commitment to support demand-led expansion in this sector and to undertake an immediate Solent-wide review of potential sites, identifying: <ul style="list-style-type: none"> <li>the geographic advantage of the area for location of logistics facilities;</li> <li>the multiplier impact that increased logistics facilities may;</li> <li>any latent demand for logistics accommodation;</li> <li>any need for greater flexibility on planning policies to facilitate logistics related development;</li> <li>prioritisation of sites; and transport connectivity.</li> </ul>	M&M WG Solent LEP	2014	£75k
7.	<b>Maritime Access to the Isle of Wight</b> - secure the necessary consents, land-leases and agreements on access & traffic management to deliver: <ul style="list-style-type: none"> <li>relocation of the Red Funnel terminal, quayside and road access in Southampton;</li> <li>a privately-funded project connecting Portsmouth and Ryde.</li> </ul>	M&M WG Solent LEP  Southampton CC & Red Funnel  Portsmouth CC	TBD  2015/16 to 2017/18  TBD	  SEP (LGD 8)  N/A

## 5. THEME 3 MARINE MANUFACTURING

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The Solent's topography, history, economy, design and manufacturing skills provide us with the foundations for a world-class ship and boat-building industry. Global demand for powerboats, superyachts, sailing and other craft is once again strong. The need for offshore support craft is forecast to grow, alongside demand for sustainable ships and ships made of composite materials.

Yet, set alongside this positive picture, the Solent business and enterprise base has been hit hard by the recession. Between 2008 and 2011, the number of active businesses in the region fell by 2.3%, mainly due to a decline in business start-ups. The number of business births in the Solent LEP area, at 10% of the business stock, is lower than the national average of 11.4%, and significantly below the rate found in successful economies such as London which are characterised by high rates of business start-up. We need to reverse these trends, by building on our key strengths, broadening our business base, fostering start-ups and supporting the survival and growth of fledgling marine and maritime enterprises.

### 5.1 Marine Enterprise Hubs

To achieve this, we propose to create three Marine Enterprise Hubs to act as magnets for inward investment and a focus for the incubation of high-value marine manufacturing activities in Southampton, Portsmouth and on the Isle of Wight<sup>29</sup>. The value of sector-based hubs and clusters has been clearly established in other parts of the country, such as Cambridge and the City of London. They deliver economies of scale, improve access to skills, enhance innovation, supply chains, the availability of support services (e.g. legal, marketing and training services) and generate a host of other benefits via informal businesses-to-business networking.

The LEP is committed to enhancing the business support available to marine and maritime enterprises. It is creating a Solent Business Hub, using City Deal and EU Funds, and is working to increase the accessibility of our innovation offer. Our Marine Arrowhead proposals described in the next section of this strategy will help to deliver these objectives, including our proposal for a Solent Large Structures Composites Centre that will give local manufacturers the opportunity to take a lead in this crucial technology. But we need to do more.

As a long-term aspiration, we want to establish three specialist marine and manufacturing incubation centres, one in each hub, providing flexible accommodation for start-ups and growing companies, central facilities and access to a comprehensive package of business support covering areas such as finance, innovation, marketing, leadership and organizational change. Data from Oxford Innovation<sup>30</sup> shows that their approach, which we propose to follow, can deliver an 80% post-graduation survival rate, compared with a national five-year survival rate of 63% across all enterprises. See Annex 6 for additional details.

A present, we have a proposal for a marine incubation centre in Portsmouth and are in discussions with partners about the potential future centres at Centenary Quay, Southampton, and at the Kingston Marine Park on the Isle of Wight, building on the experience of our Portsmouth pathfinder. We also endorse the aspiration for an additional Incubation Centre at the Enterprise Zone at Daedalus.

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<sup>29</sup> The Isle of Wight site is still subject to confirmation. The Kingston Marine Park on the Medina River is currently mooted as a potential hub centre.

<sup>30</sup> Oxford Innovation manages 21 incubation centres offering premises linked with business support across the UK.

In addition, to help enterprises both within and beyond our Hubs, we need to:

- address the fact that marine **supply chain** collaboration is underdeveloped, compared with sectors such as Defence, Aerospace, the F1 and Automotive sectors, where initiatives such as *Supply Chains for the 21<sup>st</sup> Century* have resulted in better forecasting; reduced lead-times, stock and waste; and improvements in planning;
- support the growth of marine manufacturing **exports**, by setting aside EU and Solent Growth Funding for: identifying opportunities and contacts for Solent companies; targeted trade missions; and providing SMEs with a subsidy to reduce the costs of breaking into new markets abroad; and
- ensure that the priority accorded to the sectors is reflected in the work of the Solent Business Hub and other business support activities, e.g. that it is embedded in the Local Growth Fund and Bridging the Gap Panels assessments of bids for funding.

LGD 21	Marine Enterprise Hub & Incubation Centre - Portsmouth
Our Ask – central Government Commitment	Our Offer – Solent Commitment
£1.5m of funding	To create a business incubation centre within our Marine Enterprise Hub in Portsmouth  £1.58m public sector contribution, from Portsmouth City Council.
Expected outcomes	
<ul style="list-style-type: none"> <li>• Direct On-going Jobs (FTE) - 500 jobs with a marine and maritime focus, over a period of 10 years.</li> <li>• Improved business start-up and survival rate.</li> </ul>	

## 5.2 Safeguarding waterside sites

Waterside sites across the UK are under pressure. They are scarce and are attractive and profitable for residential development. We understand the need for more houses and we support a policy of balanced growth. However, growth must be balanced, with sufficient waterside sites safeguarded for employment use by sectors that depend on waterside/deep-water access. Once lost to housing, these sites are lost forever.

Ensuring that sufficient waterside sites, particularly those that have historically been used for ship-building, are retained for marine manufacturing is vital to the regional economy.

Within Southampton, plans for development of the West Bank include attracting '*a range of high-tech marine activities that ... make best use of the riverside setting*'<sup>31</sup>. On the East bank, Centenary Quay is to include a marine employment quarter reserved for '*employment uses, to include maritime-based R&D and light industrial uses which*

<sup>31</sup> Southampton City Council leader Simon Letts, Daily Echo, 4th January 2014.

*require access to the waterfront adjacent to and in the vicinity of the existing deep-water quay*'. The Itchen has vast potential as a marine enterprise hub and as a possible home for our proposed Solent Large Structures Composites Centre. While concrete proposals for the marine development of these sites are still developing, they are critical to the future of marine manufacturing in the Solent and should be brought forwards as they mature. As a first step, to deliver this long-term potential, we need first to implement the proposals for flood defences on the Itchen and at other waterside sites, as set out in the SEP (LGD 3).

But this is just one example. We need to ensure that a balanced approach is adopted across the Solent. We therefore recommend that the M&M WG, in partnership with the Solent's local authorities, should:

- undertake a review and develop a register of all waterside sites with potential industrial use;
- agree a regional policy for the use of these sites, based on their utility for marine manufacturing purposes, grounded on the outline policy contained in Annex 7.

### **Isle of Wight Enterprise Zone**

Although it has a fragile economy, the Isle of Wight has clear strengths in marine / maritime engineering and advanced manufacturing (especially in composites). It is building on these strengths, investing in developments such as the Solent Ocean Energy Consortium and the Perpetuus Tidal Energy Centre and on enhancing the island's STEM skills base, which has been central to attracting inward investors. To take advantage of the recent award of Assisted Area status, we propose to create an Isle of Wight (Marine) Enterprise Zone across a portfolio of five sites, three of which have direct water access. By marshalling local resources, we will deliver a package of support to enterprises to move to these sites, creating badly needed jobs on the Isle of Wight, including:

- funding support via IOW expansion fund, Bridging the Gap funding and future schemes under Assisted Area Status;
- quality employment space, ready to use and at a competitive rent;
- a 50% NNDR (rates) rebate until 2020;
- business and innovation support;
- skills packages, including apprenticeships and support through the Wight Skills Partnership (see Theme 5 – Skills).

However, to bring forward development and to create the enhanced industrial environment that the Enterprise Zoning must offer, initial investment is required. We therefore propose to establish an Isle of Wight Infrastructure fund, to unlock key infrastructure such as buildings, wharfage or quayside facilities. With a proposed limit of 20% of total project costs for any intervention, the scheme has the potential to unlock at least £50m worth of investment.

We applaud this ambition and hold, as a long-term goal, to secure business rate reductions for high-growth marine manufacturing enterprises at other enterprise hubs across the Solent.

LGD 22	Isle of Wight (Marine) Enterprise Zone
Our Ask – central Government Commitment	Our Offer – Solent Commitment
<p>£100,000 to assist the production of the local development orders.</p> <p>£10m for the Isle of Wight Infrastructure Expansion fund.</p>	<p>£40m of investment from land owners/ developers.</p> <p>Local development orders for the designated sites.</p> <p>Waiving 50% of any NNDR due on any new building built between 2015 and 2020 (estimated value of £1.5m over the life of the project).</p>
Expected outcomes	
<ul style="list-style-type: none"> <li>• 500 direct jobs created or safeguarded.</li> <li>• 750 indirect jobs created or safeguarded.</li> <li>• Development of 300,000 sq. ft. of employment space.</li> <li>• Improved waterfront infrastructure.</li> </ul>	

### Shipbuilding in Portsmouth

This is a pivotal moment for the Portsmouth Naval Base. In August 2014, BAE's ship-building operations will cease and from 2017, the country's two new aircraft carriers (the biggest ships the City has ever seen) will be based at the Port. Total naval ship tonnage in Portsmouth will rise, from 90,000 tonnes today to 230,000 tonnes by 2020, resulting in BAE's focus shifting from ship-building to delivering the engineering support required by this expanding fleet. The objective of minimising the industrial impact following completion of the Carriers could be helped by an early announcement on the intention to base the first batch of the new Type 26 frigates in Portsmouth. Such a step, together with the nearly £500m that BAE is investing in Portsmouth, would sustain the global reputation of the defence companies in the area and act as a declaration of confidence and support for the Solent region.

This change of focus and investment will create employment opportunities for the existing workforce. An excellent re-employment programme, delivered by BAE Systems through the BIS Talent Retention Scheme with LEP and Trade Association support, will probably help well over half of the 940 workforce threatened with redundancy to redeploy into the marine industry. However, there remains an urgent need to find a company or consortium to continue profitable ship-building in the Shiphall. This is a thorny issue, which we have looked at from every aspect. The MOD, as owner of the facility, is responsible for finding a tenant of choice and for setting out the terms of the tenancy. Its publication of a prospectus for the Shiphall this month has rekindled interest in the Defence Infrastructure Organisation (DIO) facility. Portsmouth City Council has received notification of nearly 30 companies interested in conducting work in the hall. However, the companies submitting these proposals have yet to demonstrate that they have the financial resources to meet the running cost of the facility (c. £6m p.a.) or a clear plan that provides a satisfactory resolution to ongoing security and Royal Navy maintenance requirements at the site.

A further issue is that companies have found it difficult to register an interest or understand how the selection will be made. The publication of the DIO prospectus and its declared intention to market the facility in April will help to

resolve these concerns, by providing a clear point of contact and set of criteria for prospective tenants to address. However, there is very little time left to market, identify, evaluate and select a candidate, in consultation with the Naval Base Commander (NBC) before August when the aircraft carrier work will be completed and the workforce effectively disperses. There needs to be a nominated candidate company in place by June 2014 to support the retention of these skills and minimise the impact of the redundancies.

Although responsibility for selecting a successor company to BAE lies with DIO and the NBC, my work has identified that commercial ventures already exist that have the potential to meet the complex requirements to work inside the Naval Base. One of these is "Tower Bridge Ventures' proposal to build marine deployable power stations at the site. Rolls-Royce, which is a partner to this venture, has the financial capability to meet the overhead costs. It is also an 'X' listed company (i.e. a defence contractor) and could meet the security requirements. Such a project could help to meet Portsmouth Naval Base's power requirements, could re-employ BAE employees, and would not, at first glance, impinge on the operational capability of the Naval Base. This, and other opportunities that meet the necessary requirements, should be investigated by DIO, as a matter of urgency.

<u>KEY PRIORITIES</u>		<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
1.	<b>Marine Manufacturing Hubs</b> – create marine manufacturing hubs in Southampton, Portsmouth, including the Isle of Wight (Marine) Enterprise Zone.	Solent LEP / M&M WG	2014 onwards	£10m
2.	<b>Incubation Centres</b> – create incubation centres within each manufacturing hub, providing access to flexible premises, business support and innovation services.	Solent LEP / M&M WG	2015 onwards	£1.5m
<u>ADDITIONAL PRIORITIES</u>		<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
3.	Undertake a strategic review of waterside sites in the Solent and develop a policy for the use these sites, based on demand, with local planning authorities.	Solent LEP / M&M WG / Local Authorities	July 2014	N/A
4.	Secure agreement with the Cabinet Office Government Property Unit to review the policy on the transfer of redundant land and property between departments to ensure that long-term gains are not overlooked in the search for short-term capital profitability.	Solent LEP / M&M WG	2014/15	N/A
5.	<b>Portsmouth Dock / Shiphall</b> DIO should market and select a successor company to BAE Systems which meets the security, running cost and compatibility requirements of the NBC by June 2014.	DIO/MOD	June 2014	N/A
6.	<b>Marine supply chain</b> – conduct a study to identify measures for local/national marine supply chain development.	BIS / BMF / M&M WG	2014	N/A
7.	<b>Exports</b> - secure EU funding to support the growth of marine manufacturing exports.	M&M WG	2014/15	N/A

## 6. THEME 4 TECHNOLOGY AND INNOVATION

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The Witty Review<sup>32</sup> directs that ‘the strongest basis for regional economic growth is activity rooted in a sound understanding of a locality’s comparative economic advantage. This means that the task of Local Enterprise Partnerships (LEPs) and other bodies seeking local growth is to understand where comparative economic advantage lies, and to focus on how best to land the benefits of associated economic activity for their locality’. The Solent has a number of clear areas of comparative economic advantage, supported by excellent marine-related research and innovation assets. However, the high cost of accessing these facilities places them beyond the reach of many fledgling yet high-growth companies. We need to remedy this by enhancing our facilities and ensuring that all enterprises can access the R&D support that they need to remain competitive in our areas of smart specialisation.

### 6.1 Our Research and Innovation Assets

The **University of Southampton** is one of the country’s leading science and technology-focused universities, with internationally-recognised expertise in marine design, fluid dynamics, tribology, maritime law and high-performance computing focused on marine applications. Its Woolfson Unit includes materials fatigue and fracture testing facilities; towing tanks and wind tunnels.

2014 will see the opening of the new **Southampton Marine and Maritime Institute (SMMI)**, which will bring research, innovation and education specialists together within a new internationally-recognised centre of excellence at the University’s Boldrewood Campus. With £120m of investment and 350 Lloyds Register marine headquarters staff moving to the campus from London, this is a hugely significant development which will create a catalyst for maritime development in our region, focused on policy, research, enterprise and creating a highly-skilled work force.

The **University of Portsmouth** also has marine research strength, particularly in petroleum and energy engineering and the fatigue and fracture of engineered materials and components. Its Institute of Marine Sciences supports developments in aquaculture, blue biotechnology and marine minerals; and it is developing a TSB Satellite Applications Regional Centre of Excellence to support improved ship-routing, real-time cargo surveillance, energy saving, vessel monitoring and safety.

The **National Oceanography Centre Southampton (NOCS)** is one of the world’s leading centres for marine and earth sciences research and for the development of marine technologies capable of examining and understanding the earth’s history and structure. Working closely with oil and gas, communications and environmental technology companies, it has globally-recognised expertise in Autonomous Underwater Vessels. In 2013, NOCS was awarded £10m from the Science Minister’s ‘Eight Great Technologies’ initiative to develop a reliability test laboratory for autonomous systems and an innovation centre to attract linked research-intensive SMEs to Southampton’s Eastern Docks.

**Southampton Solent University** provides expertise in areas such as human error, accident causation, near miss and incident reporting systems; and the design and testing of berths, ship manoeuvring and performance through its Warsash Maritime Academy. It works very closely with the Marine Accident investigation Unit, also located in Southampton.

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<sup>32</sup> Encouraging a British Invention Revolution: Sir Andrew Witty’s Review of Universities and Growth 2013.

Alongside these public assets, we also host internationally important marine and maritime research enterprises, such as:

**Lloyd's Register** - the world's leading regulator and assessor of marine vessels, processes and products, from design and new build to in-service operations and decommissioning.

**QinetiQ** (formerly the Defence Evaluation & Research Agency ) - a global leader in technology-based solutions to the defence, security and related markets, whose facilities include the diving and hyperbaric testing facility at Haslar which is leading the world in assessing the use of composite materials in submarines.

**Maritime Coastguard Agency** – which is responsible for implementing the maritime safety policy, including checking that ships meet UK and international safety rules.

## 6.2 Our Smart Specialisation Sectors

There are three particular areas where our research and innovation capacity, our industrial strengths and market opportunities, suggest we should focus a Smart Specialisation<sup>33</sup> strategy. These are:

- Composites
- Marine Greening
- Autonomous Vehicles.

### Composites

In 2010, there were around 1,500 companies involved in the UK Composites sector. Annual production revenue amounted to £1.1bn, about £0.4bn of which is exported. Composites are used across many sectors, including Marine, Renewables, Automobile and Aerospace. UK demand for composites is expected to grow rapidly, at around 9% p.a. for glass fibre and 17% p.a. for carbon fibre composites.<sup>34</sup> Internationally, the market for composites is expected to grow to £17.5bn by the year 2016, a 7.5% annual growth rate<sup>35</sup>.

The Solent region has a rich composite research, innovation and manufacturing presence. The Advanced Polymer and Composites (APC) research group at the University of Portsmouth focuses on the analysis, characterisation, formulation, design, modelling, rapid prototyping, manufacturing, testing and repair of composite materials. The Isle of Wight is home to the Composites Research Centre, focused on technology development for the automated manufacture of complex composite parts for high performance sub-assemblies. We have a host of companies working with composites in the Solent region, including Momentive, Vestas, Perpetuus Tidal Energy Centre, GKN, GRP Laminates, Green Marine, Gurit UK, PE composites and Magma, which is a global leader in large structures and the introduction of composite into the Oil and Gas industry.

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<sup>33</sup> The concept of smart specialisation can be defined as “an entrepreneurial process of discovery, identifying where a region can benefit from specialising in a particular area of science and technology”. The concept calls for focusing on resources, singling out competitive advantages and aligning regional stakeholders and resources around a sound vision for the future.

<sup>34</sup> Composites UK.

<sup>35</sup> Lucintel. Growth Opportunities in Global Composites Industry (2011).

The move to composites is already fuelling the growth of companies in the Marine and Maritime sectors, such as racing and performance yacht manufacturers. Take-up will spread, from remote underwater vehicles, to warships, powerboats and cruise-liners as manufacturing costs fall and initial development costs are offset by improved power-to-weight ratios, reduced corrosion, maintenance and through-life costs, and lower fuel bills. As in the past (when steel replaced wood), this transition will depend on building confidence in the new material, particularly among safety assessors and regulators. Technical, safety and reliability issues need to be addressed. And we will require new skills sets and suitably-qualified staff.

The Solent area has all the ingredients to become a world-leading hub for the development and manufacture of composites for marine and maritime uses. We have a core of existing composite manufacturing companies. We host the UK's leading University for mechanical, electronic and electrical engineering. We host Lloyds Register, the world's safety/certification authority, which is responsible for assessing and approving the use of composite materials in marine vessels. And we host the Maritime Coastguard Agency, responsible for implementing British and International maritime law and safety policy. Bringing these assets together could offer a quicker route to market for companies locating in the area, enabling them to develop their products and the associated safety case alongside a technology-aware regulator more quickly than overseas competitors. Given the resources, the Solent could give the UK a competitive advantage in the development, regulation and manufacture of large-scale composites for marine and maritime uses.

## **Marine Greening**

Spiralling marine diesel costs and mounting concern for the environment are driving marine and maritime enterprises to focus on fuel efficiency, the use of alternative fuels, and associated areas such as fluid dynamics, hull and propeller design. At the same time, EU regulations on the sulphur content of marine fuels have resulted in a race to develop LNG and dual fuel (LNG & Diesel) based propulsion systems. According to a forecast by MEC Intelligence, nearly 10,000 vessels could adopt LNG propulsion by 2020, compared with a few hundred today, provided that challenges such as loss of cargo space<sup>36</sup>, the development of hull integrated tanks and 'methane slippage' can be addressed.

Solent needs to be at the forefront of this technology, both to secure the global business opportunities that will be generated and because the Solent is an EU-designated low-sulphur zone. The economic impact of low sulphur marine fuels is expected to be considerable, leading to one estimate of a 30% rise in ticket prices on some short routes. Unless we address this challenge, the comparative advantage our location offers could be eroded relative to destinations where less stringent emissions tolerances apply (such as ports on the Irish Sea).

Our EU Strategy sets aside up to £4.3m to support the development of Solent's low carbon maritime economy. Portsmouth and Southampton need to address the challenges arising from 'marine greening' as a matter of priority, identifying how they can make best use of this funding.

## **Marine Autonomous Systems**

Recent advances in satellite communications, navigation systems, battery design and propulsion systems, are enabling an increasing range of operations to be conducted by Maritime Autonomous Systems (MAS). Some MAS are now being built to react autonomously to their environment, though vehicles also require a track-record of

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<sup>36</sup> Due to the need for large cylindrical LNG storage tanks on ships.

reliability/safety to gain full acceptance into industrial markets such as oil and gas. The global market for MAS is forecast to grow to £1.4bn by 2019<sup>37</sup>.

Although the USA dominates production, the UK has strengths in control systems and in the development of Remotely Operated Vehicles (ROV). Saab Seaeye, based in Fareham, is the world's leading builder of marine ROVs, while Sonardyne, in the Solent hinterland, is the largest wholly UK-owned subsea technology company, with subsidiaries in Brazil, Singapore and the USA.

We need to build on this strength and exploit international growth in this market by fostering a cluster around the NOC Marine Autonomous Systems (MAS) Innovation Centre in Southampton.

### **6.3 Marine Arrowhead Proposals**

The Witty review introduces the concept of 'arrow projects', these are collaborations combining an arrow tip of leading research with an arrowhead of associated economic activity. The review suggests that these projects can be ignited through universities being 'incentivised pro-actively to seek out innovative and potentially innovative SMEs and to support them with technology, expertise, talent and know-how'. Further, the report recommends that this should not be done in isolation but rather the University needs to work with appropriate local partners to exploit others' capabilities and avoid duplicating existing provision.

The region should maximise the opportunities with which it is presented through its research and innovation capabilities, smart specialisms and world-class facilities, by enabling such arrowhead collaborations to be created. This can be achieved through:

#### **Building on our world-class facilities**

##### **1. Creating a 'Large Structures Composites Centre' – a satellite of the National Composites Centre**

We propose - with the National Composite Centre (NCC), the University of Bristol, the University of Southampton and drawing on support from Lloyds Register and leading local companies and universities - to create a new satellite of the NCC in our area: the 'NCC – Solent Large Structures Composites Centre'.

This 8,000 metre<sup>2</sup> centre, with waterside access, will focus on driving innovation in the marine, oil and gas, construction and rail industries. Particular development areas would include ship superstructures, hulls, remote underwater vehicles, wind and tidal turbines, oil and gas structures, warship development and the yacht and power-boat industries. It will be hugely beneficial to the UK in developing advanced manufacturing techniques for large structures across these sectors and by linking with regulatory authorities to provide a faster route to market. It will provide a much-needed research facility for enterprises, locally and nationally, alongside a skill training facility providing access to specialist equipment and expertise to colleges, as well as providing its own Apprenticeship programme. It is a key element of this strategy, linked to the success of our Marine Enterprise Hub; to our aspirations for developing Solent's reputation as a world-class centre for the marine manufacturing industry in the Solent; and to delivering race-winning support for Ben Ainslie's America's Cup Challenge.

NCC have provided initial cost estimates of £28m for land and building costs and £50m for the total cost of the whole project, including equipment, training facilities and staffing. However, this is a complex project and these are

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<sup>37</sup> 'The World AUV Market Report 2010-19' - Douglas Westwood Limited.

crude estimates. There is much that needs further consideration. We therefore propose, in the first instance, to establish a project team to undertake a three-month project review, covering demand, ownership issues, locations, financial requirements and other considerations.

LGD 23 & 24 (Funded via BIS)	NCC – Solent Large Structures Composites Centre
Our Ask – central Government Commitment	Our Offer – Solent Commitment
LGD 6 – Short term: £250,000 LGD funding towards an initial study.	Project and intellectual leadership from University of Bristol and University of Southampton.
LGD 7 - Long-term requirement, currently estimated at:	Identification and provision of suitable site.
Land and buildings: £28m	
Equipment: £16m+	
Total (including year 1 revenue funding): £54m	
Expected outcomes	
<ul style="list-style-type: none"> <li>Direct Jobs: 100 within two years of opening; 200 after four years (including training-related jobs).</li> <li>Indirect Jobs: 500 within four years; 1,000 within 10 years within the Solent travel-to-work area. Nationally, the Centre could create or safeguard five times as many over the next decade.</li> <li>8,000m<sup>2</sup> for industrial/mixed use (excluding any educational/training facilities.)</li> </ul>	

## 2. Upgrading the Shallow water monitoring and testing platform at the University of Portsmouth

The Institute of Marine Sciences (IMS) at the University of Portsmouth is situated at the mouth of Langston Harbour. The University recently completed Phase 1 of its redevelopment and is now planning Phase 2. This phase will see an investment of over £6m for a new building and the upgrading of remaining research facilities, including the replacement of the current monitoring and testing platform. The platform provides a unique and accessible facility for field testing and novel sensing/sampling applications and other technologies. It is used by QinetiQ, Trelleborg Balmoral, Thames UK and the research council of Norway. It is also the proposed testing site for novel tidal turbines developed by Lunagen Ltd. We propose that funding is provided for the replacement of the platform and for future match funding to support SMEs to carry out research and develop products.

LGD 25	Portsmouth – Shallow Water Testing
Our Ask – central Government Commitment	Our Offer – Solent Commitment
£500,000	£100,000
Expected outcomes	

- Direct Jobs – 15.
- Indirect Jobs - 50 within extended supply chain (estimate).
- Jobs Safeguarded - 100 within current cluster (estimate).
- New collaborative programmes.
- Increased number of businesses engaged in the programmes.
- New technologies leading to business growth.
- Increased research income into the region.

### **Incentivising our universities to support SMEs**

#### **1. Establishing a maritime-focused Satellite Applications Centre of Excellence at the University of Portsmouth**

Satellite communications are vital in the provisioning of secure and reliable connectivity to the Maritime sector, supporting applications including logistics, ship routing, energy saving, safety of personnel and assets. The knowledge gained from satellite communication and analysis of the data they provide will support our businesses in the drive for marine greening, in particular fuel efficiency. The University of Portsmouth proposes to launch a maritime-focused Satellite Applications Centre of Excellence at the University of Portsmouth, partially funded through the Technology Strategy board (TSB), bringing together a multi-disciplinary team blended from industry and academia experienced in the Marine and Maritime sectors to encourage satellite use.

<b>LGD 26</b>	<b>Portsmouth – Satellite Applications Centre of Excellence</b>
<b>Our Ask – central Government Commitment</b>	<b>Our Offer – Solent Commitment</b>
£300,000	£300,000
<b>Expected outcomes</b>	
<ul style="list-style-type: none"> <li>• Direct Jobs - 3</li> <li>• Indirect Jobs - 30 within extended supply chain (estimate).</li> <li>• Jobs Safeguarded - 100 within current cluster (estimate).</li> <li>• New collaborative programmes.</li> <li>• Increased number of businesses engaged in innovative activity.</li> <li>• New technologies leading to business growth.</li> <li>• Increased research income into the region.</li> </ul>	

## 2. Commercialisation of Southampton Marine and Maritime Institute (SMMI) research facilities

With Lloyd's Register opening its offices in Southampton in Summer 2014 and the launch of the SMMI partnership, the £140m SMMI will offer world-class R&D facilities for the Marine and Maritime sectors. Laboratory facilities include those for structural and materials characterisation, acoustics testing, human factors and ergonomics, battery technologies, sensors and control systems. The new Boldrewood hydrociences facilities at SMMI will also offer a 140 metre-long towing tank with unique sensors and imaging capabilities.

Access to these facilities is needed by Solent based marine and maritime companies to evaluate new products and verify longer-term endurance. However, the high capital cost of such facilities means that accessing them is beyond the R&D spend of many fledgling, yet high-growth, companies. We need to remedy this by subsidising access for the growing ship and boat design and manufacturing cluster.

It is anticipated that five projects per year could be conducted with companies looking at vessel efficiency, novel lightweight ship and boat design, marine autonomous systems and/or improved manufacturing efficiency. These projects would be enabled through SMEs receiving assistance from match funding centrally controlled by SMMI.

<b>LGD 27</b>	<b>Commercialisation of Southampton Marine and Maritime Institute</b>
<b>Our Ask – central Government Commitment</b>	<b>Our Offer – Solent Commitment</b>
£500,000	£500,000 – from the private sector
<b>Expected outcomes</b>	
<ul style="list-style-type: none"><li>• Direct On-going Jobs (FTE) - 25.</li><li>• Indirect On-going Jobs (FTE) – 100 within the extended cluster.</li><li>• Safeguarded Jobs – 100 within the extended cluster.</li><li>• Draw-down of additional Horizon 2020 funding.</li><li>• New business creation and enabling existing companies to grow.</li></ul>	

### 3. Subsidised access to the Marine Autonomous test-bed at the NOC

The NOC in Southampton is already established as a centre of excellence for marine autonomy with an operational and developmental Marine and Robotics facility (MARS) that benefitted from a £3.3m capital investment in 2012/13, recently followed up by a further £10m from the Eight Great Technologies initiative for 2013/14 and 2014/15.

The growing Solent MAS Cluster needs subsidised access to the NOC's world-class facilities to physically test and verify designs for reliability, via condition monitoring through to demonstration through high-endurance in deep water.

We recognise that, in addition to these flagship initiatives, there are other facilities, within and beyond the Solent, which may also be important in enabling SMEs to develop and test new products. We have set aside EU funding for 'Innovation Grants' to ensure that these are accessible as well.

LGD 29	Marine Autonomous Systems (MAS) Test-bed at the NOC
Our Ask – central Government Commitment	Our Offer – Solent Commitment
£500,000	£500,000
Expected outcomes	
<ul style="list-style-type: none"><li>• Direct On-going Jobs (FTE) - 150 within five years.</li><li>• Indirect On-going Jobs (FTE) – 300 within extended supply chain.</li><li>• Safeguarded Jobs – 150 within the supply chain.</li><li>• Significant inward investment expected.</li><li>• New business creation and company growth.</li></ul>	

<u>KEY PRIORITIES</u>	<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
1. <b>Create a National Large Structures Composites Centre within the Solent by:</b>	Solent LEP / M&M WG		
• Securing NCC ownership/leadership for the initiatives.	NCC / LEP	July 2014	
• Establishing a project team to undertake a three-month project review of demand, ownership issues, locations, financial requirements and other considerations.	Solent LEP	April 2014	£250k (BIS)
• Building the National Large Structures Composites Centre within the Solent.		2015 to 2017	£54m (BIS)
<u>ADDITIONAL PRIORITIES</u>	<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
2. Upgrading the shallow water monitoring and testing platform at the University of Portsmouth.	University of Portsmouth	2014 to 2017	£500k
3. Establishing a maritime-focused Satellite Applications Centre of Excellence at the University of Portsmouth.	University of Portsmouth	2015 to 2017	£300k
4. Commercialisation of SMMI research facilities (Better access to R&D facilities for SMEs).	SMMI	2015 to 2017	£500k
5. Providing subsidised access to the Marine Autonomous test-bed at the NOC.	NOC	2015 to 2017	£500k
6. Developing and implementing strategies, supported by EU funding, to respond to the challenge of marine greening, notably the move to LNG-fuelled shipping.	SCC PCC	July 2014	N/A

### Demand for Skills

Forecasts for the Solent LEP<sup>38</sup> suggest that the area will experience average employment growth of 0.72% per annum, creating an additional 31,000 jobs by 2020. GVA in Solent LEP is projected to follow suit, with positive year-on-year growth expected throughout the forecast period. However, this employment growth will be coupled with a decline in the number of young people entering the workforce, resulting in a labour market squeeze in the years ahead. This should push down unemployment rates, though it could also generate a rise in inward migration and commuting, with implications for housing, congestions and other factors.

The Solent economy is also becoming increasingly skills hungry. Technological advances and changes to the occupational structure are driving up skills requirements across much of the Marine and Maritime sectors. Research by the British Marine Federation suggests that 20% of employers in the Marine sector already have difficulties filling vacancies and that the occupation where vacancies are most difficult to fill is '*marine engineers*'. Significant numbers of employers also have problems filling vacancies for '*electrical and electronic fitters, laminators, spray painters, commercial controllers, sales and marketing apprentices and skippers*'<sup>39</sup>. Growth in the offshore oil and gas industry is fuelling a serious deficit in qualified personnel, despite offering some of the most competitive salaries in the engineering market, whilst the maritime sector in general has a disproportionate number of retirees and a distinct lack of engineers in the 35 to 45 age range<sup>40</sup>. 70% of engineers who are made redundant never work in engineering again. As a result, 91% of employers in the Maritime and offshore oil and gas industries believe that a skills shortage is or has a distinct possibility of adversely affecting their business in future.

It is essential, therefore, that new entrants to the working age population are sufficiently highly skilled to match the demands of our sector; that residents with low levels of qualifications are encouraged to up-skill; and, with the decline of traditional employment, that we have the flexibility to up-skill and re-train vulnerable workers. The presence of eight major Further Education (FE) colleges, many with marine or maritime specialisms, creates a rich environment for businesses seeking to train their workforces and scope to equip Solent residents with the skills they need to take up the new jobs on offer. The Solent's four Universities, three of which have clear marine and maritime strengths, are a further major asset.

### 7.1 Skills Priorities

#### Improving the responsiveness of provision

Although we have the building blocks to create a world-class workforce, the current skills system remains too supply-side driven. We need to remove form-filling, to make engaging with the system less cumbersome for employers<sup>41</sup> and to incentivise providers to deliver curricula that respond to industry's changing needs, generated by new technologies, new products/processes or simply by an order-book surge. To achieve this, we need to

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<sup>38</sup> Solent LEP: Economic outlook for the LEP and Local Authorities February 2014, Oxford Economics.

<sup>39</sup> Industry Trends Results, British Marine Federation, November 2011 – May 2012.

<sup>40</sup> Mitigating the Skills Gap in the Maritime and Offshore Oil and Gas Market, Matchtech & IMAREST.

<sup>41</sup> Currently, a case for using the Innovation Code needs to be used for each course or training programme that is developed with employers. This is cumbersome and a barrier to creating the swift responsive system that we need to respond to meet employer needs.

change national policy. In the short term, we endorse the LEP's SEP proposals, which build on the principles enshrined in the SFA innovation code by setting aside £2 million of the 2014/15 adult skills budget for the delivery of employer-led provision, with scope for expansion thereafter, depending on uptake (LGD 14). Longer term, we need wider changes to national policy, focused on giving colleges the flexibility to deliver demand-led provision, which is responsive to emergent technologies and local needs.

## **Improving STEM Skills**

There is a recognised advanced manufacturing and engineering skills gap within the Solent region, with marine companies citing this as a particular barrier to growth. We are concerned that these gaps will get worse in future, due to an estimated net requirement for around 3,500 new recruits into Solent's Engineering sector from 2010 to 2020<sup>42</sup>.

The commendable emphasis on improving the STEM skills is being held back through an unintended consequence of current SFA programme weightings. Weightings currently reflect the cost of delivering different skills programmes and not the value of these programmes to employers or the local economy. The cost of much STEM provision is high, which creates a financial disincentive for commercially-minded colleges to focus on areas such as engineering, relative to some other forms of provision. This is not the case in other parts of the UK, such as Scotland where Marine and Maritime sector-focused training benefits from a funding uplift. This puts Solent at a disadvantage in our ambition to be the UK's leading hub for the sector. We need the freedom to follow this example and strongly endorse the SEP proposal for providing the LEP with a voice in determining programme weightings.

We also need to take steps that will excite young people in the opportunities available in our sector; create diverse and modern progression routes for 14 to 18 year olds leading to higher level learning; and deliver employer-led provision within state of the art facilities.

Solent LEP has therefore proposed (LGD 11, in the SEP), to focus FE Capital resources on building a series of flagship STEM skills facilities within our region, two of which have a specific focus on the Marine and Maritime sectors. These facilities would provide a major boost to our sectors. Securing funding, via the SEP, for the initiatives listed below is a central strand of this strategy.

**Brockenhurst College STEM Centre of Excellence** – developed in partnership with the University of Southampton and Green Marine, this STEM Centre of Excellence at the Hythe Marina will enable schools, young people and employers to access state-of-the-art facilities and learning opportunities, with a particular focus on marine technologies, that support progression from technician and Apprentice levels to BTEC programmes and on to undergraduate and post-graduate programmes.

**Fareham College - Solent Academy for Applied Technology and Mathematics (SAATM)** - linked to CEMAST<sup>43</sup>, this initiative focuses on the development of mathematical skills and the practical application of these skills to industry and technology. Designed to increase the flow of skilled engineering and manufacturing technicians, it addresses a key skills shortage in many engineering and technology-based occupations.

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<sup>42</sup> Working Futures

<sup>43</sup> CEMAST is the Centre for Engineering and Manufacturing Advanced Skills Training on the Solent Enterprise Zone. It has a particular focus on advanced manufacturing, defence, aerospace and marine technologies.

**Isle of Wight College** - A Centre of Excellence for Composites, Advanced Manufacturing and Marine Technology on the Isle of Wight, led by GKN and other local employers, in partnership with IoW College, Southampton Solent University and the Open University. Accommodating 550-600 learners, the Centre will be located on the Island Technology Park, East Cowes, adjacent to the GKN Research and Development facility.

**Southampton STEM Centre** - An employer-led STEM Centre focused on raising STEM attainment, aspiration and skill retention in Southampton and surrounding areas through a high-quality integrated employer/FE/HE centre on the Solent University Campus.

### **Large Structures Composites Centre - Skills Offer**

In addition to the immediate opportunity to build the Centres described above, our longer-term aspirations for the Large Structures Composites Centre include the development of training and education facilities aligned to the research conducted through the centre. At this stage, we would anticipate the Centre operating as part of the national network of High Value Manufacturing Training Centres, delivering theoretical and applied learning for Apprentices, Higher Education and CPD at all levels. Consideration could also be given to the co-location of a Solent Maritime UTC, sharing the workshop and teaching resources of the High Value Manufacturing Training Centre, providing inspiration for future generations of maritime technicians and engineers. This is, however, a long-term aspiration, which has yet to be assessed and is dependent on the outcome of the wider project. It is not, therefore, included among our current Local Growth Deal asks.

### **Talent Retention**

We also need to support the re-training of staff with transferable skills that are valued by our sector. The end of BAE ship-building operations will release people previously employed as: Pipe-fitters (who make up 8.7% of employment in ship-building); Metal working production & maintenance fitters (7.3%); Sheet metal workers (6.8%); Electricians and electrical fitters (6.5%); Engineering Technicians (3.2%) and Mechanical engineers (2.5%). We need to re-deploy these skills, using EU funds to build on the success of the BIS Talent Retention Scheme, which, having been adapted for use in the local Marine sector with LEP support, has enabled large numbers of BAE staff under threat of redundancy to up-skill and be redeployed to the benefit of other companies in the area<sup>44</sup>.

### **Marine and Maritime Academy in Portsmouth**

The intention of Portsmouth City Council to increase the number of young people with Marine and Maritime and generic STEM skills through the introduction of an Academy in the Portsmouth area is also welcomed. University of Portsmouth and Highbury College have proposed that it should be geographically complementary to existing provision, aimed at the FE and HE sector and with strong links to the statutory education provision in Portsmouth. The sites that have been identified for consideration are within the historic dockyard or the Naval Base, Tipner west (part of the city deal sites) or Brunel Wing of the civic centre, Guildhall square.

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<sup>44</sup> Close liaison between BAE systems and the Solent LEP coupled with adaptation of the BIS Talent Retention Scheme to the needs of the marine industry have proven highly successful in enabling BAE systems' employees the opportunity to redeploy within the industry.

## The Isle of Wight Partnership

With GVA per head at just 60% of the England average<sup>45</sup> and 16 wards with an unemployment rate of 5% or over<sup>46</sup>, we need to support enterprises on the Isle of Wight to foster and source appropriately skilled labour from the limited local labour pool. Allied to this, we need to respond locally to the increasing demand for skills at Level 3 and Level 4. We propose to do this, on the Isle of Wight, through the creation of a Wight STEM partnership, focused on fostering a cadre of STEM skilled young people with higher-level skills, from which the local hi-tech companies can recruit. It will do this through a coordinated programme, involving the Island's schools, colleges and marine companies delivering STEM enrichment, work taster and placement activities, and by companies supporting prospective employees through STEM-focused Higher Education (HE).

LGD 29	Wight Skills Partnership
Our Ask – central Government Commitment	Our Offer – Solent Commitment
£510,000	£ 162,500 – Public sector contribution £1,125,000 – Private Sector Contribution
Expected outcomes	
<ul style="list-style-type: none"><li>• Direct On-going Jobs (FTE) - 40 Graduate Traineeships converted into sustainable jobs.</li><li>• Indirect On-going Jobs (FTE) – 100 additional staff at training organisations and the impact on other programmes e.g. Pre-Apprentices and Apprenticeships.</li><li>• Safeguarded Jobs – 500.</li><li>• Significant inward investment expected.</li><li>• New business creation and company growth.</li></ul>	

## Boathouse 4 – Marine Heritage Skills Centre

Alongside advanced technological skills needed to build the ships of the future, we also need to foster the acquisition of traditional craft skills, required to build, conserve, restore and repair the country's growing fleet of older and heritage vessels. The 2008 National Historic Ships Survey found that over half the vessel owners surveyed were struggling to source the skills and facilities they needed.

To meet this need, our Strategic Plan proposes turning Boathouse 4, a disused boathouse within the thriving Portsmouth Historic Dockyard, into a Solent Centre of Excellence, delivering traditional and heritage boat-building skills in partnership with Highbury College and the International Boat-building Training College Portsmouth. Alongside the training offer, Boathouse 4 will provide a focus for community activities, a restaurant, a home for the

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<sup>45</sup> ONS Regional & Sub-regional GVA - <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach--december-2010/stb-regional-gva-dec-2011.html>

<sup>46</sup> Based on Census 2011

UK's largest collection of historic small naval craft<sup>47</sup> and an enhanced local visitor offer. The Property Trust has already secured £479,000 of RGF funding, to be split between this project and its Cell block project.

LGD 30	Boathouse 4
Our Ask – central Government Commitment	Our Offer – Solent Commitment
£200,000	<p>£4,555,000 – Other public sector contributions (e.g. Heritage Lottery)</p> <p>£ 190,000 – Private Sector Enterprise</p> <p>£ 600,000 – Individuals/charitable trusts</p>
<b>Expected outcomes</b>	
<ul style="list-style-type: none"> <li>• Direct On-going Jobs (FTE) - 25 staff.</li> <li>• Indirect On-going Jobs (FTE) – 50 students per annum taking up work using skills gained via the initiative plus 100 additional staff at training organisations.</li> <li>• Construction jobs – 38.</li> <li>• 3,344 m<sup>2</sup> of property restored.</li> </ul>	

## Local Funding Support

Alongside the initiatives described above, Solent LEP is focusing funds over which it has discretion (such as EU SIF and City Deal) on meeting a range of complementary needs. These include:

- The delivery of enhanced information advice and guidance for young people, focused on raising interest in STEM learning through workplace visits and work experience, curriculum enhancement and enrichment and demonstrating the wide range of exciting careers that exist in the sector.
- Retraining of workers with transferable skills who are at risk of redundancy;
- Meeting the need for higher-level skills through an EU-funded higher-level skills programme, the Solent Skills for Growth Fund and a graduate retention programme, providing placements in industry for graduates with skills that are valued in our sector.

The M&M WG has an important role, working with Business Support Directors at our Enterprise Hubs, in raising awareness, promoting uptake and maximising the benefit of this valuable, if limited, support for our sector.

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<sup>47</sup> Owned by the Portsmouth Naval Base Property Trust.

<u>KEY PRIORITIES</u>	<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
1) <b>Improve the responsiveness of provision</b> , by: <ul style="list-style-type: none"> <li>securing £2m of the 2014/15 Skills Funding Agency adult skills budget for employer-led provision, alongside a commitment to future increases, based on demand;</li> <li>the Skills Funding Agency to increase the relative funding for STEM qualification courses to meet the disproportionate costs of providing them.</li> </ul>	Solent LEP / M&M WG	July 2014	SEP (LGD 14)
	M&M WG SFA	2015/16	N/A
<u>ADDITIONAL PRIORITIES</u>	<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
2) <b>Funding Uplift</b> - secure a voice for the LEP in determining SFA programme funding weightings and an uplift for marine, maritime and engineering provision.	Solent LEP SFA	2014/15	SEP (LGD 14)
3) <b>Talent Retention</b> – ensure EU Funds enable vulnerable workers to re-skill, up-skill and re-deploy, building on the success of the Talent Retention Scheme.	M&M WG	as needed	N/A
4) <b>Wight Skills Partnership</b> - improve STEM skills on the Isle of Wight by creating a pipeline of suitably trained young people, initially on the Island, with a view to rolling the scheme out to the whole of the Solent area.	IoW Council	2014 to 2019	£510k
5) <b>STEM Centres of Excellence</b> - establish new employer-led STEM Centres to complement and enhance existing provision.	Solent LEP	2014/15 to 2017/18	SEP (LGD 11)
6) <b>National Composites Centre</b> – develop a training offer at the Solent Large Structures Composites Centre.	NCC M&M WG	2015 to 2017	See above
7) <b>Develop a training offer for the Solent Large Structures Composites Centre</b>	NCC M&M WG	2015 to 2017	See above

## 8. THEME 6 BRAND SOLENT

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The future strength of Solent's Marine and Maritime sectors will depend on our ability to compete globally with other ports, boat-builders, technology developers and service providers. To achieve this, we need a globally-recognised brand: a clear voice and image to raise the profile of our sectors and communicate their scale and potential; to lever inward investment; and support export-led growth.

We are committed to building a unifying brand for the Solent area: a brand that will embody Solent's strengths, enable inward investors to see the attractions of our waterside sites, our research, facilities, skills, business support and sector networks; and a brand behind which we can rally, working together to showcase the solutions we offer to customers at international tradeshow and events.

We need to make more of events such as the Southampton Boat Show and Cowes Week, using these to reach out to visitors and to open a window onto our offer. We support the LEP's long-term aspiration for creating a new permanent, purpose-built home for the Southampton Boat Show at Royal Pier.

And we can do more to support the National Export Challenge of getting an additional 100,000 UK firms exporting and more than doubling UK exports to £1 trillion by 2020.

The SEP includes a proposal for an ambitious £3m marketing campaign, 'Visit Solent' (LGD 16), to raise our international profile as a place of global excellence for tourism and marine assets. We need to make the most of this opportunity, e.g. by leveraging additional funds, such as EU resources that can be used to help SMEs to break into markets abroad. We therefore propose that the LEP should form an Inward Investment and Marketing Working Group, supported by marine and maritime enterprises, to take ownership and have oversight of the brand and campaign, ensuring that it is properly resourced, is launched in early 2015 and reflects the opportunities that exist in both the Leisure and Commercial marine sectors<sup>48</sup>.

### **Ben Ainslie Racing's America's Cup Challenge**

Sir Ben Ainslie is proposing to design and build racing yachts, support vessels and a state-of-the-art challenger for the 35<sup>th</sup> America's Cup to the Solent. This would bring sailing's equivalent of 'Formula 1' racing to the region. Ben Ainslie Racing is already competing on a world scale; and they intend to win, giving the Solent the opportunity to host the America's Cup. Hosting such a top-class sporting event, with global reach, would provide an unrivalled boost to our economy:

- Recent research into the impact of the 34th Cup in San Francisco Bay suggests there was a gain to the local economy of \$550m, creating 3,800 jobs.
- When Plymouth hosted an America's Cup World Series event in 2011, the £200,000 local authority investment resulted in a £9.1m boost to the local economy. This initiative brings the opportunity to host two such events within the four-year Cup cycle.

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<sup>48</sup> We also recommend that the Working Group employs, via open tender, a commercial marketing company to develop and deliver the campaign, selected on the basis of their ability to respond to the needs of both the leisure and industrial marine sectors. The marketing company should report quarterly on KPIs to the Inward Investment and Marketing Working Group.

- The 32nd America's Cup in Valencia, was calculated to have generated €2.8bn of economic benefit to Valencia and the surrounding regions, equivalent to a 1% positive impact on GDP.

The commitment is to a 12-year programme, through three America's Cup cycles, with the opportunity to host two AC45 World series events, to build two AC45 race boats, one AC60 race boat, six tenders/support boats and an office for at least 90 staff. The BAR team is seeking £8m via an exceptional bid to the RGF towards this £87m programme, to construct a showcase team headquarters and visitor centre, housing design and technology, boat-building, testing and maintenance functions; team and fitness facilities; and commercial, communications and HR functions.

<b>LGD 31</b>	<b>Ben Ainslie Racing Campaign Headquarters</b>
<b>Our Ask – central Government Commitment</b>	<b>Our Offer – Solent Commitment</b>
£8m through exceptional RGF application	£81m commitment from private partners
<b>Expected outcomes</b>	
<p>The overall project is for the development of a full team headquarters, to facilitate a campaign to contest, win and host the America's cup. Physical deliverables would include:</p> <ul style="list-style-type: none"> <li>- Boatbuilding, testing and maintenance facility</li> <li>- A sports science/ fitness facility</li> <li>- Design and technology department</li> <li>- Accommodation for support services including commercial, sustainability, event management, communications, marketing and PR</li> <li>- Visitors' centre</li> </ul> <p>In addition the centre would be able to recruit apprenticeships and work local and national with schools to improve STEM knowledge</p>	

Despite our traditional strengths and skills, Solent needs a highly visible project to reinforce its reputation as a centre of global excellence for the marine and maritime industries, particularly after the recent economic shocks. The presence of BAR in the Solent would provide an iconic lift to our proposed 'Global Marine Excellence' brand, alongside opportunities to generate spin-off technologies; stimulate the market in high-performance design, technology, testing and boat-building; generate public interest in the sector; and raise the appeal of the Marine industry as a career for the youth in the area.

<u>PRIORITIES FOR ACTION</u>	<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
1. <b>Ben Ainslie Racing (BAR)</b> – secure a successful application to the RGF and the economic, educational and marketing benefits from hosting BAR's America's Cup Challenge in the Solent.	M&M WG / BAR	May 2014	N/A
<u>ADDITIONAL PRIORITIES</u>	<u>RESPONSIBILITY</u>	<u>TIME-SCALE</u>	<u>LGD</u>
2. <b>Solent Marine and Maritime Brand</b> - create a brand that promotes the Solent as a globally recognised centre of marine and maritime excellence.	Solent LEP / M&M WG	2014	SEP (LGD16)
3. Inward Investment and Marketing Working Group to tender and appoint an agency deliver the Solent Marine and Maritime brand and a joint visit and industry campaign against strict KPIs, ensuring that it is properly resourced. It should be launched in early 2015 and reflect the needs of both the Leisure and Commercial marine sectors.	Solent LEP / M&M WG	Nov 2014	N/A
4. <b>Royal Pier</b> – secure a new, permanent home for the Southampton Boat Show and year-round marine leisure events.	M&M WG	Long-term	N/A

## SUMMARY OF RECOMMENDATIONS

Theme 1 Leadership			
Priorities for Action		LGD Funding	Delivery in 2015 - 2017
1.	Establish this <b>Marine and Maritime Strategy</b> as a 7 year strategic plan for the development of the sector in the Solent LEP area.		✓
2.	<b>Establish a Solent Marine and Maritime Working Group</b> (M&M WG), to include marine companies at CEO/Director level, with the authority for delivery of the Solent Marine and Maritime Strategic Plan, with specific responsibility for: <ul style="list-style-type: none"> <li>• Policy relating to the use and acquisition of waterside land and planning.</li> <li>• Identifying and establishing strategic transport priorities that have a direct impact on the Marine and Maritime sector.</li> <li>• Maximising the impact of the Solent SEP, EU SIF other strategies and initiatives on the Marine and Maritime sector.</li> </ul>		✓
3.	<b>Influential role on transport</b> – M&M WG to provide Solent Transport and other transport groups with Marine and maritime requirements and a voice on strategic transport planning decisions.		✓
4.	<b>Influence over planning decisions for waterside properties</b> – M&M WG to be consulted and to provide the LEP and local councils with advice on the industrial impact of planning permissions for Industrial waterside sites in the Solent area.		✓

Theme 2 Developing the Ports			
Priorities for Action		LGD Funding	Delivery in 2015 - 2017
1.	<b>Marchwood MP</b> – resolve the leasehold by the end of the year, to the full economic advantage of the area, by securing: <ul style="list-style-type: none"> <li>a cross-Whitehall/departmental agreement on the real economic value of leasing Marchwood MP;</li> <li>a Cabinet office (Government Property Unit) process, which , includes a LEP local asset management role, for the timely release of redundant sites between Whitehall departments to take into account local economic needs;</li> <li>the lease of the Marchwood site for operational use in 2015, without delay.</li> </ul>		✓
2.	<b>Portsmouth International Port</b> - deliver improvements to Portsmouth Port, including the demolition of a floating dock jetty and extension of Flathouse Quay, from 190metres to 300metres, to allow use by longer ships.	✓	✓
3.	<b>Western Docks access</b> - address pinchpoints at Redbridge Roundabout, at the bottom of the M271, and Millbrook Roundabout, the main entrance to the Western Docks.	✓	
4.	<b>Southampton Strategic Transport Review</b> – undertake a study to identify a long-term transport solution for Southampton Port & City, including how best to improve access to Eastern Docks via West Quay Road	✓	✓
5.	<b>Infrastructure</b> – improve Portsmouth-Southampton connectivity; Junction 9 of the M3; and the Stubbington bypass	SEP (LGD 6 and 7)	
6.	<b>Logistics</b> - secure commitment to support demand-led expansion in this sector and to undertake an immediate Solent-wide review of potential sites, identifying: <ul style="list-style-type: none"> <li>the geographic advantage of the area for location of logistics facilities;</li> <li>the multiplier impact that increased logistics facilities may;</li> <li>any latent demand for logistics accommodation;</li> <li>any need for greater flexibility on planning policies to facilitate logistics related development;</li> <li>prioritisation of sites; and transport connectivity.</li> </ul>	✓	✓
7.	<b>Maritime Access to the Isle of Wight</b> - secure the necessary consents, land-leases and agreements on access & traffic management to deliver: <ul style="list-style-type: none"> <li>relocation of the Red Funnel terminal, quayside and road access in Southampton;</li> <li>a privately-funded project connecting Portsmouth and Ryde.</li> </ul>	SEP (LGD 8)	✓  ✓

Theme 3 Marine Manufacturing			
Priorities for Action		LGD Funding	Delivery in 2015 - 2017
1.	<b>Marine Manufacturing Hubs</b> – create marine manufacturing hubs in Southampton, Portsmouth, including the Isle of Wight (Marine) Enterprise Zone.		✓
2.	<b>Incubation Centres</b> – create incubation centres within each manufacturing hub, providing access to flexible premises, business support and innovation services	✓	✓
3.	Undertake a strategic review of <b>waterside sites</b> in the Solent and develop a policy for the use these sites, based on demand, with local planning authorities.		✓
4.	Secure agreement with the Cabinet Office Government Property Unit to review the policy on the transfer of redundant land and property between departments to ensure that long-term gains are not overlooked in the search for short-term capital profitability.		✓
5.	<b>Portsmouth Dock / Shiphall</b> DIO should market and select a successor company to BAE Systems which meets to security, running cost and compatibility requirements of the NBC by June 2014.		✓
6.	<b>Marine supply chain</b> – conduct a study to identify measures for local/national marine supply chain development.		✓
7.	<b>Exports</b> - secure EU funding to support the growth of marine manufacturing exports.		✓

Theme 4 Technology and Innovation			
Priorities for Action		LGD Funding	Delivery in 2015 - 2017
1.	<b>Create a National Large Structures Composites Centre within the Solent by:</b> <ul style="list-style-type: none"> <li>• Securing NCC ownership/leadership for the initiatives.</li> <li>• Establishing a project team to undertake a three-month project review of demand, ownership issues, locations, financial requirements and other considerations.</li> <li>• Building the National Large Structures Composites Centre within the Solent.</li> </ul>	✓	✓
2.	Upgrading the shallow water monitoring and testing platform at the University of Portsmouth.	✓	✓
3.	Establishing a maritime-focused Satellite Applications Centre of Excellence at the University of Portsmouth..	✓	✓
4.	Commercialisation of SMMI research facilities.	✓	✓
5.	Providing subsidised access to the Marine Autonomous test-bed at the NOC	✓	✓
6.	Developing and implementing strategies, supported by EU funding, to respond to the challenge of marine greening, notably the move to LNG-fuelled shipping		✓

Theme 5 Skills			
Priorities for Action		LGD Funding	Delivery in 2015 - 2017
1.	<b>Improve the responsiveness of provision</b> , by: <ul style="list-style-type: none"> <li>securing £2m of the 2014/15 SFA adult skills budget for employer-led provision, alongside a commitment to future increases, based on demand;</li> <li>securing long-term change to national policy, encouraging a more demand-led approach.</li> </ul>		✓
2.	<b>Funding Uplift</b> - secure a voice for the LEP in determining SFA programme funding weightings and an uplift for marine, maritime and engineering provision.		✓
3.	<b>Talent Retention</b> – ensure EU Funds enable vulnerable workers to re-skill, up-skill and re-deploy, building on the success of the Talent Retention Scheme.		✓
4.	<b>Wight Skills Partnership</b> - improve STEM skills on the Isle of Wight by creating a pipeline of suitably trained young people, initially on the Island, with a view to rolling the scheme out to the whole of the Solent area.	✓	✓
5.	<b>STEM Centres of Excellence</b> - establish new employer-led STEM Centres to complement and enhance existing provision.	SEP (LGD 11)	✓
6.	<b>National Composites Centre</b> – develop a training offer at the Solent Large Structures Composites Centre.		
7.	<b>Boathouse 4</b> - develop a Solent Centre of Excellence for Craft and heritage boat-building skills.	✓	✓

Theme 6      Brand Solent			
Priorities for Action		LGD Funding	Delivery in 2015 - 2017
1.	<b>Ben Ainslie Racing (BAR)</b> – secure a successful application to the RGF and the economic, educational and marketing benefits from hosting BAR's America's Cup Challenge in the Solent.	Exceptional RGF bid	✓
2.	<b>Solent Marine and Maritime Brand</b> - create a brand that promotes the Solent as a globally-recognised centre of marine and maritime excellence.	SEP (LGD16)	✓
3.	Inward Investment and Marketing Working Group to tender and appoint an agency deliver the Solent Marine and Maritime brand and a joint visit and industry campaign against strict KPIs, ensuring that it is properly resourced. It should be launched in early 2015 and reflect the needs of both the Leisure and Commercial marine sectors.		✓
4.	<b>Royal Pier</b> – secure a new, permanent home for the Southampton Boat Show and year-round marine leisure events.		

The UK's marine & maritime industries are critical to the success of our national economy. Together, they contribute approximately £19bn in GVA and employing over 360,000 people<sup>49</sup>.

The Solent's coastal location, its sheltered havens, double tides, business base, skills, traditions, research and educational strengths place it at the heart of the national marine and maritime economy. Our ports, at Southampton and Portsmouth, provide a strategic transport hub for the enterprises across southern and central England. Portsmouth port is one of the country's leading Roll-on Roll-off (Ro-Ro) traffic destinations, with crossings to France, Spain and the Channel Islands. Southampton is the busiest cruise port in the country<sup>50</sup>; a gateway to global markets for UK automotive industry<sup>51</sup>; and was judged in 2013, to be the most productive container port in Europe<sup>52</sup>. Directly and indirectly, they provide 15,000 jobs across the Solent Hampshire area and contribute over £1.2 billion of GVA per annum to the local economy.

The Portsmouth Naval Base sits at the heart of a high-tech defence and advanced manufacturing cluster, which supports 20,000 direct and indirect jobs and contributing over £1.6 billion of GVA output<sup>53</sup>. This cluster extends beyond marine into aerospace, including companies such as BAe Systems, GE Aviation Systems, Astrium and Qinetiq. It is supported by the research strengths at our three universities, with specialisms areas such as fluid dynamics, composites and marine autonomous vehicles, which have applications in civilian use, leisure marine, renewables and other fast growing sub-sectors.

In total, the marine and maritime sector contributes 20.5% of Solent's GVA and accounts for 5% of private sector jobs. It is central both to our existing success and our aspirations for future growth.

### **OPPORTUNITIES**

The marine and maritime sectors are well placed to drive both local and national growth, provided that the constraints and investments set out in this strategy are addressed. The reasons for this, the opportunities that the sector offers for growth, are set out below.

### **MARITIME**

#### **International shipping**

The International Maritime Organisation (IMO) describes shipping as the 'lynchpin of the global economy'. It is by far the most cost-effective way of moving goods and raw materials from one place to another. As a result, 90% of the world's trade is carried by sea<sup>54</sup>.

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<sup>49</sup> UK Marine Industries Alliance / UKTI – UK Marine Export Strategy Jan 2013

<sup>50</sup> With more than 1.6million passengers departing in 2012

<sup>51</sup> Accounting for a quarter of all UK car exports.

<sup>52</sup> According to an independent user survey in the US Journal of Commerce

<sup>53</sup> Southampton and Portsmouth City Deal Negotiation Document

<sup>54</sup> <http://business.un.org/en/entities/13>

Although international seaborne trade slumped at the start of the recession, it bounced back rapidly, growing by 7% between 2009 and 2010<sup>55</sup>. With international growth strengthening<sup>56</sup>, global export volumes trade are expected to rise, with 2014 anticipated to deliver double 2013's 2.3% growth.

The benefits of this resurgent international growth can be seen both locally and nationally. Vehicle exports from Southampton rose from 650,000 in 2012 to 745,000 in 2013. Further increases, to 800,000 in 2014 and above 1m are expected by 2017.

Globalisation, agglomeration and the increasing specialisation of economic activity in different parts of the world are expected drive further long-term growth in world trade. The Solent's marine and maritime economy, supported by this strategy, has a vital role in enabling the UK to take advantage of these trends and to delivering an export-led recovery.

## **Port Centric Logistics**

Successful ports consist of much more than first class dockside facilities. Their success depends on the infrastructure that surrounds them; the capacity to move freight quickly and freely in and out, and the availability of locations where goods can be stored, sorted and broken down for onward distribution.

Until recently, the relative ease of moving containers encouraged the growth of inland distribution centres. This is reversing, due to a recognition that port-centric logistics facilities provide: reduced transport costs; increased certainty of delivery times / speed-to-market; responsiveness to environmental pressure; and better capacity utilisation.

There is a shortfall in port-centric facilities around southern UK Ports<sup>57</sup>, demand for land to set aside for this employment use<sup>58</sup> and evidence of the growth of such facilities in other parts of the UK<sup>59,60</sup>.

Ensuring that Solent is able to take advantage of the growth in port-centric logistics is central objective of this strategy.

## **The cruise industry**

The cruise industry is flourishing. Larger vessels, increasing destinations and demographic trends have combined to generate annual growth in global passenger numbers of 7% between 1990 and 2018<sup>61</sup>. Locally, Southampton has experienced a 200% rise in passengers in the last 10 years. Further growth, of 6% p.a., is predicted. It is the

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55 International Shipping Facts and Figures – Information Resources on Trade, Safety, Security, Environment © Maritime Knowledge Centre 6 March 2012

56 The UN forecast is for 3% in global growth in 2014 and 3.3% in 2015 - World Economic Situation and Prospects 2014, United Nations 2013

57 Latest trends in global trade and the business case for Port Centric Logistics – *MDS Transmodal* (2011)

58 Port-centric operations – An increasing trend in the UK logistics market *Lambert Smith Hampton* (2011)

59 Port-centric Logistics - Opportunities for Ports? *University of Newcastle* (2009)

60 In 2009, Tesco replaced its Coventry distribution centre with a 910,000 square foot facility in Middlesbrough, creating 900 jobs. In June 2013, the Prime Minister attended the announcement that Marks & Spencer will build a new distribution centre next to DP World's London Gateway, creating 700 jobs

61 2014 Cruise Trends Forecast (Jan 2014), Cruise Market Watch <http://www.cruisemarketwatch.com/growth/>

country's busiest cruise port, accounting for 81% of UK total passenger numbers in 2011, contributing c. £1bn to the local economy<sup>62</sup>. Similar growth has also been seen in Portsmouth, which doubled its cruise traffic between 2002 and 2009 with the expectation that numbers will double again by 2023, so long as suitable berthing facilities can be provided.

Making the most of this growth, by providing suitable berthing facilities, ensuring ease of access for passengers and delivering a compelling retail and tourism offer, is key to this strategy.

## **MARINE**

### **Leisure marine**

The UK leads excels in yacht design, the production of high value sailing yachts and quality powerboats. We have an internationally acclaimed super-yacht industry.

The UK leisure marine sector is made up of around 4,200 businesses, mostly SMEs, employing around 34,300 people. Generating an estimated £1.3bn of exports, this rapidly expanding sector includes globally-recognised motor and sailing yacht manufacturers, supply networks, equipment manufacturers and marinas.

Although this sector was affected by the recession, the market, particularly the export market, has bounced back. Recent data shows that 88% of businesses in the sector are now predicting more positive growth for the next six months and over 34% are reporting increased investment.

Over the long-term, the leisure marine sector is expected to grow rapidly, fuelled by the rapid expansion of the middle classes in developing countries where the UK's reputation for quality is appreciated. Exports to countries like Russia, China, Brazil, South Korea and India are expected to grow particularly rapidly, providing opportunities for primes and for SMEs involved in supplying components, equipment and support services<sup>63</sup>.

Improving supply chain linkages, ensuring adequate access to waterside manufacturing sites, and facilitating access to R&D support for this sector, forms a further critical focus for our strategy.

### **The naval / defence sector**

The UK naval sector spans warships (from large aircraft carriers to small boats), submarines and associated systems & equipment, including complex combat systems and highly integrated marine equipment. It is made up of large companies supported by a broad and innovative supply network that includes many SMEs.

The sector employs around 25,000 people, contributing around £3 bn a year to the national economy<sup>64</sup>.

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<sup>62</sup> On average, each docking is worth £2.5 million to the local economy

<sup>63</sup> UK Marine Industries Alliance, A strategy for growth for the UK Marine Industries

<sup>64</sup> <https://www.uknest.org/uk-naval-defence>

Although its fortunes are highly dependent on national defence strategy, which includes a sailor reduction of 17% and fewer surface warships by 2020<sup>65</sup>, opportunities remain for the export of non-sensitive technologies and products. Over the next ten years almost all world navies are anticipated to start or continue projects to acquire new surface capability. Navies in the East in particular are raising their capability for maritime regional deterrence, regional assistance and maintenance of territorial and resource security.

Reducing dependence on UK defence spending is a priority for this strategy, to be achieved by focusing on the export of non-sensitive products and services, widening the focus of defence production (e.g. of autonomous systems) into industrial and other applications, and by using transferable skills to diversify into the supply other sectors.

## **Renewables**

Offshore renewable energy technologies have the potential to form a major component of the UK's future low-carbon energy generation mix.

UK waters are ideal for offshore wind, with shallow seas and strong winds. Under a 'strong growth scenario' it has been estimated that offshore wind could deliver come £7bn of GVA to the UK economy by 2020/21 (excluding exports) supporting 30,000 jobs. This sector is currently dominated by Europe, principally by the UK and Denmark, with the UK leading the world in licensing offshore wind energy sites and in developing wave and tidal energy devices.

Positive changes in Government incentives allied to encouragement to developers to use local firms will generate opportunities in this nascent industry focused on: the design and manufacture of energy-generating devices; the design and manufacture of vessels required to install offshore systems; and marine-based service industries created around the coastline to maintain systems such as the local Navitus bay and Rampion wind parks. The Solent has capacity to be at the forefront of this industry, building on our strengths in the marine and aerospace sectors, our research capabilities and expertise in areas such as marine autonomous systems and composites.

The challenge for the Solent will be capitalise on our early competitive advantage in constructing and operating marine renewable technologies into sustained exports and green growth in nations such as China, Japan, Korea, USA, Canada, Taiwan, and India.

## **TECHNOLOGY & INNOVATION**

Building our capacity of innovation, creating world-class facilities, ensuring that our world-leading research and technical support is accessible and used to provide marine and maritime enterprises with a competitive advantage is a key element of this strategy.

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<sup>65</sup> Securing Britain in an Age of Uncertainty: The Strategic Defence And Security Review HM Government (2010)

The Solent Marine & Maritime Growth Partnership<sup>66</sup> has identified three particular areas, where our research and innovation capacity, linked to industrial strengths and future opportunities, suggest we should focus a strategy of Smart Specialisation<sup>67</sup>.

These are:

Composites

Marine Greening

Autonomous Vehicles

## **Composites**

As at 2010 there were around 1,500 companies involved in the UK composite sector. Annual production revenue amounted to £1.1 billion, about £0.4 billion of which is exported. Composites are used across many sectors, including marine, renewables, automobile and aerospace.

UK demand for composites is expected to grow rapidly, at around 9% p.a. for glass fibre and 17% p.a. for carbon fibre composites.<sup>68</sup> Internationally, the market for composites is expected to grow to £17.5bn by the year 2016, a 7.5% annual growth rate<sup>69</sup>.

The Solent region has a rich composite research, innovation and manufacturing presence. The Advanced Polymer and Composites (APC) research group at the University of Portsmouth focuses on the analysis, characterisation, formulation, design, modelling, rapid prototyping, manufacturing, testing and repair of composite materials. The Isle of Wight is home to the Composites Research Centre, focused on technology development for the automated manufacture of complex composite parts for high performance sub-assemblies. There are a host of companies working with composites in the Solent region, including Momentive, Vestas, GKN, GRP Laminates, Gurit UK and PE composites all located on the Isle of Wight.

Exploiting this existing knowledge base and the growth of composites in the marine and maritime sectors represents a huge opportunity for the Solent.

## **Marine Greening**

Dramatic increases in cost of bunker fuel and maritime diesel<sup>70</sup> and a growing awareness of the environmental & social costs of maritime airborne emissions<sup>71</sup> are driving a focus on fuel efficiency and the use of alternative fuels,

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<sup>66</sup> Solent Marine & Maritime - Key interventions Strategy: Key Interventions to grow Solent's Marine & Maritime sector through the Single Local Growth Fund & EU Strategic Investment Fund, November 2013

<sup>67</sup> The concept of smart specialisation can be defined as "an entrepreneurial process of discovery, identifying where a region can benefit from specialising in a particular area of science and technology". The concept calls for focusing on resources, singling out competitive advantages and aligning regional stakeholders and resources around a sound vision for the future.

<sup>68</sup> Composites UK

<sup>69</sup> Lucintel. Growth Opportunities in Global Composites Industry (2011)

<sup>70</sup> The price of which has doubled in the last seven years - CEZA, FP7 Brokerage Event, London, 2011

<sup>71</sup> J Brandt et al, [www.CEEH.dk](http://www.CEEH.dk) 2011

such as methanol, Liquid Natural Gas and hydrogen. Legislation to improve ship recycling is also generating demand for more innovative approaches to ship design, manufacture and disposal.

Solent's has research expertise in areas such fluid dynamics and the design of hulls and propulsion systems, which can provide enterprises with a potential competitive advantage.

## **Marine Autonomous Systems**

Global demand for Maritime Autonomous Systems (MAS) is forecast to grow to £1.4bn by 2019<sup>72</sup>. Although the tasks / roles for MAS are constantly evolving, they are currently mainly used in naval, offshore energy and for marine science purposes, either because they cut the cost of marine operations or because they remove people from hazardous situations.

MAS are usually launched with a pre-programmed mission, though many are now built to react autonomously to their environment. There is also a need for vehicles need to build up a track-record of reliability and safety to gain full acceptance into industrial markets such as oil and gas.

The USA currently dominates the production market, but the UK has particular strengths in complex control systems and the development of Remotely Operated Vehicle (ROV). Saab Seaeye, based in Fareham, is the world's leading builder of marine ROVs, while, within the wider Solent hinterland, Sonardyne is the largest wholly UK-owned subsea technology company, with subsidiaries in Brazil, Singapore and USA.

We propose to build on this strength developing our capacity to exploit this growing international market through the creation of a Marine Autonomous Systems (MAS) Innovation Centre, based at the National Oceanographic Centre, Southampton.

## **Challenges**

In the previous section we have highlighted the growth potential of the sector. This shows that have every reason to be optimistic. However, to deliver this growth, we need to address a number of constraints and challenges.

### **MARITIME**

Solent's Maritime industries have the capacity to grow. Trade and export volumes are rising, the number of cruise passengers is growing rapidly and we have the scope to expand port-centric logistics.

However, this growth is constrained, by:

A lack of space to grow

A lack of appropriate sites for port-centric logistics

Inadequate infrastructure

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<sup>72</sup> 'The World AUV Market Report 2010-19' - Douglas Westwood Limited

## **Lack of space to grow**

In order to continue to maintain their competitive position, our ports need the space to grow. The Port of Southampton consists of 726 acres of land. Despite recent investment, this is reaching capacity and there is now limited ability to handle additional volumes within the current facilities. The port Masterplan for 2009 – 2030 did not envisage that the level of traffic growth expected by 2030 would be realised before 2020<sup>73</sup>. Facilitating the growth of Southampton and Portsmouth ports is critical to our strategy.

## **Lack of sites for Port-centric Logistics**

Industry partners have expressed demand for land to be made available for large-scale port-centric warehousing and distribution. A number of attractive sites have been identified, including Dunsbury Hill Farm, Eastleigh Riverside, Adanac Park, and the former Ford Transit van site. However, the low-density employment that is characteristic of logistics, means that this particular land-use tends not be favoured by local planning authorities.

There is an urgent need for a strategic, Solent-wide review of potential sites that could be used for growth of the logistics sector, accompanied by a commitment to find a solution that enables the expansion of this sector.

## **Infrastructure**

Successful ports consist of much more than the ships that pass through them. Their strategic road and rail links, the ease with which people and goods can move in and out of them, is critical.

In 2006, the Government's Eddington Report was already recommending that a strategic priority for transport policy should be *'key international gateways that are showing signs of increasing congestion and unreliability'*<sup>74</sup>. Little has been done since, with the result the situation in is becoming critical.

Delays on the M3, M27, M271 and A33 are a significant concern. In the case of Southampton, the rail network, which already carries 35% of container traffic, has potential to grow, with the right investment. These issues to be addressed through Solent's Strategic Economic Plan.

## **MARINE**

### **Increasing international competition**

Although the global marine sector is forecast to grow, competition for high value international markets is also intensifying. Countries such as China, Brazil, India and Vietnam have made major investments in the sector and are increasingly challenging for more knowledge-intensive segments of the market. We will need to innovate and maximise on our existing competitive advantages if we are to succeed in the face of growing competition.

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<sup>73</sup> The race is on... Port-centered logistic, Logisticsmanager.com, Liza Helps, 01 July 2013, available [www.logisticsmanager.com/Articles/20874/The+race+is+on...+.html](http://www.logisticsmanager.com/Articles/20874/The+race+is+on...+.html)

<sup>74</sup> Eddington Transport Study, December 2006

## **Keeping up with technological Developments**

The IMO predicts that the march of technology will continue, as the industry seeks constantly to improve its efficiency, performance and competitive edge. The rapid pace of technological developments represents both an opportunity and a challenge.

The Solent is fortunate to being host to three universities, which offer access to access to world class research skills and facilities. However, too often, these skills and facilities are inaccessible to industry. We need to bring them together, to create a single integrated offer and to support companies in finding the help that they need, by simplifying processes and making access affordable.

## **Sulphur regulations**

The introduction of new regulations on sulphur content in marine fuels will present significant challenges for cruise and other maritime business in the Solent area<sup>75</sup>.

The cost and economic impact of low sulphur marine fuels is expected to be considerable, leading to one estimate of a 30% rise in ticket prices on some short routes. Maritime businesses in the Solent area have a particular concern, that the comparative advantages offered by our location will be eroded, relative to destinations where less stringent emissions tolerances apply, such as ports on the Irish sea.

There are also further concerns about the physical availability of the new fuel to be used from 2015 and governments should also be aware of the knock-on effect the increased demand from shipping for distillate fuel will have on regular diesel prices at petrol station pumps.

## **Strategic Defence Review**

The Portsmouth Naval Base generates the equivalent of 3.5% of Solent LEP output and 4.1% of all FTE jobs. It supports nearly 7% of all manufacturing jobs in the Solent.

It is widely recognised that the level and nature of activity at Portsmouth Naval Base will change following a current period of peak shipbuilding activity. We need to support the defence sector and wider supply chain in making a transition, as the emphasis moves away from ship-building towards maritime support.

## **Skills and educational attainment**

The Solent economy is projected to become increasingly highly skilled, adding 56,000 jobs in higher level occupations between 2010 and 2020 and 35,000 jobs that require degree level qualifications. In total, an estimated 347,000 people will need to be recruited between 2010 and 2020 to meet this growth and to replace people leaving the labour market (for reasons such as retirement).

Although the total population will rise by around 108,000 during this period, the working age population is predicted to remain almost static and there is projected to be a drop in the number of 16-24 year olds (-9,700). This will limit the pool from which employers can recruit and will have implications for the ability of the local economy to grow.

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<sup>75</sup> <http://www.maritimeuk.org/2012/01/marine-fuel-sulphur-content/>

Furthermore, the pipeline of skills coming through is a cause for concern and parts of the Solent area face a significant educational attainment gap at Key Stage 3 and GCSE, which raises concerns about the area's ability to meet the future skills demands. Performance in STEM skills, which are critical to the marine and maritime sector, are also below the national and South East average.

A further concern is the low proportion of residents from Southampton and Portsmouth participating in HE. Just 31% of young people who entered an A level or another Level 3 qualification in 2009/10 in these cities progressed to a UK HEI, compared to the UK average of 48%.

There is an urgent need to raise skills levels from an early age, to excite interest in learning STEM learning and to encourage and improve progression routes into HE, if we are to deliver growth in the knowledge-intensive areas of the marine and maritime sector.

## ANNEX 2 INITIATIVES IN PORTSMOUTH

The table below highlights initiatives and recommendations within this Plan that specifically benefit Portsmouth.

It should, however, be noted that, in keeping with the need for cross-Solent leadership and a joint approach, the majority of recommendations contained in our Plan (leadership, waterside sites, branding, skills funding) focus on unlocking Marine and Maritime growth across the Solent.

Regional Growth Fund Investments	Total Investment	Central Government Investment
Portsmouth International Port improvements	£12,800,000	£10,500,000
Marine Enterprise Hub - Portsmouth Incubation Centre	£3,080,000	£1,500,000
Shallow-water testing platform	£600,000	£500,000
Satellite Applications Centre of Excellence	£600,000	£300,000
Boathouse 4 – Heritage Skills Training Centre	£5,555,000	£200,000
Regional Growth Fund Investments	Total Investment	Central Government Investment
Exceptional Regional Growth Funding		
Ben Ainslie Racing – America's Cup Challenge	£87,000,000	£8,000,000
Region-wide RGF Investments	Total Investment	Central Government Investment
Solent-wide Logistics Review	£75,000	£75,000
Key Portsmouth-related recommendations		
Early release of the Portsmouth Shiphall		
Establishing a new ferry link from Portsmouth to the Isle of Wight		

### Solent Marine & Maritime Working Group Terms of Reference

#### **Vision**

*To drive the long term, sustainable growth of the Solent Marine and Maritime sector to benefit both the region and UK plc*

#### **Purpose**

*To propose and manage the marine sector growth strategy on behalf of the Solent Local Enterprise Partnership*

#### **By providing a forum to -**

- Co-ordinate all the regional factors contributing to growth in the Solent Marine and Maritime sector
- Align the regional marine sector growth strategy with the national strategy
- Steer the progress of marine sector programme activities as determined by the LEP
- To approve the strategic planning matters associated with industrial waterside sites
- Propose and prioritise strategic transport interventions with a direct impact on the marine sector

#### **Governance**

Solent Marine Sector Working Group to report to Solent LEP Board and to comprise the following:

- Chair – Solent LEP Board member (private sector and linked to marine sector)
- 5 x Business representatives (CEO/MD/Director level and from relevant marine related businesses)
- 1 x Local Authority (representing all the Local authorities)
- 1 x University (representing all the universities)
- 1 x Trade Association (representing all the Trade Associations)
- 1 x UKTI (representing BIS and all branches of UKTI)

Supported by:

- Marine Sector Growth Manager (Solent LEP via manager seconded from Hampshire County Council)
- Support Officer (Solent LEP)
- Action Groups focused on key interventions / actions (to be assembled and arranged as required)

#### **Authority**

- Accountable to the Solent LEP
- Authority to engage with all organisations relevant to the growth of the marine sector on behalf of the Solent LEP

### **Frequency of Meetings**

- Quarterly – for first year – and then to be reviewed

### **Communications and working relationship**

The WG is authorised to work with the following regional partners to propose and manage item for the Marine and Maritime Strategic plan.

- **Trade Association(s)** – British Marine Federation, Marine South East, Society of Maritime Industries – as conduit to regional business base
- **UKTI** – Trade – to deliver tailored support for export growth
- **UKTI** – Investment – to support efforts to attract new foreign direct investment
- **Business South** – incorporating Solent Maritime Board - as conduit to key business leaders, and to support marketing and event delivery
- **University of Southampton, Southampton Solent University and University of Portsmouth** – as centres of excellence in research/innovation and as sources of future talent
- **FE Colleges** – Southampton City College, Brockenhurst College, Fareham College, etc. - to support efforts to align education and skills with economy
- **Local Authorities** – local business relationships, local business support, planning authorities, transport authorities, education authorities

## ANNEX 4 LOCAL GROWTH DEAL FUNDED OPPORTUNITIES – PROPOSED DELIVERY PLANS

A summary of the Delivery Plan proposed for each recommendation for which there is a financial requirement is provided below. Complete proposals, providing a detailed case for each intervention, are available from Amanda Beable, Marine Sector Growth Manager at Hampshire County Council, who can be contacted at [amanda.beable@hants.gov.uk](mailto:amanda.beable@hants.gov.uk).

<b>Proposal</b>	<b>LGD 17: Portsmouth International Port</b>
<b>Summary</b>	Demolition of a floating dock jetty, removal of seabed obstructions and construction of a 300m quay dredged to minus 11m chart datum. This will extend the berth (Flathouse Quay) from 190m to 300m and allow for longer ships to use the quay.
<b>Outcome &amp; Outputs</b>	<p>The scheme will enable larger vessels to berth at the Port such as container ships, reefer ships and cruise liners, and will support economic activity and employment in the local area.</p> <p>The Business Case Section, Strategic Case for Investment Section and the Economic Case Section provide further information about the outcome &amp; outputs of the scheme.</p>
<b>Milestone</b>	<ul style="list-style-type: none"> <li>• Transfer of Floating Dock Jetty to the City Council</li> <li>• Transfer of MoD land</li> <li>• Harbour Revision Order approval</li> <li>• Marine Management Organisation consents</li> <li>• Crown Estates land purchase/lease</li> <li>• Funding confirmation</li> <li>• Tender issue</li> <li>• Tender returns</li> <li>• Tender acceptance</li> <li>• Start on site</li> <li>• Floating Dock Jetty demolition and obstruction removal</li> <li>• Start of Construction / Construction completion</li> </ul>
<b>Resources</b>	Portsmouth City Council (staff and finance), MoD (land), Consultants, Contractor.

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Action	Owner	Timeline
Finalise funding	Section 151 Officer	June 2014
Identify other land requirements from MoD	Port Manager	December 2014
Transfer Floating Dock Jetty to Portsmouth City Council	Asset Management Service	April 2015
Negotiate / transfer other land from MoD	Port Manager	April 2015
Obtain Harbour Revision Order	Port Engineer / Legal Services	July 2015
Obtain Marine Management Organisation consents	Port Engineer	July 2015
Design / specification	Port Engineer	July 2015
Tender documents	Port Engineer / Legal Services	July 2015
Tender process	Port Engineer	October 2015
Tender assessment / award	Port Engineer	November 2015
Demolitions / construction	Contractor	December 2016

Proposal	<b>LGD 18: Strategic Logistics Study</b>
Summary	<p>Given the level of import trade, particularly from the Far East, which flows through the Port of Southampton, and given that this is forecast to see significant growth, the Solent would seem to have potential to develop its logistics offer.</p> <p>The Port of Southampton is located just two miles from the M27 motorway via the A33 and M271, and also has very good access to the strategic rail freight network. The Port has achieved a high (35%) mode share by rail for containers, with the balance moved by road. Around 60% of the goods imported through the port are transported to the Birmingham, Manchester and Liverpool triangle. Other destinations for the freight include London, Scotland, Bristol and the South West.</p> <p>Port-centric logistics can be defined as provision of distribution and other-value adding logistics services at a port. This means that, instead of transporting the containerised cargo inland to the distribution centres, sites at the port or in close proximity are used for logistics purposes. The cargo is repacked or value is added and it is then taken inland on pallets. This creates potential for numerous benefits including increased efficiency, shorter supply chains, shorter time to market, benefits of scale and reductions in operating costs.</p> <p>Companies are re-evaluating the organisation of supply chains due to increased fuel costs, congestion at some ports and increasing awareness of the environmental impacts of transport in recent years. The availability of new technology and new software allows for the transformation of supply chains. The moving of logistics facilities into the port creates possibilities for shortening supply chains by eliminating the leg of the transport of containers to the inland distribution centre and back to the port. This part of the supply chain is addressed by port-centric logistics and can create efficiencies and benefits of scale and can also decrease operating costs.</p> <p>The location of port-centric logistics facilities can also allow communities from around the ports to create value. According to Port Centric Logistics Partners<sup>76</sup>, those companies and regions that understand these dynamics and can translate them into solutions will be able to become key players in tomorrow's economy. According to Colliers International, continued growth is forecast in container shipping passing through Europe's ports and is set to outstrip overall growth for the foreseeable future. With the increase in the number of containerised goods coming to the UK via its ports, there are more opportunities for port-centric logistics.</p>

<sup>76</sup> <http://ukportcentric.com/biz%20case.html>

<b>Outcome &amp; Outputs</b>	Whilst the availability of land within the Port of Southampton is limited, there are opportunities for port-centric logistics to be developed in a constellation around the Port. There is, therefore, a need for a strategic, Solent-wide review of the potential for growth in the logistics sector and objective sites appraisal.	
	The study should review the following: <ul style="list-style-type: none"> <li>• The geographic advantage of the area for location of logistics facilities;</li> <li>• The multiplier impact that increased logistics facilities may bring;</li> <li>• Any latent demand for logistics accommodation; and</li> <li>• Prioritisation of sites.</li> </ul>	
<b>Milestone</b>	Milestones highlighted below.	
<b>Resources</b>	Solent LEP, Hampshire County Council, Marine & Maritime Working Group	
<b>Action</b>	<b>Owner</b>	<b>Timeline</b>
Scoping of study	SLEP/HCC/M&MWG	July 2014 to September 2014
Tender for consultancy support	SLEP/HCC/M&MWG	September 2014 to October 2014
Inception meeting -	SLEP/HCC/M&MWG	November 2014
Receipt of first draft	SLEP/HCC/M&MWG	February 2015
Receipt of final report	SLEP/HCC/M&MWG	May 2015

<b>Proposal</b>	Access to Western Docks – Redbridge and Millbrook Roundabouts
<b>Summary</b>	<p><b>Redbridge Roundabout</b> - The installation of a road link through the middle of Redbridge Roundabout at the bottom of the M271, sometimes known as a “hamburger” junction. This will effectively provide a by pass round a congestion hot spot.</p> <p><b>Millbrook Roundabout</b> - Key maintenance works will also be carried out at Millbrook roundabout. This is the main access junction into the Western Docks via Dock Gate 20.</p>
<b>Outcome &amp; Outputs</b>	<p><b>Redbridge Roundabout</b> - The outcome would be to improve journey time reliability and decrease journey times for container based HGV traffic as well as other traffic accessing the strategic network from Southampton.</p> <p><b>Millbrook Roundabout</b> – Addresses the high risk that safety based traffic management measures (that the Council would be forced to impose if maintenance were not carried out) would reduce the capacity of this access point by around 50%. This would seriously impact on the effective operation of the port.</p>
<b>Milestone</b>	Milestones highlighted in bold below. There is a critical dependency not included at this stage which is the decision to funding. The Council is conducting feasibility, design and consultation at risk.
<b>Resources (City, Government, private sector, other)</b>	City Council will contribute £1.85M and we are requesting £3.85M

<b>Actions (Redbridge Roundabout)</b>	<b>Owner [Who is responsible for undertaking the action, identify team]</b>	<b>Timeline [date for when the action needs to be completed by]</b>
Surveys (Topological/Geotechnical/Pavement/Drainage)	BBLP	Fri 13/12/13
C2 Notices (Statutory Undertakers)	BBLP	Fri 15/11/13
Appoint CDMc & Issue F10	BBLP	Mon 04/11/13
Preliminary Drawings	BBLP	Fri 24/01/14
Footway Diversion/Subway Closure Process made following consultation	BBLP	Fri 13/06/14

Traffic Regulation Orders	LA	Fri 17/10/14
Highway Design	BBLP	Fri 08/08/14
C3 Notices (Statutory Undertakers)	BBLP	Fri 02/05/14
Highways Agency Approvals	BBLP and HA	Fri 22/08/14
Road Safety Audit Stage 2	BBLP	Wed 13/08/14
Issue Drawings for Technical Approval	LA	Wed 13/08/14
Technical Approval Process	LA	Fri 22/08/14
C4 Notices (Statutory Undertakers)	BBLP	Fri 01/08/14
Subcontractor Pricing	BBLP	Fri 22/08/14
Target Cost	LA	Fri 12/09/14
Statutory Undertaker Orders	BBLP	Fri 15/08/14
Construction Order	BBLP	Fri 19/09/14
Statutory Undertaker Mobilisation	LA	Fri 10/10/14
Subcontractor Orders	BBLP	Fri 03/10/14
Mobilisation	BBLP	Fri 10/10/14
Enabling Works	BBLP	Fri 17/10/14
Statutory Undertaker Diversions	BBLP and SU's	Fri 02/01/15
Main Construction Works	BBLP	Fri 17/09/15
Road Safety Audit Stage 3	BBLP	Thu 23/07/15
<b>Actions (Millbrook Roundabout)</b>	<b>Owner [Who is responsible for undertaking the action, identify team]</b>	<b>Timeline [date for when the action needs to be completed by]</b>
Surveys (Topological/Geotechnical/Pavement/Drainage)	BBLP	Fri 15/11/13
C2 Notices (Statutory Undertakers)	BBLP	Fri 15/11/14
Appoint CDMc & Issue F10	BBLP	Mon 04/11/14
Preliminary Drawings	BBLP	Fri 13/12/14
C3 Notices (Statutory Undertakers)	BBLP	Fri 10/01/15
Highway Design	BBLP	Wed 26/02/15
Early Contractor Involvement	BBLP	Wed 29/01/15
Subcontractor Pricing	BBLP	Wed 19/03/15

Target Cost	LA	Wed 16/04/15
Construction Order	BBLP	Wed 14/05/15
Statutory Undertaker Mobilisation	BBLP	Fri 10/10/15
Subcontractor Orders	BBLP	Fri 03/10/15
Mobilisation	BBLP	Wed 25/06/15
Enabling Works	BBLP	Wed 20/08/15
Main Construction Works	BBLP	Wed 10/12/15 for upto 3 months

<b>Proposal</b>	<b>LGD 20: Southampton Strategic Transport Review</b>
<b>Summary</b>	The work undertaken to support the Strategic Economic Plan and the associated Maritime Supplement has identified a need to review the existing transport strategy for the city and assess if further transport measures are required to support the growth of this sector.
<b>Outcome &amp; Outputs</b>	<ul style="list-style-type: none"> <li>• Establish governance of project leading to multi agency and sector project team</li> <li>• An assessment of baseline traffic and rail conditions and committed schemes</li> <li>• An assessment of forecast traffic and rail conditions, Identification of problem locations and pinch points</li> <li>• An assessment of baseline maritime functions</li> <li>• An assessment of forecast maritime functions including review of the port masterplan and consideration of new economic models/opportunities: <ul style="list-style-type: none"> <li>○ composites hub</li> <li>○ assessment of maritime sector requirements for land for supporting a Southampton based port centric logistics model (link to other LEP PUSH study)</li> </ul> </li> </ul>
<b>Milestone</b>	Milestones highlighted below.
<b>Resources</b>	Southampton City Council (SCC)

<b>Action</b>	<b>Owner</b>	<b>Timeline</b>
Scoping and establishment of governance/project team	SCC	August 2014 to Oct 2014
Tender for consultancy support	SCC	Oct 2014 to November 2014
Inception meeting	SCC	December 2014
Data collection	SCC	Jan 2015 to May 2015
Defining a port centric logistics model	SCC	May to July 2015
Baseline economics and transport agreed	SCC	Sept 2015
Forecast economic and transport scenarios	SCC	Oct 2015
Initial options selection and testing	SCC	Oct 2015

Business case development (this includes the eastern access implementation plan development which cannot be done meaningfully until this stage)	SCC	Sept 15 to March 16
Submission of scheme to LEP for 16-17 plus programme	SCC	March 2016

<b>Proposal</b>	<b>LGD 21: Marine Enterprise Hub – Portsmouth Incubation Centre</b>
<b>Summary</b>	The scheme is for the development of an innovation centre in Portsmouth with a recommendation for two further innovation centres in Southampton and on the Isle of Wight, providing managed workspace alongside a suite of business development support, to encourage the start up of business with a marine/maritime emphasis.
<b>Outcome &amp; Outputs</b>	It is expected that over a ten year period, that the Portsmouth Innovation centre could generate 500 jobs, and that a group of centres could generate at least 1500
<b>Milestone</b>	Begin operation across each of the three urban core areas of the Solent LEP area.
<b>Resources</b>	Core resources to develop and pump-prime centres are likely to be public funds (a mix of central and local government funding) but over time, it would be expected that centres would become self-sustaining, and indeed generate income through rental and purchase of ancillary services.

<b>Action</b>	<b>Owner</b>	<b>Timeline [</b>
Specification for marine innovation centres to be developed	PCC/Solent LEP	By June 2014
Identification of suitable premises	As above	By September
Capital refurbishment	As above	By April 2015
Specification for operators developed	As above	By July 2014
Invitation to tender to operators	As above	September 2014
Award of operator contract	As Above	February 2014
Operation commencement	As above	April 2015

<b>Proposal</b>	<b>LGD 22: Isle of Wight (Marine) Enterprise Zone &amp; Infrastructure Expansion Fund</b>
<b>Summary</b>	<ol style="list-style-type: none"> <li>1. The creation of a portfolio of sites within Cowes and East Cowes which will have local Enterprise Zone status. The council will prepare local development orders for these sites and will waive 50% of the NNDR on any new employment buildings developed on those sites until 2020 provided their planning use was B1, B2 or B8.</li> <li>2. The creation of an Isle of Wight Infrastructure Expansion fund. The £10m fund will support such things as the development of speculative builds or the building or repair of critical infrastructure.</li> </ol>
<b>Outcome &amp; Outputs</b>	<ul style="list-style-type: none"> <li>• Development of 300,000 sq. ft. of employment space</li> <li>• 500 direct jobs created or safeguarded</li> <li>• 750 indirect jobs created or safeguarded</li> <li>• Improved waterfront infrastructure</li> </ul>
<b>Milestone</b>	<ul style="list-style-type: none"> <li>• Steering Group set up</li> <li>• LDOs in place</li> <li>• EZ Strategy adopted.</li> </ul>
<b>Resources</b>	<p>IOW council – staff time, land and 50% subsidy of NNDR</p> <p>Other land owners – land, staff time and balance of development costs</p> <p>Government/ SLEP - £10.1m</p>

Action	Owner	Timeline
Steering group set up	IOW Council	September 2014
LDOs in place	IOW Council	December 2014
EZ Strategy adopted by steering group	Steering Group	April 2015

<b>Proposal</b>	<p><b>LGD 23: National Composite Centre - Solent Large Structures Composites Centre - STUDY</b></p> <p><b>LGD 24: National Composite Centre - Solent Large Structures Composites Centre - IMPLEMENTATION</b></p>
<b>Summary</b>	<p>NCC-SLSC, operating as a satellite of the National Composites Centre.</p> <p>Providing some 8,000sqm of offices, workshop and training space to develop and test technologies suitable for large maritime and other sector structures.</p> <p>This could be co-located with a new University Technical College focusing on maritime and structural composites as well as High Value Manufacturing</p>
<b>Outcome &amp; Outputs</b>	<ol style="list-style-type: none"> <li>1. The project will firmly connect the Solent region with National High Value Manufacturing agendas and activities and in particular the rapidly expanding composites sector which is led by the National Composites Centre based in Bristol.</li> <li>2. The region will establish globally significant development facilities that directly support the innovation and business activities of many local companies, including SMEs.</li> <li>3. The facility would fit with the Solent's recognised excellence in university-based engineering research</li> <li>4. The Centre will support and build upon the recently established partnerships of Lloyds Register, Southampton Uni etc.</li> <li>5. Co-location of education and training activity will ensure that successful innovation and development will be followed by future employment in the region associated with the technologies developed.</li> <li>6. Access to knowledge and technology will increase opportunities for inward investment.</li> </ol>
<b>Milestone</b>	<p>Establishing the business case for the centre – via a composites centre Study (LGD 6)</p> <p>Developing a business model with the University of Bristol (the owner of NCC) (LGD 6)</p> <p>Forming the partnership between NCC &amp; Solent/ national companies ( Lloyd's Register, Southampton University, MCA, BAE Systems and/or GKN)</p> <p>Getting planning approval from the council (LGD 6)</p> <p>OJEU Contracting (LGD 7)</p> <p>Completing construction (LGD 7)</p> <p>Opening of facilities(LGD 7)</p>
<b>Resources</b>	<p>Circa. £0.1m for a market survey, £28 million for land and construction of the NCC -SLSC. £16m+ for equipment for a facility similar to NCC's current facilities and a 50% contribution to revenue costs (see above)</p> <p>Options to enhance the training and skills element further could include:</p>

HVMC Training Centre £14m, FE facilities: £6m

£3.5million – 7million national investment from the national businesses interested in large composite structures.

Action	Owner	Timeline
Public sector stakeholders establish if they would support a project of this type and magnitude: BIS/ HVMC, Solent LEP, Universities of Southampton and Bristol, NCC	BIS Local	20th March 2014
2 month market assessment: terms of reference developed, team recruited, work undertaken and report written and presented to stakeholders. Decision: go/ no-go	Team involving NCC, Universities of Soton and Bristol, Solent LEP	Beginning of June 2014
In parallel, Universities of Bristol and Soton explore ownership and governance issues	Universities	Beginning of June
Formalise public sector funding and confirm private sector support	Project owner (JV University of Soton and NCC/ University of Bristol)	Mid-July 2014
Recruit project team (which should include industry representatives)	As above	September 2014
Specify equipment, appoint architect, begin OJEU process	As above	End September (c. 3 months for each)
Business development begins (making use of NCC/ University of Soton & Bristol capabilities in the interim)	As above	September 2014
Begin recruitment of key staff	As above	Qtr 1 2015
Building opens		Qtr 4 2015

Proposal	<b>LGD 25: Shallow Water Testing Platform - Portsmouth</b>
Summary	This proposal is to develop a monitoring and testing platform in Langstone Harbour which will provide a unique and accessible facility for field testing novel sensing/sampling applications and other technologies (e.g. piloting small scale wave/tidal energy), thereby directly contributing to maintaining the UK's lead in cross-cutting technology for marine science. This facility will complement a range of knowledge and facilities which are routinely used to support business and university interactions. The new platform will complete the suite of facilities available for companies to use and will form part of a larger £6-10million infrastructure programme currently being developed by the University of Portsmouth. The University has invested in the staffing resources required to fully exploit this facility and will continue to support the on-going running costs associated with it.
Outcome & Outputs	<p>This facility will be available for companies in the region to either hire and use independently or to work in partnership with the University to develop and test new technologies and solutions for commercial exploitation. The proposal includes the use of Innovation Vouchers for businesses to subsidise the costs of product development and university engagement. The intended outcome of this proposal is greater return on investment from investments in University facilities, leading to company growth and employment.</p> <p>Specific outputs from this proposal will include:</p> <ul style="list-style-type: none"> <li>20 companies benefitting from innovation vouchers to utilise the facility within 3 years</li> <li>A fully supported research facility with an anticipated lifespan of 15 years</li> </ul>
Milestone	<p><b>Year 1 Milestones:</b></p> <p>M1 – Appointment of marketing manager for all IMS facilities (completed)</p> <p>M2 - Delivering an operational Test Bed Facility</p> <p>M3 - Launching the funding scheme to support use of the IMS facilities &amp; first business use</p> <p><b>Year 2 Milestone</b></p> <p>M4 – End of Y2 – 10 companies utilising the platform</p> <p><b>Year 2 Milestone</b></p> <p>M5 – End of Y2 – 20 companies utilising the platform</p>

<b>Resources</b>	Funding Required £500k
	Equipment and Construction Costs £400k
	Innovation Vouchers £100k
	Matched Funding (Cash) - Private Sector Match for Research and Product Development (£200k)
	Matched Funding (In-kind) - IMS Staffing – 3 years (£60k) plus Operational Support and Maintenance – 3 years (£50k)

Action	Owner	Timeline
Tenders Issued	UoP (Estates/Finance Department)	January 2015
Procurement of equipment and construction services	UoP (Estates/Finance Department)	March 2015
Development of Marketing Strategy for increased Business Engagement	UoP (IMS Business Development Manager)	December 2014
Construction Starts	UoP(Estates Department)	April 2015
Marketing Activity Starts	UoP (IMS Business Development Manager)	March 2014
Construction Completes	UoP (Estates Department)	Late Autumn 2015
Rig Operational	UoP( IMS Management)	Late Autumn 2015
First Business Using Facility	UoP (IMS Business Development Manager)	Late Autumn 2015

Proposal	<b>LGD 26: Satellite Applications – Centre of Excellence</b>
Summary	<p>Satellite communications are vital in the provisioning of secure and reliable connectivity to the maritime sector, supporting applications including logistics, ship routing, energy saving, safety of personnel and assets. Marine and maritime businesses have an increasing need for real-time data communication and analysis to provide ship and cargo surveillance, and vessel monitoring which improves ship and crew performance. The launch of a CoE for Satellite Applications at the University of Portsmouth (UoP) in the maritime sector is critical for the Solent region to promote the use of satellite observation, navigation, communications and data analytics with the vision of becoming a magnet for innovation and investment in the use of satellite applications.</p> <p>The aim of the centre is to promote usage of satellite applications in maritime businesses that have previously felt inhibited in the use of satellites due to concerns in knowhow, their cost and the potential added value to their businesses. The centre will bring together a multi-disciplinary team blended from industry and academia experienced in the Marine and Maritime sectors to encourage satellite usage. This is a management team will made up of representatives of the Universities of Portsmouth, and Southampton, National Oceanography Centre and STS Defense.</p>
Outcome & Outputs	<p>The Objectives are the centre are:</p> <p>Objective 1: Understand the needs, and educate the maritime industry into the potential uses of Satellite Applications.</p> <p>Objective 2: Work with the maritime industry to maximise the use of data and the development of new applications and solutions.</p> <p>Objective 3: Engage with research communities, Centres of Excellence and other TSB Catapults to enable growth in the satellite applications.</p> <p>Objective 4: Increase research income from KTPs, TSB, EU and other funding opportunities</p> <p>To be measured by:</p> <p><b>1 - Contractual work (DVC)</b> - Clients engaged in the DVC increasing year on year, up to 5 by year 3.</p> <p><b>2 - Knowledge Transfer Partnerships (KTPs)</b> - The collaborators involved in the CoE have an outstanding track record with KTPs and are confident in being able to maintain a steady state of 12 including on-going KTPs by year 3.</p> <p><b>3 - TSB R&amp;D Collaborations</b> - The collaborators involved in the CoE have an outstanding track record with TSB R&amp;D collaborations and are confident in being able to obtain this KPI.</p>

Milestone	<p><b>4 - EU H2020 and EPSRC</b> -The CoE will make two submissions per year for Horizon 2020 and/or EPSRC grants.</p> <p><b>5 - People Exchange</b> - The CoE will engage in the following people exchanges; student placements (3rd year project students from the Applied Physics BSc course, MSc student from Mathematics, MBA students from the Business School), PhD students, Industrial PhD, and Research Associates.</p> <p><b>6 - Industrial Patents</b> - The patents filed by the industrial collaborators will be an indication of the novelty of the work carried out by the collaborators.</p> <p><b>7 - Innovation Awards</b> - The collaborators have won 2 KTP awards for outstanding run schemes - the innovative research undertaken in CoE will compete for more awards in the future.</p> <p><b>8 - Education and Training</b> - The CoE will engage in the following training; Student placements, PhD students, Industrial PhD, and Research Associates/Fellows. Short summer course based on topics related to; Satellite Communications, Data Analytics and Decision Making, Satellite Navigation Etc.</p> <p><b>9 - Number of new businesses created and success indicators of these businesses year on year</b> -Potential of spin out companies or new departments in data analytics resulting from a strategic change in the way they use data due to our collaboration.</p>
	<p><b>Year 1 Milestones</b></p> <p><b>M1 - End of Month 4, to have delivered:</b></p> <ul style="list-style-type: none"> <li>- Form Management and Steering Committees</li> <li>- CoE Launch event, Inaugural CoE Centre Monitoring Committee Meeting</li> <li>- Recruitment process for the CoE Business Manager and CoE Research Assistant.</li> <li>- Website Launch -</li> <li>- Marketing materials and plan</li> <li>- Started workshop programme</li> </ul> <p><b>M2 – End of month 6</b></p> <ul style="list-style-type: none"> <li>- Workshops delivered</li> <li>- Development of mobile surgeries</li> </ul> <p><b>M3 – End of month 9</b></p>

- Preparation of 4 KTPs and 2 TSB Collaborative R&D bids
- Short Courses and Workshops Delivered

#### **M4 – End of Y1**

- Workshops and exhibitions delivered
- Review work programme and develop programme for Y2 and Y3 with the Steering Committee

#### **Year 2 MilestonesM5 end of Y2**

The second year follows the same schedule as the first year, based upon the experience of the previous year's activities with a stronger element of dissemination, using Harwell's facilities with an aim of reaching greater national audience and link with the other catapult centres.

#### **Year 3 Milestones**

In the third year the centre will follow the format of the previous two years, but with an emphasis to grow the centre by increasing its virtual presence in order to reach out to a larger audience and run independently of TSB Catapult money after the third year. This will be achieved by offering web-based, video and telephone conferencing facilities, data loading and graphical visualisation areas, technical videos, adverts for events, and lecture material for the courses. The physical location of the centre will still be based at the UoP, e.g. set of offices, meeting rooms, laboratory; the web based facilities will be via satellite. There will be permanent staff members managing the website and the activities of the centre. The centre will still focus on encouraging the marine and maritime industry to increase the use of satellites. We hope to have at least 250 industrial and academic collaborators and links with other Catapult centres. We will be developing membership fees from the collaborators to help support the centre in the following years.

#### **Resources**

The resources requirements are £600k over 3 years which is broken down into running costs of £200k per annum. Funding is being sought for 50% of the operational cost from the TSB and 50% from Solent Marine Forum / Local Growth Deal.

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Action	Owner [Who is responsible for undertaking the action, identify team]	Timeline [date for when the action needs to be completed by]
Strengthen the links with University of Southampton and Southampton Solent University	Prof David Brown	Oct 2014
Work with the TSB to develop the CoE offering for the next call	Prof David Brown	Oct 2014

<b>Proposal</b>	<b>LGD 27: Commercialisation of Southampton Marine and Maritime Institute (SMMI) research facilities</b>
<b>Summary</b>	Provide subsidised access to world leading test facilities contained within the Solent research-base to enable a) existing companies to grow, and b) enable development of new systems for emerging applications forming the basis for new business creation.
<b>Outcome &amp; Outputs</b>	New business creation, job creation and increased levels of both exports and inward investment. This is also further boosted as a result of the additional EC Horizon 2020 R&D support which focuses on downstream engagement and targets towards areas of Smart Specialisation.
<b>Milestone</b>	Funding approval, assessment / approval of suitable projects, project delivery, completion, downstream economic impact and recording of benefits to region.
<b>Resources</b>	SMMI facilities and local businesses requiring access to facilities and support.

<b>Action</b>	<b>Owner [Who is responsible for undertaking the action, identify team]</b>	<b>Timeline [date for when the action needs to be completed by]</b>
Approval of funding	Solent LEP	
Finalising of steering group representation and project criteria	Simon Gerrard	March 2015
Engagement with Solent MAS companies to provide awareness of scheme and to solicit suitable projects	Simon Gerrard	March 2015
Project selection, delivery and completion.	All	May 2017
Impacts recorded with case presented for further funding	Simon Gerrard	July 2017

<b>Proposal</b>	<b>LGD 28: Marine Autonomous Systems test-bed at NOC</b>
<b>Summary</b>	Provide subsidised access to world leading test facilities contained within the Solent research-base to enable a) existing companies to grow, and b) enable development of new systems for emerging applications forming the basis for new business creation.
<b>Outcome &amp; Outputs</b>	New business creation, job creation and increased levels of both exports and inward investment. Also increased downstream engagement with EC Horizon 2020 R&D support being increasingly targeted towards areas of Smart Specialisation.
<b>Milestone</b>	Funding approval, assessment / approval of suitable projects, project delivery, completion, downstream economic impact and recording of benefits to region.
<b>Resources (City, Government, private sector, other)</b>	NOC facilities and local businesses requiring access to facilities and support.

<b>Action</b>	<b>Owner [Who is responsible for undertaking the action, identify team]</b>	<b>Timeline [date for when the action needs to be completed by]</b>
Approval of funding	Solent LEP	
Finalising of steering group representation and project criteria	Kevin Forshaw	March 2015
Engagement with Solent MAS companies to provide awareness of scheme and to solicit suitable projects	Kevin Forshaw	March 2015
Project selection, delivery and completion.	All	May 2017
Impacts recorded with case presented for further funding	Kevin Forshaw	July 2017

<b>Proposal</b>	<b>LGD 29: Wight STEM Skills Partnership - WSSP</b>
<b>Summary</b>	The creation of a strong partnership of the private and public sectors delivering a co-ordinated programme which will raise STEM skills on the Isle of Wight
<b>Outcome &amp; Outputs</b>	<ul style="list-style-type: none"> <li>• 600 students on scheme</li> <li>• 40 graduate trainees</li> </ul>
<b>Milestone</b>	<ul style="list-style-type: none"> <li>• Partnership formed</li> <li>• Programme established</li> <li>• First graduate trainees recruited</li> </ul>
<b>Resources (City, Government, private sector, other)</b>	A total budget of £1,797,500 with the private sector providing 62.5%, the council providing 9.1% and the Government grant providing 28.4%.

<b>Action</b>	<b>Owner [Who is responsible for undertaking the action, identify team]</b>	<b>Timeline [date for when the action needs to be completed by]</b>
Government funding agreed	Government	Summer 2014
Partnership created	IOW Council	September 2014
Programme established	Partnership	November 2014
Sponsorship packages agreed	Partnership	March 2015
First tranche of graduate trainees recruited	Partnership	June 2015

Proposal	<b>LGD 30: Boathouse 4 – Boat-building &amp; Heritage Skills Training Centre</b>
Summary	<p>Portsmouth Naval Base Property Trust's Boathouse 4 project will transform Boathouse 4, a significant building at the entrance to Portsmouth Historic Dockyard, into an important centre of learning - something rarely achieved in the preservation and re-use of historic structures. The refurbished Boathouse 4 will be home to a new Boat-building &amp; Heritage Skills Training Centre offering formal courses in heritage boat-building skills, an interactive exhibition and interpretation space showcasing small Naval craft and the stories they tell, along with a mezzanine floor restaurant overlooking Portsmouth Harbour.</p>
Outcome & Outputs	<p><u>Outputs of the Boathouse 4 project will be:</u></p> <p>Skills Development</p> <ul style="list-style-type: none"> <li>Up to 100 people per year will graduate with valuable transferrable heritage skills that might otherwise be lost.</li> <li>Local people will be able to access heritage boat-building bursaries. Bursaries will be targeted at local young people currently unemployed or disengaged from education. To ensure the widest possible access to IBTC courses, a practical, week long bursary placement recruitment will take place regularly.</li> </ul> <p>Sustainability</p> <ul style="list-style-type: none"> <li>Boathouse 4 will become the 'Solent - Centre of Excellence', Solent Hub for the National Historic Ships' Shipshape Network</li> <li>The parties to the Memorandum of Understanding will set up a Management Board to manage the activities of the Centre; PNBPT will chair the Board and provide such management, financial and administrative support as necessary to conduct business.</li> </ul> <p>Participation</p> <ul style="list-style-type: none"> <li>A tactile and experiential exhibition that impacts on the emotions and senses as well as on the intellect will be produced</li> <li>A programme of traditional boat-building skills short courses for adults and families will give participants the opportunity to develop heritage skills, such as, duffel bag making using traditional canvas, coracle making, decorative rope work, steaming wood, basic boat-building conservation, traditional tool restoration and blacksmithing. STEM after school club partnership sessions with the Mary Rose Trust and a cross-section of local secondary schools will utilise the Boathouse 4 exhibition and collections to enrich curriculum related science and technology learning.</li> <li>The Activity Plan (available on request) details numerous activities to be delivered as part of the Boathouse 4 Alive exhibition and the workshop to Water Community Scheme.</li> <li>The role of volunteers will be developed through the Boathouse 4 Project. Boathouse 4 Restoration Volunteers will work on technical tasks on the Historic Small Craft Collection and Boathouse Access volunteers will support audience engagement through facilitating the interactive exhibition and</li> </ul>

family drop in activities.

#### Conservation

- Boathouse 4 will be repaired, remodelled and opened up free to the public, allowing people to learn about the history and importance of this significant building.
- This refurbishment and remodelling will provide 3344sqm of usable floor area of which roughly 1900sqm is educational and 1200sqm is open to the public.
- The ground floor will house the vast majority of the educational spaces, used by both IBTC Portsmouth and Highbury College. These comprise of a series of 'shops' or workshops, which are geared towards teaching the different skills involved with boat building and marine engineering. These are positioned around and open out onto the Boat Building shop, a large, open, 15 metre high space where boats will be restored and assembled.
- Original features within this space will be restored in such a way that the existing industrial feel is retained so that a sense of the original building can be enjoyed.
- Each boat within the Trust's collection will have a detailed Conservation Plan including statement of significance, schedule of works, and Management and Maintenance plan. All eligible boats will be registered with National Historic Ships
- Each boat will be conserved as set out in its individual conservation plan. These plans have and will be devised to recognise the significance of each boat as part of a linked group of boats where appropriate. Conservation plans will be reviewed annually, and more frequently if anything arises which materially affects the original decision taken.

#### Outcomes of the Boathouse 4 project will be:

##### Skills Development

- A variety of relevant and inclusive formal and informal learning opportunities which encourage a broad range of people to become involved with and understand traditional boat-building and associated heritage based crafts.
- Local people enabled to develop valuable transferrable skills
- Valuable heritage skills and knowledge, vital for the ongoing preservation of Britain's wealth of historic vessels will be preserved

##### Sustainability

- The Centre is to be sustainable in the long term through quality of training, and effective management by the partners, ensuring that a high quality visitor experience is maintained
- The Centre will as a central point of contact for those in the Solent region with an interest in Britain's maritime heritage and ship preservation, supporting developing clusters of local businesses.

Milestone	<ul style="list-style-type: none"> <li>▪ The economic and cultural development of Portsea Island and the area surrounding Portsmouth Harbour supported by the project.</li> </ul> <p>Conservation</p> <ul style="list-style-type: none"> <li>▪ The ongoing preservation of Boathouse 4 and the Trust's collection of small naval craft</li> </ul> <p>Participation</p> <ul style="list-style-type: none"> <li>▪ The stories of Boathouse 4 and the Small Historic Craft collection interpreted in an engaging and accessible way, encouraging active learning.</li> <li>▪ Partnerships and targeted projects developed with the local community to encourage active involvement with, and ownership of, the Boathouse 4 project particularly amongst young people</li> <li>▪ Participation of people in caring for the collection of small naval craft and sharing about the stories of the collection and Boathouse 4 actively encouraged through the creation and development of a range of volunteering roles and training opportunities</li> </ul>
	<p>Planning permission – Achieved</p> <p>MoD approval – Imminent</p> <p>Approval of Solent LEP funding – tbc</p>
Resources	<p>The project required the appointment of various consultants. These include/have included:</p> <ul style="list-style-type: none"> <li>▪ Lead Consultant/Project Manager – Focus Consultants</li> <li>▪ Architect – Walters and Cohen</li> <li>▪ Mechanical &amp; Electrical Engineer – Max Fordham</li> <li>▪ Structural Engineer – Jane Wernick Associates</li> <li>▪ Quantity Surveyor – Focus Consultants</li> <li>▪ Access Consultant – Earncliffe: Making Access Work</li> <li>▪ CDM Co-ordinator – PFB Construction Management</li> <li>▪ Fire Consultant – Fusion Fire Engineering Services</li> <li>▪ Exhibition Designer – Real Studios</li> <li>▪ Activity Planner – Jane Frederick and Chloe Bird</li> <li>▪ Conservation Management Plan – Conservation Plus</li> <li>▪ Legal Support – Macfarlanes LLP,</li> <li>▪ Concrete specialist Support – Royal Haskoning</li> </ul> <p>The main contractor is expected to be appointed in June 2014.</p> <p>3 project posts will start in April 2014; IBTC Portsmouth CEO, Community Participation and Learning Officer also employed by IBTC P, and the Volunteer</p>

Co-ordinator who will be employed by PNBPT for one year, before migrating over to IBTC P on the opening of Boathouse 4.

An additional ten IBTC Portsmouth posts will begin in April 2015, plus an anticipated 2-3 restaurant posts.

Action	Owner	Timeline
Receipt of Planning Consent	Walters and Cohen (Project Architects)	13/09/2013
Completion of Design to RIBA Stage E	Walters and Cohen	28/02/2014
Activity scheme Development and Delivery begins	IBTC Portsmouth	07/04/2014
Issue of Tender Documents	Focus Consultants	14/04/2014
Procurement and Appointment of Contractor	Focus Consultants/PNBPT	13/06/2014
Start of On Site Works	Focus Consultants/Main Contractor	30/06/2014
Practical Completion of Core Capital Works	Focus Consultants/Main Contractor	12/12/2014
Completion of Fit Out	Focus Consultants/ Contractor	20/03/2015
IBTC Portsmouth Training Courses Commence	IBTC Portsmouth	23/03/2015
Full Opening – Restaurant and Exhibition Open to general public	Focus Consultants/Main Contractor/Ampersand	03/04/2015
Highbury Training Commences	Highbury College	08/09/2015

<b>Proposal</b>	<b>LGD 31: Ben Ainslie Racing team headquarters on the Solent</b>
<b>Summary</b>	<p>The overall project is for the development of a full team headquarters, to facilitate a campaign to contest, win and host the America's cup. Physical deliverables would include:</p> <ul style="list-style-type: none"> <li>- Boatbuilding, testing and maintenance facility</li> <li>- A sports science/ fitness facility</li> <li>- Design and technology department</li> <li>- Accommodation for support services including commercial, sustainability, event management, communications, marketing and PR</li> <li>- Visitors' centre</li> </ul> <p>Deliverables related to the sport would include entry into future America's cup competitions with a view to ultimate victory, and hosting the cup in the medium term.</p>
<b>Outcome &amp; Outputs</b>	The project will achieve physical outputs in terms of buildings and direct job creation; outcomes related to sports, regional reputation, impacts to the economy and indirect job creation.
<b>Milestone</b>	Milestones highlighted below.
<b>Resources (City, Government, private sector, other)</b>	Local Authority, Private sector partners, Hampshire County Council

Action	Owner [Who is responsible for undertaking the action, identify team]	Timeline [date for when the action needs to be completed by]
Project Manager, Peter Morton, Allied Developments appointed	BAR	Completed
HGP Architects appointed and preliminary drawings undertaken	BAR	Completed
Negotiations with existing tenants and land owners	BAR	April 2014
Funding finalised	BAR	May 2014
Submission of Planning Application	BAR	April 2014
Planning Application Assessed	BAR	June 2014
Start construction	BAR	June 2014
Construction complete and HQ commissioned	BAR	May 2015

The work undertaken to support the Strategic Economic Plan and the associated Maritime Supplement has identified a need to review the existing transport strategy for the city and assess if further transport measures are required to support the growth of this sector.

### Background

The Southampton Maritime sector accounts for 20% of local economic activity, the highest percentage of an area in the Solent region. It is growing rapidly because it has unique strengths including its prime strategic location for international shipping routes, double tides, a reputation for efficiency and strong link to research and innovation.

The Port sea land side transport issues as its major constraint. ABP recently presented evidence to a House of Commons select committee on port access making it clear that in the UK they are at a competitive disadvantage to the rest of Europe where such infrastructure is provided by the state. ABP see their role as making the port function as effectively as possible. As such they are investing £150m in the port.

The port and maritime sector use the same infrastructure as other sectors including the retail, and employment sectors. This can lead to conflicts in demand for capacity. The maritime sector can place significant and intensive demand on the network. A busy cruise day can lead to almost 14,000 passengers disembarking and embarking within a short time period. The high volume of HGV's is responsible for causing significant deterioration to the highways asset and resulting in high emissions of certain corridors. A rapid growth in rail freight means that rail freight paths regularly compete with passenger services for capacity and train paths.

### Strategy formation

To date the formation of the local transport strategy has looked at balancing the needs of all sectors. To inform the Local Transport Strategy a project was funded and developed by ABP and the City Council in 2010. It was effectively a transport assessment for the port. It used the port master plan growth projections mapped this against forecast land use changes and identified where there was likely to be a need for intervention. Due to affordability constraints this work was focused predominantly on the port, highways infrastructure and travel planning. It was not as extensive as it needed to be and did not cover:

- possibilities of new maritime industries and their impact;
- development of a port rail access strategy;
- the concept of port centric logistics;
- changes to the way in which the Port could operate to reduce transport issues;
- higher cost interventions.

Before this some work was undertaken on a scheme to provide a direct access into the docks. There have also been suggestions of a new port road separate to other highways infrastructure that runs the whole length of the port. The latter two ideas would be costly, disruptive, require land take from the port and have significant deliverability issues. That said the concept of giving the maritime port sector priority access to the Docks is something that needs further investigation and could potentially be achieved through improvement and traffic management measure on the Western Approach which is itself designated as a road of National Importance.

The culmination of this work has been the Platform Road scheme which is currently on site and is funded by Regional Growth Funding.

Strategy is also evolving in terms of the container terminal. There has been a significant investment in rail gauge enhancements and at the moment Network Rail are investing £20m in track improvements in the Southampton area. Investment by DP World in a vehicle booking systems has solved significant issues with container lorry congestion. It has managed HGV traffic levels by spreading demand. Such vehicles though are the most polluting and have resulted in the Western Approach corridor being identified as an area of the Country exceeding European emission levels. The UK is facing a possible fine of £300m because of this and several other UK sites. As a result DEFRA are working with the City Council to develop an air quality action plan. There are therefore under pressure to consider regulating emissions through the implementation of a Low Emissions Zone. HGV's are the cause of more than 50% of these emissions so it is likely that a port related LEZ is likely.

What should the scope of a strategic study cover:

- Establishing governance of project leading to multi agency and sector project team
- An assessment of baseline traffic and rail conditions and committed schemes
- An assessment of forecast traffic and rail conditions (with and without Marchwood MP) Identification of problem locations and pinch points (with and without Marchwood MP)
- An assessment of baseline maritime functions
- An assessment of forecast maritime functions including review of the port master plan and consideration of new economic models/opportunities:
  - composites hub;
  - assessment of maritime sector requirements for land for supporting a Southampton based port centric logistics model (link to other LEP PUSH study);
  - Changes in port estate usage. e.g. differential use of Western and Eastern Docks, impact of growth in energy and car export sectors and their needs.
- Identification of solutions and options;
- Options testing for deliverability including pre-feasibility design and major scheme business case development;
- Options testing economic impact and appraisal.

### Cost of study

	Lead	Cost
Governance and project team	SCC	25k
Baseline Transport	SCC and NR	85K
Forecast Transport	SCC	25K
Baseline Maritime	ABP	50k
Forecast Maritime	ABP	50k
Identification of solutions	ALL	15k
Options testing schemes	SCC and ABP	250k
Options testing economic appraisal	SCC	50k
<b>Total</b>		£550k

## ANNEX 6 BUSINESS INCUBATION MODEL

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The Government's response to the Witty Review commits providing government assistance to investing in buildings providing incubator and grow on space for small firms within University Enterprise Zones. The existence of a market failure is noted, in that:

*'Many science parks tell us that there is little appetite in the private sector to invest in providing this kind of space for small firms. These firms cannot commit to taking space a long way in advance of need, so the property market sees a high degree of risk in this kind of speculative investment, especially since the financial crisis. These firms are important to future economic growth, however, and there is a clear argument for public support'<sup>77</sup>.*

Our consultations within the marine and maritime centre highlight that the same market failure needs to be addressed if we are to succeed in our aspiration of establishing Marine Enterprise Hubs across the Solent region.

We also have model for success, based on that operated by Oxford Innovation across their network of 21 existing incubation centres. These centres have achieved an 80% post-graduation survival rate, compared to a national 5 year survival rate of 63% across all enterprises.

Alongside providing flexible space and common facilities, this model focuses creating a supportive eco-system, moulded to the needs of enterprises as they move through the following stages of development.

- Pre-incubation (pre-start and start-up years 1 & 2), when regular support core activities, such as business planning, marketing and financial management, is provided alongside coaching for the management team;
- Incubation (Early stage growth, years 2 to 5), when the focus moves to less intensive peer-to-peer support, networking, and coaching to help enterprises focus and prioritise; and
- Graduation (from year five) when enterprises are helped to become independent, working in partnership with trusted suppliers, within well-established networks and with professional service providers.

In keeping with the Oxford Innovation model, we propose that each marine and maritime incubation centre will be headed by a Business Support Director responsible for:

- Promoting Solent's Marine and Maritime offer;
- Identifying potential high-growth companies;
- Supporting networking and the exchange of ideas and collaboration between companies and within supply chains;
- Building the Marine and Maritime business and innovation support eco-system, to reflect the needs of the enterprises they support;
- Ensuring the accessibility of a high quality, credible business and innovation support offer; and

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<sup>77</sup> British Invention: Global Impact, page 5, BIS, March 2014

- Delivering and commissioning coaching services.

The design of the Business Support Director role is geared to circumvent problems that can arise as the result of policy development in silos, in that it brings together: delivery of front-line delivery of support, identification of business need through that role; feeding this into the supply side response; orchestrating the supply side response; and ensuring its accessibility.

## **ANNEX 7      M&M WG – OUTLINE POLICY FOR PLANNING AND THE USE OF WATERSIDE SITES**

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The M & M WG will maintain a Solent wide register of all industrial and potential industrial waterside sites in the Solent region. It will be updated annually in consultation with the local councils in whose area the land resides.

Local councils will use this register as a reference for companies or organisations seeking planning permission or use of the land usage when seeking to locate companies and organisations in the area.

In granting planning permission for those sites the usage should be agreed with the M & M WG who will agree that it is in accordance with the LEP intentions contained in the current Marine and Maritime Strategic Plan.

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