



Southampton Strategic Assessment

Southampton Economic Assessment

1. Background

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1. Background to the Economic Assessment

In the wake of the EU referendum result and its potential implications for the economy, it's no surprise that the government is placing renewed focus on driving growth. The government has emphasised that no cities or regions should be left behind when it comes to local growth. This together with a potential move towards 100% business rate retention for local authorities, reinforces the need for a more place-based industrial strategy.¹ This requires leaders from the public and private sectors across a place to develop a clear vision for growth, based on good local data and intelligence, to foster sustainable, long term prosperity. Growth is also critical in order to improve outcomes for local people; 'Southampton has strong and sustainable economic growth' is one of the four key outcomes which make up the vision in the 2016-2020 Southampton City Council Strategy. In addition, 'Economic growth with social responsibility' is one of the three key priorities in the 2015-2025 Southampton City Strategy, a partnership strategy which sets out the vision for the whole city.

There have been a number of reports on the local economy in recent times, but most focus on the Hampshire Economic Area or the Southampton Travel to Work Area (TTWA). The Demo-PwC *Good Growth for Cities Index 2016* is a recent example which seeks to put a spotlight on economic performance from the point of view of the public. The aim is to shift the debate on local economic development from a narrow focus on Gross Value Added (GVA) to a more holistic measure, understanding the wider impacts that are associated with economic success in a place. This index measures the current performance of a range of the largest UK cities (and LEP areas) against a basket of 10 categories, based on the views of the public and business as to what is key to economic success and wellbeing. Employment, health, income and skills are the most important of these factors, as judged by the public, while housing affordability, commuting times, environmental factors and income equality are also included in the index as well as new business start-ups.

Figure 1.1: Highest and lowest ranking cities (by TTWA) in the Good Growth Index (2016)²

Highest ranking cities	Index score, above average	Lowest ranking cities	Index score, below average
Oxford	0.93	Middlesbrough & Stockton	-0.52
Reading	0.92	Sunderland	-0.49
Edinburgh	0.65	Swansea	-0.38
Southampton	0.60	Wakefield & Castleford	-0.36
Bristol	0.57	Doncaster	-0.25

Based on this analysis, Southampton is ranked 4th highest in the country for good growth (see figure 1.1). However, the *Good Growth Index* uses the Office for National Statistics (ONS) Travel to Work Areas (TTWA) to define cities, which are generally much wider areas than the traditional administrative boundaries. As figure 1.2 illustrates, the Southampton TTWA boundary includes much

¹ Speech by Secretary of State for Business, Energy and Industrial Strategy [Online] Available from:

<https://www.gov.uk/government/speeches/the-importance-of-industrial-strategy>

² Demos-PWC (2016) *Good Growth for Cities 2016* [Online]. Available from:

<http://www.pwc.co.uk/industries/government-public-sector/good-growth.html>

of Southern Hampshire (Eastleigh, Romsey, Winchester, and New Forest etc.) as well as the city of Southampton; this covers a total population of 688,002. Although the report findings are a positive indication of the direction of travel, they are not specific to Southampton. There therefore continues to be a need for specific intelligence on the Southampton economy to compliment wider regional analyses and to help drive strategic decision making on economic development.

Figure 1.2: Southampton Travel to Work Area – ONS 2011



This strategic assessment is intended to provide a baseline as to the strength of the Southampton economy, based on the administrative boundary of the local authority. It forms part of the *Southampton Single Needs Assessment*, which also includes health and wellbeing (JSNA) and community safety (Safe City Strategic Assessment). Together, this provides a single view of ‘needs’ in the city, where appropriate analytical methods and statistics are used to turn data into intelligence to provide the platform to ensure decisions and strategic intent are based on the best available evidence. This is an online resource and is intended to be a ‘one-stop shop’ for city intelligence. The assessment can be accessed online, alongside a data compendium, which contains a raft of data in the form of tables and charts, upon which the conclusions in this report are based. The online version of the assessment can be accessed at <http://www.publichealth.southampton.gov.uk/JSNA>.

In line with the *single assessment* model, clear standards for data collection and analysis have been set for the Southampton Economic Assessment. Wherever possible the following data has been collected, analysed and presented in this report and the [data compendium](#):

- Benchmarking of the most current data to ascertain how Southampton compares with England and the city’s statistical neighbours.

- Time trend data to ascertain if the situation is improving or deteriorating.
- Deep dive analysis to more fully understand the issues within the city; analysis by sub-local authority geography, industry, population group etc.

Similar to the *Good Growth Index*, this assessment has been structured to provide a holistic overview of economic development across Southampton. Productivity and growth are covered through an analysis of Gross Added Value (GVA). Business and enterprise in Southampton are covered through an analysis of the business population, business start-ups and deaths, business survival rates and the availability of industrial floorspace. The job market and industry strengths are considered, along with an analysis of workplace and resident earnings. Employment, benefit claimants and skills are also covered in the assessment.

Where data is available, comparisons have been made with England, the South East Region and Southampton's ONS comparator group of:

- Birmingham
- Bristol
- Coventry
- Kingston upon Hull
- Leeds
- Liverpool
- Newcastle upon Tyne
- Nottingham
- Portsmouth
- Salford
- Sheffield

In addition, local comparators including Hampshire County and the Isle of Wight have been included for context where possible. A summary of how Southampton compares to England and comparator areas across a range of economic indicators can be found in the appendix (section 9). The data is presented in a 'tartan rug' and is structured across the key themes covered in the assessment.

Where rates have been calculated, the ONS Mid-Year Population Estimates have been used unless otherwise stated. 95% confidence intervals have been calculated for rates wherever possible in an attempt to account for natural variation and to robustly evaluate if any differences and changes found are statistically significant. A full list of data sources and caveats are provided for each indicator in the metadata section of the online [data compendium](#). Although the latest published data has been analysed, in some instances this is only available up to 2015, and therefore, does not reflect more recent changes in the local economy, or indeed the impact from the Brexit vote. It is also important to reiterate, that this report is based on the administrative boundary of the local authority and is therefore reflective of that. However, Southampton's functioning economy does not operate in isolation, transcending across this boundary in terms of economic flows into neighbouring Nursling, Totton, Hamble, Hedge End, Eastleigh and Chandlers Ford. It is therefore important to keep this in mind when interpreting the findings of this assessment.