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Economic Assessment Refresh

Summary of Findings – August 2022

Data, Intelligence & Insight Team

Index of key topics covered:

Background

Background to the assessment

- Extended the JSNA model to economic development
    - Ensure decisions and strategic intent are based on the best available evidence
    - Use of appropriate analytical methods and statistics to turn data into intelligence
        - Benchmarking – ONS Statistical Neighbours
        - Trend analysis – pre and post recession periods
        - Deep dive analysis – demographics / industry / geography
    - ONS – primary data source; time lag limitations, therefore some datasets represent the period before covid and the Ukraine war. However, we have attempted to analyse the impact of COVID-19 and economic instability caused by the Ukraine war on different aspects of the Southampton economy wherever possible
    - Baseline assessment based on available data

Economic Geography

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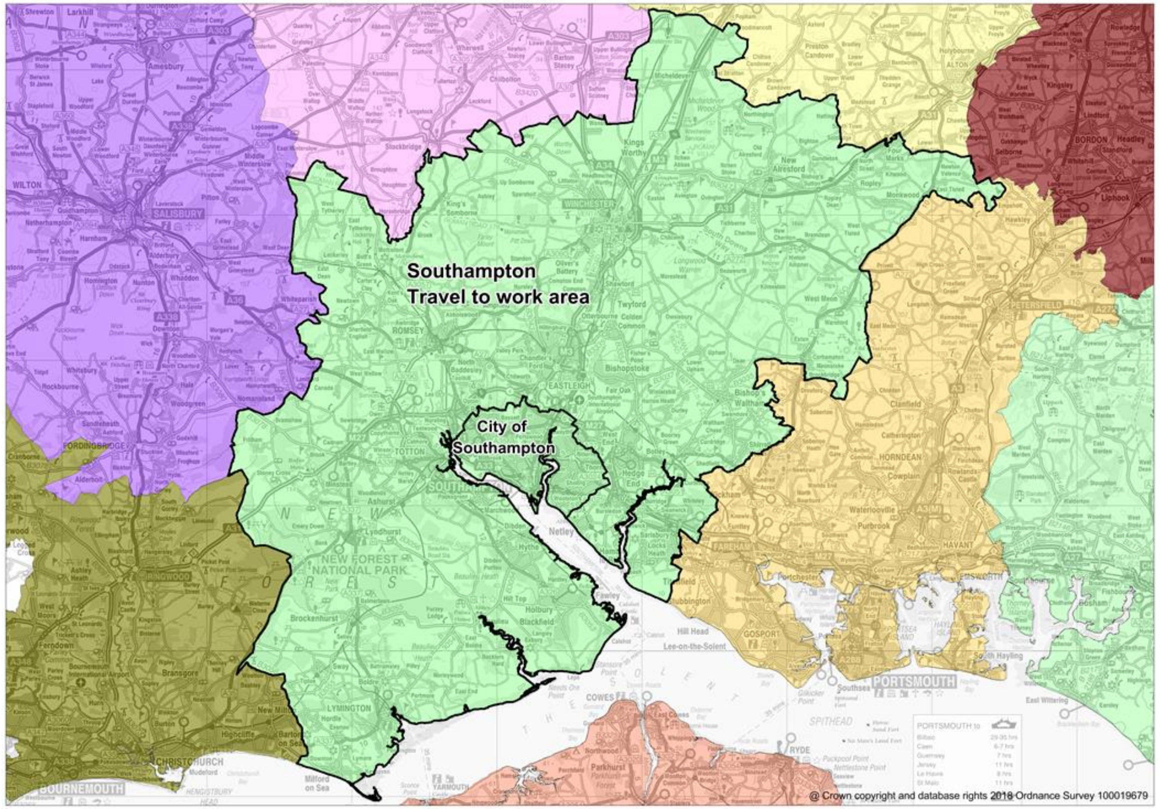
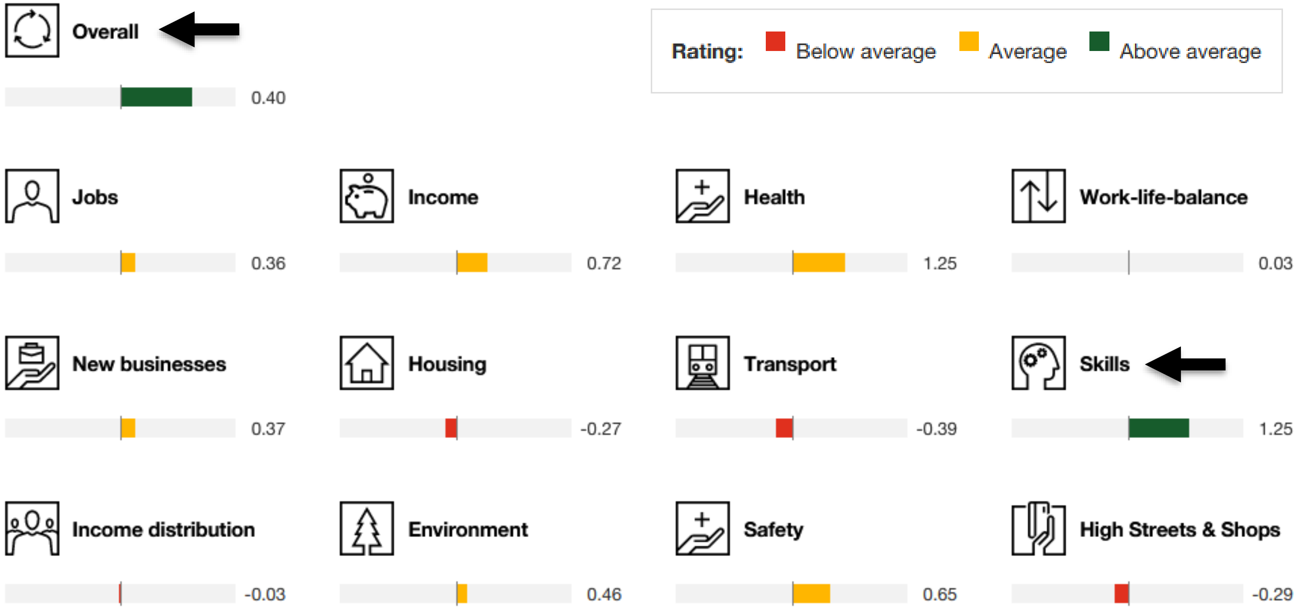


- There are a number of reports on the local economy, but most focus on the Hampshire Economic Area or the Southampton Travel to Work Area (TTWA)
- Although the findings of these reports provide an indication of the direction of travel and the economic impact of coronavirus, they are not specific to Southampton;
- Therefore there continues to be a need for specific intelligence on the Southampton (LA boundary) economy, which is the focus of this presentation
- Due to methodology changes, comparison with previous PwC Good Growth rankings are not possible

- Good growth report in 2022 highlights **improvements in work life balance** across many cities, although **Southampton's work life balance score is 0.03**, suggesting less so locally (Portsmouth work life balance score of -0.08)
- **Gap between highest and lowest ranked cities has declined** slightly over the last year, with the pandemic levelling the playing field
- **Southampton** is **10th** (out of 50) in the latest **Good Growth Cities Index**;
- **Oxford**, **Bournemouth** and **Swindon** make up the **top three** cities
- Southampton has an **above average overall rating** and for **skills**;
- Jobs, income, health, new businesses, environment and safety all have an **average rating**;
- Housing, transport, income distribution and highstreets & shops have a **below average rating**



Source: [PwC good growth for cities report 2022]

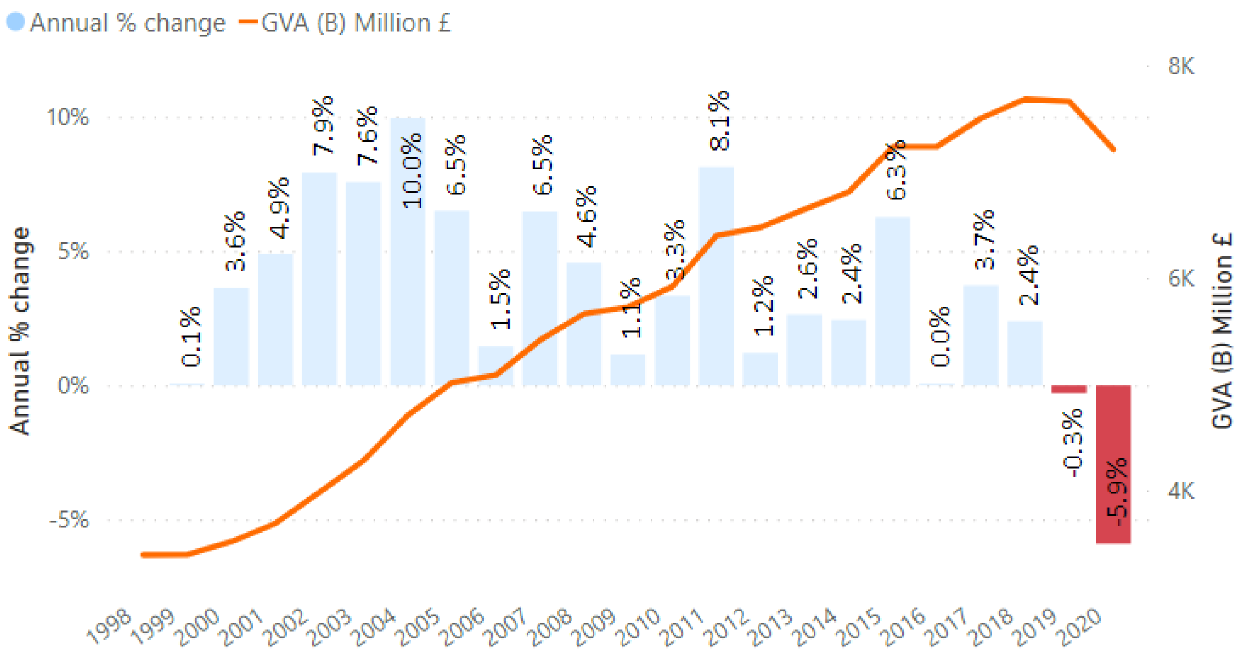
Productivity and Growth

Southampton's Economy in 2020

7.2 billion

- **Gross Value Added (GVA)** is a **key** economic indicator
- **Southampton represents 2.5%** of **South East** economy
- **Southampton's economy** declined by **-5.9%** between 2019 and 2020;
- This represents a decline of **-£452 million**
- The **England** (**-3.1%**) and **South East** (**-3.2%**) economy also declined over the last year, although declines are smaller than Southampton (**-5.9%**)
- Decline locally and nationally represents the impact of the COVID-19 pandemic on the economy

GVA (B) Million £ at current basic prices- Southampton: 1998 to 2020



Change since 2019:

-5.9% Southampton

-3.2% South East

-3.1% England

Impact of covid on GVA (B) in Southampton

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Based on GVA recovery estimates for 2021 and 2022 Southampton's economy could change by…

2019 (baseline): **7.66 billion**

-5.9%

2020 (actual): **7.20 billion**

+8.8%

2021 (PwC Southampton projection): **7.84 billion**

2022 (PwC National projection)

Accelerated growth: **8.24 billion**

Limited growth: **8.20 billion**

- **Southampton's economy shrunk by -£452 million (-5.9%) between 2019 and 2020**
- **Cities** along the **South coast** of England are **projected** to see the strongest **GVA growth rates in 2021** (Southampton, Plymouth and Bournemouth)
- Southampton has an estimated growth rate of **+8.8%** between 2020 and 2021, this would bring the **value** of the **Southampton economy above the pre-pandemic baseline** by approximately **180 million** (estimated GVA of 7.84 billion in 2021);
- PwC estimate a national growth rate of between 4.5% (limited growth scenario) and 5.1% (accelerated growth scenario) for 2022. Based on these estimates the **Southampton Economy** could be **worth** over **8.2 billion** by **2022**, over **500 million** above the **pre-pandemic baseline** (2019)
- However, it important to emphasise that these estimates are based on the overall economy, with recovery and performance for different sectors expected to vary

Sources: Office for National Statistics – GVA, PwC Good Growth for Cities 2022 and PwC UK Economic Outlook (December 2021)

Impact of the war in Ukraine

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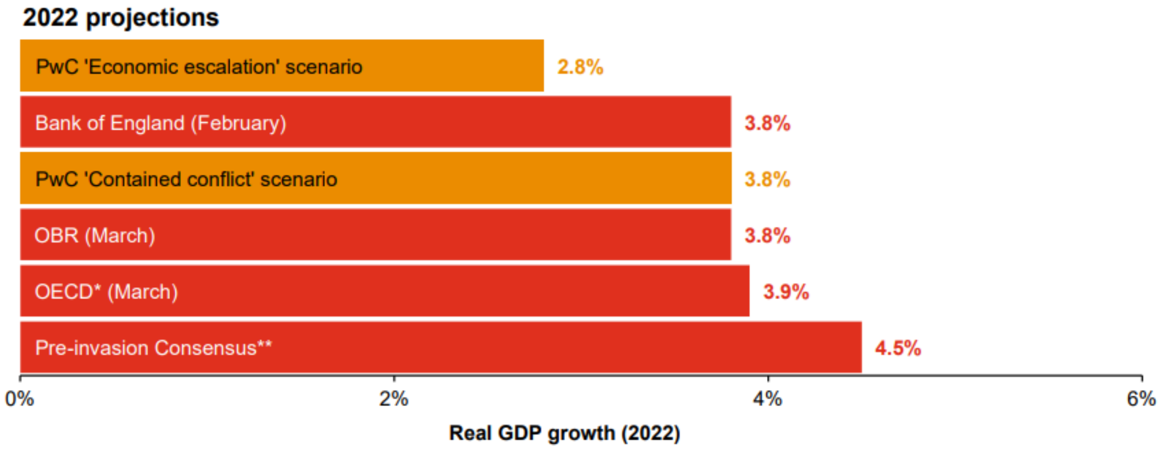
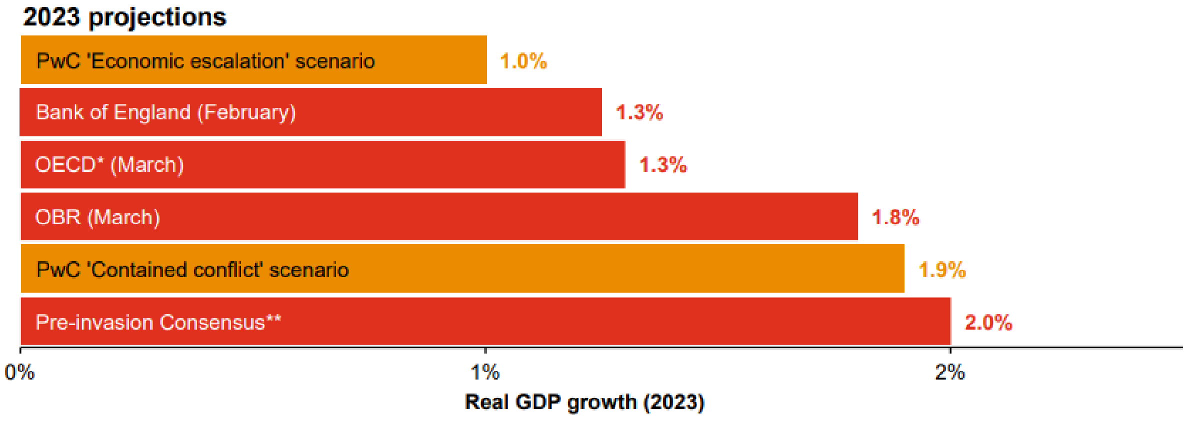
- UK GDP growth to average between 2.8% and 3.8% in 2022, compared to a previous estimate of 4.5% GDP growth (pre-war)
- The war in Ukraine is estimated to slow growth in the UK and other advanced economies in three key ways (2022 onwards):
  - Higher commodity prices and the disruption of supplies
  - Financial contagion
  - Lower trade and investment flows
- Higher commodity prices are expected to have the biggest impact on the UK economy
- At present, the economic impact from the financial contagion and trade investment flows appear to be contained and relatively small
- PwC estimates inflation to potentially peak between 8-11% in the UK during 2022

Comparison of GDP growth projections in 2022 and 2023:





Source: PwC UK Economic Outlook

Productivity and Growth – GVA (B) per head

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- GVA (B) per head in **Southampton** is **lower** than **England** and the **South East**
- **Southampton** experienced a **-6% decline** in GVA (B) per head, whilst **England** and the **South East** experienced declines of **-3.5%** and -**3.6%** respectively
- Similar to overall GVA, Southampton experienced a larger decline in GVA (B) per head than England and the South East. Again illustrating the impact of the pandemic on the Southampton economy

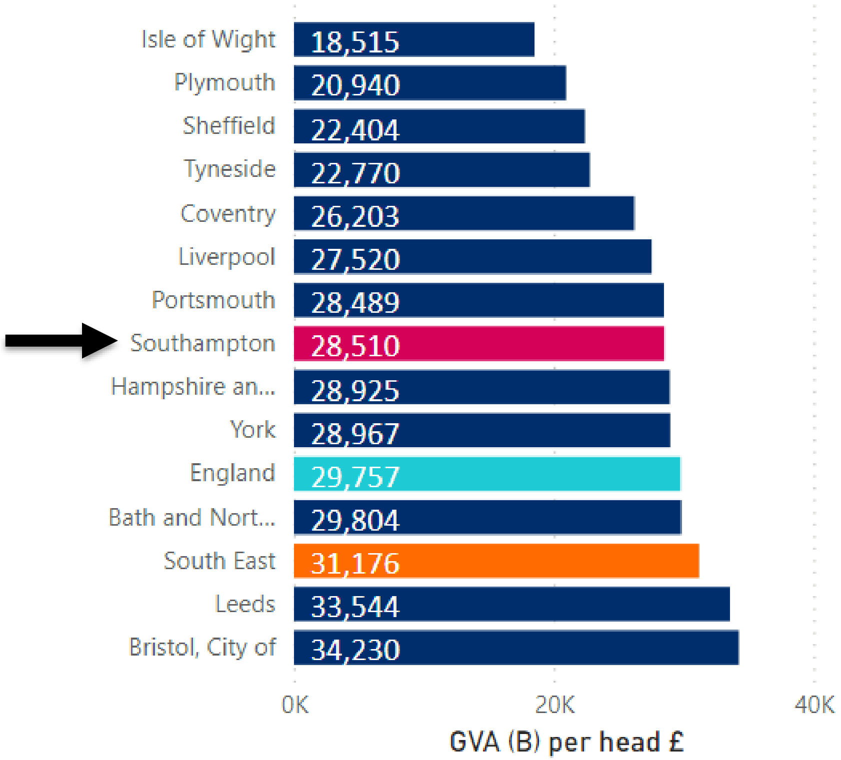
Change since 2019:

-6.0% Southampton

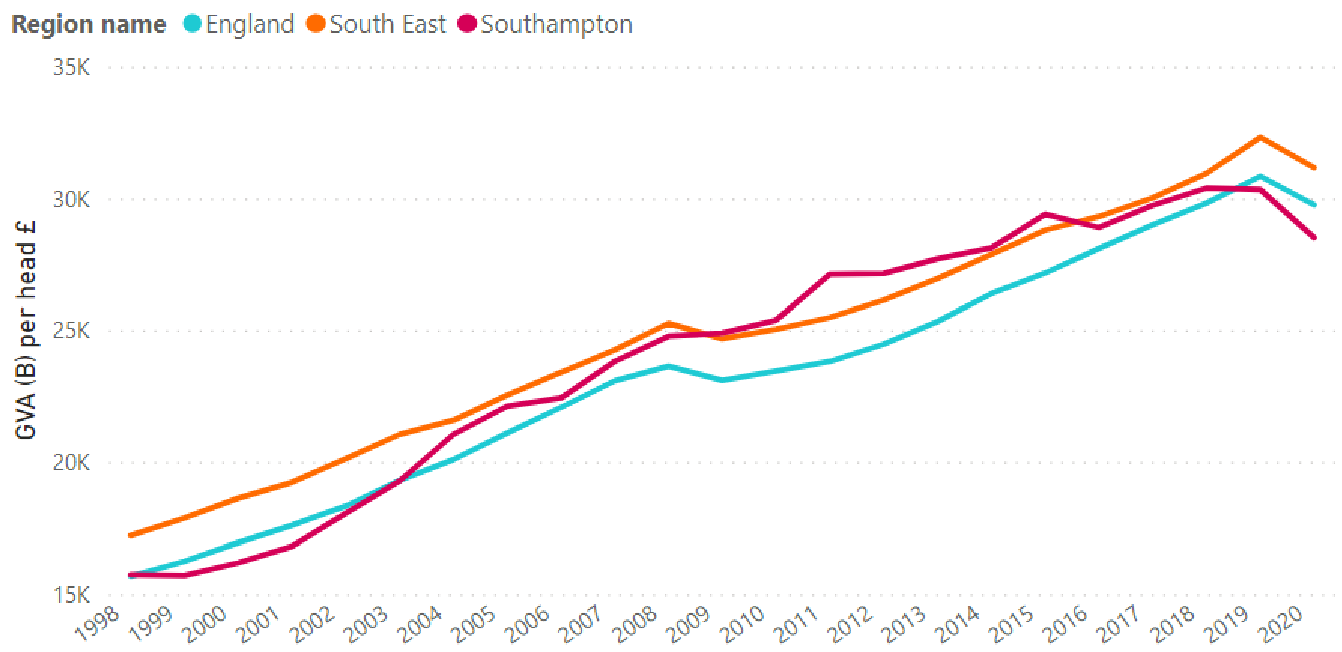
-3.6% South East

-3.5% England

GVA (B) per head of population at current prices - Southampton and ONS comparators: 2020



GVA (B) per head of population at current prices- England, South East, Southampton: 1998 to 2020



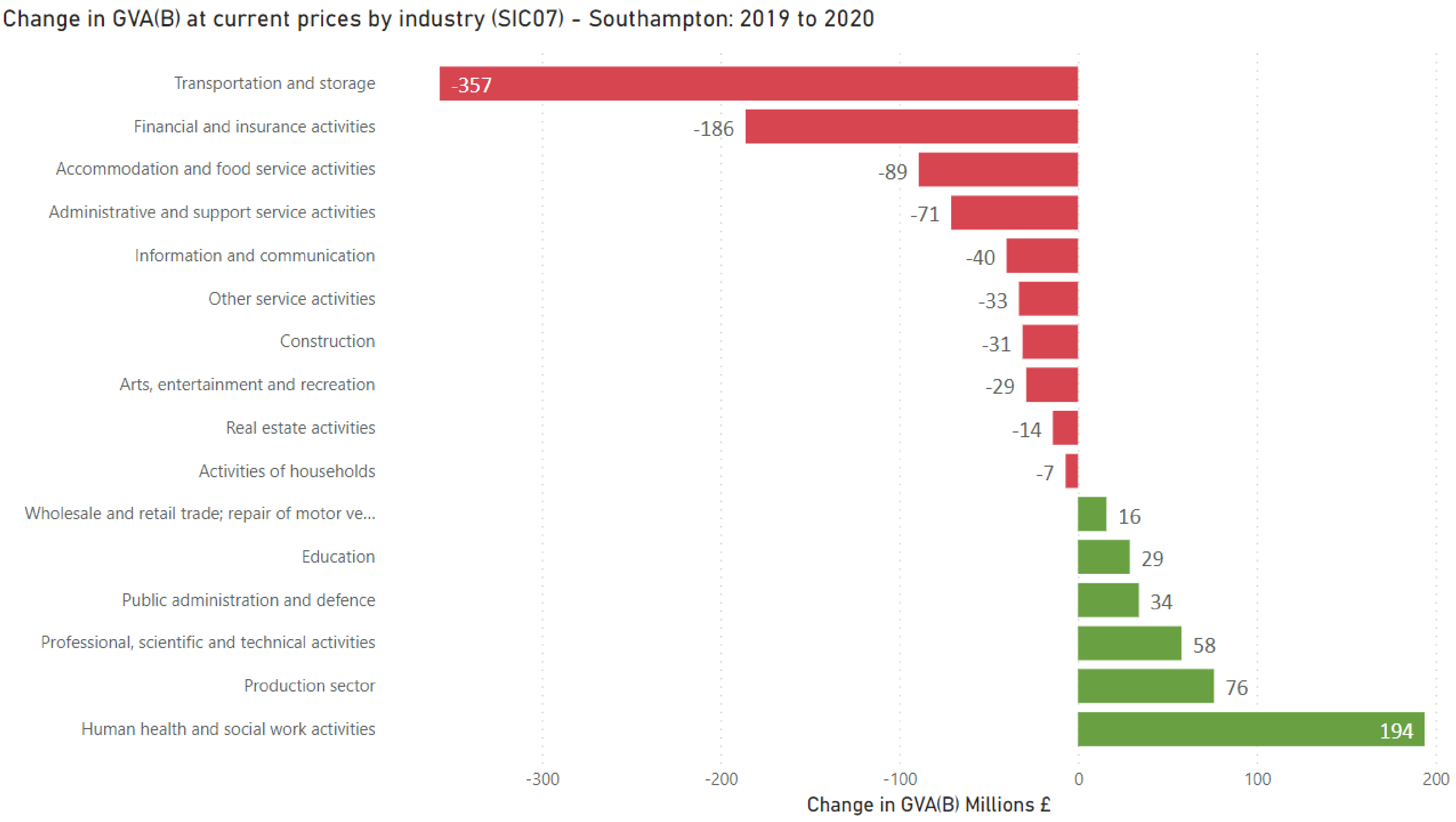
Source: Office for National Statistics – GVA

Productivity and Growth – GVA (B) by Industry

Source: Office for National Statistics – GVA

- The chart to the left compares the share (%) of GVA that each industry in Southampton and England accounts for in 2020 (covid year)
- **20%** of **Southampton's** GVA comes from the **transport and storage** industry (24% in 2019) a **significantly** higher proportion compared to England (4%)
- '**Public sector**' industries (public administration & defence, education and health sector) account for **29%** of the **Southampton economy;** compared to 20% nationally
- Combined, the **industries highlighted** account for **almost half** of **Southampton's economy**
- Compared to England, Southampton has a **lower** % share of **production industries** and **real estate activities**

Productivity and Growth – GVA (B) by Industry



- **10** of the **16** industries shown in the chart to the left experienced a **decline** in **GVA** between **2019** and **2020**, with **some industry declines** closely **linked** to the **pandemic**
- **Transportation and storage** saw the largest decline (**-£357 million**) followed by **financial and insurance activities** (**-£186 million**) and **accommodation and food services** (**-£89 million**)
- **Public sector** industries (human health, public administration and defence and education) experienced an **increase** in **GVA** throughout the pandemic, **with human health and social work activities** seeing the **largest increase (+£194 million)**
- **Production sector (+£76 million)** and **professional, scientific and technical activities (+58 million)** also experienced an **increase** in GVA between 2019 and 2020

Source: Office for National Statistics – GVA

Productivity and Growth – GVA (B) by Industry

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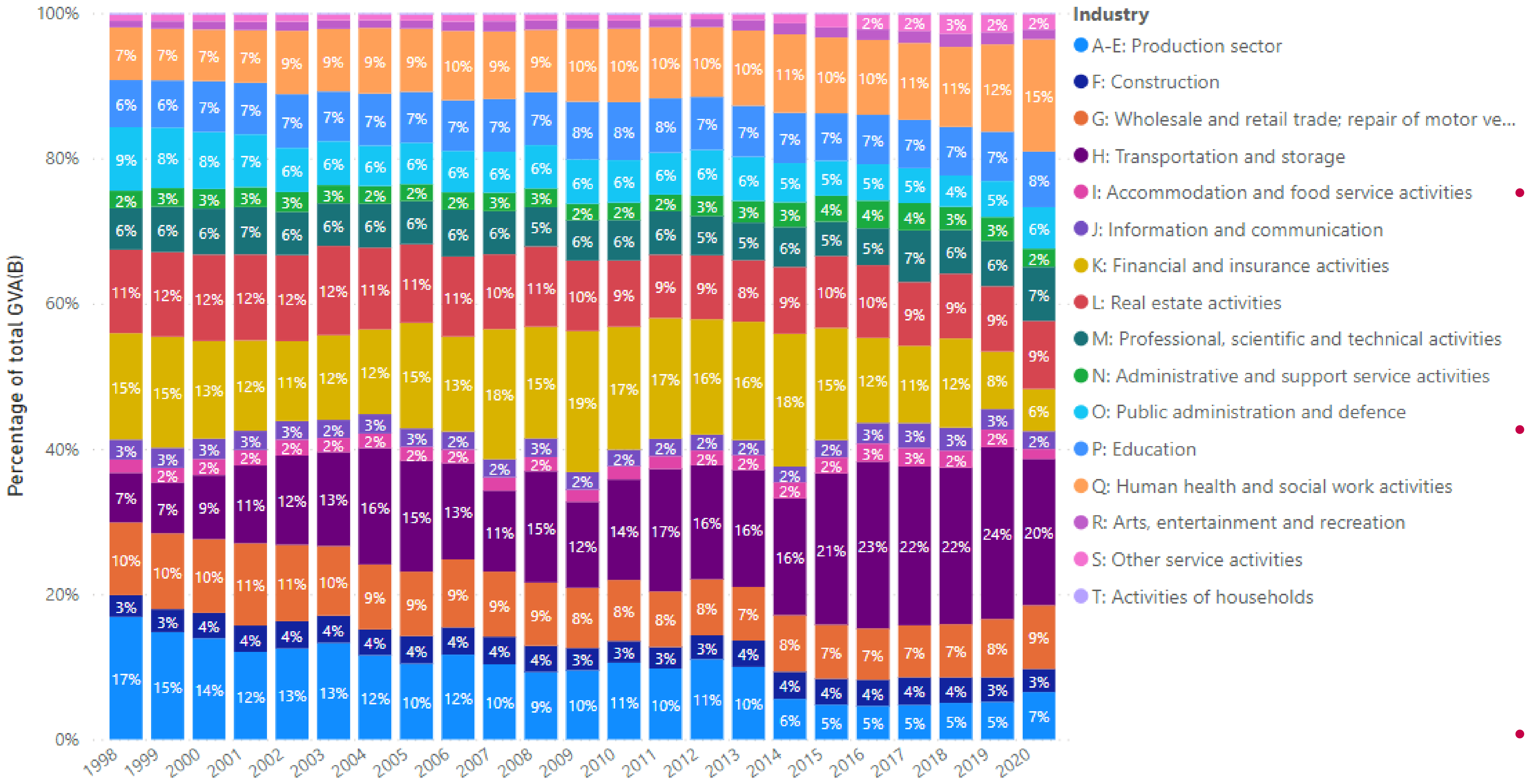
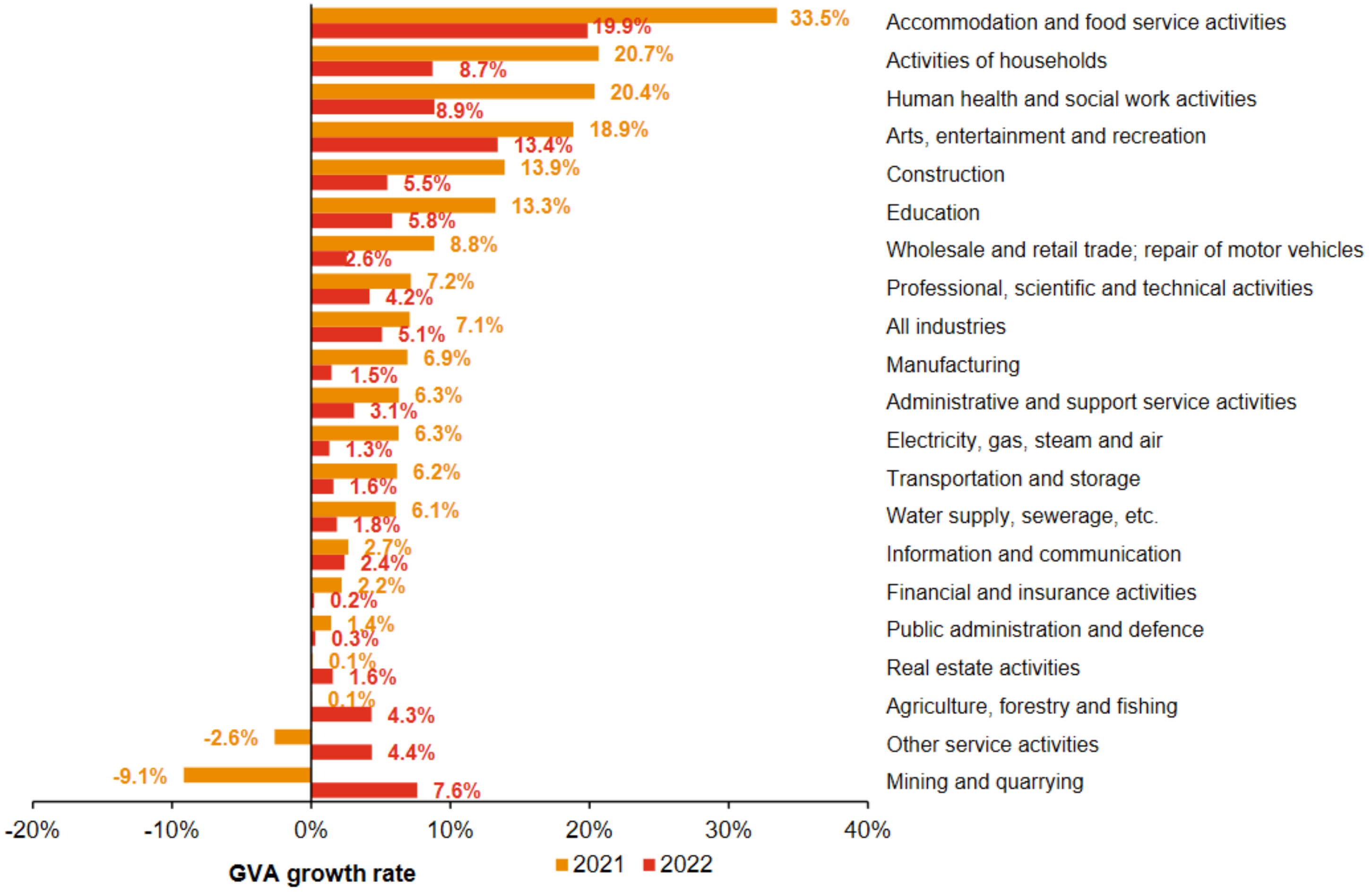
GVA(B) at current prices by industry (SIC07) - Southampton: 1998 to 2020



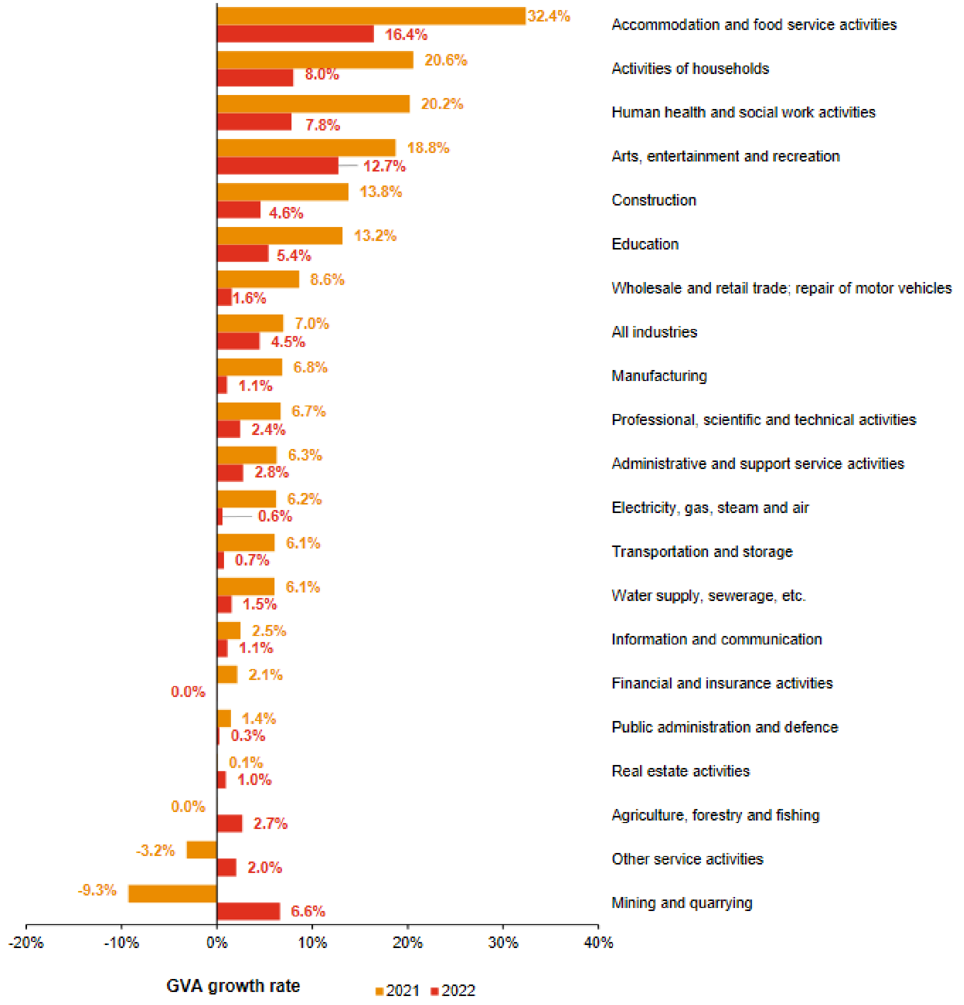
- The chart to the left shows the percentage share of total GVA (B) by industry from 1998 to 2020 in Southampton
- **Transportation and storage** is the industry that has seen the largest growth in the city, from a percentage share of **7%** of total GVA (B) in 1998 to **20%** in 2020
- **Production sector** (agriculture, mining, electricity, gas, water & waste and manufacturing) experienced the **greatest decline** in the city, from **17%** of total GVA (B) in 1998 to **7%** in 2020
- **Financial and insurance activities** have seen a notable decline in recent years, halving from **12% of total GVA (B) in 2018 to 6% in 2020**

Source: Office for National Statistics – GVA

Accelerated growth:



Limited growth:



- Charts above show projected % change in GVA by industry sector for the UK based on PWC accelerated and limited growth scenarios (2021 and 2022)
- We can apply these estimates to the sectoral mix of industries in Southampton to estimate recovery in by sector (see next slide)

Source: PwC UK Economic Outlook (December 2021)

Estimated Recovery of GVA by Industry in Southampton

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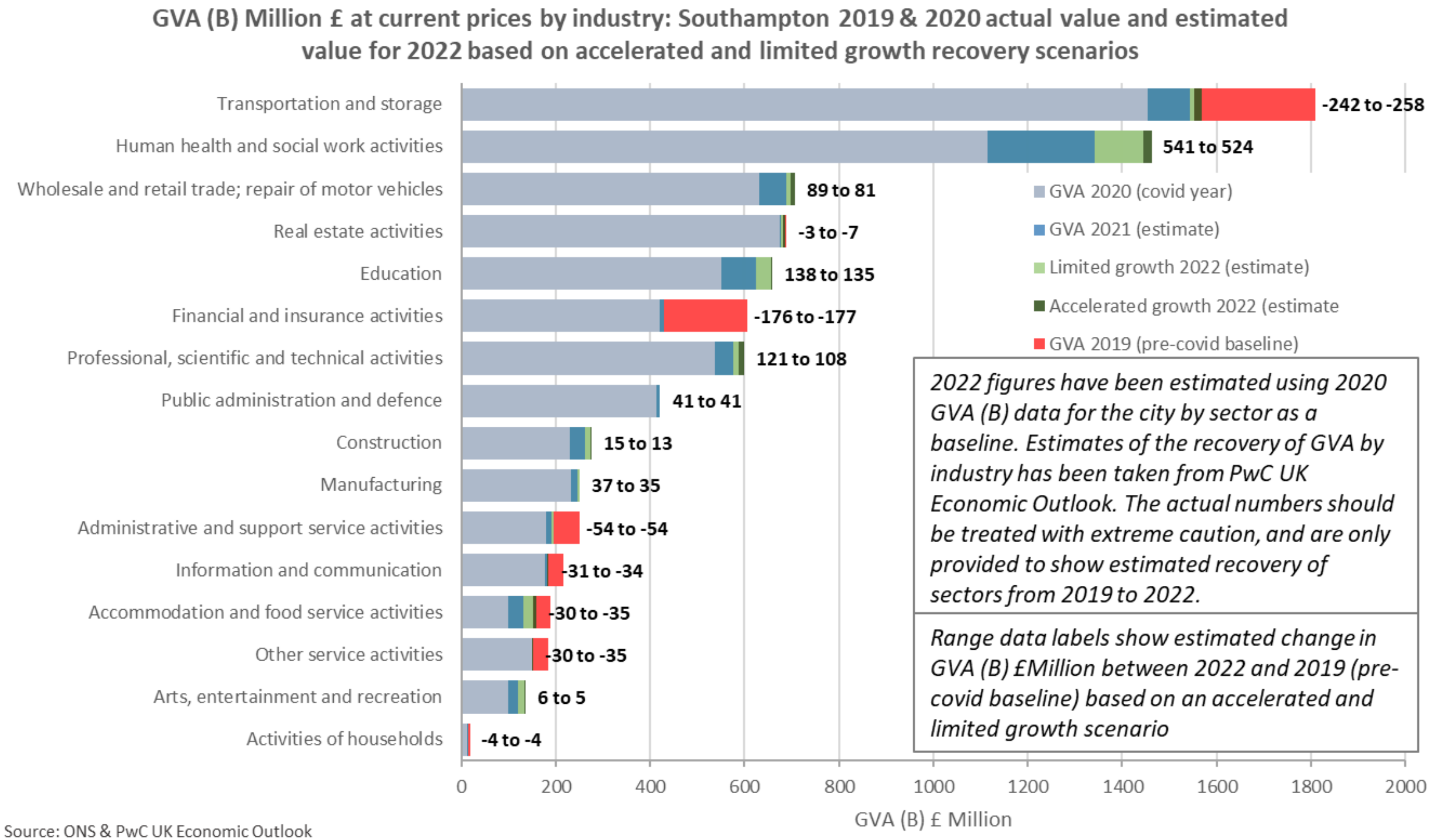

Source: ONS & PwC UK Economic Outlook

- Local GVA forecasts from Experian (December 2021) suggest that certain industries; including transport and storage, accommodation and food services, public sector industries and Professional, scientific and technical activities, will recover and continue to grow over the next 5 years;
- Administrative and support services and finance and insurance are forecasted to grow but struggle to return to the pre-pandemic baseline within the next 5 years;
- The production sector, especially agriculture, forestry and fishing, and utilities industries are forecasted struggle to grow and recover beyond the COVID-19 pandemic

- Whilst Southampton's economy is expected to recover as a whole by 2021 and 2022 – this will vary by industry
- The chart to the left shows actual GVA for 2019 (pre-covid baseline) and 2020 (covid year), estimated GVA for 2021 and estimated GVA for 2022 based on an accelerated and limited growth recovery scenario
- Any red on the chart illustrates that an industry will not recover to the pre-pandemic baseline (2019) by 2022. It is important to note that not all changes may be impacted by the pandemic e.g. financial and insurance activities
- **Transportation and storage** was the industry hardest hit by the pandemic, and is still estimated to be between -**£242** and -**£258 million** below the pre-covid baseline (2019 GVA) by 2022
- **Accommodation and food services** was also impacted by the pandemic and is estimated to be between **-£30 and -£35 million** below the pre-covid baseline by 2022
- **Administrative and support** services also impacted and estimated to be **-£54 million** below the pre-covid baseline by 2022
- **Public sector industries (human health and social work, education and public administration and defence)** performed well under the pandemic and are estimated to continue GVA growth up to 2022;
- **Human health and social work** estimated to be between **+£524** and **+£541 million** above the pre-pandemic baseline by 2022, **education** between **+£135** and **+£138 million** above and **public administration and defence +£41** million above
- **Professional, scientific and technical activities** estimated to be between **+£108 and +£121 million** above pre-pandemic baseline by 2022

Sources: ONS GVA & PwC UK Economic Outlook (December 2021) & Experian Local Market Forecasts (December 2021)

Business and Enterprise

Business Growth and Density

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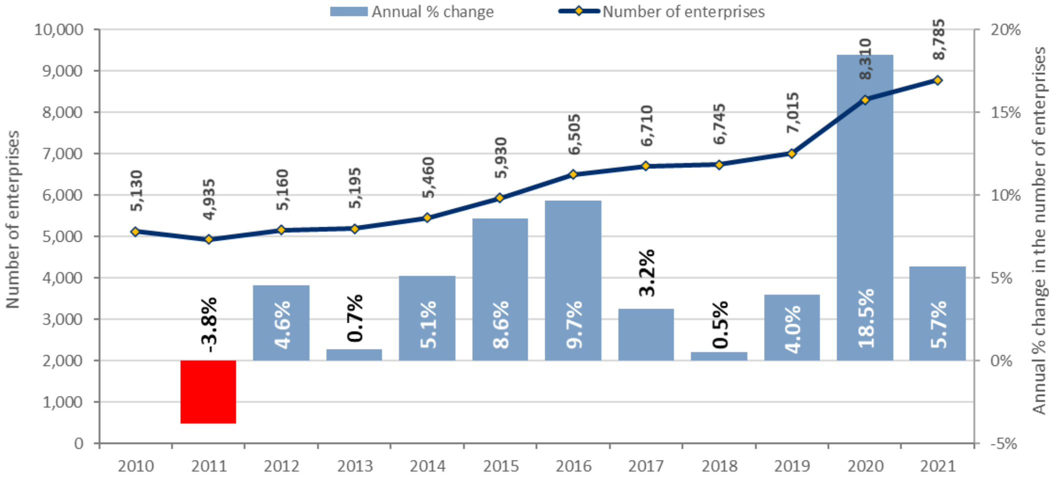
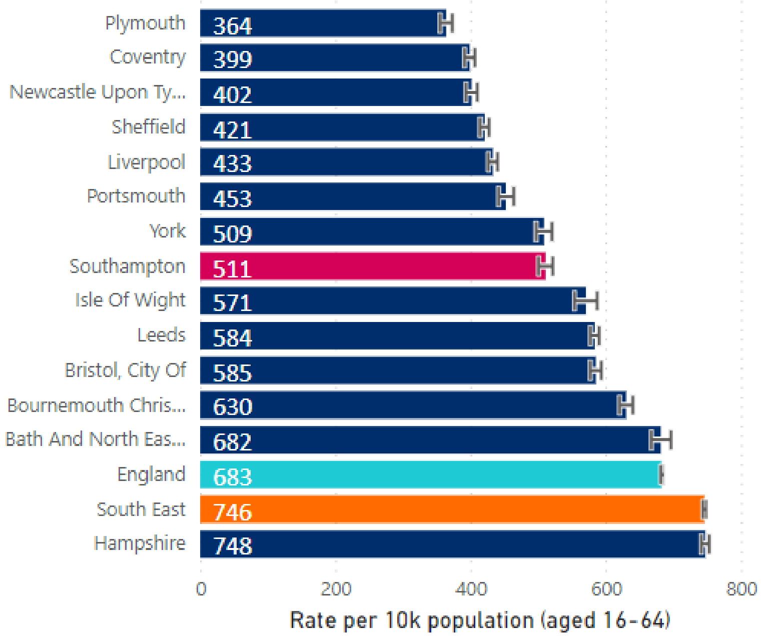
Number of VAT and/or PAYE based business enterprises in Southampton: 2010 to 2021



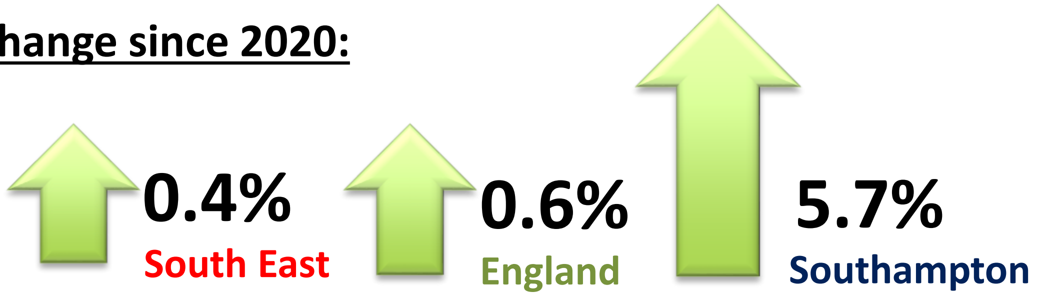
Source: UK Businesses, Office for National Statistics

Rate of business enterprises per 10k working age population - Southampton and ONS comparators: 2021



- **Southampton** experienced a **5.7%** (**475**) increase in the number of business enterprises over the last year. This compares with a **0.4% increase** across the **South East** and a **0.6% increase** across **England**
- **Almost all** of the **increase** in the **total number** of enterprises over the last year in Southampton is **driven by growth** of **micro enterprises** (less than 10 employees) (**+475** enterprises), mostly within **retail** (**+355** enterprises) and **transport & storage** (**+140** enterprises) sectors
- Change over the last two years in Southampton is **likely** to reflect the **impact of multiple business registrations** to a single postcode in Southampton during 2019 and 2020. **670** (**37%**) of the **1,820** births in **Southampton** were at **postcodes** with **multiple registrations** in 2020. More information on this issue has been published by the ONS
- **Despite growth** over the last year, **Southampton** (**511 per 10,000** working age population) still has a **significantly lower rate** of business enterprises **compared** to **England** (683) and the **South East** (746) averages

Change since 2020:



Source: Office for National Statistics - UK business: activity, size and location

Business Start-ups & Entrepreneurialism

Annual percentage change in the number of micro and small enterprises

Region name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2021 cumulative change
Micro Enterprises (0 to 9) employees												
England	-0.8	3.3	0.6	4.8	9.1	5.1	5.2	-0.2	2.0	1.4	0.8	36.5
South East	-0.5	2.9	0.2	3.8	7.3	4.3	3.2	0.1	2.8	0.9	0.5	29.1
Southampton	-3.5	5.1	-0.4	5.6	9.1	11.5	3.0	1.3	4.5	20.5	6.3	87.6
Small Enterprises (10 to 49) employees												
England	-2.5	5.4	4.9	4.1	4.6	-0.1	1.8	0.6	0.5	0.2	-0.6	23.2
South East	-2.6	4.1	4.9	3.7	4.6	-0.6	0.6	0.6	0.3	-0.1	-0.3	19.0
Southampton	-4.5	-1.9	9.6	1.8	7.8	-3.2	2.5	-5.6	0.0	3.4	-0.8	13.2

- Growth **dominated** by **micro enterprises** (0 to 9 employees), particularly over the last year in Southampton **(+6.3%)**
- However, some of the increases seen over the last two years (2020 and 2021), particularly for micro enterprises, likely to reflect the **impact of multiple business registrations** to a single postcode in **Southampton** during **2020**; **670** (37%) of the **1,820** births in Southampton were at postcodes with multiple registrations; more information on this issue has been published by the ONS
- Historically, growth of **small enterprises** (10 to 49 employees) in Southampton was lower than average, which suggested that either **micro enterprises** are not growing or surviving
- 2011-2021 cumulative rate for **small enterprises** in Southampton still remains below national and regional averages
- Despite a local **3.4%** increase in **small enterprises** in 2020, in 2021 Southampton again showed a small decline (**-0.8%**) for small enterprises, similar to both England and the South East

Source: Office for National Statistics - UK business: activity, size and location

Enterprises by industry

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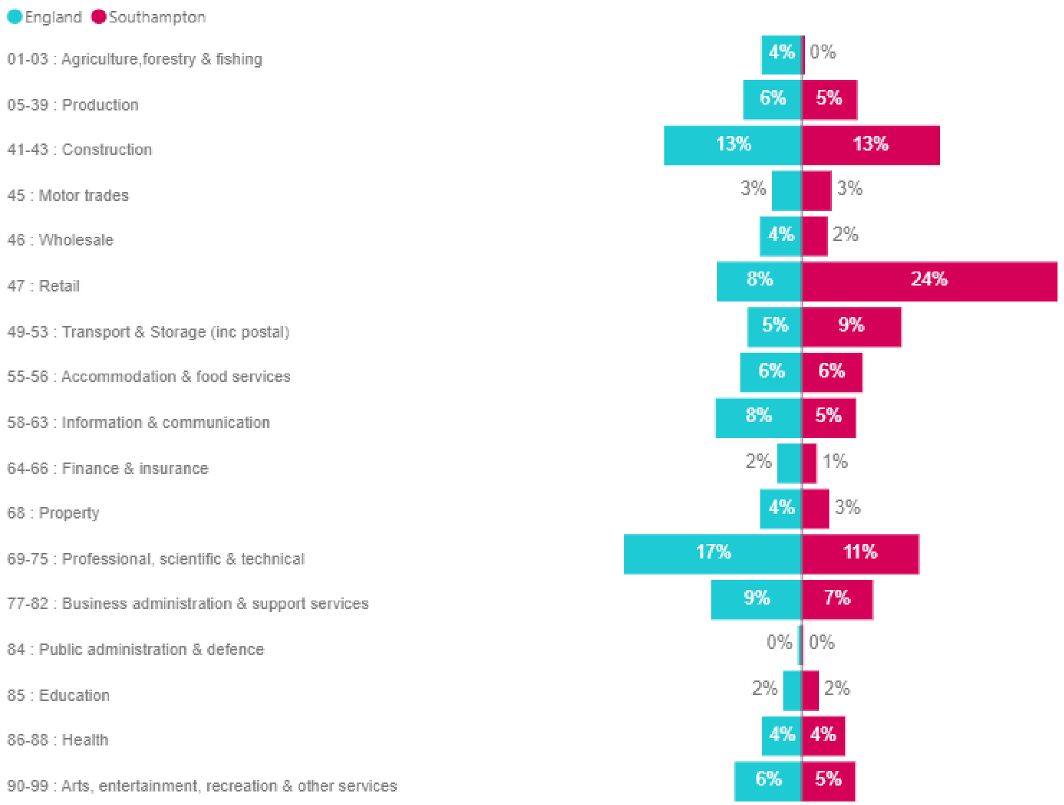
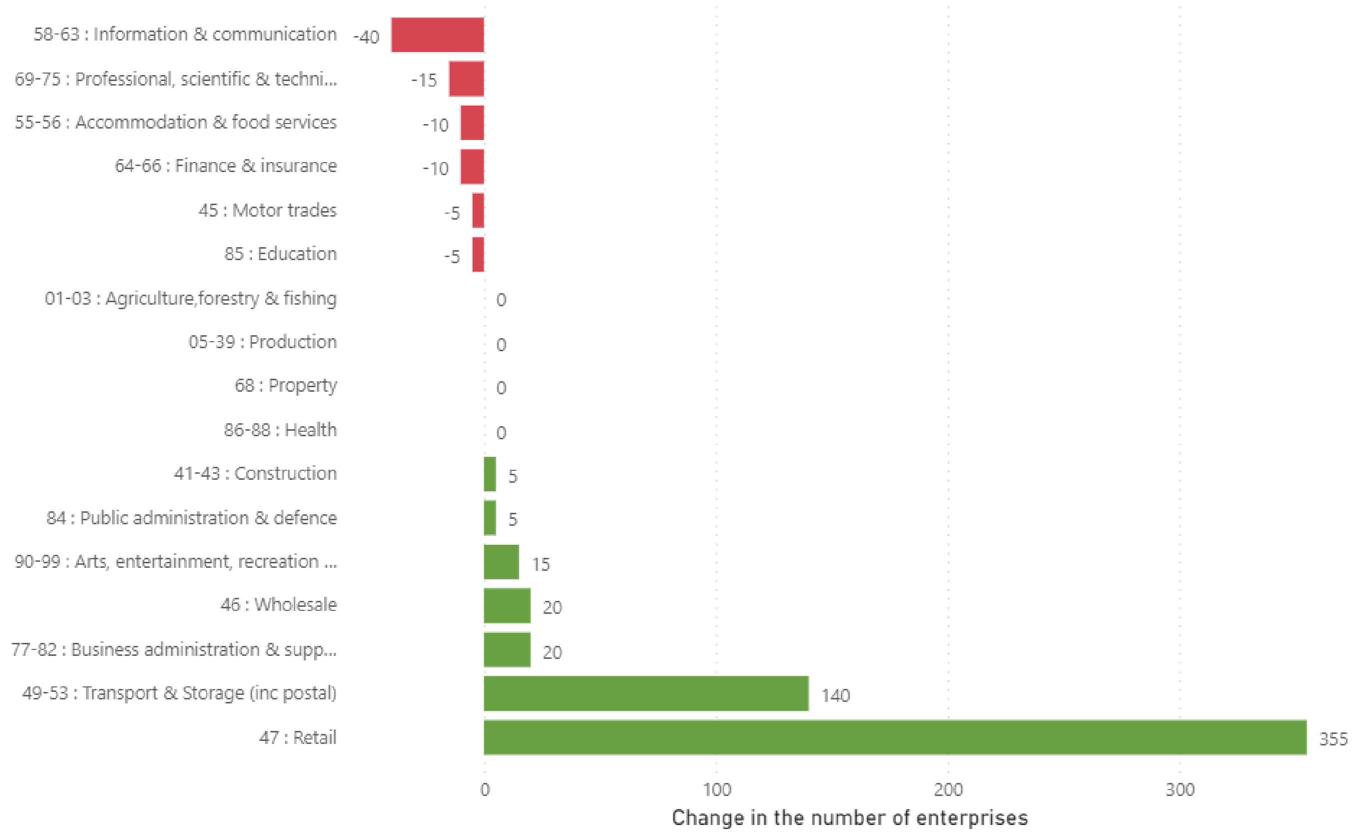
Percentage share of enterprises by industrial group (SIC07) - Southampton and England: 2021



Change in the number of enterprises by industrial group (SIC07) - Southampton: 2020 to 2021



- **Retail** accounts for **almost a quarter** (24%) of enterprises in Southampton during 2021, compared to **8% nationally**
- **Recent growth** in enterprises has been **dominated by retail**, with the number of retail enterprises **increasing over the last year** from **1,775** in 2020 to **2,130** in 2021, whilst also having more than doubled between 2019 and 2020
- However, growth in retail **likely** to reflect **impact of multiple business registrations** to a single postcode in Southampton during 2020; **670 (37%)** of the **1,820** births in **Southampton** were at **postcodes** with **multiple registrations**

Source: Office for National Statistics - UK business: activity, size and location

Business Start-ups & Deaths

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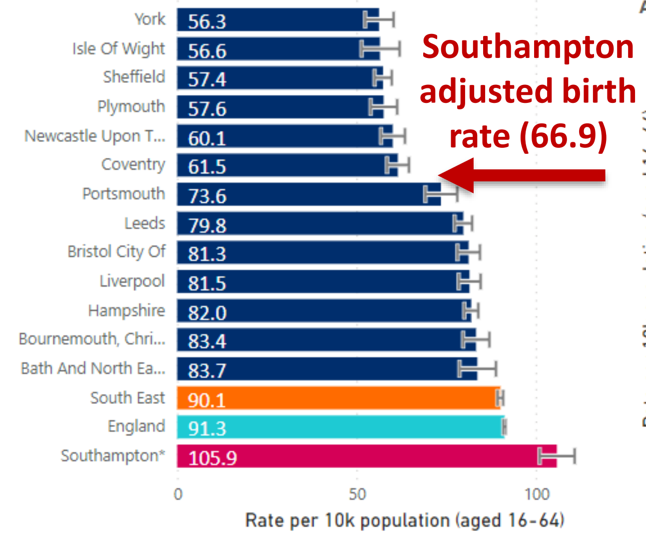
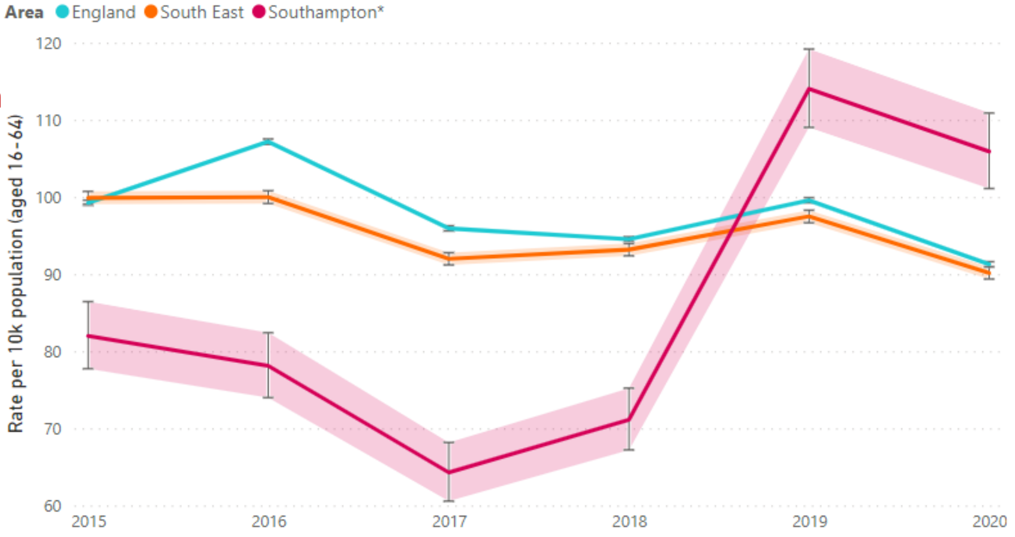
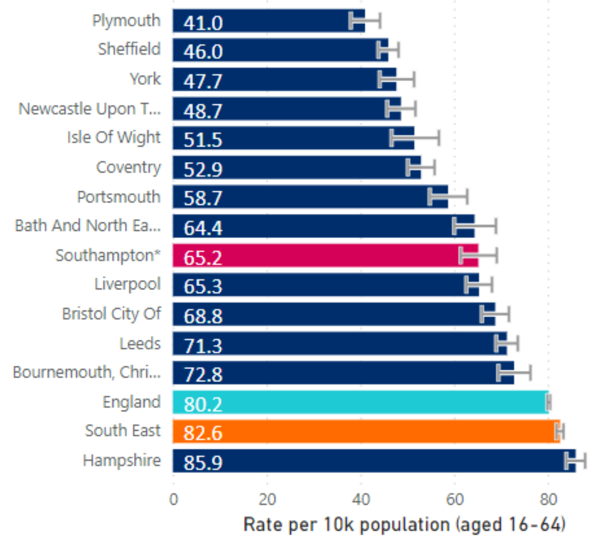
Births of new enterprises - crude rate per 10k working age population - Southampton and ONS comparators: 2020



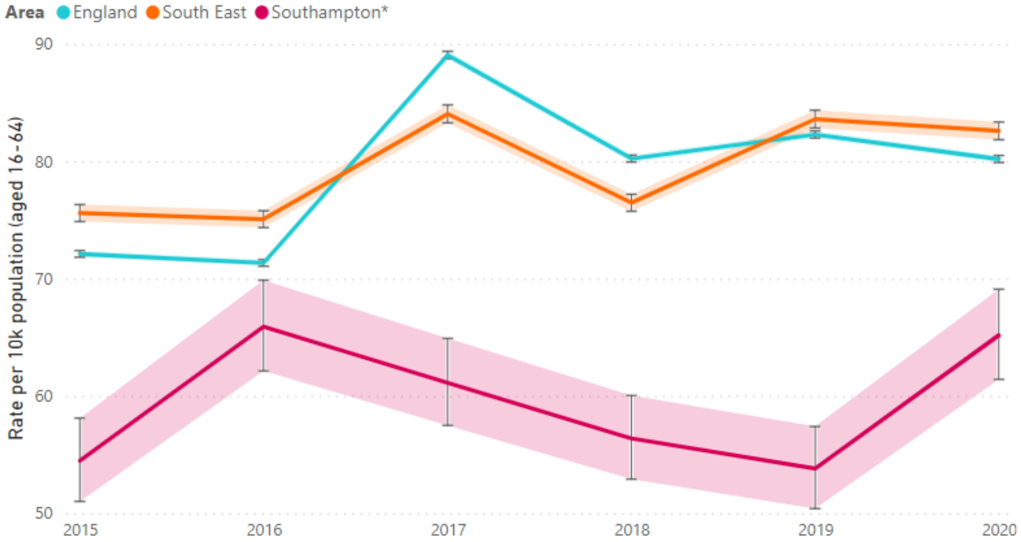
Births of new enterprises - crude rate per 10k working aged population England, South East, Southampton*: 2015 to 2020



Deaths of enterprises - rate per 10k working aged population - Southampton and ONS comparators: 2020



Deaths of enterprises - rate per 10k working aged population - England, South East, Southampton*: 2015 to 2020

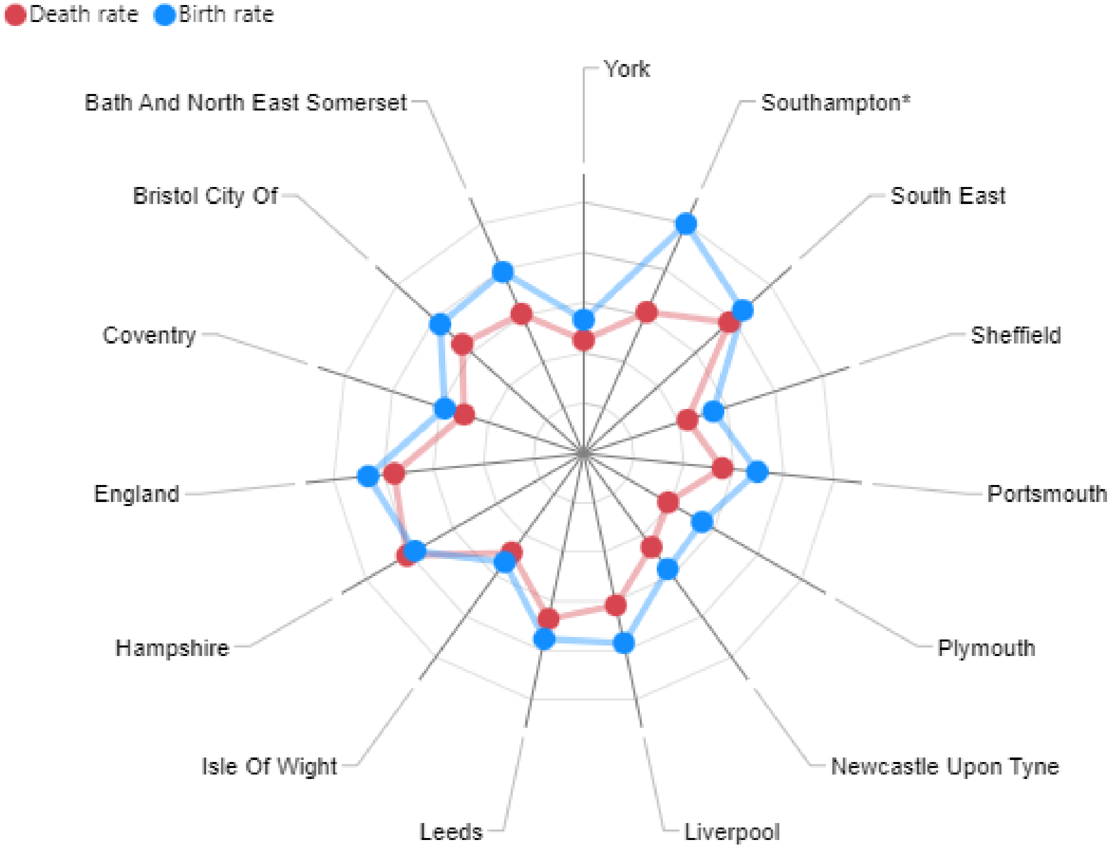


- There were **1,820** business start ups (**births**) in Southampton during **2020**, a decline of **-7.1%** (**-140**) compared to the previous year
- **HOWEVER**, important to highlight the impact of multiple business registrations at the same postcode in Southampton over the last two years;
- **670 (37%)** of the **1,820** births in **Southampton (2020)** were at **postcodes** with **multiple registrations.** More information on this issue has been published by the ONS
- With multiple registrations removed – **1,150** births in Southampton during 2020, a decrease of **-17.3% (-240) compared** to the **previous year** & **birth rate** of **66.9** per 10k population (aged 16-64) in 2020; **significantly lower** than both the England and South East averages
- **1,120** business **deaths** in **2020**, a year on year increase of **21.1%** (**195**)
- Death rate for Southampton remains significantly lower than England average
- Despite a **significant increase** in business deaths between 2019 and 2020, Southampton had seen a consistent decline in business death rates from 2016 to 2019;
- However, increase in death rates for Southampton in 2020 is likely impacted by multiple registrations, as multiple registrations also impact on business deaths and survival rates

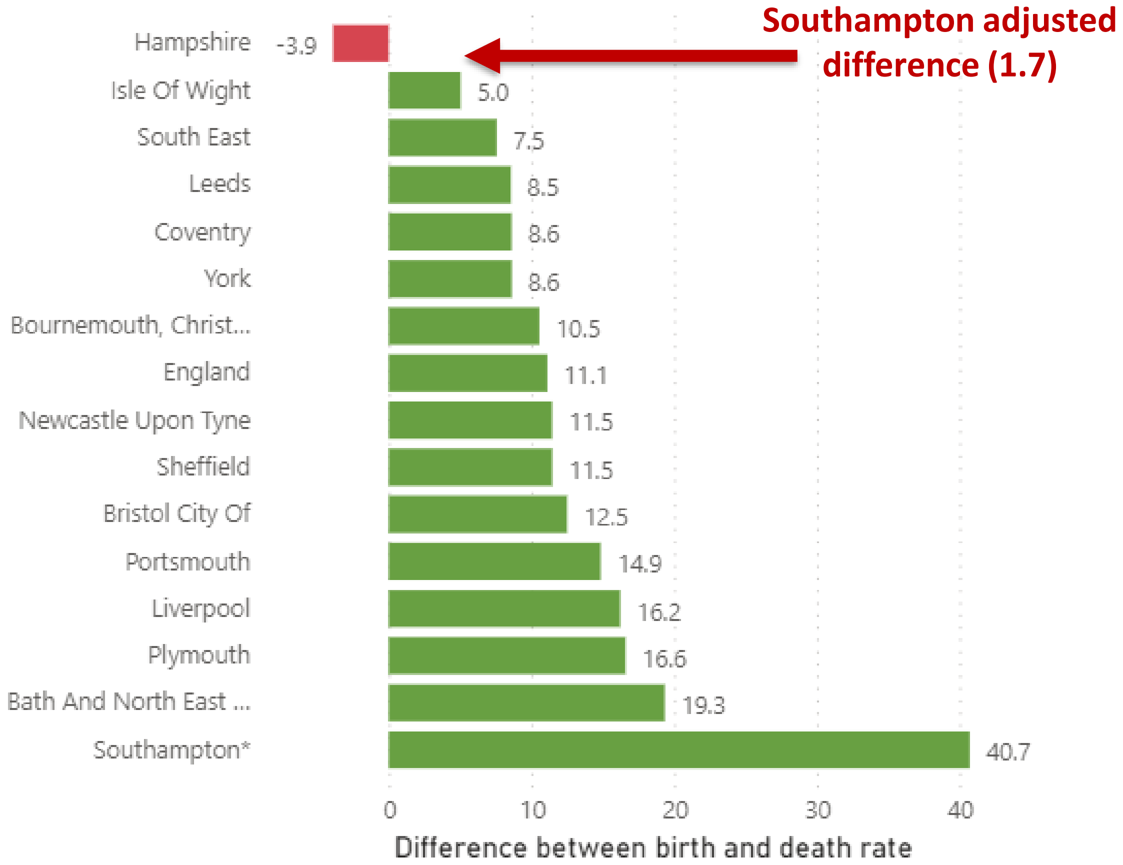
Source: Office for National Statistics – Business Demography

Business Start-ups & Deaths

Business births and deaths per 10k population (aged 16-64) - Southampton and ONS comparators: 2020



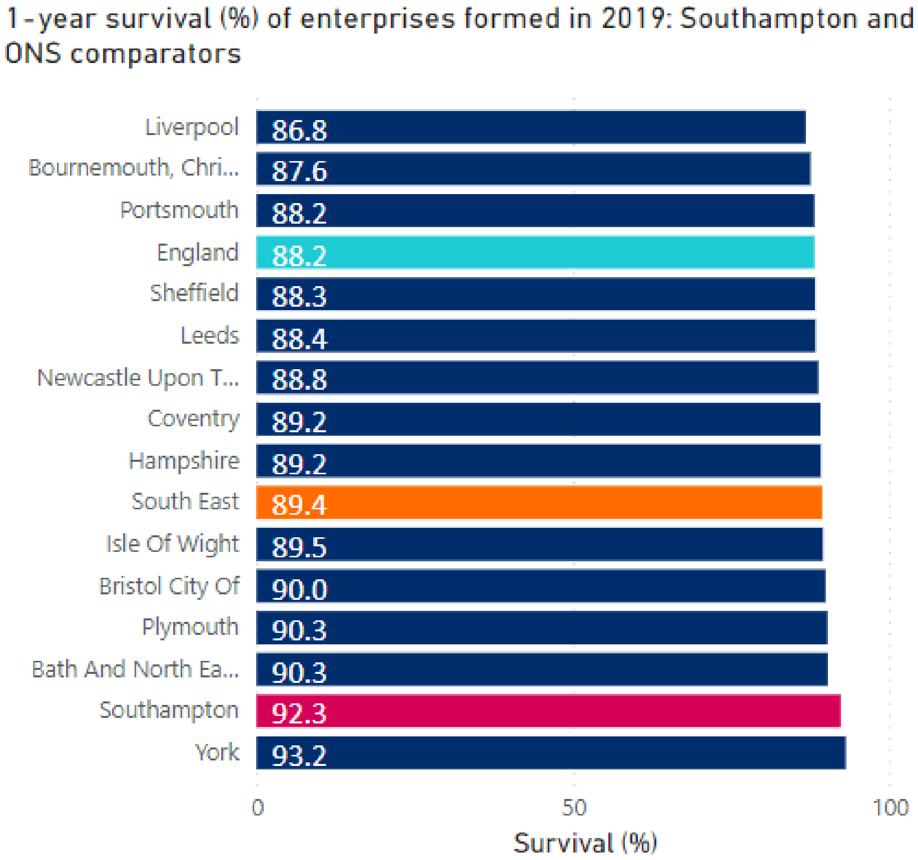
Difference in business birth and death rates (per 10k population aged 16-64) - Southampton and ONS comparators: 2020

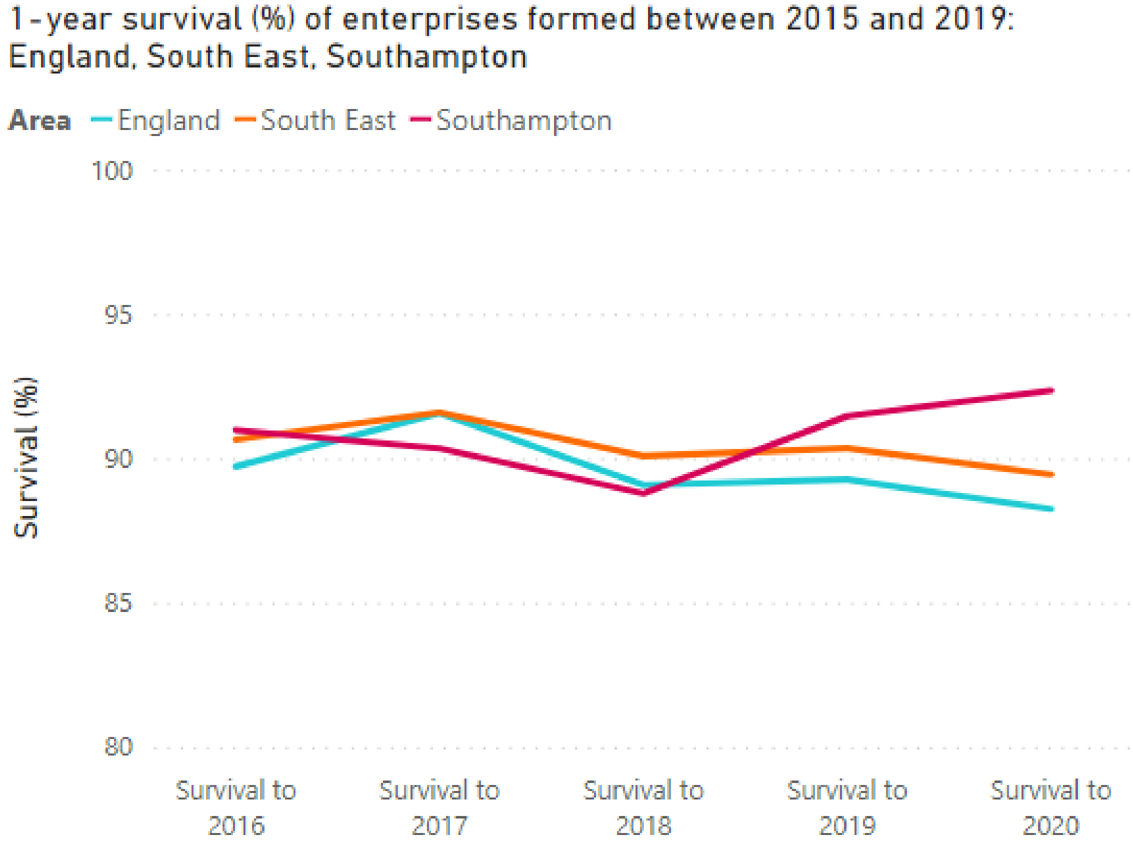


- Southampton has a unadjusted net growth of **40.7 business per 10k population** in 2020, highest amongst ONS comparators
- However, birth and death rate in 2020 for Southampton is **impacted by multiple registrations;**
- After adjusting the birth rate for multiple registrations, Southampton has a net growth of **1.7 businesses per 10k population**, one of the **lowest** against comparators – the **adjusted net growth is likely closer to the truth**

Source: Office for National Statistics – Business Demography

Business Survival in the 1st year

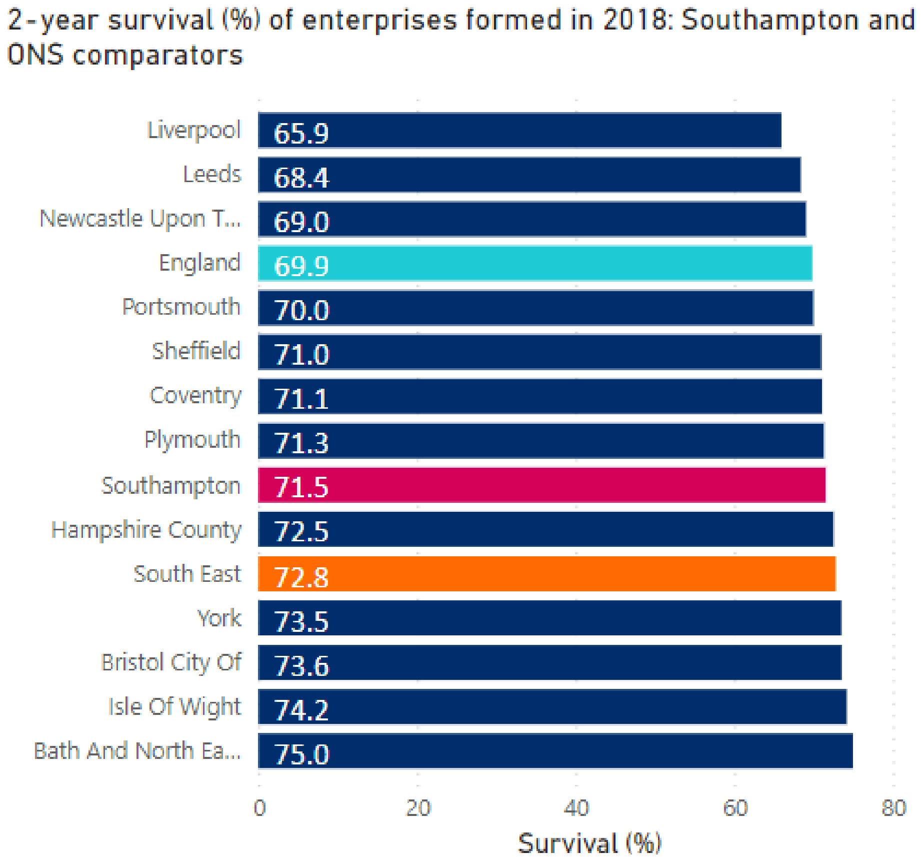


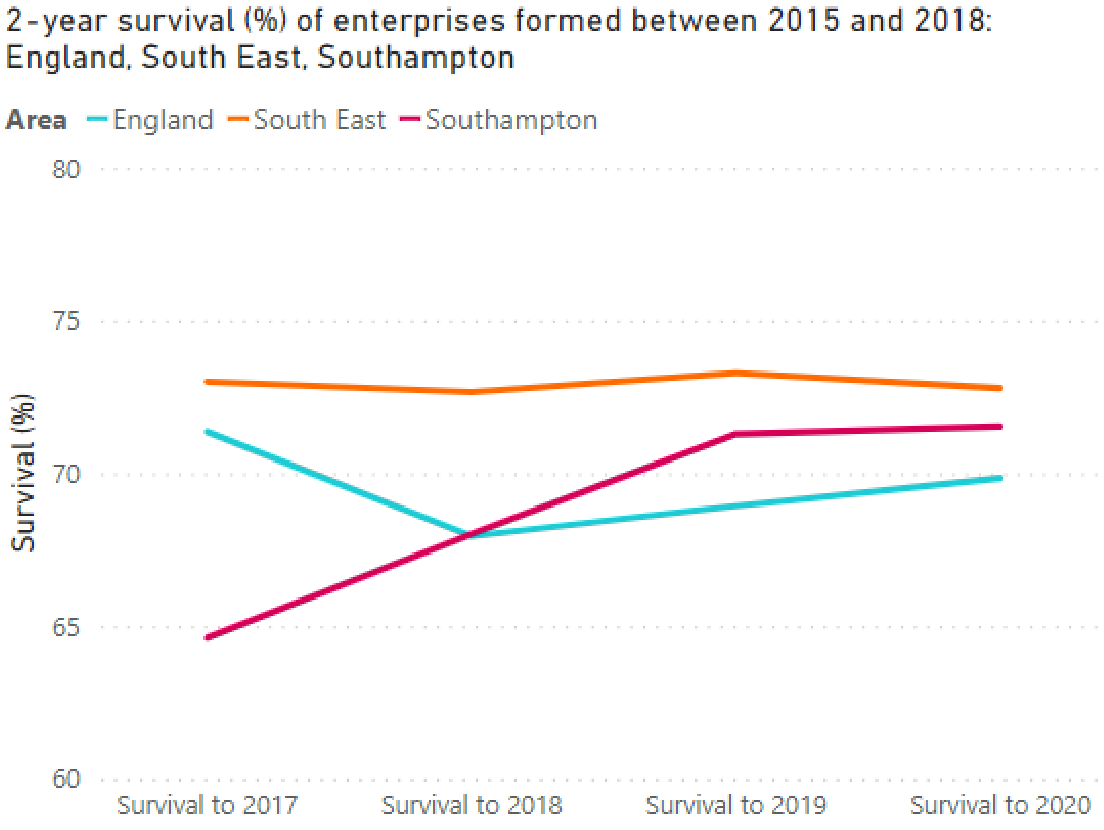


- Southampton is the second highest among comparators for 1 year survival of enterprises
- 1 year survival in Southampton increased from **91.5%** in 2019 to **92.3%** in 2020
- Suggests that an increasing proportion of businesses in Southampton are surviving past their first year
- 1 year survival rates may have been impacted by multiple registrations in Southampton during 2020 as we have seen an increase in business deaths during the same period

Source: Office for National Statistics – Business Demography

Business Survival – first 2 years



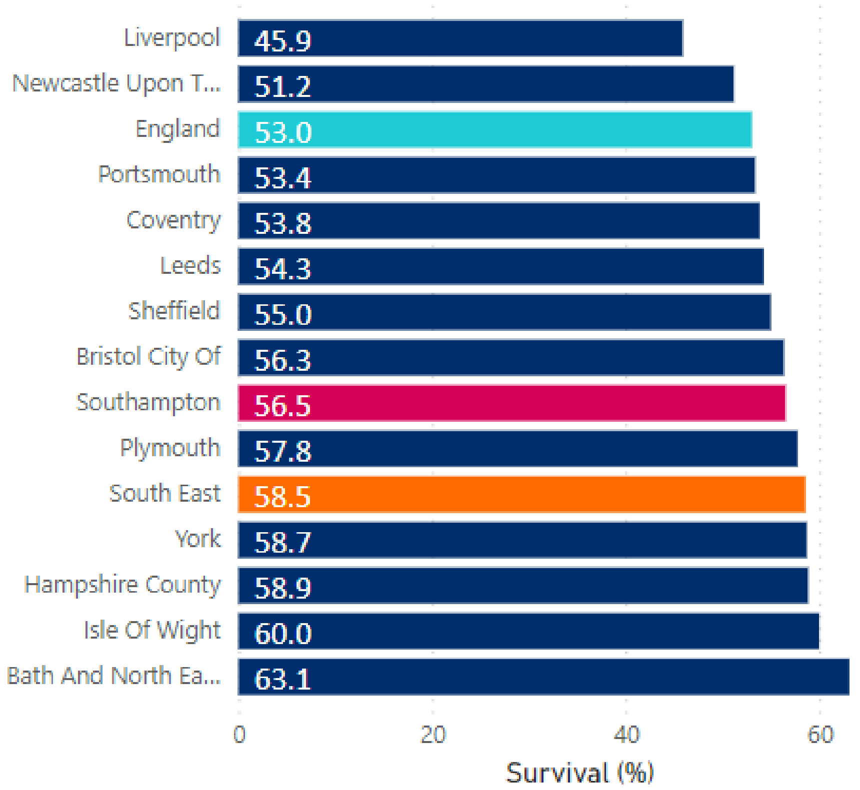


- **71.5%** of businesses formed in Southampton during 2018 **survived at least 2 years** (survived to 2020)
- 2 year survival had been increasing at a faster rate between 2017 survival and 2019 survival, whilst progress appears to have stagnated locally in the most recent year
- Although, the Southampton survival rate remains above the England average (69.9%)

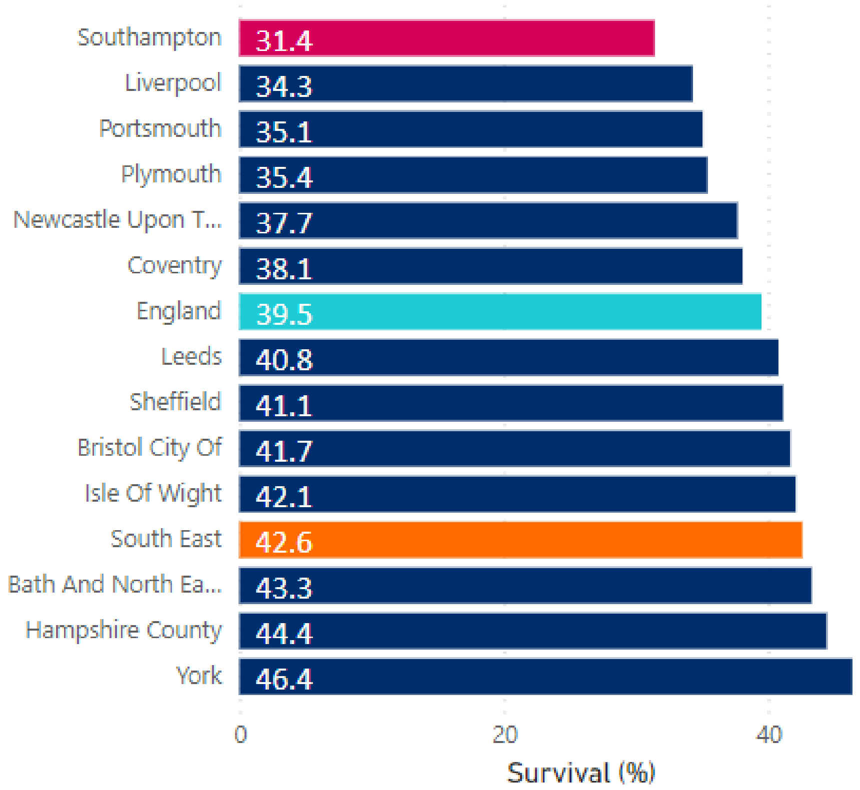
Source: Office for National Statistics – Business Demography

Business Survival – longer term

3-year survival (%) of enterprises formed in 2017: Southampton and ONS comparators



5-year survival (%) of enterprises formed in 2015: Southampton and ONS comparators



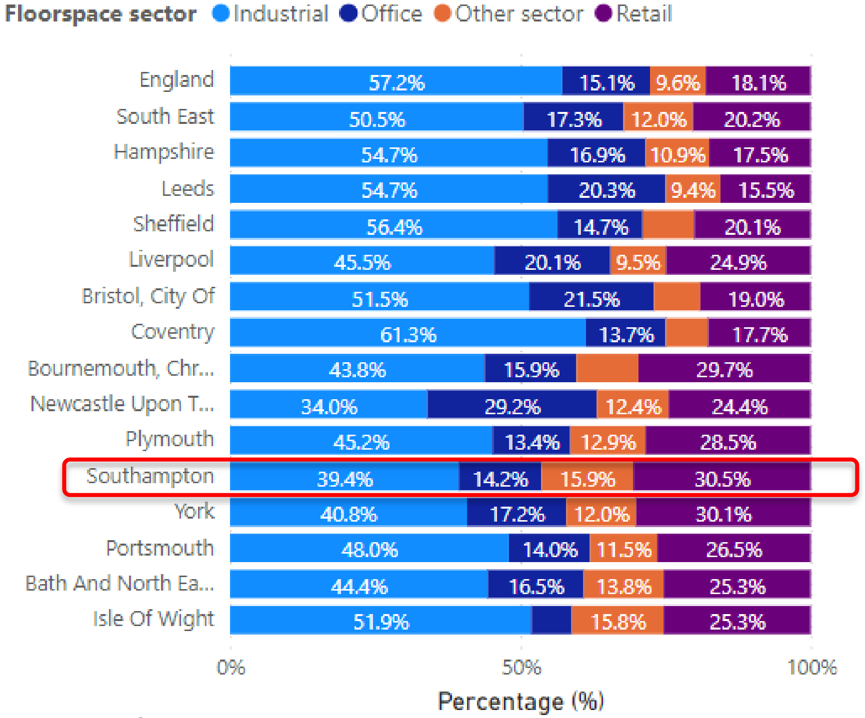
- Business survival over 3 years in Southampton is **56.5%**, higher than the national average (53.0%);
- However 5 year survival is the **lowest amongst comparators**, with **31.4%** of businesses in Southampton surviving 5 years
- Challenges brought about by Brexit, the coronavirus pandemic and recent economic uncertainty could produce obstacles for business survival going forwards

Source: Office for National Statistics – Business Demography

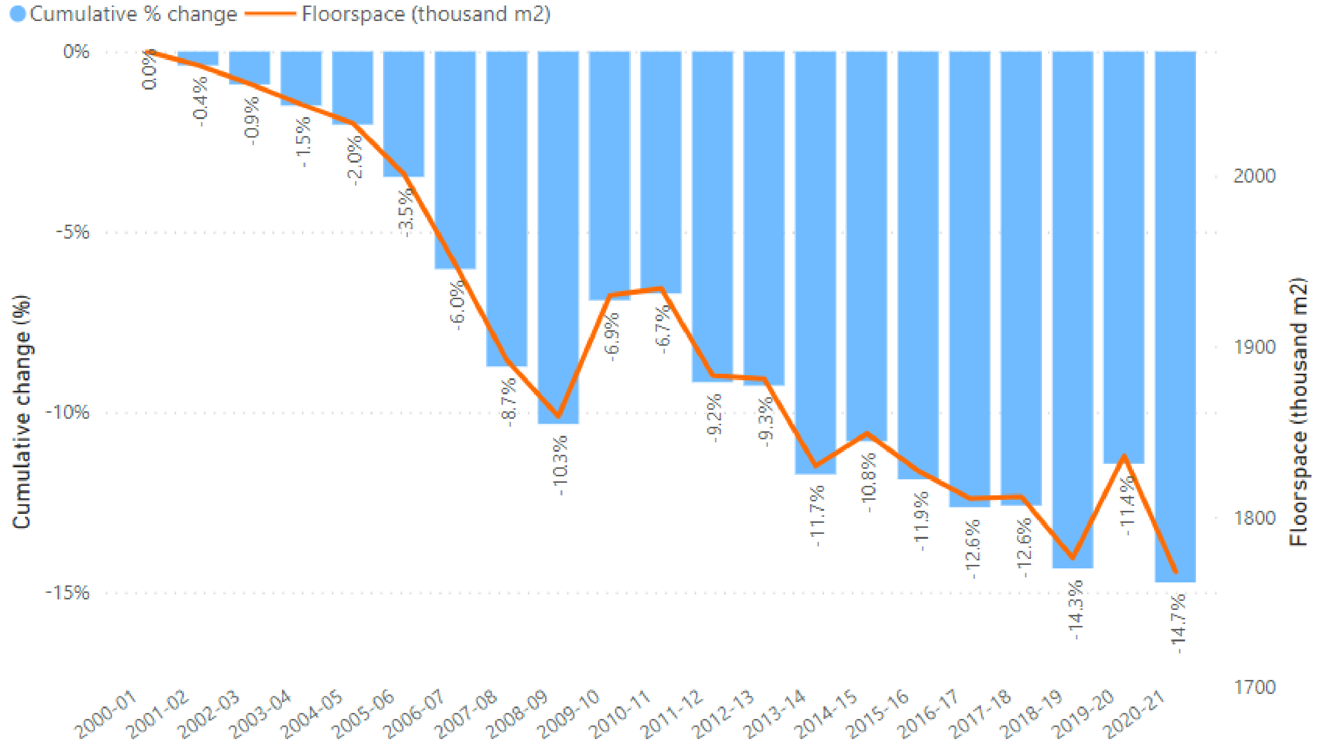
Business Floorspace

southampton dataobservatory

Percentage of business floorspace by sector - Southampton and ONS comparators: 2020-21



Change in Total floorspace - Southampton trend: 2000-01 to 2020-21

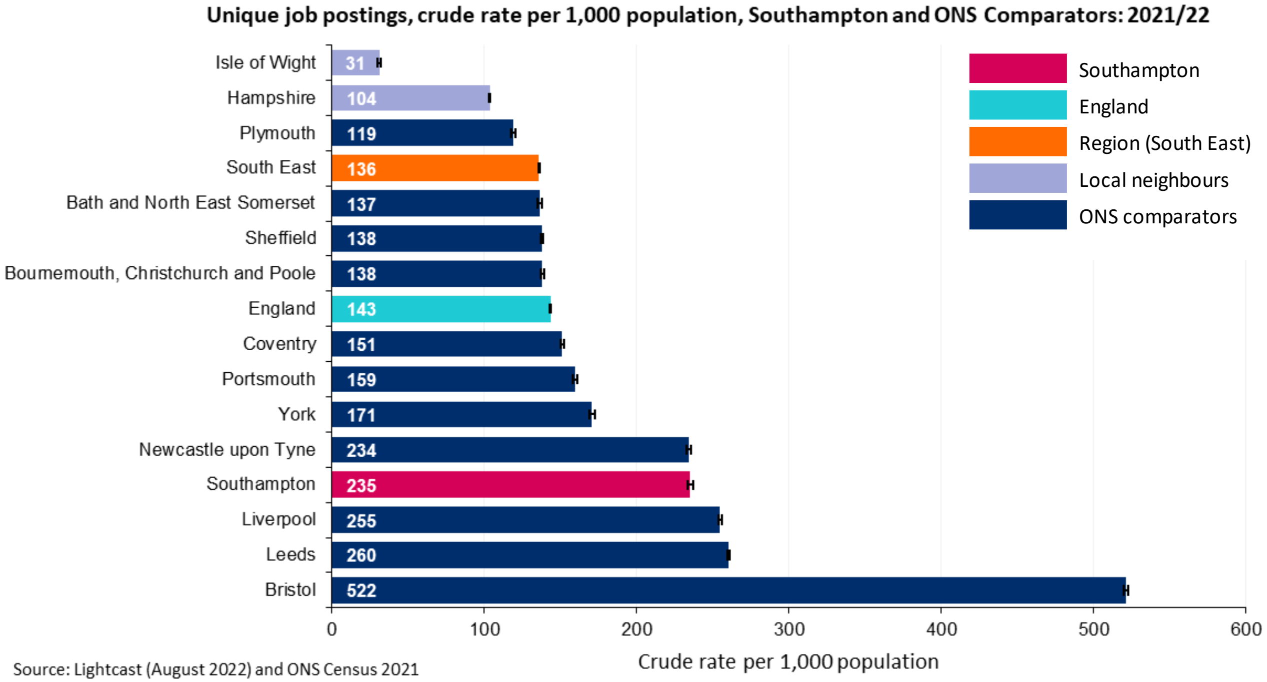


- **1,768 m^2** of available business floorspace in Southampton (2020-21)
- Since 2000-01, **Southampton** has seen a **reduction** in total floorspace by **-14.7%,** compared to **increases** of **1.6%** across **England** and **5.6%** in the **South East**
- **Office (-40.7%)** and **industrial (-21.0%)** floorspace reduced the most in Southampton since 2000-01
- **Office floorspace** experienced **-17.7% decline** in Southampton **from 2019-20 to 2020-21**
- The **majority** of **floorspace in Southampton** is still classed as **industrial (39.4%),** although this is much **lower** than the **England** average **(57.2%)** and the **second lowest** amongst comparator cities
- **30.5%** of floorspace in Southampton is classified as **retail**, the **largest amongst comparator cities**

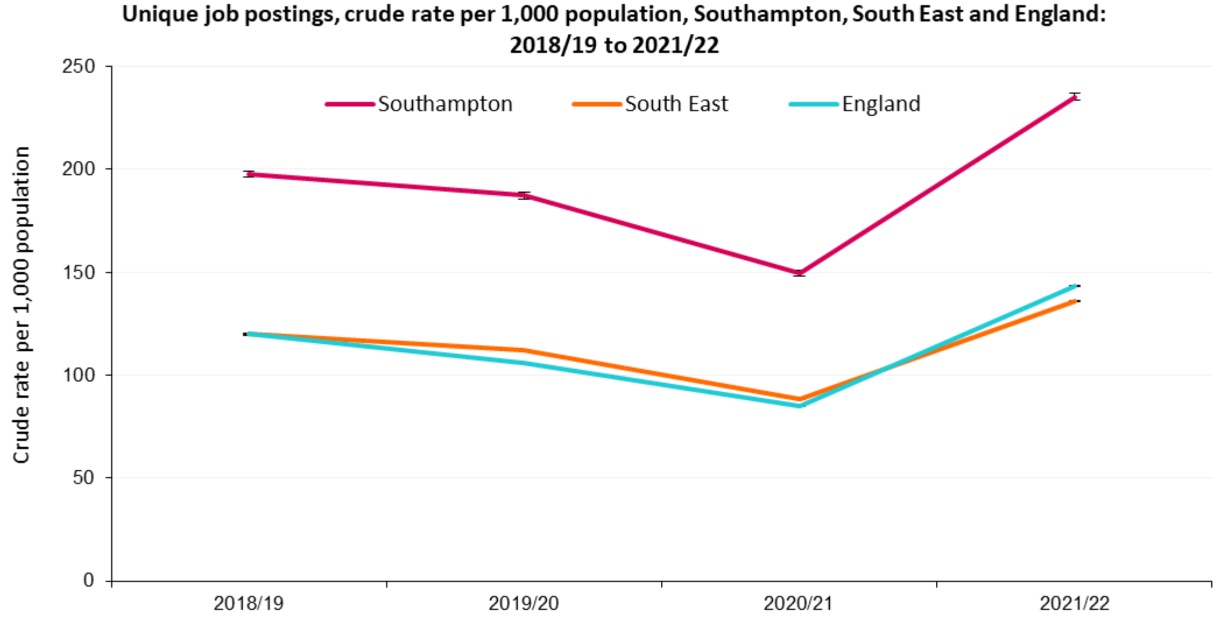
Source: Valuation Office Agency – Business Floorspace

Employee Jobs

Job Postings



Source: Lightcast (August 2022) and ONS Census 2021

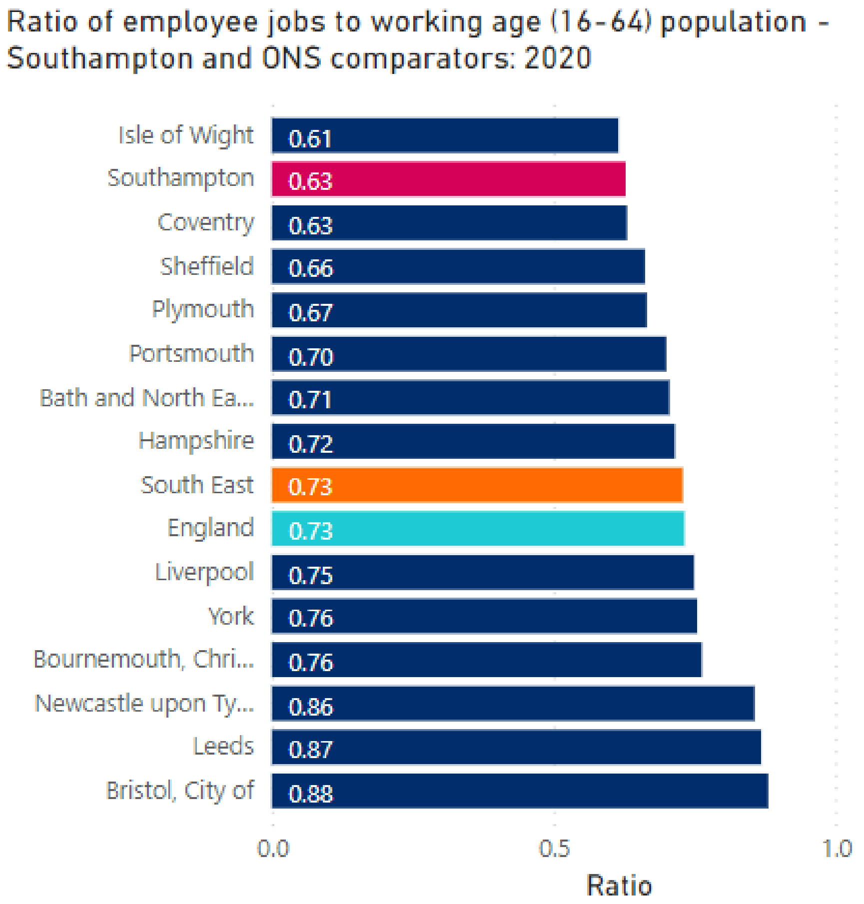


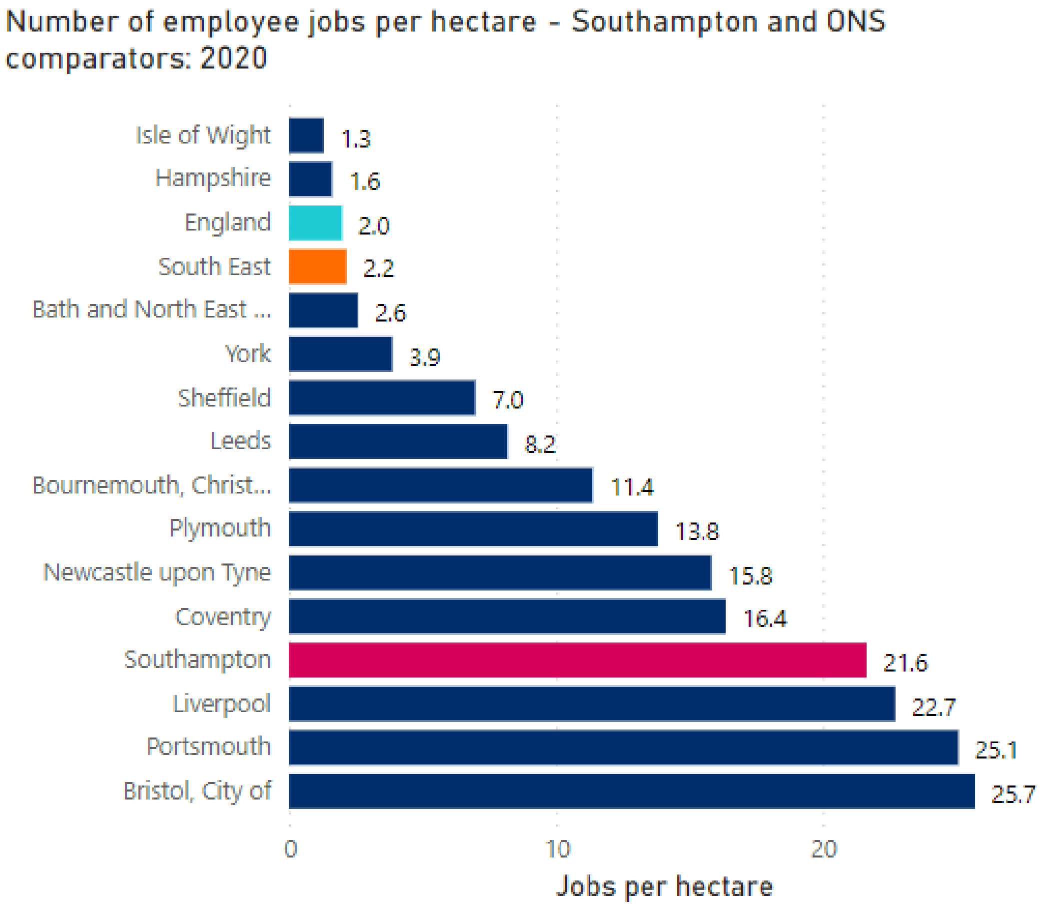
Source: Lightcast (August 2022) and ONS Mid-Year Population Estimates

- In 2021/22, Southampton had a crude rate of 235 unique job postings per 1,000 population, significantly higher than the national (143 per 1,000 population) and regional (136 per 1,000 population) averages
- The crude rate of unique job postings increased over the last financial year in Southampton and for all our comparators
- Southampton ranks fourth amongst ONS comparators in 2021/22 for the rate of job postings, although Southampton had ranked second in both 2019/20 and 2020/21, suggesting that Southampton remains a major centre for employment growth in the region
- In 2021/22, the most frequently advertised roles locally were roles which typically do not require higher skilled employees (support workers, care assistants, warehouse operatives and health care assistants taking 4 of the top 5 most advertised job titles)
- The above evidence suggests that Southampton remains a major centre for employment in the region, but it’s important to attract higher value businesses and more skilled jobs, which our residents can benefit from

Source: Lightcast (2022) – Job Posting Analytics

Employee Job Density

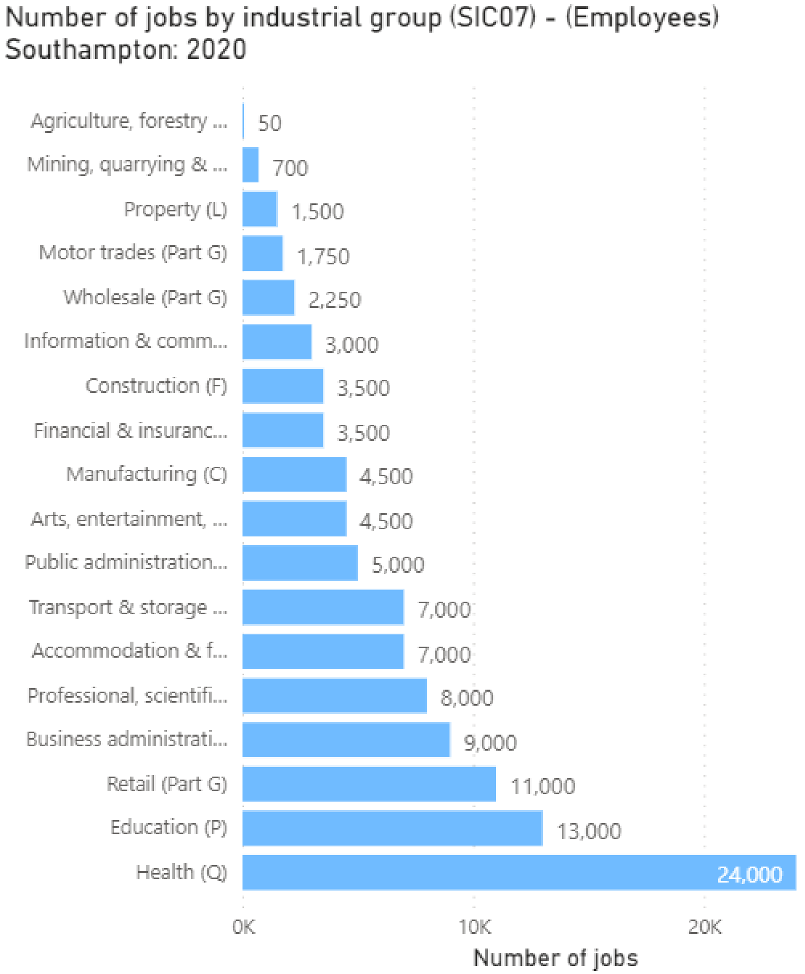


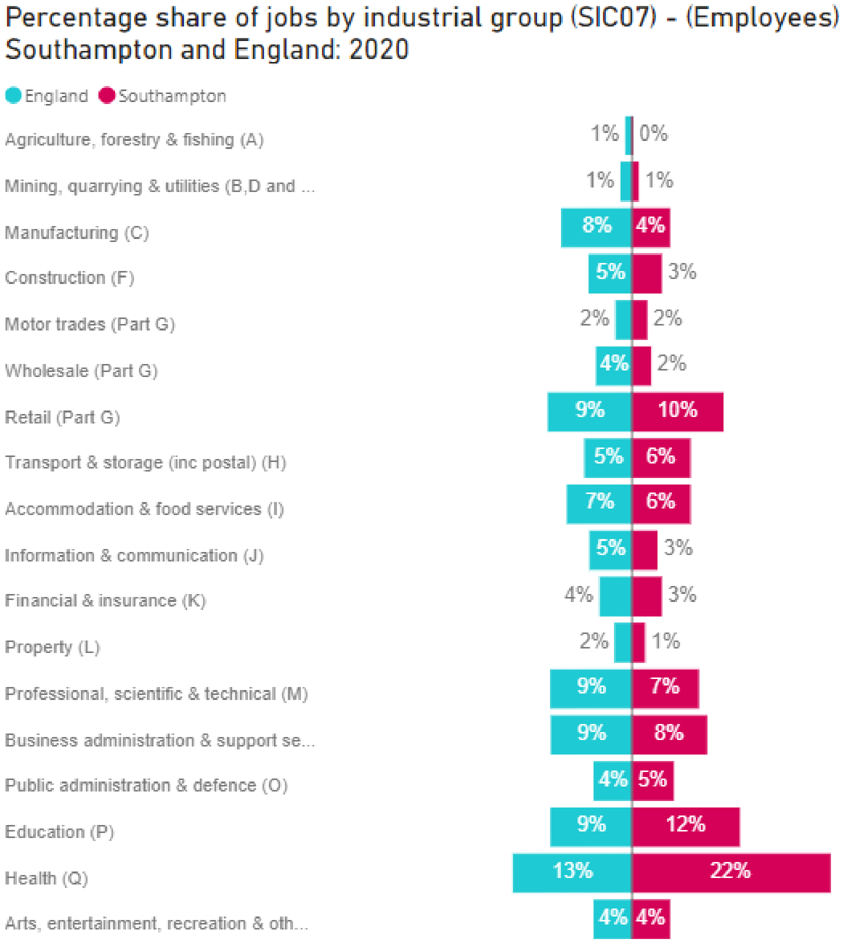


- The **ratio of jobs to working age population** in Southampton is **0.63**; **second lowest** among comparator areas
- However, Southampton has a **job density of 21.6 jobs per hectare**, the **fourth highest** among comparators

Source: Office for National Statistics – Business Register and Employment Survey – data for most recent year is provisional

Employee Jobs by Industry

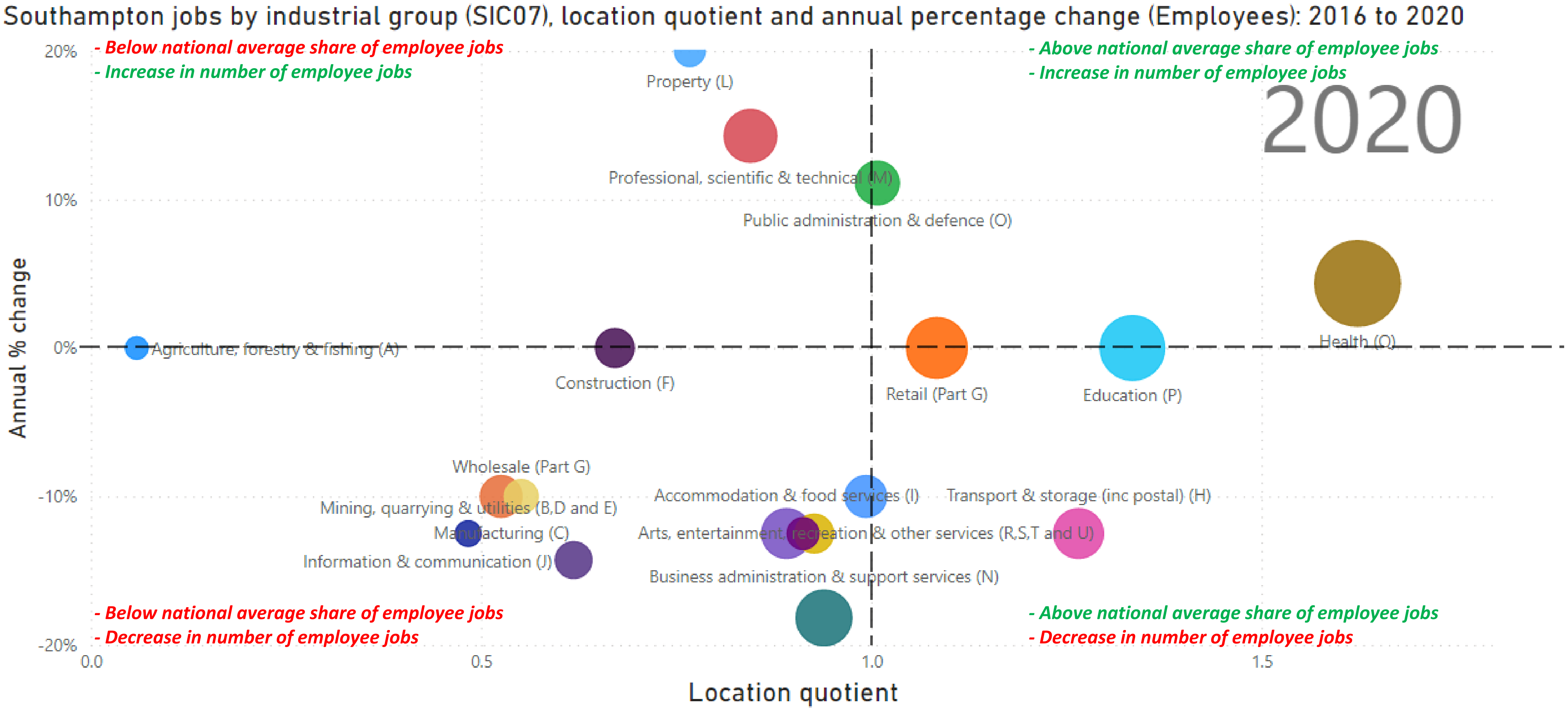




- **Health, education, retail** and **business administration & support services** are the industries that are the **largest employers** in Southampton – combined these industries account for **over half** of the jobs in Southampton
- **Public sector** industries (health, education and public administration & defence) are large employers in Southampton, providing **39%** of jobs locally in 2020 (compared to 26% nationally)
- **Over 1 in 5** (22% - 24,000) jobs in Southampton are within the **health sector**, a significantly higher proportion compared to England (13%) (2020)

Source: Office for National Statistics – Business Register and Employment Survey – data for most recent year is provisional

Employee Jobs by Industry 2020

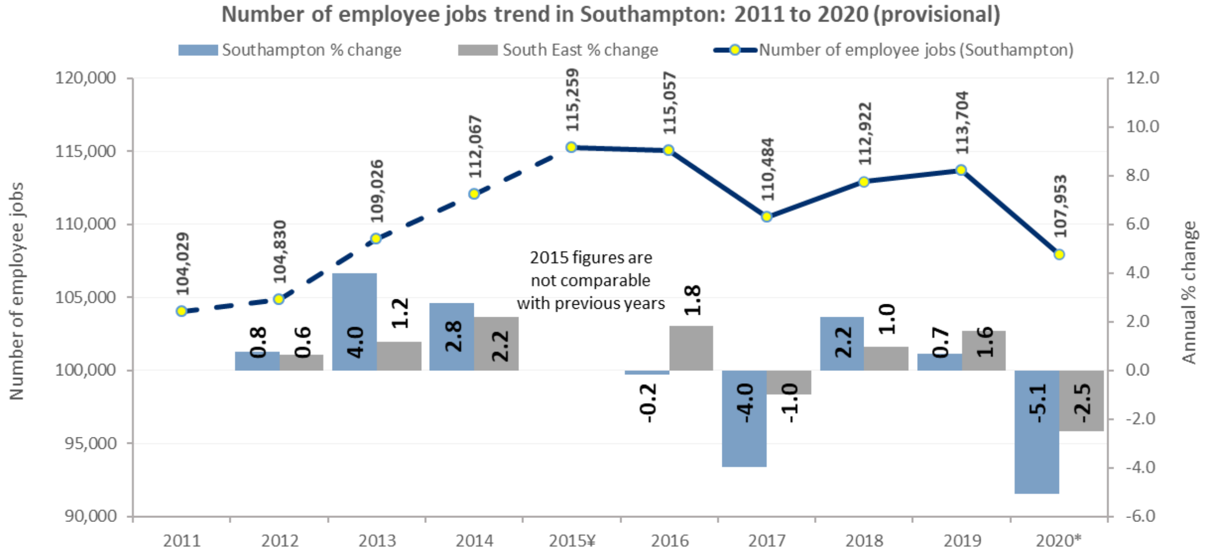


- The chart above shows the number of jobs by industry (bubble size), location quotient (bottom axis) and annual percentage change (left axis). Location quotient is a local measure of the concentration of industries, a value greater than 1 indicates that the local area has a higher share of employee jobs in a particular industry than its share of national employee jobs
- **Health** continues to be the **largest employer** in Southampton (**24,000 jobs**), with a **location quotient above 1**; indicating a higher share of jobs in the city when compared nationally
- **Transportation and storage** (7,000 jobs) and **education** (13,000 jobs) also have a **higher share** of jobs in Southampton

Source: Office for National Statistics – Business Register and Employment Survey – data for most recent year is provisional

Employee Jobs

- There were **107,953** employee jobs in Southampton in 2020, which is a **decline** of **-5.1%** (**-5,751**) compared to the previous year
- The number of employee jobs in Southampton **remains lower than in 2015**, with a net loss of **-7,306 (-6.3%)** jobs; with England (+3.0%) and the South East (+0.9%) experiencing an increase in jobs during the same period – although the COVID-19 pandemic appears to halt this progress in 2020, nationally and locally
- Employee jobs can be broken down into more detail; by sector of employment (public and private) and employment status (all employees, full-time and part-time)
- Whilst Southampton experienced an overall decline of **-5.1%** in the number of employee jobs in the last year, **changes vary** depending on **sector** and **employment status**;
    - The number of **private sector** employees decreased by **-7,020** (**-7.9%**), the **largest** decline among ONS comparators, with the largest percentage loss of **part-time** employees (**-4,049, -12.8%**)
    - The number of **public sector** employees increased by **1,269** (**5.2%**), which was driven by increases in **part-time** employees (**1,896, 26.1%**), whilst there was a decline in **full-time** employees (**-627, -3.6%**) during the same period
- These changes observed and overall decline in employee jobs in 2020 is likely linked to the coronavirus pandemic



Source: ONS Business Register & Employment Survey (BRES)

* Most recent data is provisional ¥ figures from 2015 include PAYE only and VAT registered and are not directly comparable with previous years

Data prior to 2015 is not comparable with recent years. Between 2011 and 2014 there was a net increase of 8,038 jobs (+7.7%)

Change since 2015:

-6.3% Southampton

0.9% South East

3.0% England

Change since 2019:

-5.1% Southampton

-2.5% South East

-1.9% England

Source: Office for National Statistics – Business Register and Employment Survey – data for most recent year is provisional

Impact of COVID – Employee Jobs

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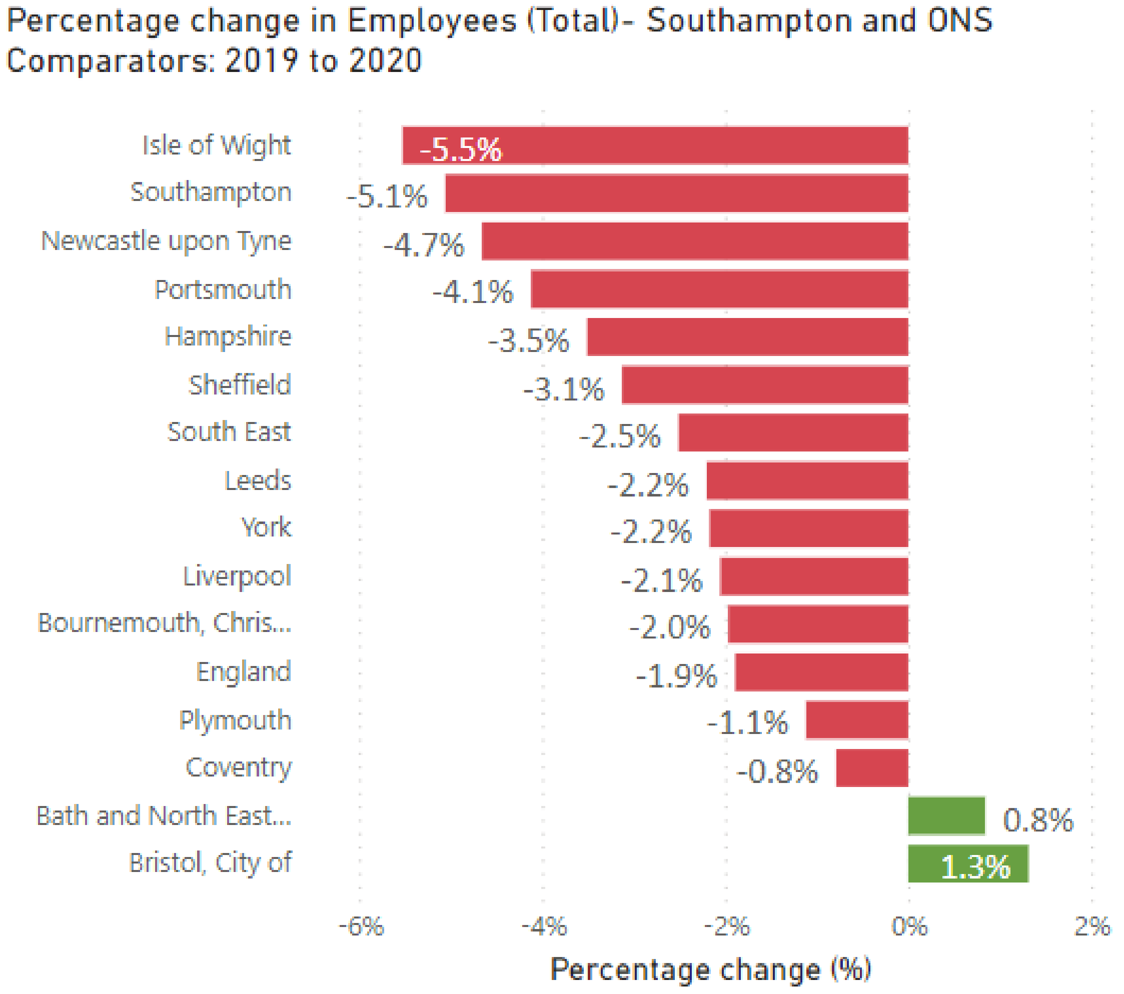
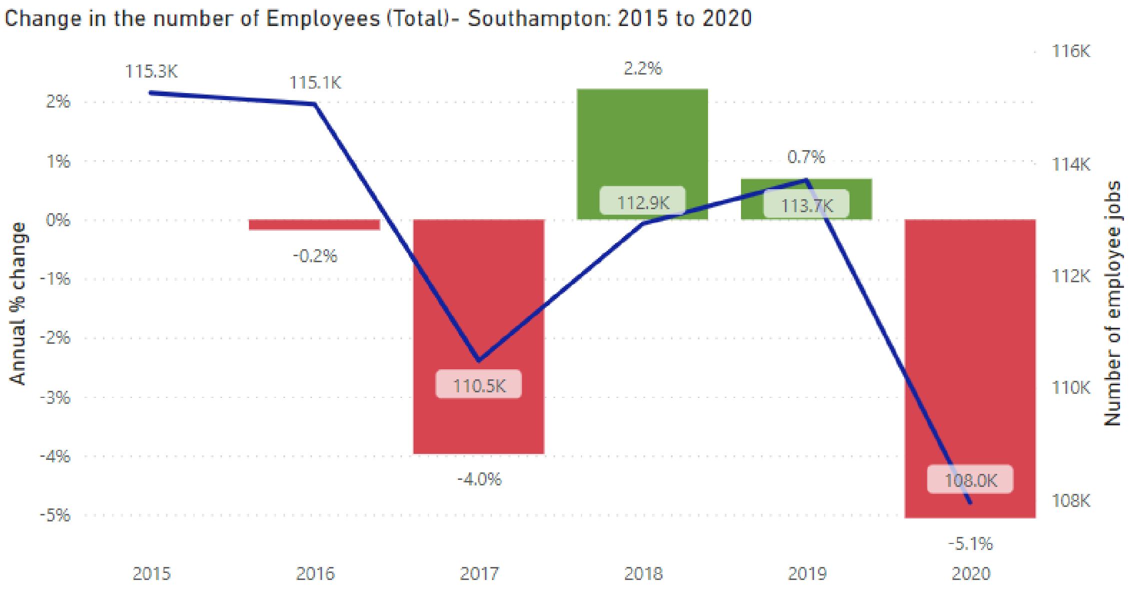
- **Southampton ranks lowest** (-5.1%) amongst ONS comparators for the percentage change in employees between 2019 and 2020 (Isle of Wight is a local neighbour, rather than comparator)
- This indicates that Southampton suffered a greater impact on employee jobs compared to comparators, as a result of the COVID-19 pandemic
- The COVID-19 pandemic would have been the main cause for job losses between 2019 and 2020
- It will be important to monitor employee jobs going forwards to assess how Southampton will recover from these losses





Sources: ONS - Business Register and Employment Survey

Change in Employee Jobs by Industry

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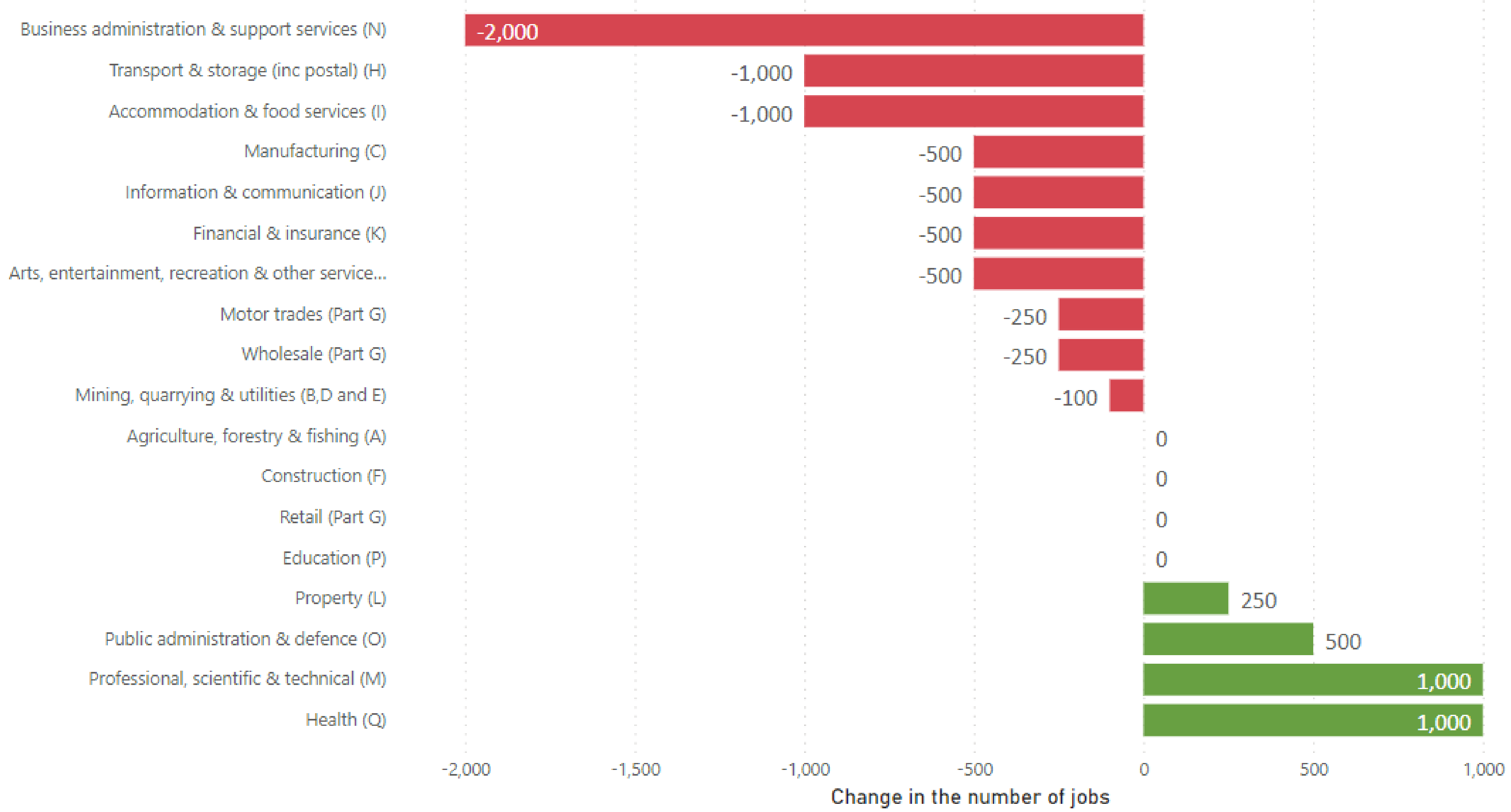
Change in the number of jobs by industrial group (SIC07) - (Employees) Southampton: 2019 to 2020



Job losses:

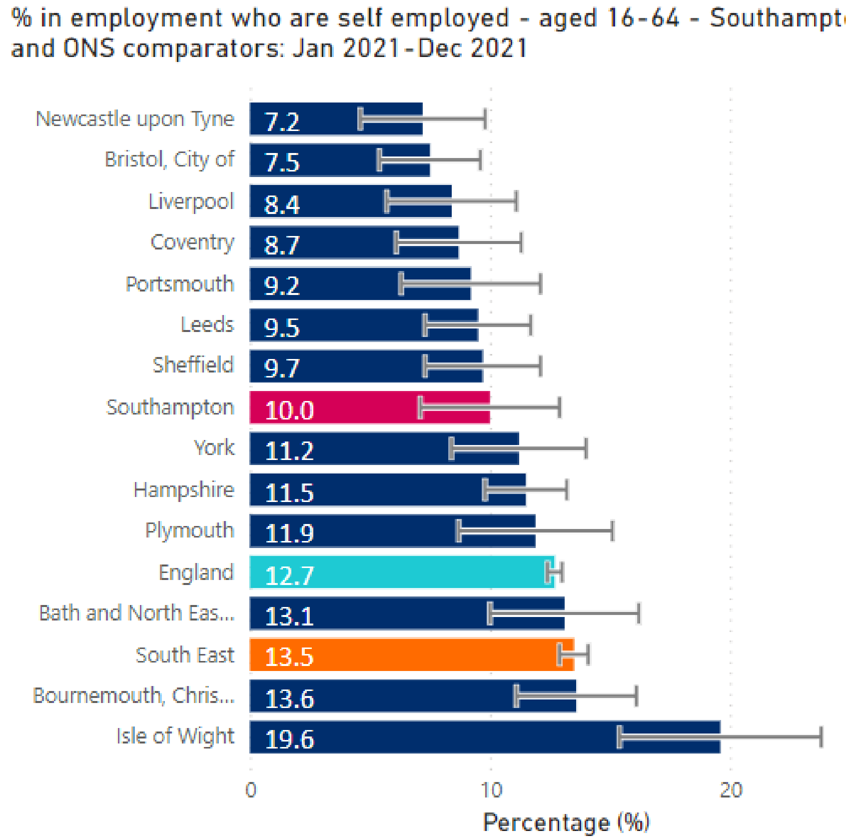
- *Business Admin and support* – substantial losses in Bargate (city centre)
- *Transportation and Storage* – losses across the city, especially Bargate, also Millbrook and Redbridge
- *Accommodation and Food* – losses mostly in the city centre (Bargate)
- *Manufacturing* – losses across the city, particularly Bargate and Freemantle
- *Information and Communication* – losses related to *publishing of* newspapers in Redbridge
- *Financial and Insurance* – substantial losses in Bargate
- *Arts, Entertainment, Recreation* – predominantly losses for *activities of sports clubs* in Bevois

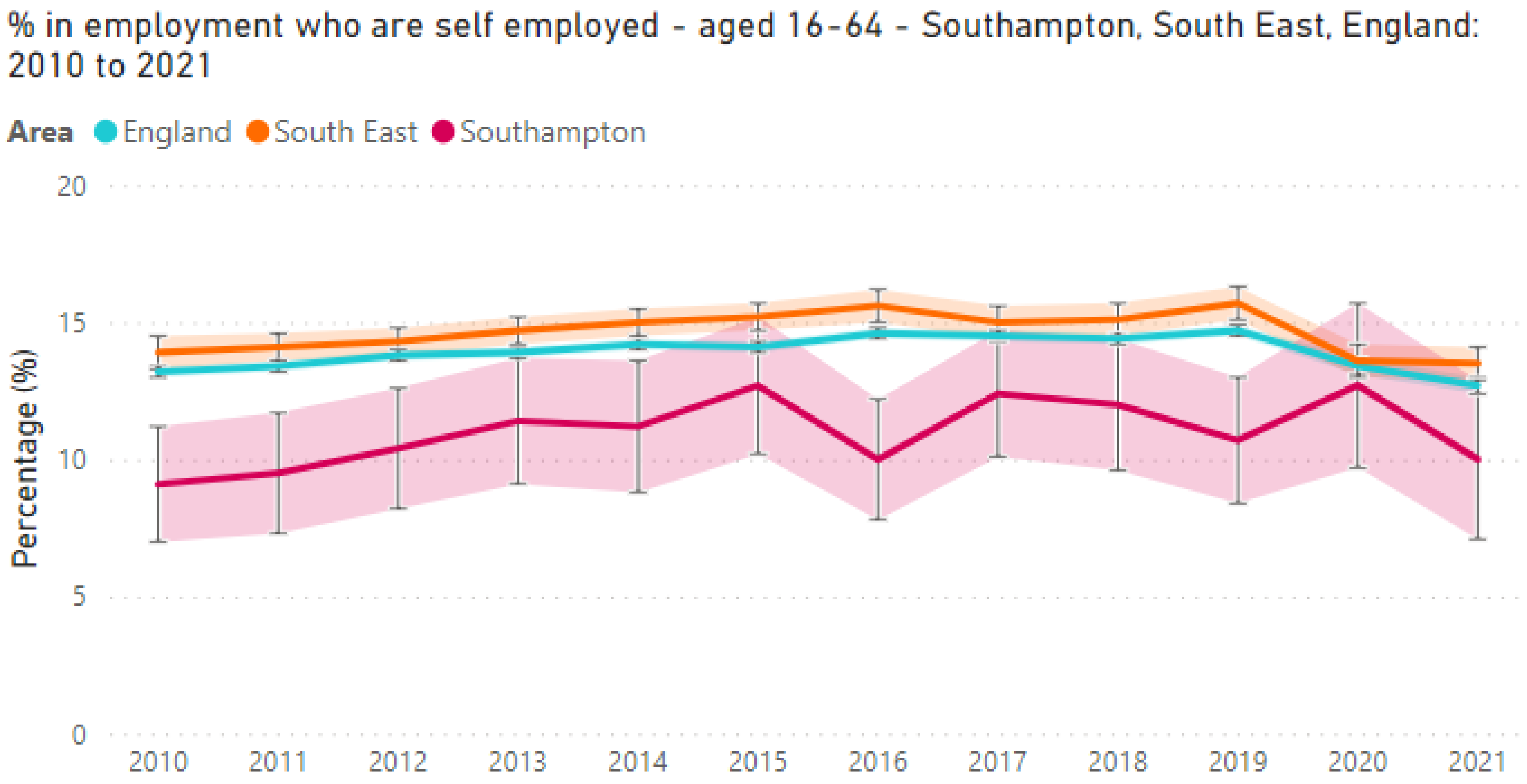
Job creation:

- *Health* – Analysis by 4-digit SIC codes suggest a change from full-time to part-time employment in *Hospitals* focussed in Shirley, but this is less clear at sector level
- *Public administration and defence* – driven by *general public administration* growth in Bargate and Bitterne
- *Professional, scientific and technical* – driven by growth in Bargate
- *Property* – Small increases across many wards but mostly in Bevois

Source: Office for National Statistics – Business Register and Employment Survey – data for most recent year is provisional

Self-employed





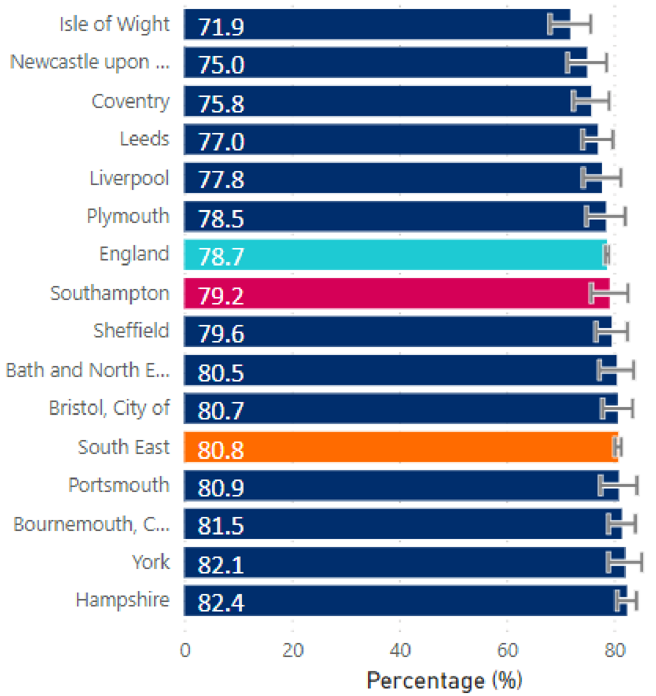
- **10.0%** of those who are in **employment** in Southampton are **self-employed** (2021); statistically similar to both the England and South East averages of **12.7%** and **13.5%** respectively
- Southampton has experienced an **decrease** in this proportion between 2020 and 2021, following an increase in this proportion between 2019 and 2020 – potentially attributable to the COVID-19 pandemic
- The England and South East averages for the percentage who are self-employed have both continued to decline since 2019

Source: Office for National Statistics – Annual Population Survey

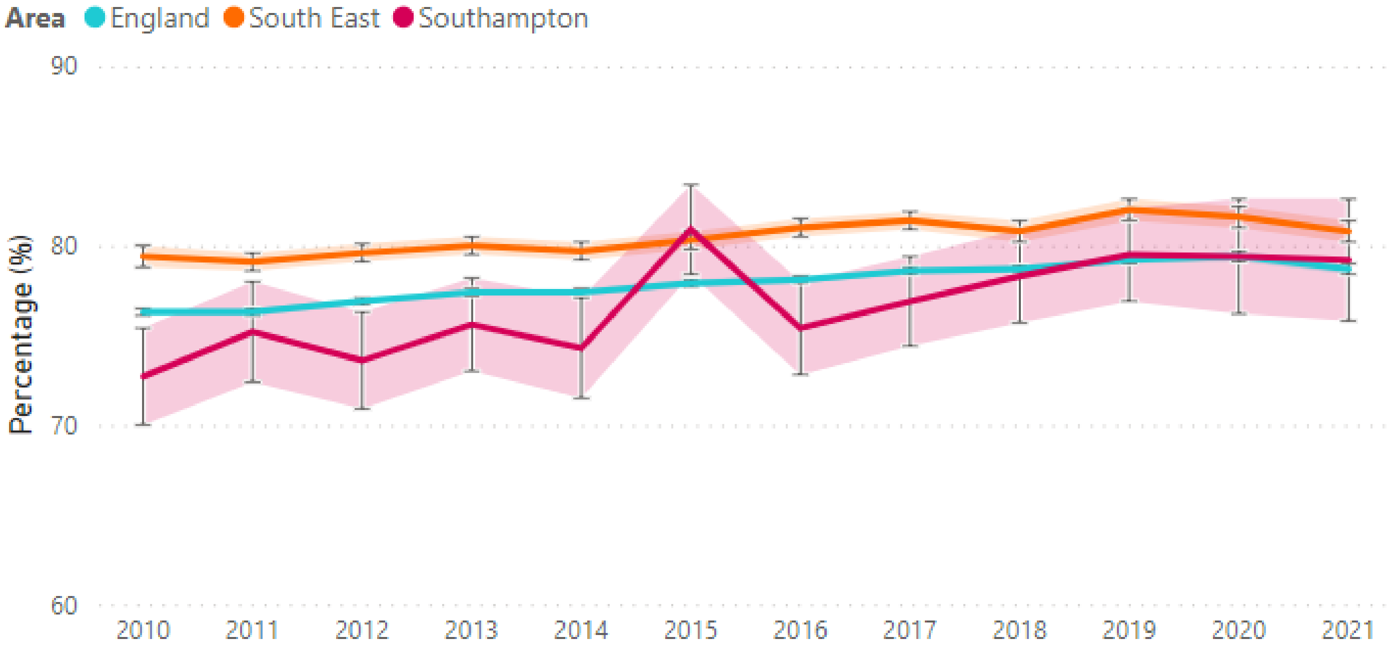
Labour Market

Economic Activity

Economic activity rate - aged 16-64 - Southampton and ONS comparators: Jan 2021-Dec 2021



Economic activity rate - aged 16-64 - Southampton, South East, England: 2010 to 2021

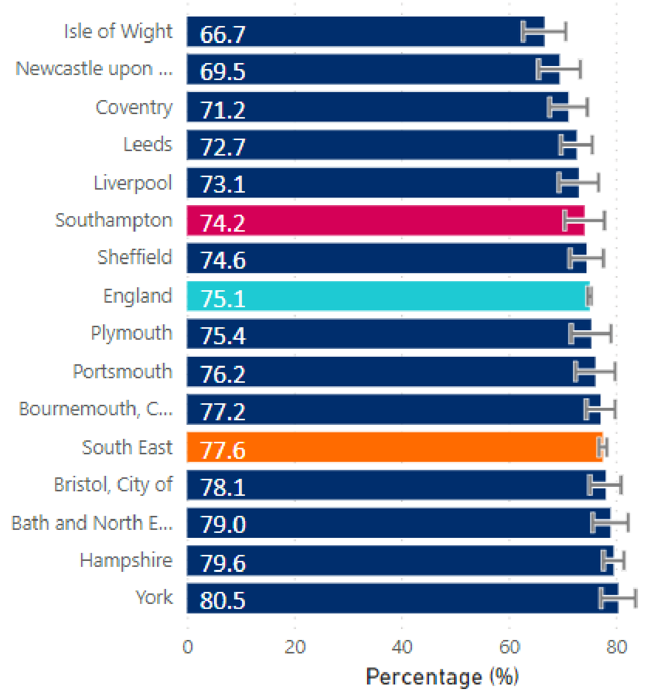


- During the most recent period, **79.2%** of the working age population in **Southampton** were **economically active**; statistically similar to both the England average (**78.7%**) and the South East average (**80.8%**)
- The proportion of **economically active** people in **Southampton decreased by -0.2** percentage points in the last year, compared to declines of -**0.7** across England and **-0.8** across the South East
- The large student population impacts economic activity/inactivity rates; **43.2%** in **Southampton** reported the **main reason** for **inactivity** as being a **student** in 2021; **significantly higher** than the England average (28.4%)

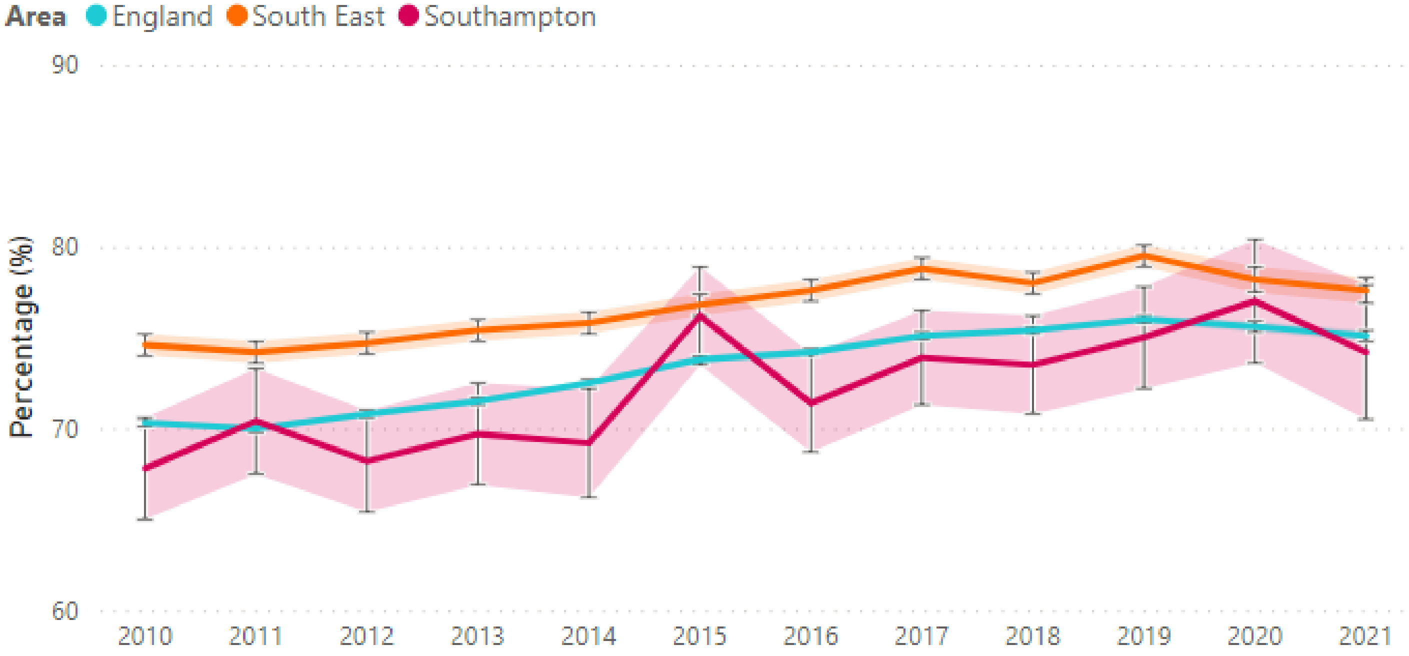
Source: Office for National Statistics – Annual Population Survey

Employment

Employment rate - aged 16-64 - Southampton and ONS comparators: Jan 2021-Dec 2021



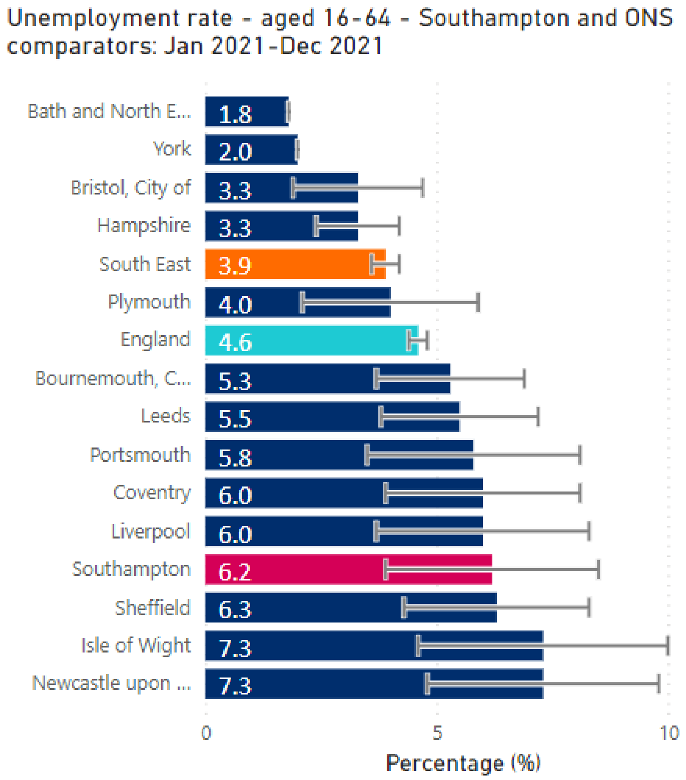
Employment rate - aged 16-64 - Southampton, South East, England: 2010 to 2021

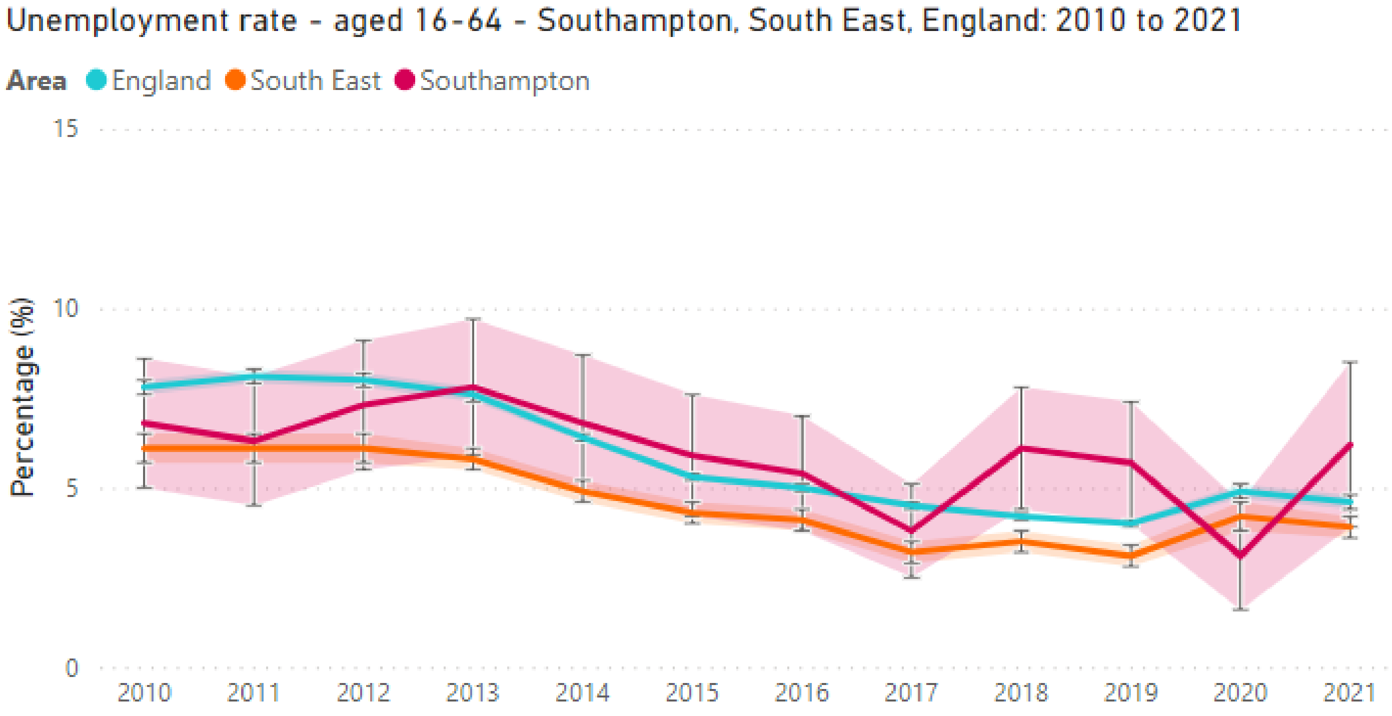


- The **recession impacted employment rates** in the city, falling to a low of **68.1%** in 2009/10
- **Post recession** saw **a recovery in employment**, both locally and nationally
- The employment rate in Southampton in 2021 was **74.2%**; statistically similar to both the national average **(75.1%)** the South East (**77.6%**)
- The recent decrease in employment in Southampton from 2020 to 2021 is **not a statistically significant change**

Source: Office for National Statistics – Annual Population Survey

Unemployment





- **8,500** people **unemployed** in Southampton; **6.2%** of the working aged population (2021)
- Southampton has the **3rd highest** rate of unemployment among ONS comparators
- With the decline in employment, the unemployment rate has **doubled** in Southampton over the last year from **3.1%** in 2020 to **6.2%** in 2021 (**+4,300** unemployed);
- However, it is important to emphasise that the change observed in Southampton over the last year is **not statistically significant**

Source: Office for National Statistics – Annual Population Survey

Impact of COVID on Unemployment – Claimant Count

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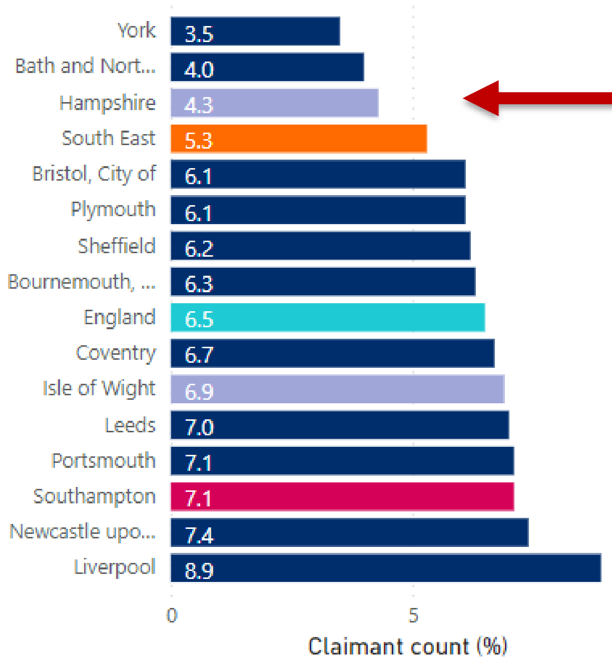
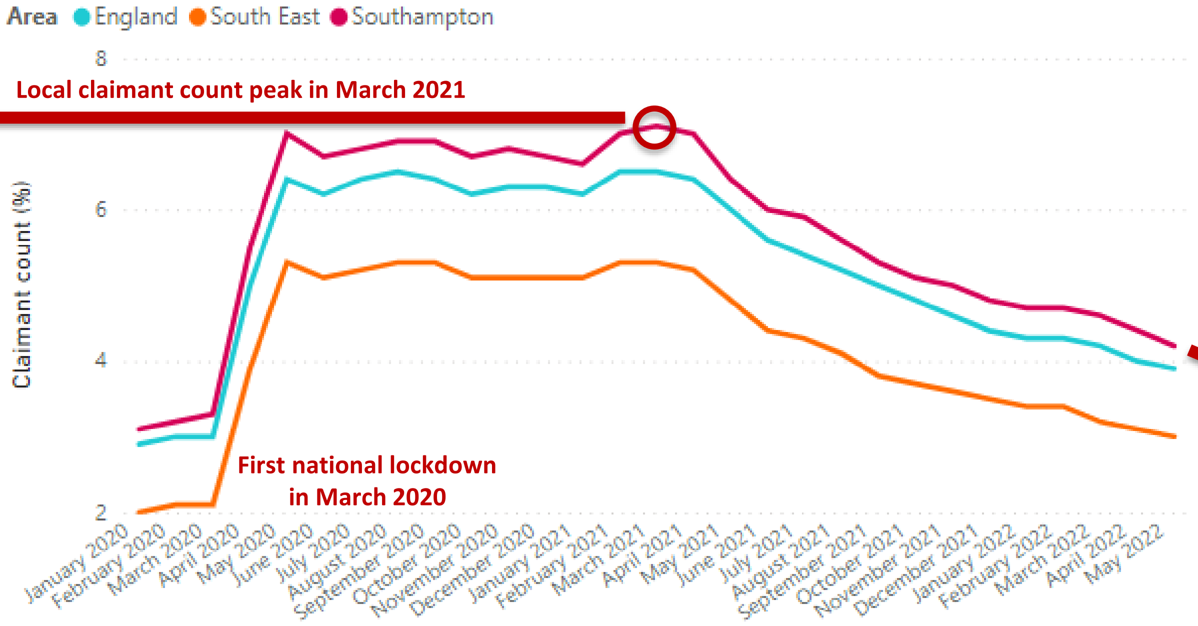
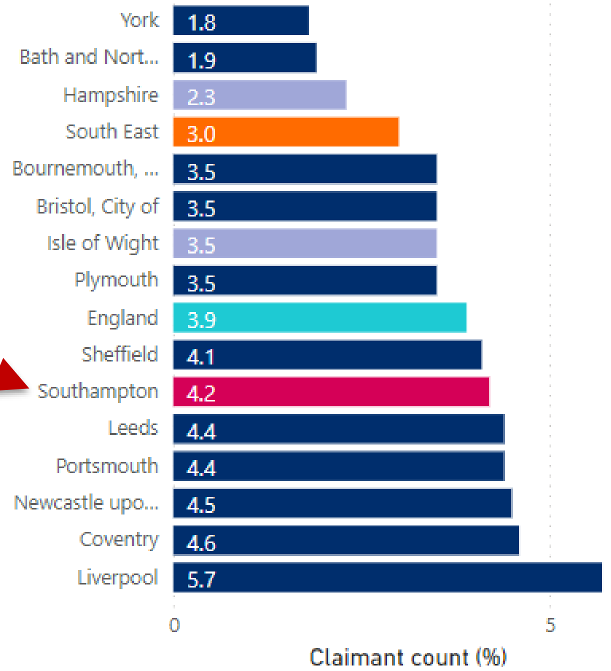
Claimants as a proportion of residents aged 16-64 (Total) - Southampton and ONS comparators: March-2021



Claimants as a proportion of residents aged 16-64 (Total) - Southampton, England, South East: January-2020 to May-2022



Claimants as a proportion of residents aged 16-64 (Total) - Southampton and ONS comparators: May-2022



- Locally and nationally the number of adults claiming out of work benefits **more than doubled from March 2020 to March 2021** during the COVID-19 pandemic
- **7.1%** (12,145) of the working aged population in Southampton were claiming out of work benefits in **March 2021**; an increase of 6,550 (117%) since March 2020
- Claimant count has **decreased by -4,280** (**-35%**) between **March 2021 and March 2022** locally, highlighting the progress that has been made in recovering from the COVID-19 pandemic;
- Although, Southampton is **yet to return to the pre-pandemic baseline** (less than 3.5% in January to March 2020)

Change March 2020 to March 2021:

117% Southampton

116% England

148% South East

Change March 2021 to March 2022:

-35% Southampton

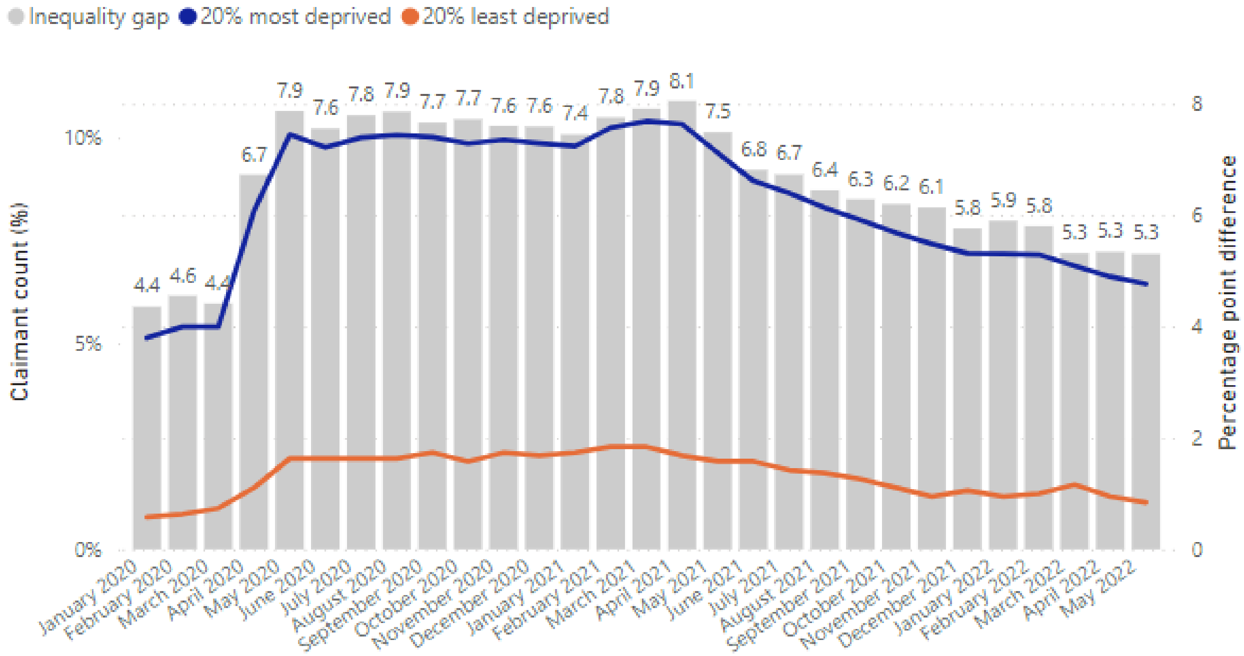
-36% England

-39% South East

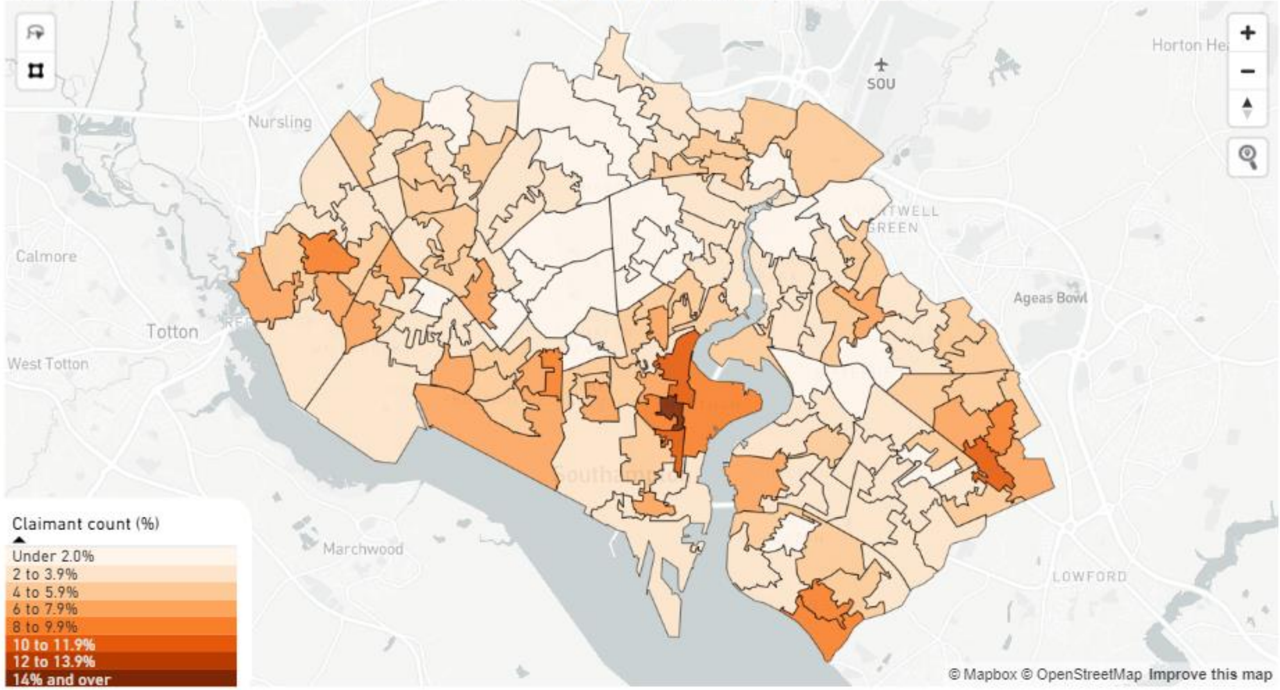
Source: Department for Work and Pensions

- The **map below** shows the latest **claimant count (%)** by Southampton neighbourhoods - **May 2022**
- There have been increases in the claimant count across Southampton; particularly neighbourhoods in **Bitterne**, **Woolston**, **Bevois** and **Redbridge** wards, which is where some of the **most deprived neighbourhoods** in the city are located
- The chart below shows the **inequality gap** in the claimant count between the **most** and **least deprived neighbourhoods** over time, which has **increased** from **a percentage point gap** of **4.4** in **March 2020** to a **peak** of **8.1** in **April 2021**, whilst the inequality gap worsened by the pandemic appears to be closing, it has **not yet returned to pre-pandemic levels** (average 4.6 percentage point gap throughout 2019)

Change in the claimant count for the most and least deprived national deprivation quintiles in Southampton: January-2020 to May-2022



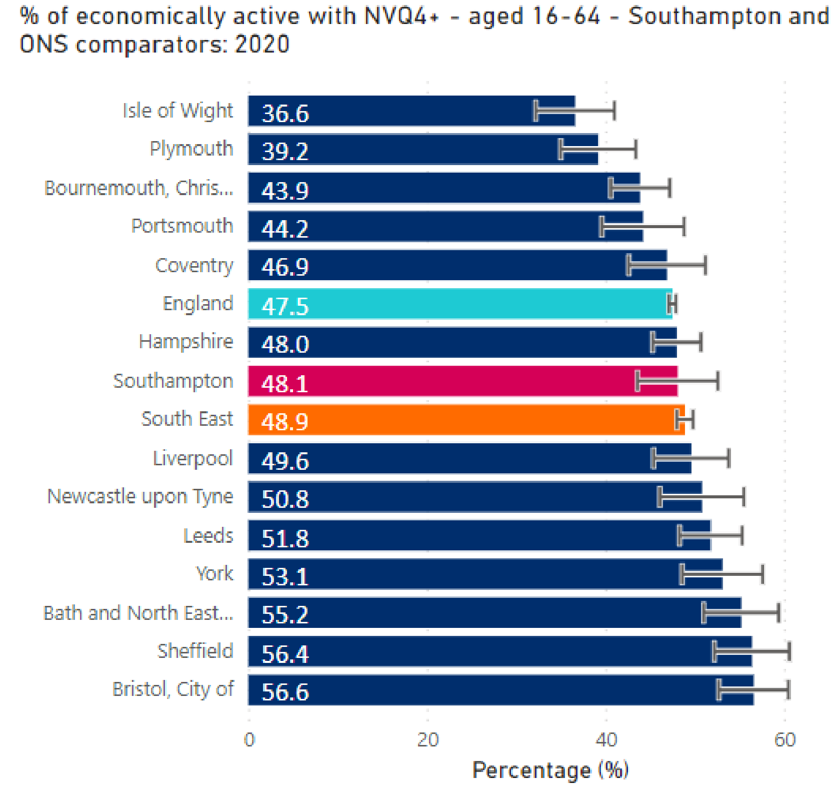
Claimant count (total) as a percentage of the working age population by LSOA: May-2022

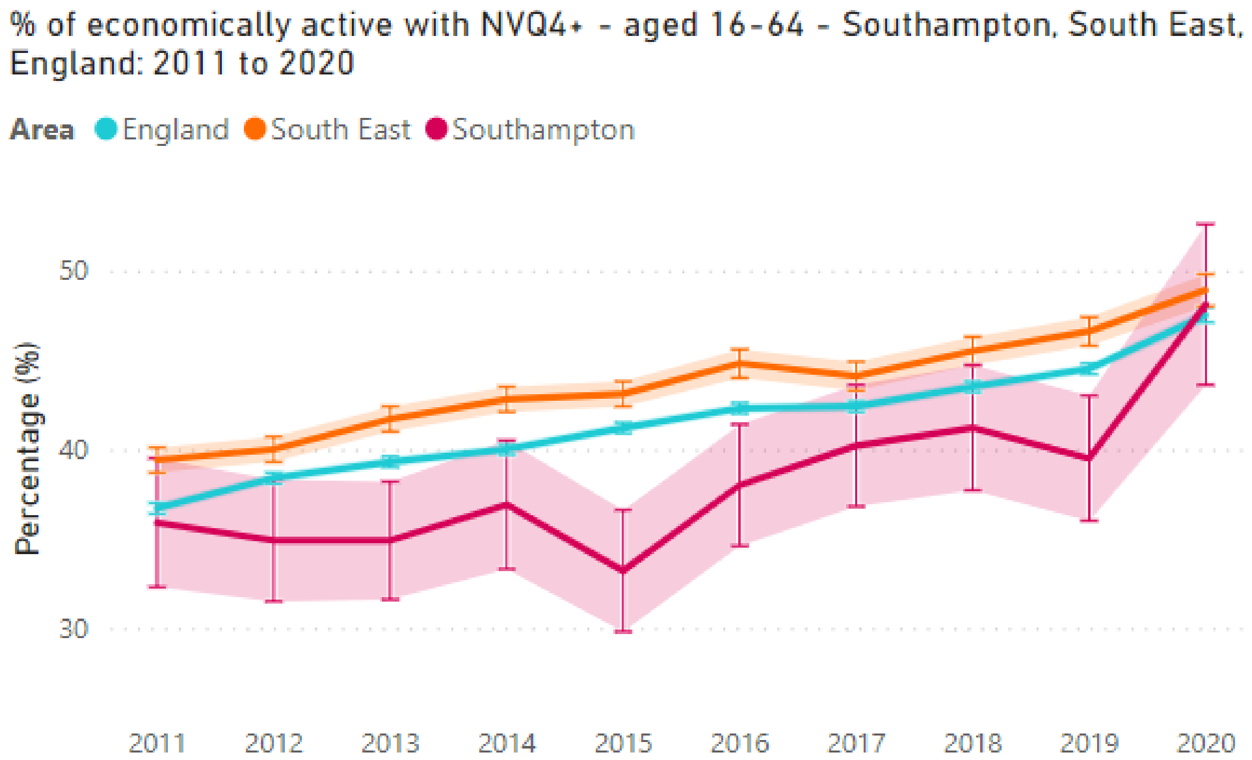


Source: Department for Work and Pensions

Skills and Qualifications

Skills and Qualifications – Degrees

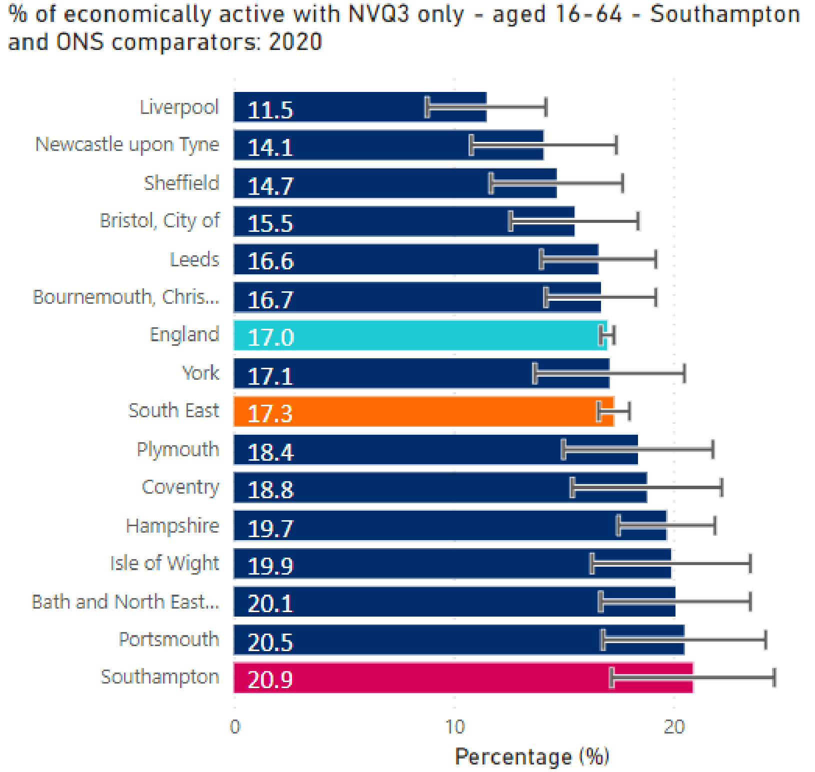


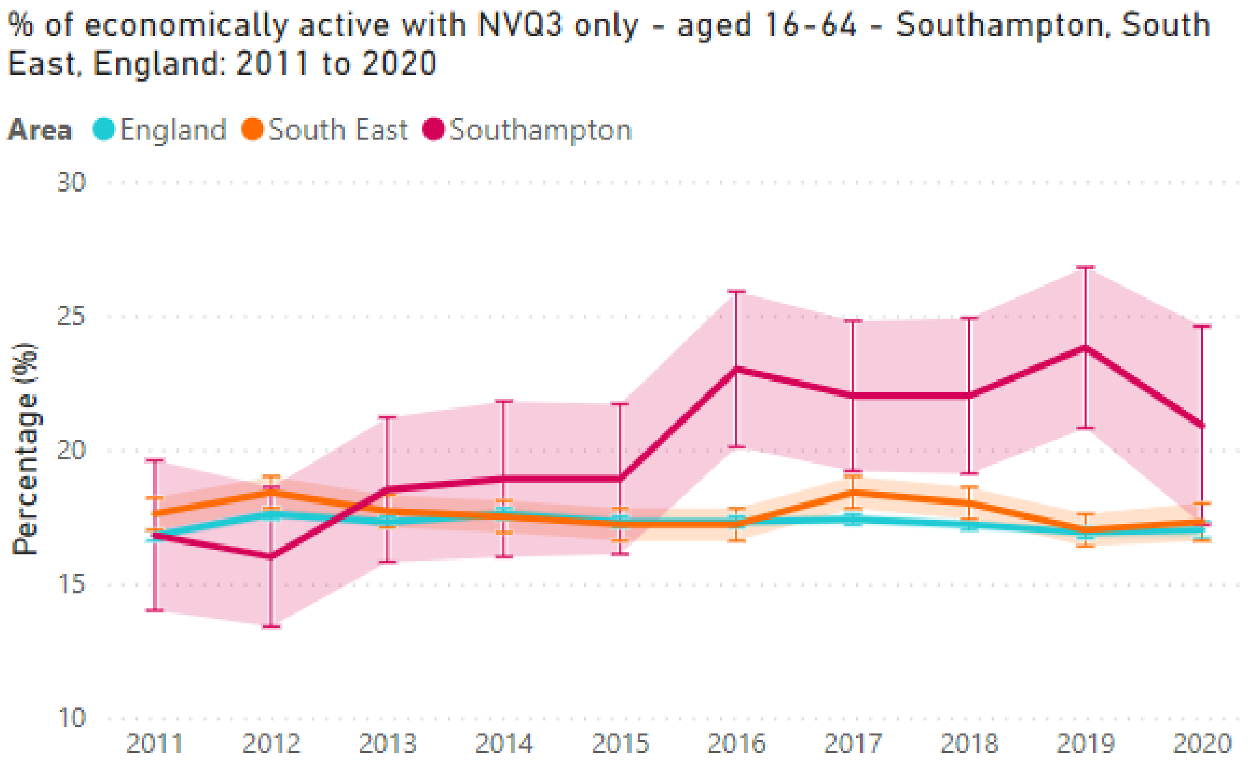


- The Annual Population Survey (APS) records the qualifications of working age residents classified into a number of NVQ and equivalent levels
- NVQ Level 4 + (degree level) qualifications often taken as a prerequisite for participation in the high value-added knowledge economy
- **48.1%** of the economically active resident population in Southampton were qualified to **NVQ4+** (degree level) in 2020; **statistically similar** to both the **England (47.5%)** and **lower South East** averages (**48.9%**)
- NVQ4+ qualifications in **Southampton** have experienced a **significant increase over the last year** from **39.5%** in 2019 to **48.1%** in 2020; **Southampton is now higher than England for NVQ 4+ qualifications** and **closing the gap** to the **South East**. Over the last year both England and the South East experienced an increase in NVQ4+ qualifications, although to a lesser extent than Southampton

Source: Office for National Statistics – Annual Population Survey

Skills and Qualifications – A-Levels or equivalent





- **20.9%** of the economically active resident population in Southampton were qualified to **NVQ3** in 2020; **higher** than both the England (**17.0%**) and South East (**17.3%**) averages; and highest amongst ONS comparators;
- This is likely because of the large student population, who require NVQ3 qualifications as a gateway into university
- NVQ3 qualifications in **Southampton** have **decreased over the last year** from **23.8%** in 2019 to **20.9%** in 2020;
- Increase in NVQ4+ over last year in Southampton, coupled with decline in NVQ3 may suggest improved graduate retention in the city
- It will be important to monitor these indicators to see if the same trends continue in 2021 and beyond

Source: Office for National Statistics – Annual Population Survey

Higher Education

southampton dataobservatory

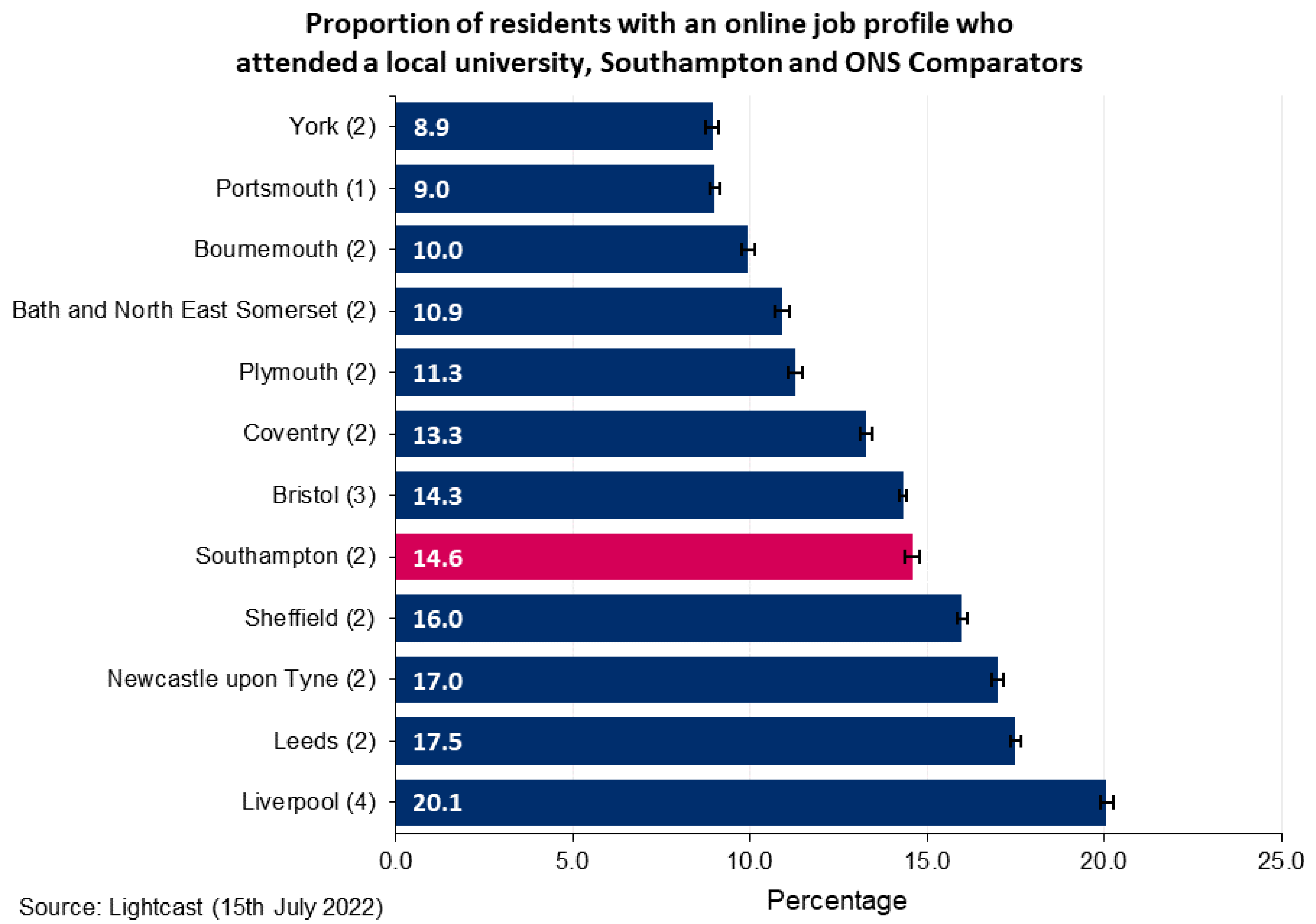
University	Category	2011/12	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		2020/21	
		No.	No.	% change	No.	% change	No.	% change	No.	% change	No.	% change	No.	% change	No.	% change	No.	% change	No.	% change
University of Southampton	Postgraduate	7,325	7,060	-3.6%	7,840	11.0%	7,645	-2.5%	7,390	-3.3%	7,650	3.5%	7,620	-0.4%	6,925	-9.1%	7,960	14.9%	7,070	-11.2%
	Undergraduate	16,805	16,055	-4.5%	16,195	0.9%	16,150	-0.3%	17,485	8.3%	17,530	0.3%	17,000	-3.0%	15,790	-7.1%	14,705	-6.9%	14,325	-2.6%
	Total	24,135	23,115	-4.2%	24,040	4.0%	23,795	-1.0%	24,875	4.5%	25,180	1.2%	24,625	-2.2%	22,715	-7.8%	22,665	-0.2%	21,395	-5.6%
Southampton Solent University	Postgraduate	665	575	-13.5%	440	-23.5%	355	-19.3%	405	14.1%	515	27.2%	560	8.7%	650	16.1%	745	14.6%	1,265	69.8%
	Undergraduate	11,865	11,515	-2.9%	11,285	-2.0%	10,950	-3.0%	10,885	-0.6%	10,545	-3.1%	10,015	-5.0%	9,260	-7.5%	9,765	5.5%	10,075	3.2%
	Total	12,530	12,090	-3.5%	11,725	-3.0%	11,305	-3.6%	11,285	-0.2%	11,060	-2.0%	10,575	-4.4%	9,910	-6.3%	10,510	6.1%	11,340	7.9%
Southampton Total	Postgraduate	7,990	7,635	-4.4%	8,280	8.4%	8,000	-3.4%	7,795	-2.6%	8,165	4.7%	8,180	0.2%	7,575	-7.4%	8,705	14.9%	8,335	-4.3%
	Undergraduate	28,670	27,570	-3.8%	27,480	-0.3%	27,100	-1.4%	28,370	4.7%	28,075	-1.0%	27,015	-3.8%	25,050	-7.3%	24,470	-2.3%	24,400	-0.3%
	Total	36,665	35,205	-4.0%	35,765	1.6%	35,100	-1.9%	36,160	3.0%	36,240	0.2%	35,195	-2.9%	32,625	-7.3%	33,175	1.7%	32,735	-1.3%

- In 2020/21 there were **32,735** higher education students in Southampton, with **65%** (**21,395**) of them studying at the University of Southampton
- There was a **-1.3%** (**-440**) decrease in the number of higher education students in the city over the last year. Overall, the number of students in 2020/21 remains **-10.7%** lower than the peak in 2011/12 (36,665)
- Southampton has saw a decline in the number of **postgraduate** students (**-4.3%, -370**) over the last year, as well as a small decline in the number of **undergraduate** students (**-0.3%, -70**);
- This varies by university, with the total number of students at the **University of Southampton** declining by **-5.6%** (**-1,270**), whereas the total number of students at **Southampton Solent University** has increased by **7.9%** (**830**) over the last year
- The two universities in Southampton are valuable assets in terms of employment, improving workforce skills and supporting knowledge based industries in the city
- It’s important the city makes the most of these institutions and look to improve graduate retention

Source: Higher Education Statistics Agency – numbers and totals rounded to nearest 5

Residents who attended Southampton Universities

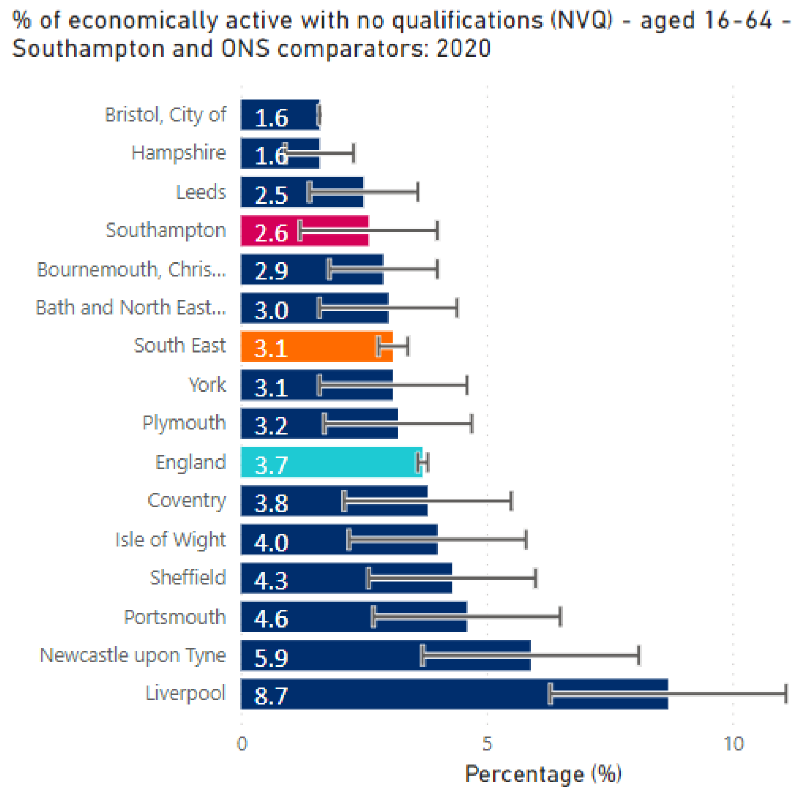
southampton dataobservatory

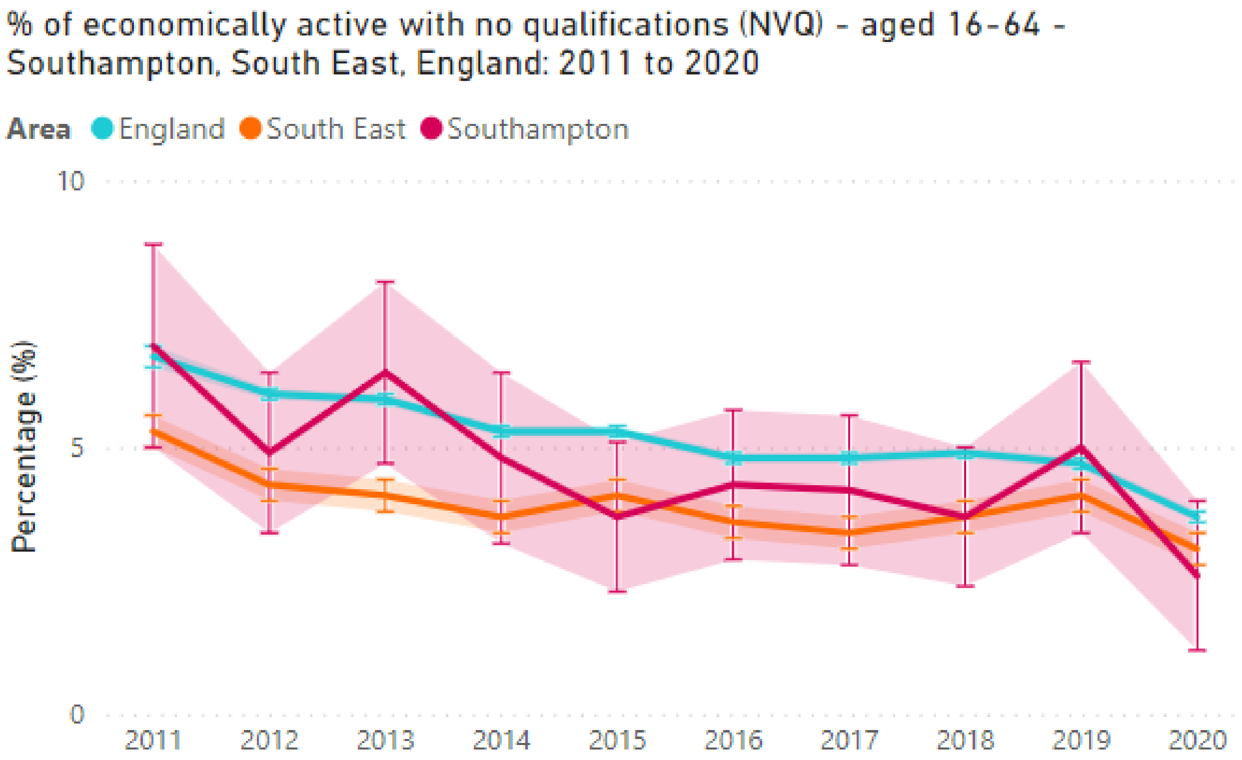


- **14.6%** of residents in Southampton with online job profiles attended either the University of Southampton (**8.0%**) or Southampton Solent University (**6.6%**)
- Graph on the left shows how Southampton ranks against ONS comparators;
- Number in brackets shows the number of universities considered within each local authority
- **Southampton ranks** within the **middle third**, higher than other southern comparators and York, but lower than northern comparators
- 105,858 profiles considered within Southampton, from a database built over the last couple of years

Source: Lightcast (15th July 2022) – Profile Analytics

Skills and Qualifications – No qualifications



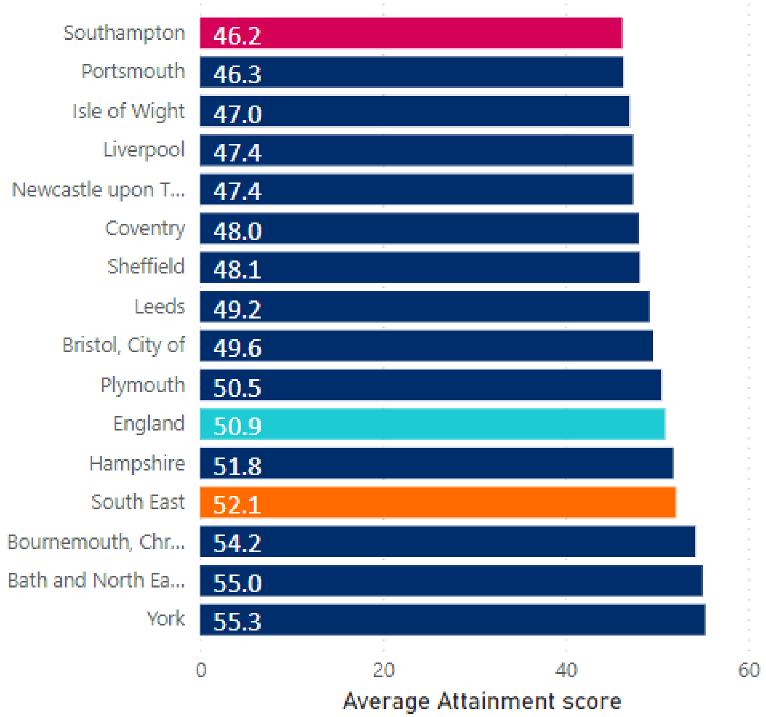


- At the other end of the spectrum **10.8%** of Southampton's economically active resident population have **no qualifications** or **NVQ1** only (1 GCSE or equivalent)
- The proportion of economically active residents in Southampton that have no qualifications and NVQ1 only has **declined over the last** year from **15.0%** in 2019 to **10.8%** in 2020;
  - The proportion with no qualifications decreased from **5%** in 2019 to **2.6%** in 2020
  - NVQ1 also decreased from **10%** in 2019 to **8.2%** in 2020
- Despite fluctuations, the proportion of economically active residents with low or no qualifications in Southampton has declined since 2011, which suggests the level of qualifications among residents is improving

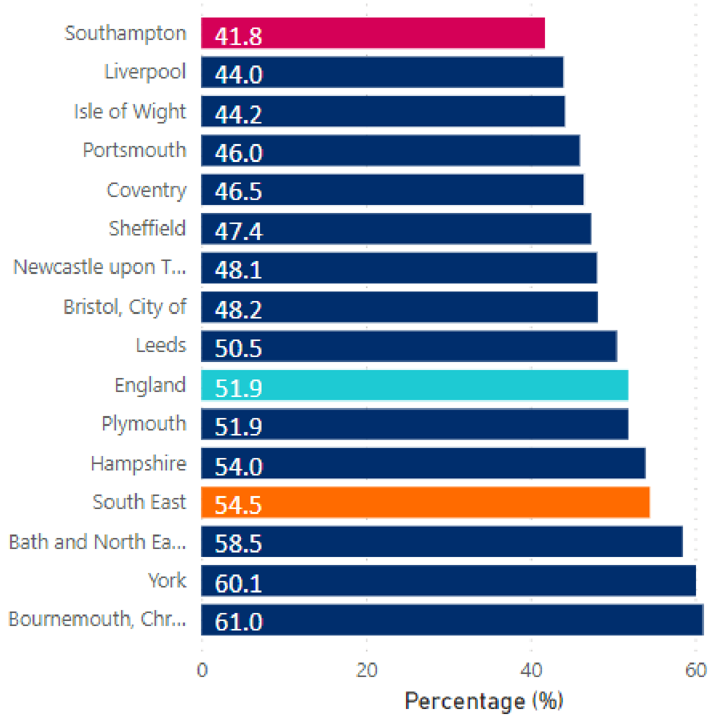
Source: Office for National Statistics – Annual Population Survey

Skills and Qualifications – School Attainment

Average Attainment 8 score, Total - Southampton and ONS comparators: 2020/21



% of pupils achieving grades 5 or above in English and Mathematics GCSEs, Total - Southampton and ONS comparators: 2020/21



Due to the COVID-19 pandemic, the summer exam series was cancelled in 2020 and 2021. Pupils scheduled to sit GCSE and A/AS level exams in 2021 were awarded either a centre assessment grade or their calculated grade using a model developed by Ofqual - whichever was the higher of the two.

- Southampton had the **lowest** pupil attainment 8 score among comparators in 2020/21, with an average score of **46.2**
- Only **41.8%** of pupils in Southampton achieved a **grade 5 or above** in **English** and **Maths**; this is the **lowest** among comparators and below the national average of **51.9%**
- Raising school attainment is important to improve life chances of young people in the city, particularly with regards to finding skilled employment on leaving school
- Especially important for children from the most deprived areas of the city, where school attainment is poor and unemployment and benefit claimant rates high

Source: Department for Education (pupils in state funded schools)

Workforce Skills

Area	Establishments with any vacancies	Have a skills shortage vacancy	% of vacancies which are due to skills shortage	% of establishments with any staff not fully proficient	% of establishments training staff over the last 12 months	Number trained as % of total staff
England	17%	6%	25%	13%	61%	60%
South East	18%	6%	24%	14%	62%	62%
Southampton	17%	5%	20%	19%	66%	70%
Hampshire	21%	7%	29%	14%	63%	60%
Portsmouth	19%	3%	14%	13%	64%	59%

- Department for Education Employment and Skills Survey (2019) examined the experiences of over 70,000 employers in England
- In Southampton, **5%** of all employers have at **least one skills shortage vacancy**
- **20% of vacancies** in Southampton were due to a **skills shortage**; compared to **25%** nationally
- **19%** of establishments in Southampton had **staff proficiency issues**; higher than **13%** across England
- Southampton has the **highest** proportion of establishments **providing training** in the last 12 months, with **66%** providing training, compared to **61% across England**;
- **70%** of staff trained in **Southampton** (60% across England)
- Higher levels of training in Southampton could be due to a greater proportion of establishments with staff not being fully proficient or because Southampton employers have a good training offer

Source: Department for Education – Employer Skills Survey 2019

Earnings and Economic Flows

Job Postings and Advertised Wages

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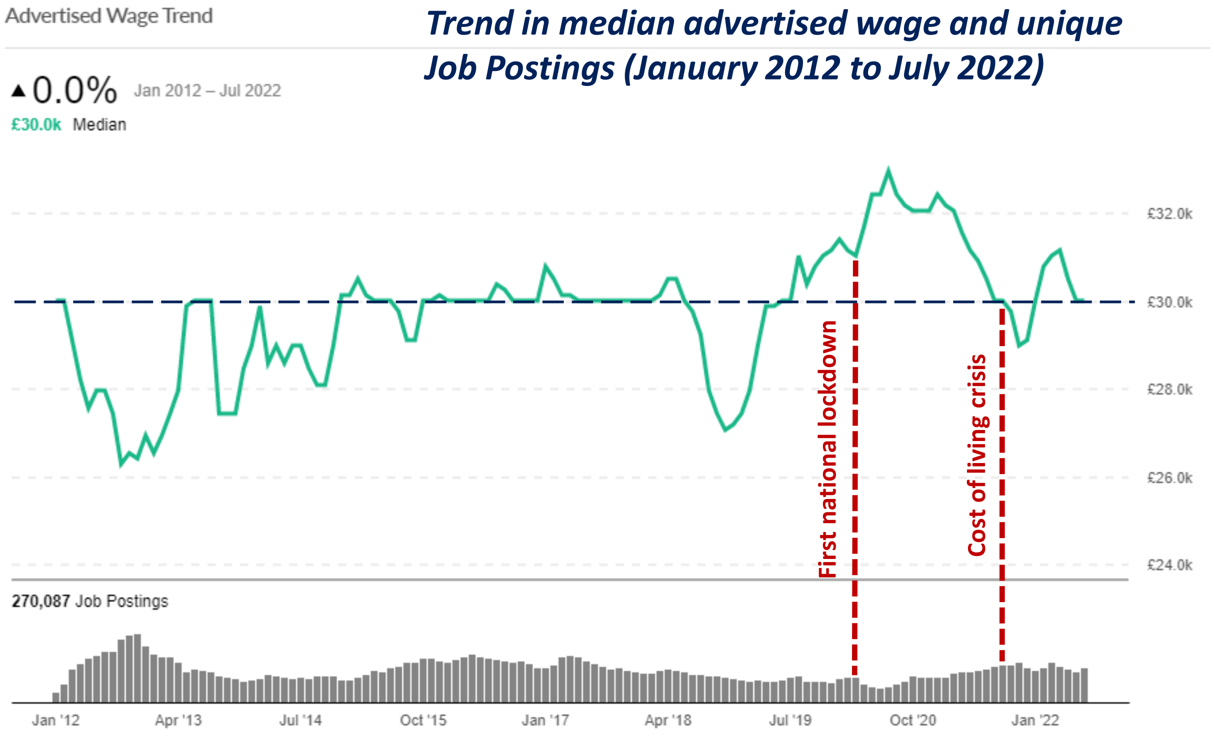
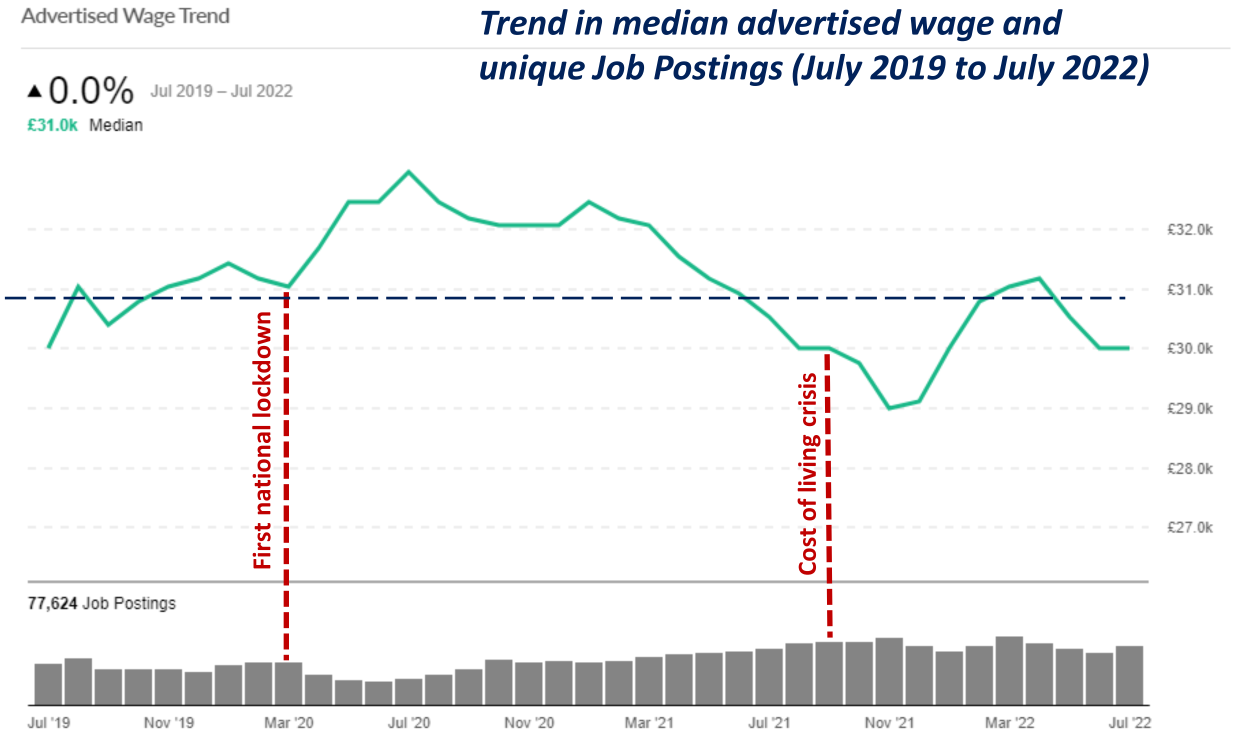
Trend in median advertised wage and unique Job Postings (January 2012 to July 2022)



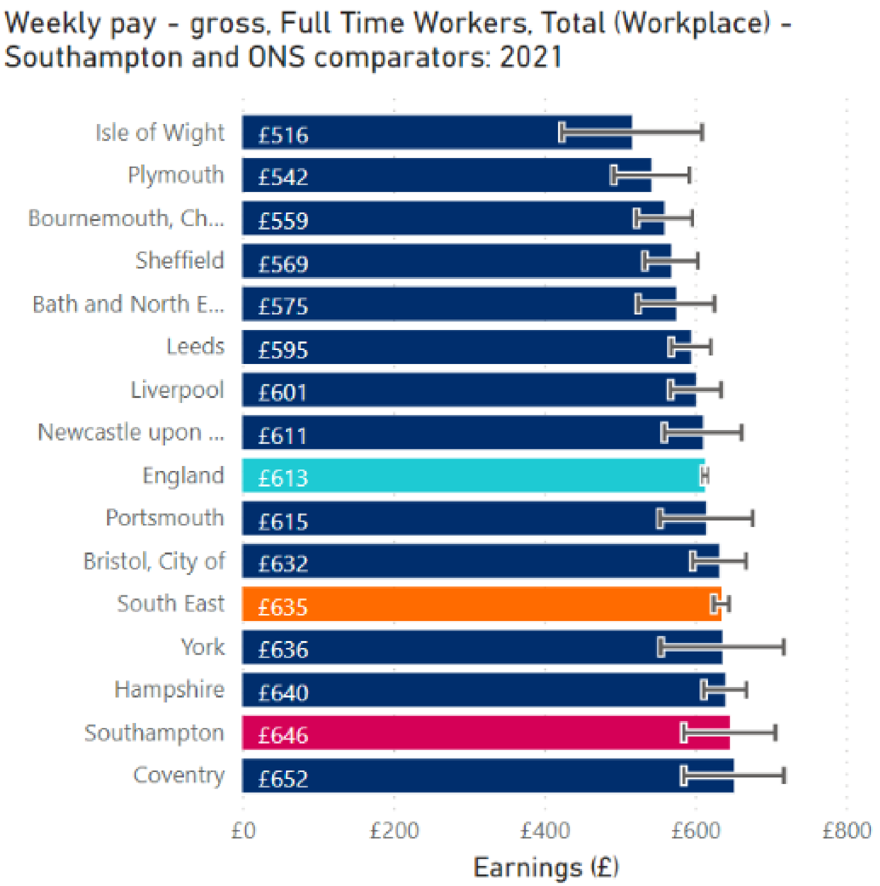
Trend in median advertised wage and unique Job Postings (July 2019 to July 2022)

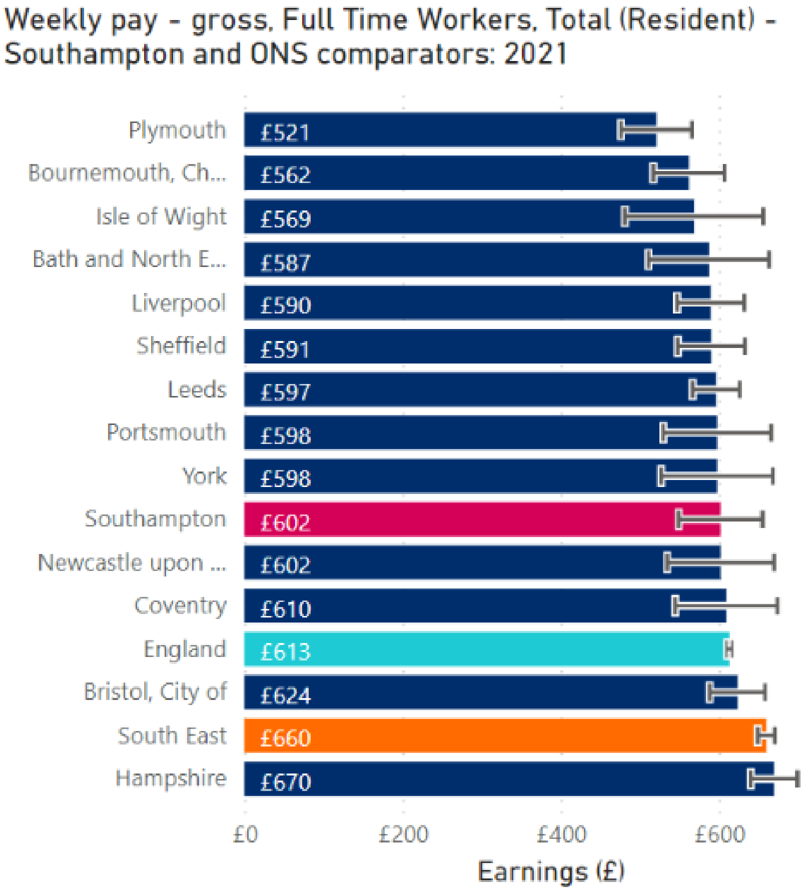


- Historically, **peaks in median advertised wages** roughly coincide with **troughs in numbers of job postings** and vice versa
- **Advertised wages** in Southampton have **fluctuated** around a **median of £30k** since January 2012, recently returning to £30k in June 2022
- However after **considering inflation**, the value of the median advertised would have **decreased over the past decade**
- During the **COVID-19 pandemic**, the number of **opportunities** looks to have **increased following an initial decline after the first lockdown**, although the median advertised wage was **consistently higher** than the long-term average; **+8.9%** (**£33k**) at peak in July 2020
- Beyond March 2022, both the number of job postings and median advertised wages have been on a downward trend, possibly a result of increasing economic uncertainty

Source: Lightcast (2022) – Job Posting Analytics

Earnings – Benchmarking

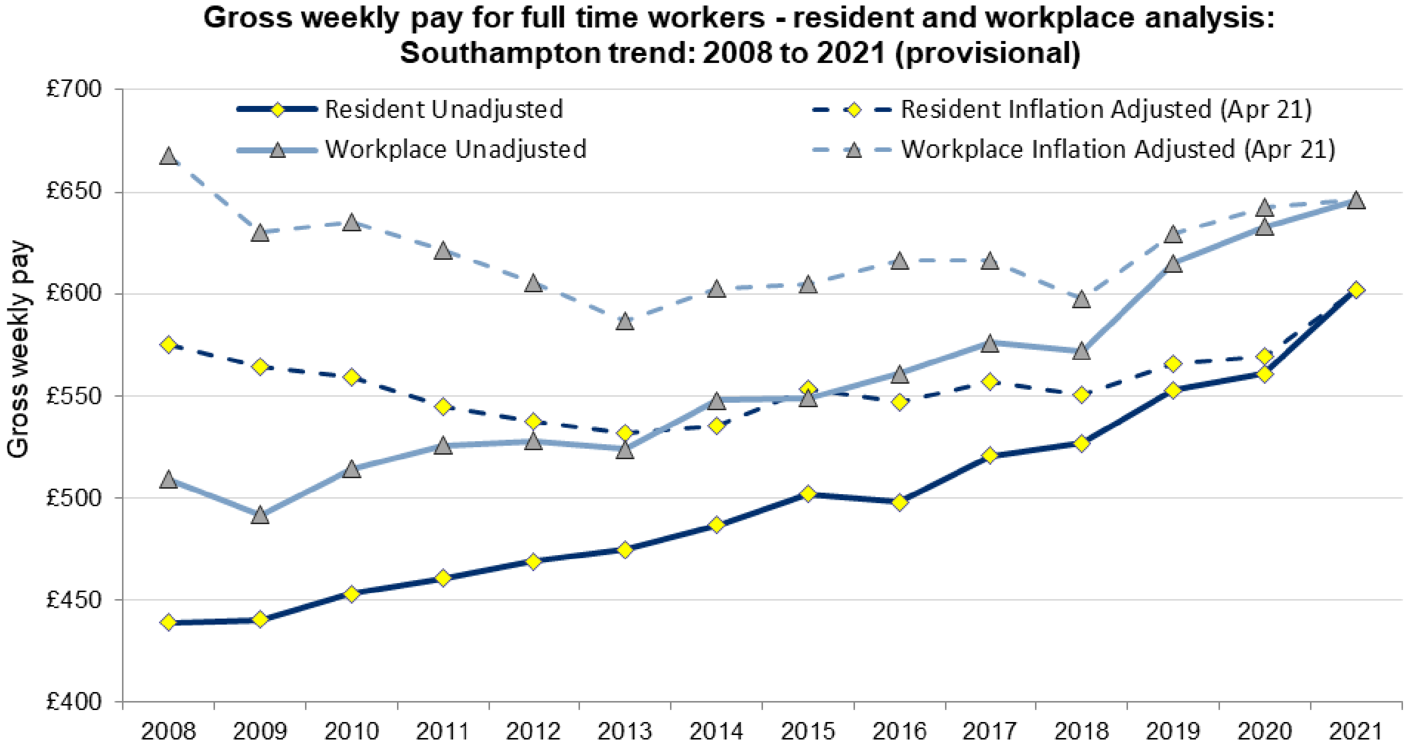




- Weekly pay for full time workers who **WORK** in Southampton was **£646** in 2021; second highest among comparators
- However, pay for those **RESIDENT** in Southampton is **£602;** lower than the England and South East average
- For part time workers, Southampton has the highest weekly earnings among comparators; earnings for part time workers are also higher for those who **WORK** (**£258**) in the city, compared to those who are **RESIDENT** (**£252**)

Source: Office for National Statistics – Annual Survey of Hours and Earnings – data for the most recent year is provisional

Earnings – Trends

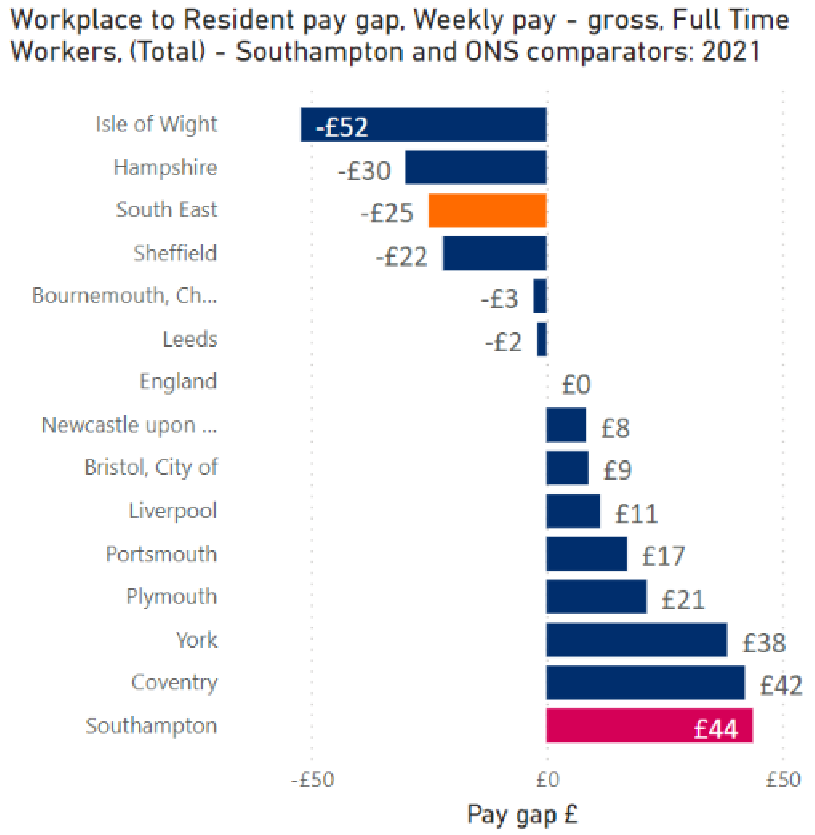


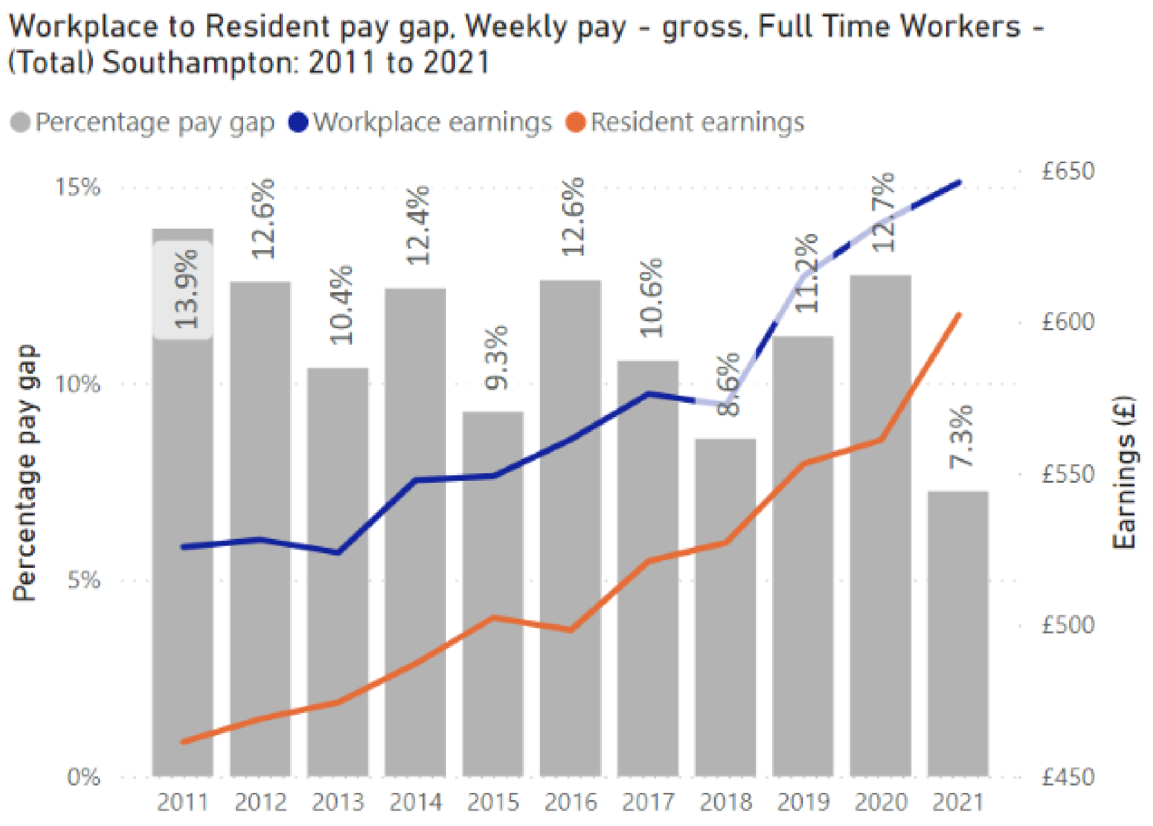
Source: ONS - Annual Survey of Hours and Earnings & Consumer Price Inflation

- Both resident and workplace earnings for full time workers in Southampton experienced an overall increase post recession (unadjusted)
- After adjusting for inflation, pay declined in ‘real’ terms between 2008 and 2013. Yet since 2013, weekly pay has generally increased in ‘real’ terms for both residents and workers in Southampton
- Adjusted for inflation, both resident (5.7%) and workplace (0.6%) earnings increased between 2020 and 2021
- Despite the COVID-19 pandemic, growth in earnings exceeded inflation – especially for residents in Southampton

Source: Office for National Statistics – Consumer Price Inflation & Annual Survey of Hours and Earnings – data for the most recent year (2021) is provisional

Inequalities – Workplace vs Resident

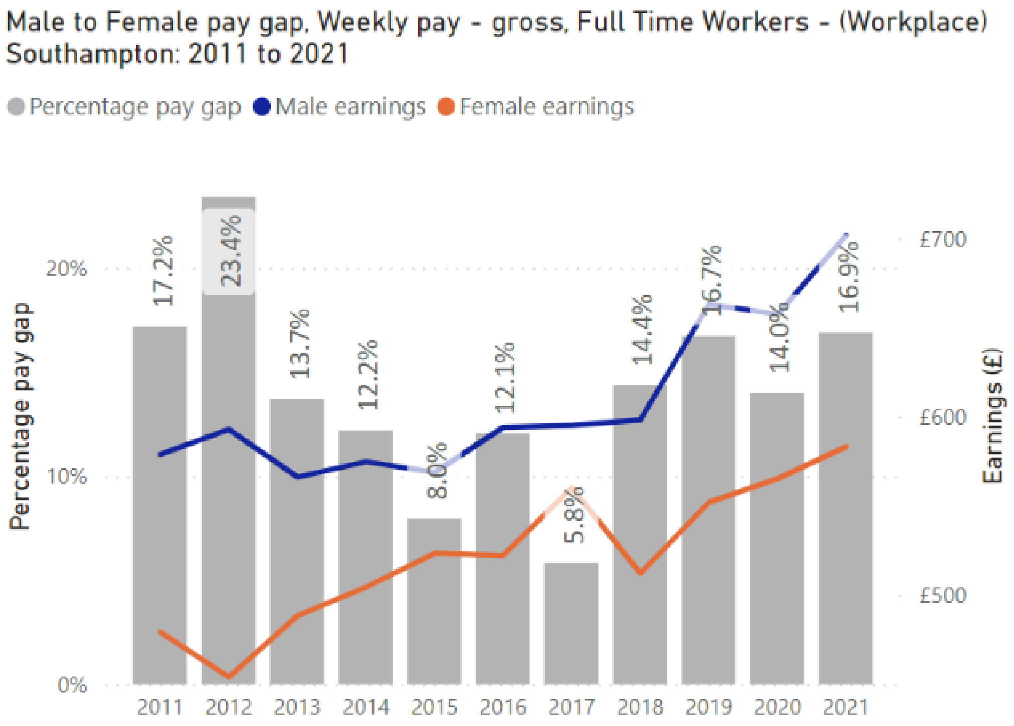


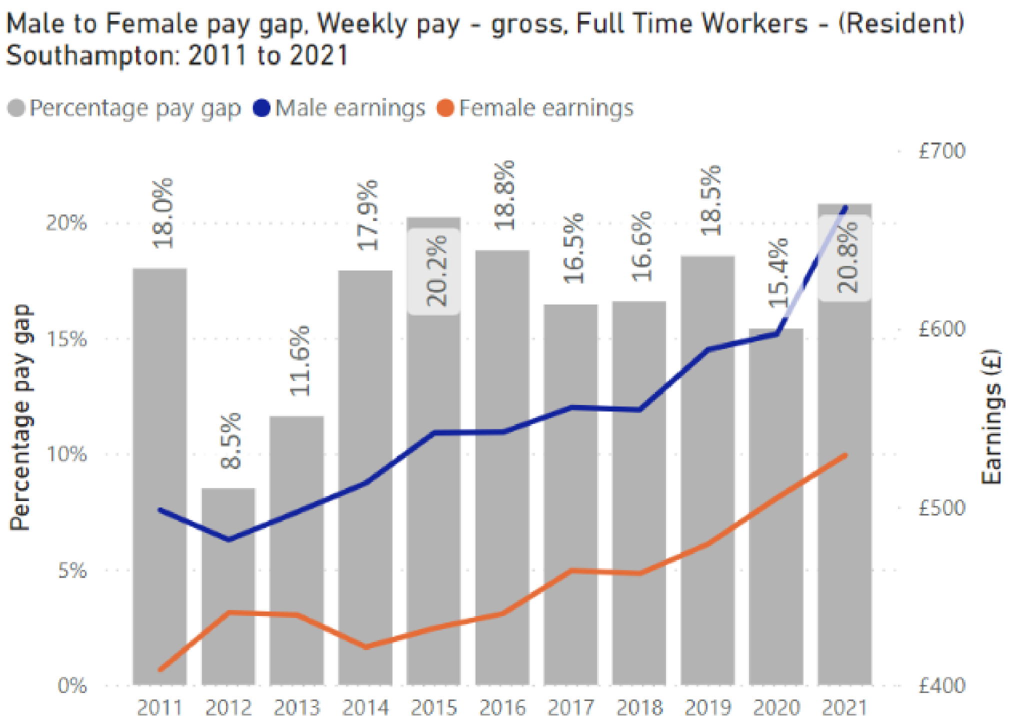


- **WORKPLACE** earnings are **£44 (7.3%)** more per week than **RESIDENT** earnings for full time workers in Southampton
- **No evidence** to suggest that the **inequality gap** between workplace and resident earnings is **narrowing**
- **Southampton** has the **largest inequality gap** between workplace and resident earnings **among comparators**
- High workplace earnings suggests lots of good skilled employment opportunities in the city. However, resident earnings are lower which suggests those commuting into the city are taking the high skilled jobs, which residents are not benefitting from

Source: Office for National Statistics – Annual Survey of Hours and Earnings – data for the most recent year is provisional

Inequalities – Male vs Female





- There is also a pay gap between male and female pay in Southampton, with this gap also experienced nationally
- In 2021, the full time resident weekly gender pay gap was 20.8% (£139) in Southampton, this compares to a gap of £104 (15.7%) nationally
- The full time workplace gender weekly pay gap in Southampton was similar at 16.9% (£119) in 2021
- No evidence that gap is narrowing – for both workplace and resident

Source: Office for National Statistics – Annual Survey of Hours and Earnings – data for the most recent year is provisional

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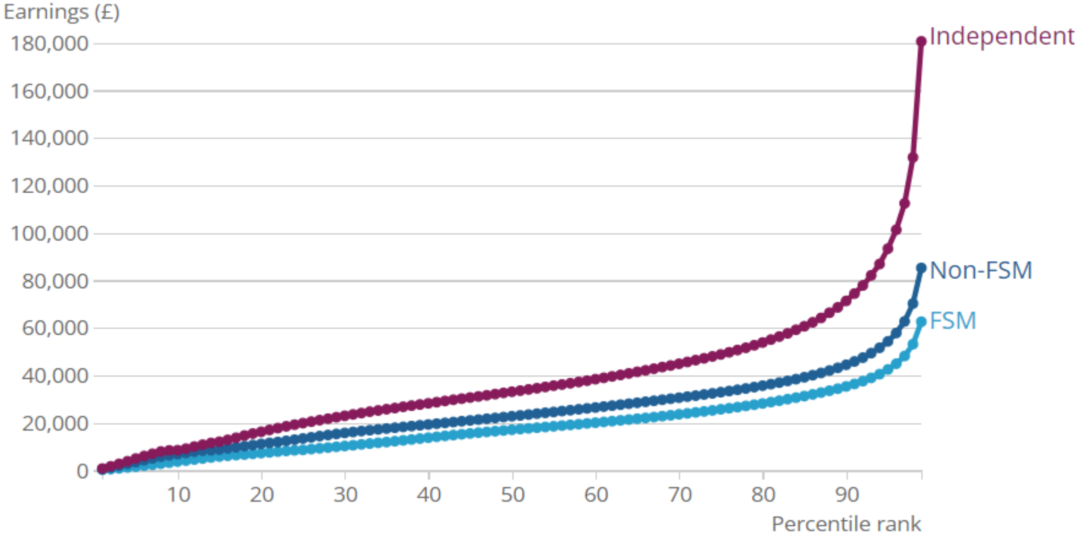
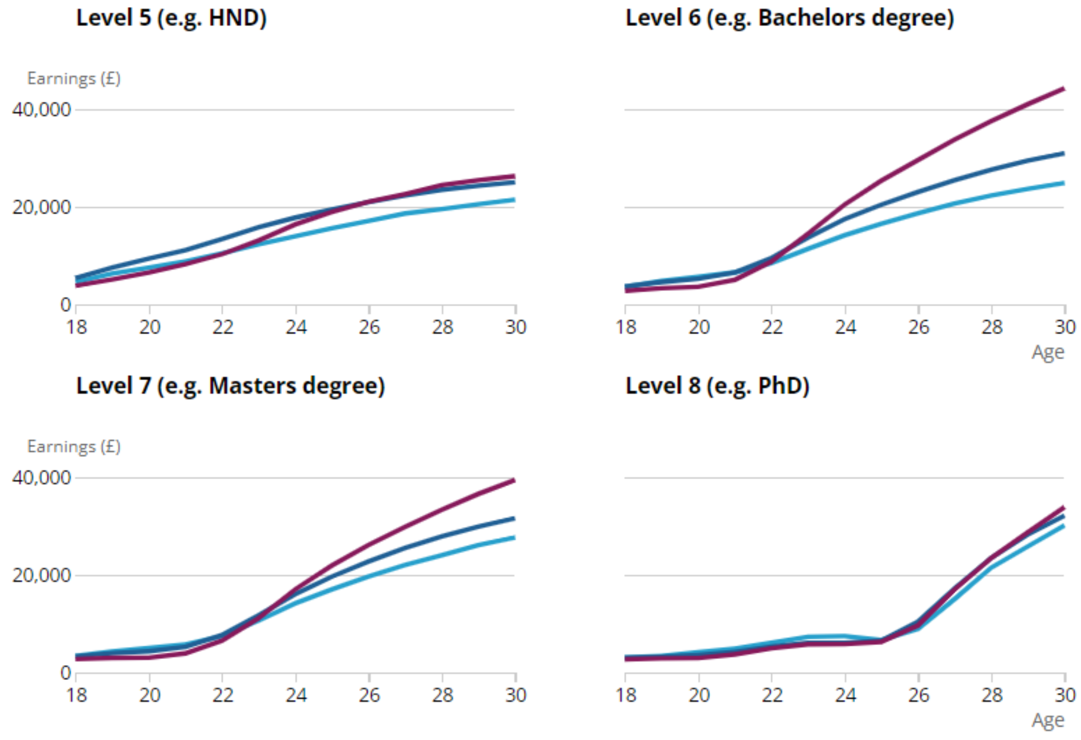
Only half of free school meals students earned more than £17,000 aged 30 years

Pay As You Earn (PAYE) earnings distribution at age 30 years by free school meal recipient status, tax years ending 2017 to 2019.



Source: DfE - Longitudinal Education Outcomes



Source: DfE - Longitudinal Education Outcomes

- A longitudinal study of free school meal (FSM) recipients' earnings conducted by the Department for Education, found that 50% of FSM students earn £17,000 or less by age 30, and the top 10% of FSM recipients earn at least £35,000
- In comparison, 50% of state school students not on FSMs earn £22,700 or less, whilst the top 10% earn around £45,000
- Whereas, 50% of students from independent schools earn £33,000 or less; the top 10% earning in excess of £71,000
- The most important factors attributed to lower earnings in FSM students are an individual's education and their labour market experience
- However, even with the same level of education and labour market experience, FSM recipients went on to earn less than non-FSM students

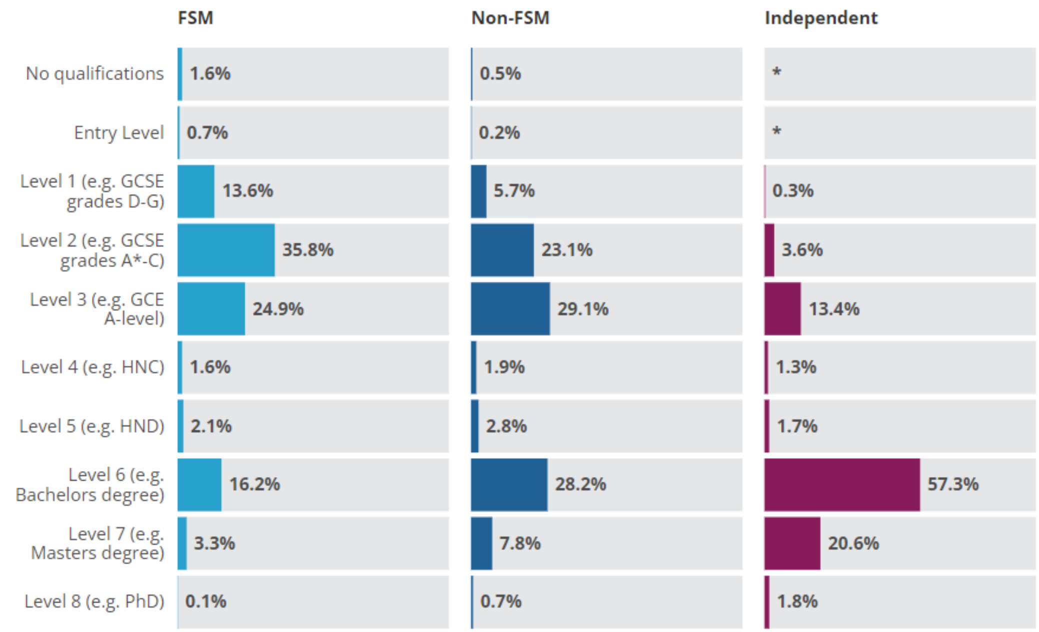
Source: Office for National Statistics - Why free school meal recipients earn less than their peers

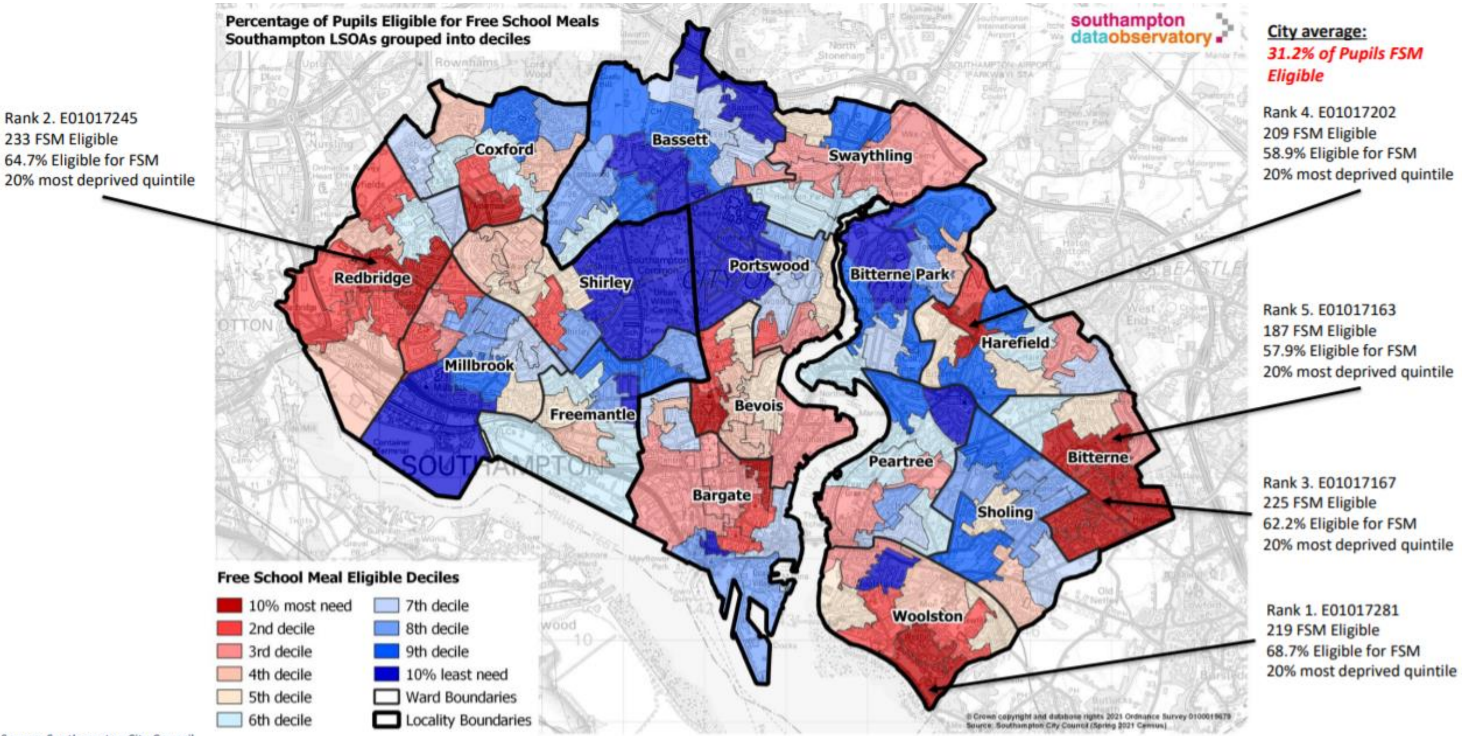
Inequalities – Free School Meals

southampton dataobservatory

Students on free school meals are less likely to go to university

Highest level of qualification attained by age 30 years by free school meal recipient status, academic years ending 2002 to 2019





Source: Southampton City Council

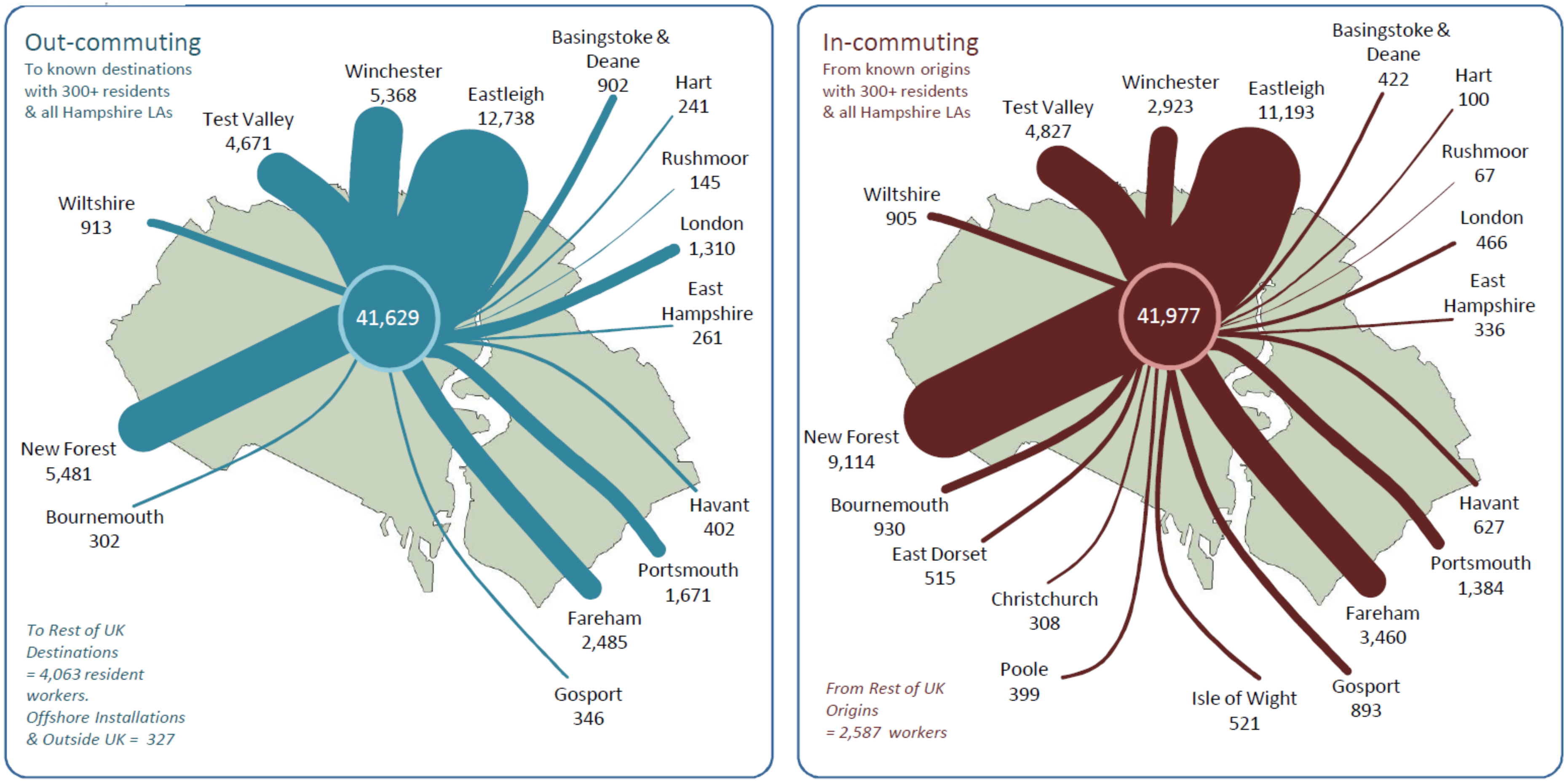
Source: DfE - Longitudinal Education Outcomes

- A longitudinal study of free school meal (FSM) recipients' earnings conducted by the Department for Education, found that educational attainment is lower among students on FSM meals, with FSM students being less likely to go to university
- Furthermore, differences in education accounted for 42% of the earnings gap between FSM and non-FSM recipients at age 30
- Although, FSM students were also found to go on to earn less than other pupils with the same qualifications
- The map on the right highlights the distribution of FSM pupil eligibility in Southampton, as of the 2021 School Census

Source: Office for National Statistics - Why free school meal recipients earn less than their peers and SCC School Census

Earnings Inequalities – Economic Flows

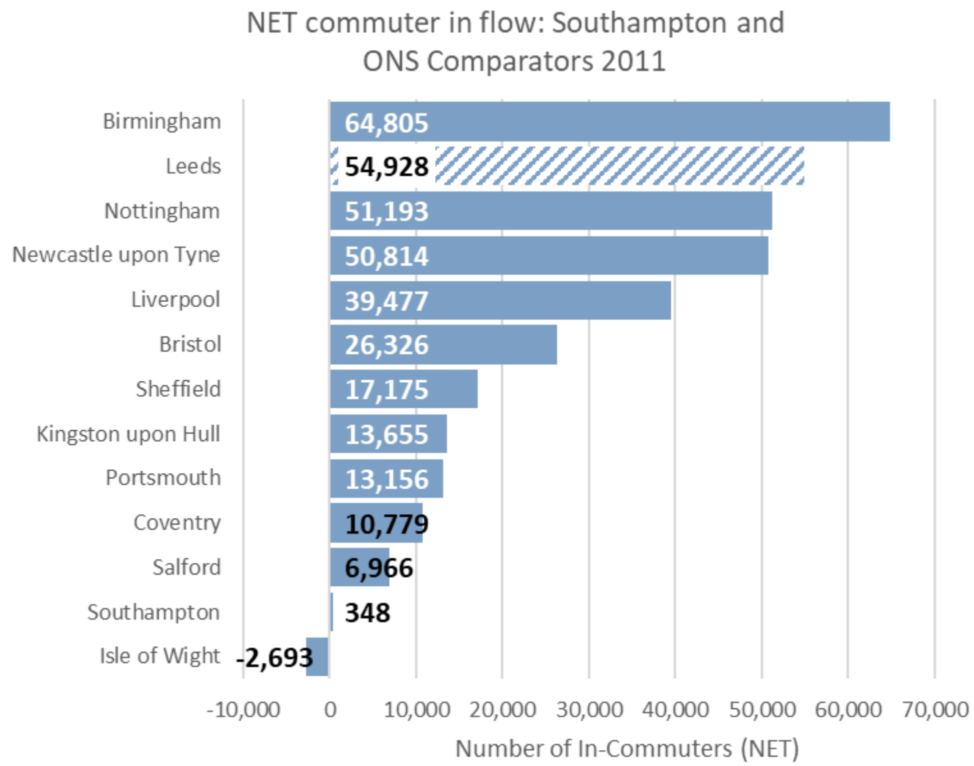
southampton dataobservatory



- Earnings inequalities data leads us to look at economic flows i.e. commuting
- Almost 42,000 commute into the city, and a similar number commute out
- Clear relationship between Southampton and Eastleigh - economic flows in both directions
- Significant numbers also commute into the city from the New Forest, Test Valley and Winchester

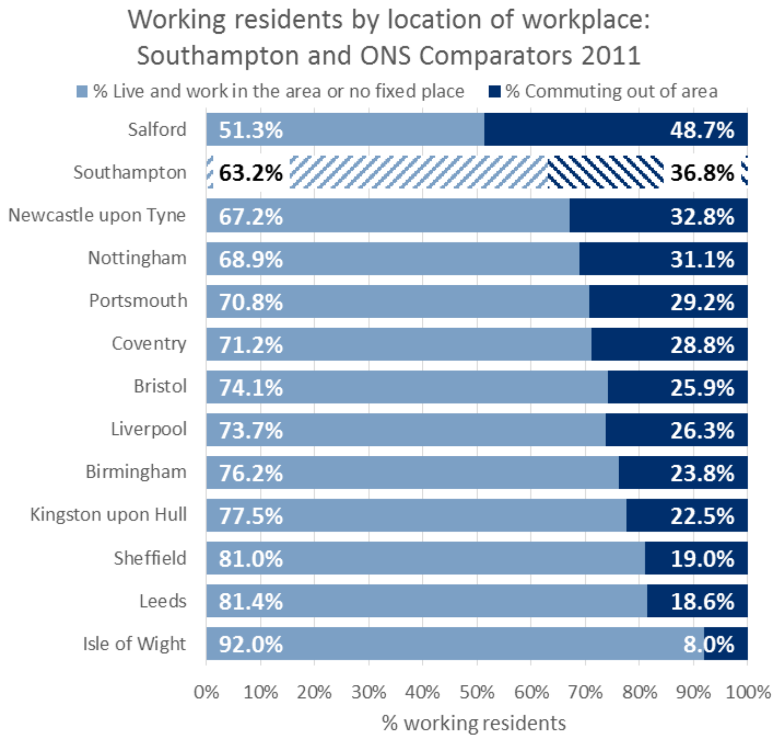
Source: Office for National Statistics – 2011 Census

Earnings Inequalities – Economic Flows



Source: 2011 Census, Table WU01UK, ONS Crown Copyright

- In-Commuting accounts for 37% of the city's *workforce* - similar to comparators
- However, almost 37% of Southampton working *residents* commute outside of the city for work – 2nd highest amongst comparators
- Southampton is a NET importer of workers, but it is only marginal at 348, which is the lowest amongst all comparator cities



Source: 2011 Census, Table WU01UK, ONS Crown Copyright

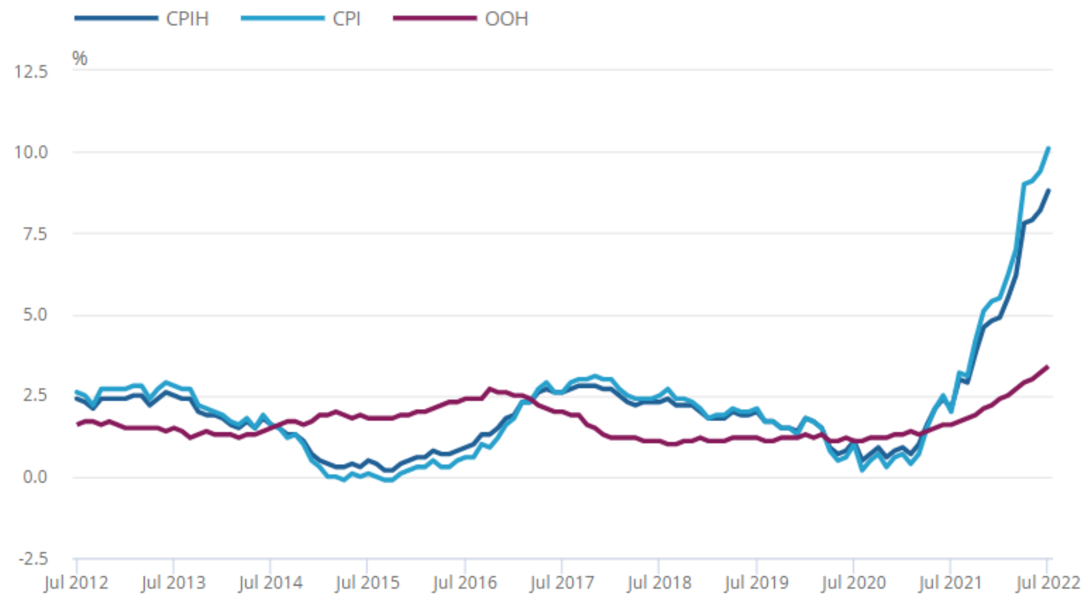
- Given the difference between resident and workplace earnings, it is possible that some lower skilled residents are being displaced into lower paid employment outside of the city by skilled workers commuting into the city.
- Some caution is needed with this commuting data as it is based on 2011 Census and may not reflect current trends

Source: Office for National Statistics – 2011 Census

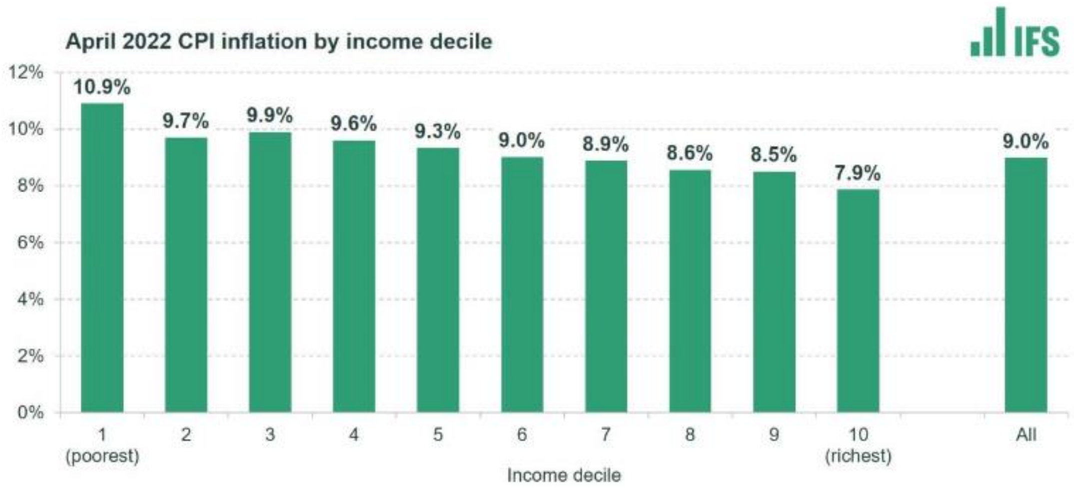
Cost of Living – Inflation

- The '**cost of living crisis**' refers to a decline in 'real' income (adjusted for inflation) experienced in the UK since late 2021
- Inflation being greater than wage increases is cited as the primary cause, although recent tax increases have exacerbated the issue
- Rising energy and fuel costs, the war in Ukraine, Brexit and the COVID-19 pandemic are some of the main factors that are attributed to increasing inflation and living costs
- The consumer price index (CPI) inflation rate increased from 2.0% in July 2021 to 10.1% in July 2022 (8.8% when including housing costs - CPIH) – the trend chart on the right highlights this increase
- Inflation rates have reached double-digits for the first time since 1982 and are expected to keep rising
- Although this will affect all, is expected that more deprived households are experiencing poorer outcomes, the chart on the right shows that CPI inflation is higher in poorer income deciles (10.9% for the poorest income decile as of April 2022)

CPIH, OOH component and CPI annual inflation rates for the last 10 years, UK, July 2012 to July 2022



Source: Office for National Statistics – Consumer price inflation



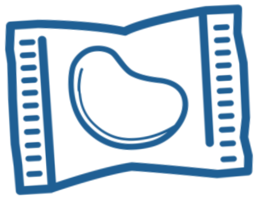
Source: Karjalainen H and Levell P (2022) - https://ifs.org.uk/publications/16058

Sources: ONS – Consumer price inflation

Cost of Living – Groceries

- ONS found that the price of a shopping basket consisting of 30 everyday groceries at the lowest price has **increased by 5.4%** (£1.50) on average nationally, **between April 2021 and April 2022**
- ONS looked at an April to April comparison, however it is anticipated that the price of food will continue to increase across the UK beyond April 2022
- The price of 13 of the 30 sampled products increased at a faster rate than the average, with **5 items increasing by more than 15%**
- Although, 6 of the 30 items lowest prices fell on average between April 2021 and April 2022
- Evidence of **shrinkflation** is also noted; pack size reducing with cost remaining the same

▲ 50.1% 17p
Pasta



▲ 16.8% 12p
Crisps

▲ 16.4% 7p
Bread

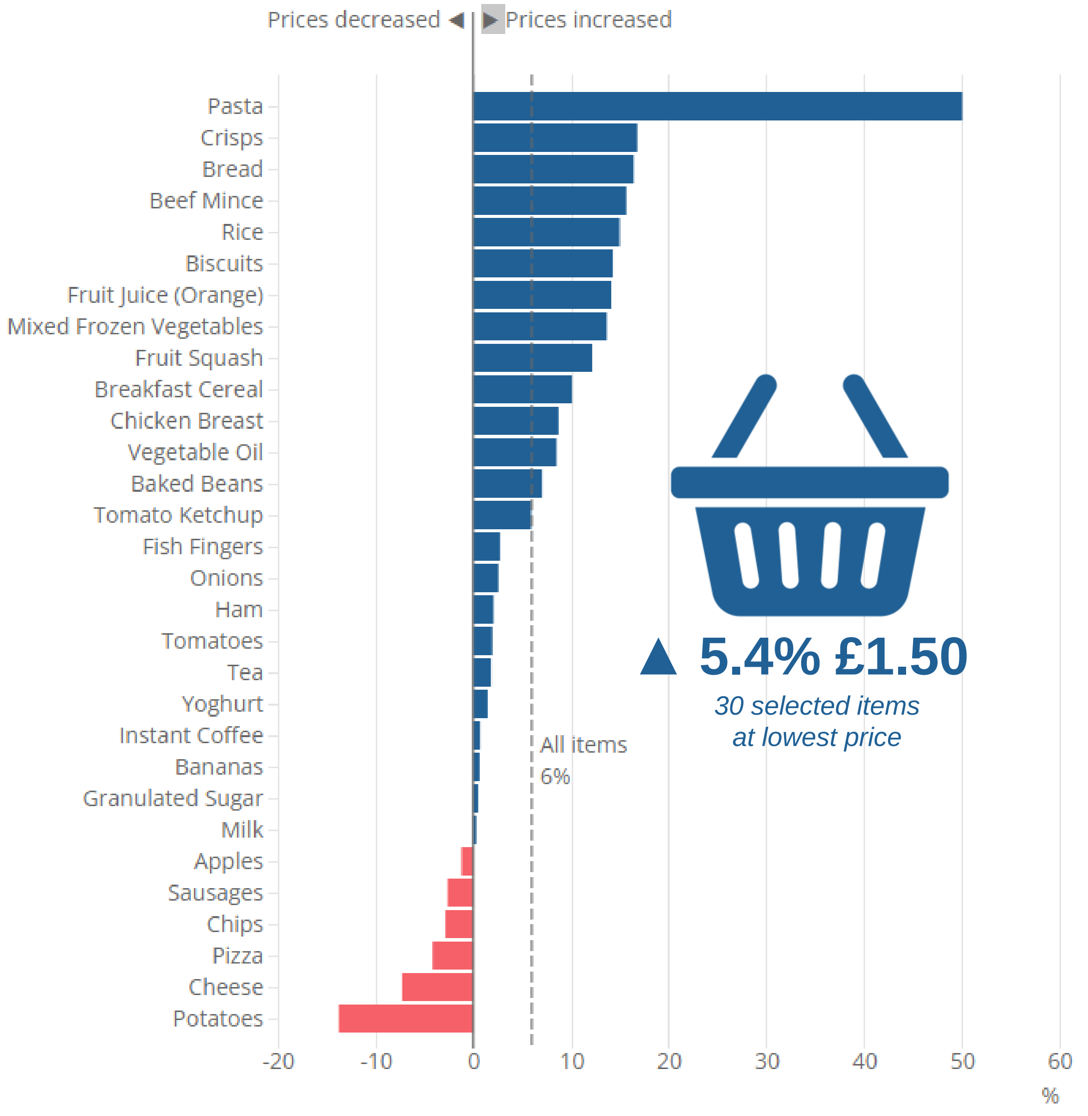
▲ 15.7% 32p
Beef mince

▼ 7.3% -7p
Cheese

▼ 13.8% -12p
Potatoes

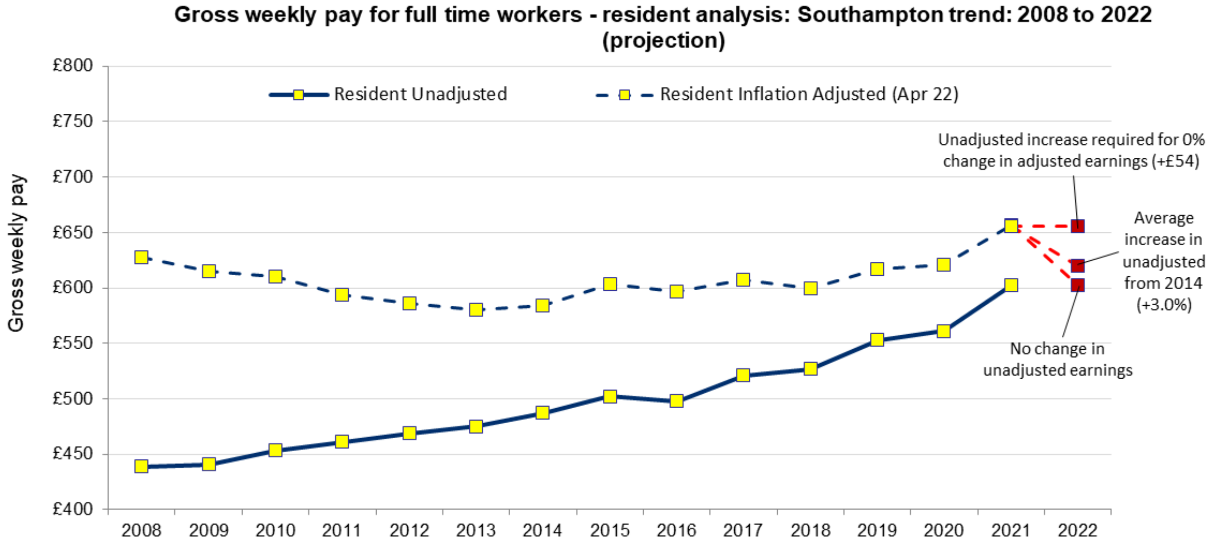
Source: ONS – Tracking the lowest cost grocery items

Lowest price of selected 30 everyday groceries, item-level price changes, April 2022 compared with April 2021

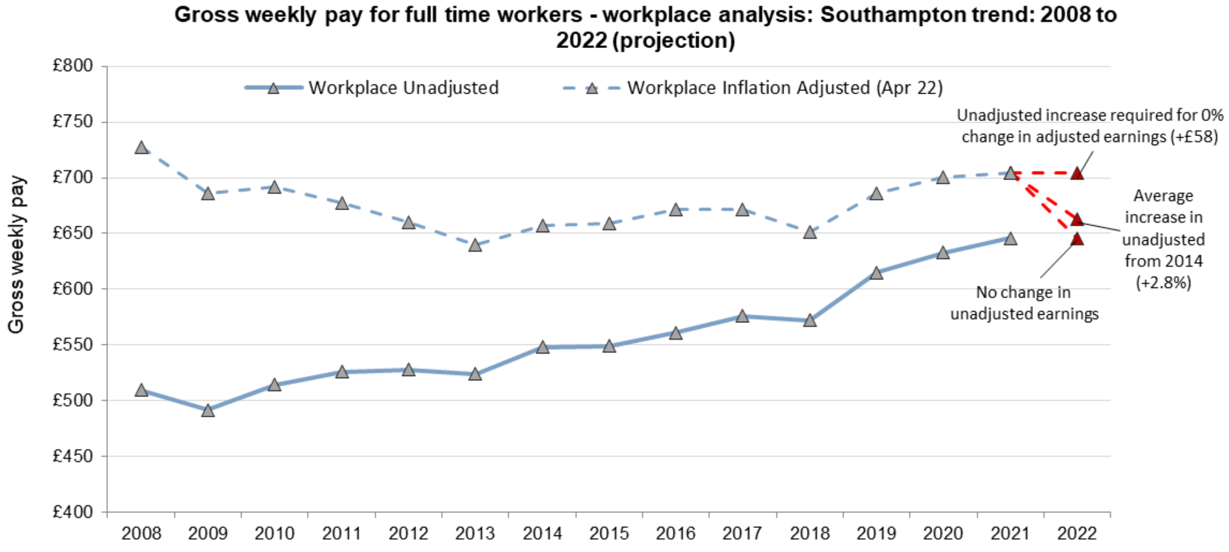


Source: Office for National Statistics – Tracking the lowest cost grocery items

Cost of Living – Earnings



Source: ONS - Annual Survey of Hours and Earnings & Consumer Price Inflation



Source: ONS - Annual Survey of Hours and Earnings & Consumer Price Inflation

Source: Office for National Statistics – Consumer Price Inflation & Annual Survey of Hours and Earnings

▲ **108.5 to 110.1** *2020 to 2021*

▲ **110.1 to 120.0** *2021 to 2022*

Consumer Price Index (all items April)

▲ **£33** *Resident*

▲ **£4** *Worker*

Adjusted earnings 2020 to 2021

▼ **£54** *Resident*

▼ **£58** *Worker*

Adjusted earnings 2021 to 2022 (assuming no change in unadjusted)

- The graphs on the left show projections for adjusted resident and worker earnings based on **April 2022 inflation (120.0 CPI all items)**
- Assuming unadjusted earnings do not change, a ‘real’ **decline of -8.3%** in earnings could be expected for both residents and workers in Southampton – an impact of inflation increasing during the cost of living crisis
- Unadjusted weekly earnings would **need to increase** by at least **£54 for residents** and **£58 for workers** to negate the impact of inflation in 2022;
- This would be an unprecedented increase in unadjusted earnings locally, therefore would expect wage growth in Southampton to fall behind inflation, resulting in a **decline in ‘real’ earnings in 2022**
- ONS estimates of weekly earnings from August 2022, also suggests that ‘real’ pay is declining as a result of inflation

Summary of Findings

Summary of findings

southampton dataobservatory

- The most recent data (2020) estimates the Southampton economy to be worth £7.2 billion; a decline of -5.9% compared to the previous year – an impact of the COVID-19 pandemic
- Based on UK GVA estimates of accelerated and limited growth scenarios by PwC, Southampton's economy could recover to £8.2 billion by 2022; £500 million above the pre-pandemic baseline (2019)
- Many industries suffered during the COVID-19 pandemic, the hardest hit in terms of GVA were transportation and storage (-£357 million), financial and insurance activities (-£186 million) and accommodation and food services (-£89 million), although these declines may not be wholly attributable to the pandemic, with financial and insurance activities experiencing a sustained decline in Southampton since 2018
- Public sector industries performed well in terms of GVA during the pandemic, particularly human health and social work activities (+£194 million). The production sector also grew between 2019 and 2020 (+£76 million)
- Southampton experienced a 5.7% increase in the number of businesses in the last year; however, this is impacted by multiple business registrations to a single postcode in 2020 (37%). Almost all of the increase in the number of enterprises in the last year was driven by growth of micro enterprises in the retail sector
- Almost a quarter (24%) of enterprises in Southampton are now in the retail sector. Industries that were identified as vulnerable during the pandemic still account for another 24% of businesses in Southampton (accommodation and food services, arts and recreation and construction)
- There has been a -5.1% decline in the number of employee jobs between 2019 and 2020 in Southampton; however, this varies depending on employment status. An increase seen in the public sector (+5.1%) was driven by increases in part-time employment (+26.1%) countering a decline of full time employees (-3.6%). Whereas the private sector showed the greatest decline among comparator (-7.9%); with losses of both full-time (-5.1%) and part-time (-12.8%) jobs. These changes are likely attributable to the COVID-19 pandemic
- The number of unique job postings in Southampton initially declined during the pandemic but increased month-on-month beyond March 2021. More recently, there has been greater fluctuation and the start of a downward trend in job postings
- Southampton remains a major centre for employment in the region, but it's important to attract higher value businesses and more skilled jobs, which our residents can benefit from, as there remains a gap between resident and workplace earnings (£44 per week for full time workers)

Summary of findings

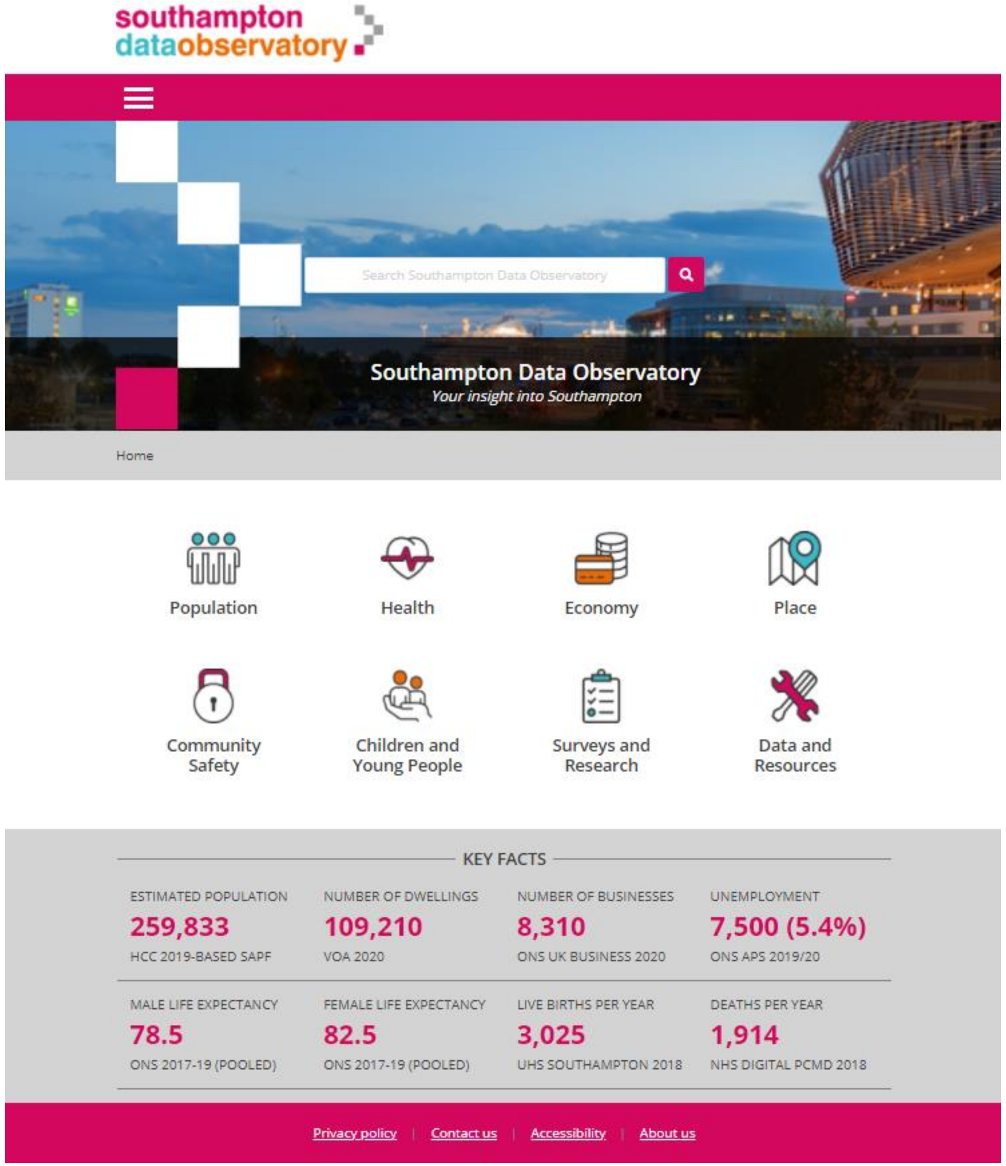
southampton dataobservatory

- The number of adults in Southampton claiming out of work benefits more than doubled between March 2020 (6,550 claimants) and March 2021 (12,145). However, the claimant count has been on a downward trend since, but yet to meet the pre-pandemic baseline (less than 3.5% of working age-population – January to March 2020)
- However, the impact of coronavirus on unemployment is not evenly distributed across the city. The inequality gap in the proportion of adults claiming out of work benefits between the most and least deprived neighbourhoods widened and is yet to return to pre-pandemic levels
- Proportion of residents qualified to NVQ4+ significantly increased in the last year (39.5% in 2019 to 48.1% in 2020) and is now similar to the national average (47.5%). Whilst the proportion of residents with NVQ3 only has decreased (23.8% in 2019 to 20.9% in 2020). This may suggest that graduate retention is improving in the city, therefore important to monitor this trend going forward to see if it continues
- During the same period there was an decrease in the proportion of residents low end skills (no qualifications or NVQ1 only); suggesting the qualification levels of Southampton residents have improved
- The performance of KS4 pupils in Southampton was the lowest amongst comparators for the 2020/21 academic year
- Advertised wages in Southampton were consistently higher than the long-term average (£30k per annum) during the pandemic, but have fluctuated since late 2021, returning to the long-term average in June 2022 (£30k per annum)
- Despite the COVID-19 pandemic, pay increased in 2021 in real terms for both those who are resident and work in the city. Although as a result of recent unprecedented inflation in 2022, a decline in real earnings should be anticipated
- Additionally, there continues to be an inequality gap in terms of pay between those who work and are resident in the city (£44 per week for full time workers)
- In order to negate the impact of inflation and avoid a local decline in ‘real’ earnings in 2022, unadjusted median weekly earnings would need to increase by at least £54 for residents and £58 for workers

https://data.southampton.gov.uk/

Southampton Data Observatory contains a large range of data, intelligence and insight on a range of topics:

- Economic Assessment
- *Community Safety Assessment*
- *VAWG Profile*
- *Neighbourhood Needs Analysis*
- Surveys and research results
- Population
- Health and Wellbeing (JSNA)
- Profiles
- Needs assessments
- Key facts, datasets and dashboards
- Signpost to externally published resources



Questions and Discussion

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