Southampton Economic Assessment

May 2019 refresh: Summary of findings

southampton dataobservatory

A city of opportunity where everyone thrives

SOUTHAMPTON CITY COUNCIL

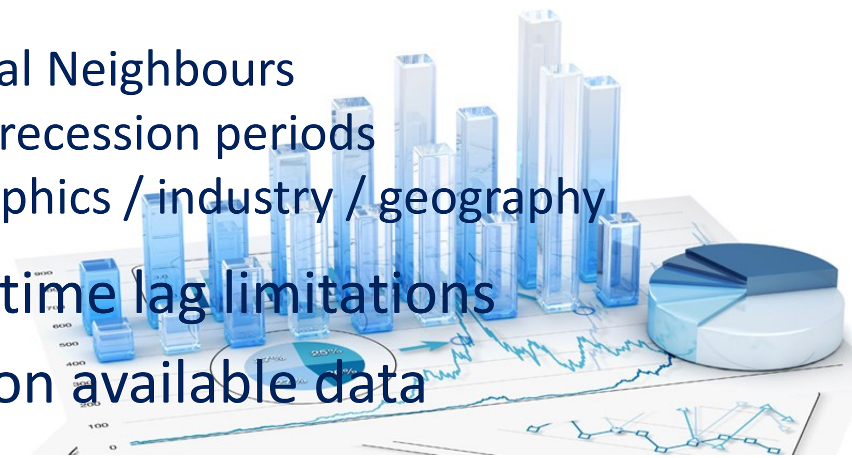
Southampton Economic Assessment

Index of key topics covered

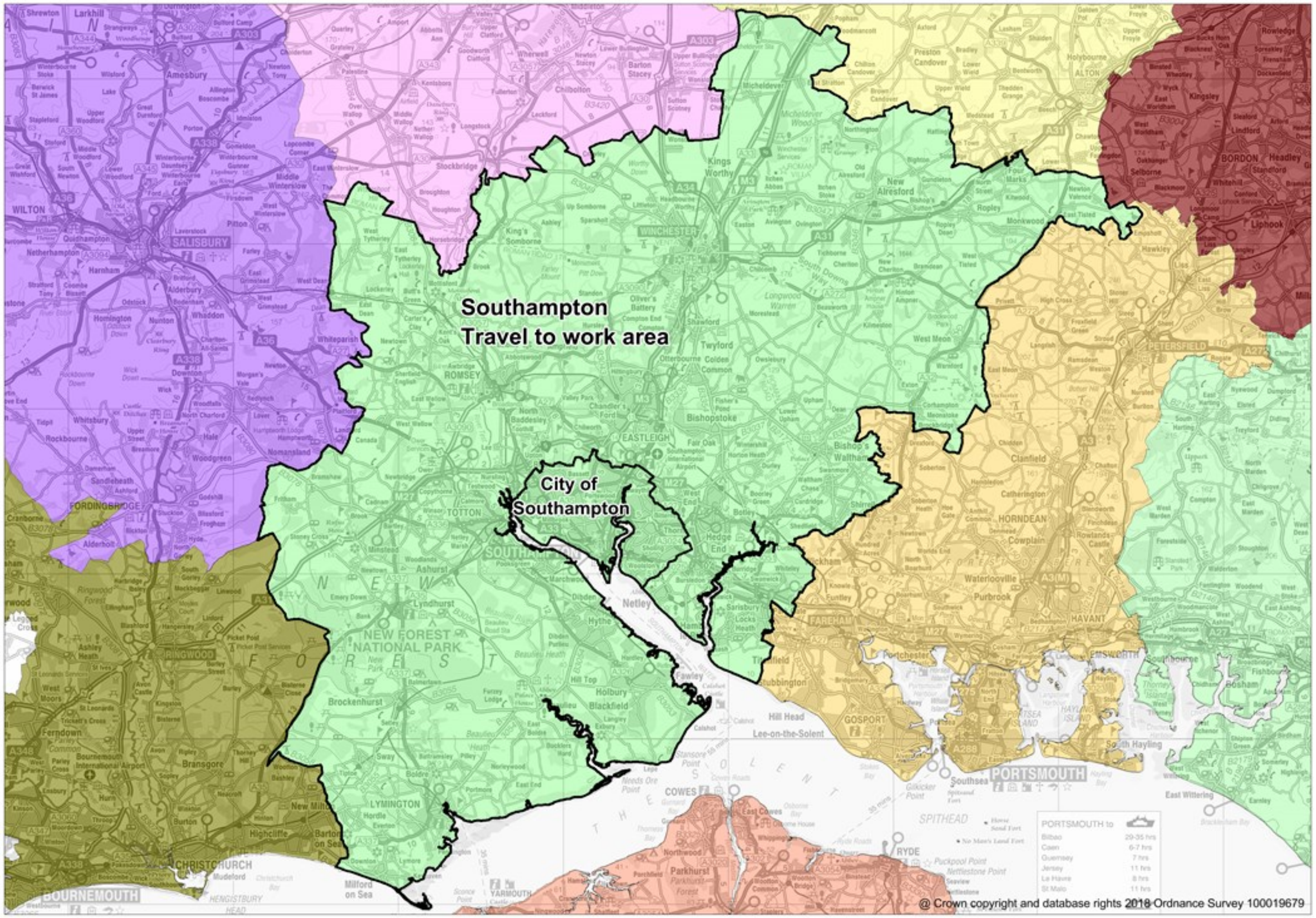
Background

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
    - Baseline assessment based on available data



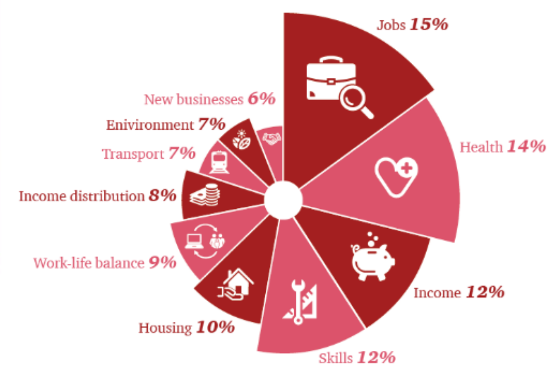
Economic Geography



https://www.pwc.co.uk/government-public-sector/good-growth/assets/pdf/good-growth-for-gities-2018.pdf

PWC Good Growth for Cities 2018

Highest ranking cities	Index score
Oxford	1.03
Reading	0.99
Southampton	0.82
Milton Keynes	0.77
Bristol	0.73
Edinburgh	0.72
Swindon	0.71
Coventry	0.70
Aberdeen	0.69
Leicester	0.65



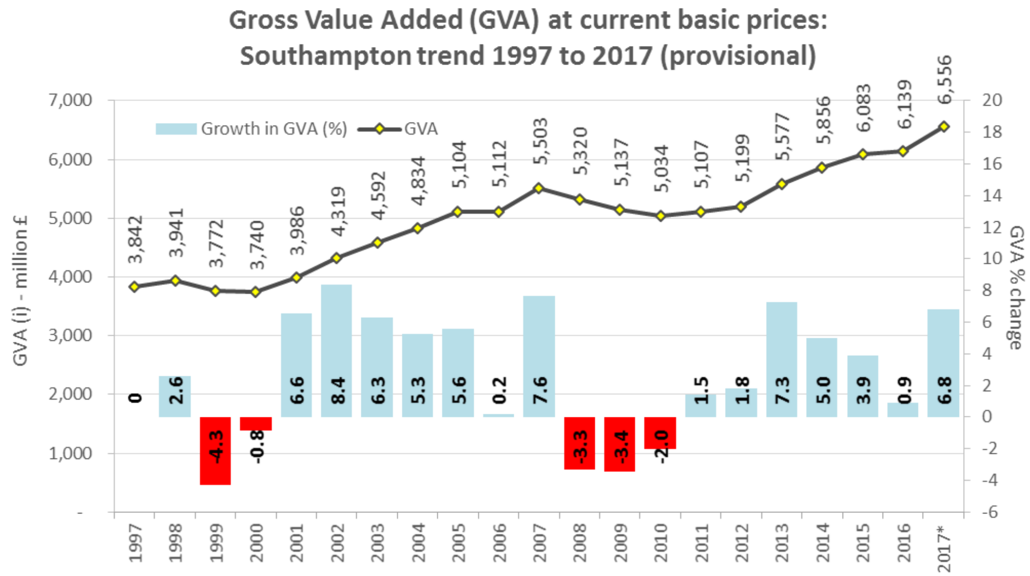
Headline Productivity & Growth

Productivity and Growth – GVA(i)

Southampton economy in 2017

6.6 billion

- Gross Value Added (GVA) is one of the key economic indicators
- **13.2%** of Hampshire Economic Area economy
- **2.5%** of the overall South East economy
- Overall economic growth in Southampton is healthy



Source: Office for National Statistics. * Data for 2017 is provisional

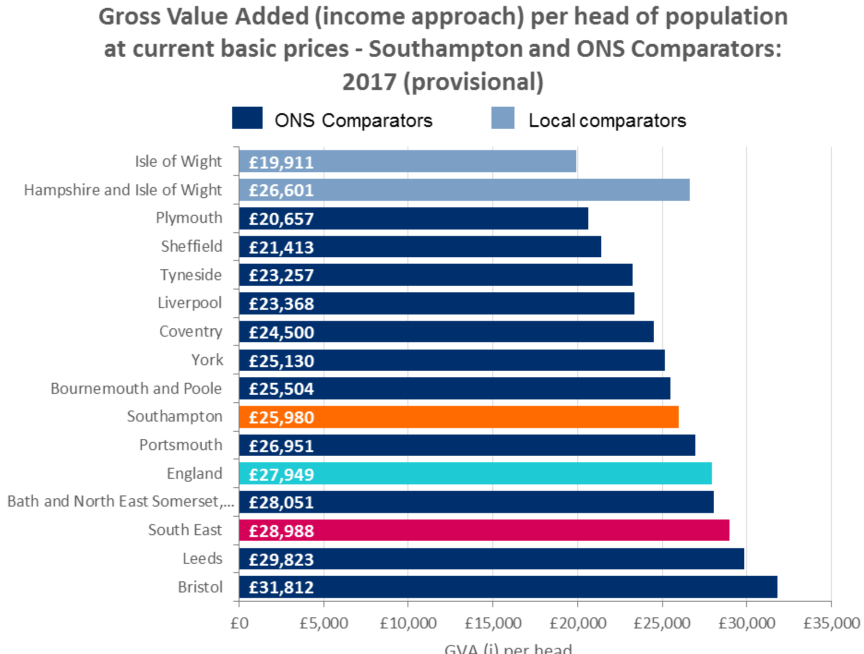
Since 2016

2.0% South East

3.1% England

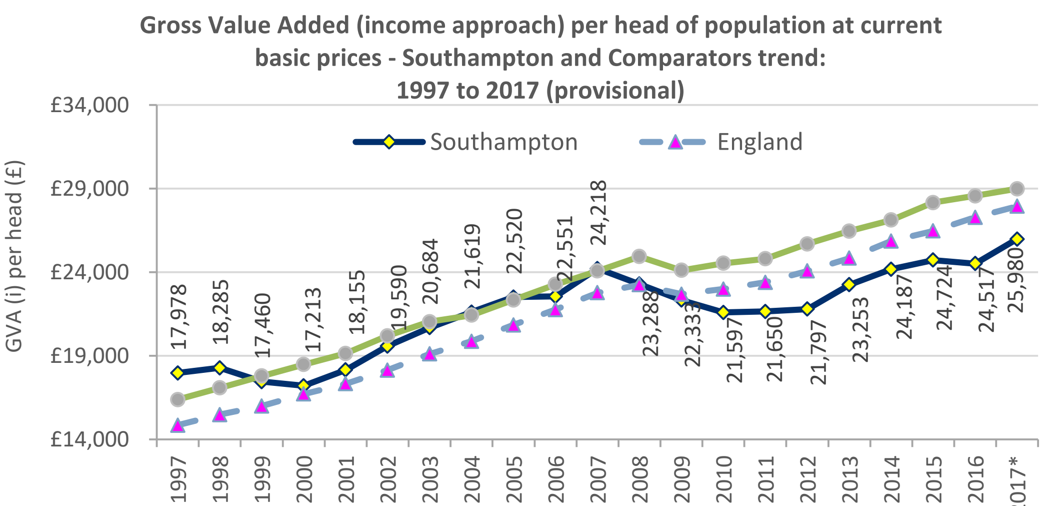
6.8% Southampton

Benchmarking - GVA(i) per head

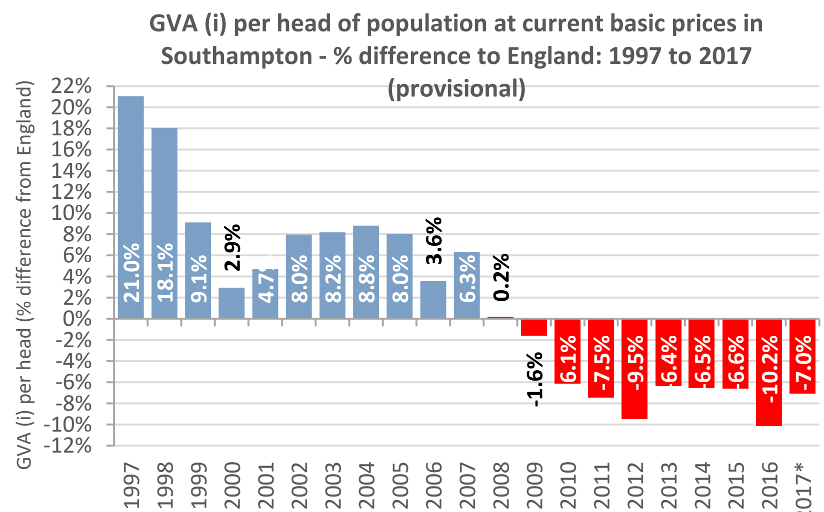


Source: Office for National Statistics. * Data for 2017 is provisional

- Nonetheless, GVA(i) per head (£25.9k) is lower than England (£27.9) and South East (£28.9)
- 5th amongst comparators (same as 2016)
- However, 6% growth in 2017; 2.4% nationally & largest growth amongst comparators
- All sectors grew with exception of Information and communication
- However, gap to England persists

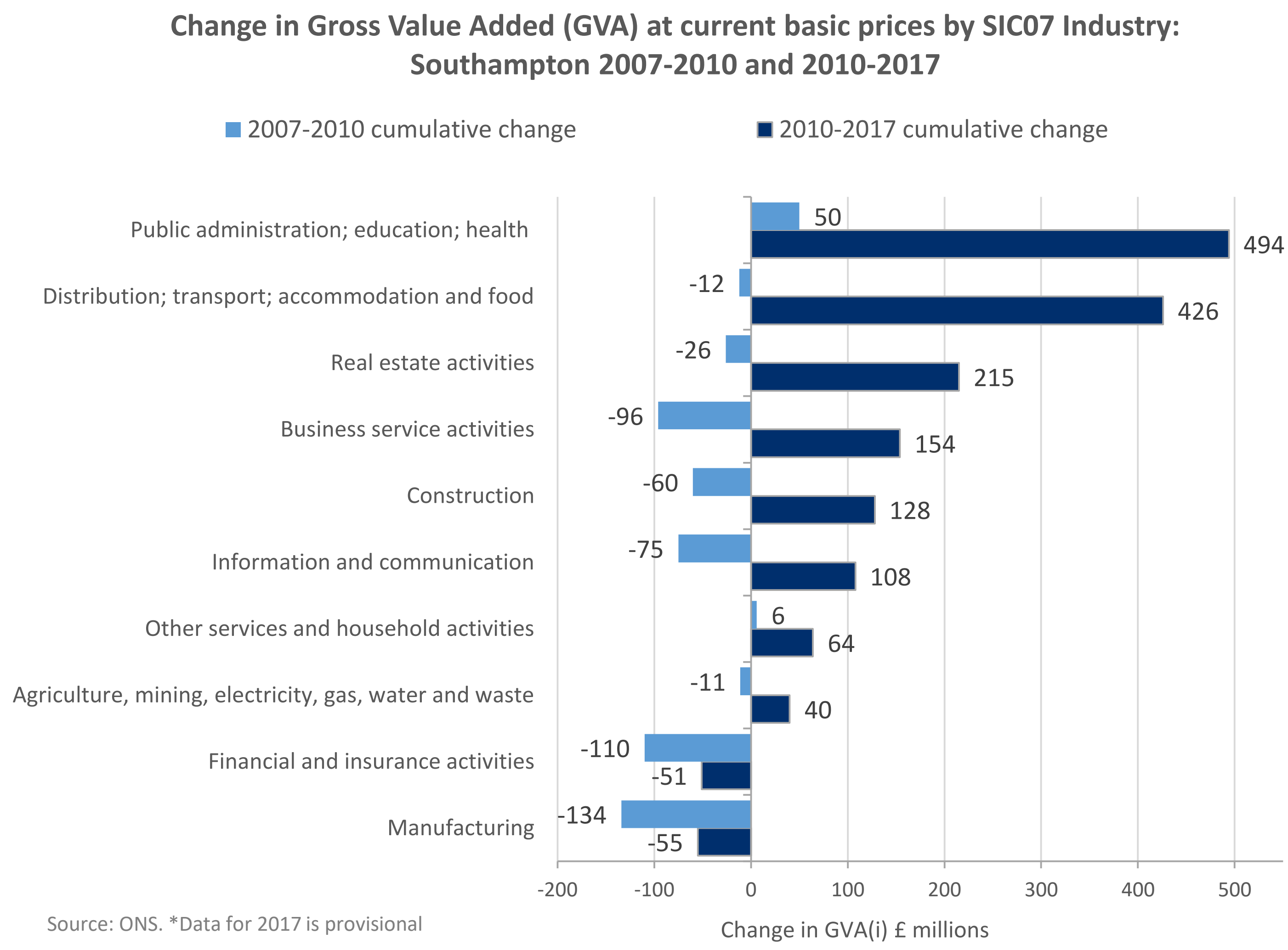


Source: Office for National Statistics *Data for 2017 is provisional



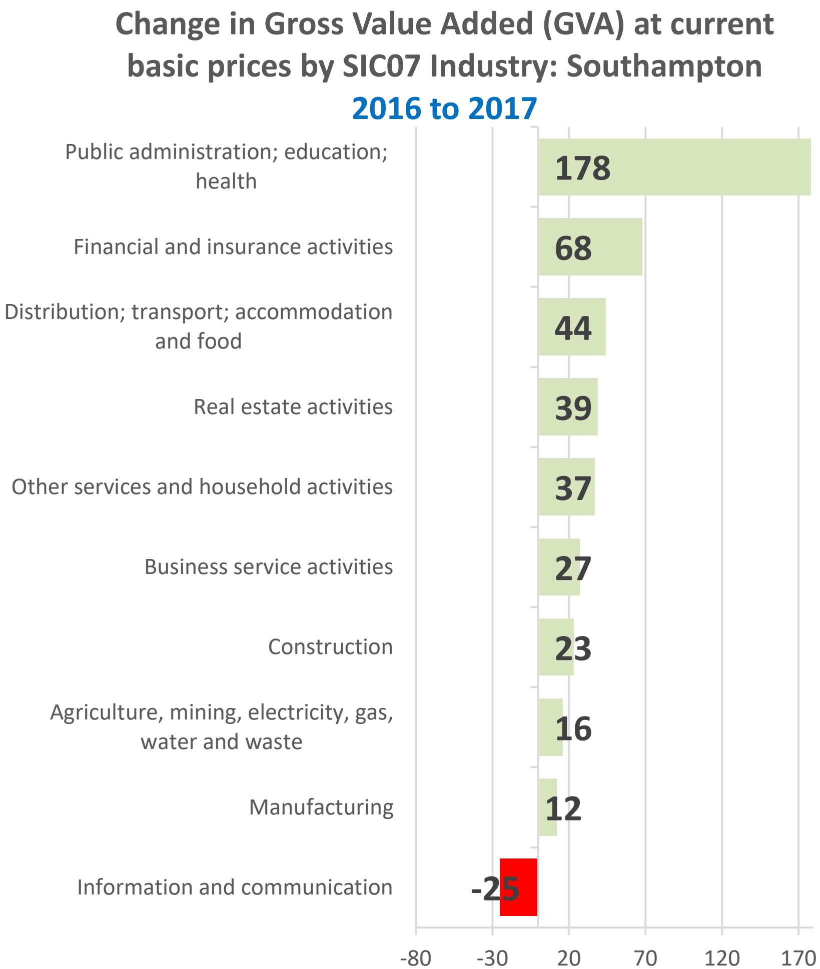
Source: Office for National Statistics *Data for 2017 is provisional

Changes in GVA(i) by industry - historic



Source: ONS. *Data for 2017 is provisional

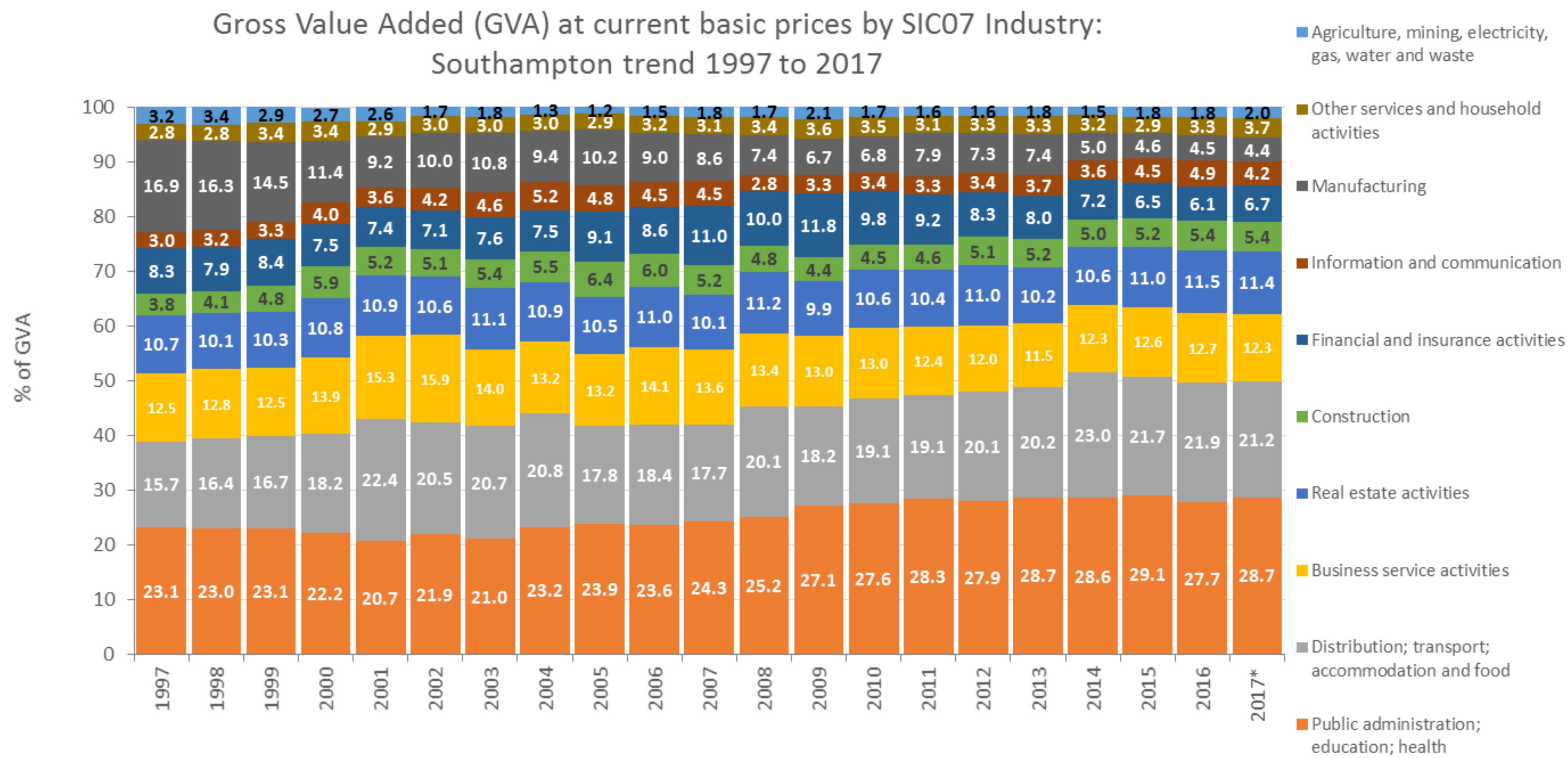
Changes in GVA(i) by industry



Source: ONS. *Data for 2017 is provisional

- Between 2016 and 2017 all sectors grew with exception of *Information and communication* (-£25M)
- Largest growth was in *Public Administration, Education and Health* (£178M) despite -£65M in 2016 and continued public sector cuts
- *Financial and Insurance* also appears to be recovering (£68M) compared to -£24M in 2016
- However, 2017 data is provisional and should be treated with caution

Changes in GVA(i) by industry

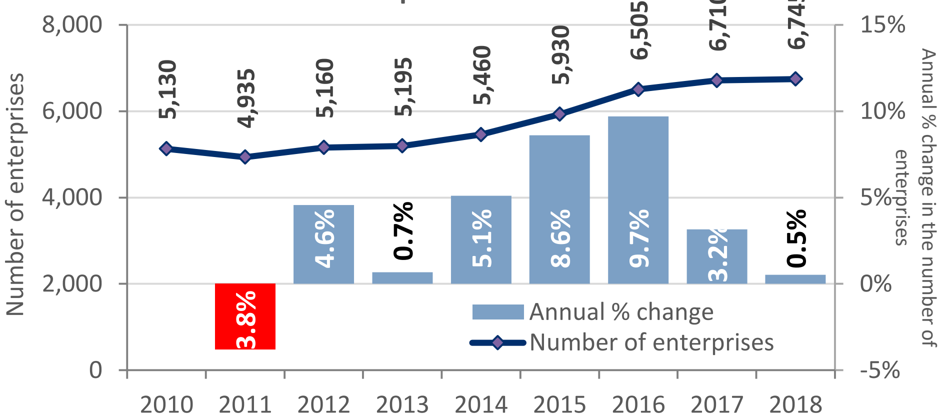


Source: ONS. * Data for 2017 is provisional

Business & Enterprise

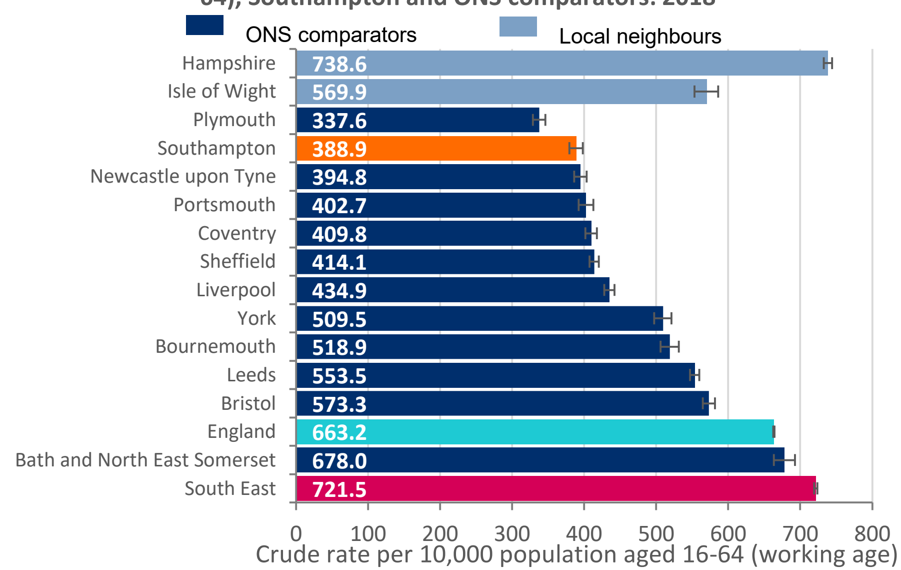
Business growth and density

Number of VAT and/or PAYE based business enterprises in Southampton: 2010 to 2018



Source: UK Businesses, Office for National Statistics

Business enterprises, crude rate per 10,000 population (aged 16-64), Southampton and ONS comparators: 2018



Source: UK Business, Office for National

In 2018, there were **6,745** businesses in Southampton

Since 2011…. **+1,810 net**

Southampton	England	South East
37%	30%	23%

- However, rate of increase significantly slowed in last two years; 0.5% growth in 2018
  - Reflective of national trend and slowing growth in GDP (1.5% growth in 2018)
  - Uncertainty over Brexit & increase in base rate
- Indeed, business density still much lower than England – 2nd lowest amongst comparators
  - Reflection of local industry profile (large public sector employers) and large student population?
  - Employment centres on boundary
  - Lack of suitable premises for new business?

Business Start-ups & Entrepreneurialism

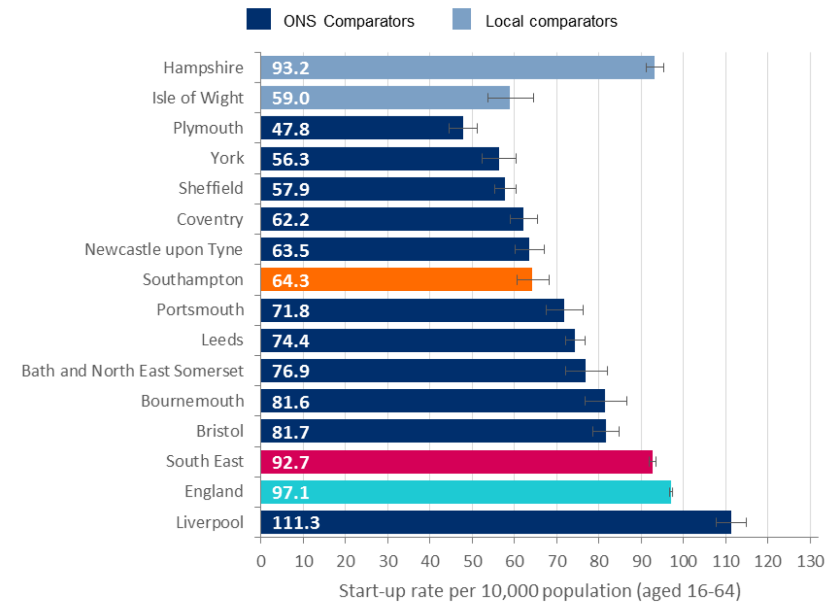
Annual percentage change in the number of micro and small enterprises

Region name	2011	2012	2013	2014	2015	2016	2017	2018	2010-2018 cumulative change	2010-2018 annual rate of change
Micro Enterprises (0 to 9) employees										
England	-0.8	3.3	0.6	4.8	9.1	5.1	5.2	-0.2	30.0	3.7
South East	-0.5	2.9	0.2	3.8	7.3	4.3	3.2	0.1	23.1	2.9
Southampton	-3.5	5.1	-0.4	5.6	9.1	11.5	3.1	1.2	35.3	4.4
Small Enterprises (10 to 49) employees										
England	-2.5	5.4	4.9	4.1	4.6	-0.1	1.8	0.6	20.0	2.5
South East	-2.6	4.1	4.9	3.7	4.6	-0.6	0.6	0.6	16.0	2.0
Southampton	-4.5	-1.9	9.6	1.8	7.8	-3.2	1.7	-4.9	5.4	0.7

- Recent growth dominated by micro-businesses (<9 employees); increased by 4.4% per year since 2010 (SE average = 2.9%). Sign of increased entrepreneurship? Slowing in 2018?
- However, growth in small businesses is lower than average – may suggest micro-businesses are not expanding or surviving?
- The number of medium and large enterprises has generally remained stable since 2010. However, in 2017 there was a 14% increase in medium businesses (+15). No change in 2018

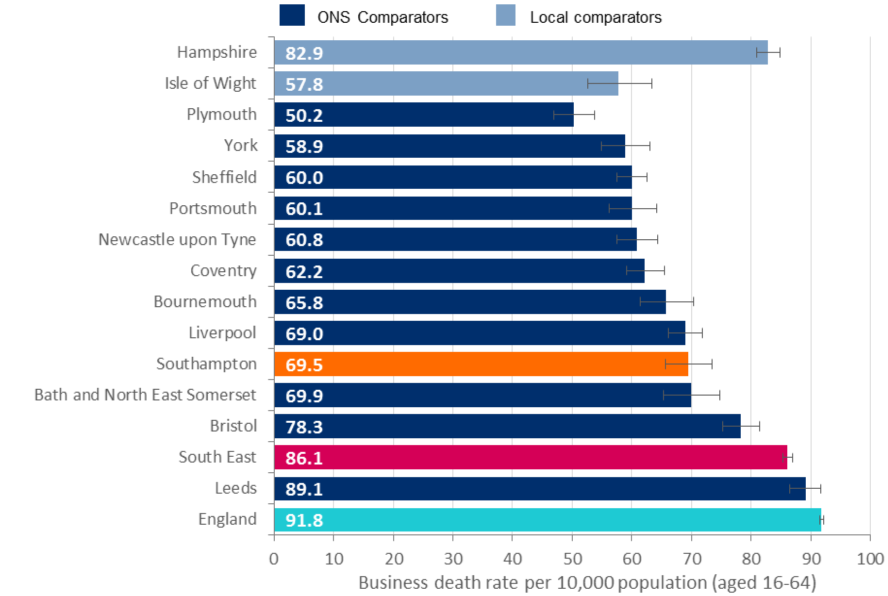
Business Start-ups & Deaths

Newly registered businesses for VAT and PAYE (births) per 10,000 population (aged 16-64) - Southampton and ONS Comparators: 2017



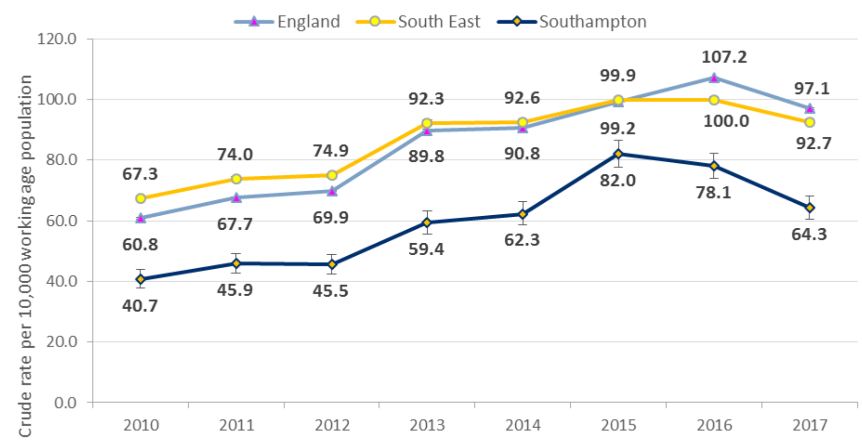
Source: ONS Business Demography 2017 & ONS MYE 2017

Deaths of enterprises per 10,000 population (aged 16-64) – Southampton and ONS Comparators: 2017



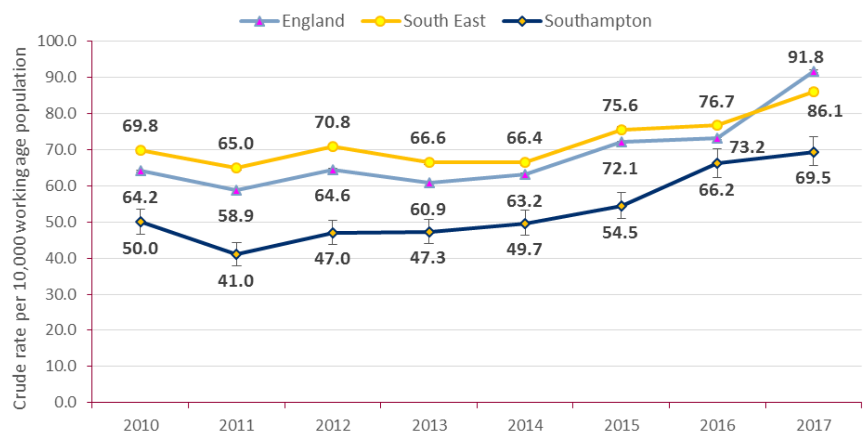
Source: ONS Business Demography 2017 & ONS MYE 2017

Business start-ups, crude rate per 10,000 working age population - Southampton, Portsmouth, South East and England trend 2010-2017



Source: Office for National Statistics

Business deaths, crude rate per 10,000 working age population – Southampton, South East and England trend 2010 to 2017

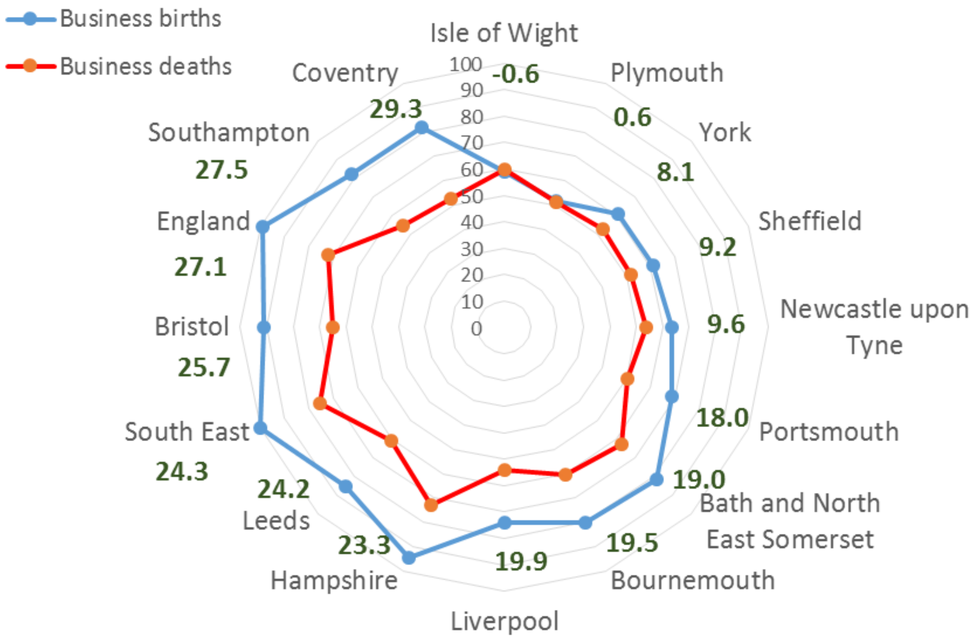


Source: Office for National Statistics

Business Start-ups & Deaths

2015

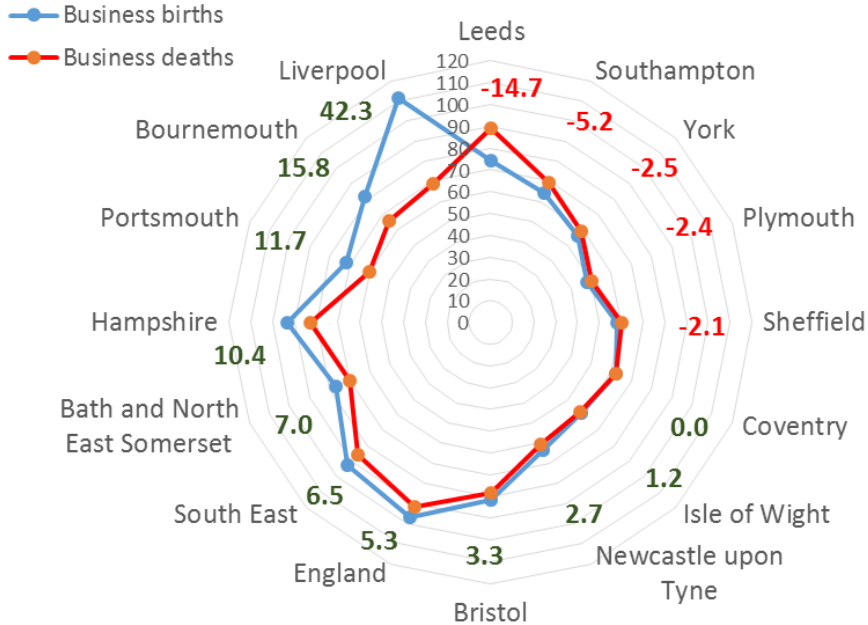
Business births and deaths per 10,000 residents (aged 16-64): Southampton and comparator areas: 2015



Source: Office for National Statistics - Business Demography

2017

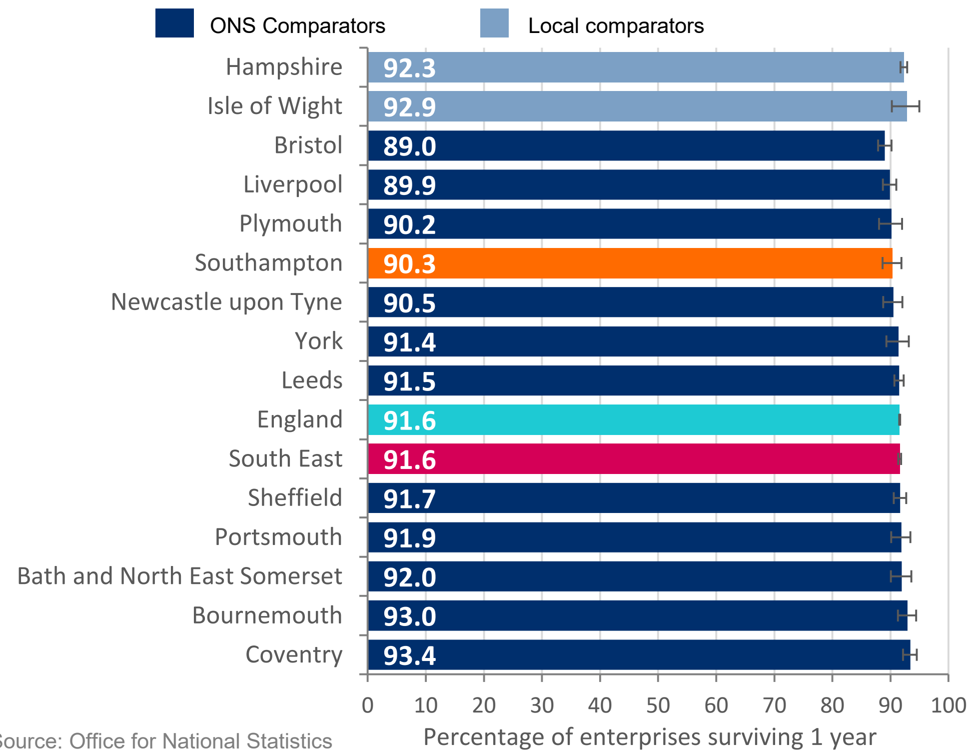
Business births and deaths per 10,000 residents (aged 16-64): Southampton and comparator areas: 2017



Source: Office for National Statistics - Business Demography

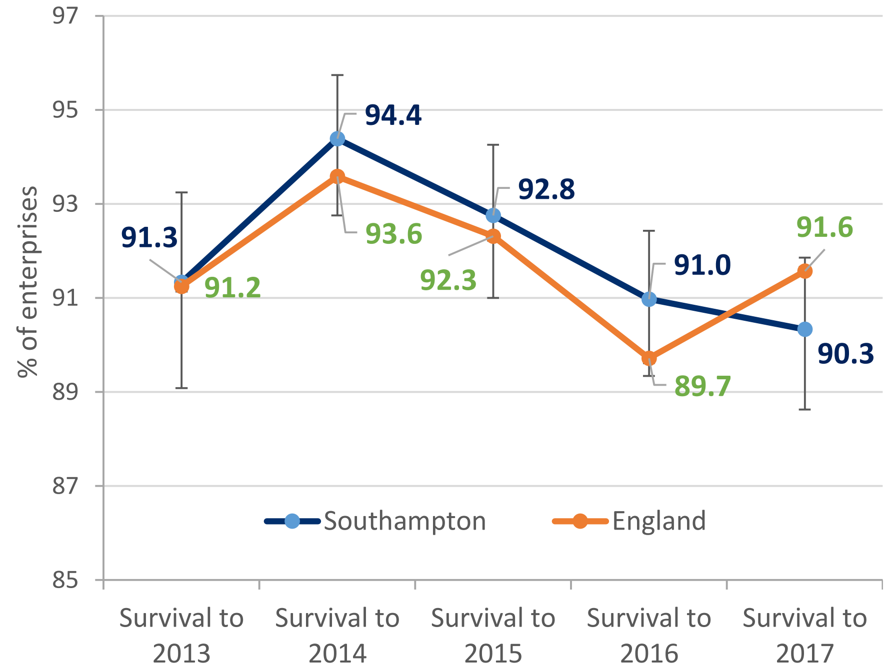
Business survival in the 1st year

Survivability of new enterprises, in 2016, over 1 year (2017): Southampton and ONS Comparators



Source: Office for National Statistics

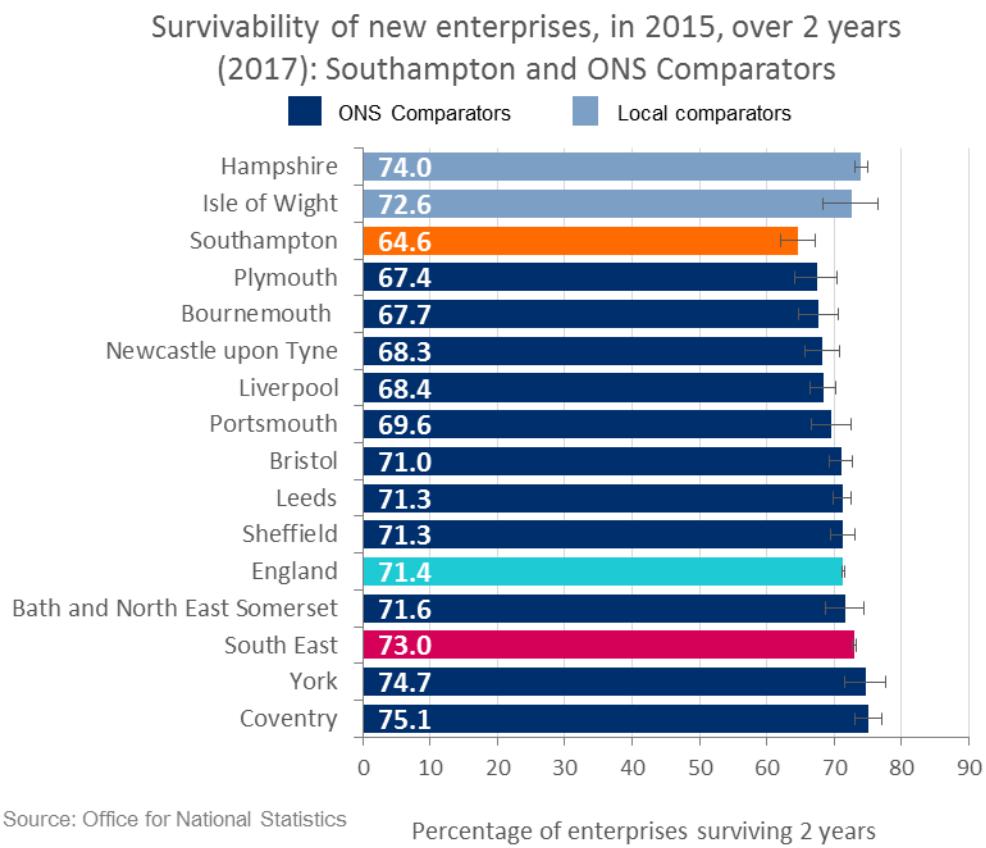
Proportion of new enterprises surviving at least one year: trend for enterprises formed between 2012 and 2016: Southampton and comparators

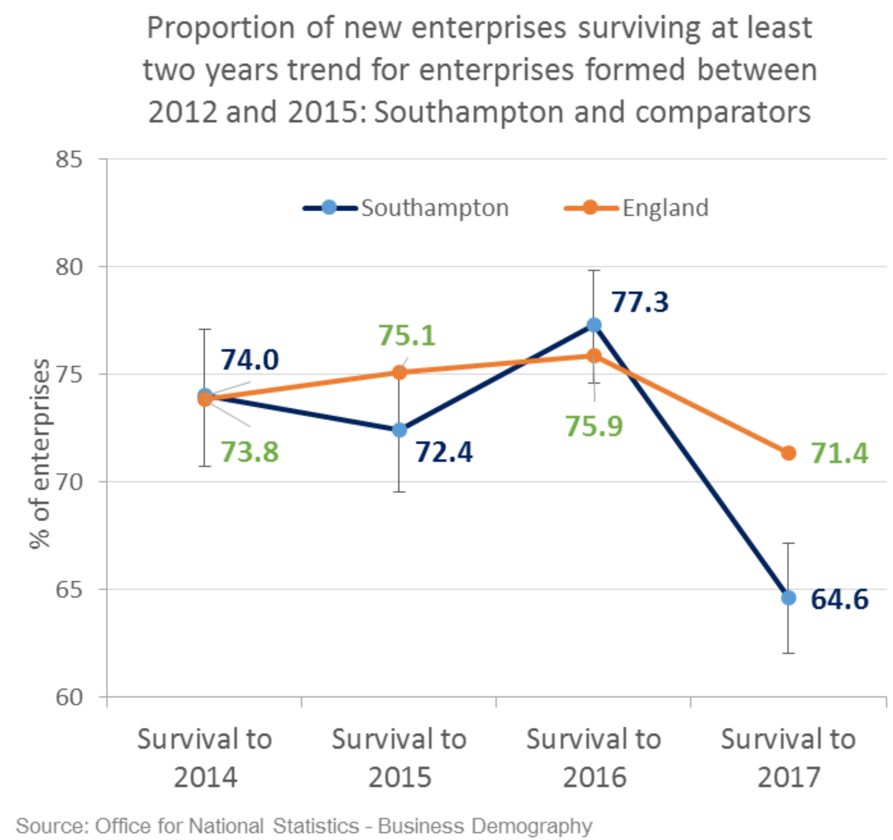


Source: Office for National Statistics - Business Demography

- In 2016, city had one of the highest business survival rates over 1 year – historically better than average
- However, these have been falling over the last 3 years and in 2017 was lower than the national average
- Business start up rate is falling and those that do start up are increasingly vulnerable in their first year

Business survival – first 2 years

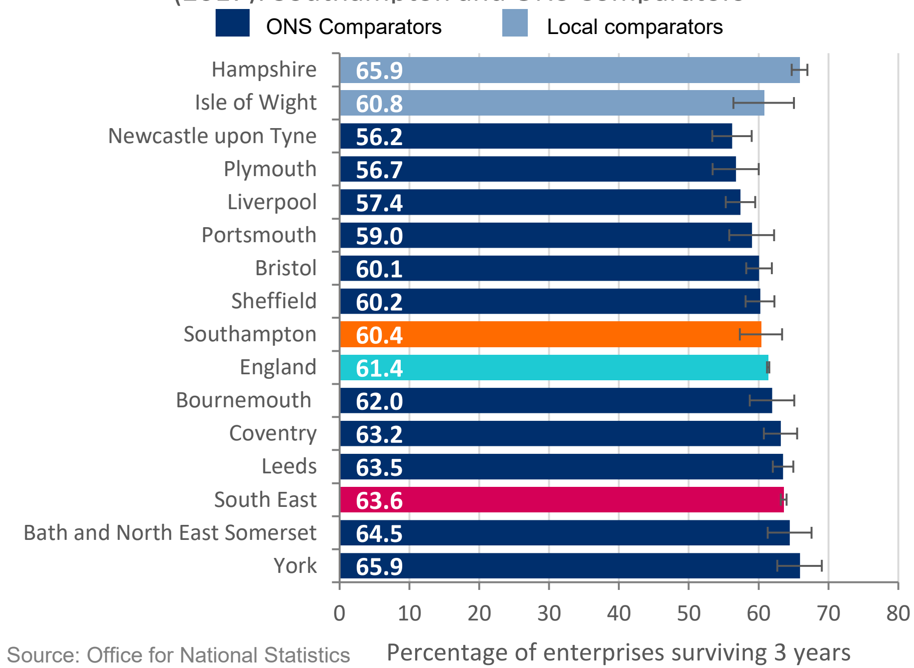




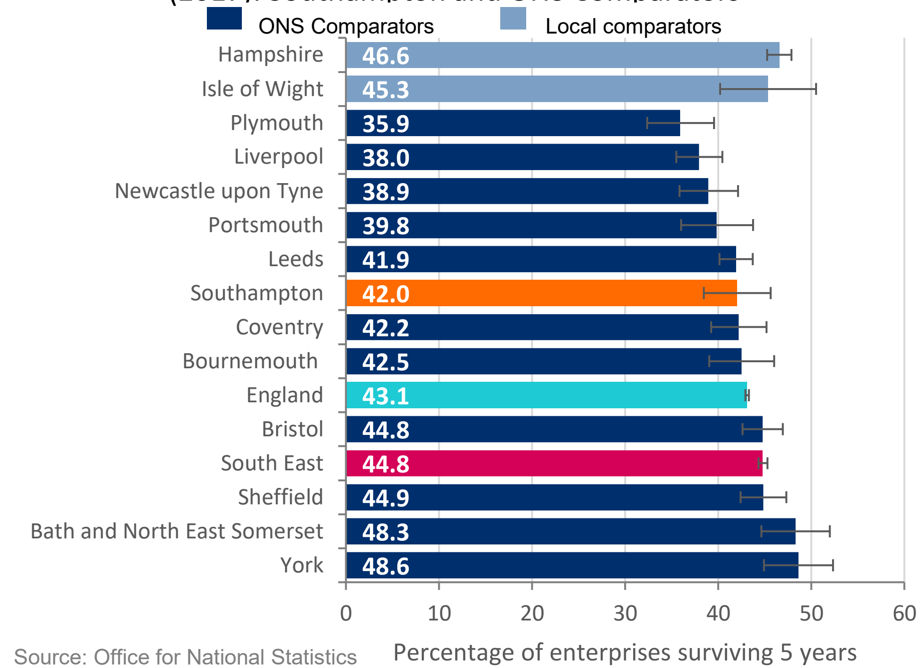
- In 2016, city had one of the highest business survival rates over 2 years
- However, 2017 saw a dramatic fall from 77.3% to 64.6% in 2 year survival rates – the city now has the lowest 2 year survival rate amongst comparators

Business Survival – longer term

Survivability of new enterprises, in 2014, over 3 years (2017): Southampton and ONS Comparators



Survivability of new enterprises, in 2012, over 5 years (2017): Southampton and ONS Comparators



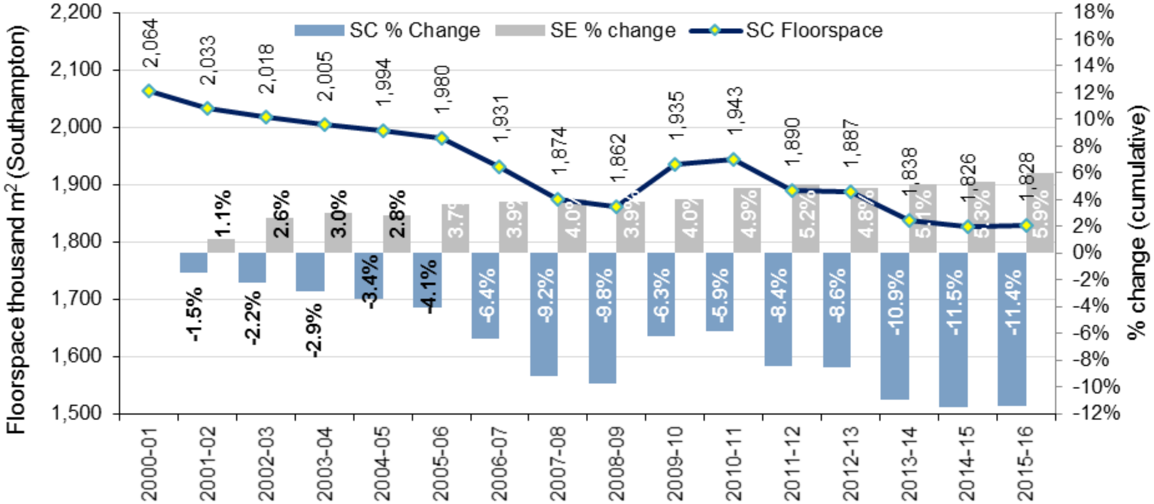
- Business survival over 3 and 5 years in Southampton is 60.4% and 42.0% respectively, which is lower than the national average. However, there has been improvements in the last year.
- 3 year survival increased from 58.7% to 60.4%; 5 year survival increased from 38.7% to 42%
- Suggests that challenges brought about by Brexit (depreciation of sterling and higher raw material and import prices) may have had the greatest impact on businesses under two years old in Southampton

Business Survival

- Research shows that 70% of small businesses that receive mentoring survive for five years or more
- This is twice the rate compared with non-mentored entrepreneurs
- Mentored businesses are also 20% more likely to experience growth
- Given the increasing numbers of business deaths in the city and reduction in business survival over the first two years, it is important to ensure that new and small businesses are aware of and able to access the support services available locally.
- The availability and increased awareness of support may also encourage more business start ups in Southampton – a rate which has now fallen for two consecutive years

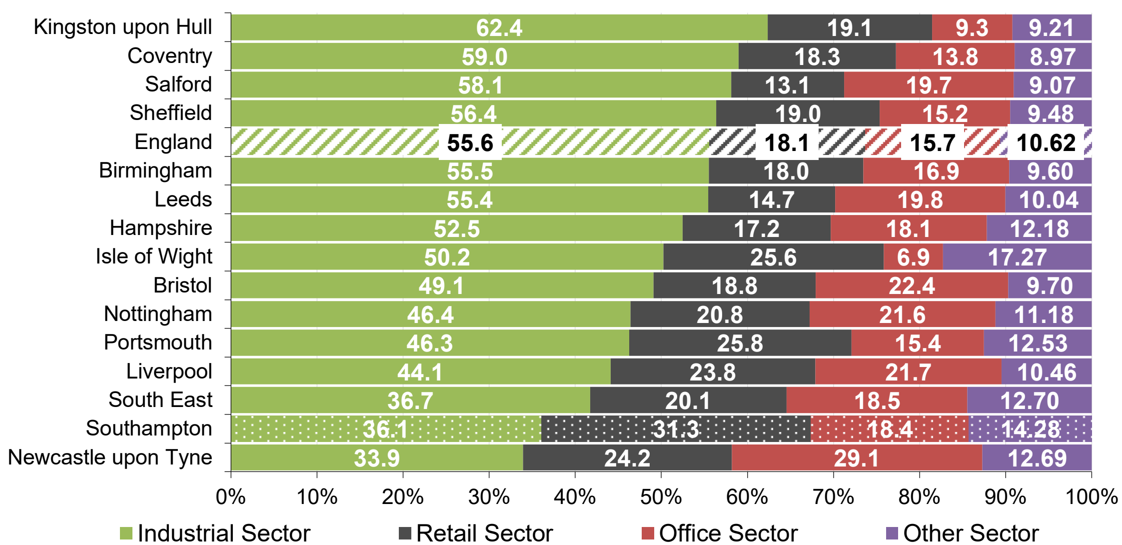
Business Floorspace

Total business floorspace - Southampton and South East trend: 2000/01 to 2015/16



Sources: Valuation Office Agency

Percentage of Total Area of Business Floorspace by Sector: 2015/16
Southampton and Comparator Local Authorities

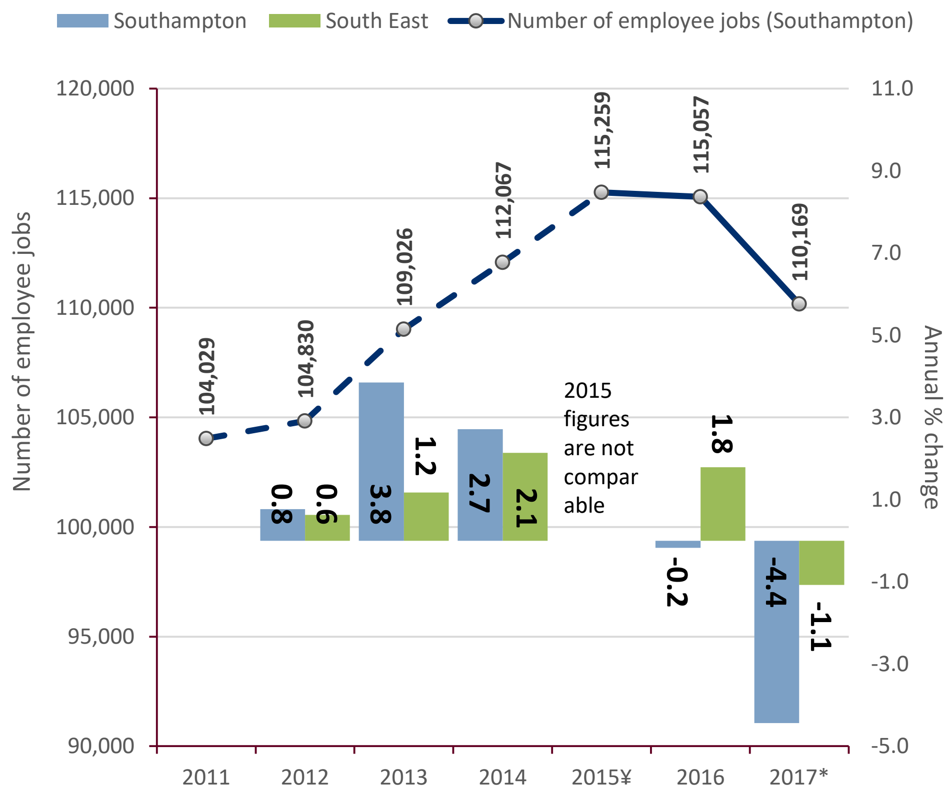


- 1,828,000 m2 of available business floorspace in Southampton in 2015/16
- Reduction of 11.4% since 2000/01, in comparison it has increased overall in England (1.9%) and the South East (5.9%)
- Office (-20.8%) and industrial (-23.3%) floorspace reduced the most
- The majority of floorspace is still classed as industrial (36.1%), much lower than the England average (55.6%) and the second lowest amongst comparator cities.
- Almost a third (31.3%) of floorspace is classified as retail, the largest amongst comparator cities; Southampton has 17.4% of all retail floorspace in the Hampshire area.

Employee Jobs

Employee Jobs

Number of employee jobs trend in Southampton: 2011 to 2017 (provisional)



Source: ONS Business Register & Employment Survey (BRES)

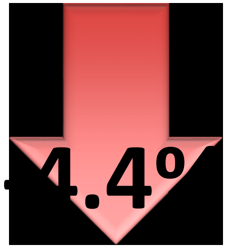
* 2017 data is provisional ¥ figures from 2015 include PAYE only and VAT registered and are not directly comparable with previous years

- In 2017, there were just over 110k workers employed in Southampton
- Between 2011 and 2015….

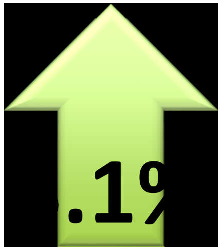
+11,230 net

- Between 2015 and 2017….

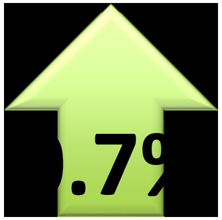
-5,090 net



Southampton

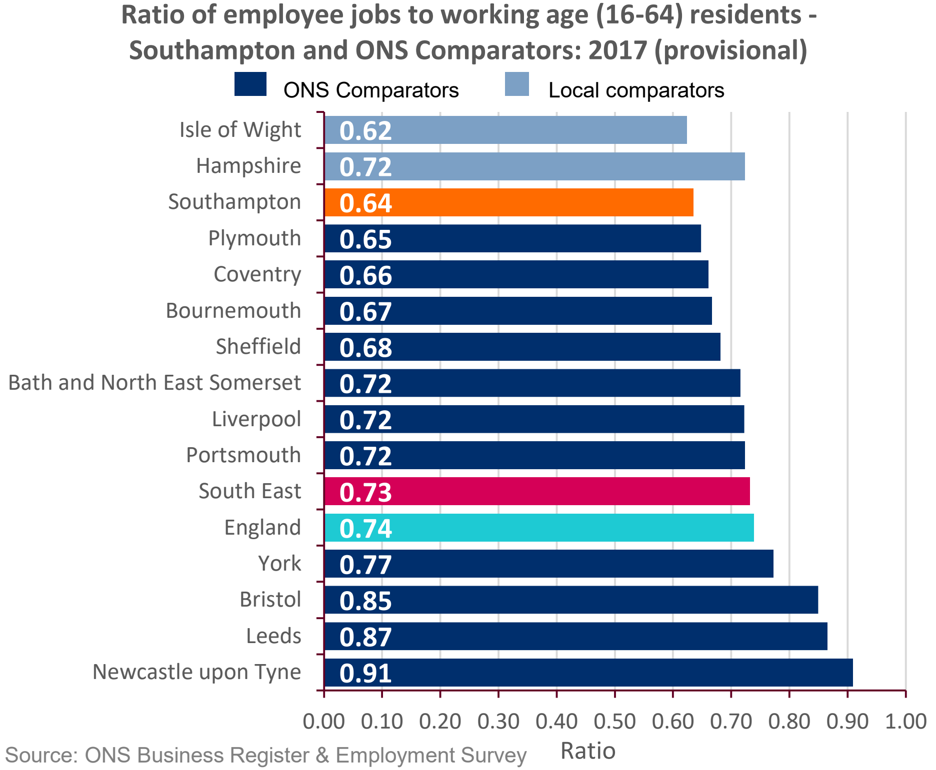


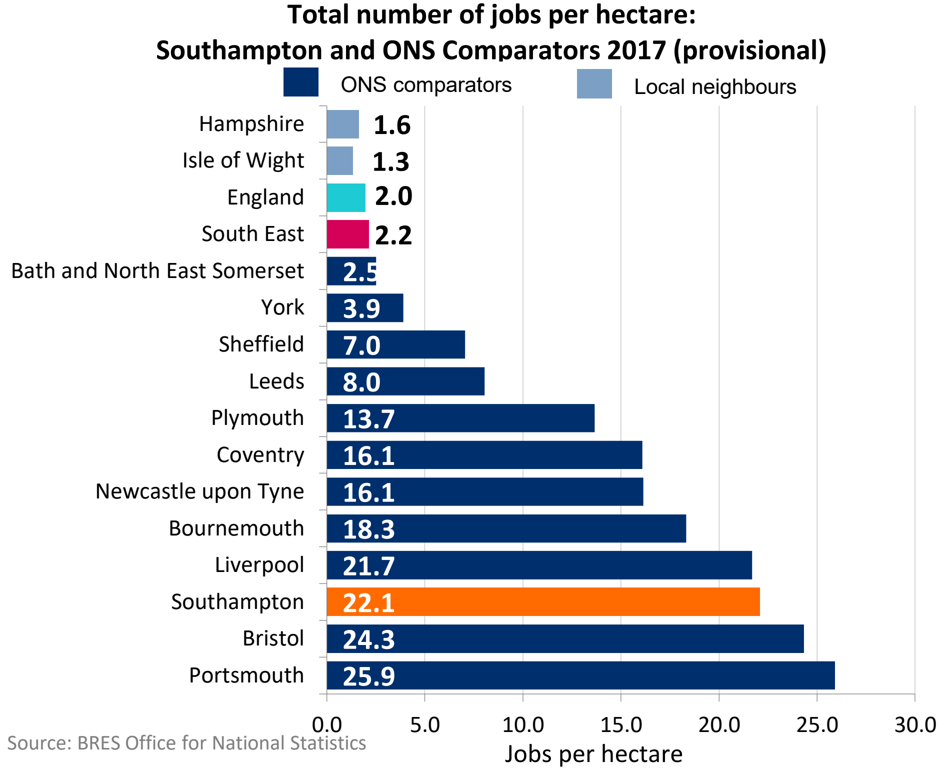
England



South East

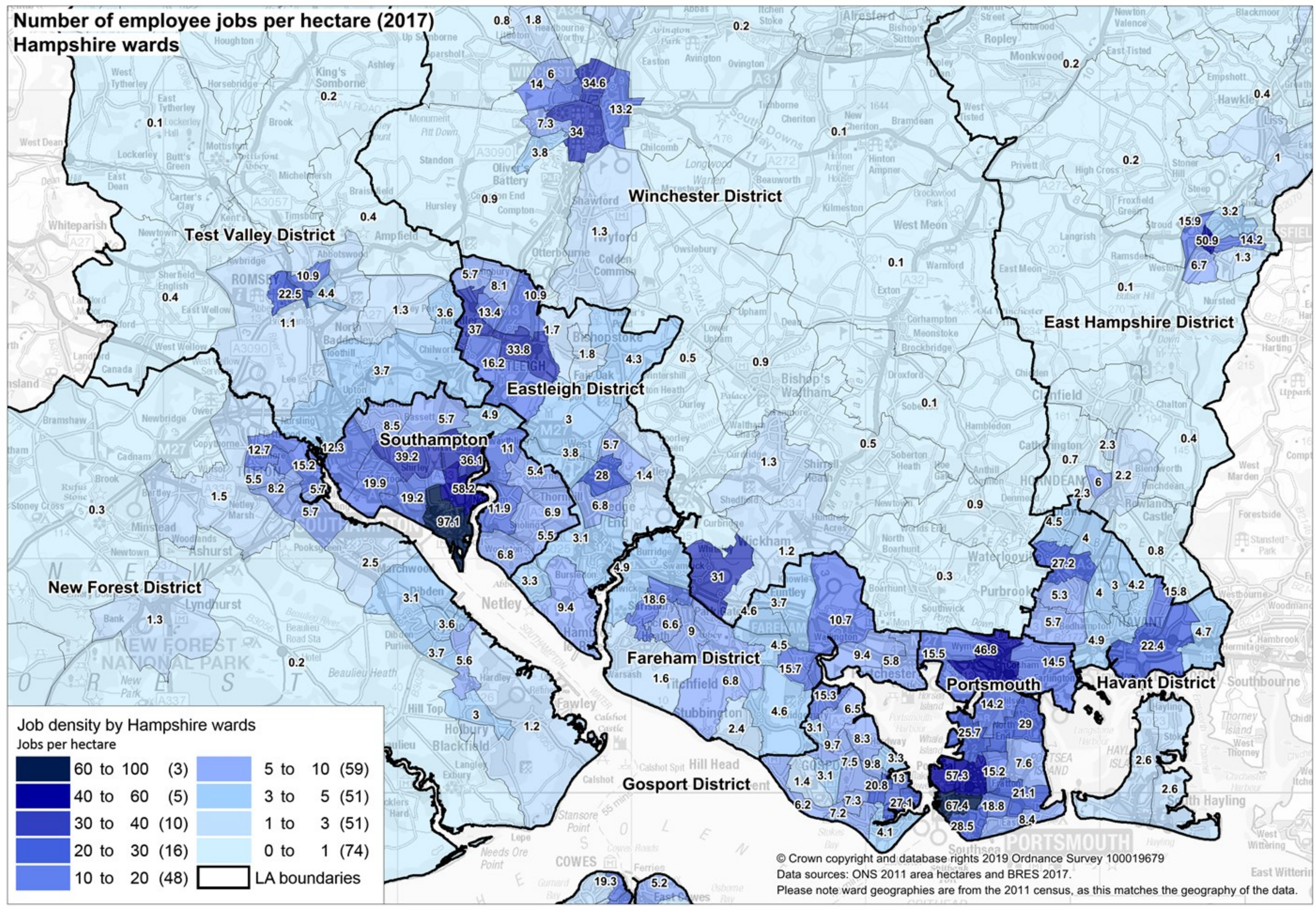
Employee Job Density



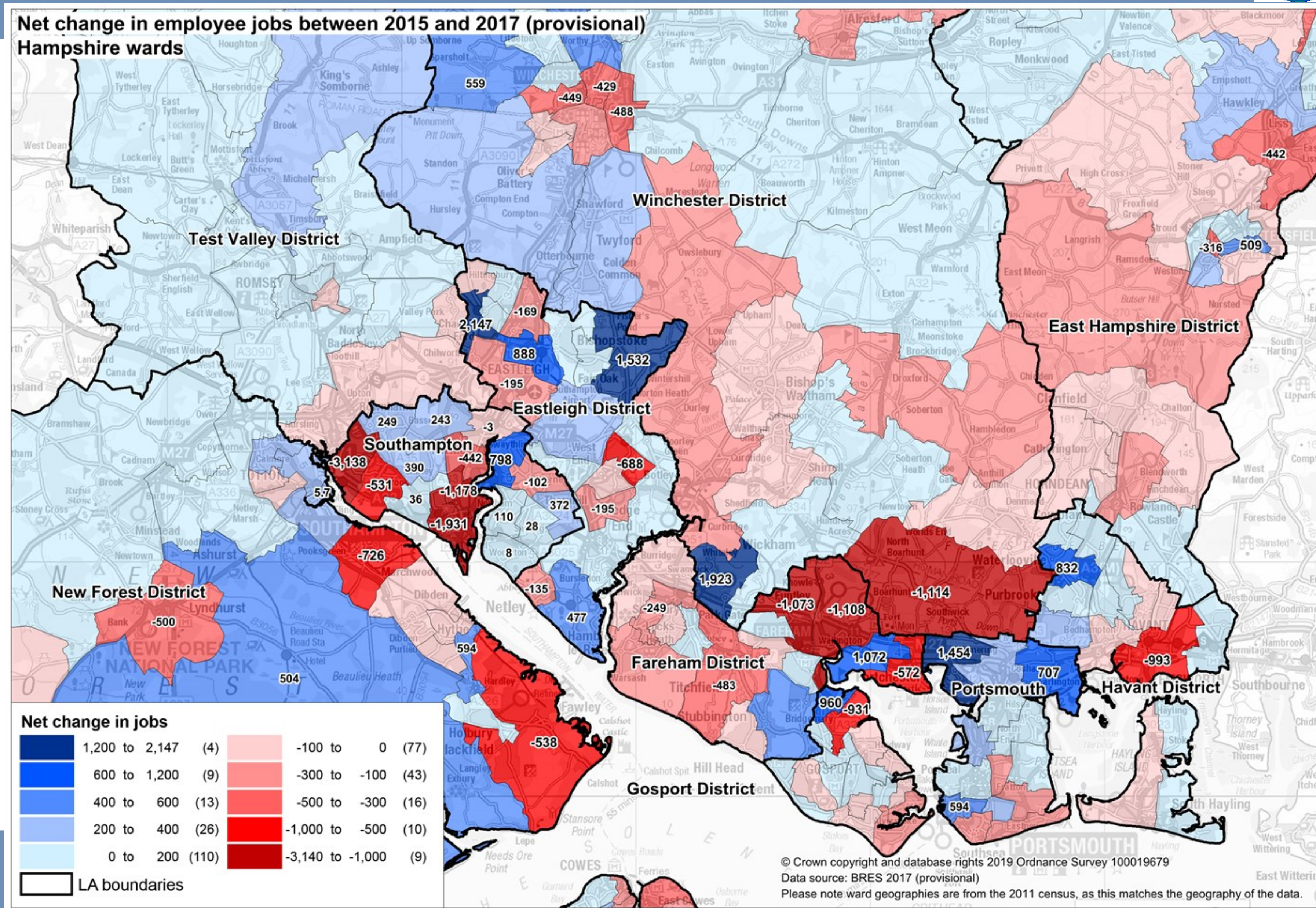


- The ratio of employee jobs to working age residents in Southampton is comparatively low (0.64); this is the lowest amongst comparator cities
- However, Southampton has a job density of 22.1 jobs per hectare, the second highest amongst comparator cities

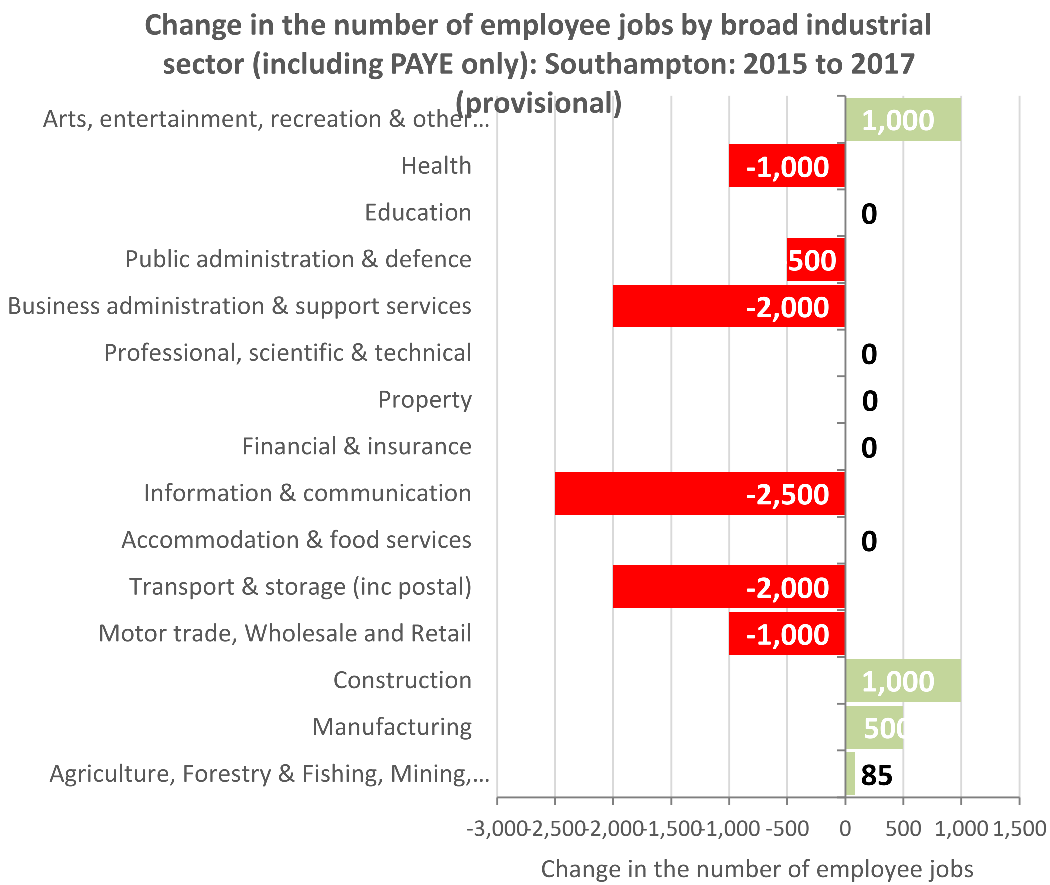
Employee Job Density



Changes in the employee jobs 2015 to 2017



Change in Employee Jobs by Industry 2015 to 2017



Source: Business Register and Employment Survey (BRES)

Job losses:

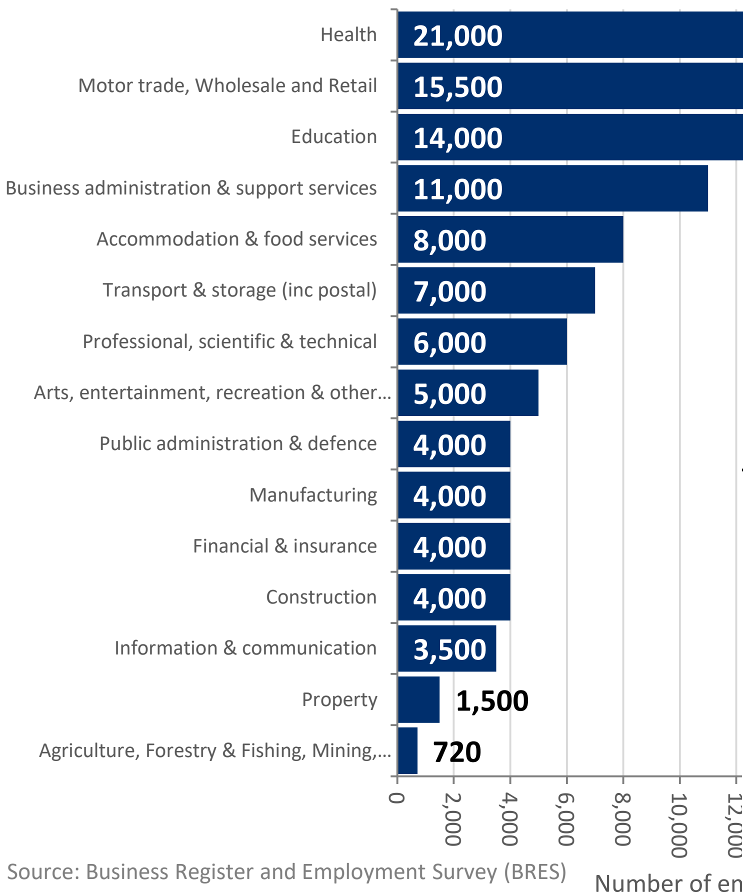
- *Information and communication* – related to *publication of newspapers* industry in Redbridge. Maybe linked to job losses at NewsQuest, but likely these are regional job losses, rather than all in Southampton
- *Business Admin and support* – related to temp agency activities and cleaning of buildings in city centre. Possibly supports theory that post recession job growth based on temporary less stable employment
- *Transportation and Storage* – uncertain what this relates to although the losses are in Bargate in *support activities*
- *Motor trade, wholesale and retail* – all related to retail job losses in the district centres – not the city centre

Job creation:

- *Arts, entertainment, recreation and other services* – all in Bevois and likely linked to Southampton football club
- *Construction* – linked to *Electrical, plumbing and other construction installation activities*

Employee Jobs by Industry

Employee jobs by broad industrial sector in Southampton: 2017 (provisional)



Source: Business Register and Employment Survey (BRES)

- Health, retail and education sectors are the largest employers in Southampton
- Health and education employers account for almost a third (32%) of jobs in the city
- Predominantly public sector
- Public sector accounts for over 20% of employee jobs (15% SE) – Possible risk to the local economy?

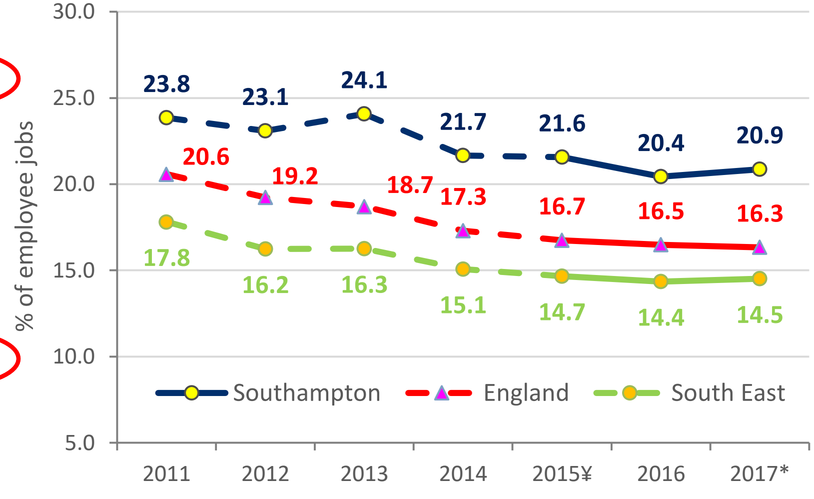
Employer	Activity	Approx. no of employees
University Hospital Southampton	Healthcare	11,500
University of Southampton	Education	5,000
Southampton City Council	Local government	3,000
Old Mutual Wealth	Life insurance	1,500
Southampton Solent University	Education	1,400
Carnival UK	Cruises	1,200
British American Tobacco (BAT)	Tobacco industry	1,200
DP World	Container handling services	570
Lidl	Supermarket distribution	500
John Lewis Partnership	Retail	500
J Sainsbury	Retail	500
Southampton Football Club	Sports	429

Employee Jobs – Public vs Private Sector

Region name	2012	2013	2014	2015¥	2016	2017*	2011-2014 change	2015-2017 change
Public sector employee jobs								
England	-5.8	-1.5	-4.6	N/A	0.1	0.4	-11.5	0.5
South East	-8.3	1.3	-5.3	N/A	-0.4	0.0	-12.0	-0.4
Southampton	-2.4	8.4	-7.5	N/A	-5.4	-2.2	-2.2	-7.5
Portsmouth	-7.1	-3.8	6.3	N/A	6.0	0.2	-5.0	6.1
Isle of Wight	-16.9	7.3	-6.1	N/A	-2.7	-3.0	-16.3	-5.7
Hampshire	-13.4	1.7	-6.1	N/A	-0.1	1.3	-17.3	1.2
Private sector employee jobs								
England	2.5	2.0	4.9	N/A	2.1	1.5	9.6	3.6
South East	2.6	1.2	3.6	N/A	2.2	-1.3	7.5	0.9
Southampton	1.8	2.7	6.1	N/A	1.3	-4.8	10.8	-3.6
Portsmouth	8.1	-3.0	-2.7	N/A	3.2	-0.6	2.0	2.5
Isle of Wight	1.9	-0.1	0.8	N/A	-2.4	1.7	2.6	-0.7
Hampshire	2.7	1.8	2.5	N/A	0.4	-0.6	7.1	-0.2

¥ figures from 2015 include PAYE only and VAT registered and are not directly comparable with previous years
** 2017 figures are provisional*

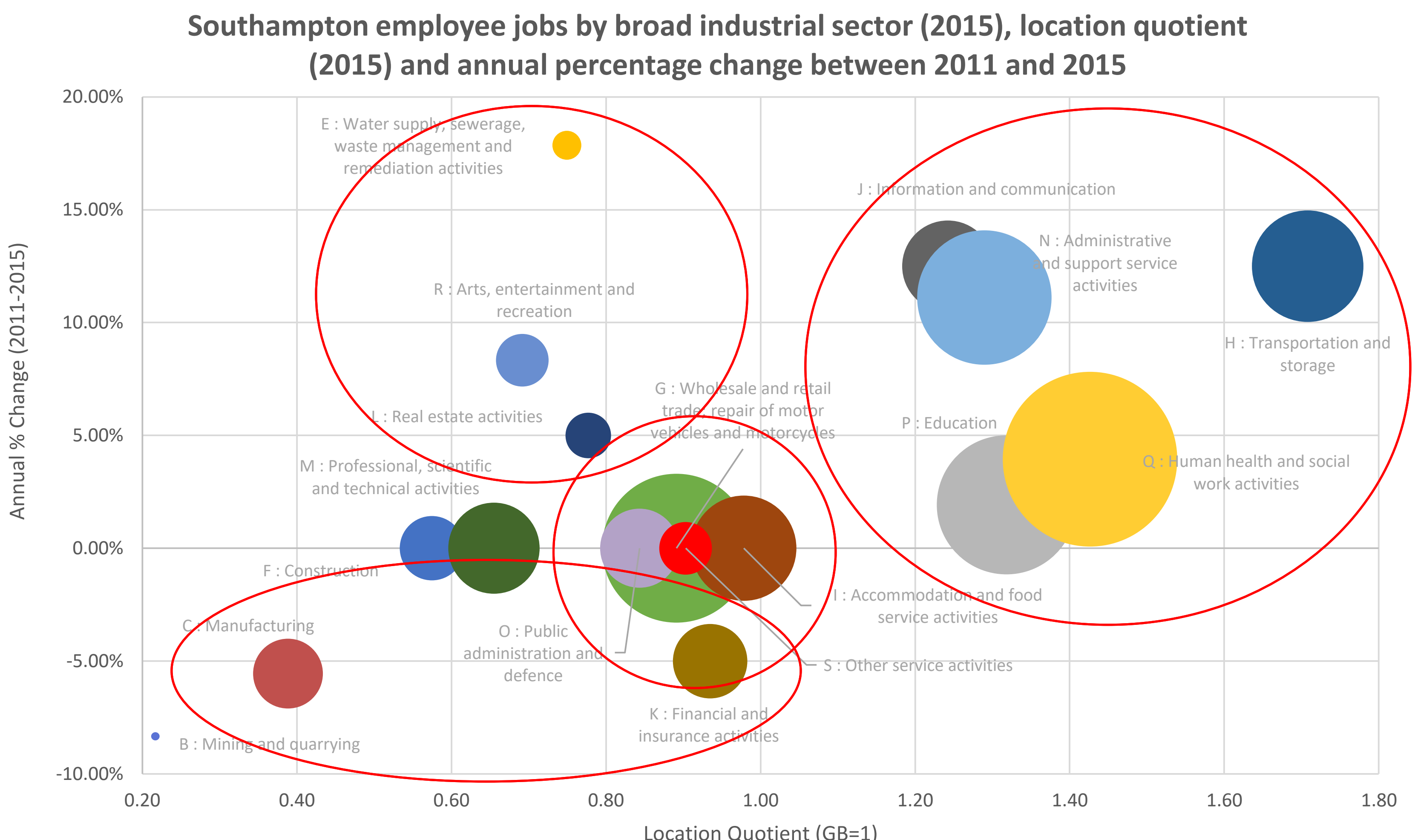
Proportion of employee jobs in the public sector in Southampton, the South East and England: 2011 to 2017 (provisional)



Source: ONS Business Register & Employment Survey (BRES)
* 2017 figures are provisional ¥ figures from 2015 include PAYE only and VAT registered and are not directly comparable with previous years

- In the post recession period (2011-2014), private sector jobs increased by **10.8%** driving the recovery, whilst public sector jobs reduced by **2.2%** with austerity cuts (although not as severe as elsewhere)
- Between 2015 and 2017 public sector jobs reduced by a further **7.5%** whilst private sector jobs have also reduced by **3.6%** mirroring falling business births and increasing business deaths over the period
- Despite austerity the public sector is still a major employer in city – possible risk as cuts continue?

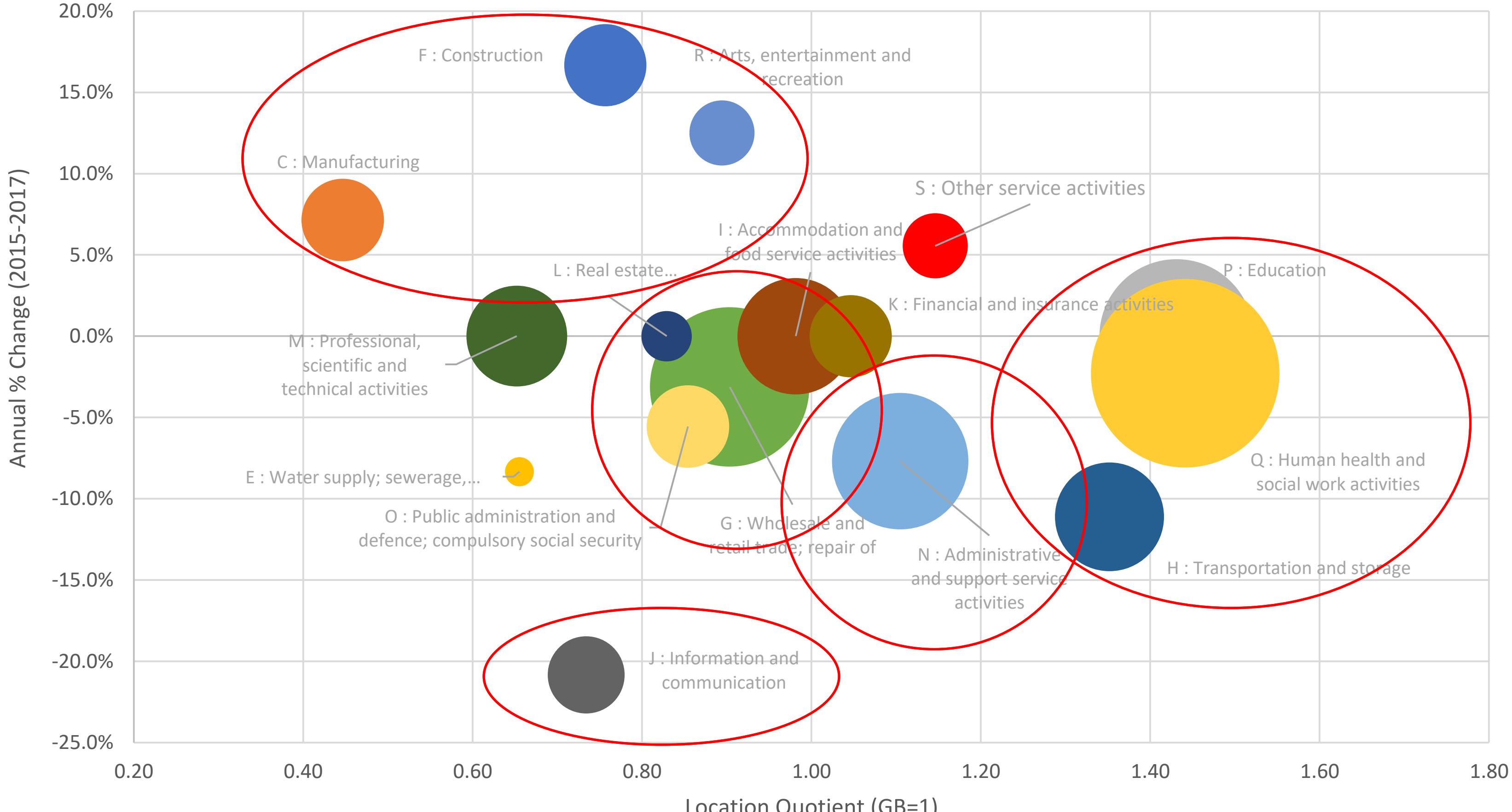
Employee Jobs by Industry 2015



Source: ONS Business Register & Employment Survey (BRES)

Employee Jobs by Industry 2017

Southampton employee jobs by broad industrial sector (2017), location quotient (2017) and annual percentage change between 2015 and 2017

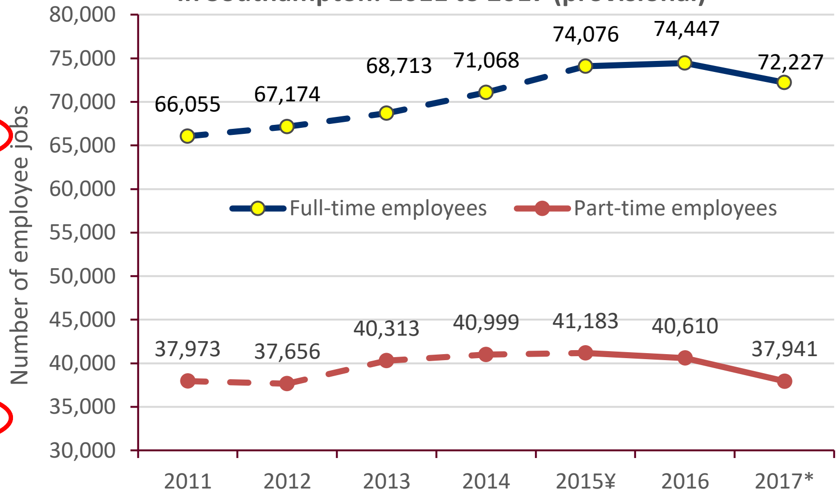


Source: ONS Business Register & Employment Survey (BRES)

Employee Jobs – Part-time / Full-time

Region name	2012	2013	2014	2015¥	2016	2017*	2011-2014 change	2015-2017 change
Full-time employee jobs								
England	0.5	2.0	4.1	N/A	0.6	0.8	6.7	1.4
South East	1.7	0.5	4.1	N/A	0.9	-2.9	6.4	-2.1
Southampton	1.7	2.3	3.4	N/A	0.5	-3.0	7.6	-2.5
Portsmouth	4.6	-1.9	-3.5	N/A	0.8	1.4	-0.9	2.2
Isle of Wight	4.0	-4.8	3.1	N/A	-3.1	-2.4	2.1	-5.5
Hampshire	-1.4	0.8	3.4	N/A	-0.8	-2.5	2.8	-3.2
Part-time employee jobs								
England	1.5	-0.1	0.9	N/A	4.2	2.5	2.3	6.8
South East	-1.5	2.5	-1.6	N/A	3.9	2.7	-0.6	6.7
Southampton	-0.8	7.1	1.7	N/A	-1.4	-6.6	8.0	-7.9
Portsmouth	3.6	-5.8	5.1	N/A	9.6	-3.8	2.5	5.4
Isle of Wight	-12.4	12.5	-6.4	N/A	-1.3	6.0	-7.8	4.7
Hampshire	2.6	3.6	-3.0	N/A	2.6	3.9	3.0	6.6

Number of full-time and part-time employee jobs trend in Southampton: 2011 to 2017 (provisional)



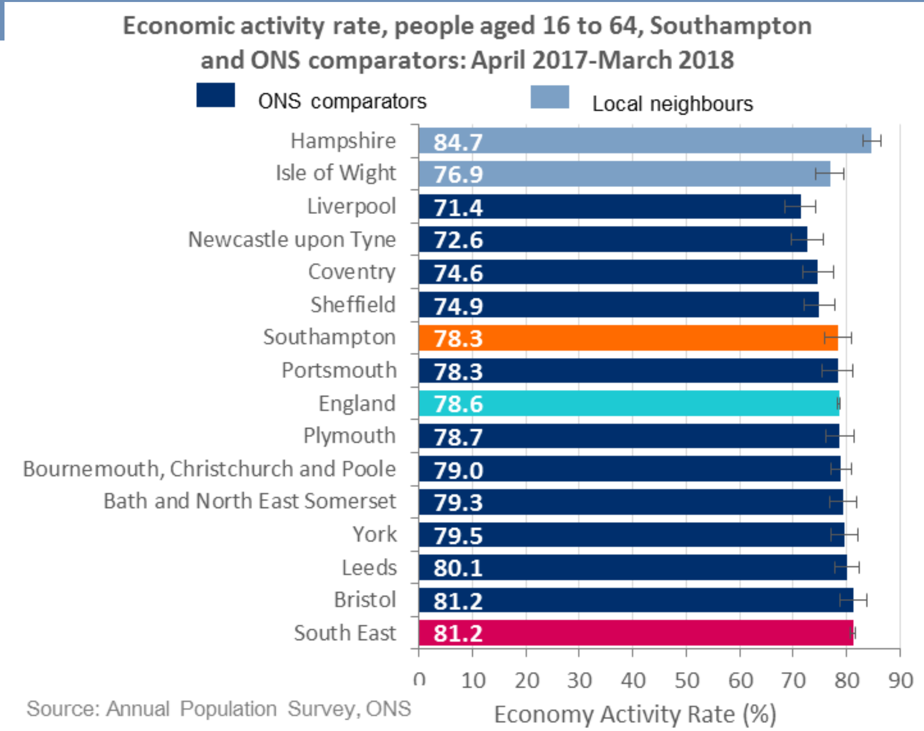
Source: ONS Business Register & Employment Survey (BRES)

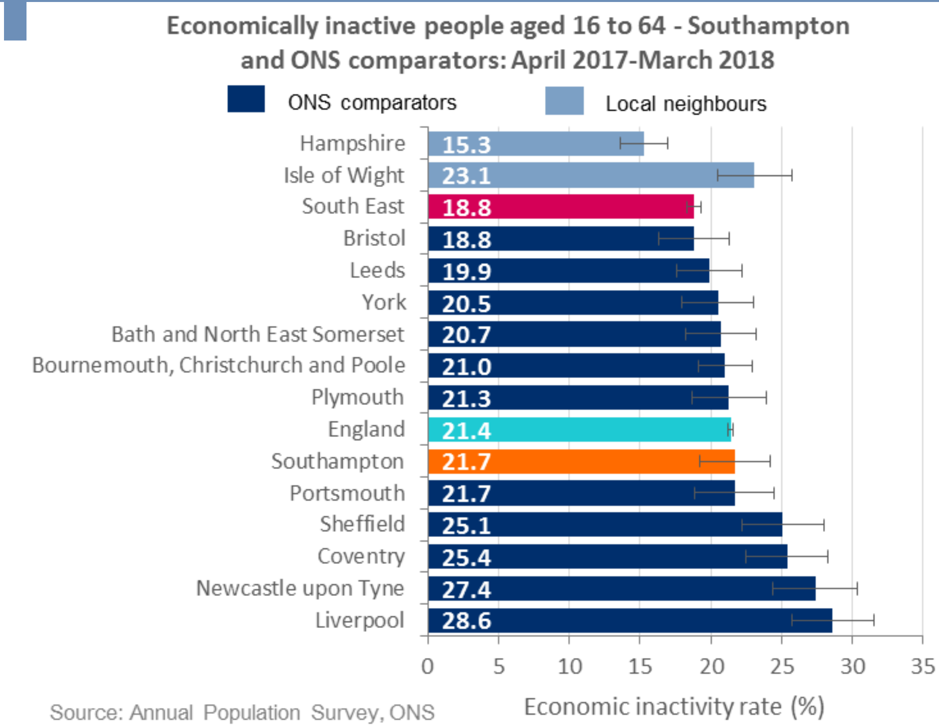
* 2017 figures are provisional ¥ figures from 2015 include PAYE only and VAT

- In the post recession period (2011-2014), full-time jobs increased by **7.6%** and part-time jobs increased by **8.0%**
- This was a clear shift to part-time, potentially less stable employment in the city (nationally PT jobs only increased by **2.3%**)
- Between 2015 and 2017, both full-time and part-time employee jobs fell. Job losses were roughly equal in terms of numbers, but proportionally part-time jobs suffered most (**2,669** jobs losses; **7.9%** reduction) potentially demonstrating the instable nature of the part-time job creation post-recession

Labour Market

Economically Active / Inactive

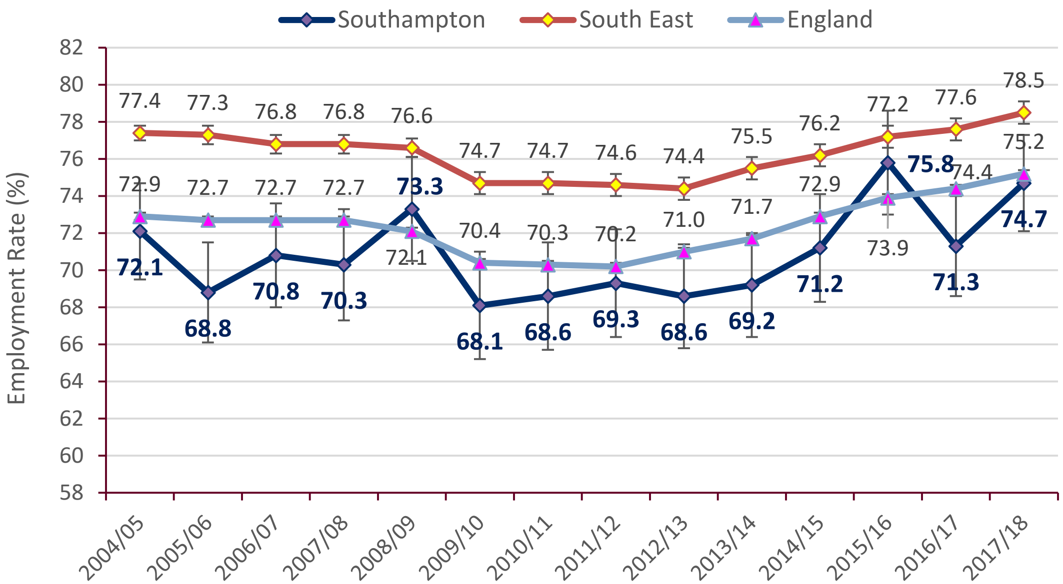




- In 2017/18, over three quarters (78.3%) of the working age population in Southampton were estimated to be economically active; similar to England average although lower than South East
- Following a low in 2011, economic activity rates have generally gradually increased in the city; increasing by 3.1 percentage points in the last year
- Large student population in the city may be one reason why this rate is still comparatively low; 37.4% reported the main reason for inactivity as being a student in 2017/18 compared to 27.2% nationally

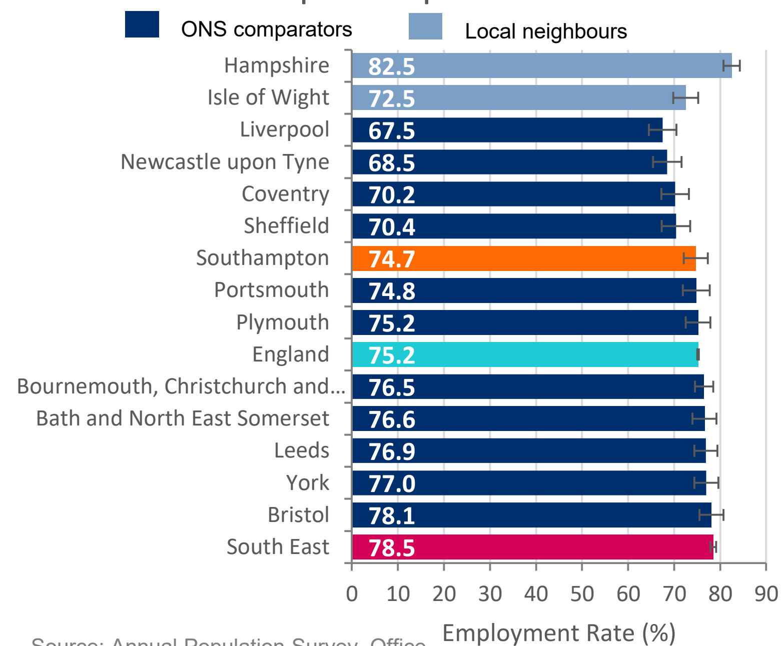
Employment Rate

Employment Rate, people aged 16 to 64, Southampton, England and South East trend: April 2004-March 2005 to April 2017-March 2018



Source: Annual Population Survey, Office for National

Employment Rate, people aged 16 to 64, Southampton and ONS comparators: April 2017-March 2018

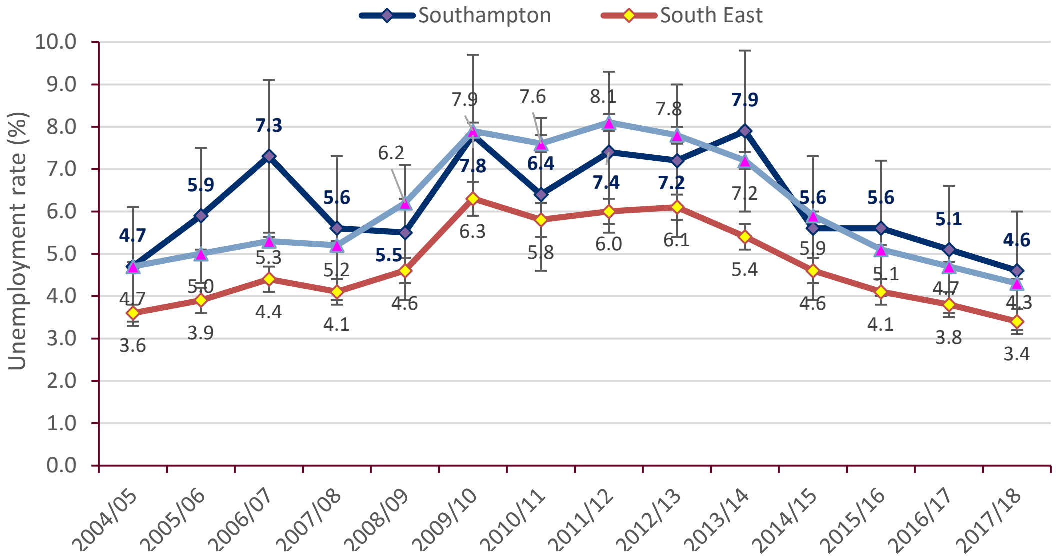


Source: Annual Population Survey, Office

- The recession clearly impacted upon employment rates in the city falling to a low of 68% in 2009/10
- Since this point the rate has recovered; employment in 2017/18 was higher than the pre-recession period at 74.7%; a 6.6% point increase since 2010.
- However, this is still slightly below the England (75.2%) and South East (78.5%) average. Again this might be impacted by the large student population, although Bristol and Leeds have a similar issue.
- Employment rates amongst 16+ population are better, suggesting older residents want or need to stay in employment in the city

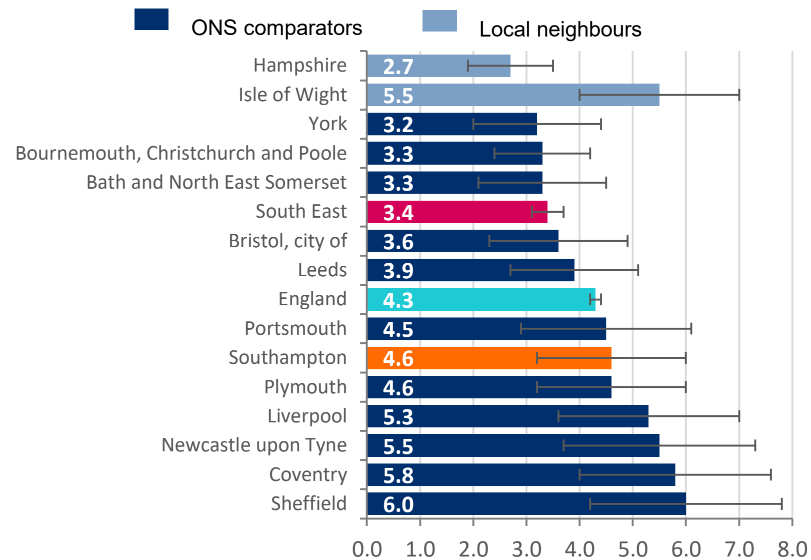
Unemployment

Unemployment rate (ILO measure), people aged 16+, Southampton, England and South East trend: April 2004-March 2005 to April 2017-March 2018



Source: Annual Population Survey, Office for National Statistics

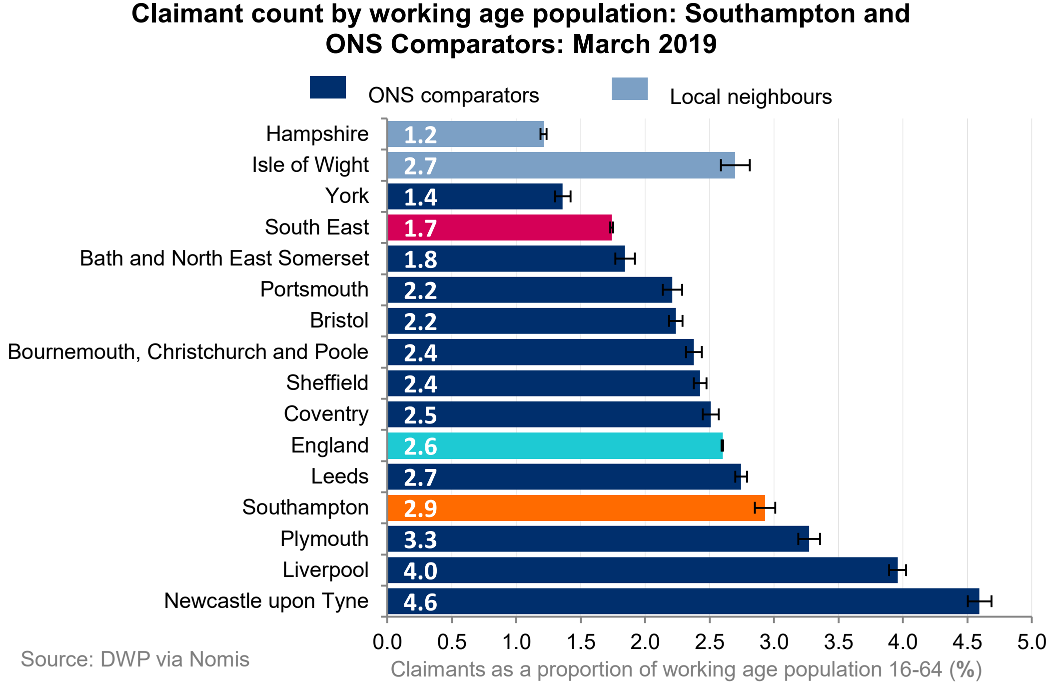
Unemployment rate (ILO measure), people aged 16+ - Southampton and ONS comparators: April 2017-March 2018

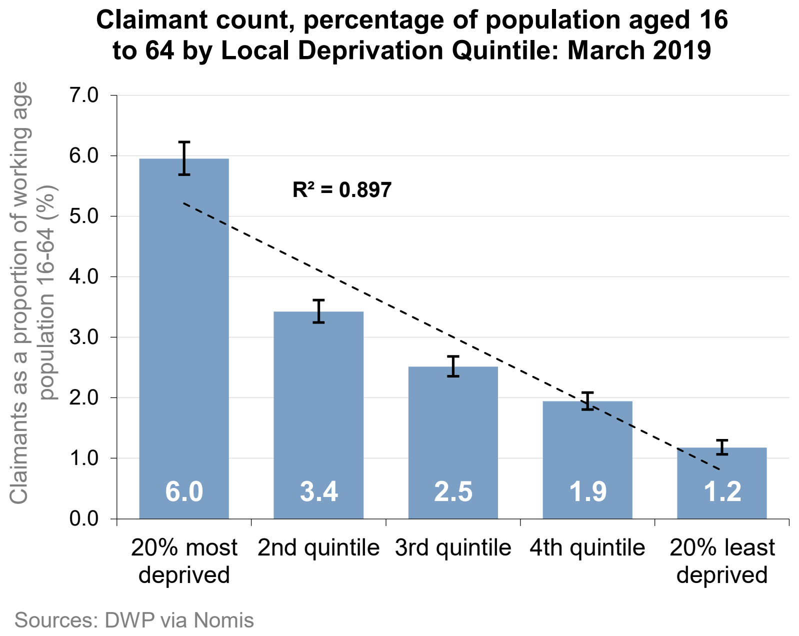


Source: Annual Population Survey, ONS

- Following changes to the benefits system, the Labour Force Survey (LFS) is the most reliable source of unemployment data.
- Following a period of fairly high unemployment (between 2010 and 2014), unemployment in the city has improved in line with the national trend.
- In March 2018, 6,400 people were estimated to be unemployed in Southampton, 4.6% of the economically active population - higher than England (4.3%) and South East (3.4%), but statistically similar to comparator cities
- Rate of fall is slightly greater in Southampton; -1.0% points over the last three years, compared to England (-0.8% pts) and the South East (-0.7% pts).

Unemployment – additional intelligence



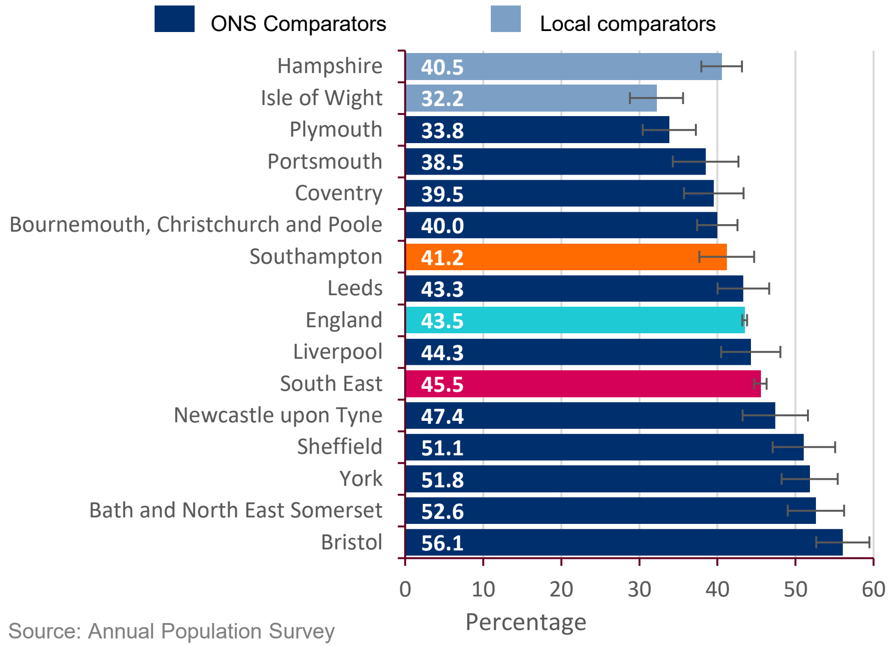


- Claimant Count data suggests that 2.9% are claiming out of work benefits in Southampton compared to 2.6% nationally. However, this should be treated with some caution due to the unknown impact of Universal Credit.
- Although the LFS is most reliable for tracking unemployment, benefits data useful for highlighting hotspots in the city……
- Unsurprisingly, the rates are clearly higher in wards and neighbourhoods in the city with higher levels of deprivation.

Skills & Qualifications

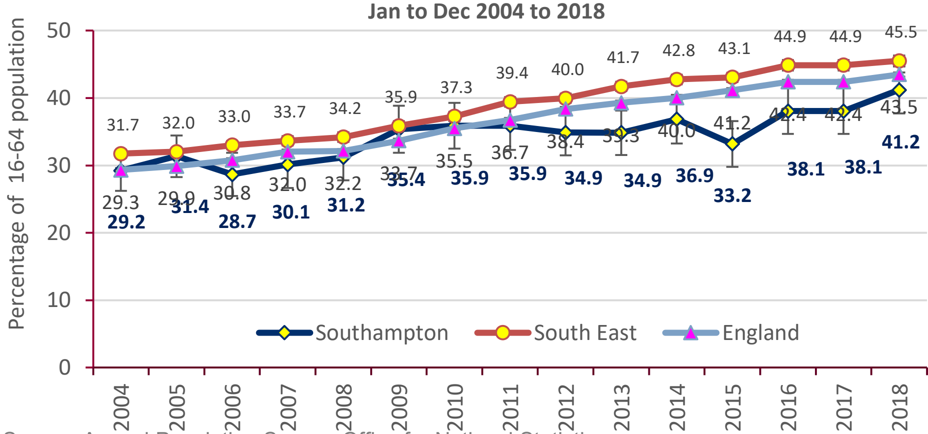
Skills & Qualifications – High End

NVQ4 by economically active 16-64 year olds - Southampton and ONS comparators January - December 2018



Source: Annual Population Survey

Qualifications by economic activity (all people aged 16-64) - Degree or equivalent and above (NVQ 4) Southampton, South East and England: Jan to Dec 2004 to 2018

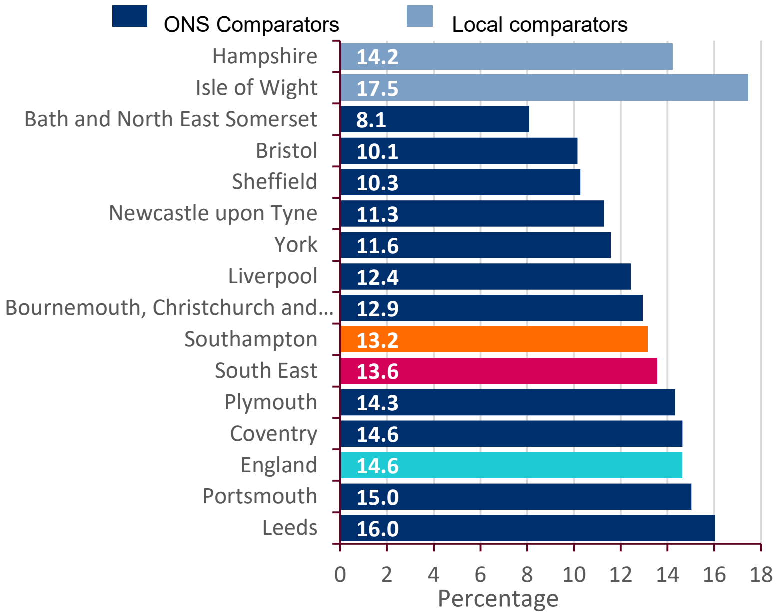


Source: Annual Population Survey, Office for National Statistics

- 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
- 41% of Southampton's working age resident population qualified to NVQ Level 4+, which is lower than both the England (43.5%) and South East (45.5%) average.
- NVQ 4+ levels have increased locally and nationally, although recent signs it is faster in Southampton closing the gap; 3.1% point improvement since 2016 compared to 1.1% points nationally.
- Still a little surprising that Southampton is below average given that the city has two universities, and a ready supply of graduates raising questions on graduate retention.
- However, above average proportion qualified up to NVQ Level 3 (22% compared to 17.2% nationally). Likely to be because of large student population.

Skills & Qualifications – Low End

NVQ1 or no qualifications economically active 16-64 year olds - Southampton and ONS comparators Jan to Dec 2018

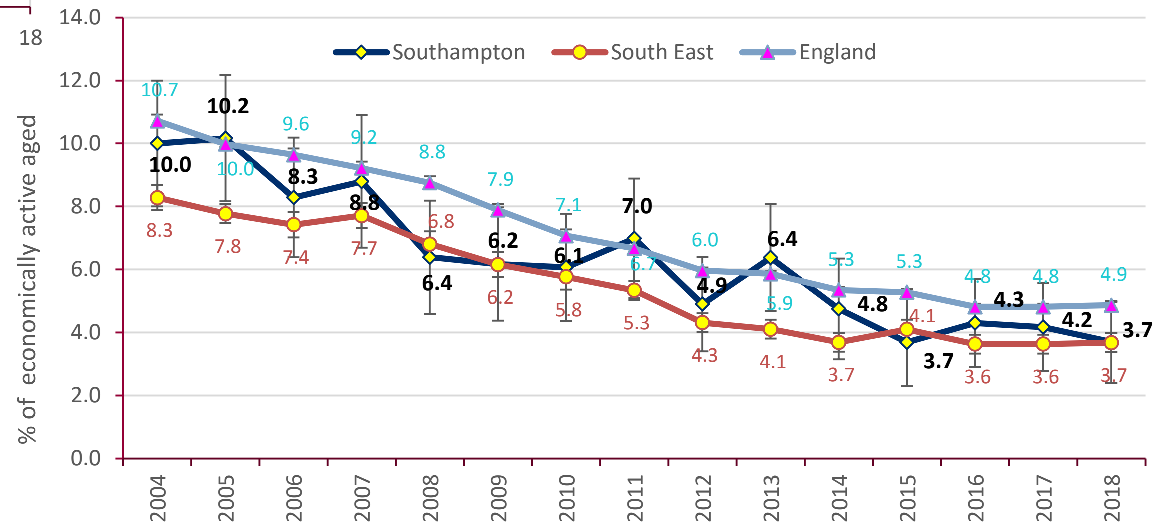


Source: Annual Population Survey

- At the other end of the skills spectrum, 13.2% of Southampton's economically active population have no or low qualifications (NVQ Level 1 or below), which is similar to the South East (13.6%) and below the England average (14.6%)
- This is lowest proportion in the Hampshire and Isle of Wight area, although mid-way amongst statistical neighbours

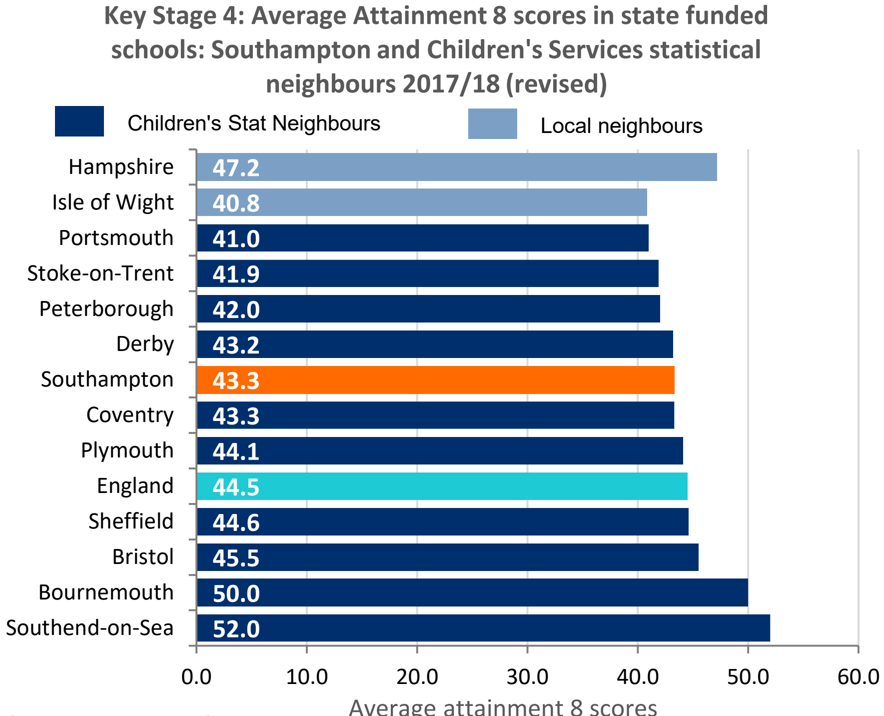
- Similar to the national trend, the proportion with no qualifications in Southampton fallen over time from 10% in 2004 to 3.7% in 2018; lower than the national average of 4.9%

Qualifications by economic activity (all people aged 16-64) - no qualifications - Southampton, South East and England: Jan to Dec 2004 to 2018

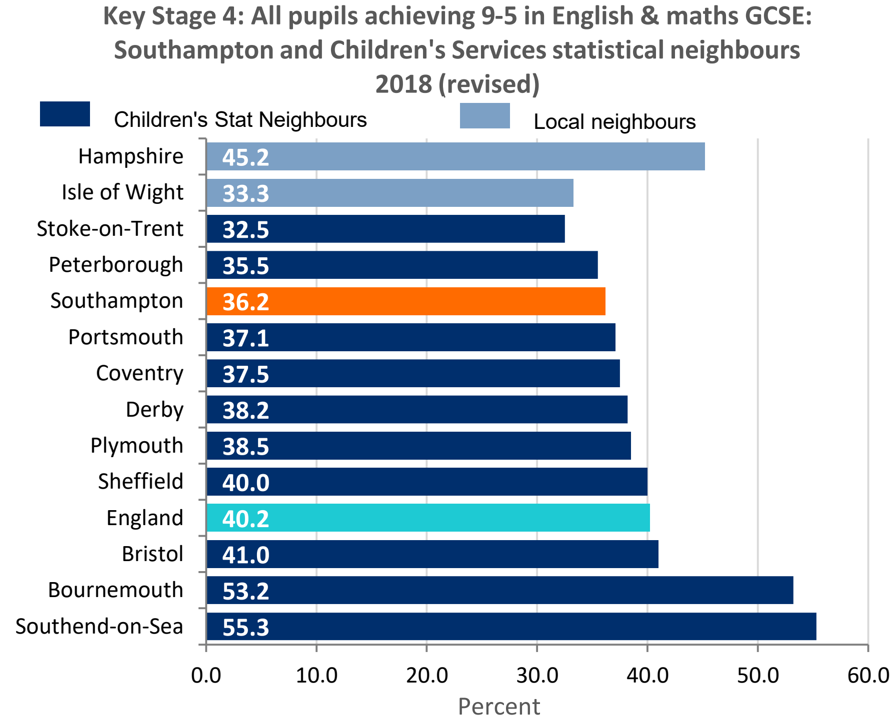


Source: Annual Population Survey, Office for National Statistics

Skills & Qualifications – School Attainment



Source: Department for Education



Source: Department for Education

- In 2017/18, Southampton children had an average attainment 8 score of 43.3 at GCSE; lower than the national average of 44.5
- In addition, only 36.2% of pupils achieved grades 9-5 in English and Maths at GCSE compared to 40.2% nationally
- Raising school attainment is important to improve life chance 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.

Higher Education

University	Category	2011/12 No. students	2011/12 % change	2012/13 No. students	2012/13 % change	2013/14 No. students	2013/14 % change	2014/15 No. students	2014/15 % change	2015/16 No. students	2015/16 % change	2016/17 No. students	2016/17 % change	2017/18 No. students	2017/18 % 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%
	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%
	Total	24,135	-	23,115	-4.2%	24,040	4.0%	23,795	-1.0%	24,875	4.5%	25,180	1.2%	24,620	-2.2%
Southampton Solent University	Postgraduate	665	-	575	-13.5%	440	-23.5%	355	-19.3%	405	14.1%	515	27.2%	560	8.7%
	Undergraduate	11,865	-	11,515	-2.9%	11,285	-2.0%	10,950	-3.0%	10,885	-0.6%	10,550	-3.1%	10,015	-5.1%
	Total	12,530	-	12,090	-3.5%	11,725	-3.0%	11,305	-3.6%	11,285	-0.2%	11,065	-1.9%	10,575	-4.4%
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%
	Undergraduate	28,670	-	27,570	-3.8%	27,480	-0.3%	27,100	-1.4%	28,370	4.7%	28,080	-1.0%	27,015	-3.8%
	Total	36,665	-	35,205	-4.0%	35,765	1.6%	35,100	-1.9%	36,160	3.0%	36,245	0.2%	35,195	-2.9%

- In 2017/18, there were 35,195 HE students in Southampton, with just under 70% studying at the University of Southampton
- There was 2.9% reduction in the number of higher education students in the city 2017/18 compared to 2016/17; the number fluctuates each year, although the overall number is approx 4% lower than 2011/12
- The two universities in Southampton are valuable assets in terms of employment, improving workforce skills and supporting knowledge based industries in the city
- City must look to make the most of these institutions and look to improve graduate retention

Workforce Skills

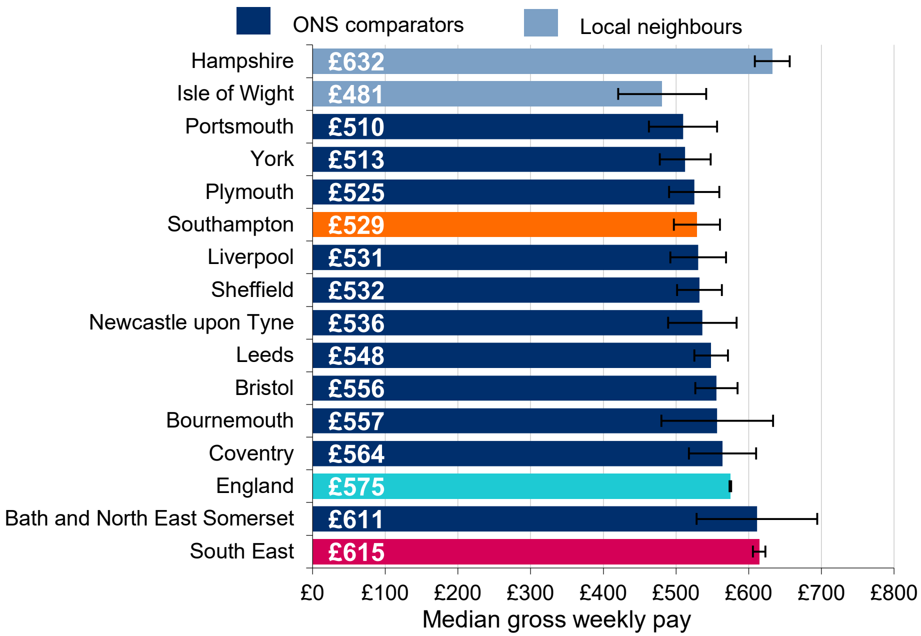
Region name	% with any vacancies	% with a skills shortage vacancy	% of vacancies which a due to skills shortage	% of workforce not fully proficient	% with any difficulties retaining staff	% training staff over last 12 months	% of staff trained over last 12 months
England	20%	6%	22%	4%	13%	66%	62%
South East	20%	5%	21%	4%	9%	67%	64%
Southampton	29%	6%	13%	2%	2%	87%	58%
Portsmouth	38%	11%	29%	3%	13%	89%	71%
Isle of Wight	21%	7%	19%	7%	15%	78%	65%
Hampshire County	23%	7%	21%	4%	12%	67%	64%

- Department for Education Employment and Skills Survey (2017) examined the experiences of over 71,500 employers in the UK
- In Southampton, 6% of all employers have at least one skill-shortage vacancy – same as national average and down on 2015 (9%). Only 13% of vacancies in Southampton are due to skill shortage compared to 22% nationally.
- There are also few problems with the skills of the existing workforce in the city with only 2% of the workforce not fully proficient, compared to 4% nationally.
- Retaining staff is also not an issue in the city; only 2% of employers reporting problems in 2017 which is much lower than the national average of 13%.
- 90% of the current labour force may be active in the labour market a decade from now. Therefore, initial education alone is not enough to remain competitive. The workplace is a vital location to develop these skills and it is therefore vital that businesses invest significant resources in training.
- Again, this is an area where Southampton performs well with 87% of businesses reporting training staff in the last 12 months, compared to 67% nationally. As a proportion of all staff it is a little lower, but this may be due to better staff retention rates.
- However, these results are based on a small sample of local employers and so the results should be treated with caution

Earnings & Economic Flows

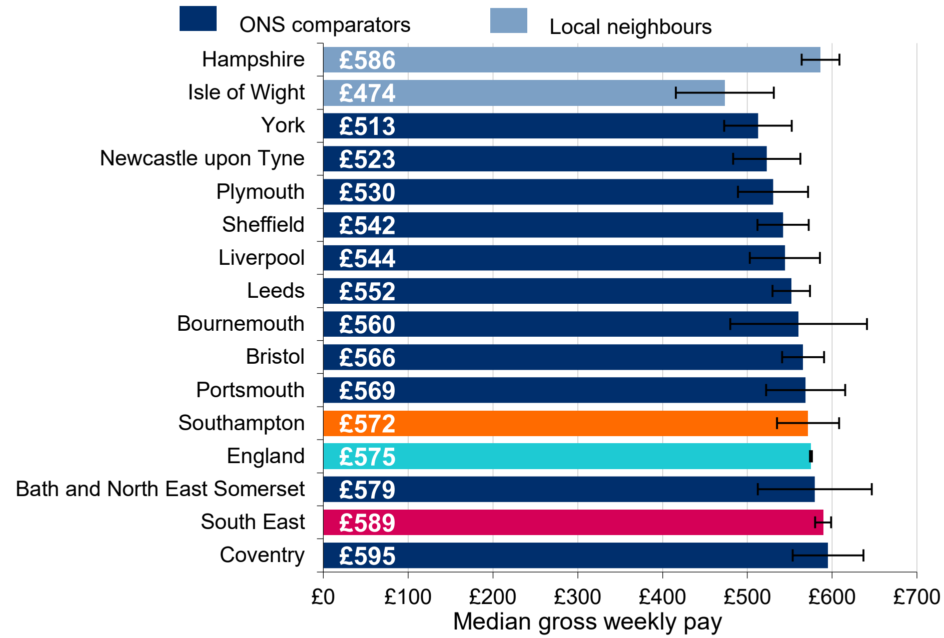
Earnings

Median gross weekly pay for full time employees - RESIDENT analysis: Southampton and ONS Comparators 2018



Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

Median gross weekly pay for full time employees - WORKPLACE analysis: Southampton and ONS Comparators 2018



Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

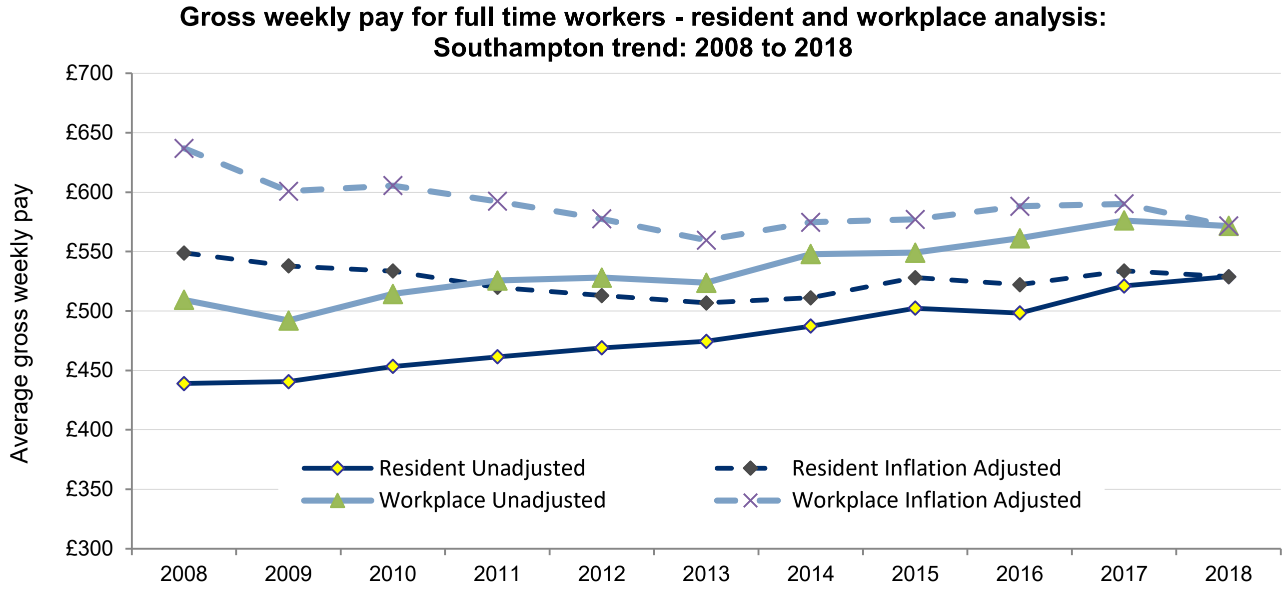
9th

Southampton England South East

3rd

Southampton England South East

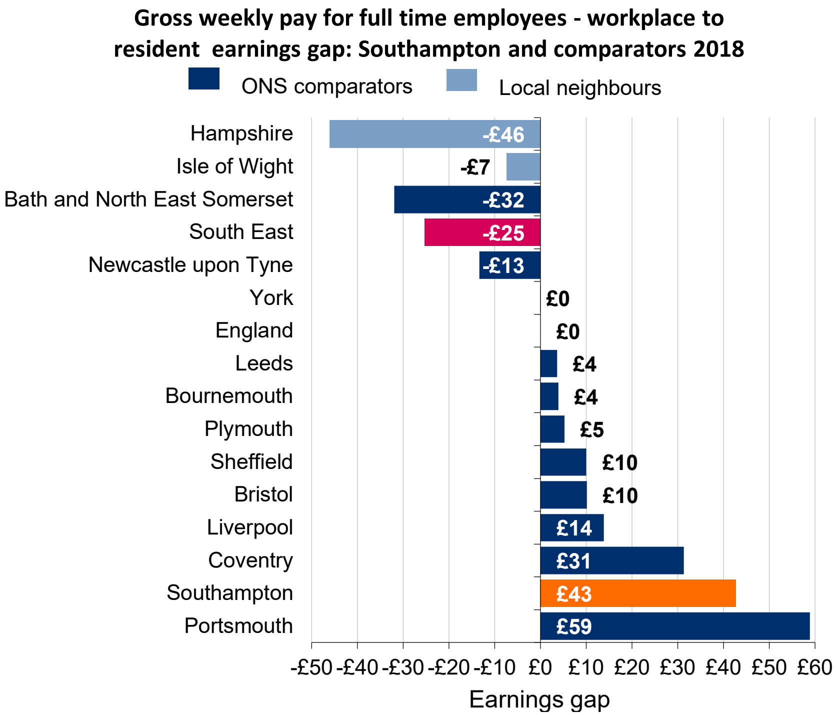
Earnings - Trends



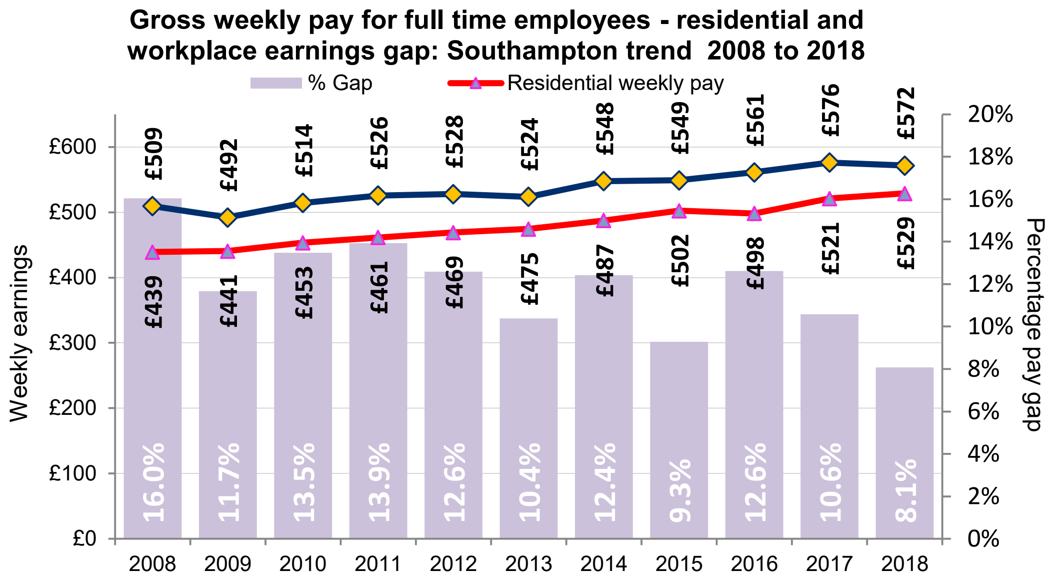
Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

- *Resident* and *workplace* earnings have increased in line with England over the last decade, although there have been smaller increases for the 10% lowest earners in the city, potentially widening the inequality gap in the city
- After adjusting for inflation, weekly pay declined in 'real' terms between 2008 and 2013. Since 2013, weekly pay in 'real' terms has generally increased for both residents and workers in Southampton
- However, adjusted for inflation, resident (-0.9%) and workplace (-3.1%) earnings both fell in 2018 and pay in 'real' terms for both groups remains below the 2008 peak

Earnings Inequalities – Resident vs Workplace



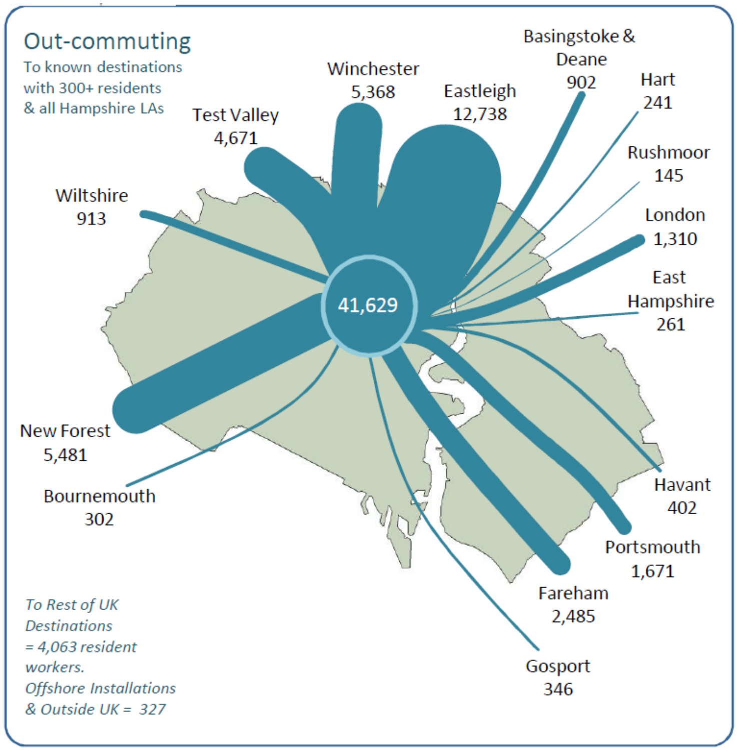
Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

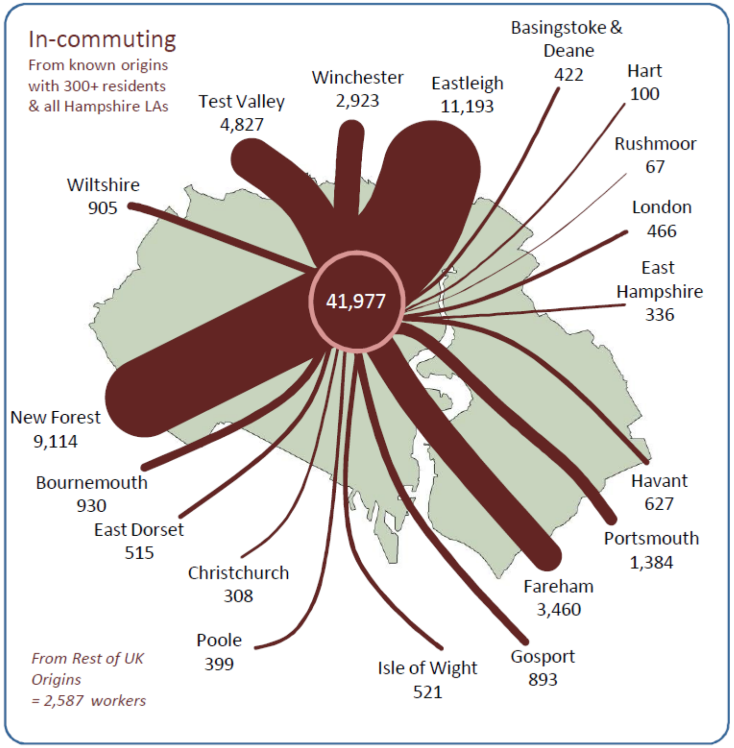


Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

- *Workplace* earnings in Southampton are £43 (8.1%) more per week than the *resident* earnings
- The earnings trend shows that there is some evidence that the gap may be beginning to narrow; reduced from 12.6% in 2016 to 8.1% in 2018. Due to a combination of increased resident and falling workplace earnings
- However, this 'inequality' gap is still the second largest amongst comparator cities

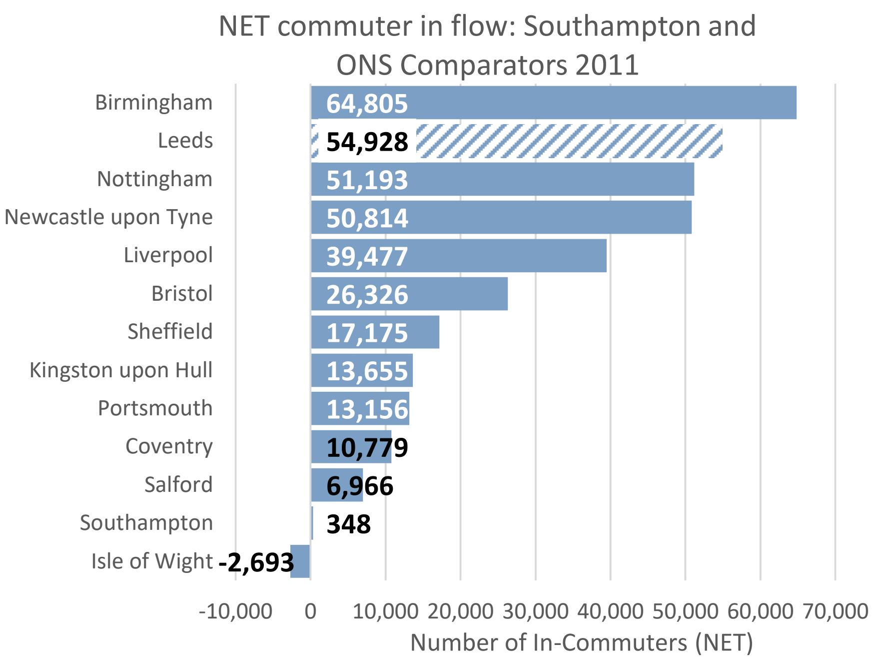
Earnings Inequalities – Economic Flows





- 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

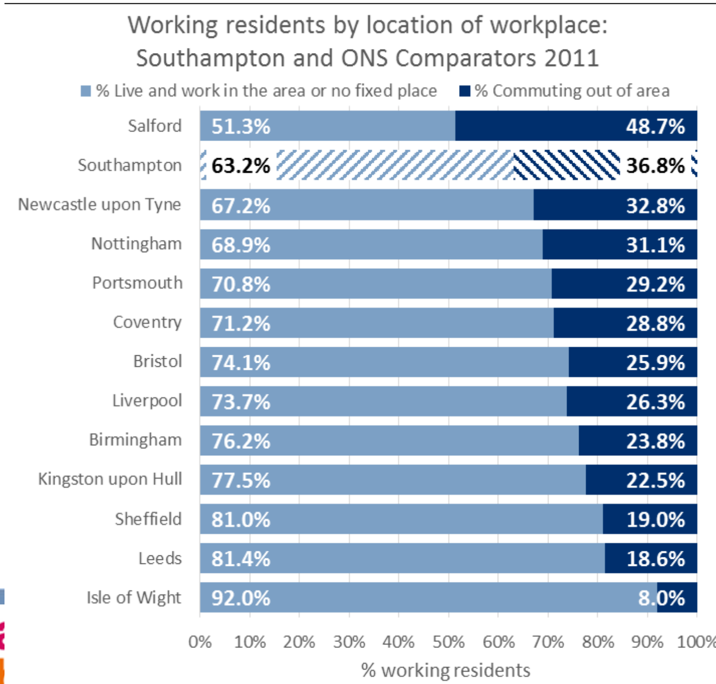
Earnings Inequalities – Economic Flows



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.

- 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: 2011 Census, Table WU01UK, ONS Crown Copyright

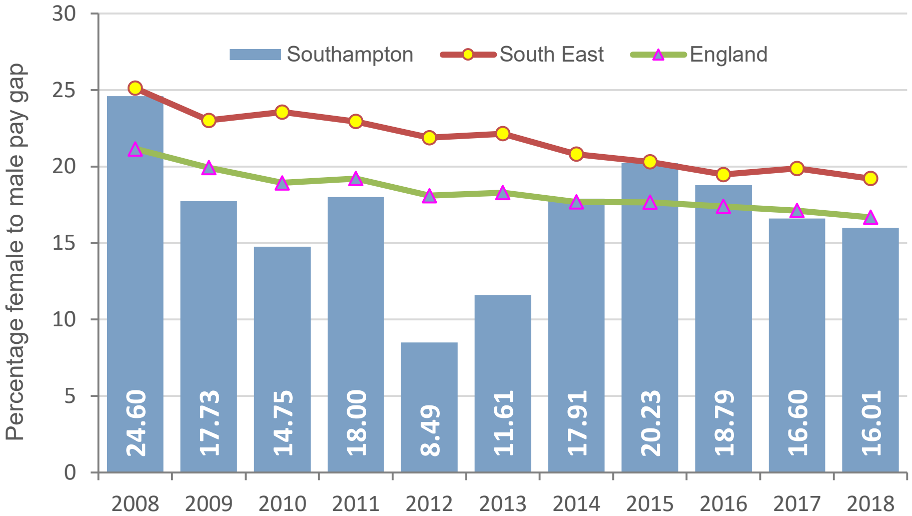
Earnings Inequalities – Economic Flows

Occupational group SOC(2010)	Workplace	%	Residents	%	Difference (+ in; - out)
Managers, directors and senior officials	10,200	6.8%	11,600	8.8%	-1,400
Professional occupations	34,800	23.3%	27,400	20.7%	7,400
Associate prof & tech occupations	19,000	12.7%	15,700	11.9%	3,300
Administrative and secretarial occupations	17,000	11.4%	12,300	9.3%	4,700
Skilled trades occupations	8,600	5.8%	14,400	10.9%	-5,800
Caring, leisure and other service occupations	17,200	11.5%	11,600	8.8%	5,600
Sales and customer service occupations	17,000	11.4%	11,900	9.0%	5,100
Process, plant and machine operatives	8,000	5.4%	9,200	7.0%	-1,200
Elementary occupations	17,600	11.8%	18,100	13.7%	-500
Total	*149,400*		*132,200*		*17,200*

- More recent data from the 2017/18 ONS Annual Population survey gives some weight to this argument
- It shows particularly pronounced in-commuting for (well paid) professional and associated professional occupations (+7,400 and + 3,300 respectively)
- In addition, there is out-commuting for (lower paid) elementary and process, plant and machine operative occupations
- There also appears to be significant out-commuting of skilled trade occupations
- Higher levels of income for workers is not directly reflected in the economic wellbeing of residents, which amongst other things is likely to result in poorer outcomes and higher demand for public services including health and social care.

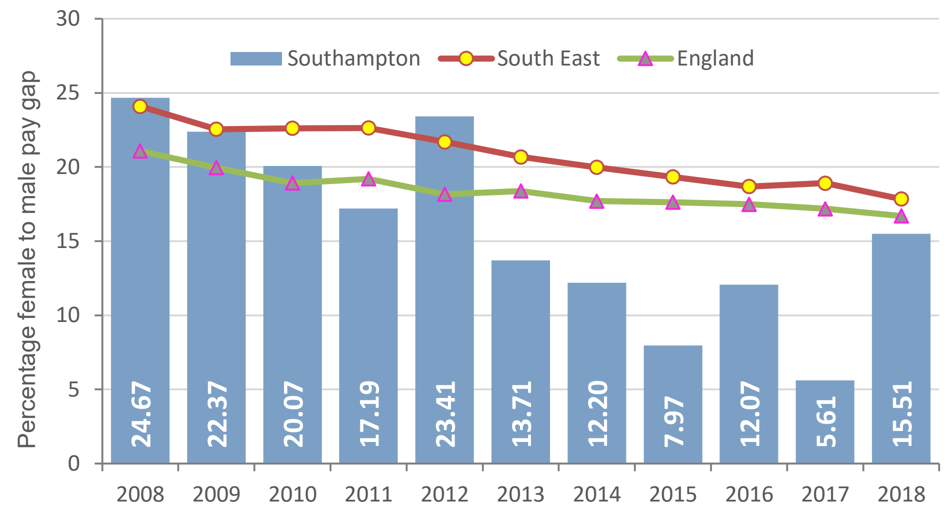
Earnings Inequalities – Gender

Resident analysis - pay gap of female to male full time employees by median gross weekly pay: Southampton, South East and England trend 2008 to 2018



Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

Workplace analysis - pay gap of female to male full time employees by median gross weekly pay: Southampton, South East and England trend 2008 to 2018



Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

- As reported nationally, there is also inequality between male and female pay in Southampton
- In 2017, the *workplace* FT gender pay gap in the city was 15.5% (£94) – third lowest amongst comparators
- The *resident* FT gender pay gap in the city was similar at 16% (£89) – mid-way amongst comparators
- Historically females *residents* are impacted the most and are most likely to be in the lowest paid jobs.
- Some evidence of a narrowing the gap in Southampton, for both residents and the workforce despite yearly fluctuations.

Summary of findings

Summary

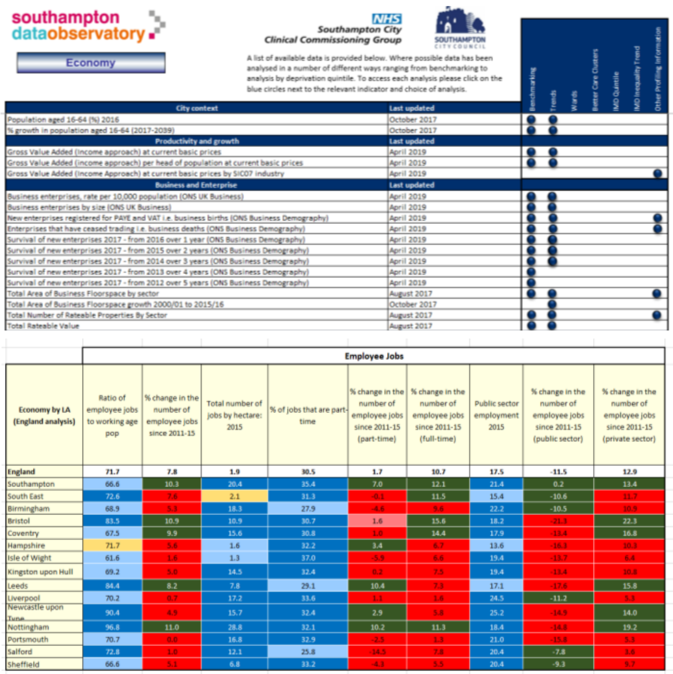
- Overall economic growth is healthy, with the economy growing by 6.8% in 2017 compared to 3.1% nationally; although GVA(i) per head is still lower than average
- The number of businesses has grown significantly since 2011 (37% growth compared to 30% for England), although business density is lower than average
- Growth in number of businesses is beginning to stagnate, due to increased business deaths and falling business births; this is reflective of the national trend and uncertainties in the wider economy
- Business survival (particularly over the first two years) has become an issue in the city; possibly linked to the challenges brought about by Brexit
- Employee jobs fell by 4.4% between 2015 and 2017 (5,000 jobs); England grew by 3.1%
- Public sector jobs most affected (7.5% reduction), with the majority of job losses being part time, potentially demonstrating instable nature of post recession job creation. However, uncertain if all job losses pertain to the city directly

Summary continued

- Economic activity and employment rates continue to increase whilst unemployment rates continue to fall in line with the national average
- Proportion of residents qualified to NVQ lvl4 continues to increase, although still lower than average raising potential questions on graduate retention
- Employers are reporting comparatively few issues with regards to workforce skills or retention in the city and are actively training their workforce
- There continues to be an inequality gap in terms of pay between those *working* in the city and those *resident* in the city (£43); pay for both groups fell in real terms in 2018
- Around 42,000 people commute into the city for work and a similar number commute out; clear relationship with Eastleigh, New Forest and Winchester
- NET in-commute for *professional* and *associated professional* occupations (10k+), whilst net out-commute for *elementary* and *process, plant and machine operatives* (1.7k). Therefore, likely that higher levels of income from jobs in the city is not directly reflected in economic wellbeing of residents, which may help drive poorer outcomes

For more information….

- Assessment and data compendium available as part of the Southampton Data Observatory website



southampton dataobservatory

Economy

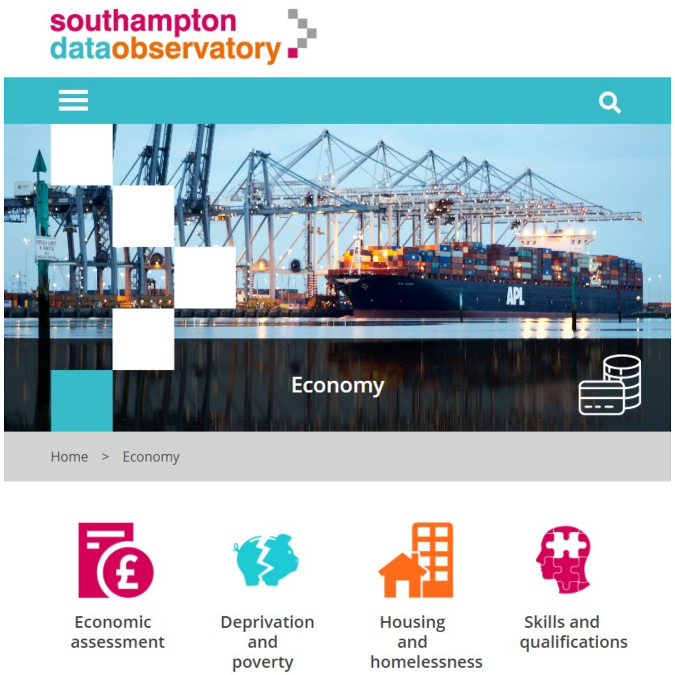
NHS Southampton City Clinical Commissioning Group

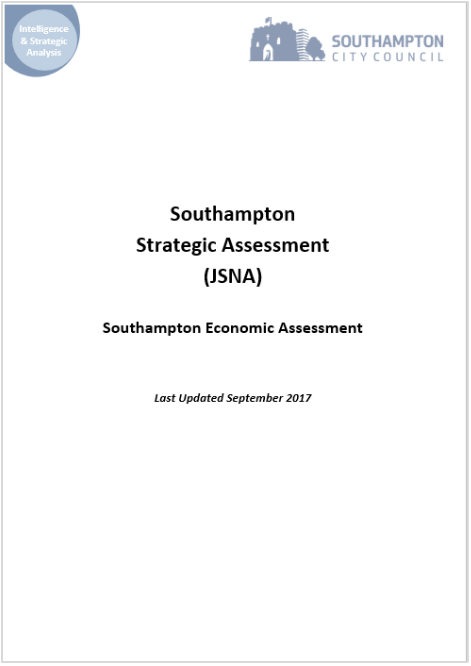
SOUTHAMPTON CITY COUNCIL

A list of available data is provided below. Where possible data has been analysed in a number of different ways ranging from benchmarking to analysis by deprivation quintile. To access each analysis please click on the blue circles next to the relevant indicator and choice of analysis.

City context	Last updated	Benchmarking	Trends	Wards	Better Care Clusters	IMD Quintile	IMD Inequality Trend	Other Profiling Information
Population aged 16-64 (%) 2016	October 2017	●	●					
% growth in population aged 16-64 (2017-2039)	October 2017	●	●					
Productivity and growth	**Last updated**							
Gross Value Added (income approach) at current basic prices	April 2019	●	●					
Gross Value Added (income approach) per head of population at current basic prices	April 2019	●	●					
Gross Value Added (Income Approach) at current basic prices by SIC07 industry	April 2019							●
Business and Enterprise	**Last updated**							
Business enterprises, rate per 10,000 population (ONS UK Business)	April 2019	●	●					
Business enterprises by size (ONS UK Business)	April 2019	●	●					
New enterprises registered for PAYE and VAT i.e. business births (ONS Business Demography)	April 2019	●	●					●
Enterprises that have ceased trading i.e. business deaths (ONS Business Demography)	April 2019	●	●					●
Survival of new enterprises 2017 - from 2016 over 1 year (ONS Business Demography)	April 2019	●	●					
Survival of new enterprises 2017 - from 2015 over 2 years (ONS Business Demography)	April 2019	●	●					
Survival of new enterprises 2017 - from 2014 over 3 years (ONS Business Demography)	April 2019	●	●					
Survival of new enterprises 2017 - from 2013 over 4 years (ONS Business Demography)	April 2019	●						
Survival of new enterprises 2017 - from 2012 over 5 years (ONS Business Demography)	April 2019	●						
Total Area of Business Floorspace by sector	August 2017	●	●					●
Total Area of Business Floorspace growth 2000/01 to 2015/16	October 2017		●					
Total Number of Rateable Properties By Sector	August 2017	●	●					●
Total Rateable Value	August 2017	●	●					

	Employee Jobs								
Economy by LA (England analysis)	Ratio of employee jobs to working age pop	% change in the number of employee jobs since 2011-15	Total number of jobs by hectare: 2015	% of jobs that are part-time	% change in the number of employee jobs since 2011-15 (part-time)	% change in the number of employee jobs since 2011-15 (full-time)	Public sector employment 2015	% change in the number of employee jobs since 2011-15 (public sector)	% change in the number of employee jobs since 2011-15 (private sector)
England	**71.7**	**7.8**	**1.9**	**30.5**	**1.7**	**10.7**	**17.5**	**-11.5**	**12.9**
Southampton	66.6	10.3	20.4	35.4	7.0	12.1	21.4	0.2	13.4
South East	72.6	7.6	2.1	31.3	-0.1	11.5	15.4	-10.6	11.7
Birmingham	68.9	5.3	18.3	27.9	-4.6	9.6	22.2	-10.5	10.9
Bristol	83.5	10.9	10.9	30.7	1.6	15.6	18.2	-21.3	22.3
Coventry	67.5	9.9	15.6	30.8	1.0	14.4	17.9	-13.4	16.8
Hampshire	71.7	5.6	1.6	32.2	3.4	6.7	13.6	-16.3	10.3
Isle of Wight	61.6	1.6	1.3	37.0	-5.9	6.6	19.4	-13.7	6.4
Kingston upon Hull	69.2	5.0	14.5	32.4	0.2	7.5	19.4	-13.4	10.8
Leeds	84.4	8.2	7.8	29.1	10.4	7.3	17.1	-17.6	15.8
Liverpool	70.2	0.7	17.2	33.6	1.1	1.6	24.5	-11.2	5.3
Newcastle upon Tyne	90.4	4.9	15.7	32.4	2.9	5.8	25.2	-14.9	14.0
Nottingham	96.8	11.0	28.8	32.1	10.2	11.3	18.4	-14.8	19.2
Portsmouth	70.7	0.0	16.8	32.9	-2.5	1.3	21.0	-15.8	5.3
Salford	72.8	1.0	12.1	25.8	-14.5	7.8	20.4	-7.8	3.6
Sheffield	66.6	5.1	6.8	33.2	-4.3	5.5	20.4	-9.3	9.7





Intelligence & Strategic Analysis

SOUTHAMPTON CITY COUNCIL

Southampton Strategic Assessment (JSNA)

Southampton Economic Assessment

Last Updated September 2017

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

Questions & Discussion

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