Intelligence & Strategic Analysis

SOUTHAMPTON CITY COUNCIL

Southampton
Strategic Assessment

Southampton Economic Assessment

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1. Background to the Economic Assessment

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

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

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

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

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

[1] Speech by Secretary of State for Business, Energy and Industrial Strategy [Online] Available from: https://www.gov.uk/government/speeches/the-importance-of-industrial-strategy
[2] Demos-PWC (2016) *Good Growth for Cities 2016* [Online]. Available from: http://www.pwc.co.uk/industries/government-public-sector/good-growth.html

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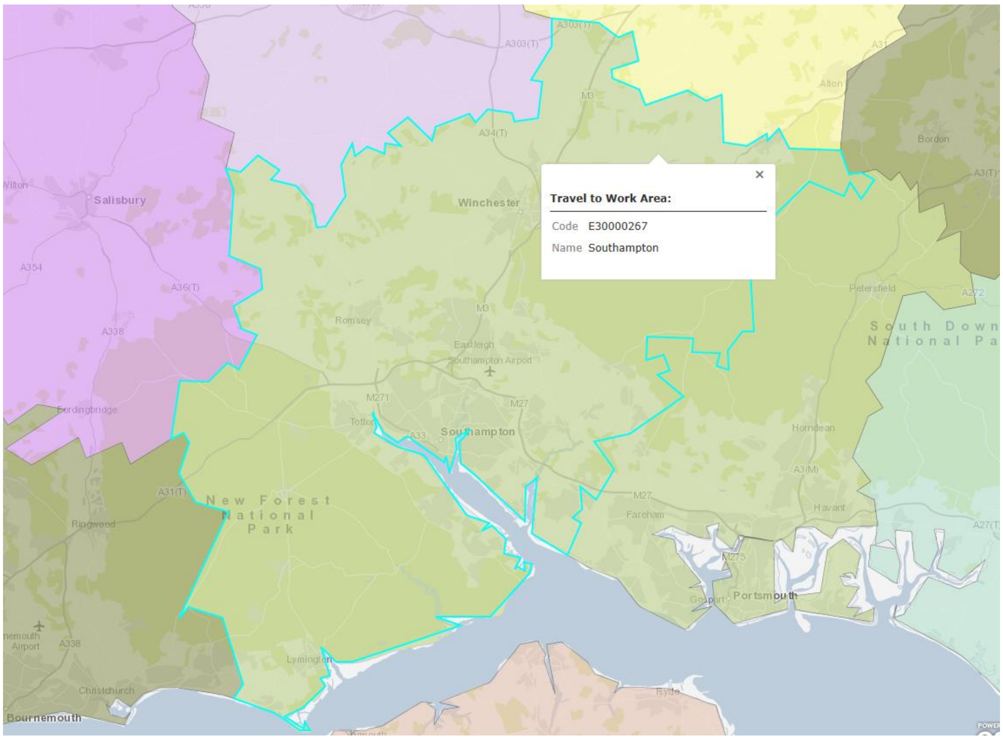
Southampton; this covers a total population of 688,002. Although the report findings are a positive indication of the direction of travel, they are not specific to Southampton. There therefore continues to be a need for specific intelligence on the Southampton economy to compliment wider regional analyses and to help drive strategic decision making on economic development.

Figure 1.2: Southampton Travel to Work Area – ONS 2011



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

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

- Benchmarking of the most current data to ascertain how Southampton compares with England and the city's statistical neighbours.
- Time trend data to ascertain if the situation is improving or deteriorating.

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- Deep dive analysis to more fully understand the issues within the city; analysis by sub-local authority geography, industry, population group etc.

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

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

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

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

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

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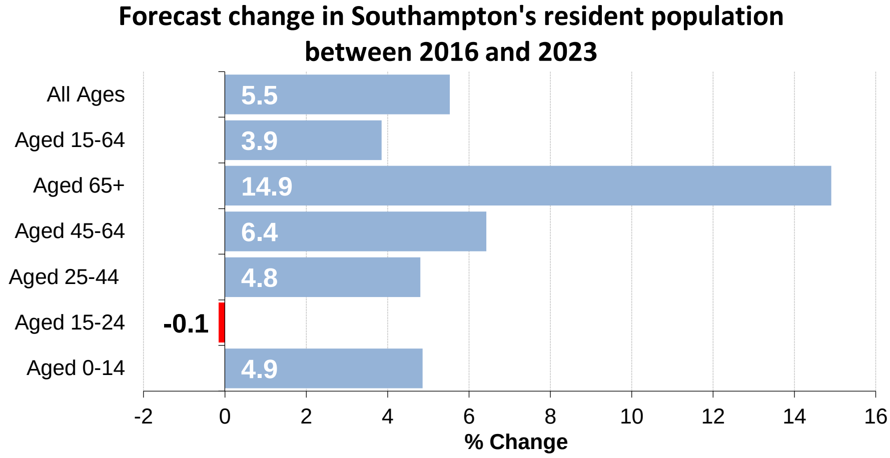
2. City context

Southampton is on the south coast of England and is the largest city in Hampshire, covering an area of approximately 51.8km^2. It is predominantly urban in character and the built up area extends to the administrative boundary around most of the city. It is a diverse city with a population of 254,275 comprising 104,951 households, 60,083 children and young people aged (0-19 years), 53,000 residents who are not white British and approximately 43,000 students.[3][4][5] The population of Southampton is predicted to rise by nearly 5.5% by 2023,[6] with the over 65s and under 15s populations projected to increase by approximately 15% and 5% respectively. The working aged population (15-64) is projected to increase by 3.9% over the same period (see figure 2.1).

Figure 2.1:



Source: Hampshire County Council's 2016-based Small Area Population Forecasts (SAPF)

Since 2004, economic migration from Eastern Europe has contributed to the development and sustainability of many business activities, thereby bringing greater richness and diversity to city life. Strong community relations over many decades have contributed to maintaining cohesiveness. Long term international migration up to the end of June 2015 shows that Southampton has more international incomers than leavers (5,300 compared to 1,800). There is also a high level of internal migration, with 16,100 people arriving and 16,900 leaving over the same period.[7] Based on results from the 2011 Census, Southampton now has residents from over 55 different countries who between them speak 153 different languages.[8] 12% of the population do not have English as a main language; 80% of these can speak good English, 17% can't speak it well and 3% can't speak English at all.

The city contains a major deep sea port which hosts the largest cruise passenger operation in the UK and is Europe's leading turnaround cruise port (1.8 million passengers in 2015). It is also the UK's

[3] ONS 2016 Mid-Year Population Estimates
[4] ONS 2011 Census
[5] Higher Education Statistics Agency (HESA)
[6] Hampshire County Council – Small Area Population Forecasts 2016 to 2023
[7] ONS Migration ending June 2015
[8] Southampton City Council (2015) Children's Data Team

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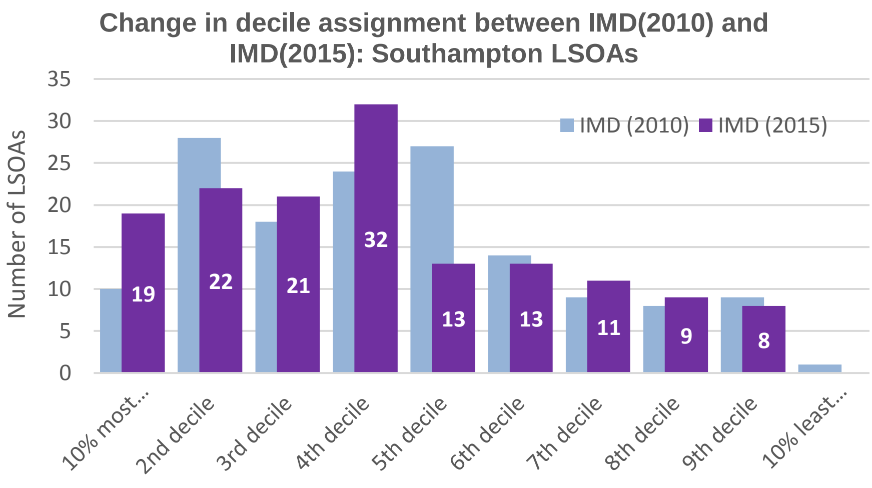
number one vehicle handling port (820,000 vehicles every year) and the UK's most productive container port.[9] Southampton is also a major regional centre for leisure, entertainment, cultural activities, shopping, higher and further education and hospitals; the city has 4 million visitors a year for retail and leisure activities and its night time economy has grown in recent years. Major employers include the council, the NHS, the University of Southampton and Southampton Solent University, Carnival, Old Mutual Wealth and DP World (container port).

The city centre is complemented by a network of smaller centres; Shirley town centre, four district centres (Portswood, Bitterne, Woolston and Lordshill) and a number of local centres. Here residents can find local employment, facilities and services including shops which provide everyday essential goods. These centres lie at the heart of local communities and have their own unique identity and history.

Whilst the city has achieved significant growth in the last few years, in line with the affluent south, the city's characteristics relating to poverty and deprivation present challenges more in common with other urban areas across the country with high levels of deprivation. The Index of Multiple Deprivation 2015 (IMD 2015) illustrates how Southampton has become relatively and absolutely more deprived since 2010. Based on average deprivation score, Southampton is now ranked 67th (where 1 is the most deprived) out of 326 local authorities, compared to its previous position of 81st in 2010. Southampton now has 19 Lower Super Output Areas (previously 10) within the 10% most deprived in England and zero in the 10% least deprived (previously 1) as figure 2.2 below shows.[10]

Figure 2.2



Source: DCLG. Note: IMD (2010) data is based on PHE rebased figures for 2011 LSOAs

Changes to the welfare system are beginning to have an impact in Southampton. In March 2016, the Centre for Regional Economic and Social Research (CRESR) estimated that working age adults in the city will lose approximately £350 per year.[11] This is the total cost if shared evenly across the whole

[9] Associated British Ports Website (2017) http://www.abports.co.uk/Our_Locations/Southampton/
[10] Index of Multiple Deprivation (MD) 2015 communities and Local Government
[11] CRESR (Mar 2016) The uneven impact of welfare reform: The financial losses to people and places

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working age population (not just claimants of the benefit). Therefore, it does not represent the average or actual impact to those directly affected by each of the reforms, which is likely to be more severe. In practice, the direct impact of the welfare reforms is not shared equally; they impact hardest on some of our most deprived households, with some households affected by several changes. The impact of an individual reform can vary significantly depending on the composition, tenure and circumstance of the household.

Deprivation and inequalities between wards and residents in Southampton are significant and continue to be a driver for crime and poor health outcomes in Southampton. In addition, key outcomes for children and young people in Southampton continue to be poorer than the national average. Provisional exam result figures from 2015/16 show that 50.9% of Southampton pupils achieved 5+ A*-Cs at GCSE including English and Maths, compared to 52.8% nationally. Although this is an increase of 0.3 percentage points from 2014/15, the city is still ranked 131 out of 151 local authorities.

The latest Community Safety Strategic Assessment for the city highlighted a 19% increase in recorded crime in 2015/16, although these increases continue to be driven, at least in part, by changes in recording and reporting practices by Hampshire Constabulary following the publication of the HMIC Inquiry findings in November 2014. The rise in recorded crime has not led to a commensurate rise in calls for service, and resident perceptions crime levels remains similar to two years ago, whilst the independent Crime Survey for England & Wales indicates that, in real terms, crime continues to fall.

Nevertheless, there are a number of challenges for the city with regards to crime and antisocial behaviour. Alcohol and substance misuse remain linked to criminality and victimisation in the city, not to mention their associated harms to health which has resulted in Alcohol and Drugs Strategies being developed for the city in the last year. Domestic Violence and Abuse (DVA) also continues to be a significant issue and driver of demand in Southampton, contributing to the rise in both violent and sexual offences over the last year.

The impact of poor health and premature mortality are significant in Southampton. Although mortality rates are falling and more people are living longer, mortality rates are still significantly higher than the national average; particularly for men. Life expectancy in Southampton is 78.3 years for males and 82.9 years for females compared to the England averages of 79.5 and 83.1 respectively (2013-15). In addition, although people are living longer, it is often with multiple long term conditions and an extended period of poor health and/or disability. The over 65s population is projected to increase by 15% by 2023; this will result in an increasing demand for health and social care services in the city. Poor lifestyles also continue to hold back health improvement in Southampton, with smoking prevalence, childhood obesity (in Year 6) and alcohol-related hospital admissions in particular, being significantly higher than the national average. This is all influenced and compounded by poor living circumstances (wider determinants) such as deprivation, which are lowering life chances. Inequalities in health and wellbeing outcomes are clearly evident in the city and there is no evidence that this inequality gap is narrowing. Further information can be found at http://www.publichealth.southampton.gov.uk/JSNA.

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3. Productivity and growth

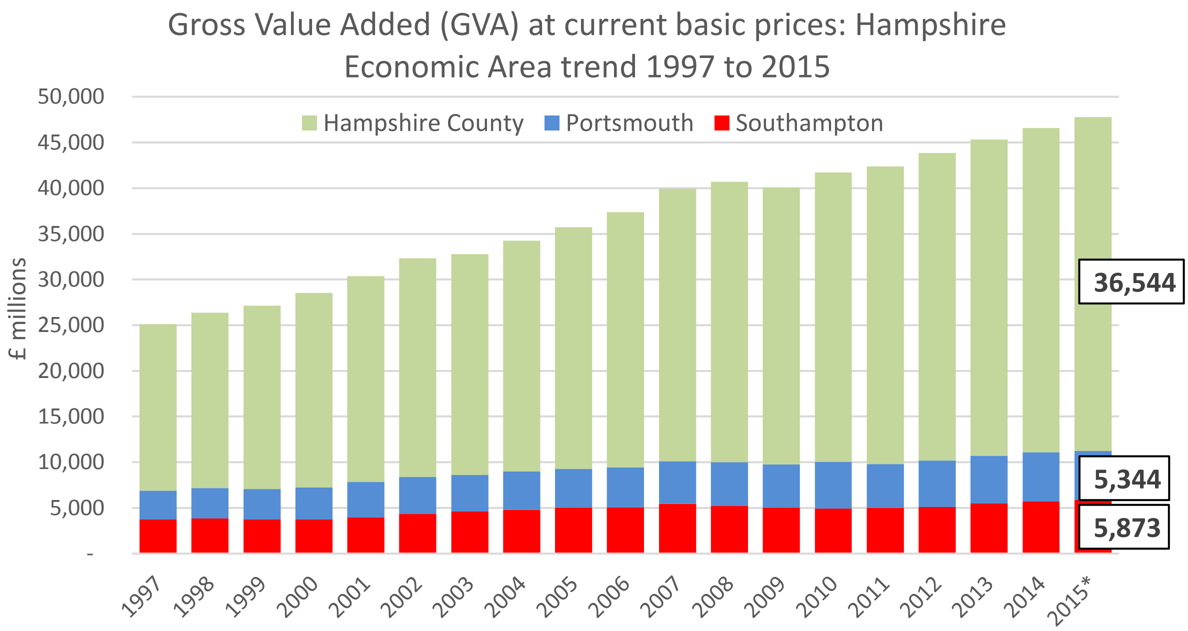
3.1 Gross Value Added (GVA) in Southampton and the Hampshire Economic Area

Gross Value Added (GVA) is one of the key economic indicators. It measures the performance of each individual producer or industry and their input to the economy. There are two measures of GVA; the production approach and the income approach. This analysis focuses on the income approach which defines GVA as the income made by employees and businesses in a form of earnings and profits/surplus.

Data on GVA is published by the Office for National Statistics (ONS) at the end of each calendar year. It is available at various geographical levels and by various industry groups. Each time data is published, ONS also publishes revisions to past data; this means that values for a particular year may differ in different publications.

In 2015, the Hampshire Economic Area economy, which includes the unitary authorities of Southampton and Portsmouth, was worth approximately £48 billion and contributed 19.2% to the South East regional economy (see figure 3.11). Since 2014, it has grown by 2.5% which is lower than the 3.2% growth seen in the South East region and the 3% growth in England overall.

Figure 3.11:

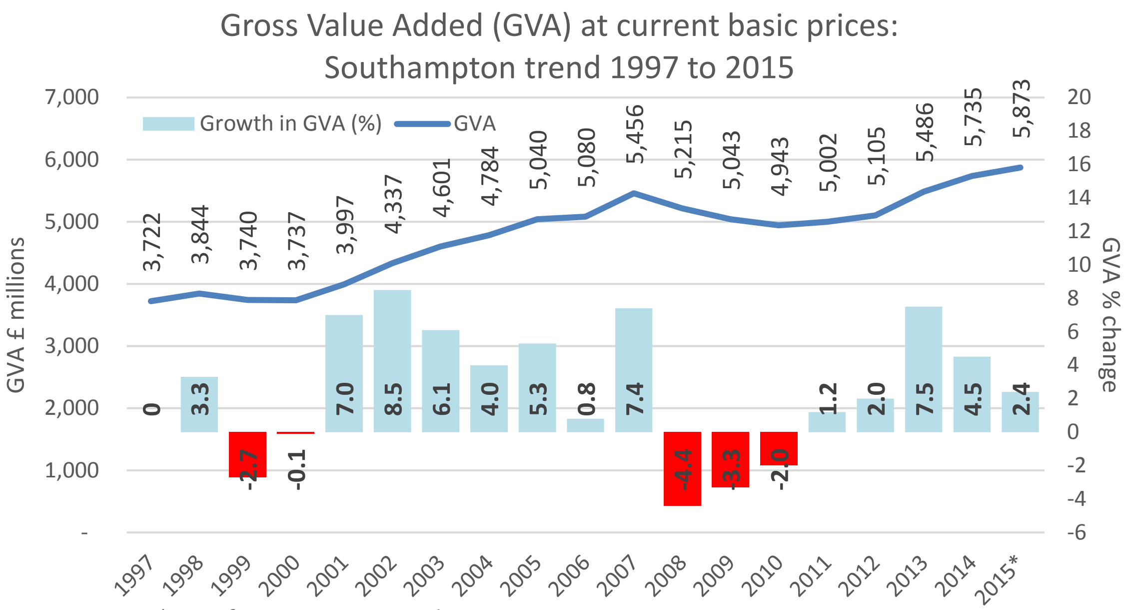


*Source: ONS. * Data for 2015 is provisional*

In 2015, the Southampton economy was worth £5.9 billion and contributed 12.3% to the Hampshire Economic Area economy (£48 billion) and 2.4% to the overall South East England economy (£249 billion). Figure 3.12 shows the trend in GVA at current basic prices in Southampton between 1997 and

2015, along with the year on year percentage change. Since 1997, the Southampton economy has grown from £3.7 billion to £5.9 billion, an annual growth rate of 3.2%; this is significantly lower than annual growth in the South East (5.5%) and England (5.6%) over the same period.

Figure 3.12:



*Source: ONS. * Data for 2015 is provisional*

Figure 3.13: Annualised rates of change in GVA (Income Approach)

Region name	2008	2009	2010	2011	2012	2013	2014	2015*	1997-2015 cumulative change	1997-2015 annual rate of change	2007-2010 cumulative change	2007-2010 annual rate of change	2010-2015 cumulative change	2010-2015 annual rate of change
England	2.6	-1.9	2.6	2.6	3.5	3.8	5.2	3.0	100.6	5.6	3.3	1.1	19.4	3.9
South East	3.1	-2.5	3.5	2.1	4.6	3.9	4.5	3.2	98.1	5.5	4.0	1.3	19.5	3.9
Hants and Isle of Wight	2.2	-1.8	4.0	1.6	3.5	3.3	3.0	2.5	90.7	5.0	4.3	1.4	14.6	2.9
Hants Economic Area	1.9	-1.6	4.1	1.6	3.5	3.3	2.8	2.5	90.3	5.0	4.4	1.5	14.5	2.9
Southampton	-4.4	-3.3	-2.0	1.2	2.0	7.5	4.5	2.4	57.8	3.2	-9.4	-3.1	18.8	3.8
Portsmouth	2.9	-1.4	7.6	-5.5	5.7	2.8	2.9	-0.5	68.4	3.8	9.1	3.0	5.1	1.0
Isle of Wight	7.1	-5.8	1.6	1.9	2.5	2.6	6.3	1.9	98.6	5.5	2.5	0.8	16.1	3.2
Hampshire County	2.9	-1.3	4.6	2.8	3.4	2.8	2.6	3.0	100.8	5.6	6.2	2.1	15.4	3.1

** Figures are provisional*

Figure 3.12 and figure 3.13 illustrate how Southampton was particularly affected by the 2008 economic crisis and subsequent recession, with a year on year fall in GVA recorded in 2008, 2009 and 2010. Overall, GVA fell from £5.5 billion in 2007 to £4.9 billion in 2010; a fall of 9.4%. In comparison over the same period, the overall Hampshire Economic Area economy grew by 4.4% and national economy by 3.3%.

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However, since 2010 the economy in Southampton has recovered dramatically, with GVA rising steadily from a low of £4.9 billion to £5.9 billion in 2015, an overall increase of 18.8%. In fact, since 2010, the Southampton economy has grown at an annual rate of 3.8%, which is higher than the overall Hampshire Economic Area (2.9%) and similar to the England and South East averages (3.9%).

3.2 Gross Value Added (GVA) per head

Gross Value Added (GVA) per head is a useful way of comparing regions of different sizes. However, it is not a measure of regional productivity, as the population estimates used to calculate it include the economically inactive population. It is also worth noting that GVA is calculated from the workplace population, whereas the denominator of GVA per head uses the resident population. Nonetheless, it is an important indicator for benchmarking economic growth.

Figure 3.21:

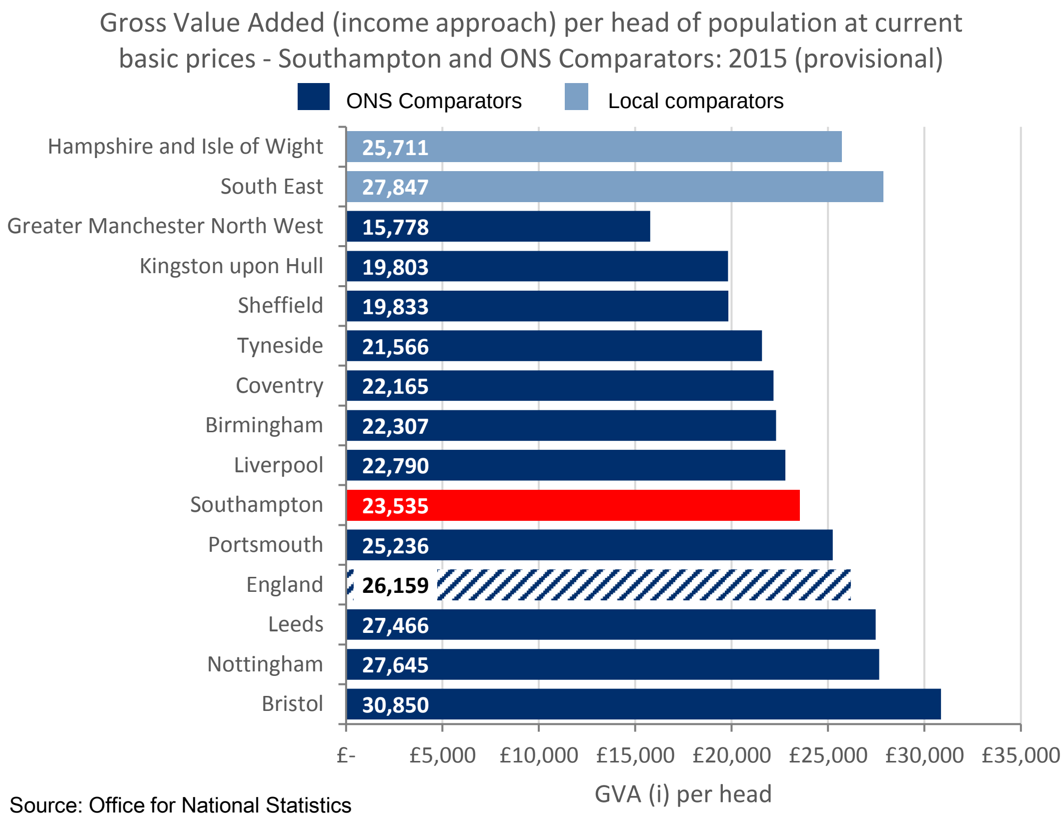

Figure 3.21 shows the GVA per head for Southampton and its ONS statistical neighbours for the latest period. GVA per head for a Southampton resident in 2015 was £23,535 compared to the national average of £26,159. This is also below the South East and Hampshire and Isle of Wight average. Amongst its comparator group, the city ranks 5th out of 12, with Bristol having the highest GVA per head at £30,850; some 31% higher than Southampton. The large number of students in the city may have an impact on these figures, as they make up a proportion of the economically inactive population; however, many other comparator areas also have a large student populations.

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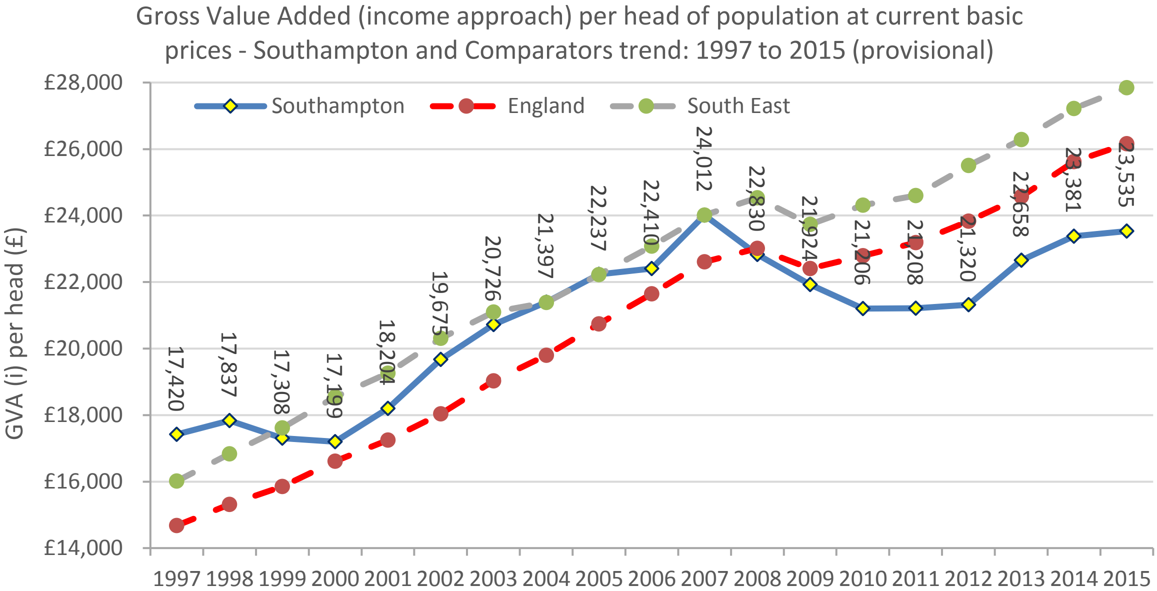
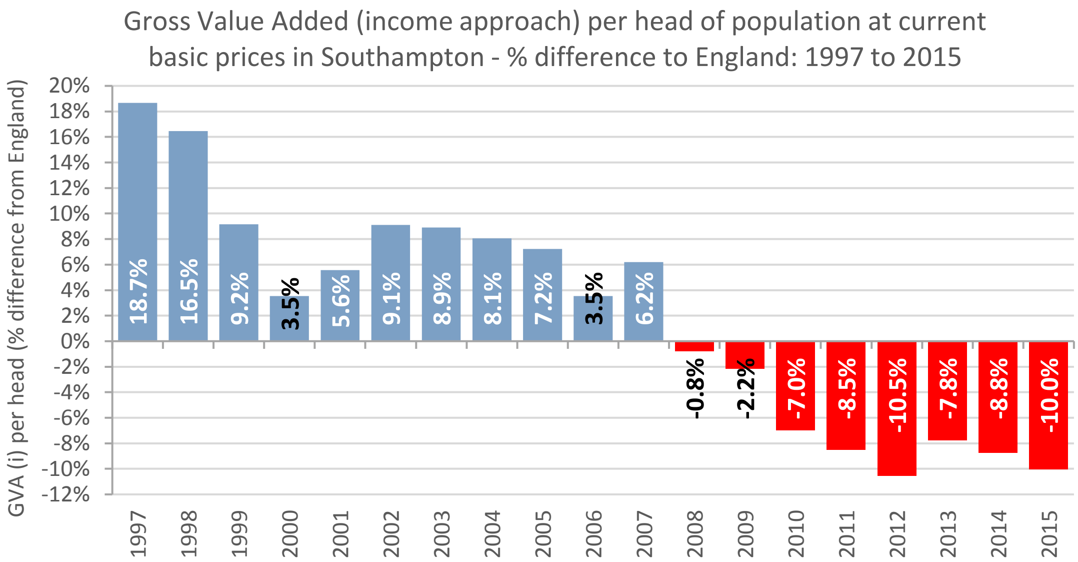
Figure 3.22:



Source: Office for National Statistics

Figure 3.22 shows the trend in GVA per head for Southampton between 1997 and 2015 compared to the South East and England averages. This clearly illustrates that up until 2007, GVA per head in the city was consistently higher than England and comparable to the South East. However, the economic crisis of 2008 had a greater impact in Southampton lowering GVA per head well below both the South East and England average. Despite recovering from a low of £21,206 per head in 2010 to £23,535 per head in 2015, the gap persists and does not appear to be narrowing (see figure 3.23).

Figure 3.23:



Source: Office for National Statistics

Figure 3.24 shows the annualised rates of change in GVA per head for Southampton and its ONS statistical neighbours. This further illustrates the impact of the economic crisis in Southampton, with

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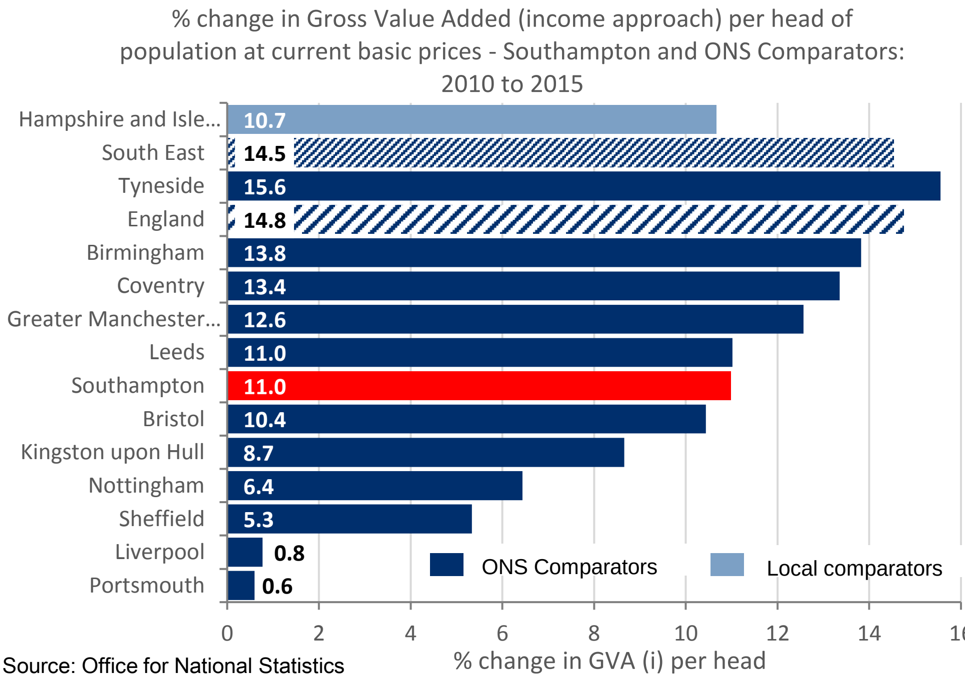
an overall reduction in GVA per head by 11.7% between 2007 and 2010. No other statistical neighbour experienced such a dramatic fall in GVA per head; the nearest was Coventry which experienced a 3.4% fall over the same period.

Figure 3.24: Annualised rates of change in GVA per head (Income Approach)

Region name	2008	2009	2010	2011	2012	2013	2014	2015*	1997-2015 cumulative change	1997-2015 annual rate of change	2007-2010 cumulative change	2007-2010 annual rate of change	2010-2015 cumulative change	2010-2015 annual rate of change
England	1.8	-2.6	1.7	1.7	2.8	3.1	4.3	2.1	78.2	4.3	0.8	0.3	14.8	3.0
South East	2.2	-3.3	2.4	1.2	3.7	3.1	3.5	2.3	73.9	4.1	1.3	0.4	14.5	2.9
Hants & IoW	1.5	-2.4	3.0	0.8	2.7	2.7	2.3	1.7	70.6	3.9	2.0	0.7	10.7	2.1
Southampton	-4.9	-4.0	-3.3	0.0	0.5	6.3	3.2	0.7	35.1	2.0	-11.7	-3.9	11.0	2.2
Birmingham	0.0	-2.9	1.0	1.8	0.5	3.4	3.3	4.2	65.2	3.6	-1.9	-0.6	13.8	2.8
Bristol	0.6	0.9	3.4	-3.9	1.9	4.2	7.2	0.9	65.5	3.6	5.0	1.7	10.4	2.1
Coventry	-2.9	-3.4	3.0	0.5	4.5	4.5	4.4	-1.2	46.5	2.6	-3.4	-1.1	13.4	2.7
Manchester NW	0.2	-4.9	2.0	-1.5	3.8	3.1	2.4	4.4	61.8	3.4	-2.7	-0.9	12.6	2.5
Kingston upon Hull	-2.2	4.6	-5.1	2.2	2.5	2.2	-0.6	2.0	77.0	4.3	-2.9	-1.0	8.7	1.7
Leeds	2.6	-2.9	-0.8	2.6	-0.7	3.1	2.1	3.5	84.1	4.7	-1.1	-0.4	11.0	2.2
Liverpool	3.6	8.6	-4.5	-4.9	-1.4	1.1	4.6	1.6	91.2	5.1	7.5	2.5	0.8	0.2
Nottingham	4.6	-0.2	1.5	0.4	-0.5	-1.5	6.0	2.1	51.2	2.8	6.0	2.0	6.4	1.3
Portsmouth	2.3	-2.9	5.6	-6.8	5.0	2.4	2.1	-1.7	50.6	2.8	4.9	1.6	0.6	0.1
Sheffield	-0.9	-0.5	-0.2	-0.1	2.4	0.6	1.0	1.3	67.9	3.8	-1.6	-0.5	5.3	1.1
Tyneside	1.9	-4.1	1.5	5.0	2.1	0.7	2.6	4.4	96.2	5.3	-0.7	-0.2	15.6	3.1

** Figures are provisional*

Figure 3.25:



Source: Office for National Statistics

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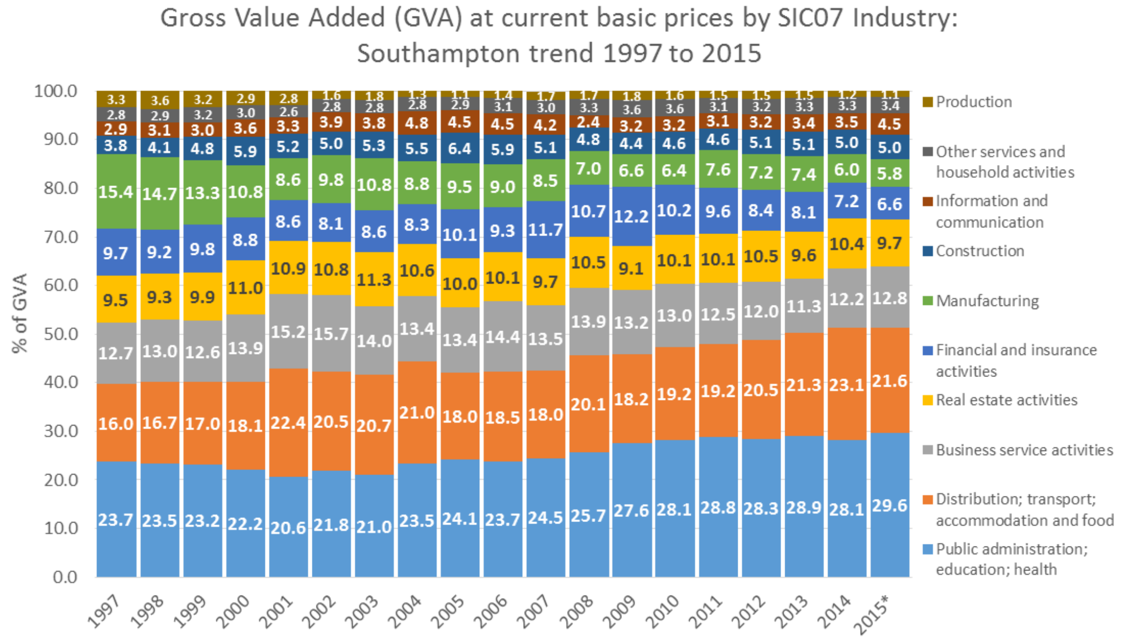
Figure 3.24 also demonstrates the recovery in Southampton between 2010 and 2015, with an 11% growth in GVA per head. This level of growth is similar to many comparator areas over the period, although still less than England (14.8%) and the South East (14.5%) which explains why the gap in GVA has not narrowed (see figure 3.25). Nevertheless, Southampton has had a greater level of growth over this period than Portsmouth (0.6%) and is similar to the Hampshire & Isle of Wight average (10.7%).

3.3 Gross Value Added (GVA) by broad industrial group

Figure 3.31 illustrates the contribution that each broad sector makes to total GVA(i) at current basic prices in Southampton over time. The *public administration, education and health* sector has consistently been the highest contributor to GVA in Southampton and has steadily grown from 23.7% in 1997 to 29.6% in 2015. Similarly the *distribution, transport, accommodation and food* sector has consistently been the second largest contributor, with its share increasing from 16% in 1997 to 21.6% in 2015. Together these two sectors account for over half of Southampton's economy. The sectors that have most notably declined in terms of their relative contribution to the city's economy are *manufacturing*, which has fallen from 15.4% in 1997 (3rd largest sector) to 5.8% in 2015 (6th largest sector) and *financial and insurance activities*. The latter was particularly affected by the financial crisis in 2008, reducing from an overall contribution of 11.7% in 2007 to 6.6% in 2015. The loss of Vosper Thornycroft in 2003, Ford in 2013 and HSBC in 2015 will have contributed to the decline in GVA in both the *manufacturing* and the *financial* sectors in Southampton.

Figure 3.31:



Source: ONS. * Data for 2015 is provisional

All sectors in Southampton, with the exception of *public administration, education and health* were impacted by the 2008 financial crisis. The largest impact was seen in the *manufacturing* sector which fell by £149 million between 2007 and 2010, followed by *financial and insurance activities* which fell

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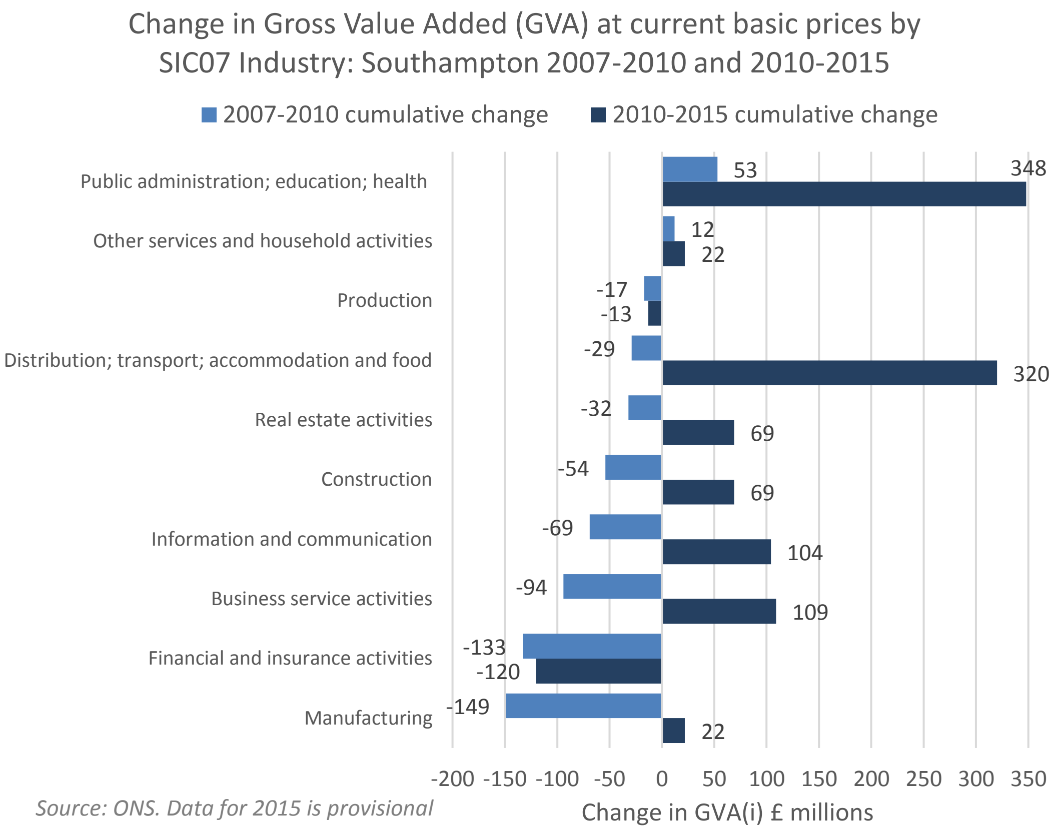
by £133 million. However, in the case of manufacturing, the sector was already in decline to some extent prior to the crisis, having fallen from a high of £573 million in 1997 to £466 million in 2007.

Between 2010 and 2015 the Southampton economy has witnessed a recovery. The sectors which have seen the largest growth in this period are *public administration, education and health* (£348 million), *distribution, transport, accommodation and food* (£320 million), *business services activities* (£109 million) and *information and communication* (£104 million). In contrast, the *financial and insurance activities* sector has continued to decline (-£120 million). Figure 3.32 illustrates the actual change in GVA(i) by sector for both the recession and recovery periods.

Figure 3.32:



Source: ONS. Data for 2015 is provisional

More detailed data on the yearly changes to GVA(i) by sector is shown in figure 3.33. One of the things highlighted in this table is the growth in the i*nformation and communication* sector in Southampton. This sector grew by almost two thirds (65.8%) between 2010 and 2015; an average increase of 13.2% per year. In percentage terms, this sector experienced the largest growth in Southampton since the recession and grew by 31.7% between 2014 and 2015. Nevertheless, *information and communication* still only accounts for 4.5% of the overall economy in the city.

The *Public administration, education and health* sector is still the largest contributor to GVA(i) in the city. The continued reliance on growth from this chiefly 'public sector' industry may be a concern for Southampton, especially if this period of austerity continues.

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Figure 3.33: Annualised rates of change in GVA (Income Approach) by SIC07 Industry

SIC07 Industry	2009	2010	2011	2012	2013	2014	2015*	1997-2015 cumulative change	1997-2015 annual rate of change	2007-2010 cumulative change	2007-2010 annual rate of change	2010-2015 cumulative change	2010-2015 annual rate of change
Production	4.6	-14.3	-5.1	4.1	3.9	-12.5	-7.1	-47.2	-2.6	-17.9	-6.0	-16.7	-3.3
Manufacturing	-8.2	-5.4	20.2	-3.1	10.3	-16.0	-0.9	-40.8	-2.3	-32.0	-10.7	6.9	1.4
Construction	-12.3	1.8	1.8	13.1	8.9	1.1	3.2	105.6	5.9	-19.4	-6.5	30.7	6.1
Distribution; transport; accommodation and food	-12.0	3.4	0.8	9.3	11.3	13.8	-4.2	112.9	6.3	-3.0	-1.0	33.6	6.7
Information and communication	25.2	-0.6	-2.5	7.1	14.5	5.3	31.7	142.6	7.9	-30.4	-10.1	65.8	13.2
Financial and insurance activities	10.8	-18.0	-5.1	-10.2	3.3	-6.5	-7.2	6.6	0.4	-20.8	-6.9	-23.8	-4.8
Real estate activities	-15.6	8.0	1.4	6.3	-1.5	12.5	-4.7	59.7	3.3	-6.0	-2.0	13.9	2.8
Business service activities	-8.0	-3.6	-2.8	-1.8	0.8	13.4	7.1	59.1	3.3	-12.8	-4.3	17.0	3.4
Public administration; education; health	4.0	-0.1	3.8	0.1	9.9	1.4	7.9	96.8	5.4	4.0	1.3	25.0	5.0
Other services and household activities	5.2	-2.7	-13.5	5.2	12.3	4.4	5.3	88.7	4.9	7.2	2.4	12.4	2.5
All industries	-3.3	-2.0	1.2	2.1	7.5	4.5	2.4	57.8	3.2	-9.4	-3.1	18.8	3.8

** Figures are provisional.*
The agriculture, forestry and fishing sector is not shown due to small numbers

3.4 Impact of Brexit on productivity and growth

The impact of the Brexit vote to leave the European Union on economic growth is highly uncertain at both national and local level. However, The *Good Growth for Cities 2016* report begins to assess in directional terms, what the likely impact of the vote might be. Jobs and income are most likely to be affected negatively as a result of a slowdown in economic growth over the coming few years, largely driven by increased political and economic uncertainty. By contrast, we might expect to see an improvement in housing affordability as house price growth slows due to reduced international investor and consumer confidence. Although there are many unknowns, the evidence to date suggests that the net impact will be more of a slowdown rather than a reversal of recent growth, although any projections are highly uncertain at this stage.[12]

3.5 Summary of key points

- In 2015, the Southampton economy was worth £5.9 billion and contributed 12.3% to the Hampshire Economic Area economy (£48 billion) and 2.4% to the overall South East England economy (£249 billion).

[12] Demos-PWC (2016) *Good Growth for Cities 2016* [Online]. Available from: http://www.pwc.co.uk/industries/government-public-sector/good-growth.html

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- Southampton was particularly affected by the 2008 economic crisis and subsequent recession, with GVA(i) falling by 9.4% between 2007 and 2010. In comparison over the same period, the overall Hampshire Economic Area economy grew by 4.4% and national economy by 3.3%.
- However, between 2010 and 2015, the economy in Southampton has recovered dramatically, with GVA(i) rising by 18.8%; an annual growth rate of 3.8%. This is higher than the overall Hampshire Economic Area (2.9%) and similar to the England and South East averages (3.9%).
- Despite this recent growth, GVA(i) per head for a Southampton resident in 2015 was £23,535 which was below the national average of £26,159, and lower than Portsmouth (£25,236) and Hampshire and Isle of Wight (£25,711). This gap is chiefly due to the economic crisis having a greater impact in Southampton compared to other areas. Despite the economic recovery since 2010, the gap between England and Southampton persists (-10% in 2015) and may even be widening, suggesting other areas may be are recovering faster than Southampton.
- All sectors in Southampton, with the exception of *public administration, education and health* were impacted by the recession. The *manufacturing* and the *financial and insurance activities* sectors were most affected. Whilst the former has been in decline since 1997, the latter was particularly impacted by the 2008 financial crisis.
- The sectors which have seen the largest growth since 2010 are *public administration, education and health* (£348 million), *distribution, transport, accommodation and food* (£320 million), *business services activities* (£109 million) and *information and communications* (£104 million). The latter has grown by almost two thirds (65.8%) between 2010 and 2015; an average increase of 13.2% per year. In contrast, the financial and insurance activities sector has continued to decline (-£120 million).
- The *public administration, education and health* sector and the *distribution, transport, accommodation and food* sector account for over half of Southampton's economy. The former has consistently been the highest contributor to GVA(i) in Southampton and its share has steadily grown from 23.7% in 1997 to 29.6% in 2015. The continued reliance on growth from this chiefly 'public sector' industry may be a concern for Southampton, especially if this period of austerity continues.

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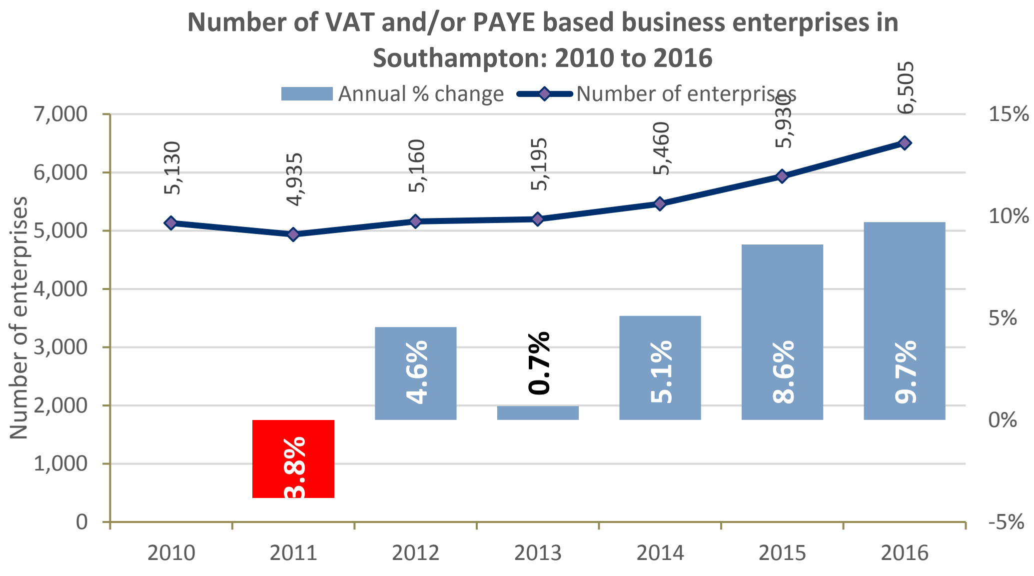
4. Business and Enterprise in Southampton

4.1 Business Population

Information on the number of businesses in Southampton is available from the *UK Business: Activity, Size and Location* annual data release from the Office of National Statistics (ONS) and from the annual *ONS Business Demography* dataset. Both datasets are produced from an extract taken from the Inter-Departmental Business Register (IDBR) which represents the businesses registered with HM Revenue and Customs (HMRC) for VAT and/or Pay As You Earn (PAYE). The former examines the business population at the end of the financial year (snapshot), whilst the latter considers all businesses that were 'active' at any point during the year. In this section, the *ONS UK Business* data has been used to examine trends in the number of businesses in the city, whilst the *ONS Business Demography* data has been used to examine new business start-ups and business survival rates in line with ONS guidance.[13]

The most recent data from *UK Business* shows that there were just over 6,500 businesses in Southampton in 2016. This is a 9.7% increase on the number of registered businesses in 2015. Figure 4.11 illustrates that since 2011 the number of businesses in the city has increased by over 1,500; an overall increase of almost a third (31.8%). This increase is greater than that recorded for both the South East (19.5%) and England (24.3%).

Figure 4.11:



Source: UK Businesses, Office for National Statistics

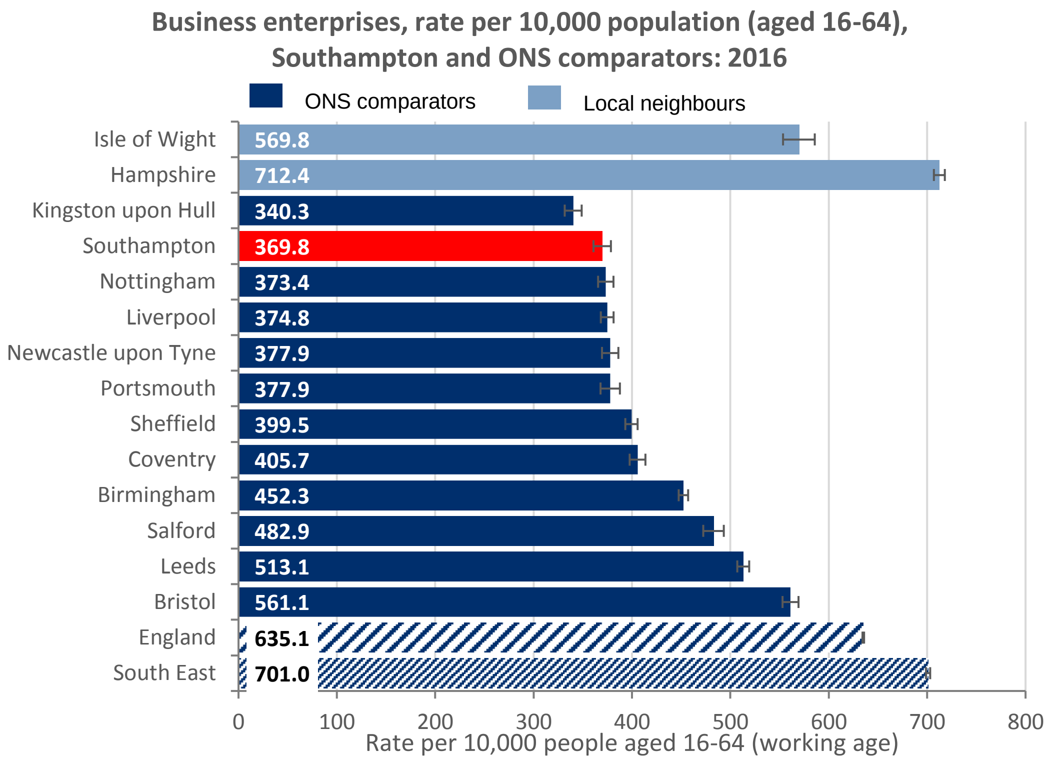
The upwards trend in the number of registered businesses is reflective of the wider UK economy's recent performance. In the 12 months to Quarter 1 (Jan to Mar) from 2014 to 2016, GDP rose by 2.6%, 2.9% and 2.0% respectively. CPI inflation was 1.6%, 0% and 0.5% in the years to March 2014, 2015 and 2016 respectively. This strong growth and low inflation may have provided a good environment for

[13] ONS (2012) *Guide to the business population and demographics statistics publications* [Online] Available from: https://www.gov.uk/government/statistics/guide-to-business-statistics

businesses to set up. Furthermore, through 2015 and 2016, oil prices remained historically low which may have put downwards pressure on businesses operating costs.[14] In addition, during the period from March 2011 to March 2016, the Bank of England base rate was 0.5%. This historically low rate may have encouraged more businesses to set up over the period. The base rate may be linked to commercial loan rates to businesses which are often required to start up and invest in fixed capital.

However, despite these recent increases in the number of enterprises, business density i.e. the number of businesses per 10,000 resident working age population, in Southampton is much lower than the national average; 370 per 10,000 population compared to 635 per 10,000 population. Figure 4.12 shows how Southampton has the second lowest density compared to its statistical neighbours; Kingston upon Hull has the lowest (340 per 10,000), whilst Bristol (561 per 10,000) has the highest.

Figure 4.12:



Source: UK Business, Office for National Statistics

It is generally argued that the higher the business density, then the higher the degree of local competition. However, it is important to appreciate that it might reflect the profile of industries in an area; for example, public sector businesses tend to be larger in terms of employment than business and personal services which may result in a lower business density. This is certainly the case in Southampton, as demonstrated in section 5 of this report. It is also worth noting that the functional Southampton economy transcends the administrative boundary used in this report; although business

[14] ONS (2016) *Statistical bulletin: UK business; activity, size and location 2016* [Online] Available from: https://tinyurl.com/j24awmu

density is relatively low, there are employment centres just beyond the administrative boundary, providing employment opportunities for Southampton residents:

- Nursling area – including Ordnance Survey (OS) and the Nursling Industrial Estate
- Totton – including industrial estates and Hounsdown Business Park
- Hamble – GE Aviation, Tesco Windhover
- Hedge End – a number of industrial estates, business parks and retail outlets
- Eastleigh & Chandlers Ford – industrial estates, business parks, retail outlets and science park

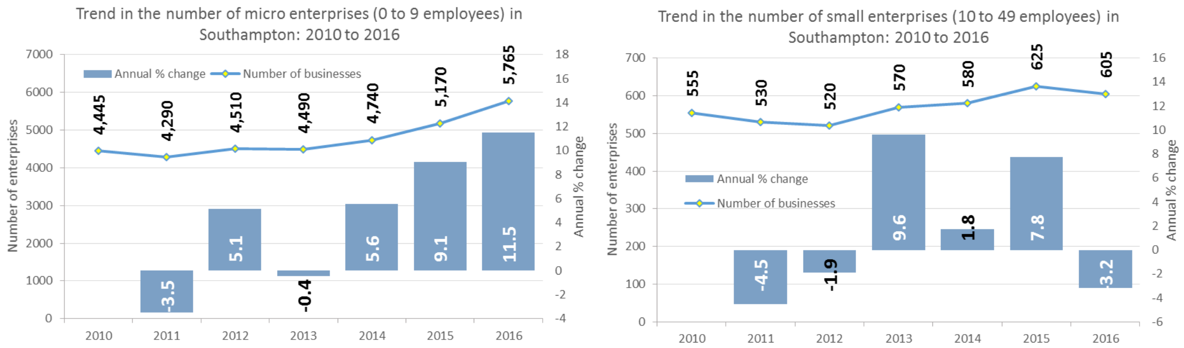
In addition, the difference between Southampton and areas like Hampshire can, to some extent, be explained by the fact it is an urban area with a higher concentration of resident population; a larger than average student population may also skew the working age population, and negatively impact upon business density. Furthermore, the business density is not significantly different from cities such as Portsmouth, Newcastle, Liverpool and Nottingham. Nonetheless, Bristol and Leeds have similar demographic issues yet lead the way in terms of business density. Therefore, there may be significant implications in terms of urban planning policies and the provision of suitable premises for new businesses in the city.

Figure 4.13: Enterprises by employment size – UK business 2016

	0 to 9 (micro)		10 to 49 (small)		50 to 249 (medium)		250+ (large)	
Region name	Number	%	Number	%	Number	%	Number	%
England	1,975,950	89.3	194,495	8.8	34,705	1.6	8,500	0.4
South East	352,060	89.8	32,690	8.3	5,875	1.5	1,460	0.4
Southampton	5,765	88.6	605	9.3	105	1.6	30	0.5
Portsmouth	4,810	87.6	550	10.0	110	2.0	25	0.5
Hampshire	52,275	89.0	5,340	9.1	885	1.5	215	0.4
Isle of Wight	3,895	85.5	575	12.6	75	1.6	10	0.2

Figure 4.13 shows the structure of businesses in Southampton and local comparators by employment size. In 2016, 88.6% of enterprises in Southampton were micro businesses, 9.3% small businesses, 1.6% medium businesses and 0.5% large businesses; this is a similar profile to both England and the South East.

Figure 4.14:



Source: UK Businesses, Office for National Statistics

Source: UK Businesses, Office for National Statistics

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The recent growth in the number of enterprises in Southampton is dominated by micro businesses (0 to 9 employees) and small businesses (10 to 49 employees), as illustrated in figure 4.14. The number of micro businesses has grown significantly by 1,375 between 2010 and 2016; an overall increase of almost 30% and an 11.5% increase in 2016 alone. Figure 4.15 shows how this growth is significantly higher than both England (24%) and the South East (19%). This may be an indication of an increase in entrepreneurship in Southampton, as new start-ups are usually small companies. Micro businesses accounted for 88.6% of the total enterprises in the city in 2016 compared to 86.6% in 2010.

Figure 4.15: Annual percentage change in the number of micro and small enterprises – UK business 2016

Region name	2011	2012	2013	2014	2015	2016	2010-2016 cumulative change	2010-2016 annual rate of change
Micro Enterprises (0 to 9) employees								
England	-0.8	3.3	0.6	4.8	9.1	5.1	23.8	4.0
South East	-0.5	2.9	0.2	3.8	7.3	4.3	19.1	3.2
Southampton	-3.5	5.1	-0.4	5.6	9.1	11.5	29.7	4.9
Small Enterprises (10 to 49) employees								
England	-2.5	5.4	4.9	4.1	4.6	-0.1	17.3	2.9
South East	-2.6	4.1	4.9	3.7	4.6	-0.6	14.6	2.4
Southampton	-4.5	-1.9	9.6	1.8	7.8	-3.2	9.0	1.5

Small enterprises in Southampton grew by 9% over the same period, although there was a 3.2% fall in 2016; this growth is lower than the national average of 17.3%. The good growth shown in microenterprises combined with the slower growth in small enterprises, may indicate that microenterprises are starting up, but are not necessarily surviving and/or expanding in Southampton; business survival rates are explored later in the section. The number of medium (50 to 249 employees) and large (250+ employees) has remained fairly stable in Southampton over the period; in 2016 there were 105 medium and 30 large enterprises in the city.

4.2 Business start-ups and closures

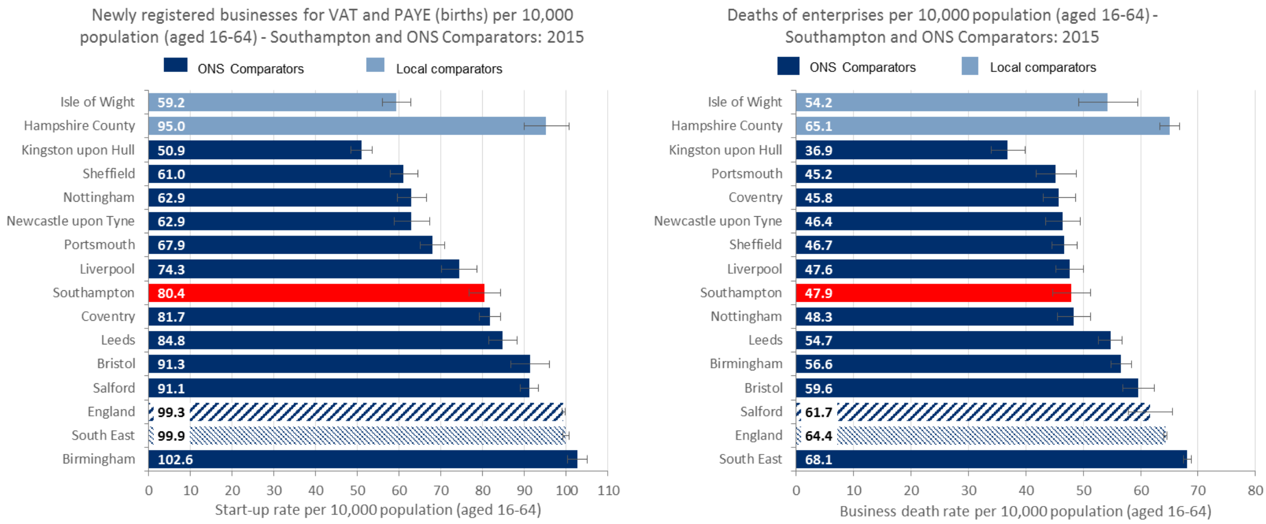
Measuring new business start-ups is important, as a thriving economy in today's world is dynamic and adaptable, and requires innovation and entrepreneurship. As well as adaptability, new businesses drive competition, consumer choice, productivity and jobs growth.[15]

Business Demography data from ONS shows that there were 1,385 new business start-ups in Southampton in 2015; a rate of 80.4 per 10,000 resident population (aged 16-64) compared to the England average of 99.3 per 10,000 resident population. In 2015 there were also 825 business deaths

[15] Demos-PWC (2016) *Good Growth for Cities 2016* [Online]. Available from: http://www.pwc.co.uk/industries/government-public-sector/good-growth.html

in Southampton; a rate of 47.9 per 10,000 resident population (aged 16-64) compared to the England average of 64.4 per 10,000 population (see figure 4.21). Therefore, Southampton has a lower than average business birth rate, yet also a lower than average business death rate.

Figure 4.21:

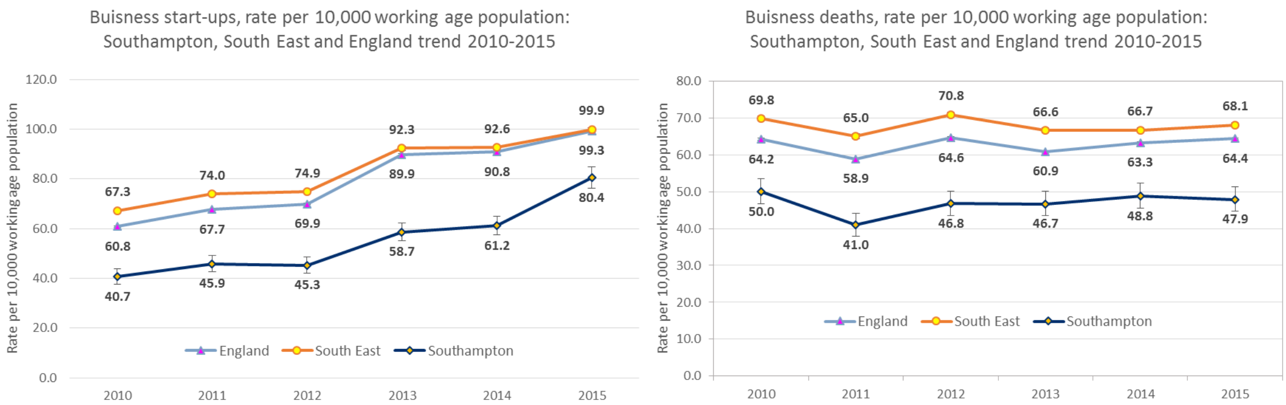


Source: ONS Business Demography 2015 & ONS MYPE 2015

Source: ONS Business Demography 2015 & ONS MYPE 2015

Figure 4.22 shows the trend in the business births and deaths rates for Southampton, England and the South East between 2010 and 2015. This illustrates that despite having a significantly lower business birth rate compared to England and the South East throughout the period, Southampton has recently experienced a dramatic increase in business births; a rate of change greater than both comparators. This has resulted in a narrowing of the gap to England from 33% (lower) in 2010 to 19% in 2015. Meanwhile, the business death rate has remained fairly static throughout the period, indicating a good level of growth in Southampton.

Figure 4.22:



Source: Office for National Statistics

Source: Office for National Statistics

This is further illustrated in figure 4.23 which shows the difference between business births and deaths for Southampton and its comparator areas in 2015. The chart is ordered by the difference between

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the business birth and death rates and therefore, illustrates areas where there is a higher growth (in terms of businesses). Although Southampton does not have a particularly high rate of business start-ups or a particularly low rate of business deaths, it does have the third largest (positive) difference between the two rates; this suggests that business growth in the city compares positively with the majority of statistical neighbours. The growth for Southampton in 2015 was 32.5 businesses per 10,000 population (aged 16-64); higher than the South East (31.8) and similar to the England average (35.0). In comparison Portsmouth had a rate of 22.8, Hampshire 30.0 and the Isle of Wight 5.0.

Figure 4.23:

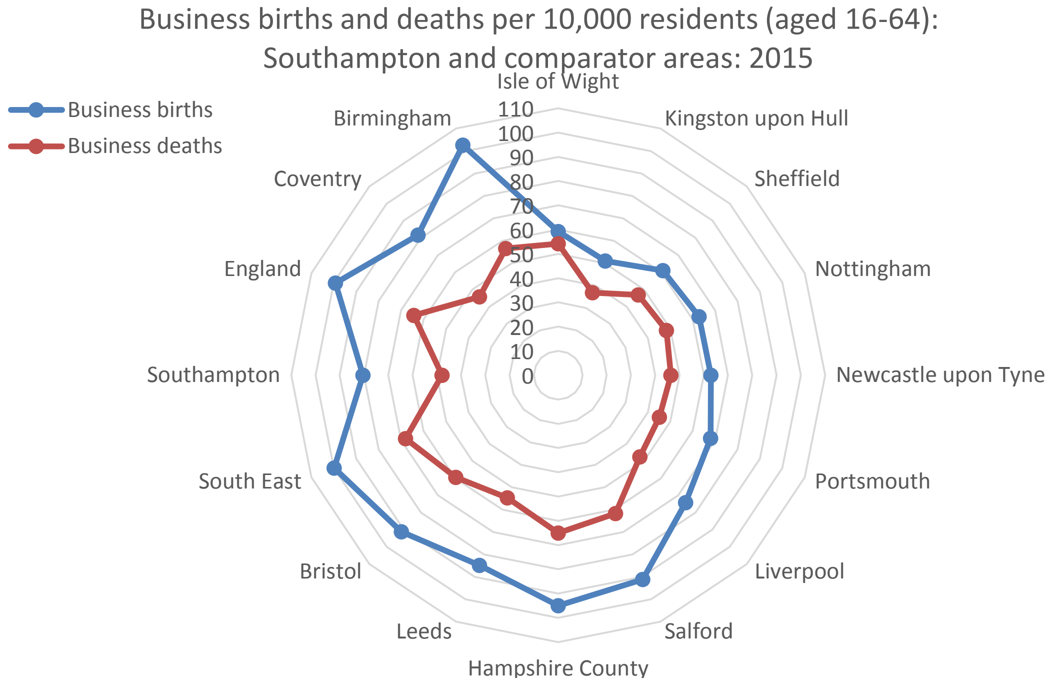

Figure 4.24: Number of business births and deaths in Southampton: 2010 to 2015

	2010	2011	2012	2013	2014	2015	2010-2015 cumulative change
No. business births	660	750	750	980	1035	1385	725
% change	N/A	13.6%	0.0%	30.7%	5.6%	33.8%	109.8%
No. business deaths	810	670	775	780	825	825	15
% change	N/A	-17.3%	15.7%	0.6%	5.8%	0.0%	1.9%
Births minus deaths	-150	80	-25	200	210	560	N/A

Figure 4.24 and figure 4.25 shows the trend in the number of business births and deaths in Southampton between 2010 and 2015. The number of business births has grown steadily over the period from 660 in 2010 to 1,385 in 2015, an increase of 725 businesses created a year. Data for the latest published year shows that business start-ups increased by over a third (33.8%) between 2014 and 2015. In contrast the number of business deaths has remained fairly constant over the period. This has resulted in an overall growth in the number of businesses in the city, as illustrated earlier in the section.

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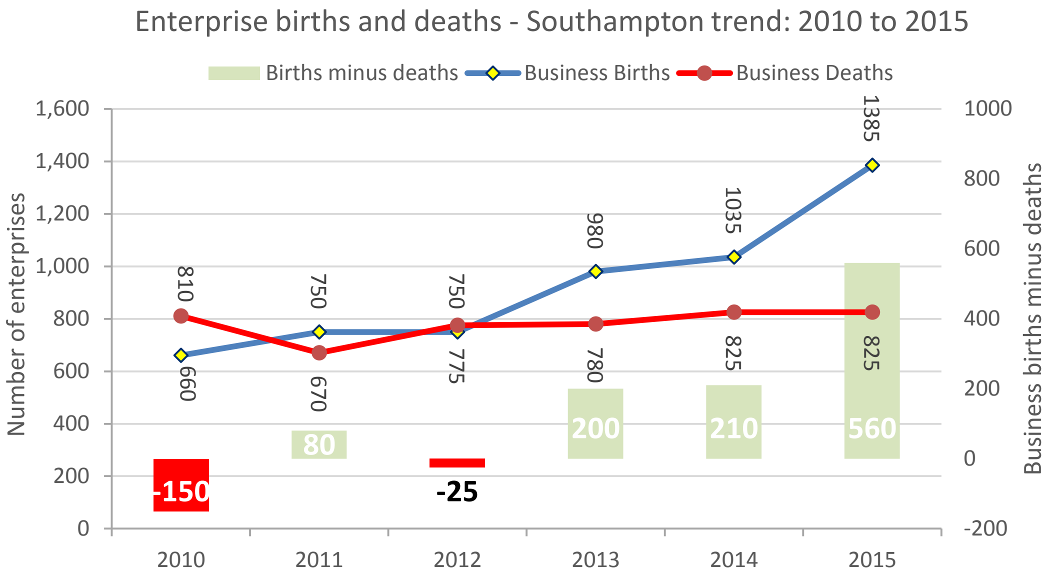
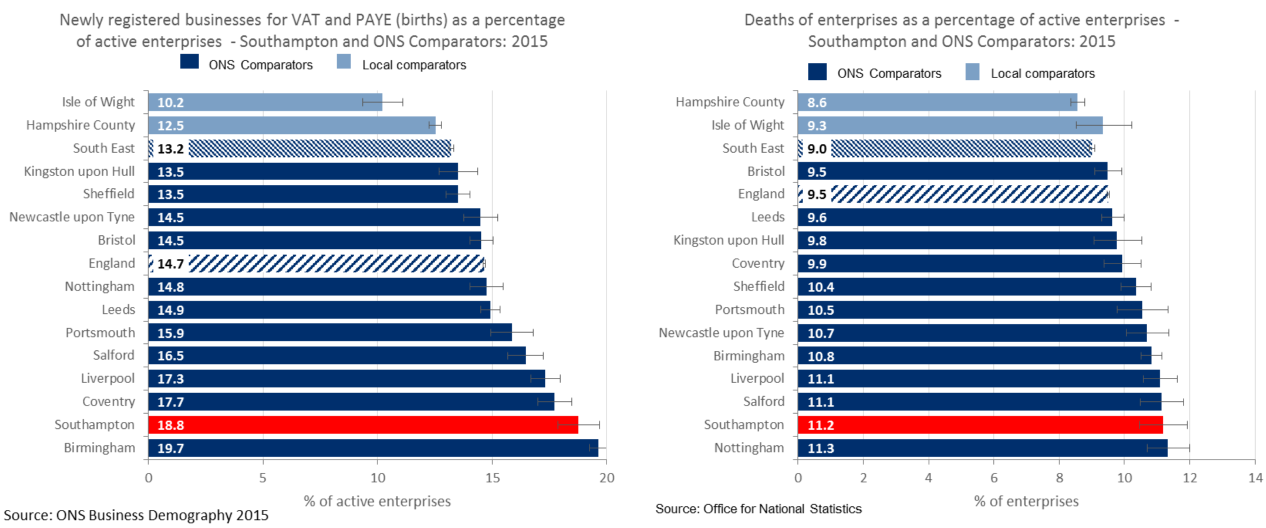
Figure 4.25:



Source: Office for National Statistics - Business

Figure 4.26 shows the number of business births and deaths as a proportion of all businesses in the city in 2015. Compared to statistical neighbours, Southampton has the second highest proportion of new business start-ups (18.8%) and the second highest proportion of business deaths (11.2%). Although new business start-ups are greater than business deaths in the city (as a proportion of total enterprises), the comparatively high levels recorded for both measures suggests that there is a higher than average level of business turnover in Southampton. This may partly be due to lower than average business survival rates, which are explored later in this section.

Figure 4.26:



Data by industry is not available at the local level, but national data shows that in 2015 the industry with the highest rate of business births occurred in business administration and support (20.4%), with

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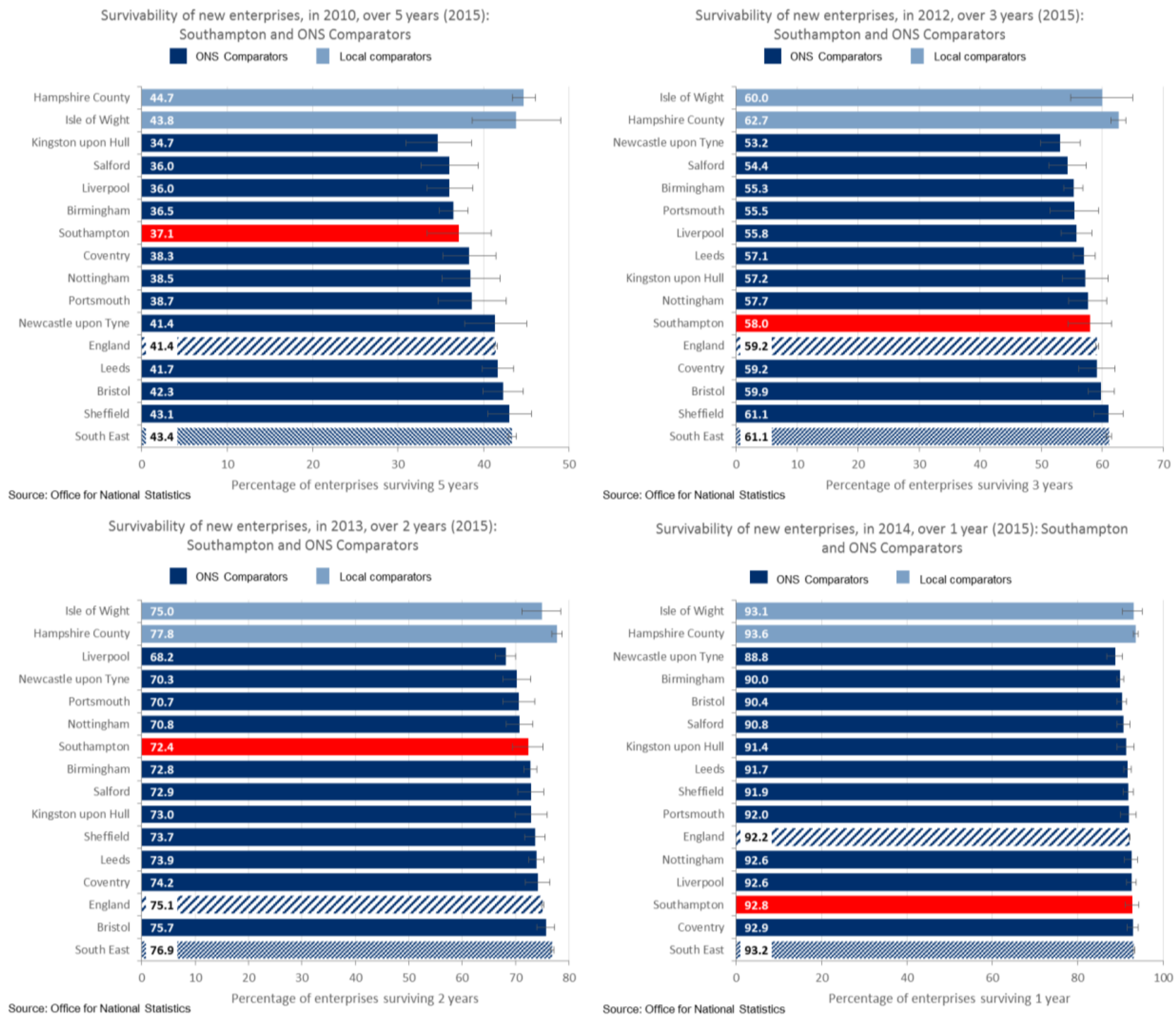
the second-highest rate occurring in transport and storage (20.3%). Within the overall number of business births, professional, scientific and technical had the largest number of businesses at 81,000. Within professional, scientific and technical, the largest contributing industry was management consultancy activities, with 36,000 births (this was an increase of 6,000 on the 2014 figure). The highest business death rate, at 13.3%, was finance and insurance. This was followed by business administration and support (10.8%). Within the overall number of business deaths, professional, scientific and technical had the largest number, at 50,000 (of which 18,000 came from management consultancy activities) followed by construction, at 31,000.[16]

4.3 Business survival rates

Business Demography data from ONS also provides information on business survival rates over one to five years since business start-up. The 2015 data on the proportion of businesses that have survived for five, three, two and one year is shown in figure 4.31 for Southampton and statistical neighbours.

Figure 4.31:



[16] ONS (2016) *Business demography, UK:2015* [Online] Available from: https://tinyurl.com/yap9z3fv

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Only 37.1% of businesses in Southampton survived for five years, which is significantly lower than both the England (41.4%) and South East (43.4%) averages. Survival over three and two years is also lower than the England and South East averages in Southampton. However, the latest one year survival figures are more positive; 92.8% of businesses founded in 2014 survived through to 2015. This is the second highest rate amongst the city's comparator group and higher than the England average (92.2%). It remains to be seen if this will translate into a more positive two year survival rate when the 2016 data is released.

Figure 4.32:

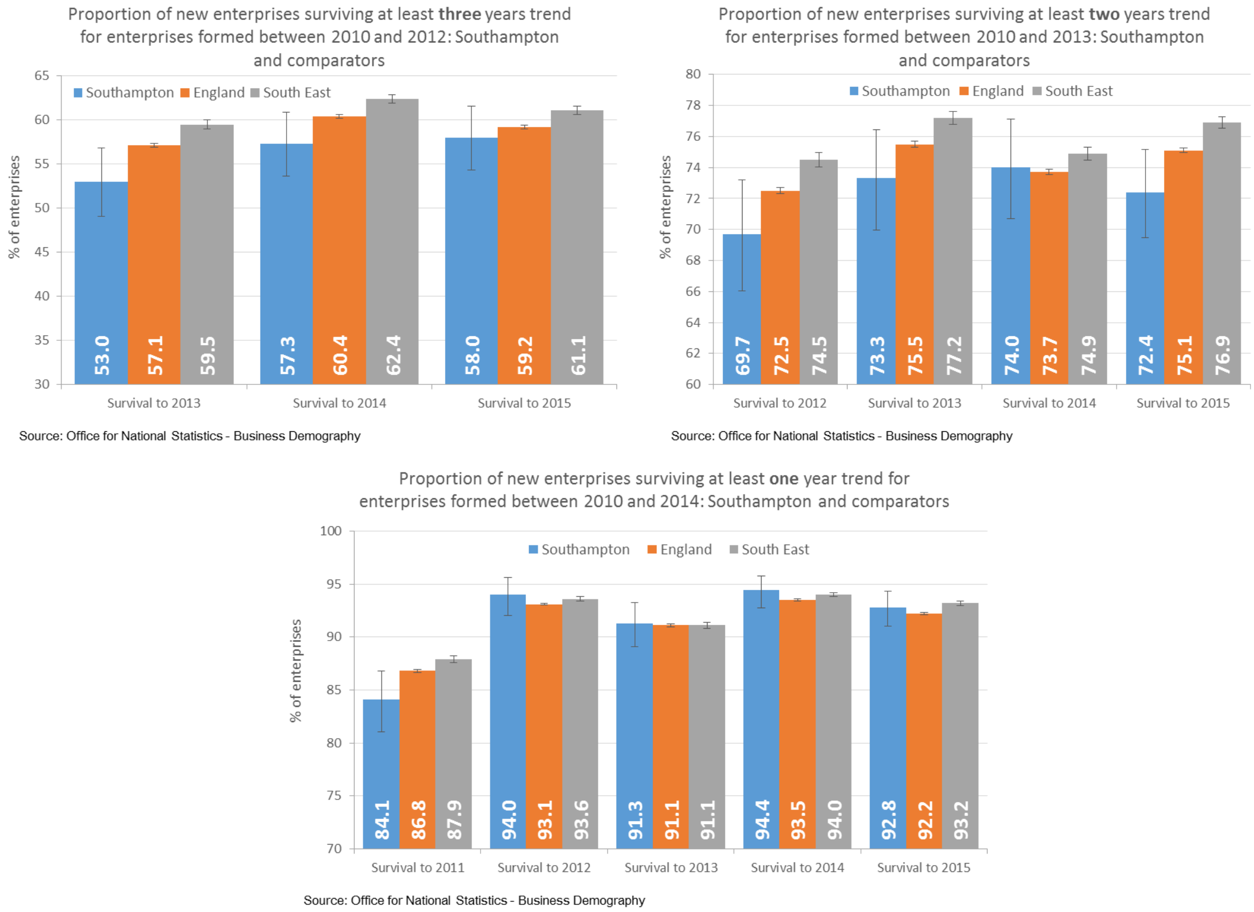

Figure 4.32 shows the trend in business survival over three, two and one years for Southampton, England and the South East. It is clear from these charts that, during the recovery period following the recession, the one year business survival rates in Southampton have consistently been comparable with both England and the South East, and often slightly higher, although not significantly so. However, although there have been improvements in both two and three year business survival rates in Southampton, these are not statistically significant and have consistently been lower than the England and South East averages.

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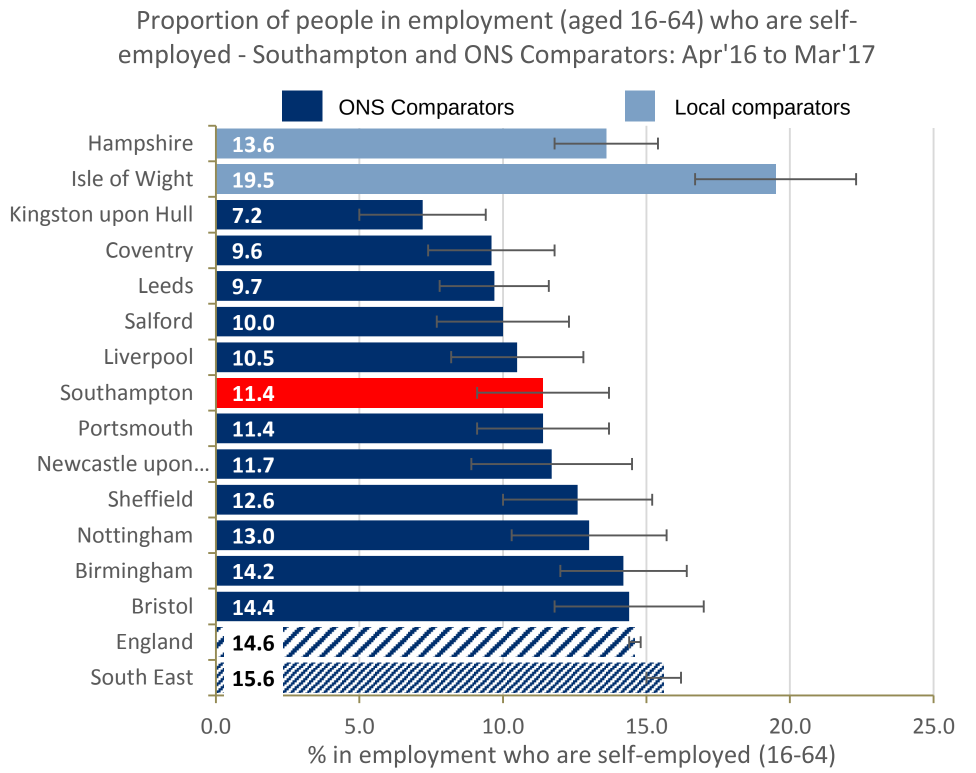
Business support organisations play an important role in both assisting potential new businesses but also in increasing their likelihood of remaining active in the first years. Research shows that 70% of small businesses that receive mentoring survive for five years or more. This is twice the rate compared with non-mentored entrepreneurs. Mentored businesses are also 20% more likely to experience growth.[17] Given the increasing numbers of business start-ups and entrepreneurship, and the comparatively poorer rates of business survival after the first year in Southampton, it is important to ensure that small businesses are aware of and able to access the support services available locally. It might also be possible to learn from comparator areas, such as Bristol, who have consistently higher levels of business survival.

4.4 Self-employment

Rates of self-employment is another measure commonly used as an indicator of the entrepreneurial activity in a local economy. Figure 4.41 shows that 11.4% of those in employment (aged 16-64) in Southampton are estimated to be self-employed. This is below the England (14.6%) and South East (15.6%) average, although the wide confidence intervals mean that it is similar to many of the city's comparator areas.

Figure 4.41:

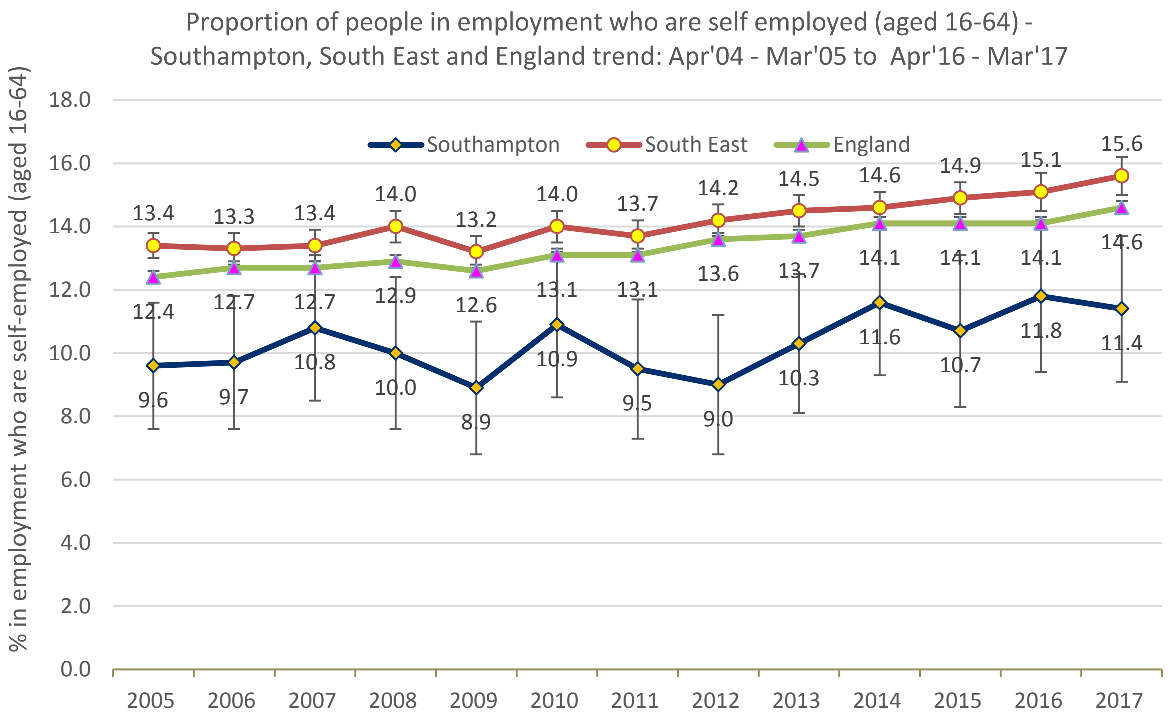


Source: Annual Population survey Office for National

[17] Small Firms Enterprise Development Initiative (SFEDI) (2012) http://www.director.co.uk/magazine/2012/02_February/Mentoring_65_06.html

Figure 4.42 shows the trend in self-employment in the city compared to England and the South East. Once again the wide confidence intervals mean that there has been very little significant change, although there are suggestions of an increasing level of self-employment over time; increasing from 9.6% in 2005 to 11.4% in 2017. This is in line with the increasing trend in England and the South East, although levels of self-employment in Southampton have consistently been lower than these comparators throughout the period.

Figure 4.42:



Source: Annual Population survey Office for National

4.5 Commercial and industrial floorspace and land

One of the elements considered by businesses when choosing their investment location is the availability of business floor space or available land. Experimental statistics from the Valuation Office Agency (VOA) estimate there to be 1,828,000 m^2 of available floorspace (occupied or unoccupied) in Southampton in 2015/16.

Figure 4.51 shows the proportion of floorspace by 'bulk class' for Southampton and its statistical neighbours in 2015/16. Industry occupies the highest percentage of floorspace uniformly across all comparator areas. However, compared to these, Southampton had one of the lowest percentages occupied by industry at 36.1%. In comparison Portsmouth had 46.3% and England 55.6%, although the South East average was similar at 36.7%. Almost a third (31.3%) of floorspace in Southampton is classified as retail, which is the largest proportion compared to the city's comparator areas; the England and South East averages were 18.1% and 20.1% respectively.

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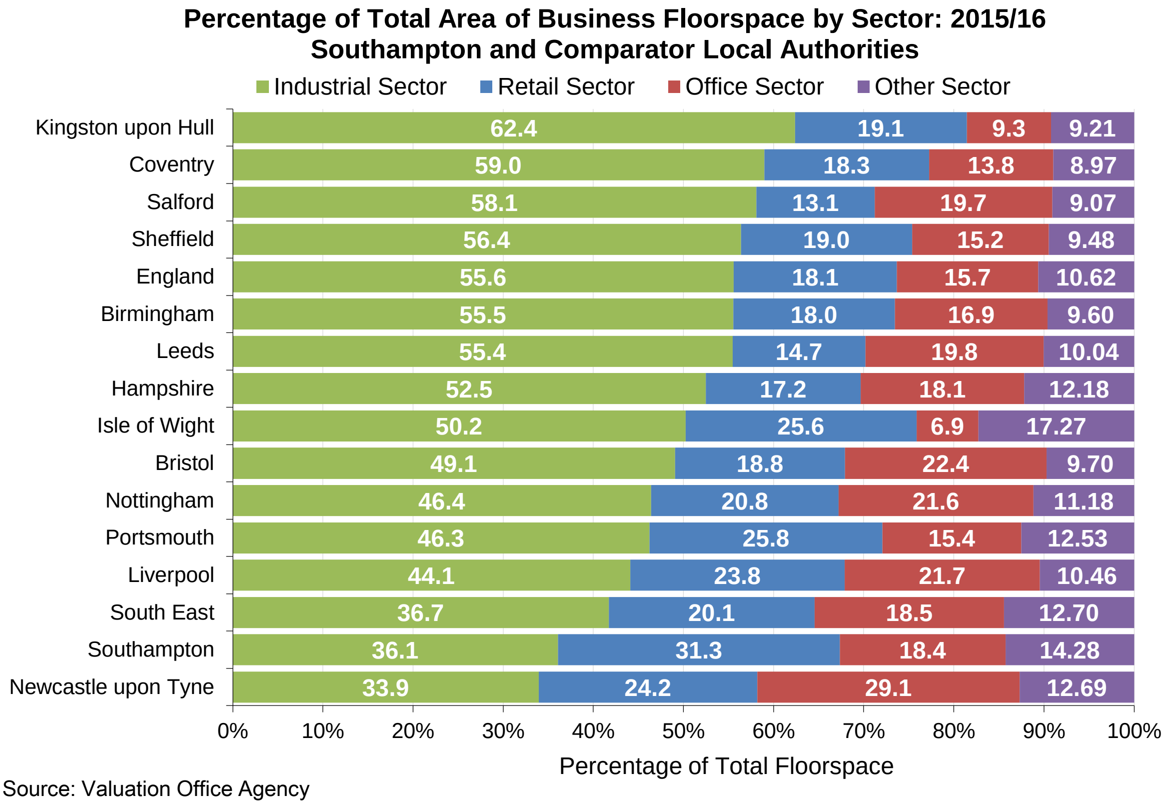
Figure 4.51:



Source: Valuation Office Agency

In 2015/16, Southampton had 572,000m^2 of retail floorspace, which accounted for 17.4% of all retail floorspace in the Hampshire area; the largest share amongst all authorities. Southampton also had 336,000m^2 of office floorspace (2nd in Hampshire; 12.1%), 660,000m^2 of industrial floorspace (5th in Hampshire; 8.2%) and 261,000m^2 of other floorspace (1st in Hampshire; 12.6%). See figure 4.52 for further information.

Between 2000/01 and 2015/16 the total business floorspace in Southampton has reduced by 236,000m^2, a fall of -11.4%; in comparison, total business floorspace in the South East and England increased by 5.9% and 1.9% respectively (see figure 4.53). Figure 4.54 shows the changing trend in available floorspace by sector. Both office and industrial floorspace has reduced in Southampton over the period by -20.8% and -23.3% respectively. In comparison, office floorspace increased in both England (12.7%) and the South East (5.5%) and, whilst industrial floorspace reduced slightly for England (-4.9%), it was not by the same magnitude as in Southampton. Industrial floorspace in the South East remained fairly stable throughout the period. However, other business floorspace increased in Southampton by 23.7% over the same period which is greater than the England average (16.1%), although lower than the South East 28.6%.

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Figure 4.52: Total business floorspace by sector for top 5 administrative areas in Hampshire (thousand m²) and percentage change year on year

Retail Sector	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Southampton UA	571 (N/A)	571 (0.0%)	568 (-0.5%)	574 (1.1%)	570 (-0.7%)	572 (0.4%)
Portsmouth UA	459 (N/A)	449 (-2.2%)	451 (0.4%)	458 (1.6%)	457 (-0.2%)	458 (0.2%)
Isle of Wight UA	269 (N/A)	270 (0.4%)	274 (1.5%)	268 (-2.2%)	275 (2.6%)	276 (0.4%)
Basingstoke and Deane	250 (N/A)	250 (0.0%)	247 (-1.2%)	254 (2.8%)	258 (1.6%)	268 (3.9%)
Eastleigh	230 (N/A)	230 (0.0%)	228 (-0.9%)	225 (-1.3%)	235 (4.4%)	235 (0.0%)
Office Sector	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Basingstoke and Deane	482 (N/A)	483 (0.2%)	476 (-1.4%)	475 (-0.2%)	478 (0.6%)	458 (-4.2%)
Southampton UA	437 (N/A)	379 (-13.3%)	376 (-0.8%)	348 (-7.4%)	341 (-2.0%)	336 (-1.5%)
Winchester	275 (N/A)	285 (3.6%)	299 (4.9%)	299 (0.0%)	299 (0.0%)	298 (-0.3%)
Rushmoor	296 (N/A)	305 (3.0%)	306 (0.3%)	305 (-0.3%)	298 (-2.3%)	288 (-3.4%)
Portsmouth UA	261 (N/A)	268 (2.7%)	262 (-2.2%)	268 (2.3%)	270 (0.7%)	273 (1.1%)
Industrial Sector	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Test Valley	1020 (N/A)	1070 (4.9%)	1063 (-0.7%)	1076 (1.2%)	1083 (0.7%)	1109 (2.4%)
Basingstoke and Deane	1015 (N/A)	1005 (-1.0%)	883 (-12.1%)	881 (-0.2%)	860 (-2.4%)	875 (1.7%)
Eastleigh	854 (N/A)	856 (0.2%)	849 (-0.8%)	847 (-0.2%)	829 (-2.1%)	826 (-0.4%)
Portsmouth UA	858 (N/A)	861 (0.3%)	860 (-0.1%)	852 (-0.9%)	832 (-2.3%)	820 (-1.4%)
Southampton UA	699 (N/A)	697 (-0.3%)	694 (-0.4%)	666 (-4.0%)	661 (-0.8%)	660 (-0.2%)
Other - Sector	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Southampton UA	235 (N/A)	243 (3.4%)	248 (2.1%)	251 (1.2%)	254 (1.2%)	261 (2.8%)
New Forest	216 (N/A)	214 (-0.9%)	218 (1.9%)	223 (2.3%)	227 (1.8%)	228 (0.4%)
Portsmouth UA	201 (N/A)	216 (7.5%)	203 (-6.0%)	207 (2.0%)	222 (7.2%)	222 (0.0%)
Isle of Wight UA	162 (N/A)	166 (2.5%)	168 (1.2%)	173 (3.0%)	178 (2.9%)	186 (4.5%)
Winchester	158 (N/A)	154 (-2.5%)	158 (2.6%)	162 (2.5%)	165 (1.9%)	171 (3.6%)

Figure 4.53:

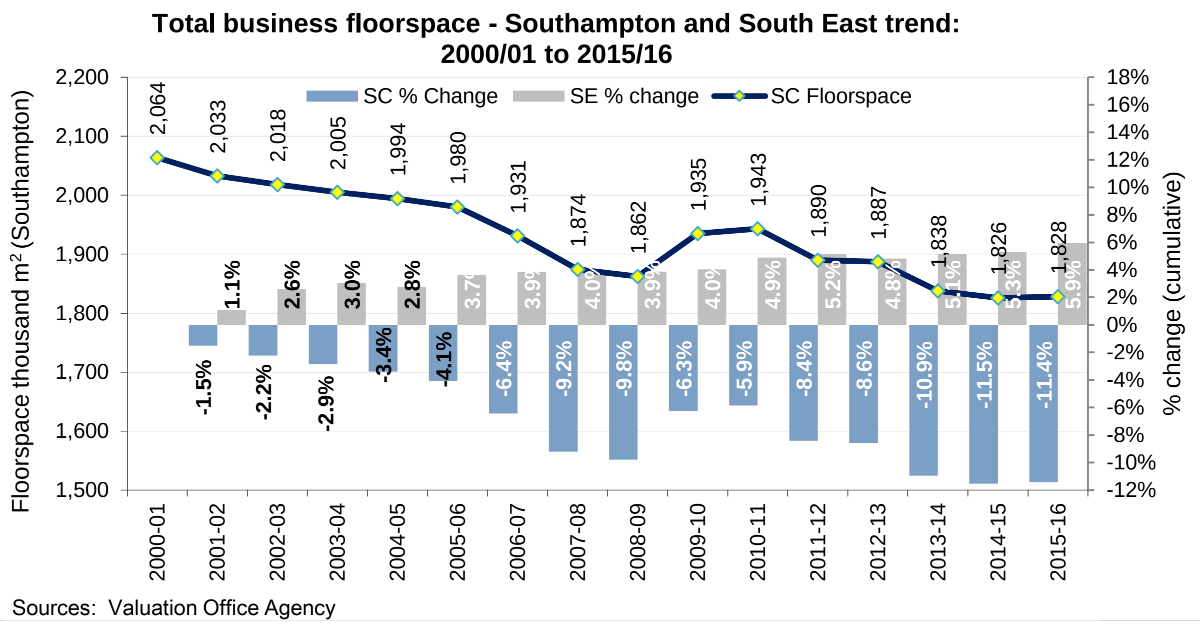

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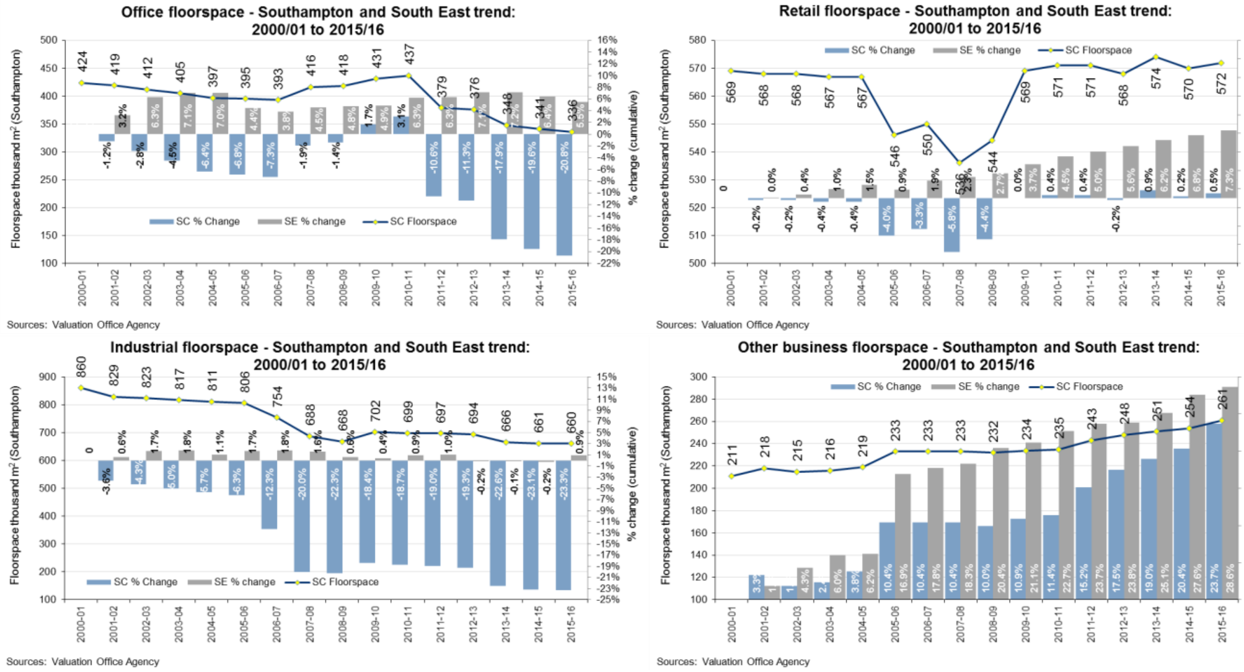
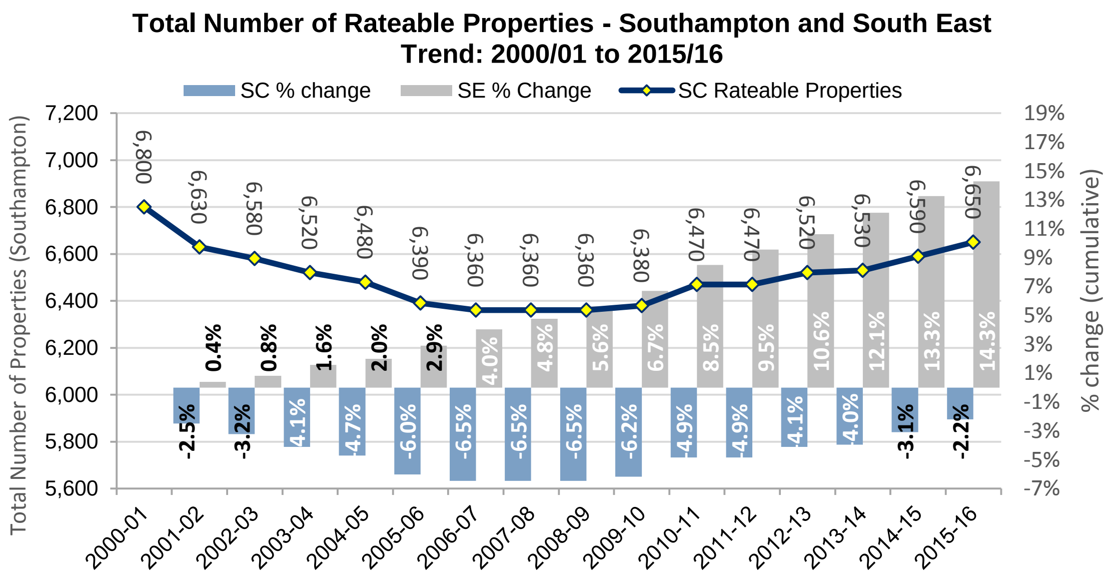
Figure 4.54:



There were a total of 6,650 rateable properties in Southampton in 2015/16. A rateable property (also known as a hereditament) is a unit of property that is, or may become, liable to non-domestic rating. Interestingly, although the number of rateable properties reduced by 6.4% between 2000/01 and 2006/07, it has since stabilised and risen by 4.6% between 2008/09 and 2015/16, despite overall floorspace continuing to decline (see figure 4.55). This suggests an increase in the number of units with a smaller floorspace than previously in the city. Figure 4.56 illustrates how the increase in rateable properties since 2008/09 is largely due to offices and 'other' rateable properties; retail and industrial units have continued to decline.

Figure 4.55:



Source: Office for National Statistics

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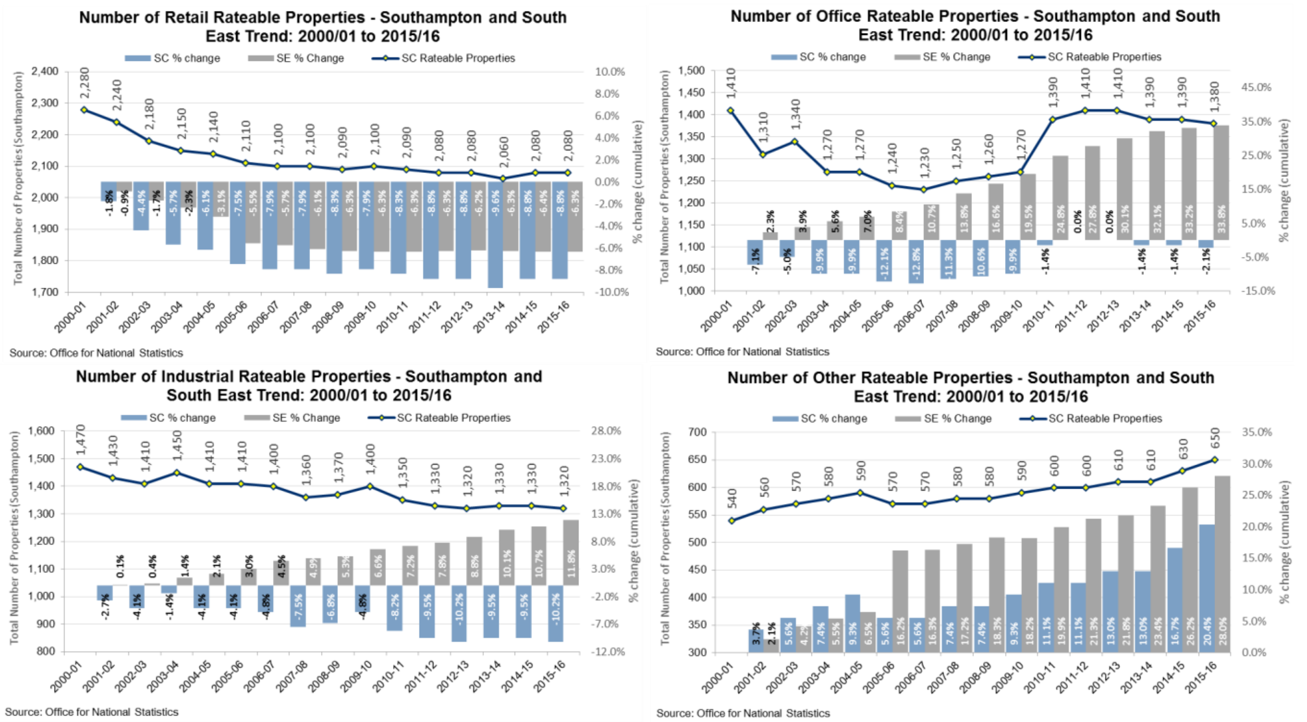
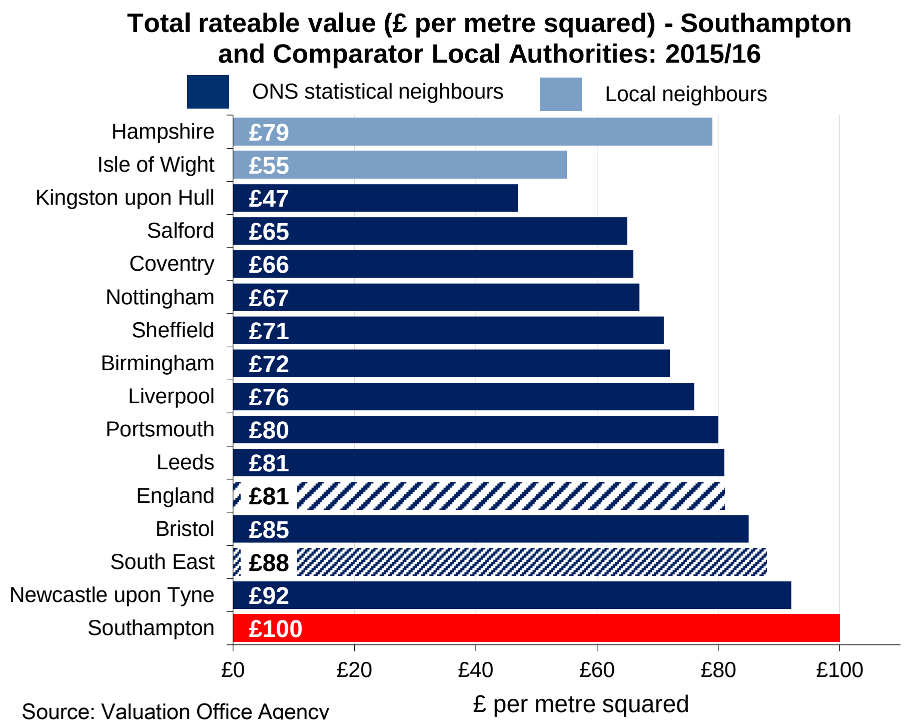
Figure 4.56:



Every non-domestic property has a rateable value, which is determined by the Valuation Office Agency (VOA). The rateable value is broadly representative of the amount for which the premises could be let, and form the basis for the calculation of business rates. Figure 4.57 shows the rateable value of business floorspace per m^2 in Southampton in 2015/16 compared to its statistical neighbours.

Figure 4.57:



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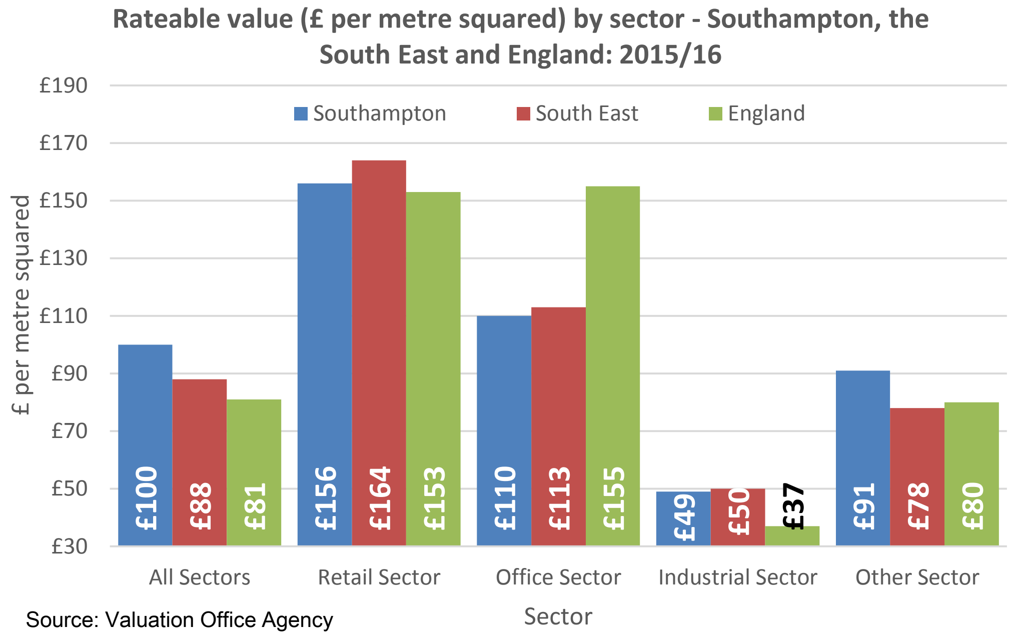
Floorspace in Southampton has a rateable value of £100 per m2; the highest in the Hampshire and Isle of Wight area, the highest amongst statistical neighbours and higher than both the South East (£88) and England (£81) average. The average rateable value is likely to be high in Southampton due to the high proportion of floorspace dedicated to the retail sector; 31% in Southampton compared to 18-20% in the South East and England. Figure 4.58 illustrates how retail floorspace has a much higher rateable value in Southampton (£156) compared to both office (£110) and industrial floorspace (£49).

Figure 4.58:



The higher than average rateable value in Southampton will have a positive impact on business rates revenue, which may become more relevant for local government in the event of 100% business rate retention in the future. However, the reduction in overall floorspace in the city may need to be addressed to fully realise these benefits.

4.6 Summary of key points

- In 2016, there were just over 6,500 businesses in Southampton, a 9.7% increase from 2015. Since 2011 the number of businesses in the city has increased by over 1,500; an overall increase of almost a third (31.8%), which is greater than that recorded for both the South East (19.5%) and England (24.3%). This is reflective of the wider UK economy's recent performance, with strong growth and low inflation providing a good environment for businesses to set up.
- However, business density in Southampton (a proxy for local competition) continues to be much lower than the national average; 370 businesses per 10,000 population compared to 635 per 10,000 population. This is the second lowest amongst comparator cities. However, this may reflect the fact that Southampton has a number of large public sector employers in the area which may reduce this business density metric. Nonetheless, there may be

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implications in terms of urban planning policies and the provision of suitable premises for new businesses in the city.

- The recent growth in the number of enterprises in Southampton is dominated by micro businesses (0 to 9 employees), increasing by 1,375 between 2010 and 2016; an overall increase of almost 30% and an 11.5% increase in 2016 alone. This growth is greater than the England and South East average and may be a sign of increased entrepreneurship in Southampton.
- There were 1,385 new business start-ups in Southampton in 2015 and 825 business deaths. As a rate per 10,000 resident population, both are below the England average. Despite having a significantly lower business birth rate, Southampton has recently experienced a dramatic increase in business births (110% increase between 2010 and 2015 and 34% in the last year alone); a rate of change greater than both England and the South East. This has resulted in a narrowing of the gap to England from 33% (lower) in 2010 to 19% in 2015. Meanwhile, the business death rate has remained fairly static throughout the period (+1.9%), indicating a good level of growth in Southampton.
- Although Southampton does not have a particularly high rate of business start-ups or a particularly low rate of business deaths, it does have the third largest growth rate (birth minus death rates) amongst comparator cities; this suggests that business growth in the city compares positively with the majority of statistical neighbours.
- However, as a proportion of all businesses in the city, Southampton has the second highest proportion of business start-ups and second highest business deaths amongst comparator cities. This suggests a higher than average level of business turnover in the city, and issues with business survival. One year business survival rates are better than average in Southampton, but despite some recent improvements, survival over two, three and five years is significantly lower than the national and South East average.
- Levels of self-employment appear to have increased in Southampton since the recession (+2.5% points since 2009) in line with the England trend. Just over 1 in 10 (11.4%) of the working age population (aged 16-64) in Southampton are estimated to be self-employed in 2017, which is lower than the England (14.6%) and South East (15.6%) average.
- There was an estimated 1,828,000 m^2 of available business floorspace in Southampton in 2015/16; this is a reduction of 11.4% since 2000/01. In comparison, floorspace has increased in both England (1.9%) and the South East (5.9%). Office and industrial floorspace has reduced most dramatically in Southampton over the period by -20.8% and -23.3% respectively. The majority of floorspace is still classed as industrial (36.1%) in the city, although this proportion is much lower than the England average (55.6%) and the second lowest amongst comparator cities. Almost a third (31.3%) of floorspace in Southampton is classified as retail, which is the largest proportion compared to the city's comparator areas; Southampton has 17.4% of all retail floorspace in the Hampshire area.
- Despite overall floorspace continuing to decline, the number of rateable properties in Southampton has increased 4.6% between 2008/09 and 2015/16. This is mainly due to a

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growth in the 'office' and 'other' classes. This trend suggests an increase in the number of units with a smaller floorspace than previously in the city.

- Floorspace in Southampton has a rateable value of £100 per m^2; the highest in the Hampshire and Isle of Wight area, the highest amongst statistical neighbours and higher than both the South East (£88) and England (£81) average. The average rateable value is likely to be high in Southampton due to the high proportion of floorspace dedicated to the retail sector which has a higher rateable value (£156). This high value will have a positive impact on business rate revenues for local government in the event of 100% business rate retention. However, the reduction in overall floorspace in the city may need to be addressed to fully realise these benefits and to encourage further businesses into the city.

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5. Employee Jobs in Southampton

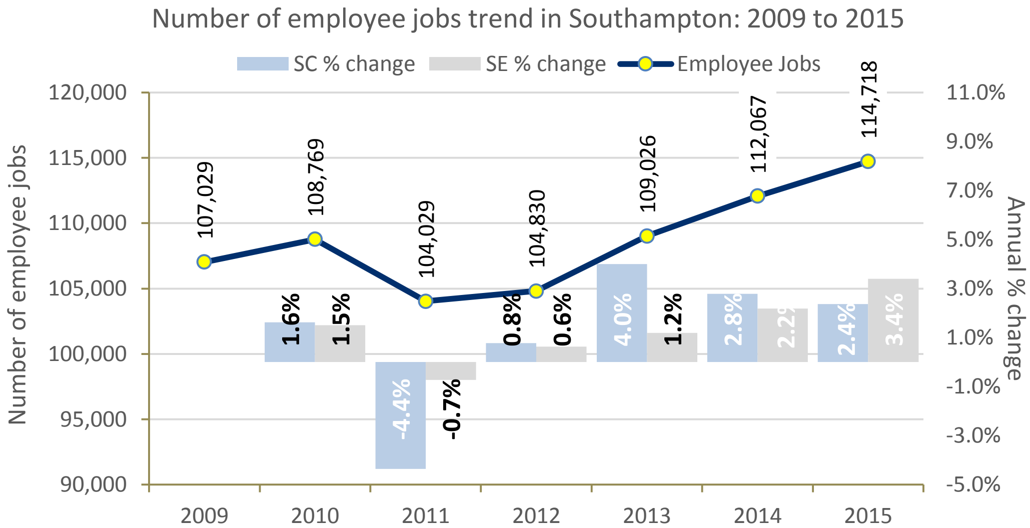
5.1 Total employee jobs

The number of employee jobs is one of the main indicators of the state of the economy. The changes in employee numbers may indicate whether the economy is growing or in decline, what the local strengths are and how significant the local changes are in comparison to other areas or against the regional or national average.

The ONS Business Register and Employment Survey (BRES) is the official source of employee and employment estimates in the UK. The survey collects employment information from a sample of some 80,000 businesses across the whole of the UK economy, allowing the analysis of workplace-based employee and employment estimates by detailed geography and industry, full-time or part-time workers and by public or private sector businesses. However, it should be noted that BRES does not cover the very small businesses neither registered for VAT nor Pay-As-You-Earn (PAYE), which make up a small part of the economy.[18]

The most recent employee figures available at sub-regional level indicate that around 115,000 workers were employed in Southampton in 2015. Figure 5.11 shows that the number of employee jobs in Southampton has grown steadily since 2011, following a 4.4% fall in 2011. Between 2009 and 2015, Southampton's economy has experienced a net increase in the number of jobs of around 7,700; a 7.2% increase. This is a net increase which means that the total number of new jobs created during the period is likely to be much higher, but these increases would have been offset by job losses elsewhere.

Figure 5.11:



Source: ONS Business Register & Employment Survey (BRES)

[18] ONS (2016) Statistical bulletin: *UK business register and employment survey (BRES) 2015* [Online] Available from: https://tinyurl.com/ybxmbq63

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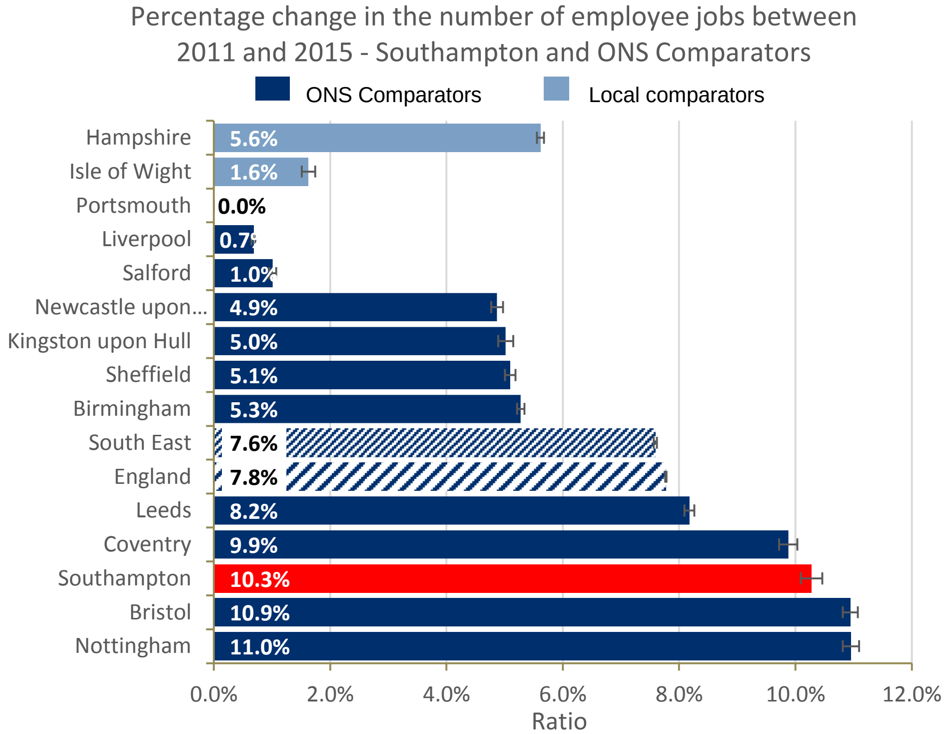
Since 2011, there has been a net increase of approximately 10,700 jobs in Southampton. This is a growth of over 10% (2.6% annually) and, as illustrated in figures 5.12 and 5.13, this is higher than both the South East (7.6%) and England (7.8%) average. Only Nottingham (11.0%) and Bristol (10.9%) had a larger growth in employee jobs during the period; in comparison Portsmouth has seen a 0% growth over the same period following a fall in employee jobs in each of the last three years for which data is available.

Figure 5.12: Annual percentage change in employee jobs – ONS BRES 2009 to 2015

Region name	2010	2011	2012	2013	2014	2015	2009-2011 change	2009-2015 change	2011-2015 change
England	0.1	-0.1	0.8	1.3	3.1	2.4	0.0	7.8	7.8
South East	1.5	-0.7	0.6	1.2	2.2	3.4	0.8	8.4	7.6
Southampton	1.6	-4.4	0.8	4.0	2.8	2.4	-2.8	7.2	10.3
Portsmouth	0.0	-1.2	4.3	-3.2	-0.7	-0.2	-1.2	-1.2	0.0
Isle of Wight	3.2	-0.3	-2.7	1.5	-0.7	3.6	2.9	4.6	1.6
Hampshire County	2.2	-1.2	-0.1	1.9	1.1	2.6	0.9	6.6	5.6

Figure 5.13:



Source: ONS Business Register & Employment Survey (BRES)

Despite this growth, the ratio of employee jobs to working age residents in Southampton is comparatively low at 0.67 jobs per resident aged 16-64. This is below the South East (0.73) and England (0.72) average, and is the second lowest amongst comparator cities (see figure 5.14). Once again, this will be impacted by the relatively large student population in the city. However, other comparator areas also have a sizable student populations, so this does not fully explain the differences. Nonetheless, when considering the implications of this relatively low ratio of employee jobs to

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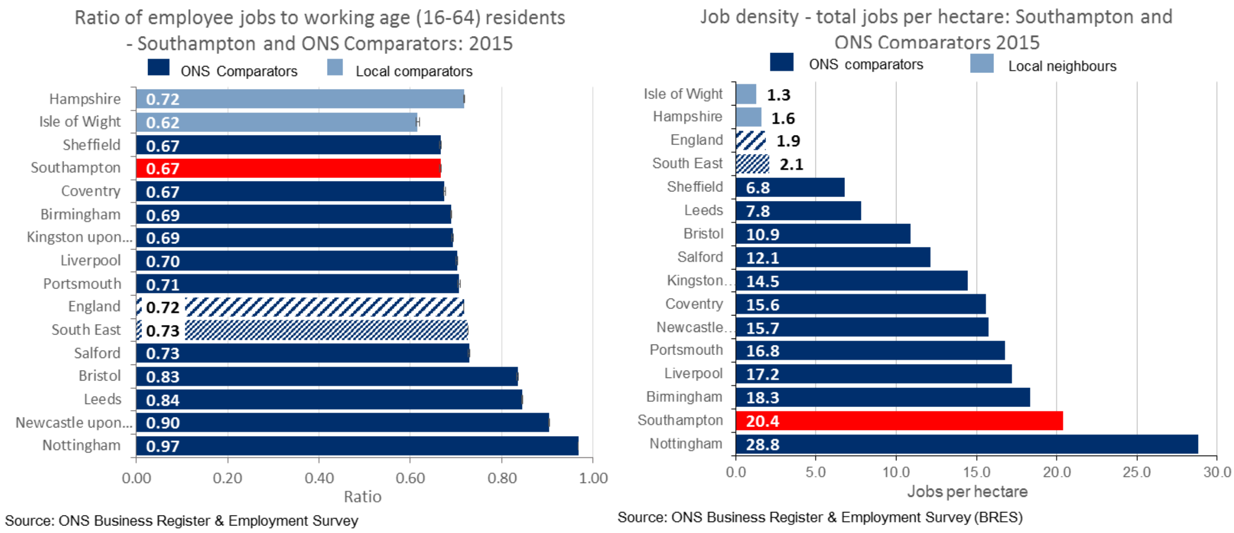
working age population on Southampton residents, it should be reiterated that the Southampton economy functions transcends the administrative boundary used in this report, with employment centres just beyond the administrative boundary, providing employment opportunities (see section 4.1 for further details).

As well as considering the number of jobs per working age resident, it is also possible to look at job density, by considering the number of jobs per hectare. The second chart in figure 5.14 shows how Southampton compares to its comparator areas. Southampton does better on this measure, with a job density of 20.4 jobs per hectare, compared to the England average of 1.9; this is unsurprising as Southampton is a chiefly urban area. Nonetheless, Southampton also ranks well compared to comparator cities (other urban areas). Only Nottingham has a job density higher than Southampton with a density of 28.8 jobs per hectare, whilst neighbouring Portsmouth has a density of 16.8.

Figure 5.14:



The map in figure 5.15 shows the job density by electoral ward for Southern Hampshire. This demonstrates that Southampton is a centre of employment on the south coast, along with Portsmouth, Eastleigh and Havant. Figure 5.16 is the same map, but centred in on Southampton. This shows how Bargate ward has the highest job density, at 103 jobs per hectare. This is followed by Bevois (65 jobs per hectare), Shirley (38 jobs per hectare) and Portswood (37.9 jobs per hectare). These wards host the city centre, along with major employers such as the University of Southampton, Southampton Solent University and University Hospital Southampton (UHS). Notably these wards are all in the centre or west of the city.

Figure 5.15:

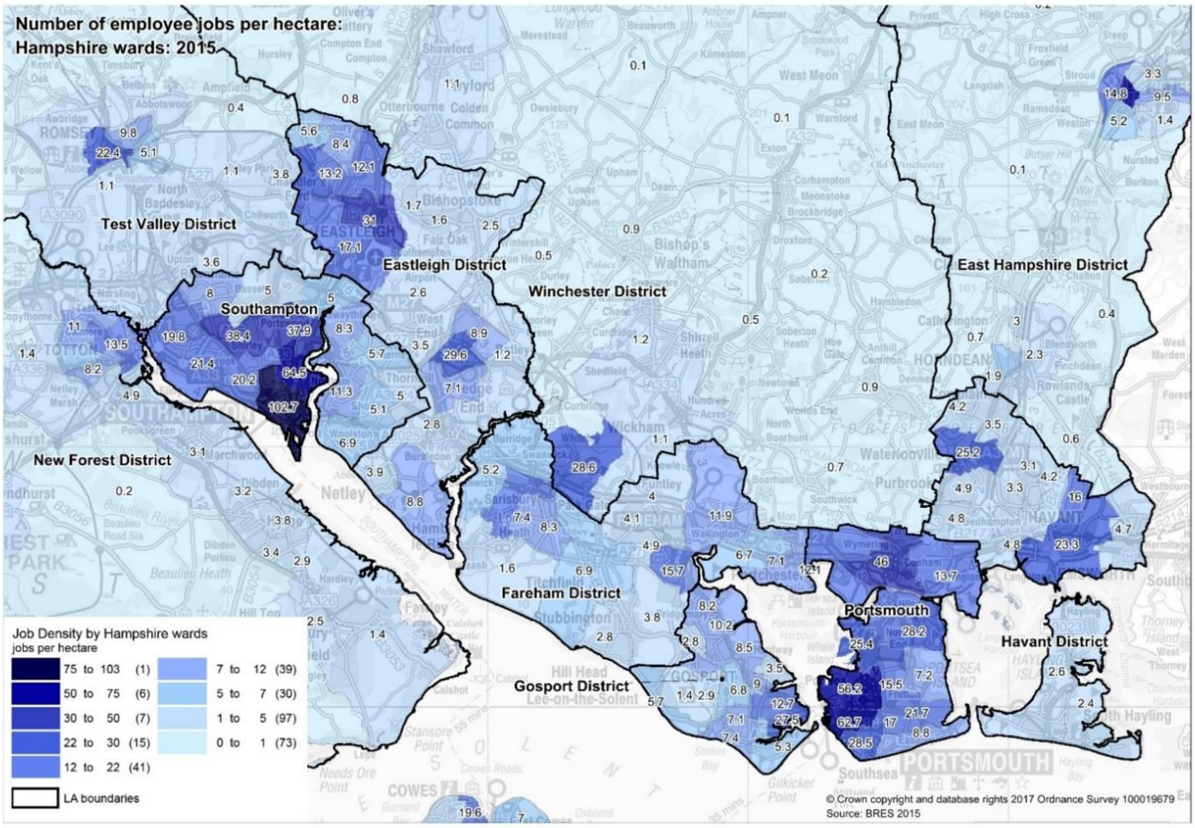
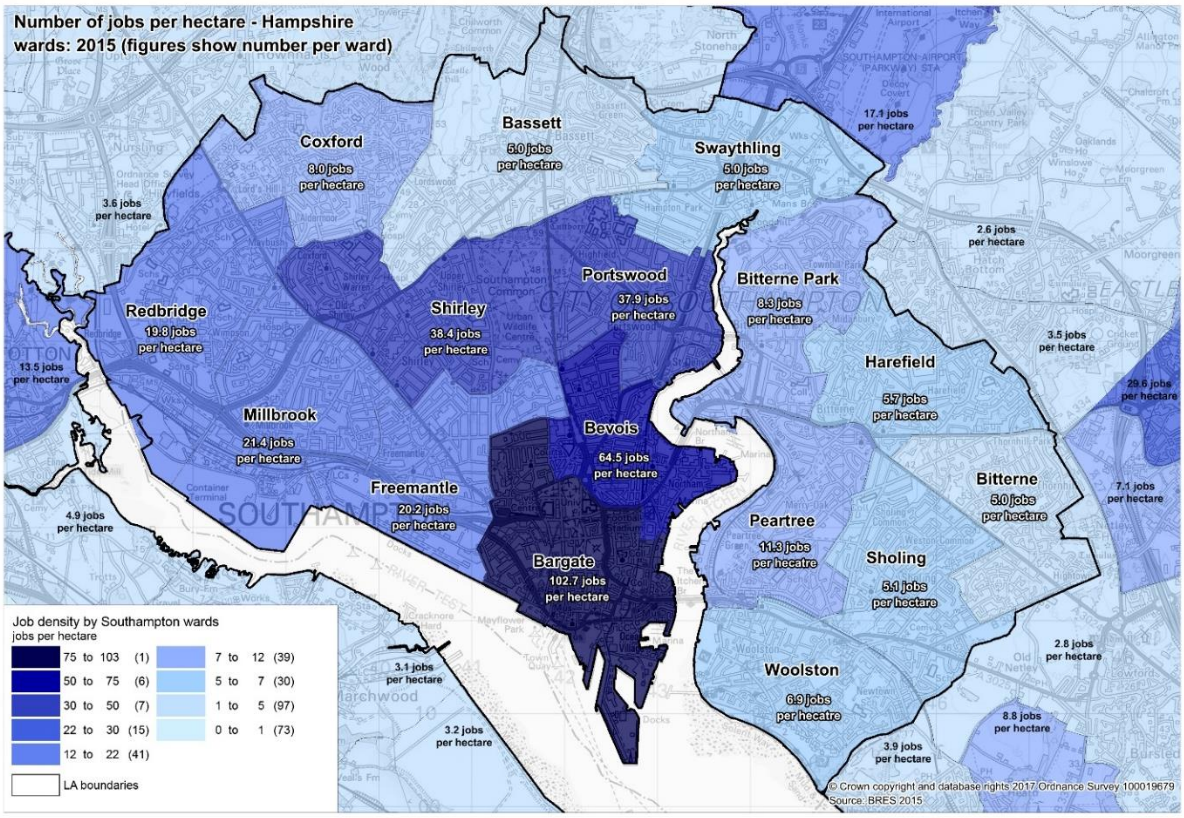


Figure 5.16:



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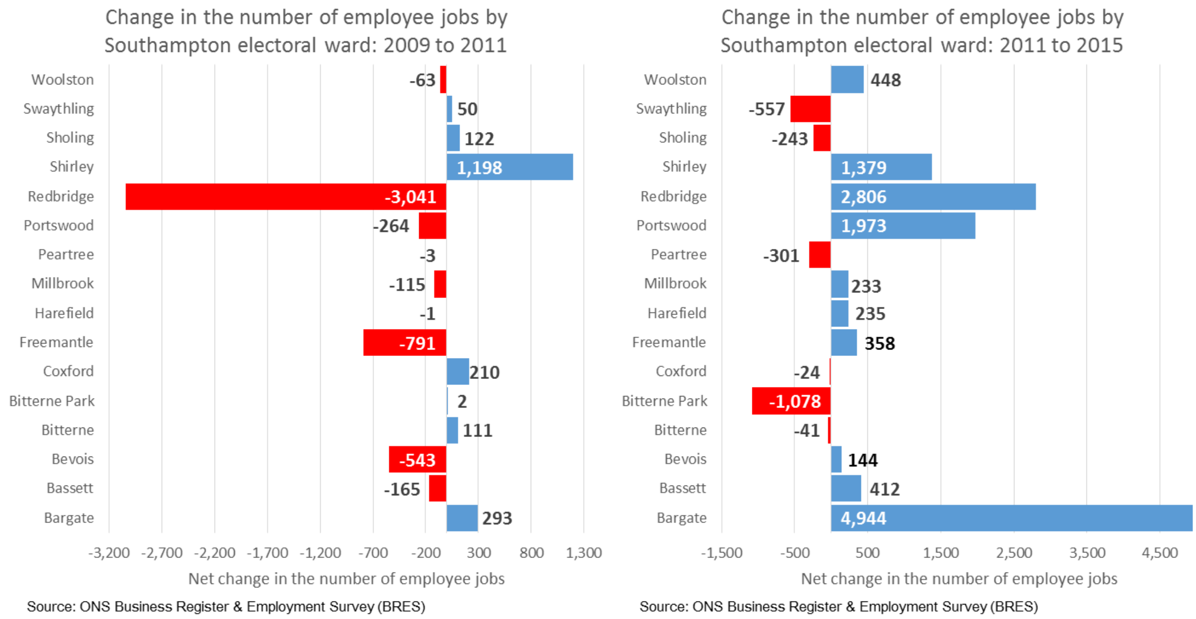
Between 2009 and 2011, there was a net loss of 3,000 employee jobs in the city. This was followed by a period of growth where there was a net increase of around 10,700 jobs. However, these net changes in the number of jobs were not equally spread across the city. Figure 5.17 illustrates the net change in the number of jobs by electoral ward for both time periods. Redbridge ward experienced the largest net loss in jobs (-3,041) between 2009 and 2011, followed by Freemantle (-791) and Bevois (-543); in contrast there was a net increase in Shirley (1,198). The large number of jobs lost in Redbridge ward can be attributed to Ordnance Survey (OS) moving out of the city during 2010/11. Although this resulted in fewer jobs located in Redbridge, the reality is that these jobs relocated 1.5 miles to Nursling (just outside the city boundary) and so the impact in terms of job losses for Southampton residents is likely to have been negligible.

Figure 5.17

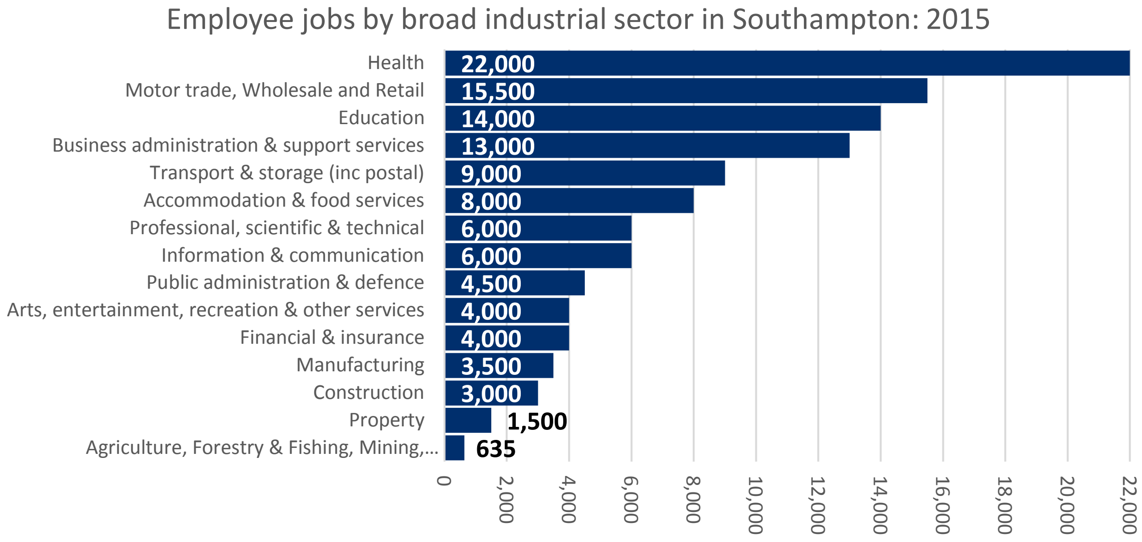


Between 2011 and 2015, the largest net increase in employee jobs was seen in Bargate ward (4,944) followed by Redbridge (2,806), Portswood (1,973) and Shirley (1,379); yet there were net job losses in six wards, most notably in Bitterne Park (-1,078) and Swaythling (-557).

5.2 Industrial breakdown and key sectors

The sectoral breakdown of Southampton employee jobs is presented in figure 5.21. The top sectors in terms of employee numbers (whether full or part-time) are *health, retail* and *education.* These three sectors combined provide approximately 45% of all jobs in the city. This is reflected in figure 5.22 which shows the top employers in the city and estimated number of employees.

Figure 5.21:



Source: Business Register and Employment Survey (BRES)

Figure 5.22: Major employers in Southampton and estimated number of employees

Employer	Activity	Number of employees
University Hospital Southampton	Healthcare	10,500
University of Southampton	Education	6,000
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

Figure 5.23 shows the change in the number of employee jobs by broad industrial sector between 2010 and 2011 (period of decline) and between 2011 and 2015 (period of recovery). The first chart shows the industries which were most severely affected by job losses at the beginning of the decade. The *information and communication* sector was worst hit with around 3,000 net job losses. There were also around 1,000 net job losses in the *education, business administration and support services,* and *professional, scientific and technical* industries. However, there were around 2,000 net job gains in the accommodation and food services industry, although jobs in this sector are often fairly low paid.

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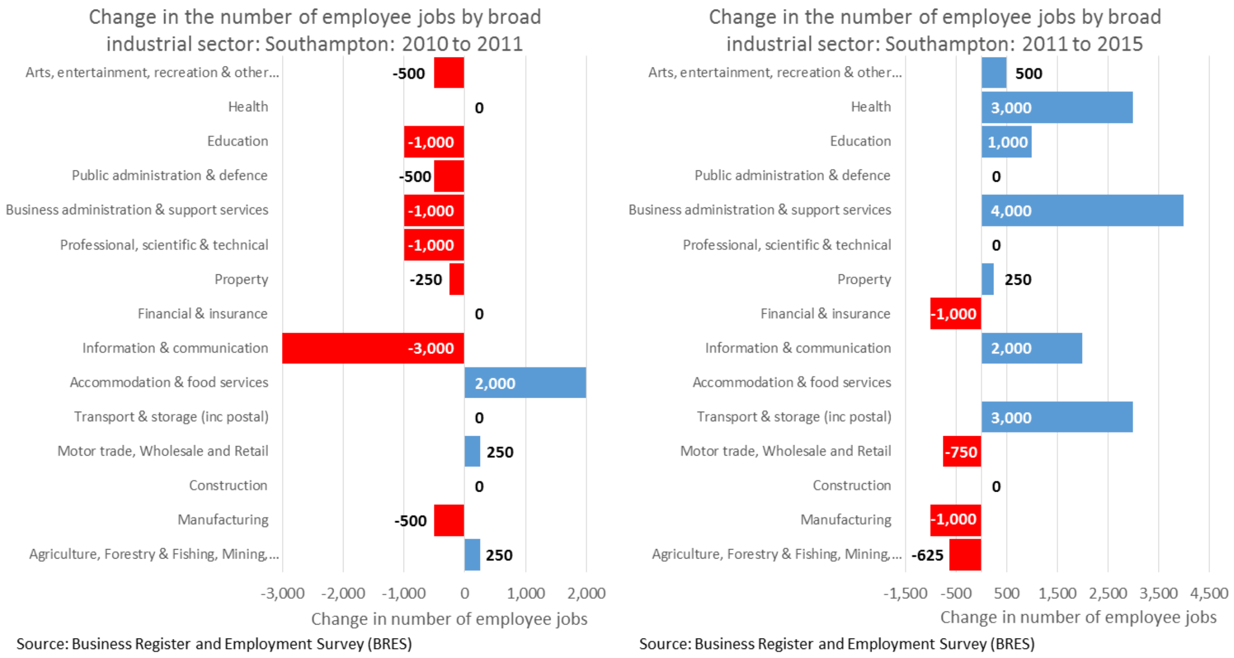
Figure 5.23:



The 2011 to 2015 period was characterised as a period of recovery / growth with a net increase of around 10,700 jobs. The second chart in figure 5.23 shows the industries where the largest growth in jobs occurred; the largest increase has been seen in the *business administration and support services* industry with a net increase of 4,000 employee jobs. This was followed by *health* (3,000 jobs), *transport and storage* (3,000 jobs) and *information and communication* (2,000 jobs). However, not all industries have grown in this period; the m*anufacturing* industry has continued to decline (-1,000 jobs) along with the *financial and insurance* industry (-1,000 jobs).

The change in employment by sector has also been presented in figure 5.24 and figure 5.25. These charts look at three variables; the size of the sector in terms of the number of employee jobs in 2015 (size of the bubble), the location quotient of a given sector relative to the national average (x-axis) and the annual rate of growth or decline between 2011 and 2015 (y-axis). The location quotient (x-axis) shows which industries have a greater (1.0 or more) or lower (1.0 or less) representation in employment terms in Southampton relative to the national average. The annual rate of change (y-axis) gives an indication of whether the sector has grown over the 2011 to 2015 period or declined in terms of employee numbers.

Figure 5.24 presents the data by broad industrial group. The sectors in the top right quadrant of the chart are growth industries with a high representation (location quotient) in Southampton; they represent the economic strengths in the city. These include *transportation and storage*, *administrative and support service activities,* and *information and communication.* Notably, two of the top three industries (in terms of the number of employees) also feature in this quadrant, in the form of *health and social work activities* and *education*; although the growth in these sectors has been smaller.

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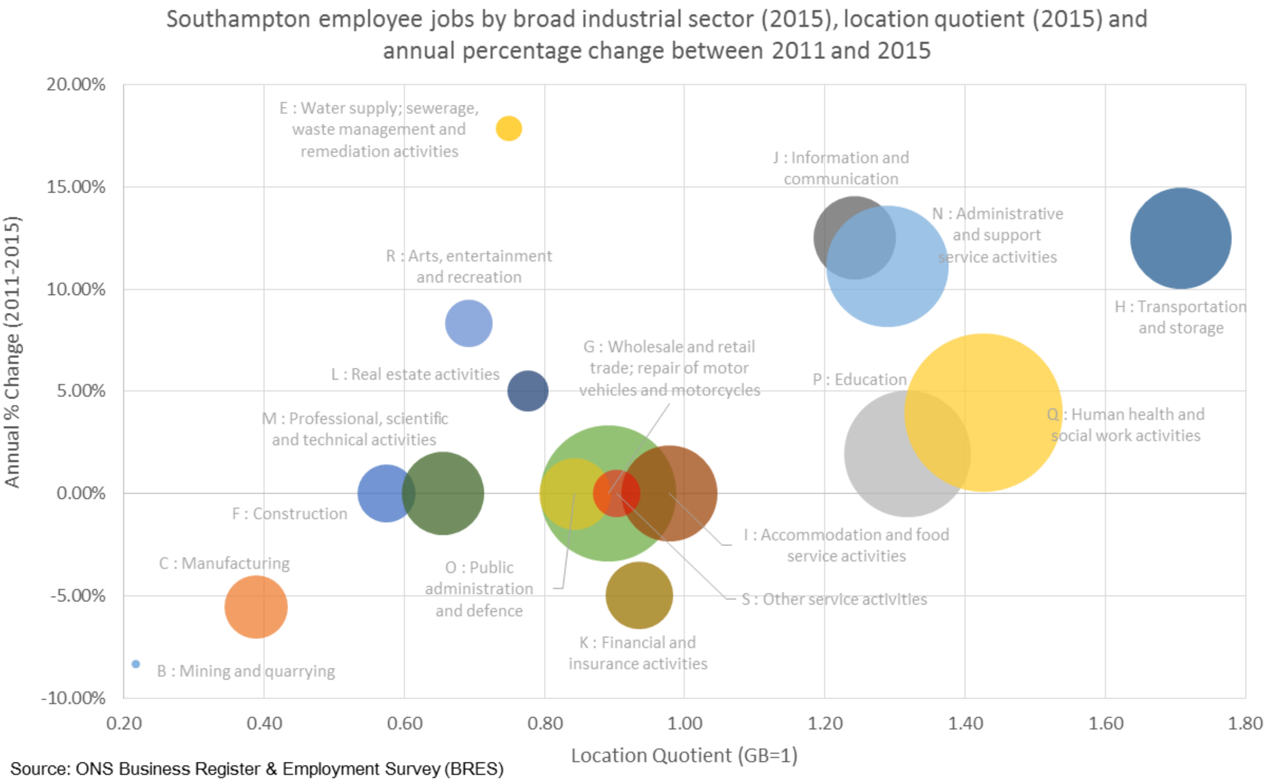
There has also been notable growth in the *water supply, sewerage and waste management, arts, entertainment and recreation* and *real estate* sectors. However, these industries remain under represented in the city compared to the national average and have fairly few employee jobs (top left quadrant).

Figure 5.24:



Source: ONS Business Register & Employment Survey (BRES)

In contrast to the top right quadrant, industries in the bottom left quadrant represent the weakest sectors in the city. These include manufacturing and *financial and insurance* activities, both of which are underrepresented in Southampton and are in decline. The *wholesale and retail* and *accommodation and food services* industries (in the centre of the chart) appear to be fairly stable, employing a relatively large number of employees, with a similar representation in Southampton to the national average. Although these sectors have not shown any growth between 2011 and 2015, the opening of West Quay South in December 2016 will increase the city's food and drink and leisure floorspace which is likely to have a positive impact on employee jobs in these areas.

The data shown in figure 5.24 looks at jobs broken down into the broad sectors defined by ONS. However, data is also available at individual Standard Industrial Classification codes (SIC 2007). This allows a more detailed analysis of employee jobs by industry. The charts in figure 5.25 show the top 10 industries (at the SIC 2-digit code level) in Southampton. The first chart show two notable outliers, *publishing activities* and *warehousing and support activities for transportation.* Both of these industries have a high location quotient and have shown good growth between 2011 and 2015.

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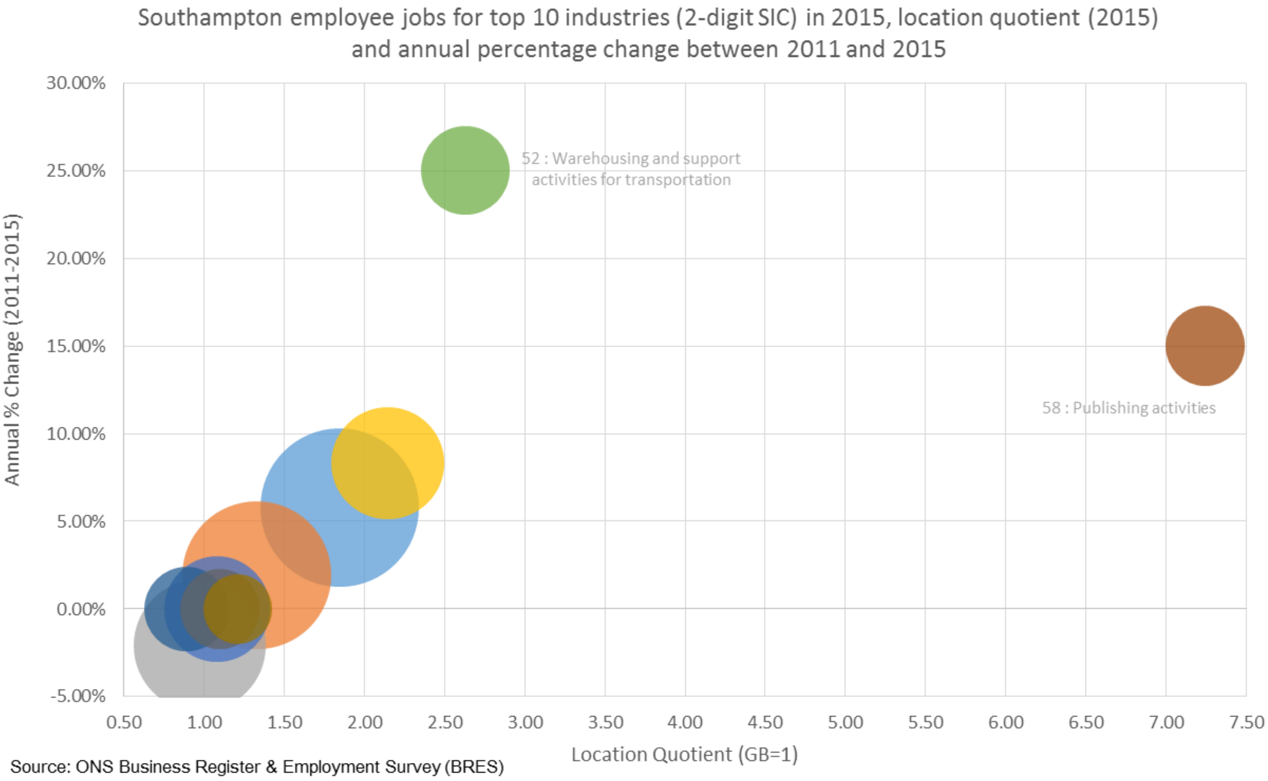
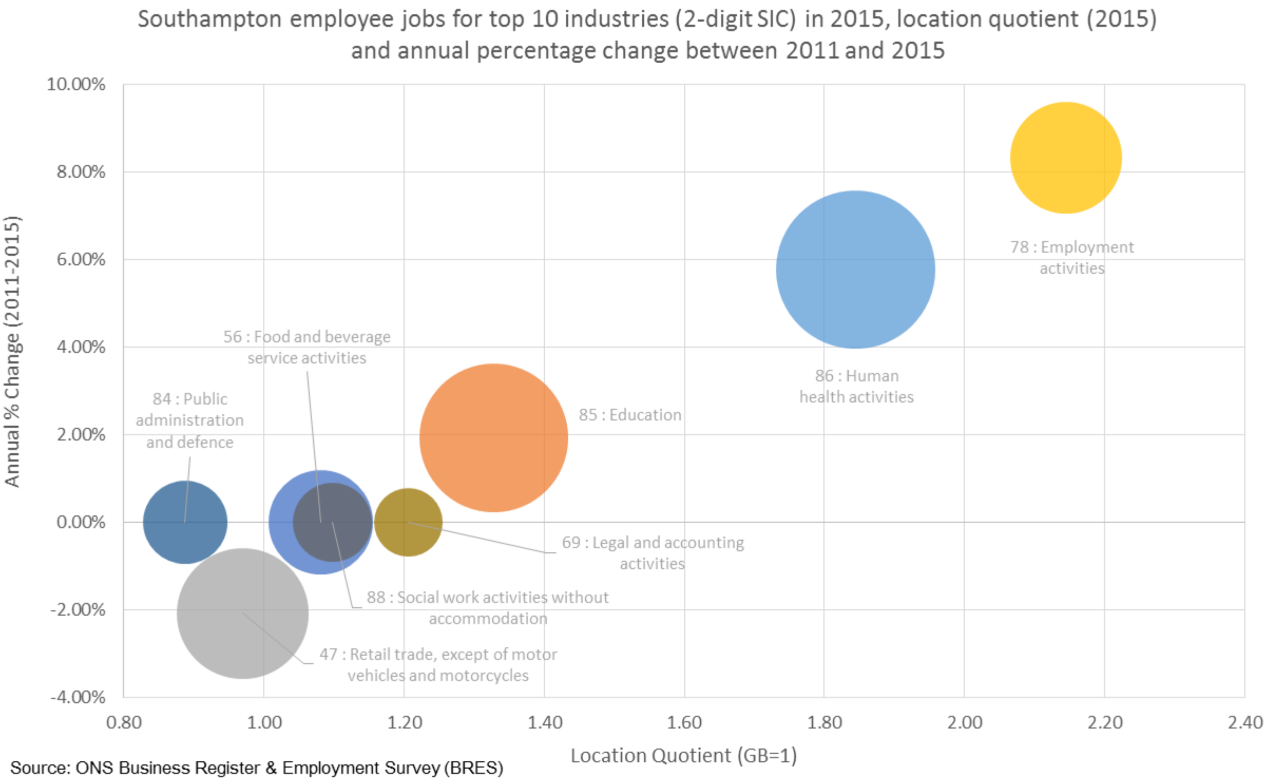
Figure 5.25:



Source: ONS Business Register & Employment Survey (BRES)



Source: ONS Business Register & Employment Survey (BRES)

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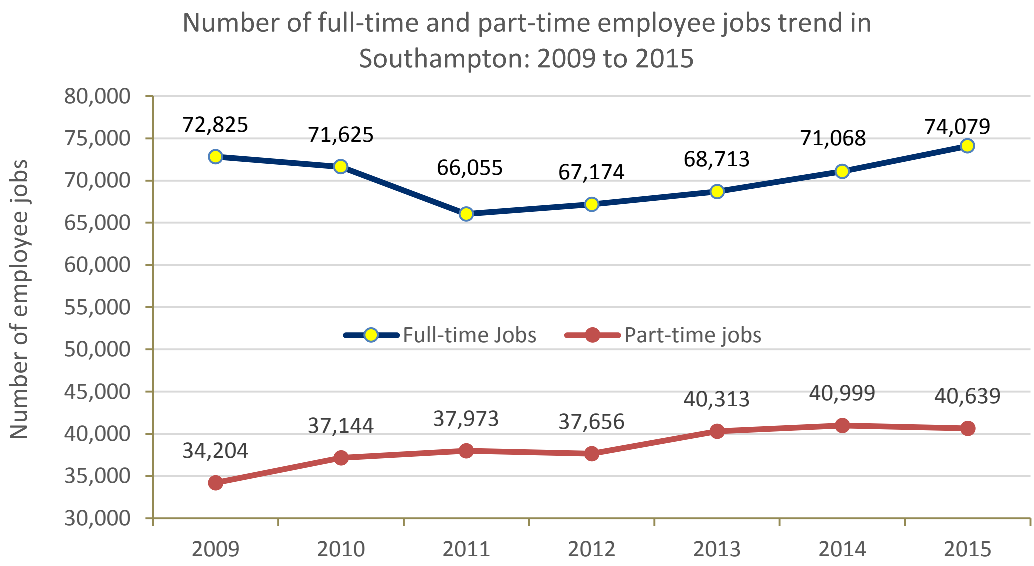
The second chart is essentially the same data, but excludes the two outlier industries above in order to get a more detailed view of the other eight industries. This shows that *employment activities* (mostly temporary employment agency activities), *human health* and *education* are strong industries in Southampton; these are large employers, have a larger than average representation and have shown growth since 2011. In contrast the *retail* industry is a large employer in the city, but has a slightly lower representation than nationally and has declined in terms of employee jobs between 2011 and 2015.

Further analysis of the growth in the *employment activities* industry has shown that this is mostly in temporary employment agency activities. This growth may indicate an increasing trend in temporary employment in the city since the recession, in lieu of permanent more stable employment.

5.3 Part-time and full-time

Nationally, one of the features of the economic downturn at the end of the last decade, was a significant shift from full-time to part-time employment, and Southampton was no exception. Figure 5.31 and figure 5.32 show the trend in the number of full-time and part-time jobs in the Southampton economy between 2009 and 2015. This illustrates that the overall net decline in the number of jobs between 2009 and 2011 was due to full-time job losses. Between 2009 and 2011 there was a net decline of over 6,700 full-time jobs (-9.3%); in contrast part-time jobs had a net increase of over 3,700 (11%).

Figure 5.31



Source: ONS Business Register & Employment Survey (BRES)

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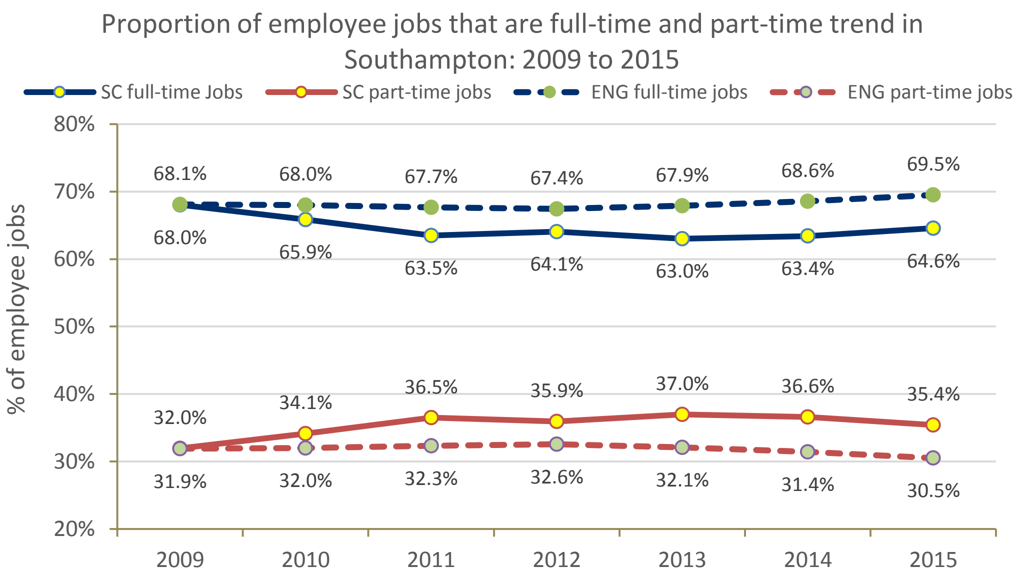
Figure 5.32: Annual percentage change in full-time and part-time employee jobs – ONS BRES 2009-15

Region name	2010	2011	2012	2013	2014	2015	2009-2011 change	2009-2015 change	2011-2015 change
Full-time employee jobs									
England	-0.1	-0.6	0.5	2.0	4.1	3.8	-0.6	10.0	10.7
South East	0.6	-2.4	1.7	0.5	4.1	4.7	-1.9	9.4	11.5
Southampton	-1.6	-7.8	1.7	2.3	3.4	4.2	-9.3	1.7	12.1
Portsmouth	0.6	-1.7	4.6	-1.9	-3.5	2.2	-1.1	0.2	1.3
Isle of Wight	-0.8	-2.7	3.8	-4.7	3.2	4.4	-3.5	2.9	6.6
Hampshire County	2.1	-3.2	-1.5	1.0	3.4	3.7	-1.2	5.4	6.7
Part-time employee jobs									
England	0.4	1.0	1.5	-0.1	0.9	-0.7	1.4	3.1	1.7
South East	3.5	2.8	-1.5	2.5	-1.6	0.6	6.4	6.3	-0.1
Southampton	8.6	2.2	-0.8	7.1	1.7	-0.9	11.0	18.8	7.0
Portsmouth	-1.3	-0.1	3.6	-5.8	5.1	-5.0	-1.4	-3.9	-2.5
Isle of Wight	10.4	3.6	-12.5	12.7	-6.5	2.1	14.4	7.7	-5.9
Hampshire County	2.4	3.1	2.6	3.6	-3.1	0.5	5.5	9.2	3.4

Figure 5.33 shows the proportion of full-time and part-time jobs in the Southampton and England economy between 2009 and 2015. Over time the proportions at the national level have seen little change, with a small decline in the proportion of full-time jobs between 2009 and 2012, followed by a steady increase between 2012 and 2015. However, locally in Southampton the trend is different. The share of full-time jobs has gone down from similar to national levels, at around 68% in 2009 to 63.5% in 2011; some 4.2 percentage points below the England average. The latest year shows a slight increase in the proportion of full-time jobs, increasing from 63.4% in 2014 to 64.6% in 2015, although this trend has been mirrored nationally, and so the gap remains similar (4.9% pts).

Figure 5.33:



Source: ONS Business Register & Employment Survey (BRES)

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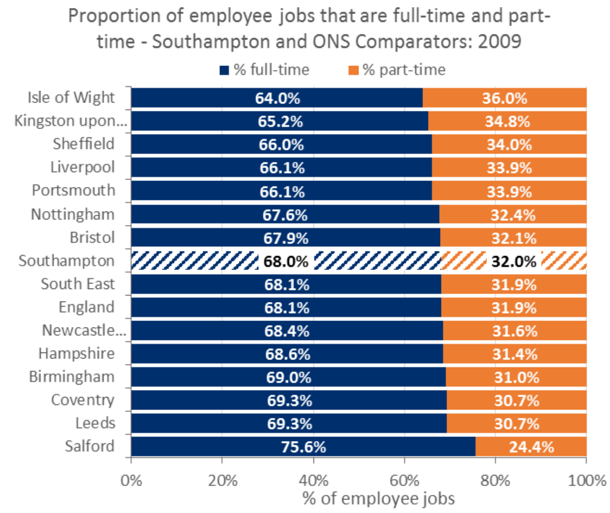
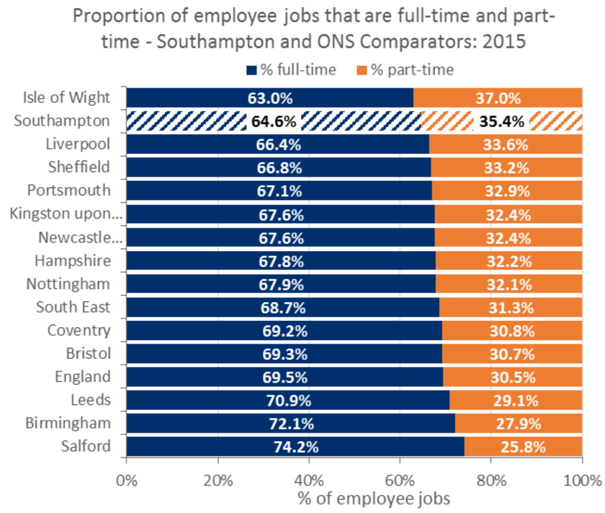
Figure 5.32 shows that over the 2009 to 2015 period as a whole, full-time employee jobs have increased by 1.7% (1,254 jobs), whilst part-time employee jobs have increased by 18.8% (6,435 jobs), illustrating the change in the employment picture in the city over the past 6 years for which data is available. Figure 5.34 shows how Southampton compared to statistical neighbours in both 2009 and 2015. In 2009, Southampton had a similar split between full-time and part-time employee jobs to England and the South East, and was in the middle of its comparator group. However, in 2015 Southampton had the lowest proportion of full-time employment amongst its statistical neighbours; only the Isle of Wight (a local comparator) had a lower proportion. Figure 5.35 also shows that Southampton has the lowest ratio of full-time employee jobs to working age residents amongst its comparator cities at 0.43; both England and the South East have an average ratio of 0.50.

Figure 5.34:

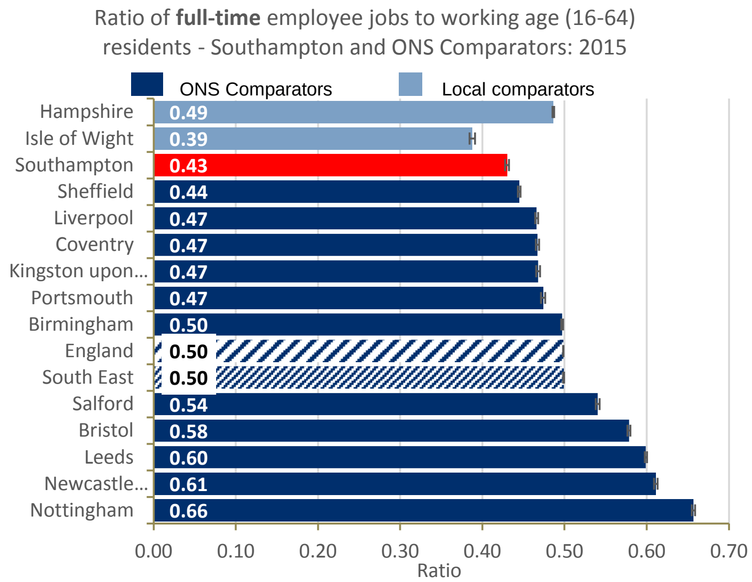


Source: ONS Business Register & Employment Survey



Source: ONS Business Register & Employment Survey

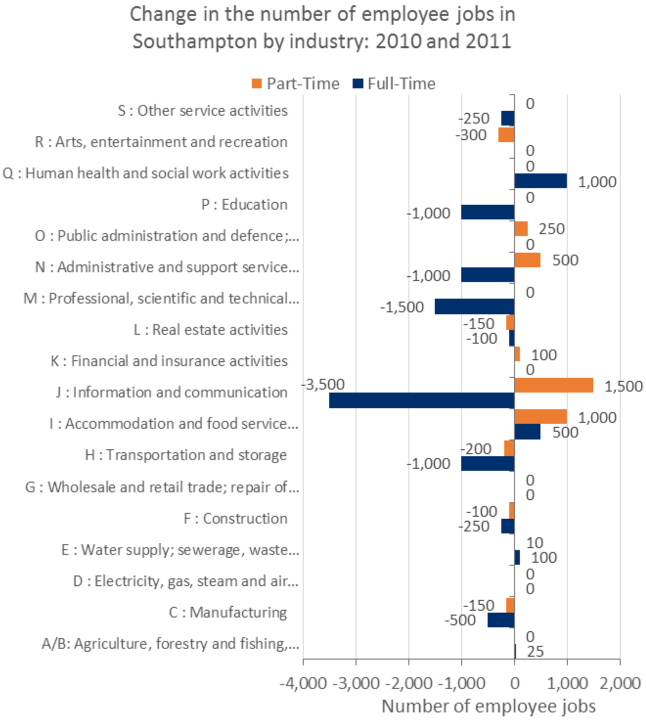
Figure 5.35:



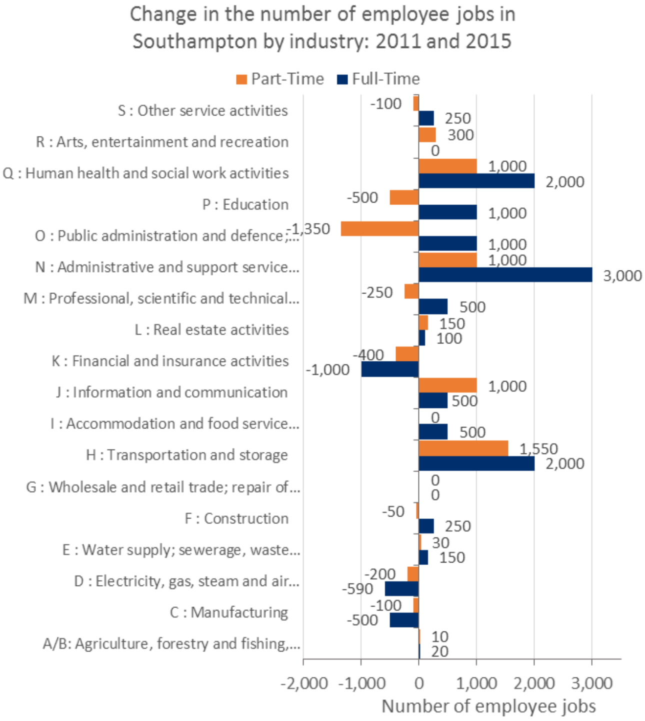
Source: ONS Business Register & Employment Survey

Nevertheless, as shown in figure 5.32, there are signs that full-time employee jobs in the city are beginning to recover. Full time employee jobs increased by 3.4% and 4.2% in 2014 and 2015 respectively, in contrast part-time employee jobs grew by 1.7% in 2014 and fell -0.9% in 2015. However, this is similar to both the national and South East picture and so, it is likely that Southampton will continue to have a comparably higher proportion of part-time employee jobs.

Figure 5.35:



Source: ONS Business Register & Employment Survey (BRES)



Source: ONS Business Register & Employment Survey (BRES)

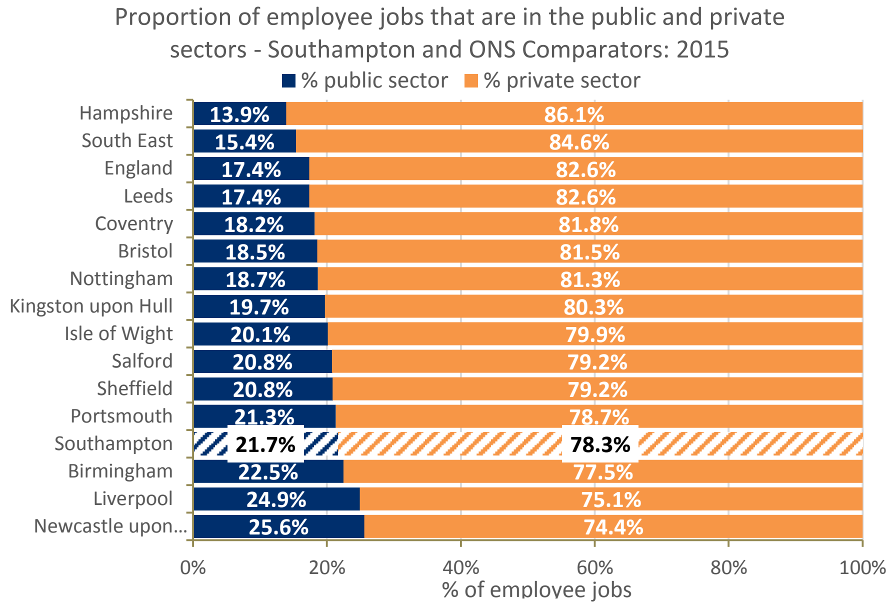
Figure 5.35 shows an analysis of the changes in the number of full-time and part-time employee jobs by broad industrial sectors between 2010 and 2011 (period of decline) and between 2011 and 2015 (period of growth). Between 2010 and 2011, with a few exceptions, there were net full-time employee job losses in across the economy, although the greatest net losses were in the *information and communication* sector (-3,500), followed by the *professional, scientific and technical* sector (-1,500). Interestingly, during the same period, there was a net growth in part-time employee jobs in the *information and communication* sector (1,500), suggesting a clear shift in this sector from full-time to part-time employment, perhaps in an effort to retain skilled workers, whilst improving productivity. There was also a notable growth in part-time employee jobs in the *accommodation and food services* sector, although jobs in this sector are often fairly low paid.

During the more recent period of growth (2011 to 2015), there has been a clear increase in full-time employee jobs across many sectors, although this has by no means been universal. For example, the *financial and insurance activities* sector saw a net loss of both full-time (-1,000) and part-time (-400) employees. In contrast, some sectors saw a net growth in both full-time and part-time employee jobs; these were most notably in the *administrative and support services, human health and social work* *activities,* and *transport and storage* sectors. Other sectors saw a shift from part-time to full-time work, with net employee job losses in the former and growth in the latter; these included the *education* and *public administration and defence* sectors.

5.4 Public versus private employment

In 2015, there were 24,851 employee jobs in the public sector and 89,867 in the private sector. Therefore, public sector employment accounted for 21.7% of employee jobs in the Southampton economy; this is higher than both the England (17.4%) and South East (15.4%) averages, and fourth highest amongst comparator cities (see figure 5.41).

Figure 5.41:



Source: ONS Business Register & Employment Survey

Figures 5.42 and 5.43 show the trend in the number (and percentage change) of employee jobs between 2009 and 2015 for both public and private sectors. Over the entire period, there has been very little change in the number of public sector jobs in Southampton. The overall net job losses seen in the city between 2009 and 2011 did not appear to impact on public sector employee jobs; in fact whilst private sector jobs fell by over 4%, public sector jobs grew by 1.6% in Southampton in these two years. This is notably different to the national picture; between 2009 and 2015, public sector employee jobs fell by 11% nationally and by over 10% in the South East. In contrast, they grew by 1.8% in Southampton, despite some fluctuations from year to year (see figure 5.43).

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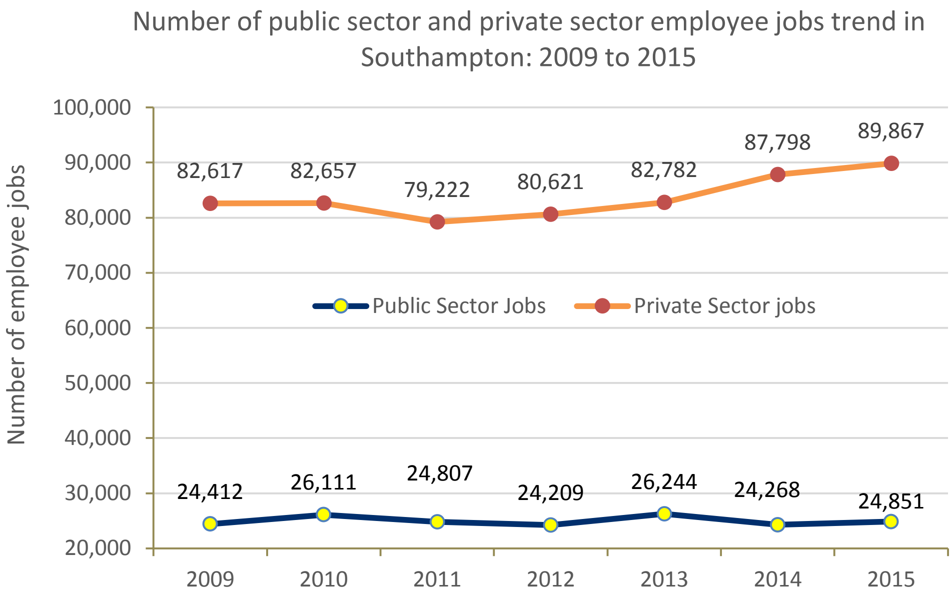
Figure 5.42:



Source: ONS Business Register & Employment Survey (BRES)

Figure 5.43: Annual percentage change in public & private sector employee jobs – ONS BRES 2009-15

Region name	2010	2011	2012	2013	2014	2015	2009-2011 change	2009-2015 change	2011-2015 change
Public sector employee jobs									
England	5.2	-4.4	-5.5	-1.7	-4.4	-0.4	0.5	-11.0	-11.5
South East	5.4	-4.6	-7.7	0.8	-5.0	1.2	0.6	-10.1	-10.6
Southampton	7.0	-5.0	-2.4	8.4	-7.5	2.4	1.6	1.8	0.2
Portsmouth	3.0	-8.9	-7.1	-3.8	6.3	-11.3	-6.1	-20.9	-15.8
Isle of Wight	10.7	-8.7	-16.9	7.3	-6.1	3.1	1.0	-12.8	-13.7
Hampshire County	11.2	-4.7	-13.4	1.7	-6.1	1.2	6.0	-11.2	-16.3
Private sector employee jobs									
England	-1.3	1.2	2.5	2.0	4.9	3.0	-0.1	12.8	12.9
South East	0.6	0.2	2.5	1.3	3.6	3.8	0.8	12.6	11.7
Southampton	0.0	-4.2	1.8	2.7	6.1	2.4	-4.1	8.8	13.4
Portsmouth	-1.1	1.8	8.1	-3.0	-2.7	3.3	0.6	6.0	5.3
Isle of Wight	0.9	2.7	1.7	0.1	0.8	3.7	3.5	10.2	6.4
Hampshire County	0.4	-0.4	2.7	1.9	2.4	2.8	-0.1	10.2	10.3

In fact, as shown in the second chart in figure 5.44, between 2011 and 2015 (recovery period), Southampton was the only city in its comparator group to see a rise in public sector employee jobs (0.2%); the next nearest local authority was Salford, which saw a -7.8% fall in public sector employee jobs.

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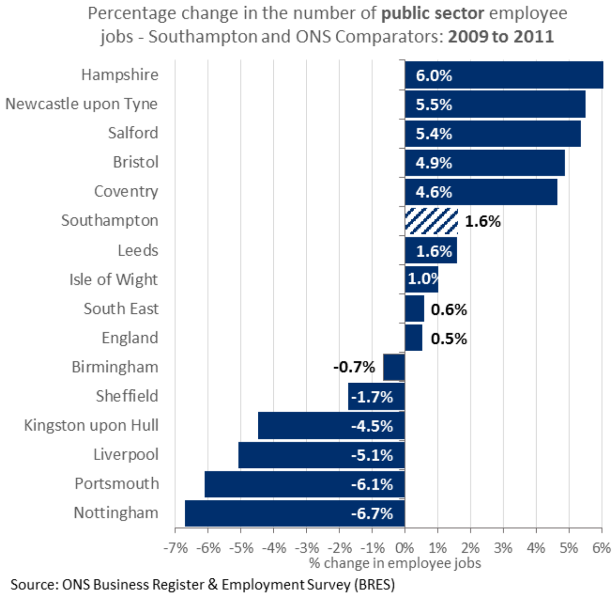
Figure 5.44:



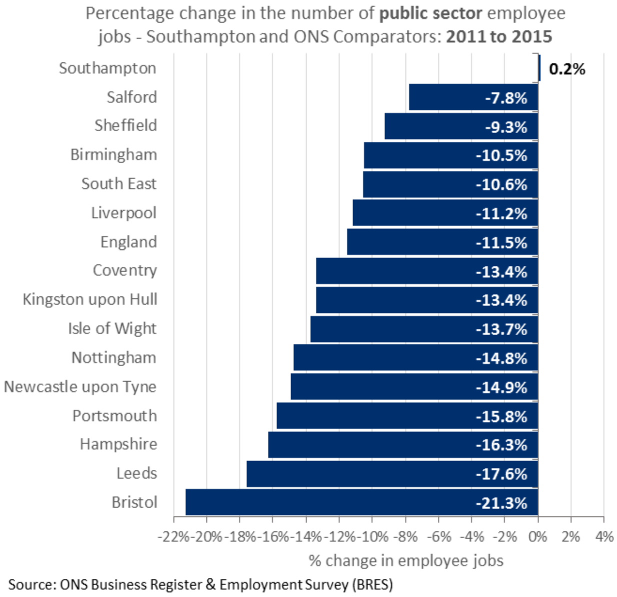
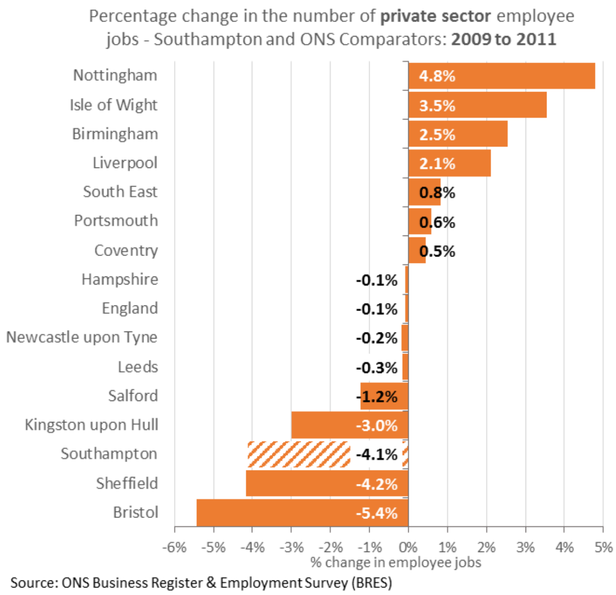
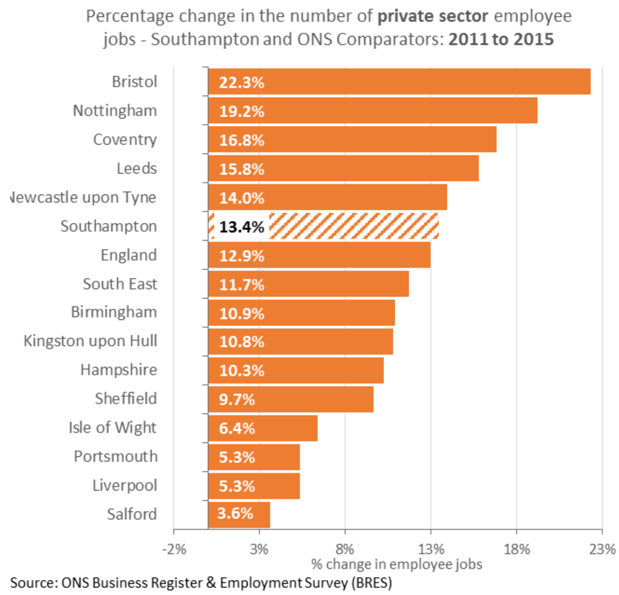


Figure 5.45:





As previously mentioned, the net number of private sector employee jobs fell by over 4% between 2009 and 2011 in Southampton. The first chart in figure 5.45 illustrates how this was the third largest fall amongst comparator cities; in contrast the England average fall was -0.1%, whilst the South East grew by 0.8%. Between 2011 and 2015 the economy began to recover, with private sector employee jobs growing in Southampton by 13.4%. The second chart in figure 5.45 illustrates how this growth was greater than both the England (12.9%) and South East (11.7%) averages. However, this growth is somewhat smaller than that seen in comparator cities such as Bristol (22.3%) and Nottingham (19.2%).

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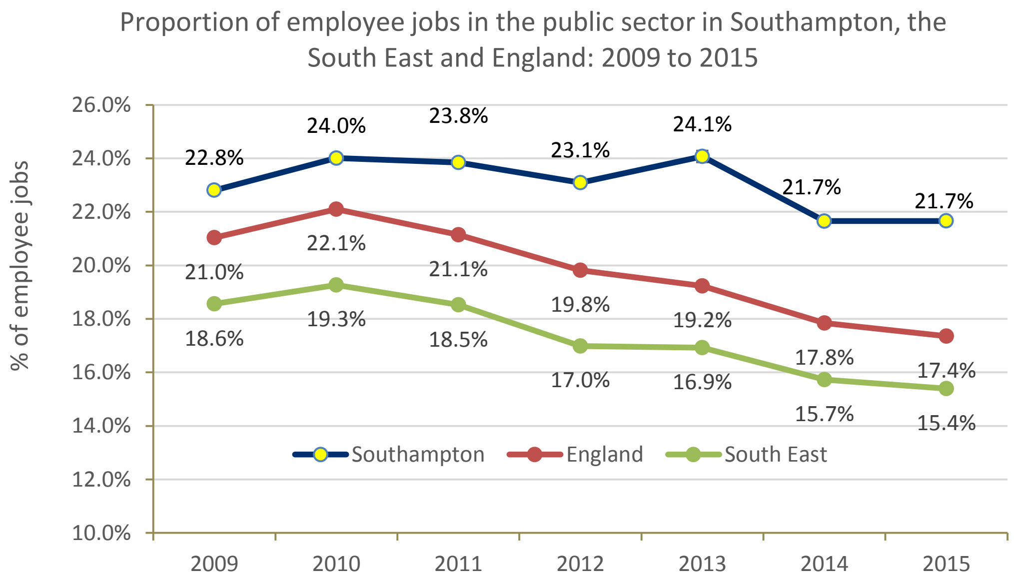
Despite this growth in private sector employee jobs in recent years, the Southampton economy still has a comparatively high proportion of jobs in the public sector. Figure 5.46 shows the trend in the proportion of jobs in the public sector for Southampton, the South East and England over time. Whilst the proportion has fallen for both England and the South East, Southampton has remained relatively stable. This suggests that the Southampton job economy is still comparatively reliant on public sector jobs.

Figure 5.46:



Source: ONS Business Register & Employment Survey (BRES)

There is no further detailed information available in BRES that would allow a further breakdown of the public sector. However, most of the public sector activity would be contained within three broad sectors; *public administration and defence, education, and human health and social work activities.* Out of these three, employee jobs in the *human health and social work activities* and *education* sectors have grown by 3.95% and 1.92% per year respectively between 2011 and 2015, whilst *public administration and defence* jobs have remained stable. However, it is important to note that both the *education* and *health* sectors also include some private sector activities.

5.5 Summary of key points

- The number of employee jobs is one of the main indicators of the state of the economy. In 2015, there were an estimated 115,000 workers employed in Southampton, and the city had the second highest job density amongst comparator areas at 20.4 jobs per hectare. Southampton is a centre of employment on the south coast along with Portsmouth, Eastleigh and Havant. In particular, the Southampton wards of Bargate and Bevois have the two highest job densities in Southern Hampshire. However, the ratio of employee jobs to working age residents in Southampton continues to be comparatively low (0.67) compared to the South East (0.73) and England (0.72); this is the second lowest amongst comparator cities.

- Worker jobs in Southampton appeared to be particularly hard hit during the recession, with the net number of jobs falling by 2.8 between 2009 and 2011 compared with a 0.8% growth in the South East overall over the same period. Redbridge, one of the most deprived ward in the city, was particularly hard hit with over 3,000 net job losses. Most industries were impacted by the recession, although the *information and communication* sector was hit the hardest with around 3,000 net job losses. However, there were around 2,000 net job gains in the accommodation and food services industry, although jobs in this sector are often fairly low paid.

- However, since 2011 Southampton has experienced particularly strong growth in the number of jobs. Between 2011 and 2015 there was a net increase of approximately 10,700 jobs in the city. This is a growth of over 10% (2.6% annually) which is greater than both the national (7.8%) and South East (7.6%) average and the third highest amongst comparator cities. However, this increase in jobs was not equally spread across the city with Bargate (4,944) and Redbridge (2,806) wards seeing the largest increases, whilst there were net job losses in six other wards.

- The *health, retail and education* sectors are the largest employers in Southampton. *Health* and *education* employers account for almost a third of jobs in the city. This is reflected in the largest employers in the city which include the University Hospital Southampton and the two universities.

- Growth industries with a higher than average representation (location quotient) in the city include *transportation and storage*, *administrative and support service activities*, and *information and communication* industries. These are considered to be areas of strong development in Southampton. In addition, the *health and social work* and *education* industries are also highly important the local economy, although growth in these sectors has been smaller; this may be expected given the greater existing employment base in these industries in Southampton.

- It is unsurprising then that the Southampton economy continues to be comparatively reliant on public sector employment. In 2015, there were 24,851 jobs in the public sector accounting for 21.7% of employee jobs in the city which is higher than England (17.4%) and South East (15.4%), and the fourth highest amongst comparator cities. The public sector in Southampton has not (at least yet) experienced the net reduction in the number of employee jobs that have been felt nationally and in many comparator cities. This may be a risk to the local economy in the event of further Government austerity measures.

- In contrast, the *manufacturing* and *financial and insurance* industries are both underrepresented in Southampton and continue to be in decline. The *wholesale and retail* and *accommodation and food services* industries continue to employ a relatively large number of employees, although they have shown very little growth between 2011 and 2015.

- One of the features of the economic downturn at the end of the last decade, was a significant shift from full-time to part-time employment, and Southampton was no exception. The increase in the number of jobs in recent years is encouraging, but it is worth noting that many of the newly created jobs are on a part-time basis. Between 2009 and 2015 full-time employee

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jobs have increased by 1.7% (1,254 jobs), whilst part-time employee jobs have increased by 18.8% (6,435 jobs). In 2015, 35.4% of jobs in Southampton were part-time, compared to 32% in 2009. Although the proportion of full time jobs has recovered slightly in recent years, it is still 4.9% points below the England average (despite being similar in 2009) and lowest amongst comparator cities. In addition, recent growth in the *temporary employment agency activities* industry may indicate that there has been a growth in temporary employment in the city, in lieu of permanent more stable employment.

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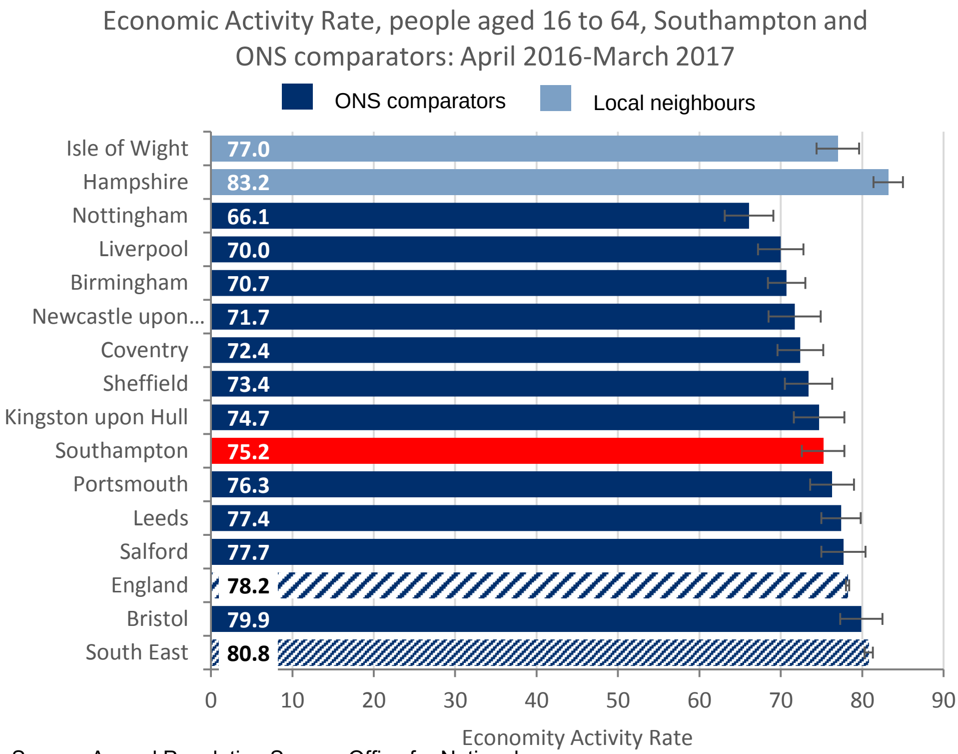
6. Labour market

As well as the considering the number and makeup of businesses and jobs in Southampton, it is important to understand in detail the character of Southampton's resident working age population; not least because this is materially important with regard to the city's wider economic prospects.

6.1 Economic activity and employment

Figure 6.11 shows the proportion of Southampton's resident population (aged 16 to 64) who are classed as being economically active compared to statistical neighbours. This group of people are those active in the labour force and are defined by the International Labour Organisation (ILO) as being in employment or who are unemployed. The ILO definition of unemployment covers people who are out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight. The data is taken from the Annual Population Survey[19] and therefore small year on year changes may reflect sampling variability rather than actual changes to the labour market.

Figure 6.11:



Source: Annual Population Survey, Office for National

The economic activity rate for Southampton between April 2016 and March 2017 was 75.2%, which is lower than both England (78.2%) and the South East (80.8%).

[19] Annual Population Survey: http://bit.ly/2we4tYH

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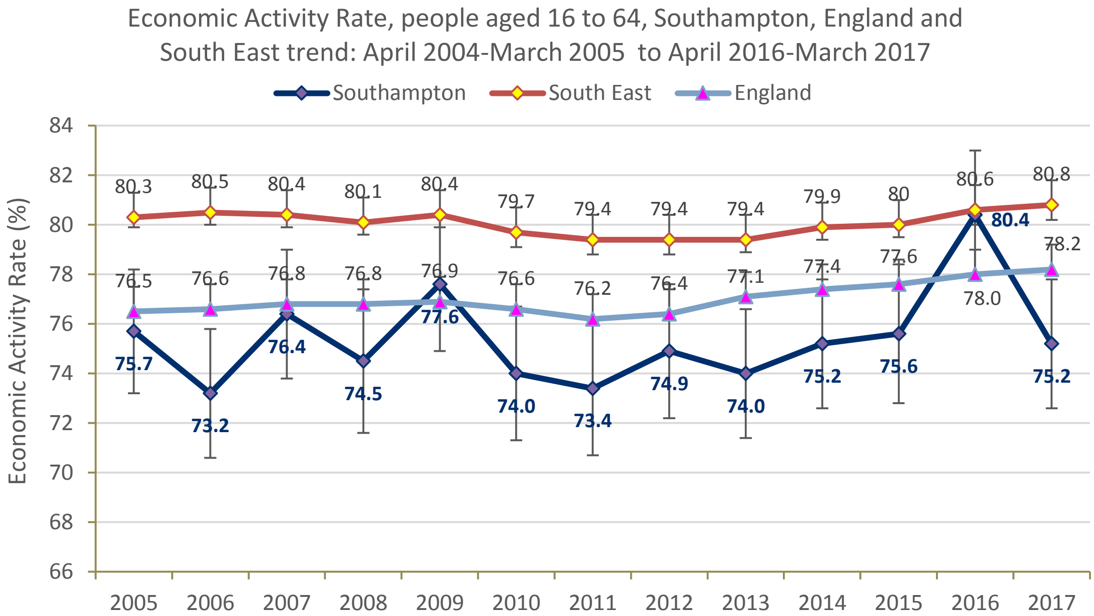
Figure 6.12 illustrates the economic activity rate trend between 2005 and 2017. The large confidence intervals, and year on year variation at local authority level make it difficult to distinguish any real trend at the local level. However, generally speaking it appears that economic activity rates fell to a low in 2011, and have since gradually increased. It is clear that throughout the majority of the period, the rate for Southampton has been below the England and South East average. The exception was in 2016, when the rate for Southampton increased dramatically from 75.6% to 80.4% (similar to the South East average of 80.6%). However, the rate fell once more to 75.2% in 2017, suggesting this rise was a product of sampling variation between years. With two universities in the city, Southampton has a large student population in the working age group (estimated to be over 40,000) which may be expected to depress the economically active rate somewhat compared to the national average. Economic inactivity rates will be the mirror opposite of this trend (see section 6.5).

Figure 6.12:



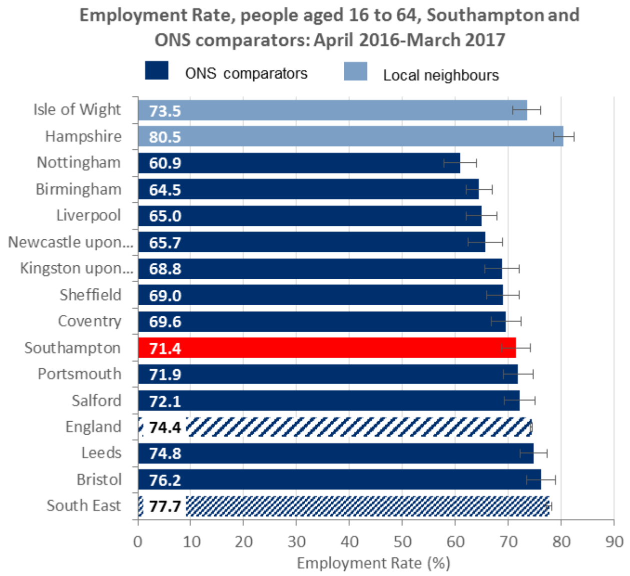
Source: Annual Population Survey, Office for National

Figure 6.13 shows employment rates for Southampton and comparator cities as at March 2017 for both the 16-64 (working age) and 16+ populations. The employment rate is made up of people aged 16 and over who are in paid work, whether as an employee or self-employed. It also includes people who are on government supported training and employment programmes, or do unpaid family work (i.e. working in a family business).

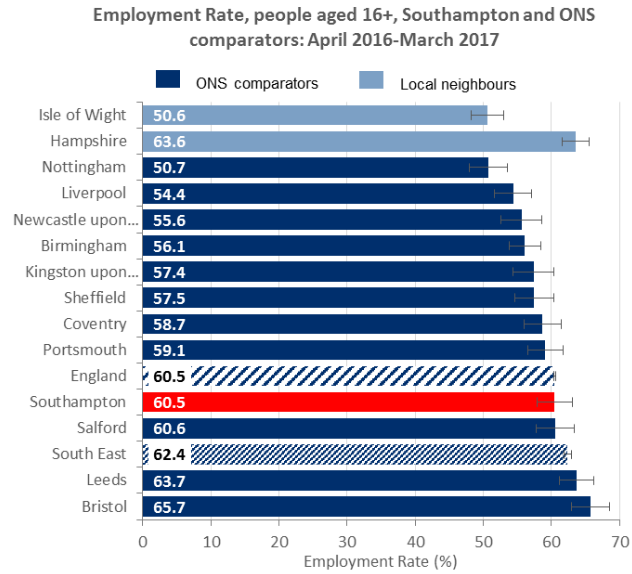
The latest data shows that there were 124,000 residents aged 16+ in employment in Southampton in 2016/17; a rate of 60.5%, which is the same as the national average and is the fourth highest rate amongst statistical neighbours. However, the employment rate for the resident population aged 16-64 in Southampton over the same period was 71.4% (169,700 people), which is significantly lower than both the England (74.4%) and South East (77.7%) average. In comparison, neighbouring Hampshire has a rate of 80.5%, and Bristol (the best performing comparator area) a rate of 76.2%.

Again, these rates for the 16-64 population may be depressed by the large student population. The difference between the 16+ and 16-64 comparisons suggests that employment rates in Southampton are higher than the national rates for people aged 65 and over, which may mean that older residents want or need to stay in employment in the city. This is against a backdrop of a rising state pension age and removal of compulsory retirement at 65 years of age.

Figure 6.13:

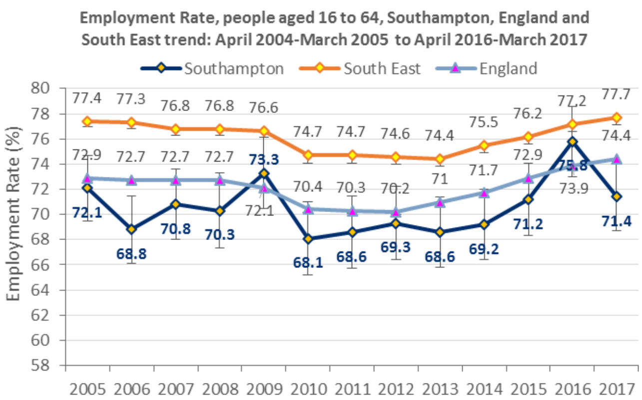


Source: Annual Population Survey, Office for National Statistics

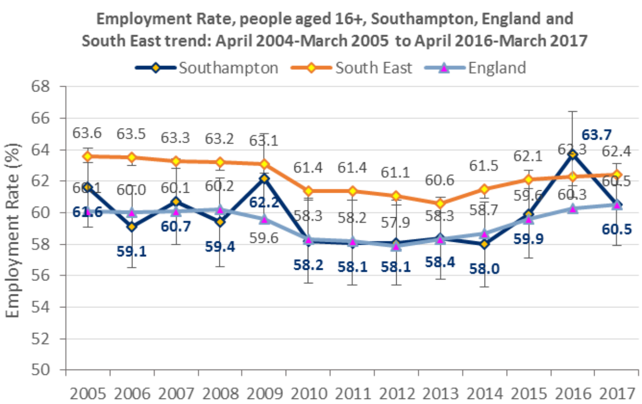


Source: Annual Population Survey, Office for National Statistics

Figure 6.14:



Source: Annual Population Survey, Office for National Statistics



Source: Annual Population Survey, Office for National Statistics

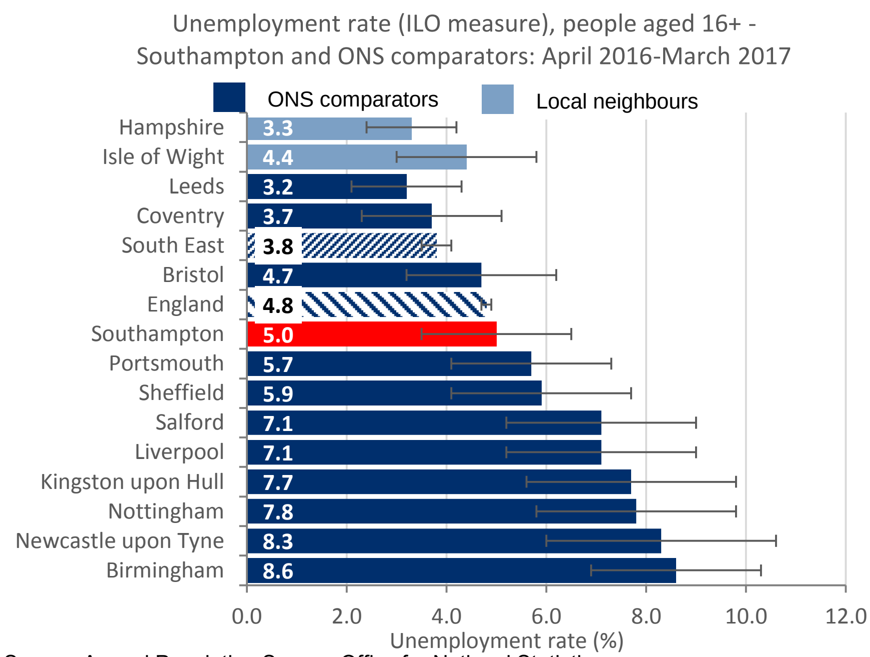
Figure 6.14 shows the employment rate trend for the 16-64 and 16+ populations. The impact of the recession is clearly visible in both charts, with employment rates falling to a low of 68.1% in 2010 amongst the 16-64 population. Since this point the rate has shown signs of recovery, with employment levels in 2017 similar to those pre-recession at 71.4%; a 3.3% point increase since 2010. The national and South East data follows a similar trend with a 4% point and 3% point increase in employment recorded respectively between 2010 and 2017. As was illustrated in section 5.3, growth in part-time employment initially drove the return to employment growth, although more recent data suggests that full-time employment has steadily increased.

Nationally, the increase in the employment rate has been driven by the private sector, not least in light of the government cut-backs to reduce the deficit. Although, as section 5.4 has demonstrated, Southampton does not appear to have suffered the overall reduction in public sector jobs (up to 2015) that have been experienced elsewhere, it is still the private sector driving employment improvements; between 2011 and 2015, private sector jobs grew by 13.4% compared to the public sector which grew by 0.2%.

6.2 Unemployment

There are several different methods for looking at unemployment in the city. The Office for National Statistics (ONS) measure unemployment using the Labour Force Survey (LFS) to monitor the number of people without a job who have been actively seeking work within the last 4 weeks and are able to start work within the next 2 weeks. The unemployment rate is not the proportion of the total population who are unemployed; it is the proportion of the economically active population (those in work plus those seeking and available to work) who are unemployed. This follows the guidelines specified by the International Labour Organisation (ILO)[20] and ensures that UK unemployment statistics are broadly comparable with those published with other countries.

Figure 6.21:

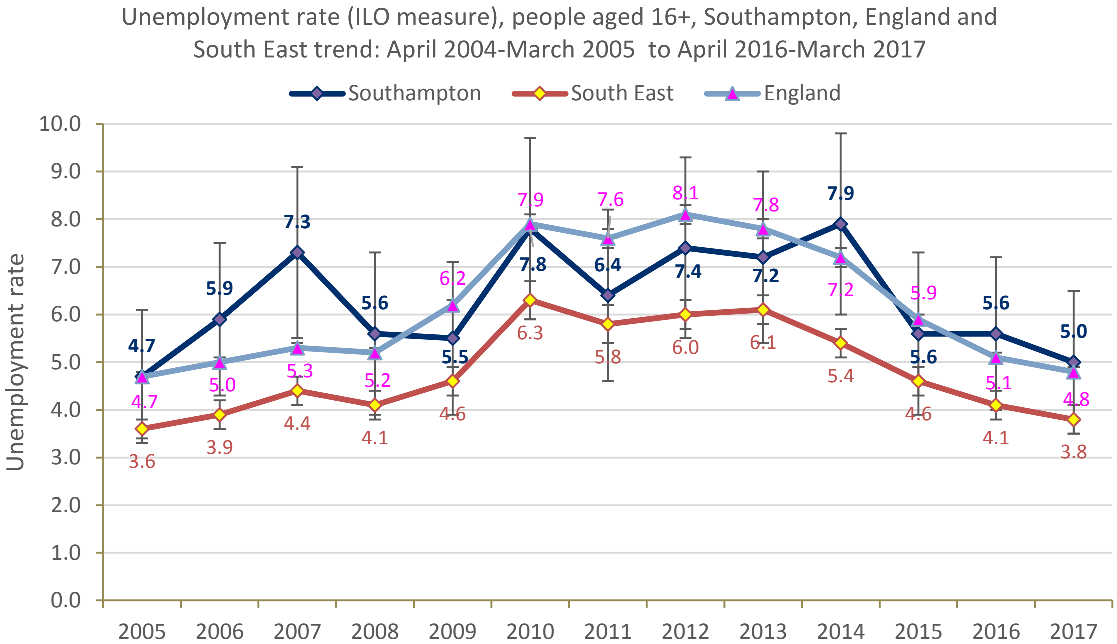


Source: Annual Population Survey, Office for National Statistics

[20] International Labour Organisation (2013) *Resolution concerning statistics of work, employment and labour underutilization* [Online] Available from: https://tinyurl.com/yc9hvyfq

Figure 6.21 illustrates how Southampton compares to comparator cities using the latest LFS data. In March 2017, 6,600 people were unemployed in Southampton, 5.0% of the economically active population. This is higher than the England (4.8%) and South East (3.8%) average, although is the fourth lowest amongst comparator cities.

Figure 6.22:



Source: Annual Population Survey, Office for National Statistics

Figure 6.22 illustrates how the unemployment rate in Southampton has fallen in recent years from 7.9% in 2014 to 5.0% in 2017; a fall of 2.9% points over three years. Over the same period the England rate fell by 2.4% points and the South East by 1.6% points. This follows a period of fairly high unemployment (between 2010 and 2014) following the recession, which mirrors the national trend. Throughout the majority of the period, Southampton has had an unemployment rate similar to England, although the South East rate has been consistently lower.

Data is also available for individual age groups, although as the data is based on a sample survey, the results can be unreliable at local authority level. Nevertheless, the latest unemployment by age group is presented in figure 6.23 for Southampton, England and the South East. It clearly shows that the 16-19 age group is the most at risk of being unemployed. The rate is particularly high for Southampton at around a third of the age group (33.9%) estimated to be unemployed. The small sample size and large confidence intervals means that this number is unreliable. However, an analysis over time has shown that unemployment is consistently higher than the national and South East average. In addition, data for England and the South East also show this age group to be the most at risk of unemployment, which suggests that 16-19 year olds require the most support to get into work nationally and locally.

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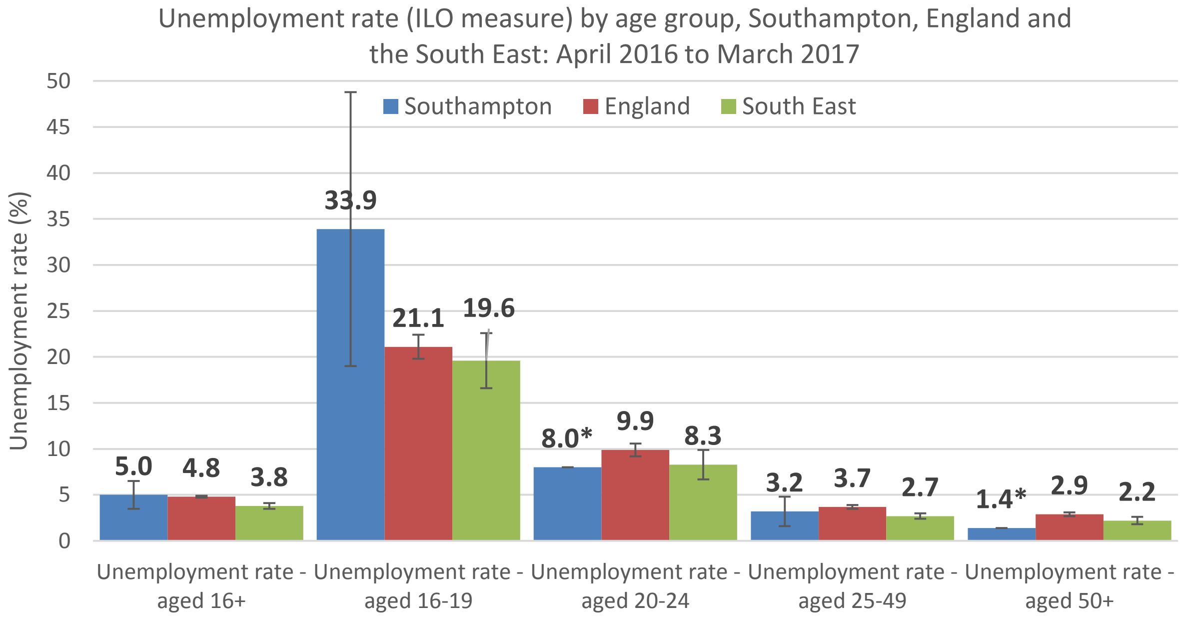
Figure 6.23:



Source: Annual Population Survey, Office for National Statistics. ** Rate and CI unreliable due to small numbers*

It is also possible to look at unemployment through claimant count. This is a much narrower definition of unemployment based solely on eligibility for benefits (i.e. Jobseeker's Allowance) and therefore the numbers tend to be lower than the more comprehensive ILO measure of unemployment. Universal Credit (UC), a single payment for people who are looking for work or are on a low income, was first piloted in 2013, and then rolled out in phases nationally to Jobcentre Plus offices (JCPs). JCPs in Southampton started to go live in April 2015. In light of this, ONS published the new experimental Claimant Counts data series. This records eligible persons claiming JSA *plus* new or transferred claimants who are out of work and claiming universal credit. Previous claimant count data was based on JSA data only.

Universal Credit is designed so that a broader span of claimants are required to look for work than under JSA. This means that once it is fully rolled out, the claimant count is likely to be higher than it would otherwise be under JSA. As of March 2017, ONS have decided to remove the Claimant Count series from the UK and Regional Statistical Bulletins, as it may now be providing a misleading representation of the UK labour market. Nonetheless, it has been provided in this assessment, although changes (particularly monthly variations) should be treated with some caution.

Figure 6.24 shows the proportion of the working age population, aged 16-64, who are claiming Jobseeker's Allowance (JSA) and Universal Credit and are required to seek work and be available for work (Claimant Count) for Southampton and its comparator cities. In August 2017, the claimant count for Southampton was 2.0% or 3,395 people compared with 1.2% in the South East and 1.9% in England.

Figure 6.25 illustrates the trend in the claimant count between July 2005 and July 2017. It also shows the point at which Universal Credit was added to the JSA claimant count. The chart clearly shows the

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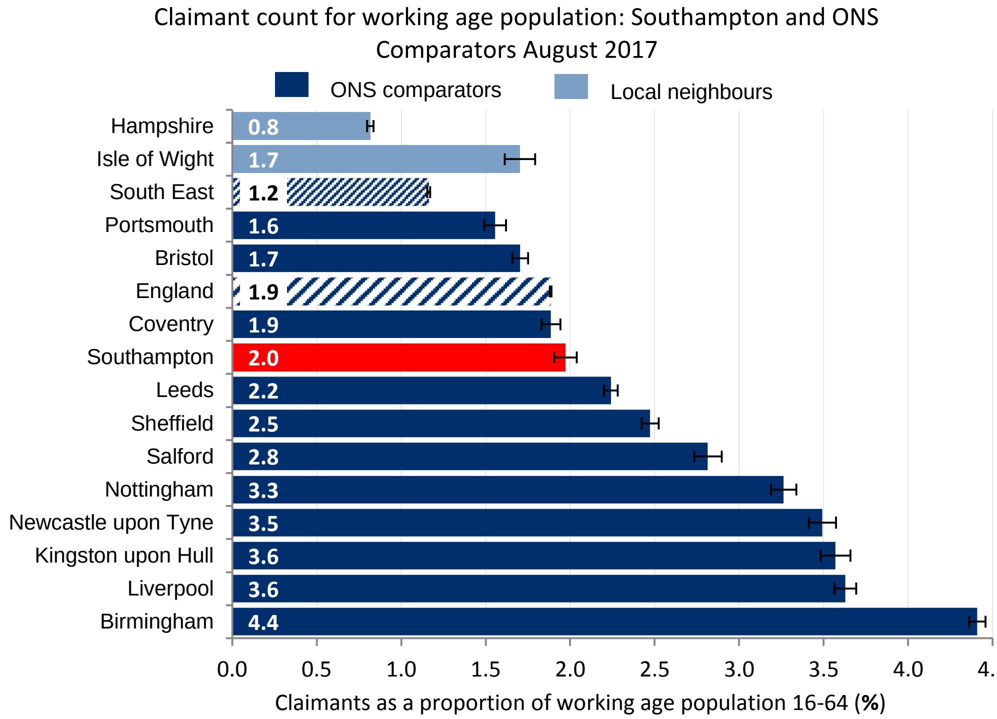
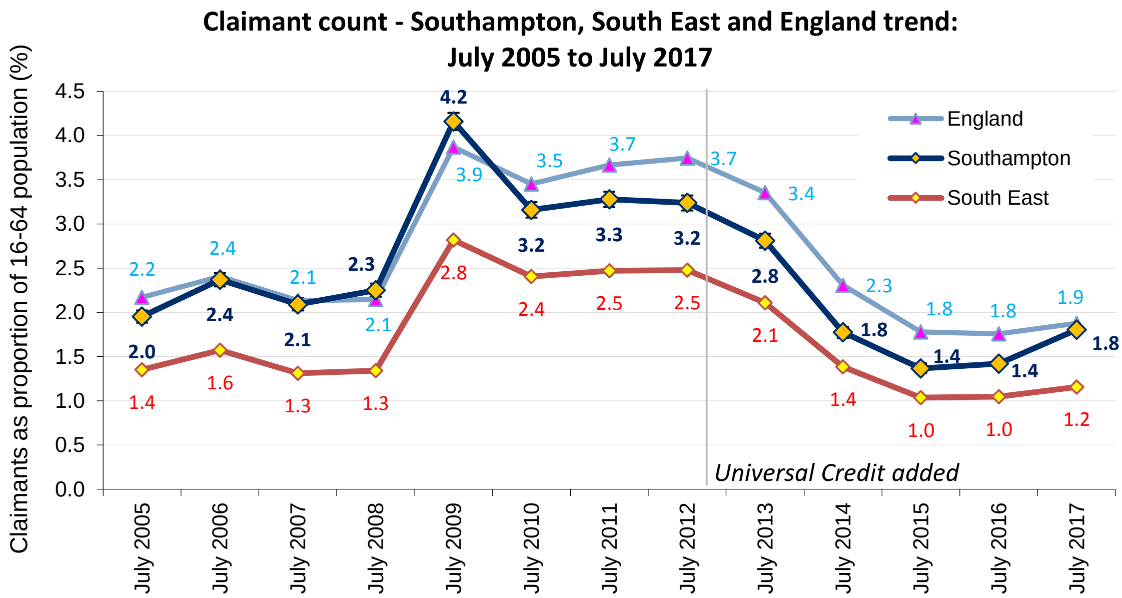
impact of the recession and the period of recovery. The number of claimants increased from 3,585 (2.3%) in July 2008 to 6,651 (4.2%) by July 2009; a 1.9% point increase. This was followed by a fall in the claimant rate from 3.2% in July 2012 to 1.4% in July 2016, a 1.8% point fall. This is similar to the trend for both England and the South East. However, over the last year the claimant rate increased slightly to 1.8% in July 2017; similar to the rate for England (1.9%).

Figure 6.24:



Source: www.nomisweb.co.uk

Figure 6.25:



Source: Department for Work and Pensions www.nomisweb.co.uk

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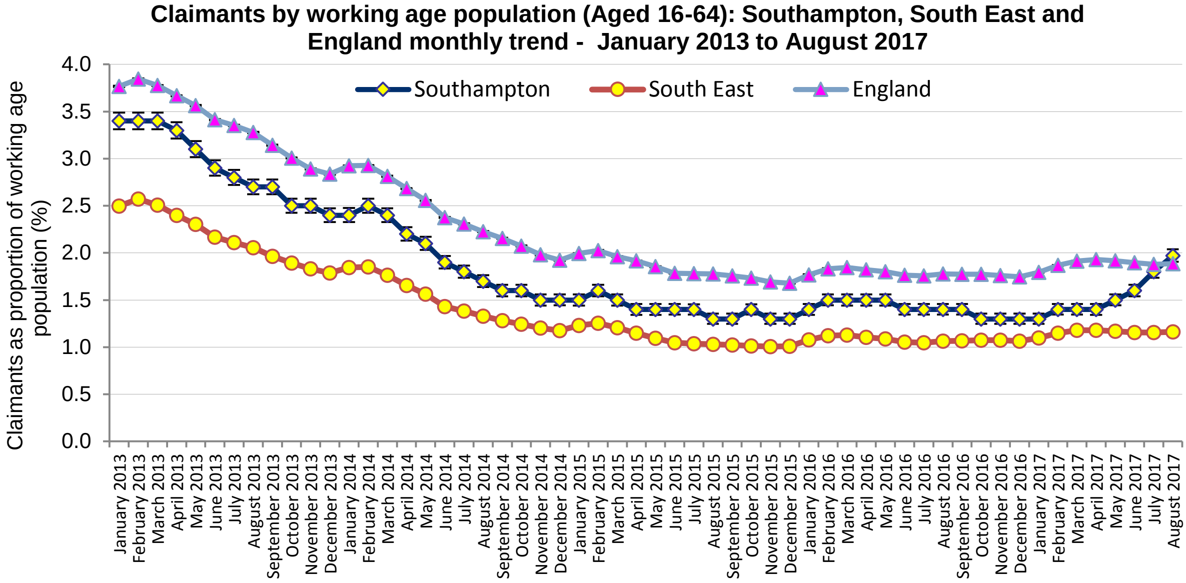
Figure 6.26 shows a more detailed trend by month; this further illustrates how the claimants may be increasing in the city, with rates consistently rising over the last 4 months from 1.4% in April 2017 to 2.0% in August 2017. This trend does not appear to be replicated for England or the South East.

Figure 6.26:



Source: Department for Work and Pensions

Figure 6.27 shows the annual trend in claimant count in Southampton by age group. All age groups saw a fall in the number of claimants between 2013 and 2015. However, 2016 and 2017 data suggest an increase in the number of claimants in all age groups. This is most notable in the 50+ age group, which has seen a 58% increase between August 2016 and August 2017, compared to 42% for all aged (16+). The over 50 age group now account for over 25% of all claimants in 2017, compared to around 17% in 2013.

Figure 6.27: Claimant count in Southampton by age group: August 2013 to August 2017

	Aged 16+		Aged 16-24		Aged 25-49		Aged 50+	
Month	Claimants	Annual % Change	Claimants	Annual % Change	Claimants	Annual % Change	Claimants	Annual % Change
Aug-13	4575	N/A	1070	N/A	2650	N/A	785	N/A
Aug-14	2835	-38.0%	620	-42.1%	1630	-38.5%	590	-24.8%
Aug-15	2300	-18.9%	500	-19.4%	1310	-19.6%	490	-16.9%
Aug-16	2385	3.7%	505	1.0%	1335	1.9%	545	11.2%
Aug-17	3395	42.3%	665	31.7%	1870	40.1%	860	57.8%

These recent increases should be treated with some caution; ONS have suggested that as Universal Credit Full Service is rolled out, the number of people recorded as being on the Claimant Count is likely to rise as a broader span of claimants are required to look for work than under Jobseeker's Allowance.

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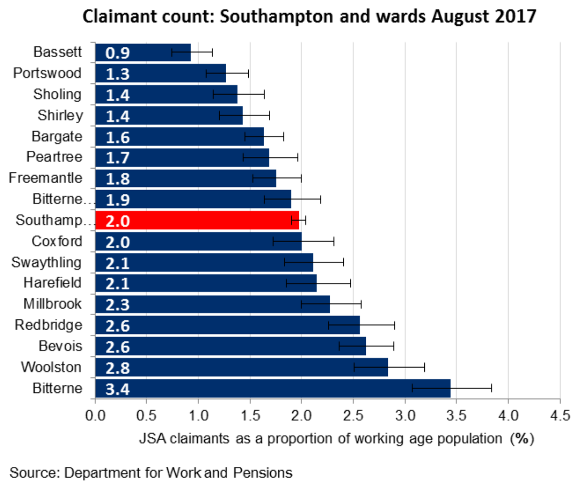
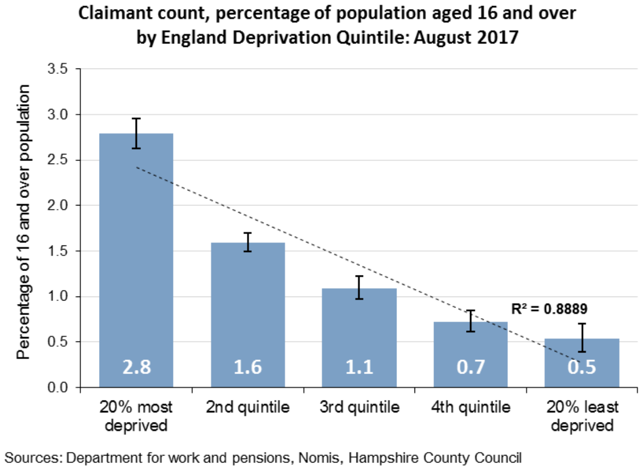
The changes introduced as part of Universal Credit make it very difficult to interpret the recent trend in increased claimants. As shown previously in this section, the latest 2017 data from the LFS does not suggest an increase in unemployment, although the claimant count data only shows an increase since April 2017, so we will need to wait for the publication of the 2018 LFS data to see if this trend is reflected in the official unemployment figures; for now they should be treated with some caution.

Figure 6.28:





Claimant data is also available at sub-local authority level, allowing a more detailed analysis of claimants within Southampton. Figure 6.28 shows the claimant rates for Southampton electoral wards; Bitterne ward has the highest claimant count at 3.1%, whilst Bassett ward has the lowest at 0.9%. This is perhaps unsurprising given that these wards contain some of the most and least deprived neighbourhoods in the city respectively. This is further demonstrated by the second chart in figure 6.28, which shows a clear deprivation gradient; in other words, as deprivation levels increase, so does the level of claimants.

Claimant data is also available at neighbourhood (LSOA) level, which allows an analysis of 'hotspots' in the city. The first map in figure 6.29 shows the claimant rate at LSOA level within Southampton for the latest period (August 2017). The red areas represent the areas with the highest claimant rates, whist the blue represent those with the lowest rates.

Once again, it is not surprising that those areas with the highest claimant rates are amongst the most deprived neighbourhoods (LSOAs) in England. This is illustrated by making comparisons to the second map in figure 6.29, which shows the deprivation deciles for the same neighbourhoods, based on the Index of Multiple Deprivation (IMD 2015).

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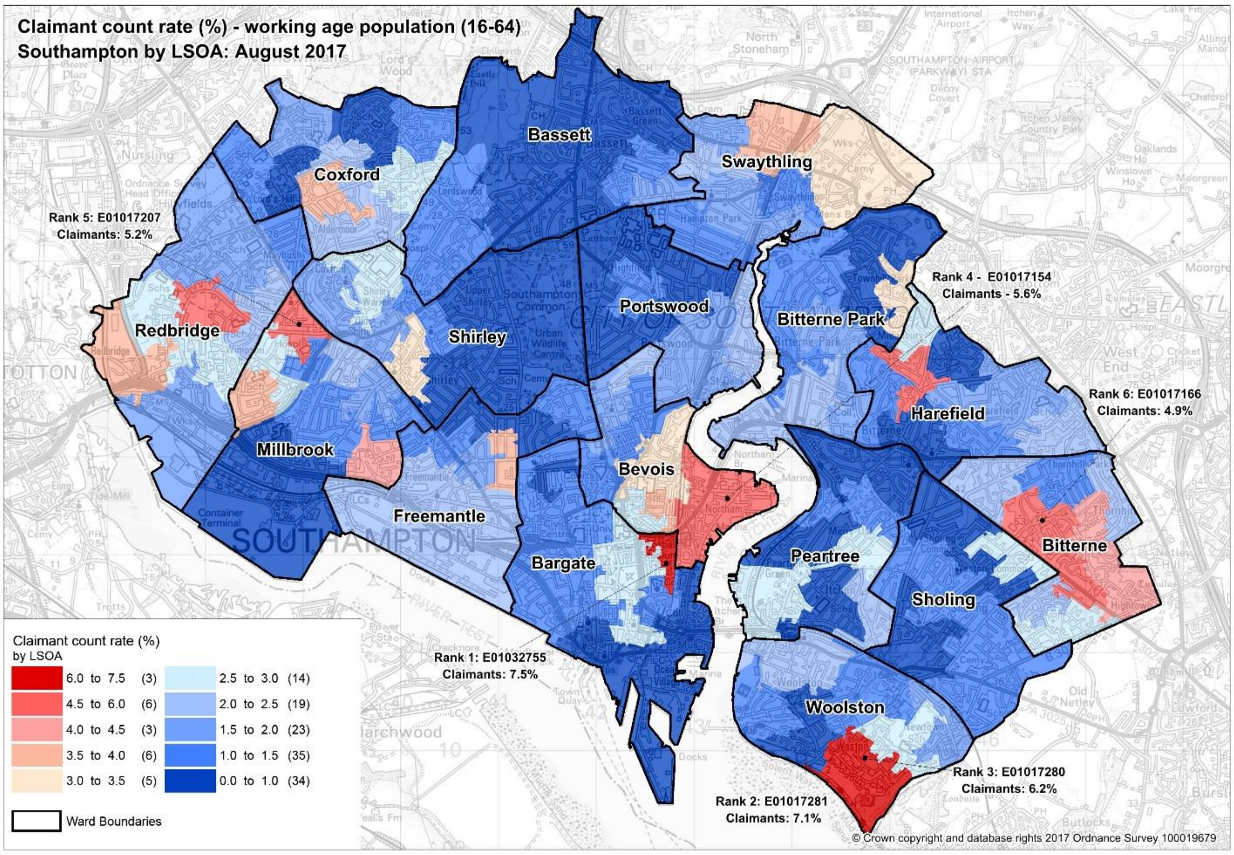
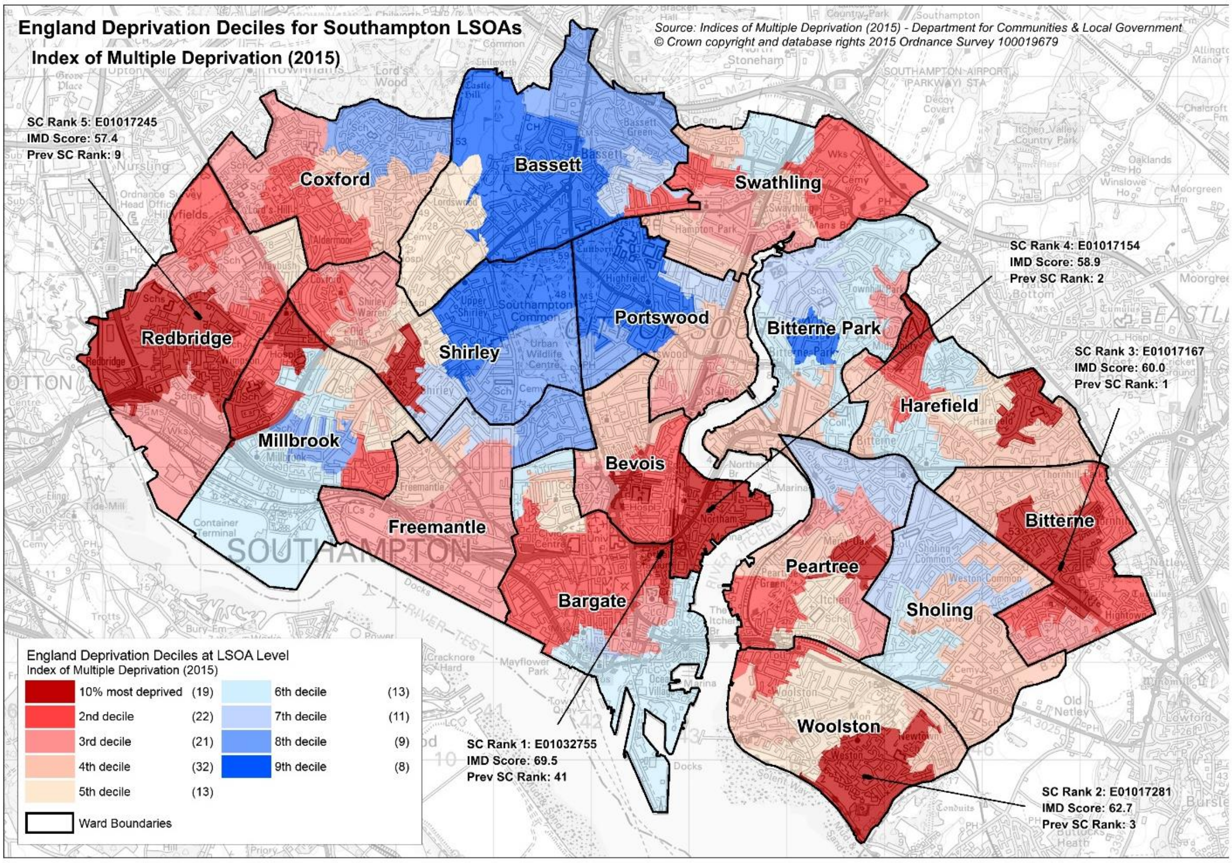
Figure 6.29:





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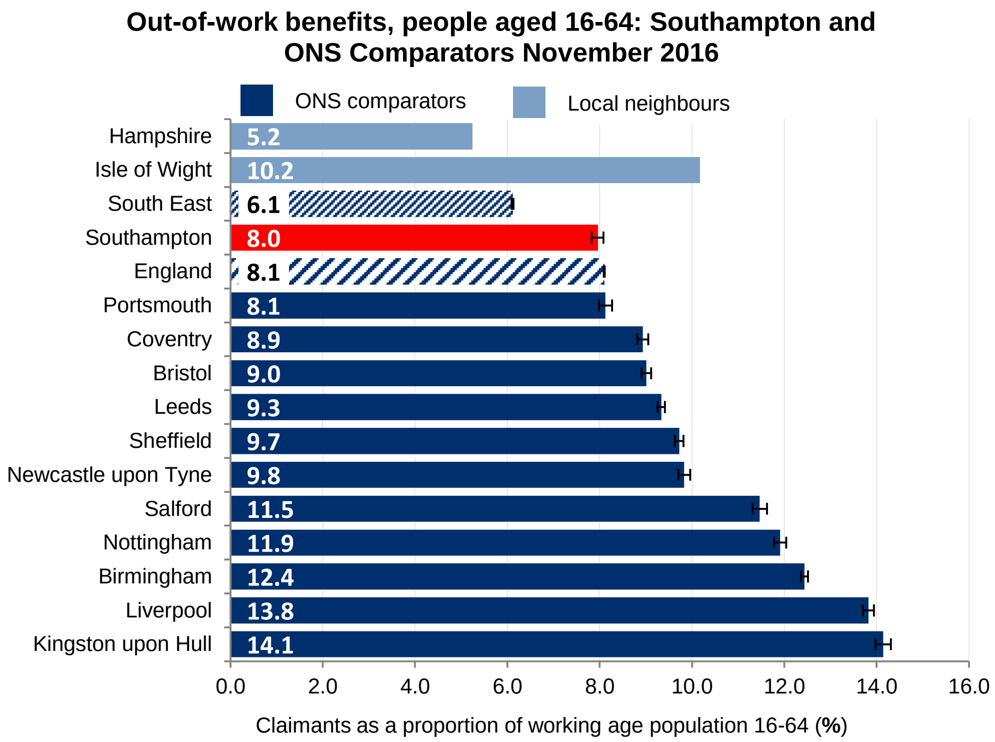
6.3 Benefit Claimants

Another way of looking at unemployment and worklessness is to look at working age benefit claimants; these include people claiming JSA, Employment Support Allowance (ESA) or Incapacity Benefits (prior to October 2008), lone parents and others on income related benefits. These groups have been chosen to best represent a count of all those benefit recipients who cannot be in full-time employment as part of their condition of entitlement.

The latest data available is for November 2016 and shows that 14,080 people in Southampton of working age (16-64) are claiming these benefits. Figure 6.31 benchmarks the city against its statistical neighbours; 8% of the working age population are claiming these benefits, which is slightly lower than the England average of 8.1% but higher than the South East figure of 6.1%. Southampton also has the lowest claimant rate amongst its comparator cities, although still higher than neighbouring Hampshire (5.2%). Of those people claiming out of work benefits 3.4% (6,030), in Southampton, have been claiming these benefits for over 5 years, compared to 2.8% in the South East and 3.6% in England.

Figure 6.31:



Source: DWP benefit claimants

Figure 6.32 shows the trend in out of work benefit claimants between November 2005 and November 2017. In 2005, 10.6% of working age people in Southampton, were claiming out of work benefits. By November 2009, in the height of the recession, this had increased to 12.6%. Since then the number of people, claiming out of work benefits has fallen to 8% (November 2016); a fall of 5% points, or just over 6,100 people. This is very similar to the trend seen elsewhere. In the south east, although the

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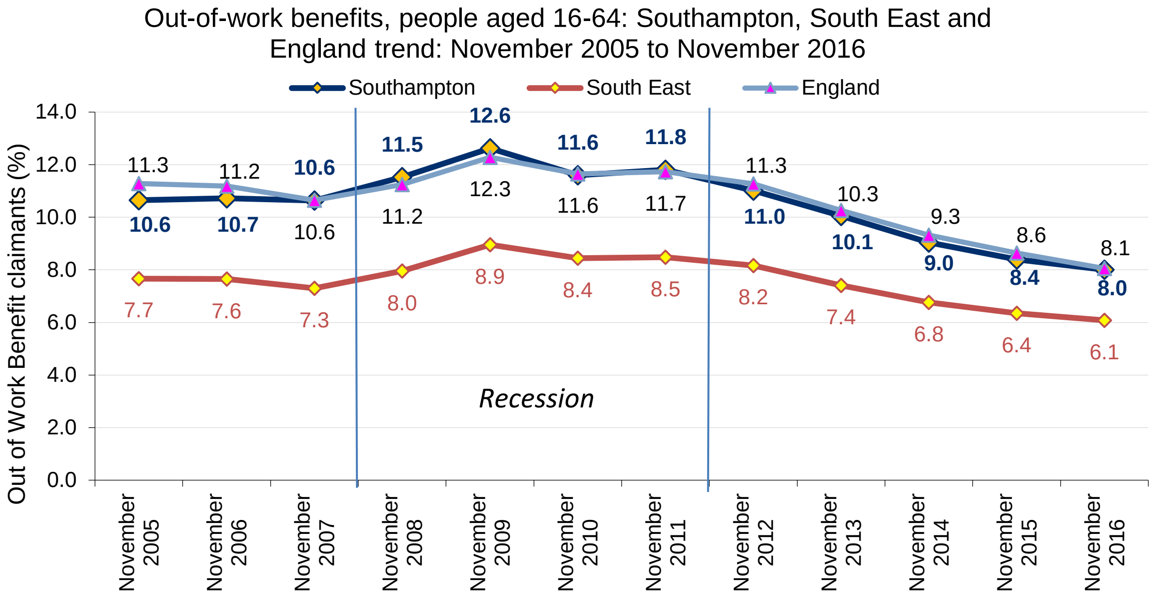
figures are lower, there has only been a decrease of 3% points over the same period (November 2009 and November 2016). In England, there was a decrease of 4.2 percentage points; from 12.3% to 8.1% between 2005 and 2016.

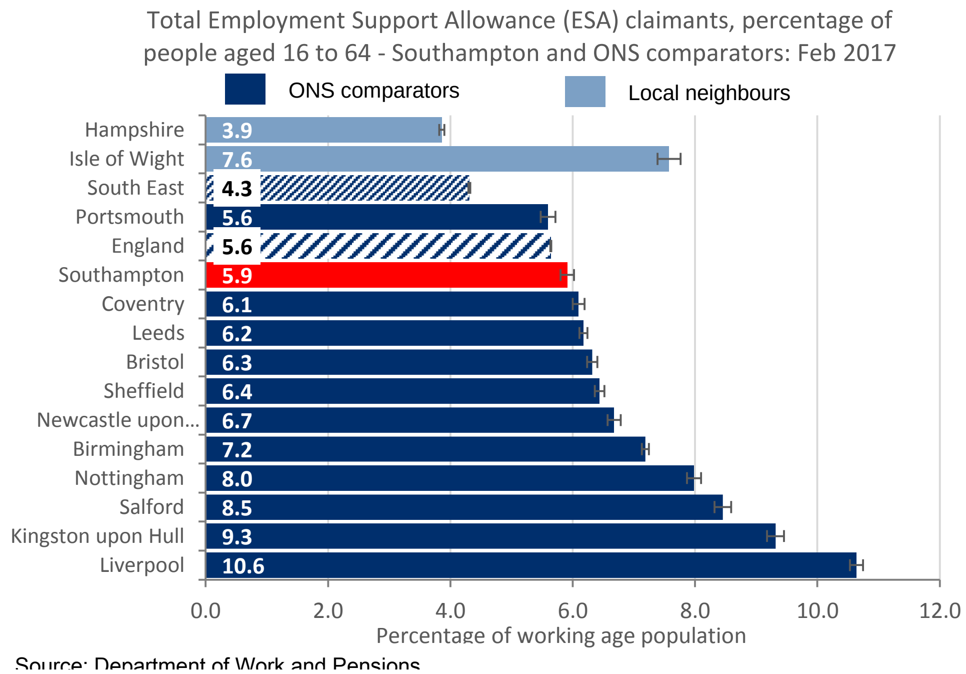
Figure 6.32:



Source: Department for Work and Pensions

Employment and Support Allowance (ESA) is for people who are unable to work due to illness or disability. The ESA work-related activity group is for claimants who are considered not well enough to work at the moment but who the DWP believes could move into work if given enough support. Claimants in the work-related activity group have to attend a series of work-focused interviews.

Figure 6.33:



Source: Department of Work and Pensions

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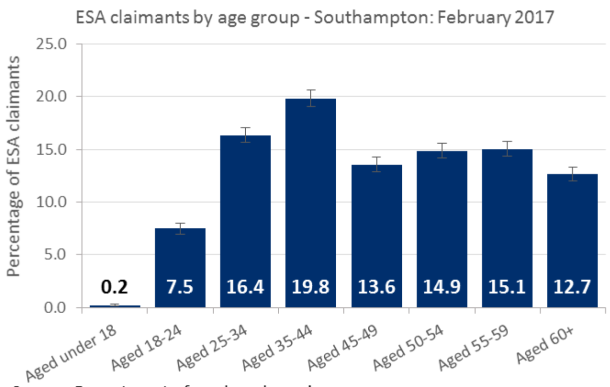
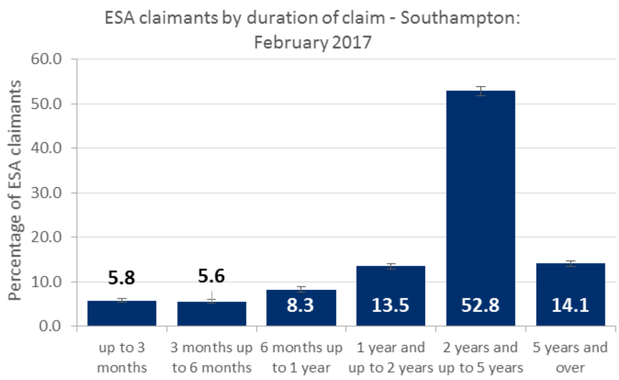
In Southampton, in February 2017, 5.9% (10,030) of the working age population were claiming ESA, which is higher than the South East (4.3%) and England (5.6%) average. However, this is the second lowest amongst comparator areas; only Portsmouth is lower at 5.6% (see figure 6.33).

Nearly 53% of ESA claimants in Southampton have been claiming ESA for between 2 and 5 years and 14.1% have been claiming it for more than 5 years. In addition, nearly 43% of ESA claimants are aged over 50 (see figure 6.34). The majority of ESA claimants (53.8% - 5,400 people) are suffering from mental health or behavioural disorders. The next largest cause of ESA claims was for diseases of the musculoskeletal system (11.9%).

Figure 6.34:



Source: Department of work and pensions



Source: Department of work and pensions

6.4 Not in Employment, Education or Training (NEET)

Traditionally, a young person is classified as NEET if they are aged between 16 and 18 and not in education, employment or training. Information on the number and proportion of young people NEET in each local area is collected by and maintained by local authorities. However, the way NEET is measured has changed recently; it now only includes 16-17 year olds and includes the NEET and 'unknowns' together (those whose NEET status is unknown). This was in order to capture a truer picture of all of the young people classified as NEET; previously 'unknowns' were not accounted for which may have depressed the true number of NEETs in an area. The old methodology included all 16-18 year olds not in Education, Employment or Training, and showed those people who are NEET and unknown separately.

Provisional figures using the new methodology show that 7.6% of 16 and 17 years olds in Southampton were NEET (including 'unknowns') in 2016/17. This is higher than the England average of 6%, although at this time no additional data is available at local authority level to benchmark against. It is necessary to go back to 2015 to get benchmarkable data; this was collated using the old methodology so is not comparable with the latest 2016/17 data, but has been included for benchmarking purposes (see figure 6.41).

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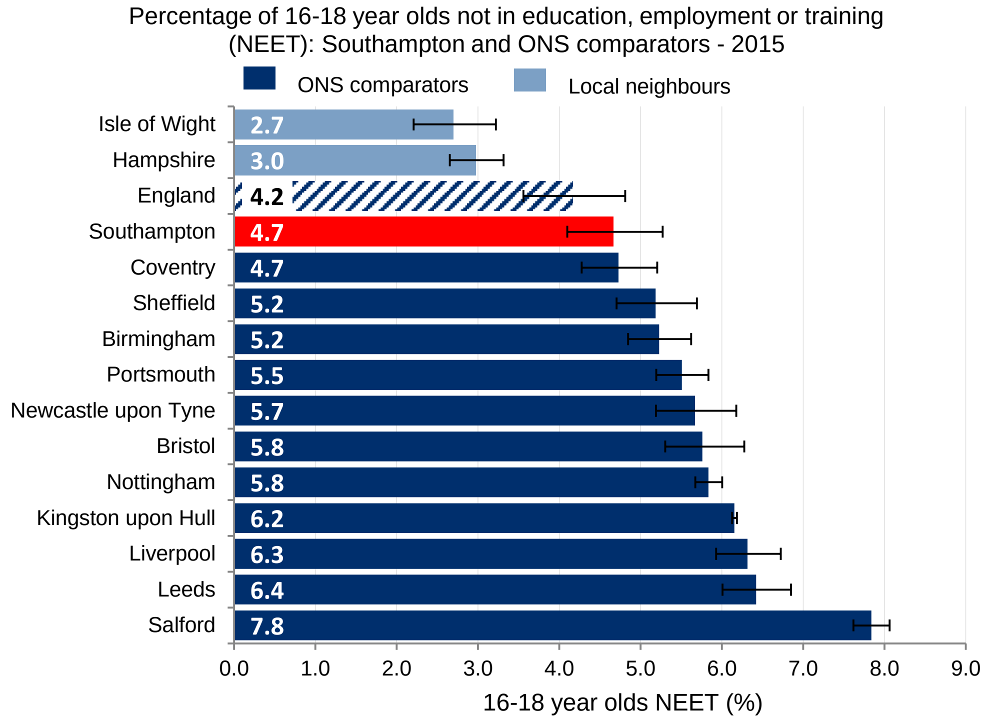
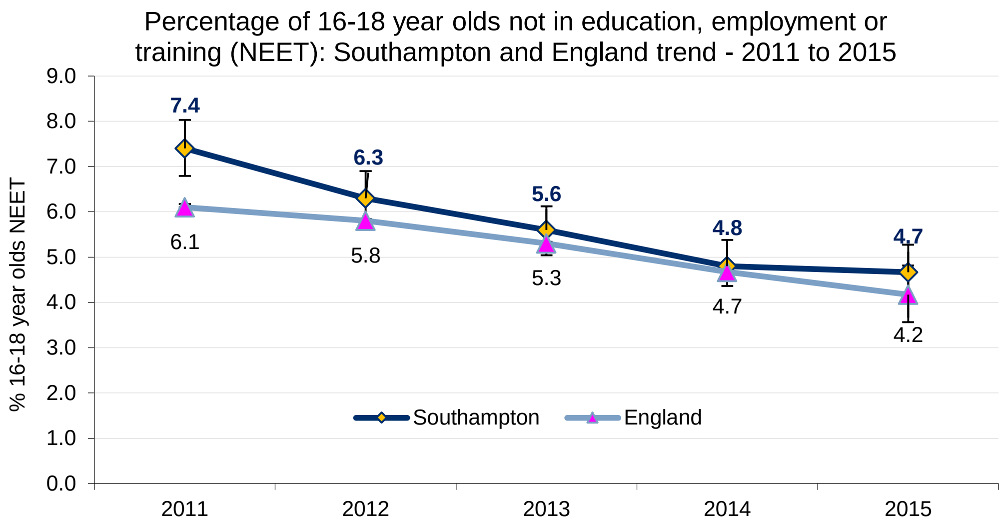
Figure 6.41:



In Southampton in 2015 there were 320 (4.7%) people aged 16-18 who were NEET and approximately 590 (8.7%) who were unknown. In the South East 3.9% of 16-18 year olds where NEET and 10.1% were unknown and in England 4.2% were NEET and 8.4% were unknown. Figure 6.42 illustrates how the trend in the proportion of NEET has reduced from 7.4% in 2011 to 4.7% in 2015; a 2.7% point reduction, compared to a 1.9% point reduction for England over the same period.

Figure 6.42:

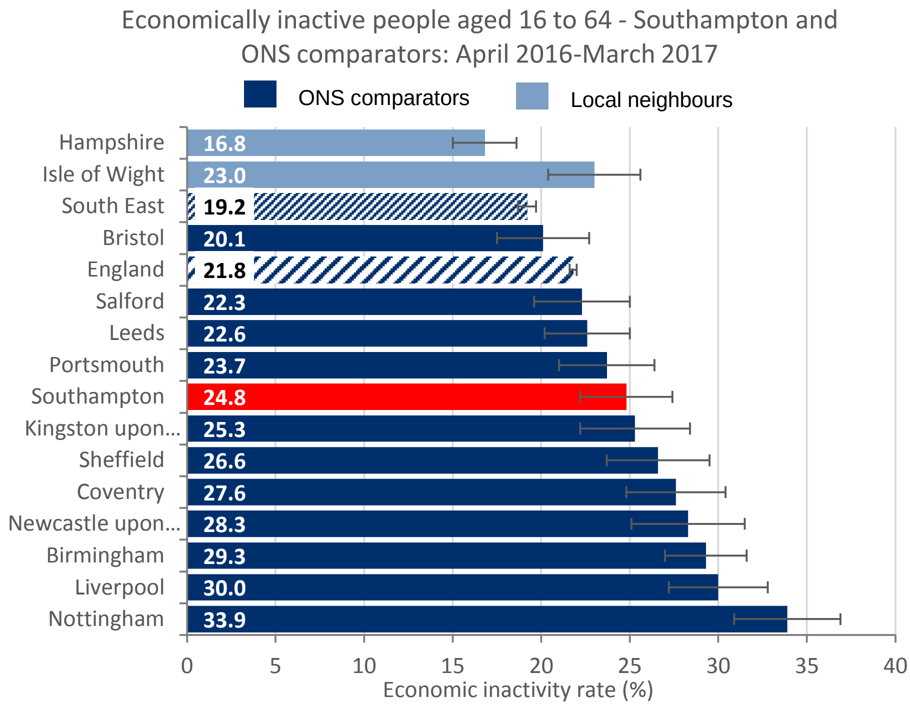


Source: Public Health Outcomes Framework

6.5 Economic inactivity

People who are economically inactive are those who are neither in employment nor unemployed. This group includes people who are caring for their family or retired (as well as those aged under 16).[21] In Southampton, between April 2016 and March 2017, 24.8% of people aged 16 to 64 were economically inactive; around 42,000 people. This is higher than both the England (21.8%) and South East (19.2%) average (see figure 6.51).

Figure 6.51:



Source: Annual Population Survey, Office for National Statistics

The trend in the economic inactivity rate, presented in figure 6.52, is the mirror opposite to the economic activity rate presented earlier. Similarly, the year on year changes should be treated with some caution due to the annual variations in sampling and the relatively large confidence intervals at the local level. Since the end of the recession in 2011, the economic inactivity has dropped from a high of 23.8% to 21.8% nationally; a 2% point reduction. The trend for Southampton is much more variable from year to year, but has also fallen over the same period from 26.6% to 24.8%; a 1.8% point reduction. Nonetheless, the rate in Southampton remains above both England and the South East. The dramatic fall in the rate in 2016 to 19.6% is likely to be a blip due to sampling variation.

[21] Definition of economically inactive
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/aguidetolabourmarketstatistics#economic-inactivity

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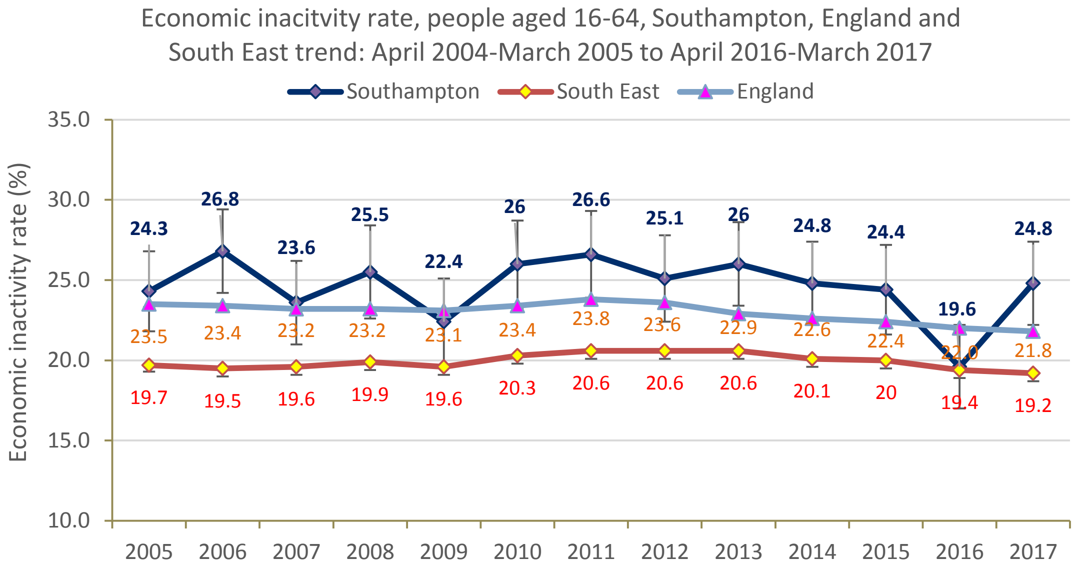
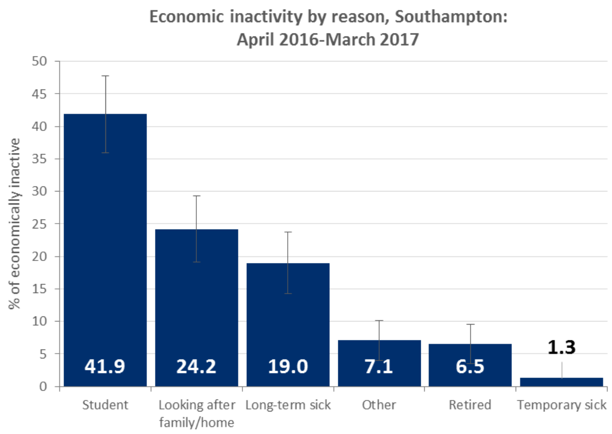
Figure 6.52:



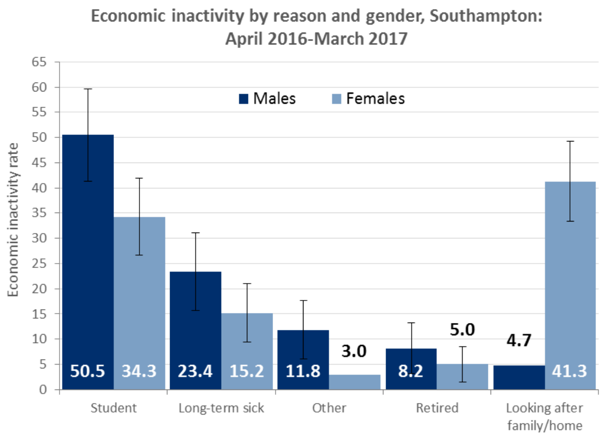
Source: Annual Population Survey, Office for National

As previously mentioned in section 6.1, the large student population in the city may be one reason why economic inactivity is higher than average in the city. Figure 6.53 may give some additional weight to this argument, as it shows the main reason why people are economically inactive in Southampton is because they are a student; 41.9% reported this as being the main reason for being inactive in 2016/17. 24.2% reported the reason as looking after family/home, 19% as long term sickness and 6.5% as retirement. Figure 6.53 also shows that women are more likely to be at home looking after the family than men, whilst men are more likely to be inactive due to being a student or having a long term sickness.

Figure 6.53:



Source: Annual Population Survey, Office for National Statistics



Source: Annual Population Survey, Office for National Statistics

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6.6 Summary of key points

- In 2016/17, three quarters (75.2%) of the working age population in Southampton was classified as being economically active, which is lower than both the England (78.2%) and South East average (80.8%). Following a low in 2011, economic activity rates have gradually increased in the city, although they have continually been lower than average. However, the large student population in the city may be one reason why this rate is comparatively low; 42% of economically inactive people reported the main reason as being a student in 2016/17.
- The recession clearly impacted upon employment rates in the city, as they fell to a low of 68% in 2010 amongst the 16-64 population. Since this point the rate has shown signs of recovery, with employment levels in 2017 similar to those pre-recession at 71.4%; a 3.3% point increase since 2010. However, this is still below the England (74.4%) and South East (77.7%) average. Again this might be impacted by the large student population.
- However, employment amongst the over 16 age group in 2016/17 was 60.5% which is similar to the national average and the fourth highest amongst comparator cities. The difference between the 16+ and 16-64 comparisons suggests that employment rates in Southampton are higher than the national rates for people aged 65 and over, which may mean that older residents want or need to stay in employment in the city. This is against a backdrop of a rising state pension age and removal of compulsory retirement at 65 years of age.
- Growth in part-time employment initially drove the return to employment growth, although more recent data suggests that full-time employment has steadily increased. In addition it is the private sector driving employment improvements; between 2011 and 2015, private sector jobs grew by 13.4% compared to the public sector which grew by 0.2%.
- 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 2017, 6,600 people were estimated to be unemployed in Southampton, 5.0% of the economically active population. This is higher than the England (4.8%) and South East (3.8%) average, although is the fourth lowest amongst comparator cities. However, the fall in unemployment appears to be slightly greater in Southampton, falling by 2.9% points over the last three years, compared to England (2.4% pts) and the South East (1.6% pts) average.
- The 16-19 age group is the most at risk of being unemployed. The rate is particularly high for this age group in Southampton, with around a third (33.9%) estimated to be unemployed. However, the small sample size and large confidence intervals means that this number is unreliable. Nonetheless, analysis over time and at a higher geography confirm this age group to be the most at risk of unemployment, which suggests that 16-19 year olds require the most support to get into work nationally and locally.
- Claimant count data mirrors the trend from the LFS for the recession and recovery periods. In August 2017, the claimant count for Southampton was 2.0% or 3,395 people compared with 1.2% in the South East and 1.9% in England. However, monthly data suggests that claimants

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may be increasing in the city, with rates consistently rising over the last 4 months from 1.4% in April 2017 to 2.0% in August 2017. This trend does not appear to be replicated for England or the South East. However, this increase should be treated with some caution due to the unknown impact of Universal Credit on claimant count data.

- Claimant count rates are not equally spread throughout the city. Unsurprisingly, the rates are clearly higher in wards and neighbourhoods in the city with higher levels of deprivation. At neighbourhood (LSOA) level the rates range significantly from 0% to 7.5%, with the highest being located in Bargate with a rate of 7.5%.
- The proportion of 16-18 years olds not in employment, education or training (NEET) has reduced from 7.4% in 2011 to 4.7% in 2015; a 2.7% point reduction, compared to a 1.9% point reduction for England over the same period. Although this was above the national average (4.2%), it was the lowest amongst comparator cities. However, recent methodological changes to the way NEETs are calculated has meant that the NEET figure for Southampton has increased to 7.6% in 2016/17, which is higher than the England average of 6%. However, this data is provisional and further comparator data is not yet available.

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7. Skills and qualifications

7.1 Qualifications of the resident population

This section explores the skills levels of both the residents and workforce and whether they meet the needs of employers. The Annual Population Survey (APS) records the qualifications of working age residents classified into a number of NVQ and equivalent levels; these levels are summarised below:

- NVQ Level 4+: Certificate of Education (level 4) through Diplomas/Degrees (Level 5), Honours Degrees (Level 6), Postgraduate qualification (Level 7) and Specialist awards such as Doctorates (Level 8).
- NVQ Level 3: A-Levels (at least 2 A-Levels or 4 AS Levels or equivalents. Seen as entry to Higher Education).
- NVQ 2: At least 5 A*-C GCSEs or equivalent.
- NVQ 1: At least one GCSE or equivalent.
- Trade Apprenticeship
- Other qualifications (covering a wide range, including those gained outside the UK)
- No qualifications

Figure 7.11: NVQ Level qualifications of working age population (aged 16-64) - % of all: ONS Annual Population Survey (APS) January 2016 to December 2016

Region name	% NVQ 4 or higher	% NVQ 3 only	% NVQ 3 or higher	% NVQ 2 only	% NVQ 2 or higher	% NVQ 1 only	% No qualifications	% NVQ 1 or below	% Trade Apprenticeships	% Other qualifications
England	42.4	17.3	59.7	15.2	74.9	10.3	4.8	15.1	3.2	6.7
South East	44.9	17.2	62.1	15.0	77.1	10.6	3.6	14.2	3.1	5.7
Southampton	38.1	22.9	61.0	13.9	74.9	9.9	4.3	14.2	4.2	6.7
Portsmouth	37.4	18.7	56.1	17.1	73.2	11.7	5.4	17.1	3.8	6.0
Isle of Wight	32.1	21.8	53.9	18.2	72.1	15.2	4.0	19.2	4.8	3.9
Hampshire County	40.5	20.9	61.4	15.1	76.5	11.7	3.1	14.8	3.5	5.1

Figure 7.11 provides an overview of the level of qualifications for Southampton's working age population for the January 2016 to December 2016 period. This illustrates that Southampton has 38.1% of the population (48,800 people) with an NVQ Level 4 (equivalent to degree level) or above; this is lower than both the England (42.4%) and South East (44.9%) average. Figure 6.52 shows that Southampton ranks about mid-way amongst its statistical neighbours, but lags behind areas such as Bristol (54.9%) and Newcastle (45.2%). This is perhaps a little surprising, given that there are two large universities in the city and may raise questions about graduate retention rates.

The large number of undergraduate students in the city may be one reason why Southampton stands out as having a relatively large proportion of the population with qualifications up to NVQ Level 3 at

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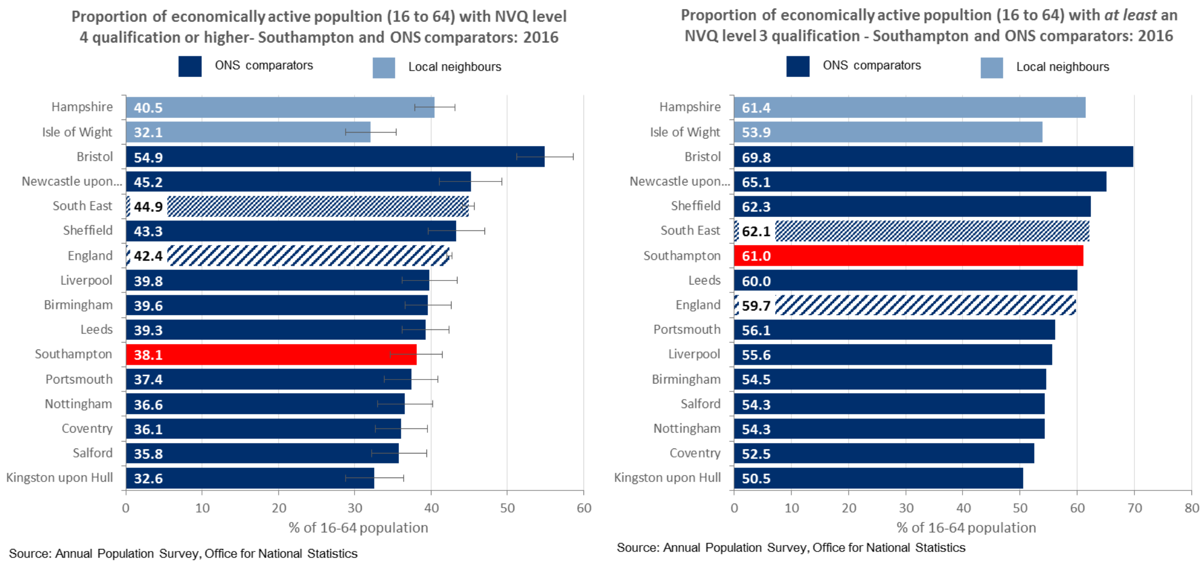
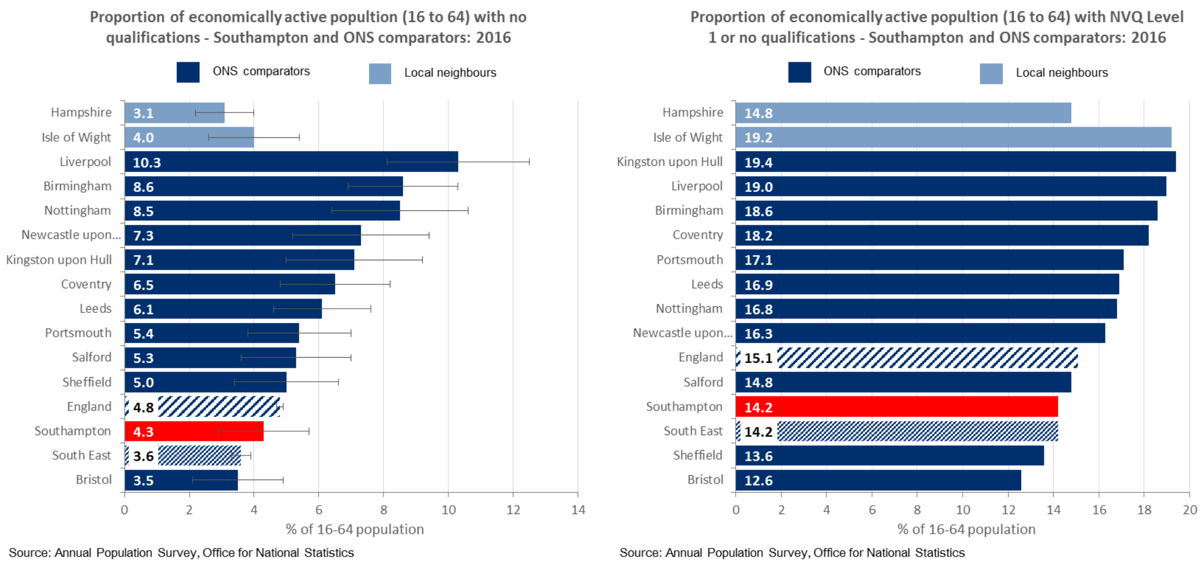
22.9% (29,300 people); this is significantly higher than the England (17.3%) and South East (17.2%) average, and the highest amongst the city's statistical neighbours. Consequently the total share of residents qualified to *at least* NVQ Level 3 in Southampton is 61%; this is above the England average of 59.7%, although slightly lower than that for the South East at 62.1% (see figure 7.12).

Figure 7.12:



NVQ Level 4 and above qualifications are often taken as a prerequisite for active participation in the high value-added knowledge economy, whereas Level 3 is generally regarded as the entry point to higher education and therefore future engagement with knowledge intensive activities in the economy. Level 2 is often the basic entry point into employment. Overall, almost three quarters (75%) were qualified to NVQ Level 2 or higher. This is the same as the England average, although 2.2% points lower than the South East (77.1%).

Figure 7.13:



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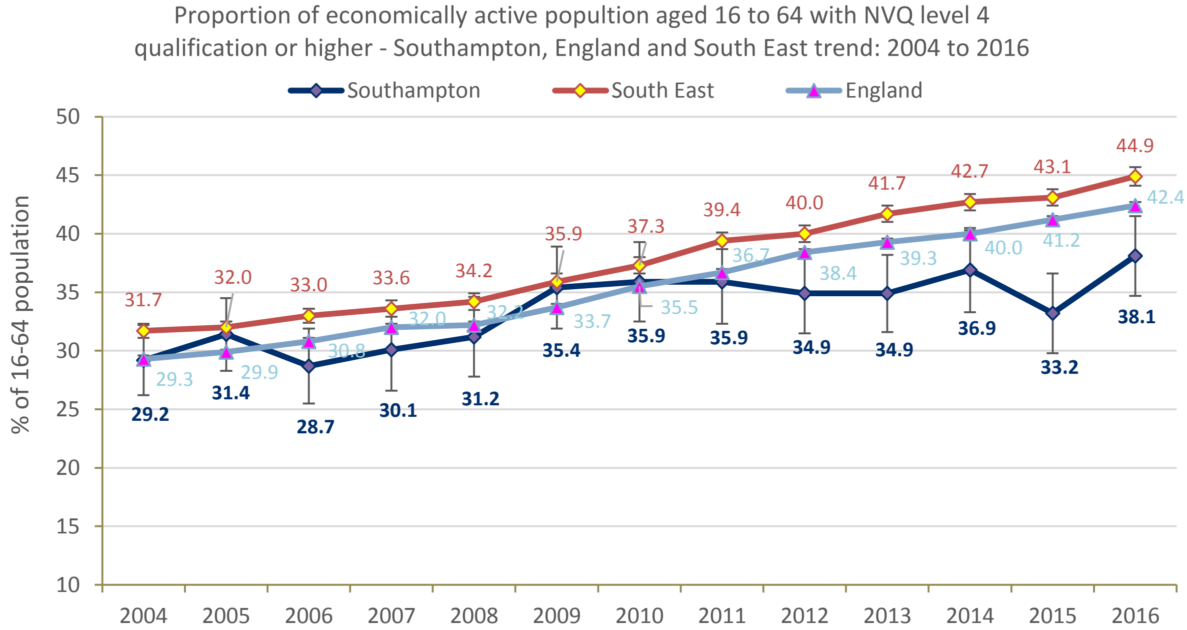
At the other end of the skills spectrum, 4.3% of residents in Southampton have no qualifications (5,600 people), which is lower than the England average of 4.8%, but higher than the South East (3.6%). In fact, amongst the comparator cities, only Bristol has a lower proportion of the population with no qualifications at 3.5% (see figure 7.13). The second chart in figure 7.13 shows that 14.2% of Southampton's economically active population have no or low qualifications (NVQ Level 1 or below), which is the same as the South East and below the England average.

Figure 7.14:



Source: Annual Population Survey, Office for National Statistics

Figure 7.14 shows the trend in the proportion of the working age population qualified to NVQ Level 4 or above for Southampton, England and the South East for the period 2004 to 2016. Over the entire period, the proportion in Southampton has increased from 29.2% in 2004 to 38.1% in 2016; an 8.9% point increase. The trend is similar for both England and the South East, although the rise has been greater at 13.2% points and 15.7% points respectively. This has resulted in a gradual gap opening up over time between Southampton and the national average; the gap in 2016 was 4.3% points, compared to 0.1% points in 2004.

Figure 7.15 shows that over the same period, the proportion of the working age population with no qualifications has fallen from 10.0% in 2004 to 4.3% in 2016 in Southampton; a fall of 5.7% points. This is a similar trend to both England and the South East, which have seen reductions of 5.9% points and 4.7% points respectively over the same period. Throughout the period, the Southampton rate has generally been below the England average, yet above the South East. However, the differences are not statistically significant in any one year.

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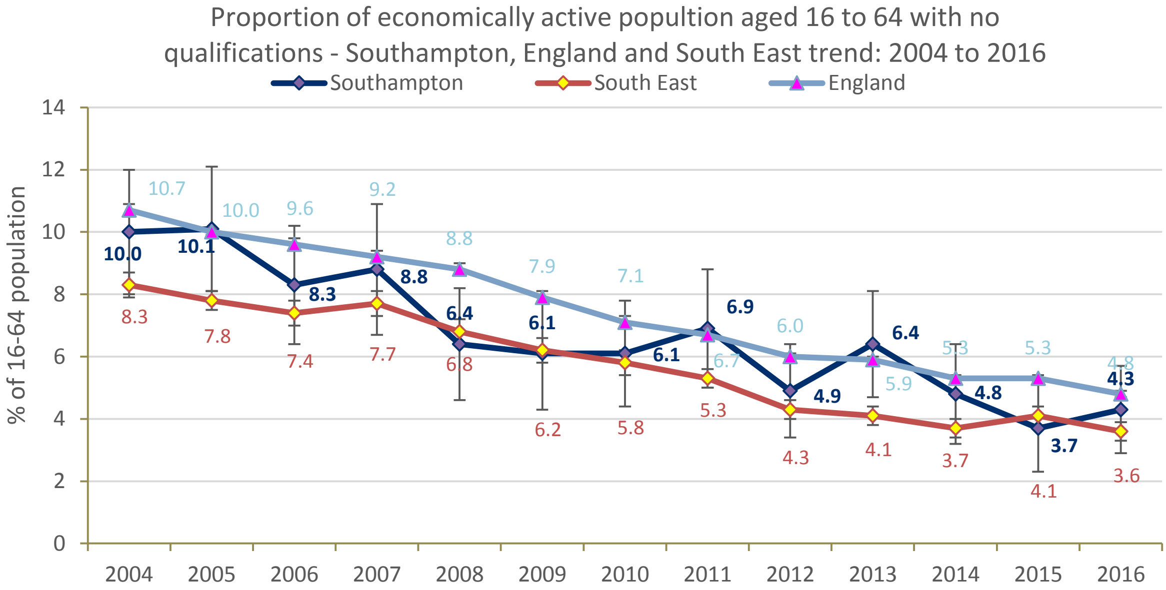
Figure 7.15:



Source: Annual Population Survey, Office for National Statistics

Overall, the trends suggest an improvement in human capital in Southampton over time, although there is some way to go to match the South East average; in particular increasing the proportion of the economically active population with qualifications at NVQ Level 4 or above is important if the city and residents are to fully exploit knowledge intensive industries and occupations. In addition, despite improvements, economically active residents with low or no qualifications are still a key group, especially reflecting the need to raise skill levels to improve the human capital necessary to remain competitive in a global economy.

7.2 School attainment

Figure 7.21 shows the proportion of year 11 pupils who achieved 5 or more GCSEs at grades A* to C including English and Maths in Southampton and comparator cities. 52.2% of pupils in Southampton achieved this level, which is below the England (53.5%) and South East (60.3%) average, and fifth lowest amongst comparator cities.

Figure 7.22 illustrates how GCSE results had improved dramatically between 2009/10 and 2012/13, with the proportion achieving the standard rising from 47.5% to 58.1%. However, in 2013/14 the proportion fell once more to 51%; this is similar to the overall trend for England over this period. Over the past three years, the trend has stabilised somewhat, although there are some signs of improvement. Between 2013/14 and 2015/16, there was a 1.2% point improvement in Southampton, whilst the England rate remained stable, showing a 0.1% point improvement over the same period.

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Figure 7.21:

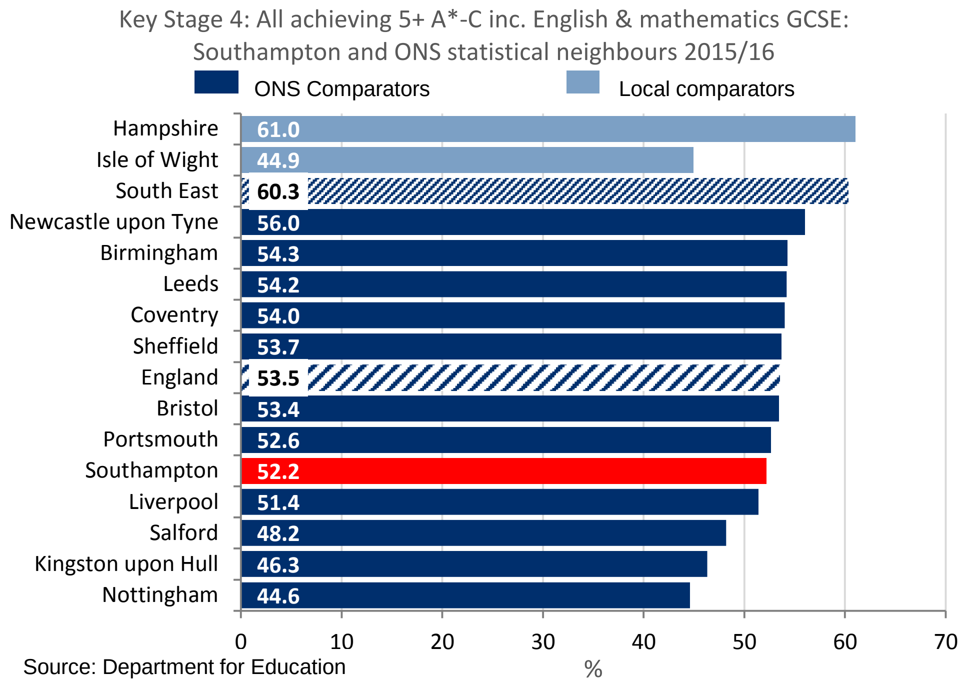
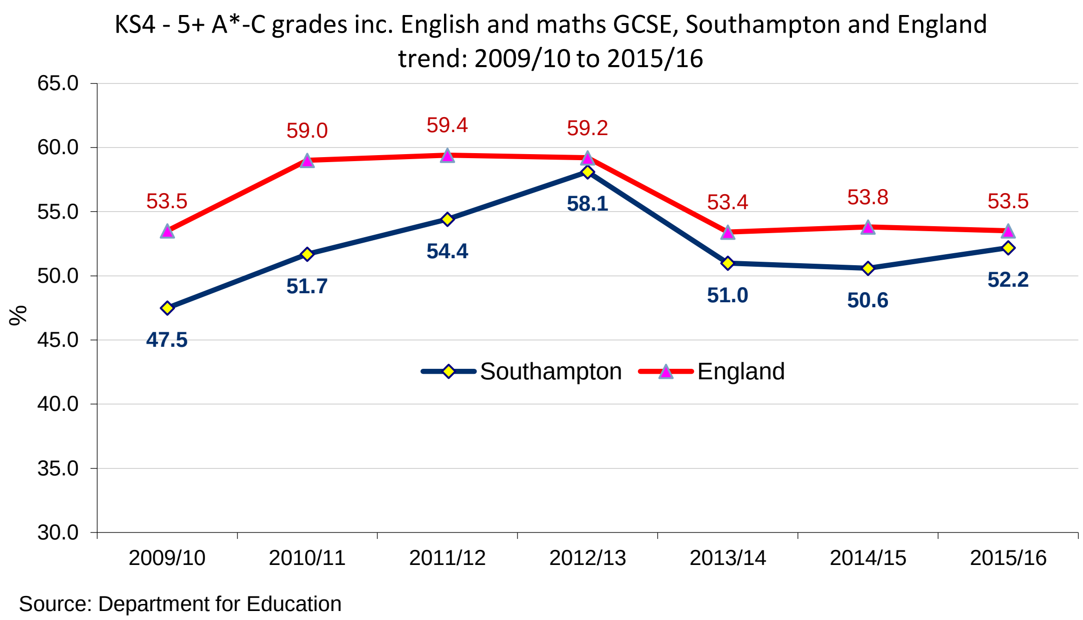


Figure 7.22:



7.3 Higher Education institutions

The Higher Education Statistics Authority (HESA) collect data on students in higher education. Higher education students for the purpose of HESA's data collection are those students on courses for which the level of instruction is above that of Level 3 (i.e. courses at the level of Certificate of Higher Education and above). These figures therefore do not include the several thousand Further Education students in the city. Figure 7.31 shows the total number of higher education students by level of study at the University of Southampton and Southampton Solent University between 2011/12 and 2015/16. In 2015/16, there were 36,160 higher education students in Southampton, with just under 70% studying at the University of Southampton; for post-graduate students this figure rises to almost 95%. Between 2011/12 and 2014/15, the overall number of students in the city fell by 4.3%; this equates to 1,565 fewer students, the majority of which came from Southampton Solent (1,225). There was a 3% increase recorded in 2015/16, but the overall numbers are still less than 2011/12, although they are slightly higher for the University of Southampton.

Figure 7.31:

		2011/12		2012/13		2013/14		2014/15		2015/16	
University	**Category**	**No. students**	**% change**	**No. students**	**% change**	**No. students**	**% change**	**No. students**	**% change**	**No. students**	**% change**
University of Southampton	Postgraduate	7325	N/A	7060	-3.6%	7840	11.0%	7645	-2.5%	7390	-3.3%
	Undergraduate	16805	N/A	16055	-4.5%	16195	0.9%	16150	-0.3%	17485	8.3%
	Total	24135	N/A	23115	-4.2%	24040	4.0%	23795	-1.0%	24875	4.5%
Southampton Solent University	Postgraduate	665	N/A	575	-13.5%	440	-23.5%	355	-19.3%	405	14.1%
	Undergraduate	11865	N/A	11515	-2.9%	11285	-2.0%	10950	-3.0%	10885	-0.6%
	Total	12530	N/A	12090	-3.5%	11725	-3.0%	11305	-3.6%	11285	-0.2%
Southampton Total	Postgraduate	7990	N/A	7635	-4.4%	8280	8.4%	8000	-3.4%	7795	-2.6%
	Undergraduate	28670	N/A	27570	-3.8%	27480	-0.3%	27100	-1.4%	28370	4.7%
	Total	36665	N/A	35205	-4.0%	35765	1.6%	35100	-1.9%	36160	3.0%

The majority of undergraduates in Southampton studied on a full-time basis (94%) in 2015/16, with the proportion for postgraduates lower at 78%, although these figures varied between institutions. With close to 80%, the University of Southampton had a much higher proportion of post-graduates studying full-time, compared to only 43% at Southampton Solent.

Figure 7.32:

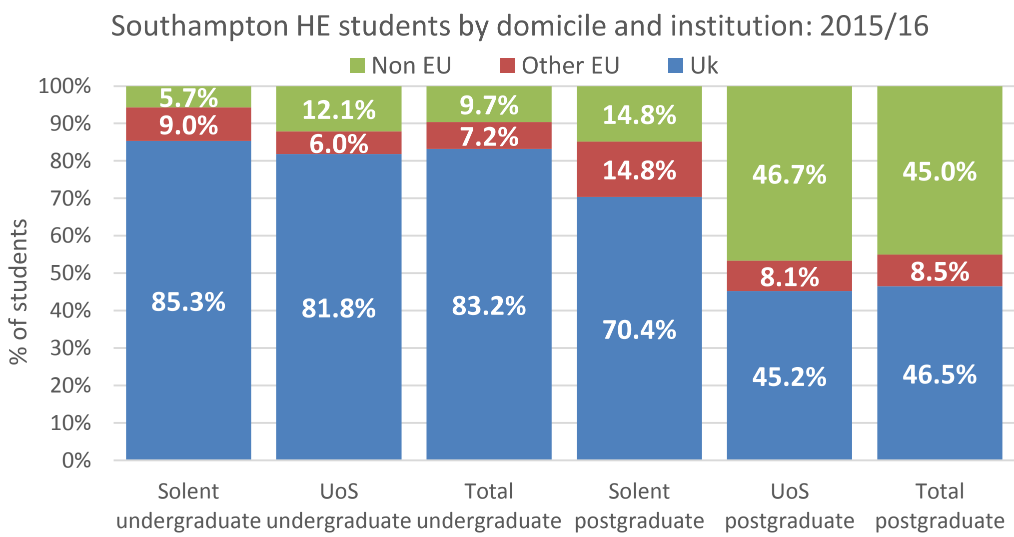


Figure 7.32 illustrates how the majority of undergraduate students studying in Southampton come from the UK (83%), with very little variation between institutions. However, just over half (53.5%) of post-graduate students are non-UK domicile and mostly non-European (45%). There is significant variation between institutions here, with over 70% of Solent postgraduate students coming from the UK, compared to only 45% at the University of Southampton. Foreign students are more likely to be studying on a full-time basis at postgraduate level, and the likely explanation or the disparity in full-time study between institutions. Despite the high proportion of postgraduate students with a non-UK domicile, the universities in Southampton still offer a significant resource for the higher education of local residents.

7.4 Employer skills

The UK Commission's Employer Skills Survey 2015 examined the experiences and practices of over 91,200 employers in the UK and is a source of intelligence on the skills challenges employers across the UK are facing and their response in terms of investment in skills and training.[22] The survey did include some local data, although it is not reported in any great detail. The findings are summarised in figure 7.41.

Figure 7.41: UKCES Employer Skills Survey 2015 – responses from establishments in Hampshire

Region name	% with any vacancies	% with a skills shortage vacancy	% of vacancies which a due to skills shortage	% with any staff not fully proficient	% of workforce not fully proficient	% with any difficulties retaining staff	% training staff over last 12 months	No. trained as a % of total staff
England	20%	6%	23%	14%	5%	8%	66%	63%
South East	22%	7%	26%	14%	5%	9%	67%	61%
Southampton	25%	9%	19%	16%	4%	6%	67%	76%
Portsmouth	23%	5%	18%	22%	4%	10%	76%	64%
Isle of Wight	19%	3%	16%	18%	5%	3%	62%	53%
Hampshire County	21%	7%	28%	16%	5%	10%	70%	66%

Nationally, the survey reported an increase in vacancies (employers active in the recruitment market) between 2013 and 2015 which reflected the recovery period after the recession. Across England 20% of employers reported they had at least one vacancy; in Southampton this figure was higher at 25%. However, within this buoyant labour market, skill-shortage vacancies presented a growing challenge for employers in filling their vacancies. 6% of all employers had at least one skill-shortage vacancy nationally, a significant increase from the 4% reported in 2013. In Southampton this was even higher at 9% compared to an average of 7% across the South East, suggesting a particular skills shortage in the city. However, in terms of the density of skills shortage i.e. the proportion of all vacancies that are hard to fill due to a skills shortage, Southampton at 19% was lower than both England (23%) and the South East (26%).

[22] UKCES (2016) *Employer Skills Survey 2015* [Online] Available from: https://www.gov.uk/government/publications/ukces-employer-skills-survey-2015-uk-report

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The UK Commission report that across England, over two-thirds of employers that had difficulty filling their vacancies solely as a result of skill shortages had experienced a direct financial impact through either loss of business to competitors, increased operating costs, or having to outsource work, or some combination of the three. Skill-shortage vacancies were caused by a number of people and personal skills and technical and practical skills lacking amongst applicants. Skills related to operational aspects of the role, as well as complex analytical skills, were the main technical and practical skills lacking. The main people and personal skills lacking pertained to time management, management and leadership, and sales and customer skills.

The vast majority of employers reported that they had a fully proficient workforce. However, 16% of employers in Southampton reported skills gaps within their existing workforce, which is higher than both the England (14%) and South East average (14%). However, the density (i.e. proportion of total workforce not fully proficient) in Southampton was lower at 4% compared to 5% nationally. Nationally, the most common skills deemed to be lacking among existing staff were people and personal skills relating to workload management and teamwork. Specialist, job-specific skills were also widely considered to be lacking, along with complex analytical skills, especially among those in high-skill occupations such as Managers and Professionals.

Eight per cent of establishments in England reported that there were specific jobs in which they had difficulties retaining staff, more commonly in larger establishments and those in the Hotel and Restaurants, Public Administration, Education and Health and Social Work sectors. This 'talent loss' can lead to increased recruitment costs as employers seek to continuously replace staff who leave, often due to characteristics of the job itself. Despite having a heavy presence of these sectors, the proportion of establishments in Southampton reporting difficulties retaining staff was lower at 6%.

Over two thirds (67%) of employers in Southampton had funded or arranged training or development for their staff over the last 12 months, similar to the national average (66%). Nationally there was increase in the volume of training (in terms the number of training days provided). This increase largely reflected a combination of increased levels of employment and increased recruitment activity. As a proportion of the total workforce, 76% of staff in Southampton were trained in the last 12 months, which is much higher than the England (63%) and South East (61%) average.

The UK Commission reported that around 90% of the current labour force have the potential to be active in the labour market a decade from now. Therefore, the economy cannot rely on initial education alone to ensure people have the continuously changing skills that are needed; the workplace is a vital location to develop these skills. Given the importance of skilled people as a global currency, it is vital that businesses invest significant resources in training to enable the UK economy to take advantage of opportunities, capitalise on innovation and secure growth in performance and productivity.[23]

[23] UKCES (2016) *Employer Skills Survey 2015* [Online] Available from: https://www.gov.uk/government/publications/ukces-employer-skills-survey-2015-uk-report

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7.5 Summary of key points

- In 2016, 38% of Southampton's working age resident population were qualified to NVQ Level 4 (degree level) or above, which is lower than both the England (42.4%) and South East (44.9%) average. Southampton ranks about mid-way amongst its statistical neighbours, but lags behind areas such as Bristol (54.9%) and Newcastle (45.2%). Although the proportion qualified to this level in Southampton has gradually increased, it has not been at the same pace as England and the South East meaning that the gap in high end skills has developed and is widening. This is perhaps a little surprising given that the city has two universities, producing a ready supply of graduates each year. Graduate retention data was not available for this report, but it may be an area for further investigation.
- However, Southampton does have a relatively large proportion of the population with qualifications up to NVQ Level 3 at 22.9% (29,300 people); this is significantly higher than the England (17.3%) and South East (17.2%) average, and the highest amongst the city's statistical neighbours. This is likely to be because of the large number of undergraduate students in the city for which qualification at this level is often a prerequisite for entry into higher education.
- At the other end of the skills spectrum, 14.2% of Southampton's economically active population have no or low qualifications (NVQ Level 1 or below), which is the same as the South East and below the England average (15.1%). In fact, amongst the comparator cities, only Bristol and Sheffield have a lower proportion. Similar to the national trend, the proportion with no qualifications in Southampton fallen over time from 10% in 2004 to 4.3% in 2016.
- Despite some signs of improvement in recent years, school attainment at GCSE level continues to be below average for Southampton pupils. In 2015/16, 52.2% of pupils achieved 5 or more GCSEs at grades A* to C (including English and Maths) compared to the England (53.5%) and South East (60.3%) average. Raising school attainment is important in order to improve life chance of young people in the city, particularly with regards to finding skilled employment on leaving school. This is especially important for children from the most deprived areas of the city, where school attainment is poor and unemployment and benefit claimant rates high.
- The two universities in Southampton are clearly valuable assets, both in terms of employment and in terms of improving the skills of the (potential) workforce and supporting knowledge based industries in the city. In 2015/16, there were 36,160 higher education students in Southampton, with just under 70% studying at the University of Southampton. Although there have been reduction in the number of higher education students in recent years, a 3% increase in 2015/16 might suggest that this trend is reversing.
- In addition to educational attainment and qualifications, employers in the city are reporting issues with finding workers with the level of skills they need in a growing economy. Skill-shortage vacancies are presenting a growing challenge for employers in filling their vacancies. In Southampton, 9% of all employers have at least one skill-shortage vacancy nationally which is higher than the 6% reported nationally. In addition, 16% of employers in Southampton

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reported skills gaps within their existing workforce, which is higher than both the England (14%) and South East average (14%). However, there appear to be fewer problems retaining staff in Southampton.

- Therefore, the economy cannot rely on initial education alone to ensure people have the continuously changing skills that are needed in a global economy. The workplace is a vital location to develop these skills and it is therefore vital that businesses invest significant resources in training. As a proportion of the total workforce, 76% of staff in Southampton were trained in the last 12 months, which is much higher than the England (63%) and South East (61%) average.
- Overall, the trends suggest an improvement in human capital in Southampton over time, although there is some way to go to match the South East average; in particular increasing the proportion of the economically active population with qualifications at NVQ Level 4 or above is important if the city and residents are to fully exploit knowledge intensive industries and occupations. In addition, despite improvements, economically active residents with low or no qualifications are still a key group, especially reflecting the need to raise skill levels to improve the human capital necessary to remain competitive in a global economy.

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8. Earnings and economic flows

In a period of sustained austerity since 2010 in response to the economic downturn and deficit reduction, wages for many were cut or frozen. Therefore, more recent and robust growth in the economy has raised the issue of earnings and wage growth.

To evaluate earning levels nationally and locally this section mainly examines data from the Annual Survey of Hours and Earnings (ASHE) available from the Office for National Statistics (ONS). This gives a picture of the median gross incomes of residents *living in an area* and of those people *working in an area*. The information on wages is based on full time employees working more than 30 paid hours a week, or 25 or more for teaching professions. The data does not include the self-employed or those that work in the armed forces. It is based on a 1% sample of employee jobs from HM Revenue and Customs PAYE records.

The data is presented as the median rather than the mean. The median is the value below which 50% of employees fall. It is Office for National Statistics preferred measure of average earnings as it is less affected by a relatively small number of very high earners and the skewed distribution of earnings. It therefore gives a better indication of typical pay than the mean.

It should be noted that the local authority level estimates of earnings presented here should be treated with more caution than the national and regional estimates, due to the smaller sample size at this level and therefore the larger variation in precision. Where possible charts include upper and lower confidence intervals to provide a guide to the reliability of the data; where confidence intervals overlap, it would not be possible to say one local authority is higher or lower than another. Likewise, workplace and resident based data are two different sample based datasets and are not strictly comparable. Any differences or gaps in resident and workplace earnings should be viewed with some caution and only taken as indicative.

ONS publish data for both weekly and annual median earnings. This section mainly focuses on the weekly published data as is standard in ONS published reports. However, annual data is available in the accompanying data compendium.

8.1 Earnings in Southampton

Figure 8.11 below illustrates how Southampton compares to statistical neighbours for both *resident* and *workplace* weekly earnings. The gross weekly pay for *residents of* Southampton is £498, which is lower than the South East (£582) and England averages (£545), and ranks roughly midway amongst comparator areas.

However, the weekly wage for people *working in* Southampton, who may not live here, is £562, which is higher than the England average (£544) and comparable with the South East average (£566). In fact Southampton has the highest weekly pay for people *working in* the city compared to all other comparator areas.

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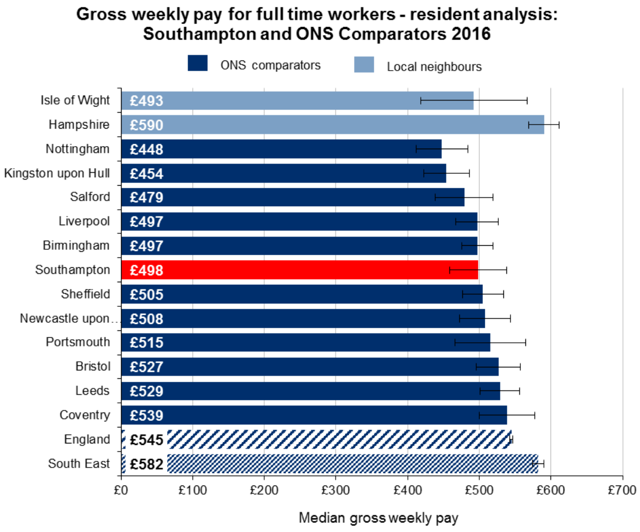
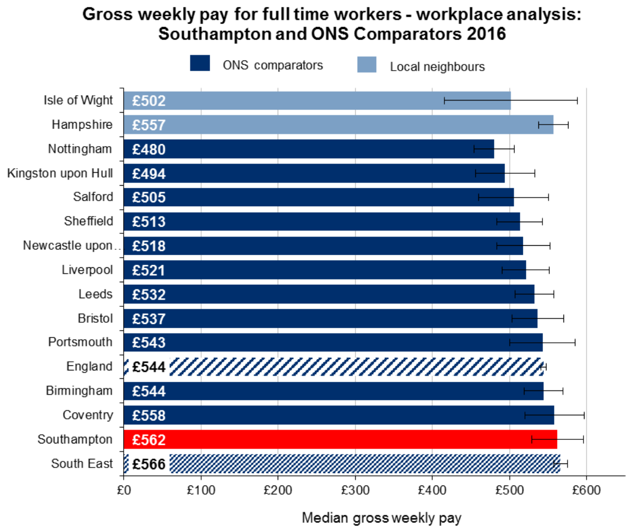
Figure 8.11:



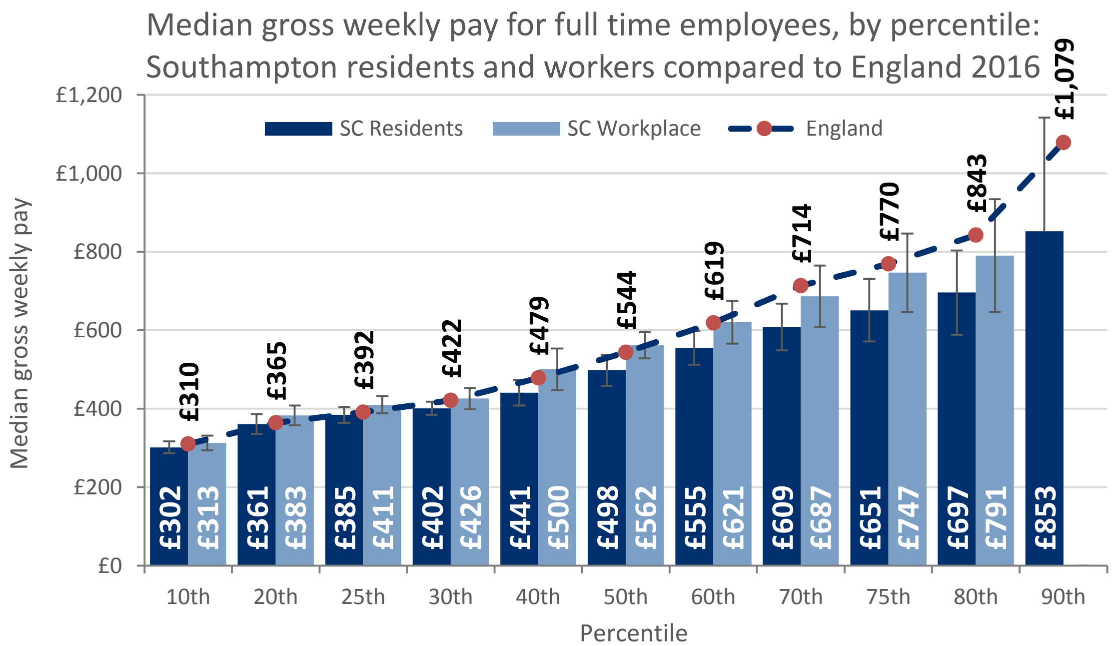
Source: Annual Survey of Hours and Earnings, ONS Crown Copyright



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

As well as median pay, ASHE data is available by income decile, allowing an examination of levels of income across the city, from the lowest to the highest earners. Figure 8.12 illustrates this for Southampton residents and workers compared to England. Levels of income appear to be comparable to England at the low income end of the spectrum, but are lower at the higher end, particularly for residents of Southampton.

Figure 8.12:



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

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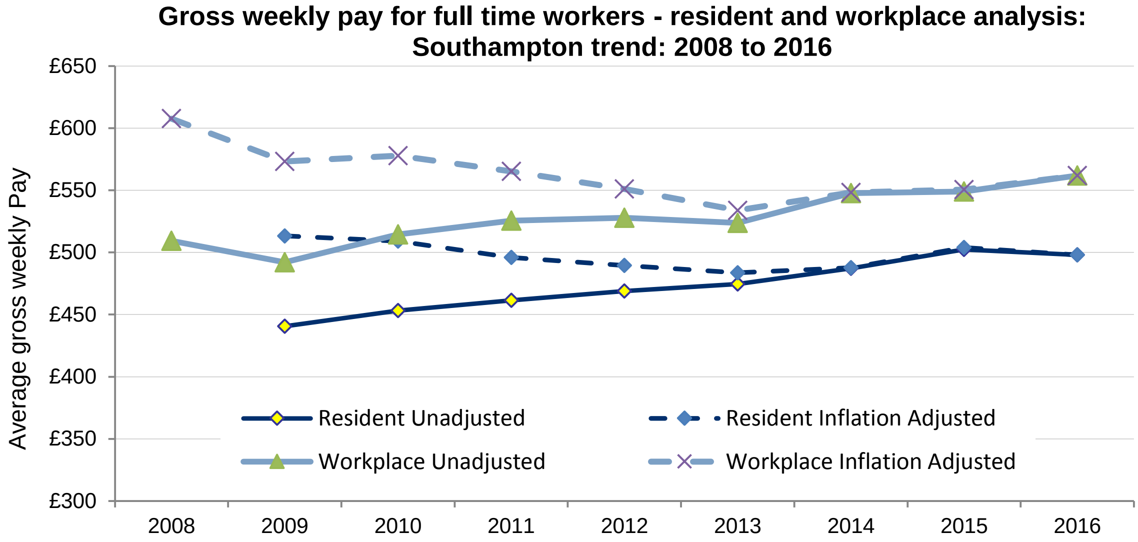
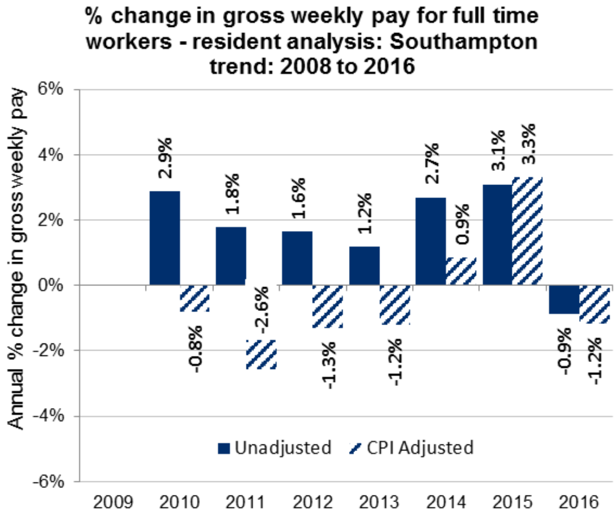
Figure 8.13:



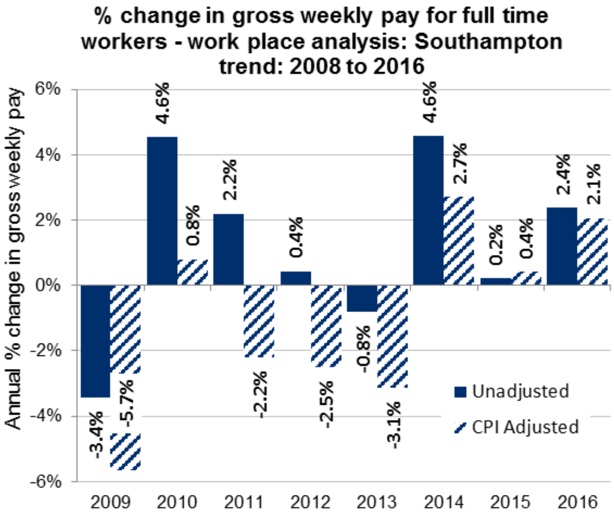
Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

Figure 8.13 illustrates the trend in gross weekly pay for both *residents of* and *workers in* Southampton between 2008 and 2016. During this period resident median weekly wages have risen by £59 (13.4%), whilst weekly pay for those working in the city has increased by £53 (10.4%). This compares with an overall increase of £60 (12.5%) across England. There were smaller increases for the 10% lowest earners in city at 12% and 7.9% for residents and workers respectively.

Figure 8.14:



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



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

However, to understand changes in earnings in the context of inflation, historic data can be adjusted using the Consumer Prices Index (CPI). This gives a measure of the "real" value of earnings, with a decrease meaning that earnings growth is below inflation. The dotted lines in figure 8.13 illustrate this

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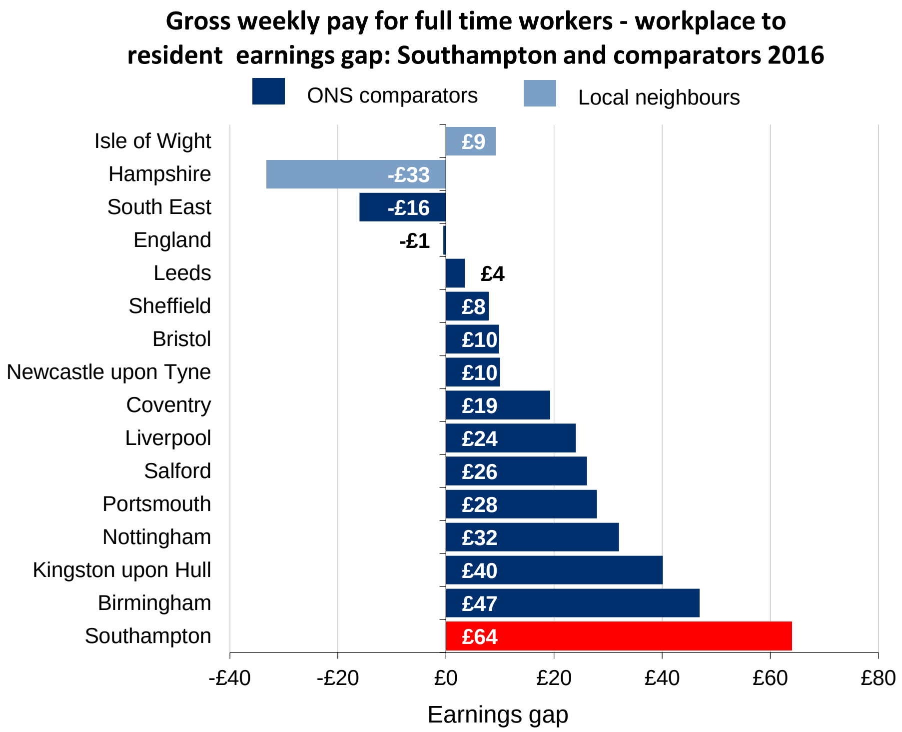
inflation adjusted weekly pay and shows that in fact there was a steady decline in weekly pay in 'real' terms between 2008 and 2013. Since 2013 pay has increased in real terms for both residents and workers in Southampton. This is due to a combination of growth in average earnings and the continued relatively low level of inflation (the CPI rose by 0.3% in the year to April 2016). However, adjusted for inflation, earnings are not yet back to their peak in 2008, and weekly earnings for residents fell slightly in 2016 by -1.2% in 'real' terms (workplace earnings increased by 2.1%). Figure 8.14 illustrates the yearly change in resident and workplace earnings over the period.

8.2 Income inequality (workplace vs. residents) and economic flows

Figure 8.21 shows that people who work in Southampton earn £64 (12.9%) more per week than the residents of Southampton do. This earnings gap between those living and working in an area is evident for the majority of the city's statistical neighbours, although the gap is largest in Southampton. In comparison, Portsmouth has a weekly earnings gap of £28 (5.4%) and Bristol a gap of £10 (1.9%).

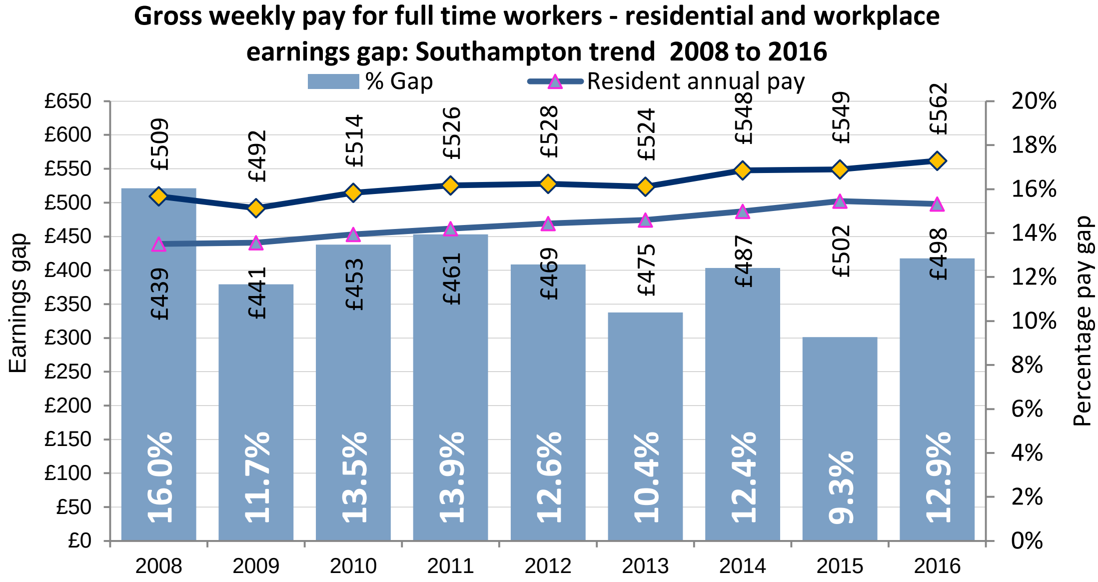
Figure 8.21:



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

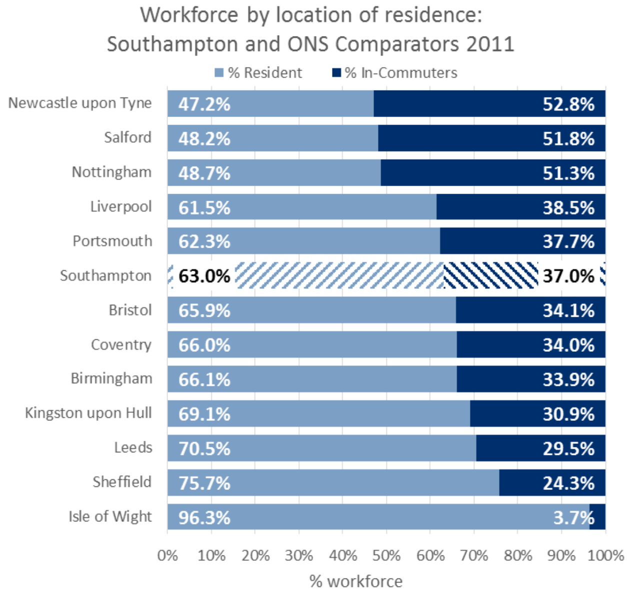
Figure 8.22 illustrates the trend in gross weekly pay for both *residents of* and *workers in* Southampton between 2008 and 2016. Despite resident weekly earnings increasing faster than workplace earnings in the city, there is still a gap of around 12.9%. Although this has fallen from a high of 16% in 2008, there is not enough evidence to suggest that there is a genuine downward trend in the gap, with significant fluctuations from year to year. This is demonstrated by the bar chart in figure 8.22. However, it should be noted that the confidence intervals around these estimates are reasonably large, meaning that the actual earnings gap is not statistically significant in any one year. Nonetheless, it does give the best indication we have that there continues to be a discrepancy between pay for those *working in* and those *resident* in the city.

Figure 8.22:

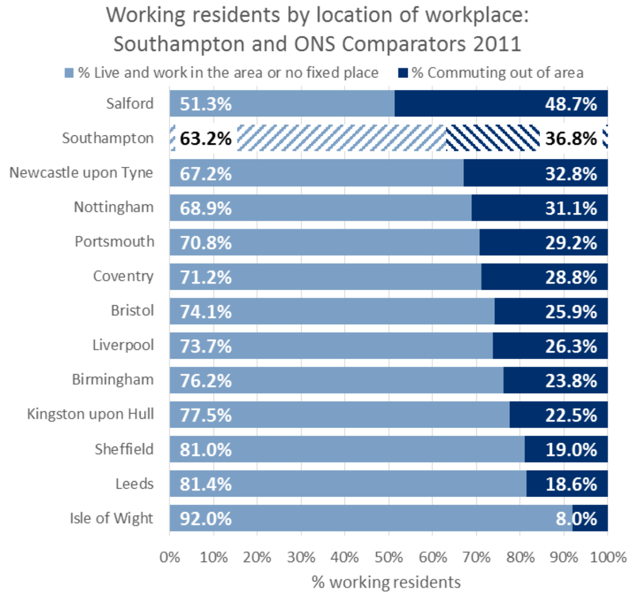


Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

Figure 8.23:



Source: 2011 Census, Table WU01UK, ONS Crown Copyright



Source: 2011 Census, Table WU01UK, ONS Crown Copyright

Levels of pay for jobs in Southampton are actually very good, being higher than the England average and the highest on offer amongst the city's statistical neighbours. Southampton is home to large businesses requiring higher skilled workers, as well as hosting university workers and graduates. Southampton is a net importer of workers and has a relatively high proportion of highly qualified workers relative to its resident population. According to the 2011 Census, there are almost 42,000 workers commuting into the city for work; this In-Commuting accounts for 37% of the city's workforce

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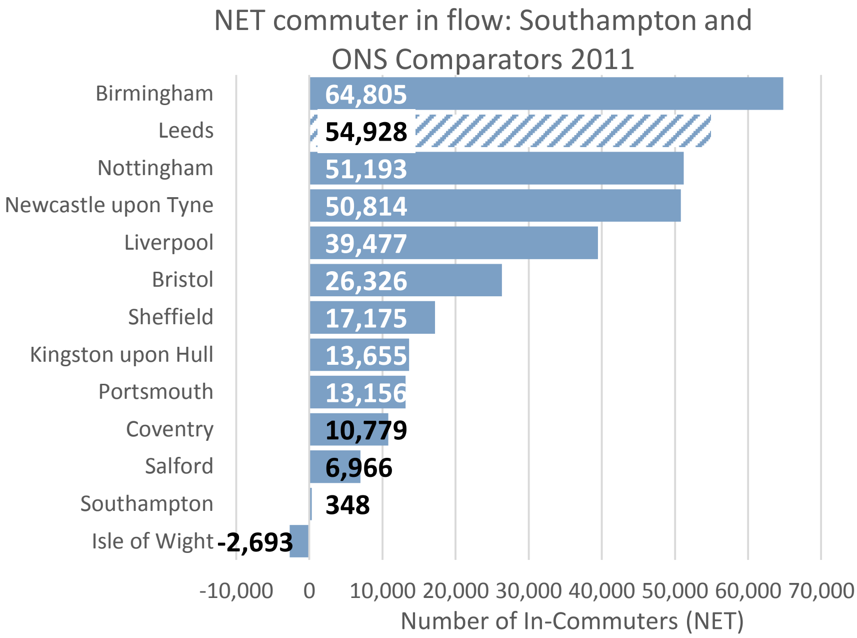
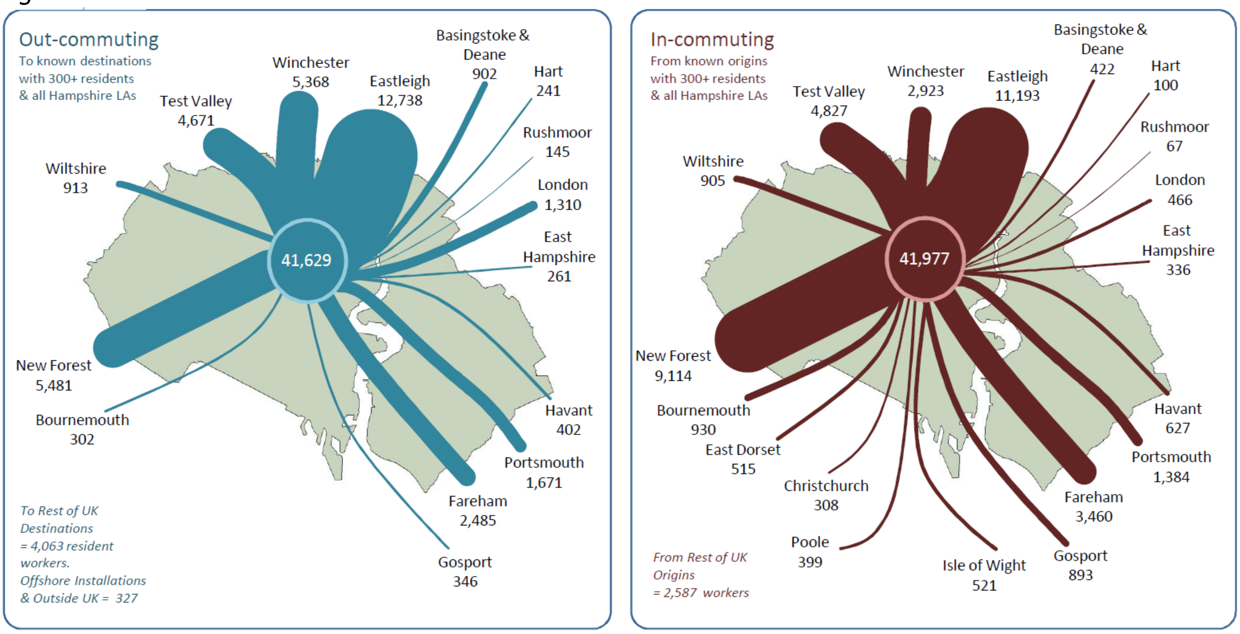
which is similar to statistical neighbours (see figure 8.23). However, Figure 8.23 also illustrates how almost 37% of Southampton working residents commute outside of the city for work, which is the highest amongst comparable cities. Figure 8.24 shows the net commuter inflow which further demonstrates the point. Although Southampton is a net importer of workers, it is only marginal at 348; this compares to over 13,000 for Portsmouth.

Figure 8.24:



Source: 2011 Census, Table WU01UK, ONS Crown Copyright

Figure 8.25:



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This may be explained by the presence of a large number of employers on the outskirts of the city boundary i.e. in Eastleigh for example (see figure 8.25 for commuting destinations). It should be noted that in some parts of Southampton (such as West End), the built up area continues into Eastleigh borough with no break. Therefore, out-commuting for some, could simply be working in the centre nearest to where they live.

Given the difference between resident and workplace earnings in Southampton, 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. Figure 8.25 shows a clear relationship between Southampton and Eastleigh, with economic flows going in both directions (in and out commuting). Significant numbers also commute into the city from the New Forest, Test Valley and Winchester districts.

Figure 8.26 uses data from the Annual Population Survey to shows the differences between workplace and resident jobs by occupational group for the period April 2016 to March 2017. The fact that workplace locations are not checked for accuracy helps to explain the apparently very high estimate of workplace jobs for Southampton; employment sites just over the border (in Eastleigh for example) may be considered by many workers to be in Southampton itself. As a result, the numbers should be treated with some caution, although they nonetheless give some indication of the differences between workplace and resident occupations and in/out commuting. There is particularly pronounced in-commuting for *professional* and *associated professional* occupations (+7,500 and + 6,400 respectively), whilst there is out-commuting for *elementary* and *sales and customer service* occupations. As section 8.4 shows, these are some of the lowest paid occupational groups, whilst *professional* occupations are some of the best paid; this give further weight to the argument that some elements of the resident workforce are being displaced into lower paid employment outside of the city.

Figure 8.26: Workplace and resident jobs by occupation in Southampton: ONS APS Apr'16 to Mar'17

Occupational group SOC(2010)	**Workplace**	**%**	**Residents**	**%**	**Difference (+ in; - out)**
Managers, directors and senior officials	10,500	7.3%	9,500	7.7%	1,000
Professional occupations	32,200	22.5%	24,700	19.9%	7,500
Associate prof & tech occupations	20,700	14.4%	14,300	11.5%	6,400
Administrative and secretarial occupations	15,100	10.5%	12,500	10.1%	2,600
Skilled trades occupations	12,100	8.4%	11,900	9.6%	200
Caring, leisure and other service occupations	12,800	8.9%	10,700	8.6%	2,100
Sales and customer service occupations	9,200	6.4%	9,500	7.7%	-300
Process, plant and machine operatives	11,400	7.9%	10,600	8.5%	800
Elementary occupations	19,400	13.5%	20,400	16.4%	-1,000
Total	*143,400*		*124,100*		*19,300*

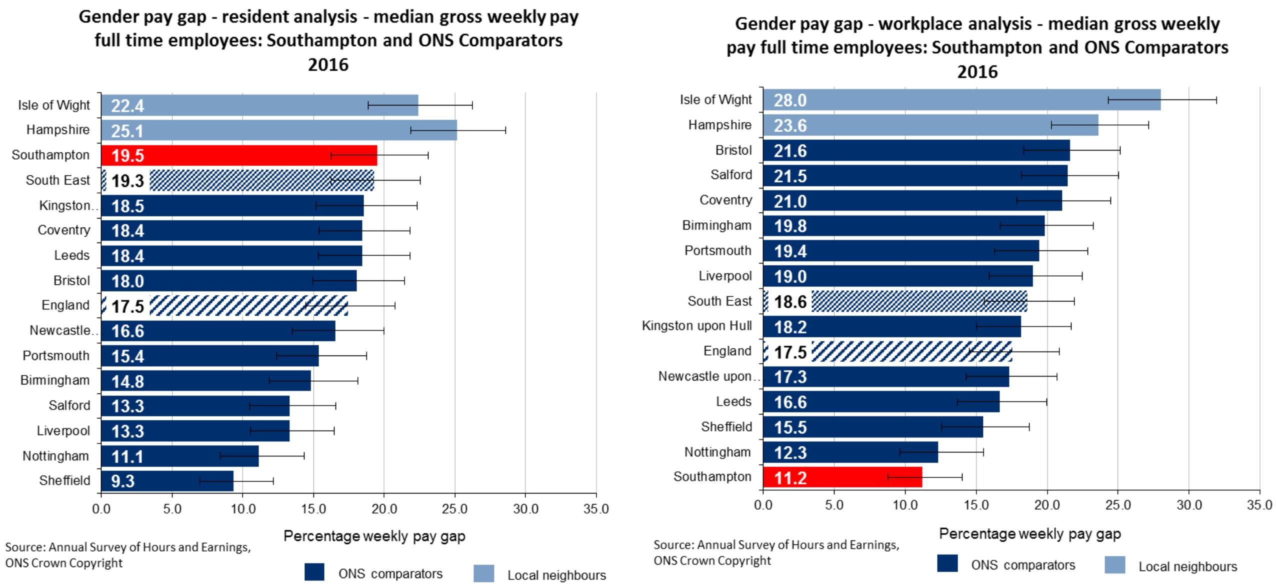
Section 7 considered the skills and qualifications of the resident workforce in Southampton and found that, despite improvements, the proportion of the population qualified to NVQ Level 4 or above was below average. In addition, school attainment was also below what might be expected and there were a relatively high proportion of employers reporting hard to fill vacancies due to skills shortages. This may be part of the reason why in-commuting is so prevalent for higher paid professional occupations which require a higher level of skills. With two Higher Education providers in the city, the capacity for improving these skills is there, although retaining these skills within the city may be more of a challenge.

Certainly, at present, the relatively high levels of income available to workers in the city is not directly reflected in the economic wellbeing of Southampton residents, which amongst other things is likely to result in poorer outcomes and higher demand for public services including health and social care.

8.3 Income inequality – Gender

Figure 8.31 shows the gender pay gap between males and females for both residents and workers in Southampton compared to ONS statistical neighbours. In 2016, female full time workers resident in Southampton earned on average 19.5% (£105) per week less than males; this is higher than the England average of 17.5% (£102) and is the largest gender pay gap compared to statistical neighbours.

Figure 8.31:



However, in contrast the gender pay gap for full time employees working in the city was 11.2% (£67) in 2016; this is lower than the England average of 17.5% (£102) and is actually the lowest amongst statistical neighbours. This suggests that although there is gender pay inequality for residents and in the workplace, it is females resident in Southampton are impacted the most and who are most likely to be in the lowest paid jobs.

Figure 8.32 shows the trend in earnings for males and females for residents and workers in Southampton respectively. Between 2008 and 2016 Southampton resident's pay has increased faster for females compared to males (14.7% vs 7.9%). Although there appeared to be a decline in the gender pay gap between 2008 and 2012, more recent data shows the gap widening once more, suggesting

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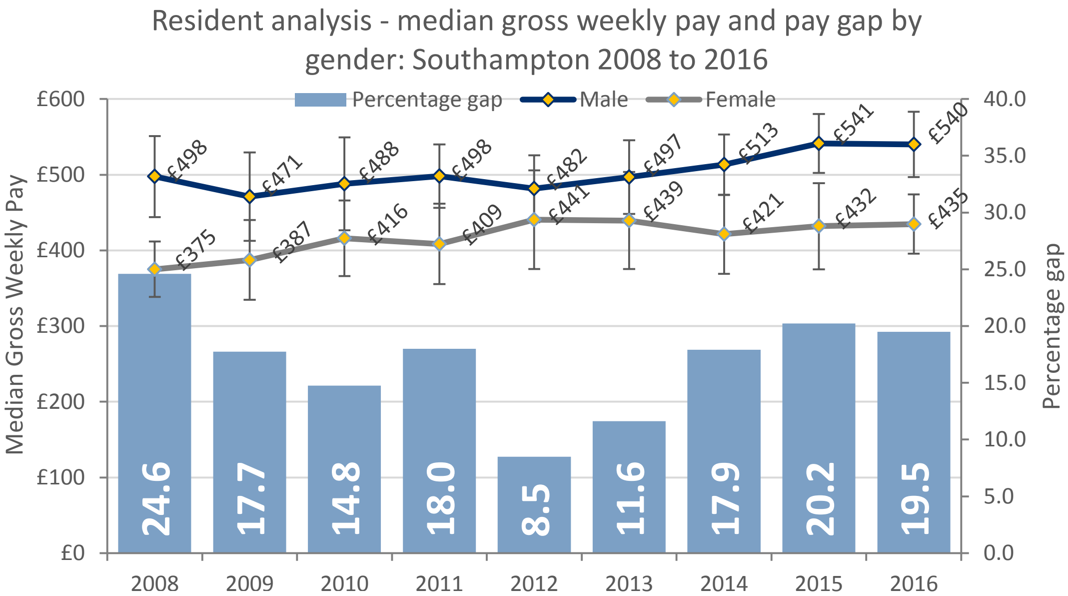
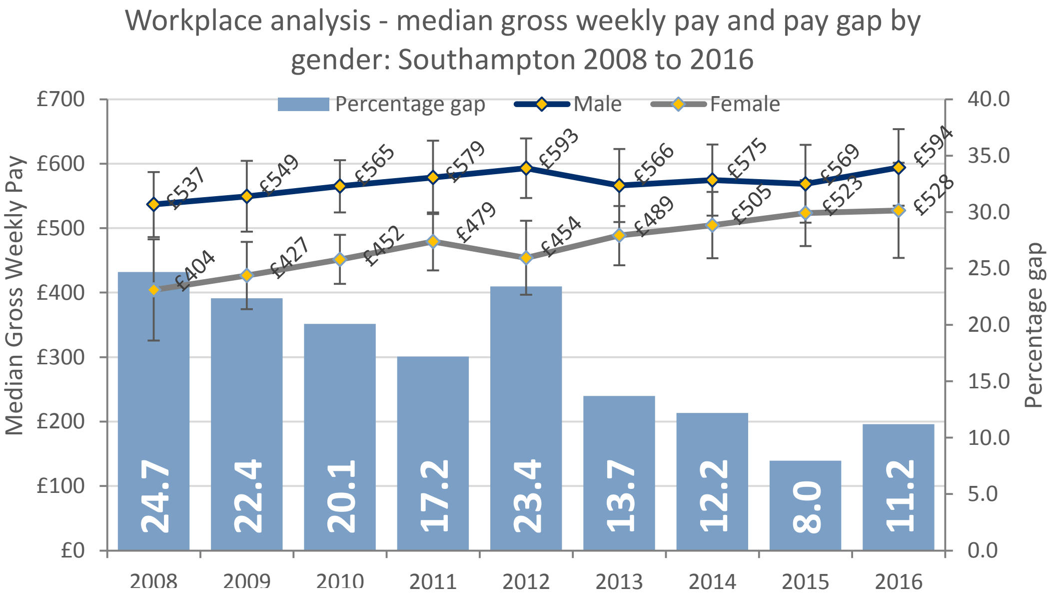
the gender pay gap for residents is persistent and not narrowing. Similarly, the pay for females working in Southampton increased faster than for their male counterparts between 2008 and 2016 (30.5% vs 10.1%). This increase in female workplace pay is almost twice as large as the increase recorded for females overall in England. There is also evidence that the gender pay gap is narrowing for Southampton workers; with the exception of a blip in 2012, the pay gap has reduced steadily from 24.7% in 2008 to 11.2% in 2016.

Figure 8.32:



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

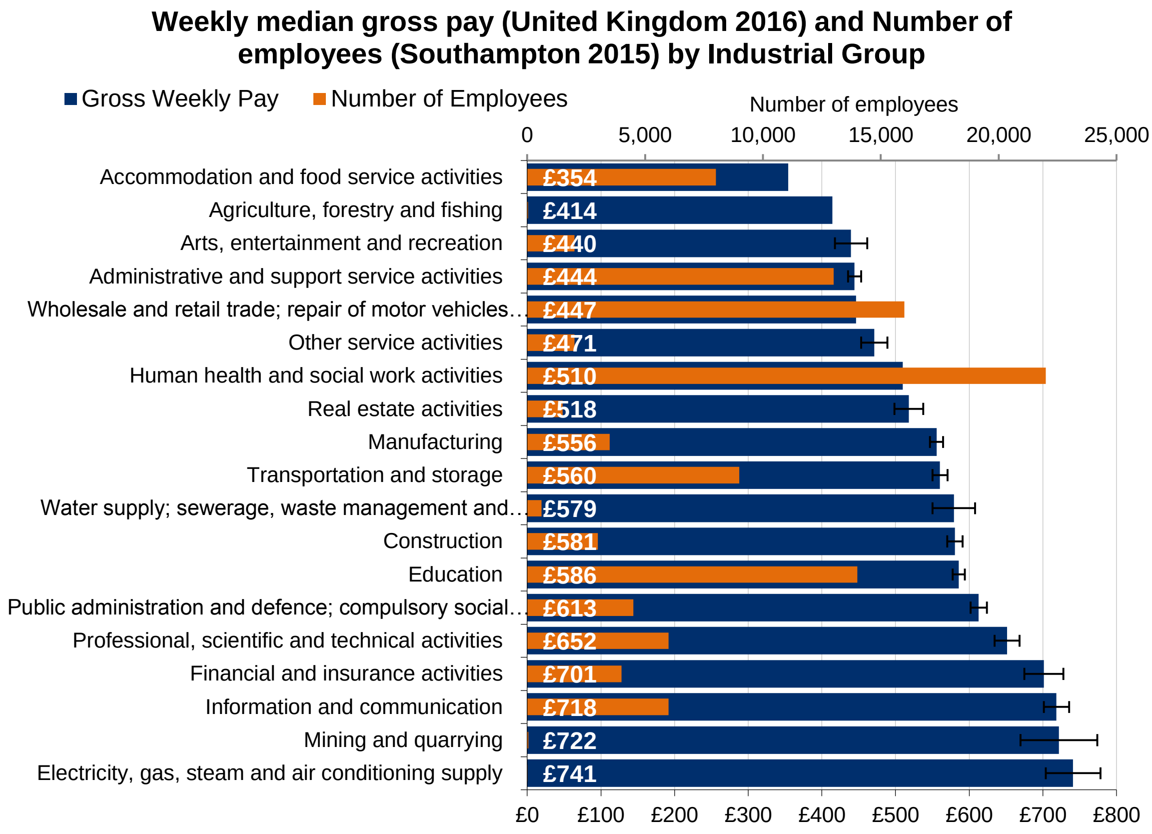


Source: Annual Survey of Hours and Earnings, ONS Crown Copyright

8.4 Earnings by industrial and occupational group

Earnings data by broad industrial group and occupational group is also available from ASHE, but only at the national level. Figure 8.41 shows that the gross weekly median full-time earnings in the UK as a whole are highest in *Electricity, gas, steam and air conditioning supply* (£741), followed by *Mining and quarrying* (£722). However, there are relatively few workers in these sectors nationally, with only an estimated 60 jobs in Southampton in these sectors in 2015. The next highest figures are in *Information and communication* (£718) and *Financial and insurance activities* (£701). The orange bars in figure 8.41 show that there were an estimated 10,000 jobs in these industries in 2015, which equates to less than 9% of jobs.

Figure 8.41:



Source: Annual survey of Hours and Earnings and Business Register and Employment Survey (BRES), Office for National Statistics

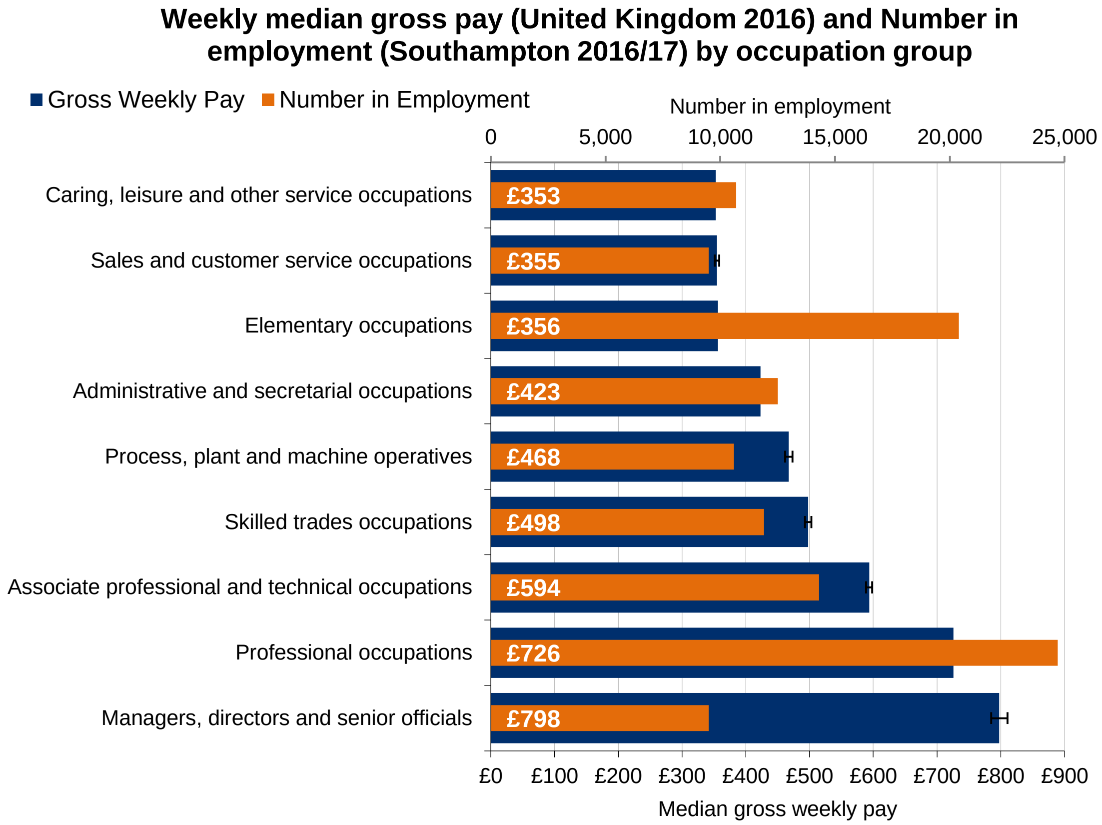
Nationally, gross median weekly earnings are the lowest in *Accommodation and food services* (£354), with approximately 8,000 (7%) jobs in this sector in Southampton. The hospitality industry is recognised as a low pay sector where ONS data on low pay occupations (2016) highlight bar staff, waiters and waitresses as being in this category.[24] Ethnic workers in this sector are even more likely to be on National Minimum Wage (NMW) or National Living Wage (NLW) according to a study by ACAS (2006) on ethnic workers in hospitality. The report also found the NMW was the rate commonly paid

[24] ONS (2016) Low Pay in the UK: April 2016 Available from: https://tinyurl.com/yafxn7fp

to basic grade staff, including bar and restaurant staff, hotel porters and housekeeping staff, particularly outside of London. Furthermore, the research reported a high incidence of flat rate payments per shift or per week, regardless of hours worked, below the NMW, and often paid cash-in-hand.

The industries with the most employees in Southampton are *Human health and social work activities* (22,000; 19%), *Wholesale and retail trade; repair of motor vehicles and motorcycles* (16,000; 14%) and *Education* (14,000; 12%). Of these, employees working in the *Education* sector have the highest median weekly earnings at £586 per week, compared to £510 for *Human health* and £447 for *Wholesale and retail.*

Figure 8.42:



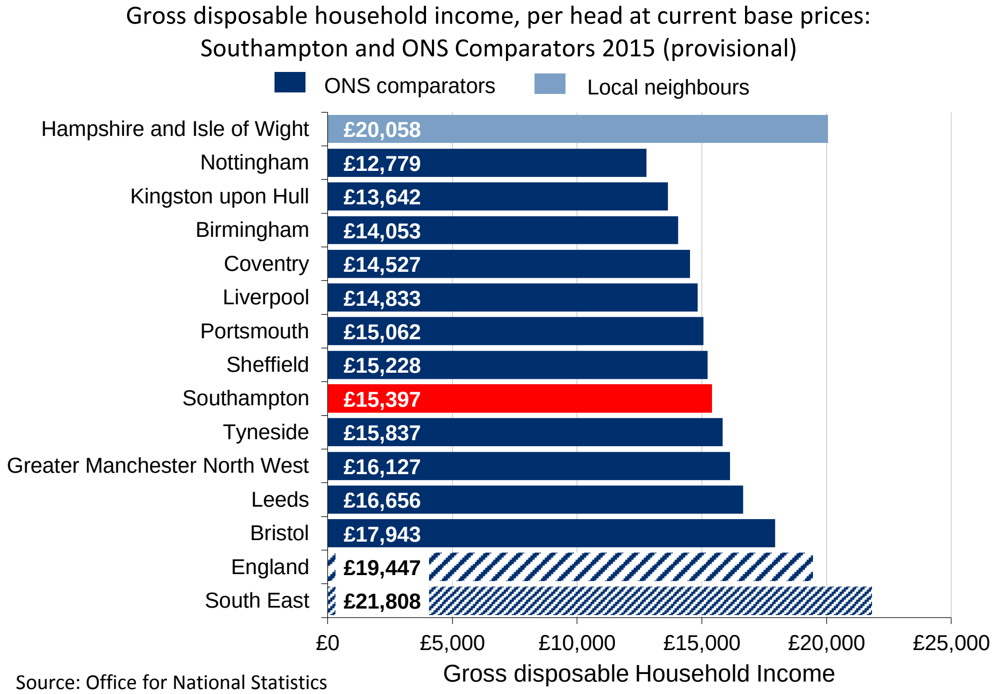
Source: Annual survey of Hours and Earnings and Annual Population Survey (APS) April 2016 to March 2017, Office for National

Weekly gross median earnings by occupational group correlate to skill levels, as only the three 'professional' occupations are above the UK median (see figure 8.42). *Managers, directors and senior officials* earn the most at £798 per week, although this will be considerably higher in larger multinationals and in certain sectors, such as banking in the City of London. Earnings for managers are over two times higher than the lowest median paid occupations in *Caring, leisure and other service occupations* (£353), *Sales and customer service occupations* (£355) and *Elementary occupations* (£356). Care work in particular remains one of the lowest paid and lowest status jobs, but one that is becoming increasingly important with an ageing population; Southampton's over 65 population is forecast to increase by 15% by 2023.[25] Figure 8.42 also illustrates how approximately a third (33%) of Southampton's resident working population work in these three low paid occupational groups, whilst nearly 40% work in one of the 'three' professional occupational groups. The latter is largely made up of professionals working in health, teaching and research professions.

8.5 Disposable household income

Gross disposable household income (GDHI) is the amount of money that all of the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the "material welfare" of the household sector. GDHI estimates relate to totals for all individuals within the household sector for a region rather than to an average household or family unit. The household sector comprises all individuals in an economy, including people living in traditional households as well as those living in institutions, such as retirement homes and prisons. The sector also includes sole trader enterprises (the self-employed) and non-profit institutions serving households (NPISH), for example charities and most universities.

Figure 8.51:



Source: Office for National Statistics

Figure 8.51 illustrates how the GDHI per head for 2015 for Southampton is £15,397, which is somewhat lower than the England (£19,447) and South East average (£21,808). However, Southampton is about midway amongst comparators, and slightly higher than Portsmouth which has a GDHI of £15,062. Amongst comparator cities, the highest GDHI was recorded in Bristol at £17,943.

[25] Hampshire County Council – Small Area Population Forecasts (SAPF) 2016 to 2023

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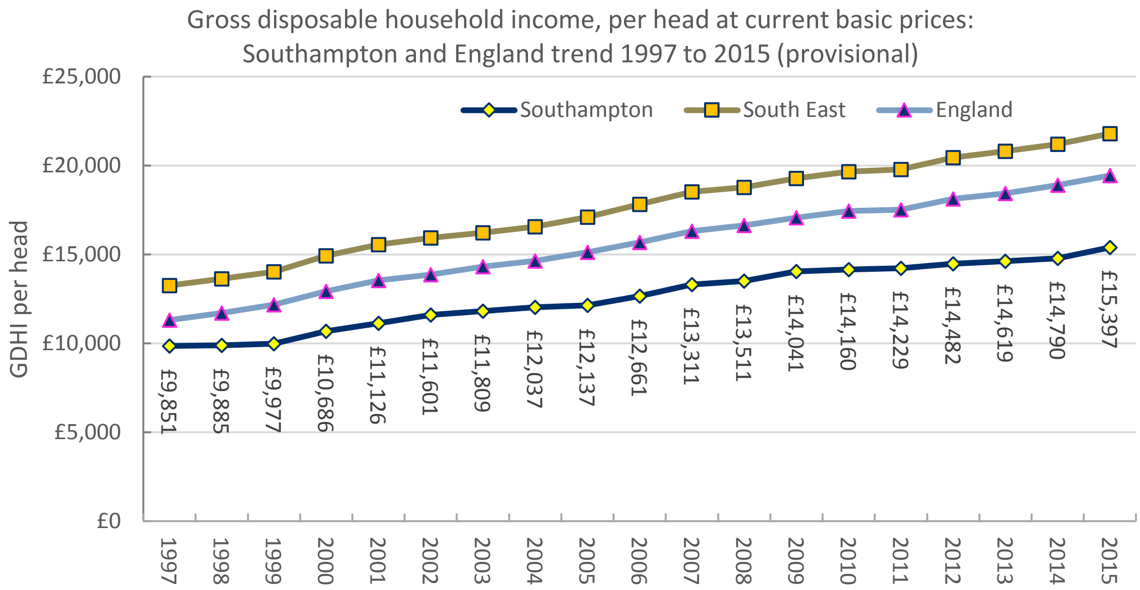
Figure 8.52 shows the trend in GDHI between 1997 and 2015 for Southampton, England and the South East. The trend shows an increase of £5,546 (56.3%) for Southampton between 1997 and 2015 and an increase of £8,560 (64.6%) for the South East and £8,140 (72%) for England in the same period. This difference in the growth of GDHI has meant the gap between Southampton and the national average has widened over time. The small growth for Southampton when compared to England and the South East may be due to factors including the cost of housing and smaller rises in wages than other comparators.

Figure 8.52:



Source: Office for National Statistics

8.6 Summary of key points

- In 2016, the gross weekly pay for *residents* of Southampton was £498, which is lower than the South East (£582) and England (£545) average. In contrast, the weekly wage for people *working in* Southampton, who may not live here, is £562, which is higher than the England average (£544) and comparable with the South East average (£566). In fact Southampton has the highest weekly pay for people working in the city compared to all other comparator areas.
- *Resident* and *workplace* earnings have increased in line with England, 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 increased for both *residents* and *workers* in Southampton. However, adjusted for inflation, earnings are not yet back to their peak in 2008, and weekly earnings for residents fell slightly in 2016 by -1.2% in 'real' terms (workplace earnings increased by 2.1%).

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- People who work in Southampton earn £64 (12.9%) more per week than the residents of Southampton do. This 'inequality' gap is the largest amongst comparator cities and there is no evidence that this gap is narrowing.
- There is a clear relationship between Southampton and Eastleigh, with economic flows going in both directions (in and out commuting). Significant numbers also commute into the city from the New Forest, Test Valley and Winchester districts.
- According to the 2011 Census, there are almost 42,000 workers commuting into the city for work; this In-Commuting accounts for 37% of the city's workforce which is similar to statistical neighbours. However, almost 37% of Southampton working residents commute outside of the city for work, which is one of the highest amongst comparable cities. Therefore, although Southampton is a NET importer of workers, it is only marginal at 348, which is the lowest amongst all comparator cities.
- Given the difference between resident and workplace earnings in Southampton, 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. More recent data from the 2016/17 ONS Annual Population survey gives further weight to this argument; it shows particularly pronounced in-commuting for (well paid) professional and associated professional occupations (+7,500 and + 6,400 respectively), whilst there is out-commuting for (low paid) elementary and sales and customer service occupations.
- Lower than average skills amongst the resident workforce, particularly at the higher end (NVQ Level 4+), may be one of the reasons why in-commuting is so prevalent for the higher paid professional occupations which require a higher level of skills. At present, the relatively high levels of income available to workers in the city is not directly reflected in the economic wellbeing of Southampton residents, which amongst other things is likely to result in poorer outcomes and higher demand for public services including health and social care.
- As reported nationally, there is also inequality between male and female pay in Southampton. In 2016, the gender pay gap for full time employees working in the city was 11.2% (£67), which is lower than the England average of 17.5% (£102) and the lowest amongst statistical neighbours. In contrast, female full time workers resident in Southampton earnt on average 19.5% (£105) per week less than males, which is higher than the England average of 17.5% (£102) and is the largest gender pay gap compared to statistical neighbours. This suggests that although there is gender pay inequality for *residents* and *workers*, it is females resident in Southampton are impacted the most and who are most likely to be in the lowest paid jobs. In addition, whilst there is evidence of a narrowing of the gender pay gap amongst the *workforce* in Southampton, the gap for *residents* appears to be persisting.
- Occupation greatly influences median earnings, with higher skilled and senior occupations earning far more relative to lower skilled occupations. Likewise, industry sectors dictate earning levels, with the *financial* and *information & communication* sectors in particular paying far more than the *hospitality* or *care sectors*, which has implications for economic growth. Evidence suggests that job creation during the recession in Southampton was far

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stronger in lower paid occupations and sectors (such as part-time jobs in *accommodation and food services*) whilst there were job losses in better paid sectors such as *Financial and insurance activities* and the *information & communication* sectors. However, since 2011 more jobs have been created in the better paid *information & communication, health* and *education* sectors.

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9. Appendices: Tartan Rugs

Local Authority	Population: Population aged 16-64 (%) 2016	Population: % growth in population aged 16-64 (2017-2039)
England	63.1	5.1
Southampton	69.2	9.0
South East	62.0	5.4
Birmingham	64.2	11.0
Bristol	68.2	15.0
Coventry	66.4	21.5
Hampshire	60.6	-0.5
Isle of Wight	57.2	-4.8
Kingston upon Hull	65.7	-3.0
Leeds	65.6	5.9
Liverpool	68.4	3.2
Newcastle upon Tyne	68.4	4.0
Nottingham	69.8	6.2
Portsmouth	67.6	5.8
Salford	65.5	13.6
Sheffield	65.8	7.5

Local Authority	Productivity: GVA (i) per head at current basic price (£) 2015	Productivity: % Growth in GVA per Head: 2010-2015 annual average
England	£26,159	3.0
Southampton	£23,535	2.2
South East	£27,847	2.9
Birmingham	£22,307	2.8
Bristol	£30,850	2.1
Coventry	£22,165	2.7
Greater Manchester North West*	£15,778	2.5
Hampshire and Isle of Wight	£25,711	2.1
Kingston upon Hull	£19,803	1.7
Leeds	£27,466	2.2
Liverpool	£22,790	0.2
Nottingham	£27,645	1.3
Portsmouth	£25,236	0.1
Sheffield	£19,833	1.1
Tyneside*	£21,566	3.1

* Greater Manchester North West is used as a proxy for Salford. Tyneside is a proxy for Newcastle upon Tyne and North Tyneside.

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Local Authority	Business and Enterprise																				
	Business Demography							Business Survival				Self		Floorspace							
	Business enterprises, rate per 10,000 population (aged 16-64) - 2016	% Growth in the number of all enterprises: 2010-2016 annual average	% Growth in the number of micro enterprises: 2010-2016 annual average	Business births per 10,000 pop aged 16-64 (2015)	Deaths of enterprises rate per 10,000 aged 16-64 (2015)	% change in no. of business births: 2010-2015 annual average	% change in no. of business deaths: 2010 2015 annual average	Survival of new enterprises from 2014 over 1 year (2014 to 2015)	Survival of new enterprises from 2013 over 2 years (2014 to 2015)	Survival of new enterprises from 2012 over 3 years (2013 to 2015)	Survival of new enterprises from 2010 over 5 years (2011 to 2015)	Self employed, by 16-64 population (April 2016 - March 2017)	Growth in self emplyment 2009 to 2017: annual average	% change in business floorspace (2000/01 to 2015/16)	% change in business floorspace (2010/11 to 2015/16)	% change in the number of rateable properties (2000/01 to 2015/16)	% change in the number of rateable properties (2010/11 to 2015/16)	Retail Floorspace (%): 2015/16	Office Floorspace (%): 2015/16	Industrial Floorspace (%): 2015/16	Other Floorspace (%) 2015/16	Floorspace - Rateable Value (£ Per Metre Squared): 2015/16
England	**635.1**	**3.9**	**4.0**	**99.3**	**64.4**	**13.2**	**0.4**	**92.2**	**75.1**	**59.2**	**41.4**	**15.6**	**3.1**	**1.9**	**1.0**	**12.7**	**5.7**	**18.1**	**15.7**	**55.6**	**10.6**	**£81.0**
Southampton	369.8	4.5	4.9	80.4	47.9	22.0	0.4	92.8	72.4	58.0	37.1	11.7	4.1	-11.4	0.8	-2.2	2.8	31.3	18.4	36.1	14.3	£100
South East	701.0	3.1	3.2	99.9	68.1	10.1	-0.2	93.2	76.9	61.1	43.4	16.8	3.0	5.9	1.1	14.3	5.3	20.1	18.5	36.7	12.7	£88
Birmingham	452.3	5.4	5.7	102.6	56.6	24.1	0.6	90.0	72.8	55.3	36.5	14.5	13.2	-5.3	3.6	12.1	4.6	18.0	16.9	55.5	9.6	£72
Bristol	561.1	5.3	5.7	91.3	59.6	12.4	2.3	90.4	75.7	59.9	42.3	14.9	4.5	-6.6	2.6	10.1	6.9	18.8	22.4	49.1	9.7	£85
Coventry	405.7	5.3	5.6	81.7	45.8	18.7	-0.4	92.9	74.2	59.2	38.3	10.2	7.3	3.3	0.3	7.8	4.4	18.3	13.8	59.0	9.0	£66
Hampshire	712.4	2.7	2.7	95.0	65.1	9.5	-1.2	93.6	77.8	62.7	44.7	15.5	4.2	2.8	1.0	19.1	5.7	17.2	18.1	52.5	12.2	£79
Isle of Wight	569.8	1.0	0.5	59.2	54.2	6.0	-0.9	93.1	75.0	60.0	43.8	21.4	3.2	-1.6	2.2	14.7	11.4	25.6	6.9	50.2	17.3	£55
Kingston upon Hull	340.3	2.1	2.2	50.9	36.9	8.1	-1.6	91.4	73.0	57.2	34.7	7.4	-0.1	-7.8	1.1	0.8	3.8	19.1	9.3	62.4	9.2	£47
Leeds	513.1	4.9	5.2	84.8	54.7	10.5	0.0	91.7	73.9	57.1	41.7	10.6	0.2	-14.9	2.4	12.1	6.5	14.7	19.8	55.4	10.0	£81
Liverpool	374.8	4.4	4.8	74.3	47.6	17.8	0.9	92.6	68.2	55.8	36.0	11.2	1.6	-2.6	1.0	9.3	11.7	23.8	21.7	44.1	10.5	£76
Newcastle upon Tyne	377.9	3.9	4.2	62.9	46.4	14.8	3.0	88.8	70.3	53.2	41.4	12.0	3.8	-5.8	6.8	4.5	10.2	24.2	29.1	33.9	12.7	£92
Nottingham	373.4	4.1	4.6	62.9	48.3	14.8	2.2	92.6	70.8	57.7	38.5	13.5	9.6	10.2	0.4	7.0	3.0	20.8	21.6	46.4	11.2	£67
Portsmouth	377.9	2.9	2.8	67.9	45.2	12.6	-2.0	92.0	70.7	55.5	38.7	11.7	3.8	-0.1	5.9	6.7	4.3	25.8	15.4	46.3	12.5	£80
Salford	482.9	5.3	5.5	91.1	61.7	15.9	3.6	90.8	72.9	54.4	36.0	10.3	1.8	12.5	0.8	11.4	9.6	13.1	19.7	58.1	9.1	£65
Sheffield	399.5	3.1	3.4	61.0	46.7	11.7	-1.1	91.9	73.7	61.1	43.1	13.1	0.7	1.6	2.6	12.6	6.2	19.0	15.2	56.4	9.5	£71

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Employee Jobs

Local Authority	Ratio of employee jobs to working age pop (2015)	% change in the number of employee jobs since 2011-15	Number of jobs by hectare: 2015	% of jobs that are part-time (2015)	% change in the number of employee jobs between 2011-15 (part-time)	% change in the number of employee jobs between 2011-15 (full-time)	Public sector employment 2015	% change in the number of employee jobs between 2011-15 (public sector)	% change in the number of employee jobs between 2011-15 (private sector)
England	**0.72**	**7.8**	**1.9**	**30.5**	**2.7**	**10.1**	**17.4**	**-11.5**	**12.9**
Southampton	0.67	10.3	20.4	35.4	9.4	3.4	21.7	0.2	13.4
South East	0.73	7.6	2.1	31.3	2.8	8.8	15.4	-10.6	11.7
Birmingham	0.69	5.3	18.3	27.9	-3.5	12.2	22.5	-10.5	10.9
Bristol	0.83	10.9	10.9	30.7	4.9	7.6	18.5	-21.3	22.3
Coventry	0.67	9.9	15.6	30.8	0.8	16.2	18.2	-13.4	16.8
Hampshire	0.72	5.6	1.6	32.2	6.7	3.3	13.9	-16.3	10.3
Isle of Wight	0.62	1.6	1.3	37.0	-2.5	3.7	20.1	-13.7	6.4
Kingston upon Hull	0.69	5.0	14.5	32.4	2.2	3.6	19.7	-13.4	10.8
Leeds	0.84	8.2	7.8	29.1	4.0	10.7	17.4	-17.6	15.8
Liverpool	0.70	0.7	17.2	33.6	4.1	3.1	24.9	-11.2	5.3
Newcastle upon Tyne	0.90	4.9	15.7	32.4	8.6	6.6	25.6	-14.9	14.0
Nottingham	0.97	11.0	28.8	32.1	8.1	12.5	18.7	-14.8	19.2
Portsmouth	0.71	0.0	16.8	32.9	-2.6	-0.4	21.3	-15.8	5.3
Salford	0.73	1.0	12.1	25.8	-6.6	3.6	20.8	-7.8	3.6
Sheffield	0.67	5.1	6.8	33.2	3.0	4.1	20.8	-9.3	9.7

Labour market

Local Authority	Economic Activity Rate, people aged 16 to 64 (April 2016-March 2017)	Employment Rate, people aged 16 to 64 (April 2016-March 2017)	Employment rate - % point change (2010-2017)	Economic inactivity rate, people aged 16-64 (April 2016-March 2017)	Unemployment rate, people aged 16+ (April 2016-March 2017)	Unemployment rate - % point change (2010-2017)	Claimant count, people aged 16-64: August 2017	Claimant count rate - % point change since (Agust 2013 - August 2017)	Out-of-work benefits, people aged 16-64: November 2016	Out of work benefits - % point change (Nov 2009-Nov 2016)
England	**78.2**	**74.4**	**5.7**	**21.8**	**4.8**	**-37.8**	**1.9**	**-42.4**	**8.1**	**-34.1**
Southampton	75.2	71.4	4.8	24.8	5.0	-37.8	2.0	-29.6	8.0	-36.5
South East	80.8	77.7	4.0	19.2	3.8	-43.3	1.2	-42.9	6.1	-31.5
Birmingham	70.7	64.5	8.4	29.3	8.6	-42.4	4.4	-34.8	12.4	-34.7
Bristol	79.9	76.2	6.6	20.1	4.7	-18.3	1.7	-51.4	9.0	-34.3
Coventry	72.4	69.6	3.1	27.6	3.7	-35.0	1.9	-56.1	8.9	-44.0
Hampshire	83.2	80.5	2.7	16.8	3.3	-41.8	0.8	-50.0	5.2	-30.7
Isle of Wight	77.0	73.5	15.0	23.0	4.4	-36.0	1.7	-50.0	10.2	-26.1
Kingston upon Hull	74.7	68.8	13.0	25.3	7.7	-59.1	3.6	-54.4	14.1	-30.9
Leeds	77.4	74.8	8.7	22.6	3.2	-44.8	2.2	-51.1	9.3	-29.0
Liverpool	70.0	65.0	7.8	30.0	7.1	-66.7	3.6	-36.8	13.8	-36.7
Newcastle upon Tyne	71.7	65.7	9.1	28.3	8.3	-33.3	3.5	-24.4	9.8	-37.6
Nottingham	66.1	60.9	6.8	33.9	7.8	-34.7	3.3	-44.8	11.9	-33.1
Portsmouth	76.3	71.9	0.6	23.7	5.7	-55.9	1.6	-51.6	8.1	-35.2
Salford	77.7	72.1	13.7	22.3	7.1	-38.8	2.8	-45.1	11.5	-38.2
Sheffield	73.4	69.0	4.9	26.6	5.9	-39.1	2.5	-45.5	9.7	-29.2

Skills and qualifications

Local Authority	Percentage of 16-18 year olds not in education, employment or training (NEET): 2015	NEET % point change 2011-15	NVQ 4, % of economically active (January to December 2016)	At least NVQ 3, % of economically active (January to December 2016)	Trade Apprenticeships % of economically active (January to December 2016)	NVQ 1 or less, % of economically active (January to December 2016)	No qualifications, % of economically active (January to December 2016)	Annual % point change of NVQ 4+ (2004-2016)	Annual % point change of No qualifications (2004-2016)
England	**4.2**	**-31.1**	**42.4**	**59.7**	**3.2**	**15.2**	**4.8**	**3.7**	**-0.3**
Southampton	4.7	-36.5	38.1	60.9	4.2	14.3	4.3	2.5	-0.3
South East	3.9	-32.8	44.9	62.0	3.1	14.2	3.6	3.5	-0.2
Birmingham	5.2	-24.6	39.6	54.5	1.3	18.6	8.6	2.9	0.0
Bristol	5.8	-35.2	54.9	69.9	2.4	12.6	3.5	3.4	-0.5
Coventry	4.7	-21.7	36.1	52.5	2.3	18.2	6.5	2.4	-0.5
Hampshire	3.0	-43.4	40.5	61.4	3.5	14.8	3.1	3.1	-0.2
Isle of Wight	2.7	-46.2	32.1	54.0	4.8	19.2	4.0	3.6	-0.6
Kingston upon Hull	6.2	-40.4	32.6	50.5	7.0	19.4	7.1	7.8	-0.6
Leeds	6.4	-21.0	39.3	60.0	2.3	16.9	6.1	3.2	-0.3
Liverpool	6.3	-45.2	39.8	55.6	2.6	19.0	10.3	7.2	-1.0
Newcastle upon Tyne	5.7	-51.7	45.2	65.1	2.7	16.3	7.3	3.1	-0.8
Nottingham	5.8	7.4	36.6	54.2	3.4	16.8	8.5	1.9	-0.5
Portsmouth	5.5	-22.2	37.4	56.2	3.8	17.0	5.4	2.7	-0.2
Salford	7.8	30.0	35.8	54.3	5.7	14.9	5.3	4.8	-0.5
Sheffield	5.2	-36.6	43.3	62.3	3.6	13.6	5.0	3.5	-0.4

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