The Partnership for Urban South Hampshire is part of Centre for Cities’ Partner City research programme. The programme works closely with a small group of cities to inform economic development strategies and improve economic performance. This report looks at how PUSH, its component authorities and partners, can deliver on aspirations to close the growth gap with the South East, in light of the changing economic reality.

The performance of PUSH’s businesses and sectors is key to achieving the aim of closing the growth gap with the South East. The research therefore focuses on the following questions:

- How have the recession and worsening fiscal climate impacted on the growth potential of current and potential key sectors based in South Hampshire?
- What specific actions can PUSH and its component authorities take to promote GVA growth, and increased productivity and employment, generally and in these sectors?
- What key asks should the PUSH sub-region make to the next Government to support the delivery of its Economic Development Strategy?

Key Recommendations

- To improve the performance of South Hampshire, PUSH should in particular focus on strengthening the economies of Southampton and Portsmouth.
- PUSH needs to ensure that policy in key areas, such as skills, inward investment and planning, are based on an understanding of South Hampshire’s economy and sectoral strengths.
- PUSH should streamline its internal processes and focus on a narrower set of priorities to improve efficiency and facilitate business engagement.
- PUSH should develop its role in the delivery of key policy areas devolved from regional and national tiers and, if invited by the next Government, should positively consider forming a Local Enterprise Partnership.
Summary

The South Hampshire sub-region – with two economic centres in Portsmouth and Southampton – has fared relatively well in the recession, compared to the UK as a whole, and to other City Regions. But as the UK emerges from recession into a more uncertain economic climate, in order to work towards the aspiration of closing the growth gap with the South East, the priority now has to be a renewed focus on private sector growth.

Strategies and policies to deliver on this aspiration need to be based on an understanding of the area’s real assets and strengths – like the ports and the area’s three universities. In particular priority needs to be placed on strengthening the performance of Portsmouth and Southampton, which have relatively weak, but complementary, economies.

Moreover, the next five years will see a much tighter fiscal climate, which will place a premium on effectiveness and efficiency at all levels of policy-making. PUSH has been successful in bringing together 11 Local Authorities and coordinating strategy across a number of areas. PUSH and its component Local Authorities now need to consider the implications of the fiscal and economic climate for PUSH as an organisation, particularly in the context of potential regional governance changes.

Geographic definitions:

- **South Hampshire**: the area covered by the PUSH partnership. This comprises six ‘core’ Local Authorities (Eastleigh, Fareham, Havant, Gosport, Portsmouth and Southampton) and parts of four other Local Authorities (East Hampshire, New Forest, Test Valley and Winchester).

- **PUSH / the partnership**: the governance body, comprising the eleven Local Authorities in South Hampshire (this includes Hampshire County Council).

- **The narrow PUSH area / PUSH 6**: the six Local Authorities entirely within South Hampshire.

- **The wider PUSH area / PUSH 10**: the ten borough, city and district Local Authorities in their entirety. This covers parts of Winchester, Test Valley, New Forest and East Hampshire which are not currently covered by the partnership.
1. Introduction

The Partnership for Urban South Hampshire (PUSH) is a partnership of 11 Local Authorities aiming to work more effectively across administrative boundaries to tackle the economic challenges of their area. The partnership has been in place since 2003 and was expanded to include parts of East Hampshire, New Forest, Test Valley and Winchester in 2004.

PUSH covers a sub-region of 573 square kilometres in the South East of the UK, with a population of over 1.01 million, 120 km South West of London. The map below shows the geographical area covered by PUSH – covering the whole of Eastleigh, Fareham, Havant, Gosport, Portsmouth and Southampton and parts of East Hampshire, New Forest, Test Valley and Winchester.¹

This report discusses the economic characteristics and sectoral strengths of the area, and makes recommendations as to how PUSH and its component authorities can meet the goal of its economic strategy – to close the gap in economic performance between PUSH and the South East by 2026.

1. Hampshire County Council is also a partner in PUSH.
2. Average travel times by train in the morning rush hour range from 74 min to 116 minutes, car journeys take between 97-126 minutes. See: www.nationalrail.co.uk and www.theaa.com/route-planner

South Hampshire is an attractive area to live in and to visit

South Hampshire benefits from being an attractive area to live in and visit. It is well connected to London and beyond by frequent train services, the M3 and A3,² and internationally by Southampton airport and the ports of Southampton and Portsmouth. The area has a sizeable coast-line and is bordered by the New Forest National Park, and the soon to be established South Downs National Park, all of which contribute to the attractiveness of the area as a place to live, and for tourism. The two cities, Portsmouth and Southampton, also have a rich and diverse cultural, heritage and environmental offer.
South Hampshire is an interconnected city-region with two economic centres

South Hampshire is an interconnected city-region, with commuting flows across administrative boundaries. The sub-region has two main economic centres, Portsmouth and Southampton.

Portsmouth and Southampton both attract commuters from neighbouring districts, but commuting flows between the two economic centres are weaker than might be expected (see Figure 2). In 2004, only 1,800 Southampton residents commuted to work in Portsmouth, while 2,000 commuters from Portsmouth to Southampton. This seems surprising given that the two cities are 32 km apart and well connected. While there is at times severe congestion on the M27, average travel times are only 29 minutes, and according to local transport experts the road does not yet represent a bottleneck. The train link between the two cities, currently underused, takes 45 minutes.

The underdeveloped economic interaction between the two cities becomes even more striking when compared with commuting links between the two cities and London (over 120 km away). Over 1,400 Southampton residents worked in London in 2004; in Portsmouth it was over 900.

Do the two cities punch below their weight?

With the exception of Winchester (only partly within the South Hampshire sub-region), Southampton and Portsmouth were the two Local Authorities within the PUSH area with the highest average workplace based weekly earnings in 2009. But on most other economic indicators the two cities perform poorly. Amongst all PUSH Local Authorities, Portsmouth (73.9 percent) and Southampton (74.7 percent) had the second and third lowest employment rate in 2008. The percentage of knowledge workers and highly skilled workers living within the two cities was also below the South East average.

3. For a detailed breakdown of commuting figures see Table A1 (Annex).
4. This is the latest reliable available commuting data from the Annual Population Survey.
5. Source: DfT (2010)
6. All figures drawing on 2004 commuting data from the Annual Population Survey.
7. NOMIS 2010, Annual Population Survey and Annual Survey of Hours and Earnings, resident and workplace analysis. Knowledge workers defined as: managers and senior officials; professional occupations; associate professional and technical occupations.
Currently, Southampton is economically the stronger city. At 67.5 percent it had a slightly higher percentage of private sector employees than Portsmouth (65.9 percent) in 2008. Southampton has a stronger retail offer, a larger percentage of knowledge workers and it is less at risk from public sector jobs cuts. In addition, Southampton tends to be able to draw on labour from a much more highly skilled surrounding area than Portsmouth.

The two cities in South Hampshire complement each other economically, rather than compete. Southampton’s ports, for example, focus on containers and cruise ships, while Portsmouth is a passenger port which also handles goods traffic.

Similarly, Southampton and Portsmouth Universities offer related but complementary courses in areas such as marine or medicine. This means that strengthening the economic links between the two cities could potentially have economic benefits. As skill levels rise, we would expect to see increased commuting between the two cities, indicating stronger economic linkages. While this might imply some increased traffic flows, there is potential for greater utilisation of public transport linkages.

‘Bi-polar’ city-regions

Similar relationships between two economic centres at the heart of a city-region are found elsewhere – classified as ‘bi-polar’ city-regions.

One example is the Tyne and Wear city-region focused on Newcastle and Sunderland. As with Portsmouth and Southampton, the two centres are relatively weak. However, despite being located only slightly closer together (around 20 kms), the economic interaction between Sunderland and Newcastle is much stronger – over 8,000 Sunderland residents worked in Newcastle in 2004, while almost 4,000 Newcastle residents worked in Sunderland. Newcastle and Sunderland, however, have a competitive, rather than complementary, relationship.

**Partnership working across the functional economy is key for South Hampshire**

Within South Hampshire – and across the UK – individual local authority areas do not reflect the real economy. Commuting movements in the sub-region cross administrative boundaries, and interviews with local businesses also show business interaction across South Hampshire.

Table 1 illustrates the linkages across South Hampshire. In 2004 only 58.1 percent of Portsmouth’s and 55.4 percent of Southampton’s jobs were taken up by residents within their area. In Fareham the figure was only 47 percent. Columns 4 and 6 indicate that a much larger percentage of commuting flows is captured by a wider PUSH area. This interaction makes it crucial to coordinate policy across the real economy – the spatial level at which South Hampshire’s residents work and live.

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9. Stakeholder interviews
12. Commuting movements indicate the most appropriate geographical scale for analysis of the real economy. This report indicates it often more appropriate to consider the ten Local Authority areas rather than the PUSH 6 or South Hampshire, while being mindful that there are marked differences between the North and South of Test Valley, Winchester, East Hampshire, and between the New Forest waterside and the National Park. See Annex, p 27, for more detailed analysis on commuting.
As a strategic vehicle PUSH has been relatively successful

As a strategic vehicle PUSH has been a success in itself – bringing together 11 Local Authorities in a partnership at a spatial level that approximates the real economy.

PUSH has also succeeded in bringing together a much wider range of partners to shape strategy across South Hampshire, including the private sector and organisations such as JobCentre Plus and the Learning & Skills Council (LSC). Since its inception PUSH has produced a significant evidence base to underpin its economic strategy (see Box 2, below).

The PUSH MAA & PUSH’s policy priorities

Following Growth Point status and classification as one of SEEDA’s Diamonds for Investment and Growth, PUSH further formalised its cross-boundary working in June 2008, signing a Multi Area Agreement (MAA).

The five themes in PUSH’s business plan reflect the MAA: economic development; housing and planning; community infrastructure and sustainability; creating quality places; and external funding.

Each of the five themes in the Business Plan is taken forward by a PUSH panel, but in many cases these overlap and cover a breadth of issues. Some of these themes are not directly related to achieving PUSH’s economic vision, and in a world of tighter resources, there is scope for reconsidering whether these still need to be coordinated at the PUSH level. For example, some of the topics under the Sustainability and Community Infrastructure, and under the Quality Places themes, are less directly related to PUSH’s economic aspirations, although there may be other reasons for joint working at this level.

Table 1:

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>% of jobs taken up by LA residents</th>
<th>% of jobs taken up by residents from:</th>
<th>Other parts of PUSH 6</th>
<th>Other parts of PUSH 10</th>
<th>All of PUSH 6</th>
<th>All of PUSH 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gosport</td>
<td>73.5</td>
<td></td>
<td>21.6</td>
<td>23.3</td>
<td>95.1</td>
<td>96.8</td>
</tr>
<tr>
<td>Fareham</td>
<td>47.0</td>
<td></td>
<td>42.0</td>
<td>48.8</td>
<td>89.0</td>
<td>95.8</td>
</tr>
<tr>
<td>Eastleigh*</td>
<td>50.2</td>
<td></td>
<td>29.0</td>
<td>43.9</td>
<td>79.2</td>
<td>94.1</td>
</tr>
<tr>
<td>Southampton</td>
<td>55.4</td>
<td></td>
<td>17.1</td>
<td>37.0</td>
<td>72.5</td>
<td>92.4</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>58.1</td>
<td></td>
<td>26.8</td>
<td>32.8</td>
<td>84.8</td>
<td>90.8</td>
</tr>
<tr>
<td>Havant</td>
<td>60.1</td>
<td></td>
<td>21.5</td>
<td>30.2</td>
<td>81.7</td>
<td>90.3</td>
</tr>
<tr>
<td>Test Valley</td>
<td>48.2</td>
<td></td>
<td>-</td>
<td>37.1</td>
<td>-</td>
<td>85.3</td>
</tr>
<tr>
<td>East Hampshire</td>
<td>66.1</td>
<td></td>
<td>-</td>
<td>18.9</td>
<td>-</td>
<td>85.0</td>
</tr>
<tr>
<td>Winchester</td>
<td>49.9</td>
<td></td>
<td>-</td>
<td>35.0</td>
<td>-</td>
<td>84.9</td>
</tr>
<tr>
<td>New Forest</td>
<td>74.6</td>
<td></td>
<td>-</td>
<td>9.1</td>
<td>-</td>
<td>83.6</td>
</tr>
</tbody>
</table>

Note: The figures in columns 5 and 6 refer to the whole of Test Valley, Winchester, East Hampshire and New Forest as 2004 commuting data is only available on a LA basis. A more detailed analysis of 2001 commuting flows below Local Authority level can be found in the Annex.

13. For example, PUSH has influenced the Learning and Skills Council South East to focus a significantly higher amount of resources on level two attainment to underpin its strategy for economic growth. Source: Stakeholder interview

Source: Annual Population Survey 2010, 2004 data
But many stakeholders find PUSH confusing and are looking for action

Interviews consistently revealed that many stakeholders (including Local Authorities, and businesses) – find PUSH’s organisational apparatus confusing. This is unsurprising given the number of panels, sub-panels and related organisations:

- **Complex structure**: Stakeholders struggle to understand the structure, with the Joint Committee, Chief Executives Group, Business Group, Programme Board, Coordination Group, Overview and Scrutiny Committee, and the five panels with their own sub-groups. There is also the sister organisation Transport for South Hampshire, an organisation that is made up of the three strategic transport authorities in the area.\(^\text{14}\)

- **Creative Industries**: Business support for the creative industries is shaped by a large number of organisations, including the enterprise, innovation and business support sub-group of the economic development panel, the quality places panel and through PUSH’s support of the Creative Industries Business Advice and Services (CIBAS)\(^\text{15}\) and its work with Hampshire Economic Partnership’s Creative Industries Task Group, the South Coast Design Forum and local universities.

The private sector in particular often struggles to understand PUSH. While there will be policies and panels that businesses would not want to be involved in, the lack of understanding of the organisation has clear implications for PUSH as it draws up its communication strategy. There is significant scope for streamlining PUSH and better communicating the benefits of the partnership.

\(^{14}\) These are Hampshire County Council and Portsmouth and Southampton City Councils.

\(^{15}\) CIBAS is a support body for the creative industries and is also supported by SEEDA, Portsmouth and South East Hampshire Partnership, the University of Portsmouth and Arts Council England South East.
More importantly, each of the 40 interviews we undertook echoed the sentiment that PUSH was a useful initiative, but that the Partnership currently resembled a ‘discussion forum without much action’. 16 Many stakeholders think it is time PUSH engaged more actively in delivery, as well as strategy. PUSH has already started to do this through the Employment and Skills Board. As discussed in section 4, the changing policy environment around regional and sub-regional governance could represent a good opportunity for developing PUSH’s role in the sub-region.

**PUSH Employment & Skills Board**

In recognition of the need to raise skills across South Hampshire, PUSH has established an Employment and Skills Board (ESB), including 50 percent employer membership. The ESB has already taken a stronger role, for instance leading the Future Jobs Fund for South Hampshire. Compared to the other South East Diamonds for Innovation and Growth, PUSH’s focus on the needs of the sub-region’s key sectors has been recognised as good practice. 17

Whilst the ESB represents a step towards coordination of adult skills and employment across the South Hampshire functional economy, this is not as advanced as the statutory arrangements in Manchester City Region and London. PUSH has asked for more powers for the ESB through the recent refresh of its MAA. The objective is for the ESB to be the specified body for coordinating and aligning resources and policy across South Hampshire, and delivering the employment and skills strategy, targeted at key sectors.

**Policy Recommendations**

In the context of the ambition to close the gap with the South East, PUSH needs to focus in particular on raising the performance of the two cities, and strengthening the links between them. Given the approximation of PUSH to South Hampshire’s functional economy, we have identified three specific areas where PUSH could add value:

- PUSH is the right geographic level for adult skills and employment policy in South Hampshire. The next Government should agree statutory status to the PUSH ESB, and devolve powers for employment and skills across South Hampshire.

- PUSH should play a stronger role in coordinating inward investment across South Hampshire and tailor inward investment according to the particular strengths of the sub-region with a focus on strengthening the two cities. In particular the Harbour Economic Development Forum (HEDF) and Invest in Southampton need to be unified, saving resources and marketing the whole area better, while retaining the two distinctive city brands.

- Transport for South Hampshire should continue to work with Network Rail to improve the use of east-west rail links and strengthen the economic links between Portsmouth and Southampton. The next Government should consider giving Network Rail a duty to consult with TfSH.
2. Understanding the economic performance of South Hampshire

Understanding current economic performance is key to devising an effective economic strategy to underpin long-term economic growth in South Hampshire. This section benchmarks South Hampshire’s performance with that of the South East.

Not all parts of South Hampshire under-perform the South East

Table A5 (see Annex) shows that by no means all local authority areas fully within South Hampshire under-perform the South East. The picture is far more complex:

- **Employment rate**: Gosport and Eastleigh have employment rates several percentage points above the South East average.

- **Sectoral composition**: Eastleigh, Fareham and Havant have a higher percentage employed within the private sector than the South East average. Portsmouth, Gosport and Southampton have a higher dependence on the public sector.

- **Productivity**: Productivity correlates closely with sectoral composition. Those Local Authority areas with a stronger private sector tend to be more productive.

- **Enterprise**: Eastleigh and Portsmouth had the highest net business formation per 10,000 residents in 2008.18

Table A6 in the Annex presents the same data for the four Local Authority areas partly within the partnership. In most areas, these areas tend to perform above the South East. However, looking below the Local Authority level its is interesting to note that, with the exception of East Hampshire, all wards within the PUSH area have a higher percentage employed in the private sector than the wards that lie outside the PUSH area.19
Large parts of South Hampshire have relatively low levels of skills

The second issue arising from our analysis and conversations with local stakeholders is the area’s low level of skills compared to the South East (see Table A5 in the Annex). This was raised in previous research\(^\text{20}\) – and it still remains valid despite improvement in the last two years.

The skills performance of East Hampshire, New Forest, Test Valley and Winchester is generally higher than the skills levels in the narrower PUSH area (see Table A6 in the Annex). But 2001 data suggests that skills levels of those of working age tend to be higher in those wards that are outside the official PUSH area in Winchester and New Forest.\(^\text{21}\) Many of Hampshire’s highly skilled and knowledge workers live in these areas, which are areas with an attractive housing and living offer. Low skills levels in the two cities and neighbouring boroughs represent a barrier to PUSH’s growth ambitions to increase GVA and develop more high value-added sectors.\(^\text{22}\) Compared to the other South East Diamonds, South Hampshire has a relatively poorly qualified working age population, and while progress has been made in raising Level 2 skills, there is more to be done on Level 3.

Raising Level 3 attainment and making skills provision business-relevant rather than institution-led will be a key challenge for the PUSH ESB. Interviews revealed that the employer skills market is very important for local FE colleges, but that industry’s needs for more Level 3 qualifications are hampered by weak GCSE outcomes, particularly in maths and English – the percentage of pupils achieving 5 or more GCSE’s at grades A* to C is below the South East average.\(^\text{23}\)

South Hampshire does not offer the right kind of housing in the right places to attract high-skilled workers

Much of the debate within South Hampshire has been about the number of houses to be built and where to build them. There has been less emphasis on the type of housing and the quality of the area’s housing stock. But the type of housing is important to growth – highly skilled people demand attractive housing – they will pay a premium for a large space to live, a garden and off street parking.\(^\text{24}\)

Table A7 in the Annex gives an indication of housing quality across South Hampshire, by looking at council tax bands. The data indicates that the two cities and older urban areas have a poor housing provision. Less than one percent of the housing stock in the two cities is high value ‘executive style housing’, while over 60 percent of the cities’ housing stock is low value. By comparison, the South East average is around 25 percent low value housing and 7.4 percent ‘executive style housing’.\(^\text{25}\) This suggests that the two cities need to do more to make the area attractive to highly skilled individuals – despite national constraints on new developments such as the brownfield target and the density direction.


\(^{21}\) NOMIS 2010, Census, 2001 data

\(^{22}\) The trend of low levels of skills applies across NVQ levels, not just to the top (NVQ 4+) and bottom end (no qualifications) displayed in Tables A5 and A6 in the Annex.

\(^{23}\) SEDfIG (2010) South East Diamonds for Investment and Growth Employability and Skills Strategy

\(^{24}\) Cheshire P (2009) Greenbelts or White Elephants? Urban containment, housing affordability and price stability: why they are irreconcilable goals, presentation given at the Spatial Economics Research Centre, LSE, 8 October 2009

\(^{25}\) Neighbourhood Statistics 2010, Council Tax Bands, March 2007 data
The four districts partly within the partnership’s area, Winchester, East Hampshire, Test Valley and New Forest, have a higher-value housing offer\(^{26}\) – just below or up to five percentage points above the South East average for ‘executive-style’ housing.\(^{27}\) They serve as attractive areas for Hampshire’s knowledge workers. However, the differential between resident and workplace based earnings in these areas\(^{28}\) indicates that much of this is likely to be taken up by London commuters – taking advantage of the area’s attractive house prices compared to the capital.

**South Hampshire’s proximity to London matters**

This raises the question of the role of London – a key issue that emerged from many of our interviews with local stakeholders. Apart from the Isle of Wight, South Hampshire is the area within the South East that is furthest away from London by road. But in most cases London is still less than a two hour journey by train or car, which facilitates commuting to the capital (see Figure 4).

**London is attractive for knowledge workers**

As Figure 4 illustrates, absolute numbers of commuters to London are relatively low in the ‘core’ PUSH Local Authority areas. As would be expected, numbers are much higher in those areas closer to London. For example over 2,800 Winchester and over 3,700 East Hampshire residents worked in London in 2004.\(^{29}\)

Yet, Southampton’s interaction with the London labour market does not differ markedly from its interaction with Portsmouth – 1,400 commuters compared to 1,800, despite being over 120 km away, rather than 32 km. Considering the wage differentials,\(^{30}\) the strength of the links to London are not surprising. Knowledge workers are generally more willing to commute longer distances to access the jobs and housing they desire.
London can also act as a magnet for recent graduates – it impacts on the ability of companies in South Hampshire to recruit highly skilled labour.

This labour market impact chimes with our evidence from interviews with businesses who often report difficulty in recruiting highly skilled individuals. It also fits with research by the Learning and Skills Council South East that found that, before the recession, many individuals within the sub-region had jobs that they were not adequately qualified for. Specific skills shortages that were mentioned as part of this research are a lack of management and project management skills as well as national shortages in areas like engineering. Section 5 examines skills shortages in key sectors.

Graduate retention and the attraction of talent is easier in sectors where South Hampshire has unique strengths, and can offer highly skilled jobs such as marine related industries and services – although national shortages in subjects such as engineering still apply. The Oceanography Centre in Southampton, for example, has a relatively high graduate retention rate. Moreover, the relocation of Lloyds Register to Southampton shows that South Hampshire can attract high-value jobs when related to the area’s unique assets and strengths.

How can South Hampshire better capitalise on its links with London?

Proximity to London also has its advantages. Proximity to and links with the capital are of benefit to businesses in the area, and this was mentioned by many interviewees. The attractiveness of South Hampshire as a place to live also means that the South Hampshire economy benefits from the higher wages of highly-skilled commuters into London who enjoy the area’s quality of life. South Hampshire can be an attractive area to live for those moving out of London, looking to buy a bigger house and live in a more natural environment with their children.

Policy Recommendations

In order to make South Hampshire an attractive location for highly-skilled sectors, and based on an understanding of the area’s key economic characteristics, we recommend:

- The PUSH ESB should prioritise raising Level 3 skills across South Hampshire, in particular in relation to the needs of key growth sectors where the area has unique assets (see section 5).

- Portsmouth and Southampton City Councils and the older urban areas in particular should focus on improving the existing housing stock. They should also ensure that new housing supply matches the needs of higher-skilled individuals, although there are constraints due to the small number of potential sites in the cities.

- The Homes & Communities Agency should work with PUSH and its component authorities to work towards a better quality housing stock.
3. Recession Context

The macro picture

Since the publication of PUSH’s first economic strategy, the UK economy has experienced its worst recession since the Second World War (Figure 5).

The recession started in the financial sector, but affected all areas of the economy, most noticeably manufacturing and construction. Rising unemployment has caused consumer spending to fall, as savings levels have risen.

South Hampshire and the South East more generally have fared relatively well in the recession, a feeling reflected in many of the interviews that we conducted. The claimant count in South Hampshire has risen by 1.9 percentage points between February 2008 and January 2010, relative to 2.1 percentage points for the UK as a whole. Within the partnership, Southampton has had the largest increase in its claimant count rate (2.3 percentage points) as shown in Figure 6.

The interviews conducted as part of this research indicate that the recession has impacted key sectors differently within the area:

- The Ford Transit plant in Southampton saw the loss of over 500 jobs.
- The cruise industry did not see large falls in passenger numbers. In part this was due to aggressive price cuts.
- Tourism in Hampshire did not see large falls in tourist numbers, but did experience an increase in uncertainty, as customers decided to book accommodation at much shorter notice.
- Within the creative industries graphic designers seem to have been hit harder than visual artists.
• Port activity at Southampton is a good barometer for the performance of the UK economy, and cargo related activity was hit hard by the recession, as world trade declined sharply. This also impacted upon the distribution and logistics industry.

• The environmental industries saw the closure of the Vestas plant on the Isle of Wight, and this is likely to have had an impact on supply chains within South Hampshire.

• Portsmouth University is already dealing with cuts in the higher education budget and the Oceanography Centre at Southampton has prepared a strategy to diversify its funding.

• In business services, there were job losses at Aviva, but Fortis Insurance expanded its workforce.

33. These points draw on interviews with over 40 stakeholders across the sub-region.

Broad themes affecting future growth

An assessment of the growth prospects of the PUSH economy needs to be set in the context of broader factors affecting the UK economy in the next decade. These factors are:

• **Higher unemployment**: unemployment is unlikely to fall back to its pre-recession levels over the coming years in the UK. This will also apply to South Hampshire.

• **Aging demographic**: an aging population will shift patterns of demand in the economy towards greater demand for health services and services for the elderly, creating employment growth in these areas. South Hampshire’s younger demographic will mean that this is likely to have a lesser impact than in other geographic areas.
• **Subdued consumer spending growth:** consumer spending growth will not make as big a contribution to GDP growth in the coming years as it did before the recession. Higher unemployment, a restricted supply of credit and greater priority on saving by consumers will have particular implications for retail growth in South Hampshire.

• **Rising contribution of exports to overall GDP:** work by the IMF suggests that countries tend to recover from financial crises by boosting export growth. The ports at Southampton and Portsmouth leave South Hampshire well-placed to benefit if this trend continues.

• **Climate change:** the need to tackle climate change will put pressure on high carbon emitting industries but may also spur innovation in new industries and create opportunities for jobs growth in greening local infrastructure. We explore below how PUSH could be well placed to benefit from jobs growth from green technologies.

### The changing policy environment

In addition to a changing and challenging economic environment, 2010 is a General Election year, with ongoing debates over a number of policy areas that have a bearing on PUSH as an organisation, and on the economy of the sub-region. Three areas are of particular interest: regional governance, the need to reduce the fiscal deficit, and the approach to promoting new sources of growth.

### Regional governance

The future of regional governance is a live issue. While the Government remains committed to Regional Development Agencies (RDAs), the Conservatives and the Liberal Democrats have a much more ‘localist’ position – the Conservatives’ Control Shift and Open Source green papers call for planning and housing powers to be shifted from regional and national government to the local level. The detail of Opposition proposals for RDAs are not entirely clear, but in the event of a new Government after the General Election, changes to regional governance are likely, which presents both opportunities and challenges to PUSH as an organisation.

While the political debate has so far focused on the organisational implications – whether to scrap or keep RDAs – what matters is not the institutions, but that the right mix of programmes are delivered at the right level. Many programmes, such as sector support, inward investment promotion, strategic land use planning, and innovation infrastructure, may be better delivered at the sub-regional level.

But the right structures need to be in place at the right spatial level – with clear decision-making mechanisms and delivery functions. Reorganisation of regional governance would provide an opportunity to rethink sub-regional arrangements – be they existing MAAs, new Local Enterprise Partnerships, or other models. Strong sub-regions with effective governance arrangements that coordinate between Local Authorities, could be well-placed to make the case for devolution of some powers from the regional tier.
Public spending

Lost tax revenue from the recession, combined with the cost of the Government’s fiscal stimulus, has left a fiscal deficit currently estimated at £178 billion. Reducing the deficit will be top of the agenda for the next Government, and spending cuts are inevitable. None of the major parties have set out detailed plans to reduce spending, and the debate continues over how quickly the structural deficit needs to be reduced. But the counter-implication of Government and Opposition commitments to protect spending in health, education, policing or international development is that vital capital spending in other areas, like transport and housing, could face cuts in the region of more than 15 percent.

Spending cuts in some areas could have particular implications for South Hampshire – the proposed cuts to Higher Education budgets will impact the sub-region’s three universities, and the upcoming defence review poses a particular risk to the naval base in Portsmouth and its wider supply chain – discussed in more detail later. While PUSH and its component authorities have limited scope to influence decisions, an understanding of the implications on the sub-region’s growth prospects can inform policy interventions to soften the blow.

The spending environment creates an imperative for all levels of government to refocus on core priorities and to maximise the effectiveness of spending and interventions. Within this context, PUSH could benefit from re-examining priority areas, and streamlining structures.

New sources of growth

This report looks at the growth potential of key sectors in the PUSH economy. Following the recession, political parties are looking for new approaches to promoting economic growth, in particular encouraging a rebalancing away from a reliance on financial services.
The Government has begun to set out its strategy through the *New Industry, New Jobs agenda*, but there is little detail from the main parties about specific policy interventions. In particular, the role of regional and local government is not yet clear. But the debate opens the possibility of a more activist approach by national government to support distinct areas of competitiveness, and this can also be applied at the sub-regional level.

Key sectors in the PUSH economy, such as marine, and advanced manufacturing, are discussed in more detail later, but the overall implications are clear. The needs of key growth sectors need to be taken into account in shaping strategies that affect the business environment, in particular in land use planning, and ensuring that sectors’ skills needs are met. In the event of a reorganisation of regional governance, there are elements of business and sector support which could be effectively delivered at the sub-regional level, such as promotion of inward investment, land use, and innovation support policies.

But the public sector has a bad track record of ‘picking winners’, and priority sectors need to be identified on the basis of real strengths and assets. If support is given to sectors that are unlikely to make a strong contribution to future growth, this can reduce overall growth. PUSH needs to avoid supporting sectors where growth ambitions may be aspirational and should instead focus on selected interventions where South Hampshire has a unique competitive advantage.

**Implications for PUSH**

The prospect of changing regional governance arrangements and the need for more effective policy interventions make it more important to streamline PUSH as an organisation.

Together with a renewed focus on new sources of growth, these factors also create an opportunity to make the case for developing PUSH’s role. Opportunities exist in particular around a stronger delivery or enabling role, which raises a strategic choice for the organisation and its component authorities.
Policy Recommendations

• PUSH should streamline its processes and structures, to improve transparency of the organisation. This will make it easier to engage with businesses and the third sector – key partners in raising economic performance across the sub-region.

• To be a more effective strategy vehicle, and in a tighter fiscal environment, PUSH should narrow its focus to policy areas that contribute to the prime objective of improving the economic performance of South Hampshire. Where other sub-themes, particularly those within the ‘sustainability and community infrastructure’ and ‘quality places’ objective of the business plan, do have an economic impact, or there is strong rationale for coordinating at a South Hampshire level (e.g. flood defences), these could be addressed within the economic development objective.

• In the context of potential regional governance changes, the next Government should encourage stronger sub-regions. This would offer PUSH a choice of options:

  • PUSH could remain primarily a vehicle for strategic coordination across South Hampshire, but with a more streamlined structure.

  • As suggested in many interviews, PUSH could make the case for a stronger delivery or enabling role in key areas where there are opportunities for more policies to be devolved from the regional tier. This could include inward investment, innovation infrastructure and sector support, and strategic land use planning. Considering the progress on sub-regional governance arrangements made in other parts of the South East, PUSH should positively consider forming a Local Enterprise Partnership if invited to do so by the next Government.

  • Thirdly, while recognising the key role of Local Authorities, where there is duplication of effort across South Hampshire and tangible benefits can be demonstrated from joint-working, member Local Authorities could give PUSH a defined enabling role in coordinating the joint delivery of functions, to improve efficiency and effectiveness.
4. Understanding sectoral history & PUSH’s ambitions

South Hampshire’s sectoral legacy matters

In South Hampshire, much of the growth of the two urban centres, Southampton and Portsmouth, has been around maritime, naval and port activities. South Hampshire’s ports have always been important gateways to the rest of the world for trade, passenger liners and naval fleets.

Today this maritime tradition still makes an important economic contribution to South Hampshire’s economy, with Southampton Port being the fourth busiest, by tonnage, in the UK in 2008, and Portsmouth Naval Base directly and indirectly accounting for 8 percent of jobs in the sub-region. The marine sector has also attracted the development of other sectors in the economy. Aerospace companies in the sub-region, for example, use similar skill sets, and the nascent trends in environmental industries are also linked to South Hampshire’s historic maritime specialism.

While more recent growth has been in the financial and business services, retail and distribution sectors – all of which are now significant employers – PUSH needs to be aware of unique assets related to South Hampshire’s industrial history.

PUSH’s economic ambitions

The key objective of PUSH’s economic strategy is to increase GVA growth rates and close the gap in economic performance with the wider South East region. This can be achieved by increasing productivity in existing sectors or by specialising in higher value added sectors.


Figure 8: Relationships between housing, skills & GVA growth
**Does higher productivity mean fewer employees?**

Exposure to more competitive global markets creates an imperative to be more productive, pursue higher-value sectors, and adapt new technologies. High GVA growth and employment growth do not necessarily match up in the short term – as mechanisation and rationalisation in the manufacturing sector over recent decades have shown. However, a more productive economy will be beneficial in the long term.

PUSH needs to be aware of these short term trade-offs between productivity and employment growth when considering economic strategy, in particular given the impact of the recession. Figure 9 gives an overview of the employment and GVA contribution of different sectors of the South East economy.

**Increased productivity, skills and housing are interlinked**

Increasing productivity implies specialising in and attracting higher value sectors, which require highly skilled employees. The current skills profile of the sub-region implies that there is a need to either up-skill residents to enable them to access higher value jobs, or to attract higher-skilled migrants into the region.

South Hampshire's ability to specialise in high value added sectors is also determined by its housing offer. If South Hampshire wants to attract highly skilled employees to the area it needs to offer more of the higher quality housing that knowledge workers desire.
South Hampshire’s universities also influence growth

South Hampshire has three universities, Portsmouth, Southampton and Solent, and through interaction with businesses and spin-out activity these can provide benefits to the economy beyond the provision of graduates. Universities can also help to attract businesses to an area when they offer specific courses or research specialisms that match economic strengths, and Portsmouth and Southampton have complementary specialisms, for example in marine subjects. In addition, Southampton has been recognised as one of the UK’s most successful universities for investment in spin-out activity.

The South East of England Regional Development Agency aims to encourage high-value start-ups and business growth through Innovation and Growth Teams (IGT). The Solent IGT has a focus on linking ambitious businesses with experts in South Hampshire’s universities. Interviews revealed that despite good practice, there is potential for more knowledge transfer between local businesses and the Universities.

PUSH’s role in supporting sectors

While the main drivers of business success are outside Local Authority and PUSH control, an understanding of the key sectors in South Hampshire will help the partnership and its component authorities provide appropriate support to the business community. In particular, there is a need to ensure that transport, skills and housing policy underpin the area’s economic ambitions, to help retain existing businesses, increase productivity, and attract new investment.

PUSH must also take into account the inter-linkages between different policies. For example, simply up-skilling residents will not improve GVA growth. Without the right employment opportunities highly skilled residents will leave. Inward investment policy and infrastructure provision therefore need to be aligned with skills policy.

Policy Recommendations

• South Hampshire has the potential to specialise in high-value activity where it has a unique advantage and can complement London, for example in high-value marine business services. PUSH should reflect this in inward investment and planning strategies, and the ESB should prioritise up-skilling local residents to work in specialist industries.

• PUSH should encourage a more unified approach between Solent IGT and the HEDF and Invest in Southampton in planning inward investment, particularly around key sectors.
5. Sector Analysis

This section looks at key sectors of the economy – assessing their fit with South Hampshire’s economic ambitions and its economic fundamentals.44 A more detailed description of each of each of the sectors can be found in an online Sectoral Annex on our website (www.centreforcities.org/push).

Naturally, different areas within South Hampshire have different strengths. A summary of the largest sectors in terms of employment in each of the local authorities in South Hampshire can be found in the online Sectoral Annex.

Figure 10 gives an overview of the sectors’ employment performance, displaying their longer term growth (y-axis), current shares of employment (size of bubbles) and the degree to which these sectors represent a specialisation for PUSH 6 (x-axis).45

As is seen across the UK, the public sector (bubbles 1, 3 & 12) and business services (5) are large employers. Most of the sectors that South Hampshire has a specialisation in (2, 7 & 9), compared to the Great Britain average, are either small employers (e.g. aerospace), or have registered a decline in employment over the 1998-2005 time period (e.g. advanced manufacturing, marine) as they have become more productive. This suggests that strengthening economic performance in key sectors where the area has a unique strength is likely to have only a relatively small impact on employment in South Hampshire.

44. The sectors we agreed to examine were: aerospace, creative industries, environmental, marine, business services, manufacturing (advanced & traditional), transport/logistics/ wholesale, retail, public administration and defence, and other parts of the public sector (health/education). This did not include the tourism sector – an important sector building on South Hampshire’s natural assets. However, parts of the tourism sector were included in our definition of the creative industries and the marine sector (leisure marine).

45. The degree to which a sector represents a specialisation for the area was determined with the help of employment location quotients.

Note: Due to changes in the Standard Industrial Classification System the chart displays the 2003-2005 growth rate for the environmental and creative industries sector. SIC codes do not adequately capture the environmental industries and the figures given here for the sector should therefore be treated with caution.

But employment only gives half the picture – some sectors which have seen low or negative employment growth over this period, such as aerospace, advanced manufacturing, and marine, will have made a greater contribution to GVA growth in the sub-region.

**The performance of sectors in South Hampshire**

Table 2, on pages 24 & 25, presents an overview of the sectors in South Hampshire. We identified four categories of sectors:

- core sectors
- sectors with a challenging future
- sectors with potential for future growth
- and sectors that, although present in South Hampshire, we do not consider to be significant potential drivers of future GVA growth.

Specific recommendations for the sectors are included in Table 2. We also identified three overarching recommendations for PUSH in supporting businesses and sectors in South Hampshire. This was based on a consideration of the impact of South Hampshire’s overall position in the South East and the UK more widely and its specific strengths and weaknesses.

**Policy Recommendations**

- PUSH should base its economic strategy on an understanding of sectoral strengths, and where unique assets and specialisations indicate a potential for future growth. Rather than picking winners, where the public sector often has a poor track record, PUSH should focus on improving performance on key characteristics in the South Hampshire economy, such as skills.

- The ESB and PUSH should work with Further Education colleges to ensure responsive provision of arising skills needs, in particular for key sectors. Where more traditional sectors are in decline, such as traditional manufacturing, there is a role in supporting the current workforce in ‘retrofitting’ their skills to support potential future growth sectors, such as the environmental and advanced manufacturing sectors.

- PUSH and its component authorities should avoid the duplication of sector efforts. Duplication is inefficient, and this is ever more important in a tighter fiscal climate where the spending of public money on one objective comes at the cost of spending it on another.
Challenging future

Overview

Defence:
The Royal Navy’s presence is estimated to support around 35,000 jobs directly and indirectly in South Hampshire, making up 8 percent of total employment, and contributing around £680m to the local economy each year. The Strategic Defence Review could impact naval spending in the area, impacting its Portsmouth base and supply chain.

Other Public Sector:
Public sector employment is higher in South Hampshire than the South East average. Public spending cuts are likely to impact on the area’s universities in particular.

Traditional manufacturing:
Competitive pressures from low cost countries will continue to put pressure on the traditional manufacturing industry. This is likely to cause further job losses in the sector.

Core Sectors

Business Services:
Financial and business services grew strongly between 1998 and 2008, but the sector is constrained by the poor quality of office space in urban centres, in particular the two cities.

Firms within South Hampshire are unlikely to be able to close the gap in remuneration or compete consistently against London for business.

Transport, logistics & wholesale:
Transport, logistics and wholesale is a key contributor to GVA in the South Hampshire economy.

The sector relies heavily on the port of Southampton - the fourth busiest container port in the UK, handling around 40-45 percent of the UK’s deep-sea trade with the Far East and China. However, the importance of the sector is not always recognised.

Recommendations

• The long-term economic value of the port needs to be protected by continuing to diversify activity away from the public sector. PUSH should coordinate work in the area being undertaken by the Chambers of Commerce and Marine SE to help the industry diversify.

• If sites become available, PUSH should take a leading role in considering how to make best use of these assets within the portfolio of the whole area.

• Workers released from the traditional manufacturing sector should be retrained to be able to take up jobs in the advanced manufacturing, the marine or other sectors.

• The PUSH ESB and other skills bodies such as the LSC should help facilitate this adaptation of the skills base by coordinating appropriate retraining through FE colleges.

• The South Hampshire economy should play a complementary role to London’s business and financial services activities.

• The provision and standard of office space in the urban area, in particular in Portsmouth and Southampton, should be improved to better serve the demands of modern business.

• PUSH should aim to maximize the economic benefit from its seaports and airport to support transport and logistics firms.

• Transport for South Hampshire should work with Network Rail and the Highways Agency to address transport bottlenecks.

• PUSH has a central role in coordinating the allocation of space for warehousing across Local Authority areas and to ensure the sector receives adequate political backing.

Table 2: Overview and recommendations of sectors in South Hampshire

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>46. University of Portsmouth (2007) Socio-Economic Impact Assessment of Portsmouth Naval Base</td>
<td></td>
</tr>
<tr>
<td>47. There has already been some success in this strategy – some workers made redundant by Ford have since retrained and have found employment in the marine sector. Source: Stakeholder interview</td>
<td></td>
</tr>
<tr>
<td>48. Note that this is already somewhat the case for accountancy as the regional offices of the ‘Big Four’ act as foils for the headquarters in London.</td>
<td></td>
</tr>
<tr>
<td>50. ABP Southampton (2010) Port of Southampton Master Plan Consultation Document</td>
<td></td>
</tr>
<tr>
<td>51. For example in ensuring that gauge clearance on the Southampton rail link is rolled through into 2012 and to alleviate pressures on the road network.</td>
<td></td>
</tr>
</tbody>
</table>
Overview

Retail:
The retail sector is a major employer in Portsmouth and Southampton and will remain a core part of the South Hampshire economy despite a likely tougher climate over the next five years. The sector offers flexible working arrangements and is often an entry route for long-term unemployed and school leavers - supporting efforts for a more inclusive labour market.

Potential for future growth

Marine:
The marine sector has a long presence in South Hampshire, and although employment in the sector has decreased over the past years, opportunities for growth exist in areas such as boat design, and also leisure marine and marine activity related to offshore wind farms. Marine South East plays an important role in encouraging links between businesses and between the area’s universities and marine businesses.

Aerospace manufacturing:
South Hampshire has a relative specialism in the aerospace industry. The six Local Authorities fully within PUSH have three times as many people employed in the sector than the national average. The accreditation of EADS Astrium's Portsmouth site by the European Space Agency in particular is an asset to the industry in the sub-region.

Environmental:
The National Oceanography Centre and the strong research departments at the local universities are key assets for the environmental industries in South Hampshire. They are likely to continue to strengthen and increase the base of environmental businesses in the region.

Other sectors

Creative industries:
Not every city can develop a specialism in the creative industries. Within South Hampshire there are strengths in some sub-sectors, such as publishing, and some sub-sectors, such as design, are linked to other potential growth sectors like marine and aerospace. But PUSH does not have a significant specialisation in the creative industries, and it is unlikely that they will flourish in South Hampshire compared to other places in the UK and internationally. Creative industries contribute to the quality of place in South Hampshire, but are unlikely to drive GVA growth in the future.

Recommendations

• The PUSH ESB should work with retailers and FE colleges to identify upcoming employment opportunities in the sector, and meet related skills needs, in particular improving basic skills.

• The retail sector should be taken into account in strategies to tackle youth unemployment.

• PUSH should work with FE colleges to ensure that specialist skills provision is timely and appropriate.

• Should it become necessary, PUSH should consider part-funding Marine South East.

• As skills needs arise, PUSH and the ESB should look for opportunities to retrain former traditional manufacturing employees.

• The ESB and PUSH should work with FE colleges to ensure a responsive provision of arising skills needs.

• Across South Hampshire, sector support bodies for the creative industries should be consolidated to avoid duplication.

• PUSH should carefully consider its investments in the sector in light of tighter fiscal budgets.

• If PUSH wants to continue to support the sector, we recommend leveraging support through CIBAS and extending CIBAS’ remit across South Hampshire.

52. Stakeholder interviews
54. This is in contrast to the well-established marine sector in South Hampshire, which can support the emerging environmental sector and underpin its future growth.
6. Conclusions & Recommendations

South Hampshire, as a sub-region with two economic centres, Portsmouth and Southampton, has some clear assets – it is an attractive place to live, with good connectivity both to London and through the ports to global export markets. The South Hampshire economy also has clear and distinct sectoral strengths in high-value sectors with growth potential, such as marine, aerospace, and environmental industries.

However, South Hampshire also faces distinct challenges. The economic performance of the two cities is relatively weak, with a lack of quality housing to attract skilled workers. The sub-region also has poor skill levels, in particular when compared to other South East Diamonds.

By bringing Local Authorities together to establish a strategic vehicle across the real economy of South Hampshire, and agreeing the Multi Area Agreement, PUSH has been a relative success. However, the processes and structures in the organisation can seem overly cumbersome, and there is a lack of understanding about the purpose of PUSH amongst key stakeholders.

This report looked at how PUSH and its component authorities can deliver on aspirations to close the growth gap with the South East, in light of changing economic conditions, and has made specific recommendations to PUSH on a range of issues, including how to support key sectors in the economy. Building on the recovery, and in an environment where effectiveness and efficiency of public policy interventions will be key, there are four clear priorities for PUSH:

- To improve the performance of South Hampshire, PUSH should in particular focus on strengthening the economies of Southampton and Portsmouth.

- PUSH needs to ensure that policy in key areas, such as skills, inward investment, and planning, are based on an understanding of South Hampshire’s real sectoral strengths, and takes into account the impact of London on the labour market. In particular, PUSH should aim to retain, develop and attract more highly-skilled labour in marine and related industries, and the ESB should prioritise the potential growth sectors outlined in this report, namely aerospace, environmental industries and marine.

- Building on its position as a strategic vehicle across Local Authorities, PUSH should streamline its internal processes and focus on a narrower set of priorities to improve efficiency and facilitate business engagement.

- In the context of potential changes to regional governance, PUSH should look to develop its role in the delivery of key policy areas devolved from regional and national tiers. Considering the progress on sub-regional governance arrangements made in other parts of the South East, PUSH should positively consider forming a Local Enterprise Partnership if invited to do so by the next Government.
Commuting patterns – geographical definition

Based on 2001 ward level commuting data the PUSH definition of South Hampshire broadly covers commuting movements within the area. However in many cases, in particular with respect to Winchester,\textsuperscript{55} the PUSH definition underestimates the number of commuters into the two cities and neighbouring areas.

Since 2004 commuting movements have increased in the majority of cases\textsuperscript{56} and although Table A2 in this Annex can only refer to local authority areas, it indicates that this was still the case in 2004:

- In Portsmouth, over 15 percent of jobs were taken up by people living outside the narrower sub-region (PUSH 6). This figure decreased to nine percent when looking across the wider sub-region (PUSH 10), including the whole of Winchester, East Hampshire, Test Valley and New Forest. In Southampton the difference between the narrower and wider definition was bigger even.

- Overall, the narrower defined sub-region (PUSH 6) captured around 81 percent of commuting movements in the area in 2004, the wider sub-region (PUSH 10) covered almost 90 percent. Comparing the latter figure to the other 15 Multi Areas Agreement areas around the country, the wider sub-region has the fourth highest containment figure.\textsuperscript{57}

This means that in terms of commuting patterns the ten Local Authorities seem to be a slightly better approximation of South Hampshire’s real economy than the area currently covered by the partnership. Given the interconnections between their areas and the area that PUSH covers, there is a clear case for East Hampshire, New Forest, Test Valley and Winchester to participate actively in the partnership.

\textsuperscript{55} The difference between the number of in-commuters from the PUSH definition of Winchester and the whole of Winchester Local Authority area into the two cities, Eastleigh, Gosport, Fareham and Havant was over 5,300 in 2001. Source: NOMIS 2010, Census 2001 data

\textsuperscript{56} See Table A1 in the Annex.

\textsuperscript{57} In the Leeds MAA area 93.8% of jobs were taken up by residents within the MAA area in 2004, in the Bournemouth MAA area it was 92.2% and in Fylde Coast it was 92.0%. For further comparisons between PUSH and other MAA areas see Centre for Cities (2010): Cities Outlook 2010. London: Centre for Cities
### Annex tables

#### Table A1: 2004 commuting between local authorities within PUSH 10

<table>
<thead>
<tr>
<th>Place of residence</th>
<th>Portsmouth</th>
<th>Southampton</th>
<th>Fareham</th>
<th>Gosport</th>
<th>Havant</th>
<th>New Forest</th>
<th>Test Valley</th>
<th>Winchester</th>
<th>East Hampshire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place of residence</td>
<td>% jobs taken up by economically active residents of the LA</td>
<td>% Jobs taken by economically active residents from other LA areas within PUSH 10</td>
<td>% Jobs taken by economically active residents from other LA areas from within PUSH 10</td>
<td>% economically active residents working within their LA area</td>
<td>Jobs taken by economically active residents from other LA areas working within their LA area</td>
<td>Jobs taken by economically active residents from other LA areas from within PUSH 10</td>
<td>Jobs taken by economically active residents from other LA areas from within PUSH 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portsmouth</td>
<td>63,486</td>
<td>2,000</td>
<td>4,834</td>
<td>893</td>
<td>5,888</td>
<td>607</td>
<td>718</td>
<td>1,052</td>
<td>2,255</td>
</tr>
<tr>
<td>Southampton</td>
<td>1,821</td>
<td>77,741</td>
<td>2,250</td>
<td>-</td>
<td>577</td>
<td>2,634</td>
<td>6,709</td>
<td>4,337</td>
<td>-</td>
</tr>
<tr>
<td>East Hampshire</td>
<td>3,334</td>
<td>468</td>
<td>775</td>
<td>323</td>
<td>3,146</td>
<td>106</td>
<td>98</td>
<td>1,188</td>
<td>28,788</td>
</tr>
<tr>
<td>Fareham</td>
<td>2,106</td>
<td>15,141</td>
<td>4,484</td>
<td>480</td>
<td>133</td>
<td>616</td>
<td>11,805</td>
<td>5,975</td>
<td>-</td>
</tr>
<tr>
<td>Gosport</td>
<td>8,959</td>
<td>4,278</td>
<td>26,860</td>
<td>3,271</td>
<td>2,530</td>
<td>155</td>
<td>1,010</td>
<td>1,484</td>
<td>1,223</td>
</tr>
<tr>
<td>Havant</td>
<td>11,757</td>
<td>1,356</td>
<td>3,800</td>
<td>1,168</td>
<td>26,887</td>
<td>-</td>
<td>154</td>
<td>631</td>
<td>3,468</td>
</tr>
<tr>
<td>New Forest</td>
<td>758</td>
<td>14,258</td>
<td>520</td>
<td>-</td>
<td>-</td>
<td>48,612</td>
<td>2,533</td>
<td>1,840</td>
<td>161</td>
</tr>
<tr>
<td>Test Valley</td>
<td>780</td>
<td>7,655</td>
<td>154</td>
<td>-</td>
<td>147</td>
<td>1,181</td>
<td>33,971</td>
<td>5,090</td>
<td>324</td>
</tr>
<tr>
<td>Winchester</td>
<td>1,666</td>
<td>5,592</td>
<td>2,456</td>
<td>135</td>
<td>565</td>
<td>473</td>
<td>3,172</td>
<td>30,874</td>
<td>648</td>
</tr>
</tbody>
</table>

Source: Annual Population Survey, 2004 data

Note: Data for Eastleigh missing

#### Table A2: 2004 containment

<table>
<thead>
<tr>
<th>Economically active residents</th>
<th>Jobs</th>
<th>Economically active residents working within their LA area</th>
<th>% jobs taken up by economically active residents of the LA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fareham</td>
<td>52,964</td>
<td>57,155</td>
<td>26,860</td>
</tr>
<tr>
<td>Gosport</td>
<td>36,225</td>
<td>26,886</td>
<td>19,762</td>
</tr>
<tr>
<td>Havant</td>
<td>54,020</td>
<td>44,714</td>
<td>26,887</td>
</tr>
<tr>
<td>New Forest</td>
<td>82,415</td>
<td>65,195</td>
<td>48,612</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>88,086</td>
<td>109,334</td>
<td>63,486</td>
</tr>
<tr>
<td>Southampton</td>
<td>103,014</td>
<td>140,417</td>
<td>77,741</td>
</tr>
<tr>
<td>Test Valley</td>
<td>58,053</td>
<td>70,537</td>
<td>33,971</td>
</tr>
<tr>
<td>Winchester</td>
<td>52,984</td>
<td>61,920</td>
<td>30,874</td>
</tr>
</tbody>
</table>

Source: Annual Population Survey, 2004 data

Note: Data for Eastleigh missing
<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Total residents working in London PUA (2004) (2004)</th>
<th>London commuters as % of total resident workers (2004)</th>
<th>Knowledge worker commuters to London as % of total knowledge workers (2001)</th>
<th>Distance to London (km)</th>
<th>Average morning peak train travel time to London (min)</th>
<th>Travel time to London by car (min)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southampton</td>
<td>1,423</td>
<td>1.4%</td>
<td>2.3%</td>
<td>126.3</td>
<td>88.5</td>
<td>110</td>
</tr>
<tr>
<td>Eastleigh</td>
<td>985</td>
<td>2.2%</td>
<td>4.2%</td>
<td>116.4</td>
<td>82.5</td>
<td>104</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>942</td>
<td>1.1%</td>
<td>2.2%</td>
<td>120.9</td>
<td>104</td>
<td>111</td>
</tr>
<tr>
<td>Fareham</td>
<td>564</td>
<td>1.1%</td>
<td>2.6%</td>
<td>124.2</td>
<td>115.5</td>
<td>114</td>
</tr>
<tr>
<td>Gosport</td>
<td>208</td>
<td>0.6%</td>
<td>3.9%</td>
<td>132.4</td>
<td>119*</td>
<td>125</td>
</tr>
<tr>
<td>Havant</td>
<td>142</td>
<td>0.3%</td>
<td>4.4%</td>
<td>112.7</td>
<td>87</td>
<td>108</td>
</tr>
<tr>
<td>PUS6</td>
<td>4,264</td>
<td>1.1%</td>
<td>2.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Total residents working in London PUA (2004) (2004)</th>
<th>London commuters as % of total resident workers (2004)</th>
<th>Knowledge worker commuters to London as % of total knowledge workers (2001)</th>
<th>Distance to London (km)</th>
<th>Average morning peak train travel time to London (min)</th>
<th>Travel time to London by car (min)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Hampshire</td>
<td>3,787</td>
<td>6.5%</td>
<td>11.1%</td>
<td>91.6</td>
<td>73.5</td>
<td>93</td>
</tr>
<tr>
<td>Winchester</td>
<td>2,814</td>
<td>5.3%</td>
<td>7.3%</td>
<td>109.6</td>
<td>65</td>
<td>99</td>
</tr>
<tr>
<td>New Forest</td>
<td>1,557</td>
<td>1.9%</td>
<td>3.1%</td>
<td>146.6</td>
<td>111.5</td>
<td>126</td>
</tr>
<tr>
<td>Test Valley</td>
<td>1,496</td>
<td>2.6%</td>
<td>4.8%</td>
<td>131</td>
<td>113.5</td>
<td>113</td>
</tr>
<tr>
<td>PUS10</td>
<td>13,918</td>
<td>2.2%</td>
<td>4.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Table A3:** Commuting to London in PUSH 6

**Table A4:** Commuting to London in the outer local authority areas

**Table A5:** Economic characteristics of the PUSH 6

**Table A6:** Economic characteristics of the outer local authority areas


*(ferry/train)*

**Note:** Primary Urban Areas are measures of the built up area of a city, as defined in the State of the English Cities report. Knowledge workers defined as: managers and senior officials; professional occupations; associate professional and technical occupations.
### Table A7: Labour Market characteristics in the PUSH 6

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastleigh</td>
<td>47.2</td>
<td>31.5</td>
<td>7.4</td>
</tr>
<tr>
<td>Fareham</td>
<td>47.1</td>
<td>23.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Gosport</td>
<td>34.8</td>
<td>28.1</td>
<td>8.4</td>
</tr>
<tr>
<td>Havant</td>
<td>47.3</td>
<td>26.5</td>
<td>9.6</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>41.0</td>
<td>26.1</td>
<td>11.5</td>
</tr>
<tr>
<td>Southampton</td>
<td>44.3</td>
<td>27.0</td>
<td>10.3</td>
</tr>
<tr>
<td>South East</td>
<td>47.6</td>
<td>31.5</td>
<td>8.9</td>
</tr>
<tr>
<td>Great Britain</td>
<td>43.2</td>
<td>29.0</td>
<td>12.4</td>
</tr>
</tbody>
</table>

### Table A8: Labour Market characteristics of the outer local authority areas


### Table A9: Housing characteristics in the PUSH 6

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastleigh</td>
<td>229,298</td>
<td>28.16</td>
<td>2.0</td>
</tr>
<tr>
<td>Fareham</td>
<td>229,234</td>
<td>20.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Gosport</td>
<td>170,247</td>
<td>52.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Havant</td>
<td>202,856</td>
<td>40.9</td>
<td>1.9</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>169,032</td>
<td>62.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Southampton</td>
<td>173,430</td>
<td>63.2</td>
<td>0.5</td>
</tr>
<tr>
<td>South East</td>
<td>267,573</td>
<td>25.2</td>
<td>7.4</td>
</tr>
<tr>
<td>England &amp; Wales</td>
<td>217,192</td>
<td>44.1</td>
<td>4.1</td>
</tr>
</tbody>
</table>

### Table A10: Housing characteristics in the outer local authority areas

## PUSH MAA profile

<table>
<thead>
<tr>
<th></th>
<th>Narrow PUSH area</th>
<th>Wide PUSH area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population (2008)</td>
<td>863,400</td>
<td>1,378,600</td>
</tr>
<tr>
<td>Population Growth (1998-2008)</td>
<td>5.9%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Working Age Population (2008)</td>
<td>552,100</td>
<td>852,300</td>
</tr>
<tr>
<td>Total Jobs (2008)</td>
<td>381,400</td>
<td>607,700</td>
</tr>
<tr>
<td>Employment Rate (June 2009)</td>
<td>75.7%</td>
<td>76.8%</td>
</tr>
<tr>
<td>Economically Active (June 2009)</td>
<td>80.8%</td>
<td>81.1%</td>
</tr>
<tr>
<td>Inactive seeking a job (June 2009)</td>
<td>5.7%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Inactive not seeking a job (June 2009)</td>
<td>13.5%</td>
<td>14.1%</td>
</tr>
<tr>
<td>JSA Claimant Count (January 2010)</td>
<td>3.7%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Total key benefit claimants (September 2009)</td>
<td>13.3%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Gross average weekly wage (residence)</td>
<td>£446</td>
<td>£484</td>
</tr>
<tr>
<td>Gross average weekly wage (workplace)</td>
<td>£465</td>
<td>£460</td>
</tr>
</tbody>
</table>

### Index of Multiple Deprivation Ranking (PUA 1=least deprived)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>12 (out of 56)</td>
<td>11 (out of 56)</td>
</tr>
<tr>
<td>(Fareham Gosport, Havant, Portsmouth)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southampton</td>
<td>16 (out of 56)</td>
<td>17 (out of 56)</td>
</tr>
<tr>
<td>(Eastleigh, Southampton)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Skills profile (2008) (% of working age population)

<table>
<thead>
<tr>
<th></th>
<th>Great Britain</th>
<th>Narrow PUSH area</th>
<th>Wide PUSH area</th>
</tr>
</thead>
<tbody>
<tr>
<td>NVQ4 &amp; above</td>
<td>29.0%</td>
<td>27.0%</td>
<td>29.4%</td>
</tr>
<tr>
<td>NVQ3</td>
<td>15.9%</td>
<td>17.9%</td>
<td>17.5%</td>
</tr>
<tr>
<td>NVQ2</td>
<td>16.0%</td>
<td>18.3%</td>
<td>18.1%</td>
</tr>
<tr>
<td>NVQ1</td>
<td>13.7%</td>
<td>16.4%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Other qualifications</td>
<td>8.7%</td>
<td>6.8%</td>
<td>6.4%</td>
</tr>
<tr>
<td>No qualifications</td>
<td>12.4%</td>
<td>9.2%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Acknowledgements

The Centre is grateful to the Partnership for Urban South Hampshire for the financial support which made this report possible. The Centre would also like to acknowledge the considerable time that PUSH and Council officers, RDA staff and a wide range of public and private stakeholders were prepared to devote to discussions with the research team.