

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	18 June 2023
<b>Title:</b>	Driving Towards Economic Strength
<b>Report From:</b>	Director of Hampshire 2050 and Assistant Chief Executive

**Contact name:** Gary Westbrook, Director of Hampshire 2050 and Assistant Chief Executive

**Tel:** 0370 779 8940

**Email:** [gary.westbrook@hants.gov.uk](mailto:gary.westbrook@hants.gov.uk)

### Purpose of this Report

1. The economic outlook continues to be challenging for both businesses and residents across Hampshire, although it has improved slightly over the short-to-medium term. The focus for this and future reports is the required actions for working towards retaining the economic strength for Hampshire, recognising the importance of a strong and prosperous economy as a critical enabler of wider long-term outcomes across the County.

### Recommendations

It is recommended that Cabinet:

2. Continues to note the potential impacts of the prolonged economic slowdown and confirm that supporting the Hampshire Economy remains a priority for the County Council, including continuing to invest in infrastructure and support businesses, during an extremely challenging time in which unemployment is expected to rise, business failures increase and living standards are expected to fall nationally.
3. Note the analysis of the economic impact and issues highlighted which emphasises that the County Council continues to use its scale and influence to drive towards long term economic strength in Hampshire, through shaping and influencing the key priorities set out in the Economic Strategy approved by Cabinet in December 2022. This also includes the County Council's role in promoting place-based Regeneration and Growth Partnerships and a new Strategic Asset Management Plan.
4. Notes the further Government guidance issued on the integration of Local Enterprise Partnerships (LEPs) by April 2024, and the County Council's contribution to the national engagement exercise and associated intention to

develop a Hampshire Skills and Growth Board and Business Forum during this timeframe. This will align to wider regional governance in relation to County Deal devolution proposals as well as wider pan-regional collaboration with Surrey County Council.

5. Continues to endorse the County Council's commitment to engage with Government for a Pan-Hampshire County Deal as part of the next Wave of national negotiations and notes the engagement with Government Officials and Ministers. This recognises the significant opportunity for a Deal to enable the County Council's economic ambition, catalyse significant investment and benefit the lives of residents and communities.

## **Executive Summary**

6. The economic picture at the end of April 2023 continues to mirror the national economic outlook reflecting on-going economic challenges, fuelled by labour market shortages, continued price inflation and rising interest rates.
7. The report does make reference to a number of positive examples of inward investment, major contracts and mergers and acquisitions, which continue to demonstrate that despite the challenging economic picture, Hampshire continues to be an attractive place for inward investment and business growth, underpinned by the County's wider sea, road, rail and air infrastructure, skilled labour market, Universities, and its reputation as global hub for particular sectors.
8. As has been noted previously, the County Council has continued its ambition to increase Hampshire's competitiveness and ensure sustainable rates of economic growth that would lead to increases in wages, living standards and economic prosperity over the medium-to-long term. In doing so, all stakeholders will need to address some major challenges associated with the shrinking labour supply, dwindling investment and sluggish and uneven productivity growth.
9. This report provides the most recent overview of the impact of the slowdown on Hampshire's economy and outlines those issues that the County Council continues to use its scale and influence to contribute to economic recovery going forward, particularly in the context of the recently approved Economic Strategy and Strategic Asset Management Plan. This includes consideration of the development of governance to now develop and implement the Economic Strategy and, alongside the national guidance issued on LEP integration, the opportunity to develop an Economic Growth and Skills Board across Hampshire.
10. The report also outlines the position on the continued aspiration to negotiate greater levels of devolved funding and powers through a County Deal,

recognising the significant contribution a Deal could make to both economic recovery and also the longer-term economic ambition for our area.

### **The current economic challenge and our response**

11. The economy was widely expected to be in recession by Christmas 2022, but it narrowly avoided entering a technical recession and economic growth in the first quarter of this year was better than expected. Our preliminary estimate suggests that Hampshire's GVA growth was flat in February but faster in January than previously thought and above the UK average.
12. Monthly data from business surveys of purchasing managers (PMI) suggests that both business activity (output) and the volume of new orders (a leading indicator of output growth over the short-term) in the region increased in March. Growth in GVA in January alongside stagnation in February and growth in business activity in March means that Hampshire's economy probably will have expanded in the first quarter of this year when results are released.
13. Business sentiment in the region reached the highest level in almost a year in March. The higher level of business sentiment was linked to new product releases, acquisitions and investment and also hope for a better economic climate and a retreat of inflationary pressures.
14. Consumer confidence remains heavily subdued, but March saw a small improvement. The consumer outlook for the economy has improved but the outlook for personal finances has decreased as wage growth continues to fail to keep pace with rising prices and cost-of-living crisis.
15. Retail sales volumes fell in March, in part driven by the unusually wet weather but underlying retail sales volumes are not as bad as suggested by the March data. Sales volumes increased in the three months to March. The rebound in consumer sentiment suggests that the worst of the declines in retail sales volumes are probably behind us.
16. House prices in the UK increased in April following seven consecutive months of decline according to Nationwide. The pause in house price falls reflects recent improvements in consumer sentiment and some reversal of the spike in mortgage rates after the peak reached in the autumn.
17. Local data from HM Land Registry shows that housing transactions in Hampshire continue to decrease but house prices have been more resilient than nationally. House prices in the County area fell by -0.7% in February following a 0.8% growth in January. UK prices fell by -1% and 0.6% respectively.
18. With the average house price at £365,000 or about a third above the national average, affordability in the County area is stretched by historic standards. Once buyer volumes recover the amount that can be spent on a new home will

be reduced by higher mortgage rates and the squeeze on disposable incomes from relatively high inflation. This is set to exert downward pressure on prices.

19. A big energy price shock and labour shortages helped push the UK inflation to 10.1% in March, above other G7 economies. Core inflation (excluding energy, food, alcohol, and tobacco) remained unchanged, but service inflation edged higher to 5.7%. Headline inflation is expected to fall sharply in the second quarter, but the stubbornness of core inflation and service inflation suggests that inflation is proving 'stickier' than expected and that the Bank of England is likely to raise interest rates to 4.5% in May. It is also possible that rates may have to rise further to tame inflation.
20. Survey evidence suggests that business costs in the region remain high but the pace of the increase in March was the weakest in 25 months. The increase in business costs was driven by higher advertising, food material, utility, and wage costs. Early payroll estimate suggests that PAYE wage growth in Hampshire eased sharply to 6.5% in March, but growth remains elevated by historical standards and wages will remain a key source of inflationary pressure this year.
21. Firms in the South-East signalled reduced-price pressure from energy, commodities, natural gas, and shipping. Falling energy price inflation implies that the energy supply shock should fade fast, but a tight labour market will probably mean that core inflation remains relatively high for longer than previously thought.
22. The impact of higher prices is that seven million UK households (one in four) may face energy and food bills that exceed their disposable income in 2023/24, up from around 1 in 5 in 2022/23 according to the National Institute for Social and Economic Research (NIESR).
23. A new Energy Bills Discount Scheme (EBDS) for non-domestic customers has replaced the Energy Bill Relief Scheme from April 2023 to March 2024. Eligible non-domestic customers will receive a per-unit discount to their energy bills during the 12-month period if wholesale prices are above a certain price threshold.
24. The proportion of people and young people claiming unemployment related benefits edged higher to 3.8% in March with forward looking data pointing to some easing in demand for labour in Hampshire. The number of online job postings fell for the second consecutive month in March.
25. Self-employment in Hampshire and Isle of Wight decreased by 18,000 in the year to December 2022 compared to the previous year. Overall employment decreased by 12,000 last year and the fall was driven entirely by a reduction in self-employment. Unemployment decreased by almost 11,000 on the year with some of the decrease accounted for by the increase in economic inactivity.
26. Economic activity in Hampshire stands at 79%, the employment rate at 76.4% and unemployment on the headline (survey-based measure) at just 3.2%, all

better than the national average. The County area headlines are similar or better than the South-East average.

27. A large fall in the number of economically active residents of working age, down 23,000 in 2022, has made the labour market in Hampshire somewhat tighter. The decrease was driven by people looking after the family/home and the long-term sick. Lack of affordable childcare is one area impacting on rising economic inactivity with the UK having among the highest childcare costs in the OECD according to research by the Confederation of British Industry (CBI). There has been recent observations that this trend is reversing as individuals are returning to the labour market, but this is not yet reflected in the labour market statistics.
28. Decrease in economic activity in Hampshire comes at a time when official population projections suggest that labour supply in Hampshire will peak in the near future. In the County area the working age population could peak as early as 2024 and begin to decline from 2025 onwards. The increase in state pension age might soften the impact by increasing working age, but it will not offset the long-term trend.
29. The UK Trade Skills Index shows that we are already facing an 'urgent and alarming' shortage of skilled labourers in the construction sector with demand for skills outstripping supply, wage hikes for hard-to-find tradespeople, higher household costs for repairs, and Government housebuilding targets missed. The projected fall in Hampshire's workforce suggests that this issue could soon engulf several other sectors in Hampshire.
30. A sharp slowdown in activity or an outright recession will lead to a sharp increase in business insolvencies according to Capital Economics, a London based consultancy. It argues that business insolvencies in the UK may double to around 8,400 per quarter by the second quarter of next year. In Hampshire's case this could amount to over 250 business insolvencies per quarter or over 1,000 insolvencies over the next 12 months
31. Business investment is sensitive to interest rate rises and it is expected to fall sharply over the next 12 months as higher costs and interest rates reduce corporate profits and the cost and confidence of new investment.
32. Another factor that is likely to impede business investment and growth this year is a tightening of global credit conditions driven by the failure of the Silicon Valley Bank and several other US banks and the takeover of Credit Suisse by UBS.
33. The Silicon Valley Bank UK has provided lending to the technology, life sciences and cleantech industries in the UK, especially among start-ups and scale-ups businesses. Hampshire has a large number of technology businesses and there are 182 life sciences sites across Hampshire (2/3 in medical technologies and 1/3 in biopharmaceuticals). The takeover of the Silicon Valley UK bank by HSBC, the largest European bank, implies that the impact is likely to be limited but a tightening of credit conditions is expected to weigh in on

business investment and economic growth in Hampshire and across the country.

34. Total demand for commercial floorspace (commercial take-up) in Hampshire & Isle of Wight stood at 464,700 sq. ft in the first quarter of 2023, 31% lower than in the final quarter of last year. General industry continues to remain the largest market accounting for 61% of total demand in Hampshire.
35. Demand for offices has fallen on the previous quarter by 40% with the share of offices in total take-up down from 24% to 21%, as all organisations reflect new ways of flexible and remote working and the consolidation of their office estates.
36. Business intelligence from Hampshire's Economic Development team suggests that Hampshire continues to receive a steady flow of inward investment enquiries from the Department of Business and Trade, but private investment was relatively subdued in the first quarter of this year.
37. Recent investments include the development at Nelson Gate in Southampton which received £3.5 million investment from FI Real Estate Management to transform the site into a STEM-led community workspace named 'The Bulb'. Lidl have also announced locations for five new stores in Southampton (forming part of the chain's huge expansion plans for the upcoming two to three years).
38. The acquisition market was quieter and focused mainly in the financial and insurance sector. Recent acquisitions included the accountancy firm Langdowns DFK acquiring the Park Gate practice of Parry Hancock, thereby adding to its existing offices in Andover, Basingstoke and Southampton. Southampton-based firm Knightsure Insurance Brokers has been acquired by JMG Group to further strengthen their foothold in the South of England.
39. Hampshire based Chemring Enegetics has won a £43m contract to produce anti-tank weapon parts for the Next Generation Light Anti-Tank Weapon system (NLAW). Chemring Enegetics UK forms part of the global Chemring Group, headquartered in Romsey.
40. Three Hampshire businesses have won the Kings Award for Enterprise Outstanding Achievement in Innovation category – Care Friends Ltd from Petersfield, Sesanti from Andover and SMR Automotive Mirrors UK from Portchester.
41. Trading conditions remain difficult for tourism and hospitality operators in Hampshire. Hotel demand has been hit but stretched households may decide to take a domestic holiday instead of a foreign one. The leisure sector did better last year as households used the savings built during the pandemic to boost spending on recreation and leisure. Savings have been largely exhausted and with the ongoing cost of living crisis spending on leisure is likely to be reduced this year.

42. Hampshire's important cruise sector has rebounded strongly post pandemic. Seven new cruise ships will make their first visits to Southampton in 2023 amongst an estimated 2 million passengers on nearly 500 vessels. Portsmouth is looking to triple the number of passengers welcomed on cruise calls from 35,000 in 2022 to 97,000 on 83 ships in 2023. Southampton port estimates that on average each cruise call is worth £2.7m to the local economy.
43. Net trade is expected to make a major contribution to economic growth this year and Hampshire as the most export intensive county in England (according to Oxford Economics). Hampshire should disproportionately benefit from growth in this area and with this cushioning some of the economic downturn over the past 12-18 months. This is subject to the recovery in external demand from some of our largest trading partners such as the United States and Germany.
44. UK has joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free trade area spanning the Asia-Pacific region including Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. It will mean 99% of UK goods exports to CPTPP members will be eligible for tariff-free trade. Hampshire exported goods worth around £860 million to CPTPP countries in 2021, representing approximately 8% of Hampshire's total export of goods but CPTTP membership may provide further opportunities for Hampshire businesses.

The latest *Economic Intelligence Dashboard* (Annex 1) produced in late-April contains additional information on the current economic trends and business intelligence.

## **County Deal**

45. As has been previously reported, a County Deal has the potential to both strengthen economic recovery across Hampshire and deliver major strategic economic initiatives to drive the future economic potential of the region. This would be achieved through securing substantial new functions, powers, and resources to enhance place-based leadership at regional, sub-regional and local levels for the benefit of local residents, including leveraging significant investment funding from Government and the private sector.
46. The national agenda continues to be underpinned by the Government White Paper, *Levelling Up the United Kingdom*, which was published in February 2022. This paper set out an ambition to extend, deepen and simplify devolution across the country, and commits to establishing a new model of Combined Authority that would enable devolution deals to be agreed by County Councils and/or Unitary Councils, encouraging collaboration where relevant with District Councils.

47. On the back of the White Paper, legislation has also been developed to establish a new form of County Combined Authority (CCA). Key points of clarity in the Bill are:
- a. There cannot be 2 or more CCA's across a single County Area.
  - b. The previous language of a "Mayor" will not be prescribed.
  - c. Public Consultation would be required as part of finalising proposals for a CCA.
  - d. The Secretary of State may make regulations establishing a CCA for an area only if:
    - The Secretary of State considers that to do so is likely to improve the economic, social, and environmental well-being of some or all of the people who live or work in the area.
    - The Secretary of State considers that to do so is appropriate having regard to the need:
      - To secure effective and convenient local government, and
      - To reflect the identities and interests of local communities
    - The Secretary of State is satisfied that the proposal will achieve the stated purpose of establishing a CCA.
    - The constituent councils' consent, and
    - Any public consultation required has been carried out.
48. Over the past 12 months the County Council has worked collaboratively with all Local Authorities to agree a Statement of Common Ground, as well as a Pan-Hampshire County Deal Prospectus which was shared with Government in November 2022. This document sets out an independent Functional Economic Market Assessment (FEMA) for the Pan-Hampshire Area, as well as identifying a range of agreed opportunities for new powers and funding to explore with Government as part of Deal negotiations in the following thematic areas:
- Supporting Sector Growth and Skills
  - Place Strategy
  - Net Zero and Net Environmental Gain
  - Integrated and Sustainable Transport.
49. The Prospectus was shared alongside a letter to the Secretary of State in November 2022, with a clear message that the County Council and its Partners stand ready to engage with Government.



50. Within the White Paper the Government announced 9 Wave 1 areas, which have been explored over the past 12 months. These are:

- Cornwall;
- Derby and Derbyshire;
- Devon, Plymouth and Torbay;
- Durham;
- Hull and East Yorkshire;
- Leicestershire;
- Norfolk;
- Nottinghamshire and Nottingham; and
- Suffolk.

51. The majority of the Wave 1 Deals have now been agreed, following recent announcements in December 2022 for Deals in Suffolk, Norfolk, Durham, and Cornwall. Only Leicestershire, Devon/Plymouth/Torbay and Hull/East Yorkshire now remain unagreed.

52. In January 2023, the Levelling Up Minister responded positively to the County Council's letter sent in November 2022. The letter stated that the Minister welcomed the ambition demonstrated in the Prospectus and wanted Officials to meet with Officers from the upper tier and Unitary Councils across Hampshire and the Isle of Wight, to collectively explore the opportunity for the Prospectus to be taken forward as part of the next Wave of negotiations.

53. These meetings have now taken place and will be followed up with a Ministerial meeting, which will be crucial in understanding the appetite of Government to progress a Deal operating at scale across the broader Pan-Hampshire region.

54. Discussions with Officials have also importantly highlighted District Council engagement, and Officials welcomed the governance principles that have already detailed in the Prospectus, setting out a commitment to respect sovereignty across our current functions, reflect sub-geography and ensure all organisations are appropriately represented. Helpfully, as these informal conversations progress, Officials indicated they would also welcome and value District Council engagement.

## **Hampshire Economic Strategy and Local Enterprise Partnership (LEP) Integration**

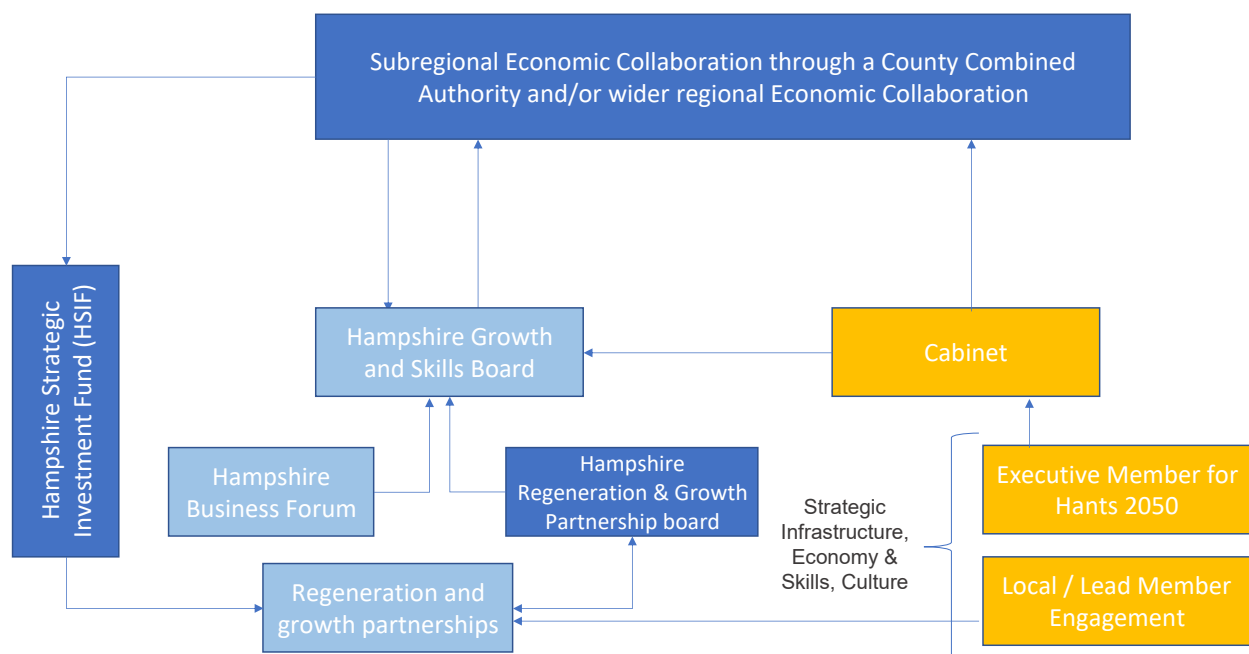
55. At the Cabinet meeting in December 2022, Cabinet received and approved the Economic Strategy reflecting the comments and changes from stakeholder consultation. The final approved version of the strategy has subsequently been published in January 2023:

<https://www.hants.gov.uk/business/economic-strategy>

56. As noted at February 2023 Cabinet, following the finalisation of the strategy the next steps are to develop the strategic action plans to best enable the prioritisation and delivery of the ambitions as set out in the strategy. This includes the development of the partnership governance to develop, shape and deliver the economic strategy, recognising the key role of stakeholders including business representatives, Local Enterprise Partnerships, the Solent Freeport, Local Authorities and Education and Skills providers across the wider Pan-Hampshire functional economic area.
57. Alongside the development of this thinking, the Government confirmed in the March 2023 budget statement the continued intention to transition and integrate LEPs into local democratic institutions by April 2024.
58. Following this announcement, the Department for Levelling Up, Housing and Communities (DLUHC) launched a “*Local Enterprise Partnerships (LEPs) Future Funding Information Gathering Exercise*”, including questionnaires to LEPs, Local Authorities and other stakeholders to understand the implications of the end to Government core funding and how the activities currently carried out by the LEPs might change, cease or be transferred.
59. The County Council responded to this exercise in April 2023 through the completion of separate questionnaires in relation to the two LEPs, Enterprise M3 LEP and Solent LEP, operating within the County geography. In doing so, the County Council has been clear on its position to work constructively with all stakeholders during a transitional period, particularly in the context of neighbouring Local Authorities, District and Borough Councils and the previously stated Devolution ambitions. This reflects the County Council’s commitment to prioritise the delivery of the recently published Economic Strategy and recognised the valuable role LEPs have played in driving investment, economic growth and bringing businesses, education and Local Authorities together over the past decade. It also recognised the potentially different role the County Council may need to fulfil for the Enterprise M3 LEP in its current formal role as the Accountable Body.
60. As noted in both this paper and previous Cabinet updates, the County Council remains committed to developing and delivering the Pan-Hampshire County Deal proposals and is supportive of the policy direction from Government to integrate LEP functions into a County Combined Authority for the wider Hampshire area. This creates a significant opportunity to better join up and simplify economic development ambitions and the associated governance at scale across the wider regional geography. In addition, it can begin to bring together and incorporate previous place-based initiatives such as the *Hampshire Story*.
61. With the timeline of April 2024 now confirmed for the integration of the LEPs, this requires early consideration of how to effectively align

structures with the requirements of any potential devolution deal; the action planning of the Economic Strategy; embedding local Regeneration and Growth Partnerships and the business engagement forums used for Hampshire Story and the Skills and Apprenticeships work.

62. At the April 2023 meeting of Cabinet, the development of a single Hampshire Growth and Skills Board was explained (see diagram below), which would bring together a single economic and skills governance forum for the County as a whole, linking to existing arrangements (such as Local Skills Improvement Plans – LSIP) and the transition planning with both Solent and Enterprise M3 LEPs. Importantly, this could also form the basis of a direction of travel towards wider sub-regional economic collaboration through a future County Deal.



63. This early thinking continues to be developed and needs to be done in conjunction with wider regional economic collaboration that would be required irrespective of potential devolution arrangements over the next 12-18 months, as well as future Governance direction and steer following the outcome of the current DLUHC engagement exercise. The County Council is therefore continuing to explore opportunities with Surrey County Council to better collaborate across the wider economic region, recognising both significant sectoral alignment and interdependencies but also the combined strategic voice of a wider region of 2.6m people. This would equate to the highest economic output of any city regions or Mayoral Combined Authorities outside of London.

## **HCC's Strategic Asset Management Plan**

64. In December 2022, Cabinet approved a new 5-year Strategic Asset Management Plan (SAMP) for the County Council's property and land assets.
65. The first actions from the plan are now being implemented in relation to the rationalisation of the County Council's corporate office estate. This included the recently announced sale of a surplus building, Capital House, in Winchester as part of an exempt decision taken at the Leader and Executive Member for Hampshire 2050 and Corporate Services & Deputy Leader and Executive Member for Hampshire 2050 and Corporate Services Decision Day in March 2023 focussing on the Winchester corporate office portfolio.
66. The focus continues to be on rationalising the estate to address low utilisation levels that have arisen and been sustained following the Covid-19 pandemic, and the opportunity to secure revenue cost savings alongside a financial return for the disposal of surplus assets.
67. Alongside the office portfolio, the County Council continues to recognise the broader opportunities to support, enable and contribute to economic regeneration and growth through the County Council's assets, particularly in our town centres.

## **Regeneration and Growth Partnerships**

68. The County Council Cabinet approved a new approach to partnership working on growth and regeneration across Hampshire at its meeting in March 2022. The aims of the new approach will streamline, and better co-ordinate initiatives aimed at supporting local economic growth and physical regeneration of town centres and other economically important areas. It was intended to promote effective partnership working through mutually established bi-lateral arrangements with Districts and Boroughs, and with neighbouring Unitary Authorities where desired.
69. In December 2022, Cabinet received the summary findings and recommendations of the externally commissioned work to engage with Districts and Unitary Councils to advise on the design principles for effective future arrangements in Hampshire. This was a collaborative exercise involving the consultants interviewing 10 District Councils and 2 Unitary Authorities as part of the commission, and their feedback has helped to inform the emerging conclusions of the work.
70. Following the commencement of the new Directorate structure implemented in January 2023, officers continue to engage with District Councils to establish priorities and the bi-lateral approach for more effective and joined up place shaping. In doing so the County Council will

maintain an overall Hampshire wide perspective, ensuring appropriate strategic interdependencies are effectively overseen and maintaining the focus on the place-based ambitions set out in the Hampshire 2050 vision and the more recently developed Hampshire Economic Strategy.

## **Conclusion**

71. The County Council continues to maintain a focus on driving towards economic strength for Hampshire. Steps continue in the context of the national policy position on Devolution and LEPs to now progress the leadership, governance, and implementation of the recently approved Economic Strategy. This will be enabled through the continued development of key strategic enablers such as Regeneration and Growth Partnerships, the integration of LEPs, the County Deal and the introduction of the new Strategic Asset Management Strategy.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes/no
<b>People in Hampshire live safe, healthy, and independent lives:</b>	yes/no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	yes/no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes/no

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

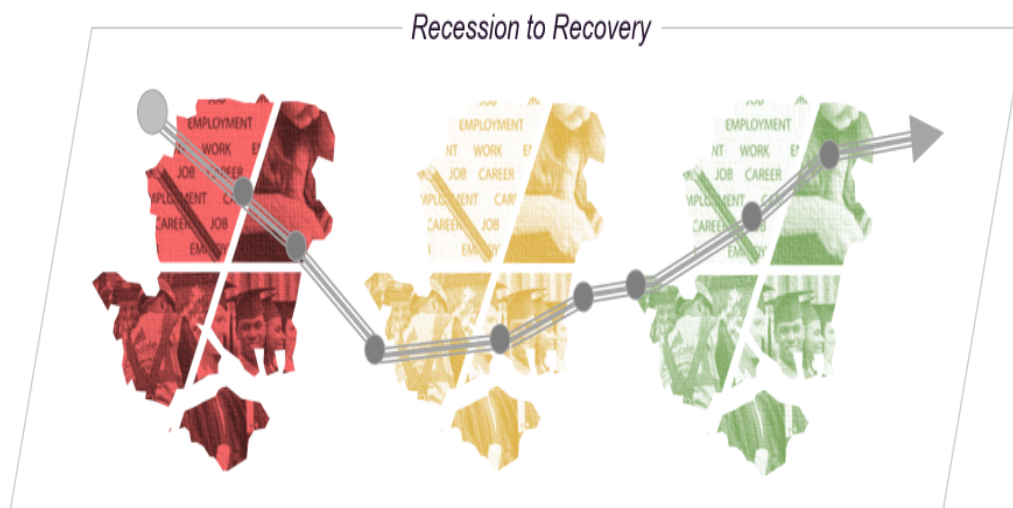
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation) and those who do not share it.
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

(a) No equality impacts have been identified arising from this Report



## Hampshire Monthly Intelligence Dashboard

May 2023

Hampshire County Council  
Hampshire 2050

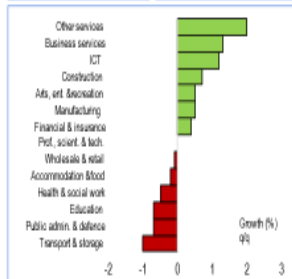
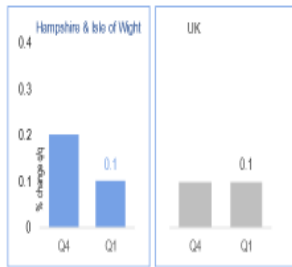




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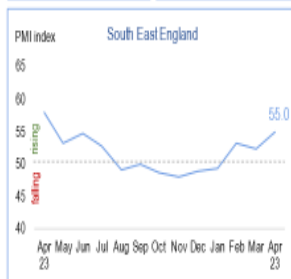
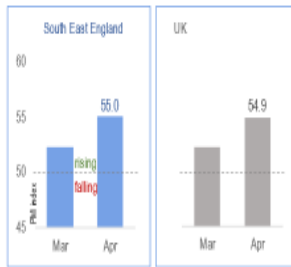
Theme	Indicators	
Business Activity	<ul style="list-style-type: none"><li>• Economic Growth</li><li>• Business Activity</li><li>• Business Prices</li><li>• Inflation</li></ul>	Page 1
Jobs and Earnings	<ul style="list-style-type: none"><li>• PAYE Employees</li><li>• PAYE Earnings</li><li>• Labour Demand</li><li>• Demand by Occupation</li></ul>	Page 2
Unemployment	<ul style="list-style-type: none"><li>• Claimant Unemployment</li><li>• Local Claimants</li><li>• Youth Unemployment</li><li>• Local Young Claimants</li></ul>	Page 3
Sentiment and Investment	<ul style="list-style-type: none"><li>• Business Investment</li><li>• Retail Sales</li><li>• Consumer Confidence</li><li>• House Sales</li></ul>	Page 4

## Economic Growth



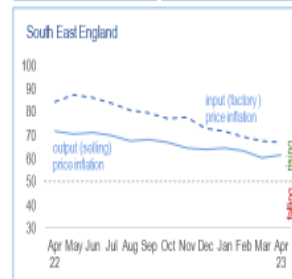
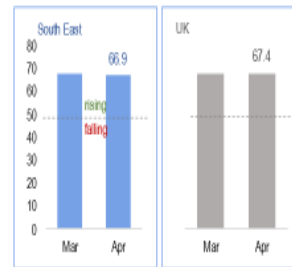
- Our preliminary growth estimate suggests that Hampshire & Isle of Wight economy expanded by just 0.1% in Q1 2023 but growth in Q4 was faster than previously thought.
- High interest rates, lower incomes and poor weather have dampened growth in March with Hampshire's GVA contracting 0.4%.

## Business Activity



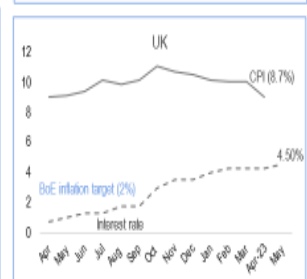
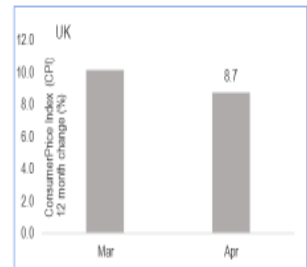
- Survey data suggests that economic resilience returned at the start of the second quarter.
- Growth in private sector output in the region was better than expected and fastest in a year with volume of new orders reaching a 13-month high. Inbound tourism demand has contributed to growth in activity.

## Business Prices



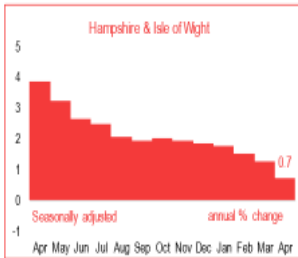
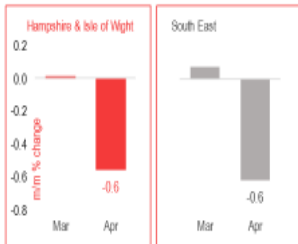
- April saw slowest rise in business costs in over two years but business costs remained historically elevated. Regional rate of cost inflation was below the national average.
- Business selling prices increased last month which suggests that some firms are still passing on rising input and labour costs to customers.

## Inflation



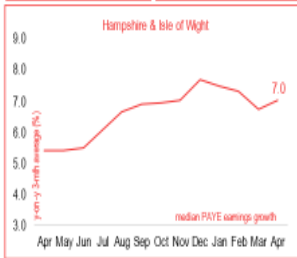
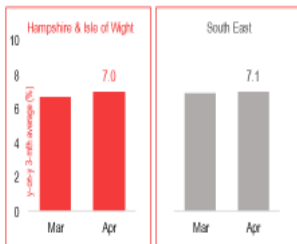
- Consumer price inflation fell below 10% for first time since Aug 2022 to 8.7% in April 2023, driven by falling fuel and energy prices. Food prices remain elevated at 19.1%.
- Core inflation (ex. food and energy) rose to 6.8%, highest since March.
- The base rate increased to 4.5% in May with further rises likely this year.

## PAYE Employees



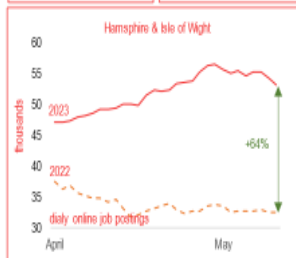
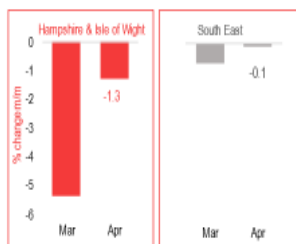
- Early estimates of PAYE employment points to a sharp fall in Hampshire and the Isle of Wight with employees numbers decreasing by around 5,000 to 899,900 in April.
- Monthly growth was down 0.6% on the previous month while annual (Y-on-Y) growth in April (0.7%) slower than in March (1.3%).

## PAYE Earnings



- Median PAYE pay growth increased by 7.0% in April, slightly faster than in March. Public sector pay growth is running at about 20-year high.
- Further loosening in jobs demand may alleviate some pressure on the BoE to raise rates above 4.5% but it will be concerned about wage growth showing little sign of easing.

## Labour Demand



- Forward looking data also points to further easing in labour demand in Hampshire in April albeit slower than in the previous month.
- Vacancies (online job postings) fell by 1.3% in April, easing on March (-5.4%). The fall in vacancies last month was larger than the South East average.

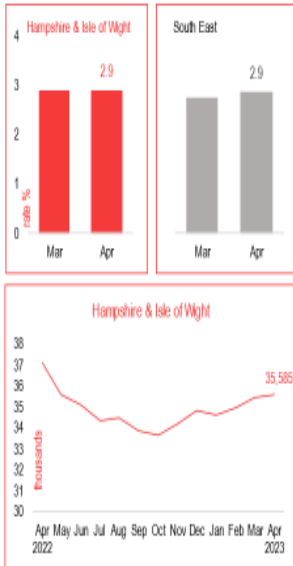
## Demand by Occupation

Unique job postings by Occupation (SOC)	Apr	% of total
Care Workers and Home Carers	2,554	6.1
Sales Related Occupations n.e.c.	2,282	5.5
Other Administrative Occupations n.e.c.	2,224	5.4
Nurses	1,825	4.4
Customer Service Occupations n.e.c.	1,663	4.0
Programmers & Software Development Professionals	1,633	3.9
Kitchen and Catering Assistants	1,571	3.8
Van Drivers	1,160	2.8
Cleaners and Domestic	1,106	2.7
Managers and Proprietors in Other Services n.e.c.	957	2.3

Unique job postings by Occupation (SOC)	Feb	% of total
Care Workers and Home Carers	3,016	6.9
Sales Related Occupations n.e.c.	2,633	6.0
Other Administrative Occupations n.e.c.	2,432	5.6
Programmers & Software Development Professionals	1,887	4.3
Nurses	1,882	4.3
Customer Service Occupations n.e.c.	1,746	4.0
Kitchen and Catering Assistants	1,411	3.2
Cleaners and Domestic	1,204	2.8
Managers and Proprietors in Other Services n.e.c.	1,111	2.5
Chartered and Certified Accountants	1,008	2.3

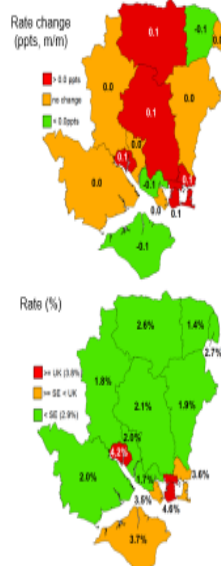
- Top in-demand jobs in Hampshire & Isle of Wight in March remain in care and home carers (although demand eased), and in sales, admin, IT, and some lower-skilled jobs (cleaners, catering assistants and van drivers).
- The top in-demand specialised skills continue to be in finance, auditing, marketing, invoicing and KPI.

## Claimant Unemployment



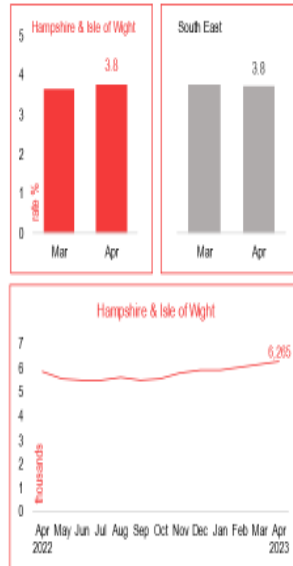
- The number of working age unemployed claimants (not adjusted for seasonal factors) in Hampshire & Isle of Wight increased by 135 to 35,585 in April. Growth across all ages but driven by under 25s.
- The unemployed claimant count rate was unchanged at 2.9%. The number was 38% above pre-pandemic levels.

## Local Claimants



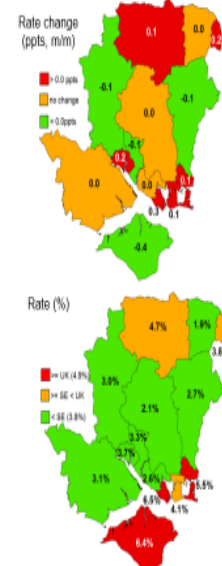
- A mixed picture for Hampshire & Isle of Wight authorities: three saw the working age unemployment rate decrease, six saw no change, and five saw an increase.
- Most Hampshire & Isle of Wight authorities are below the two benchmark areas, with only the two cities above the UK rate.

## Youth Unemployment



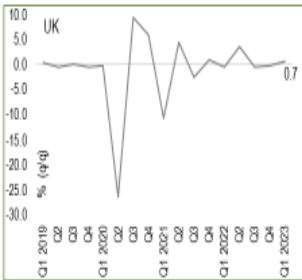
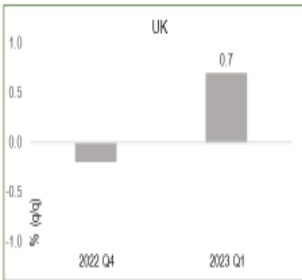
- The number of young unemployed claimants aged 18–24-year-olds in Hampshire & Isle of Wight increased by 70 claimants in April to stand at 6,265.
- The youth claimant unemployment rate was up 0.1 ppts to 3.8% in April to bring it in line with the South East average but below the UK (4.9%).

## Local Young Claimants



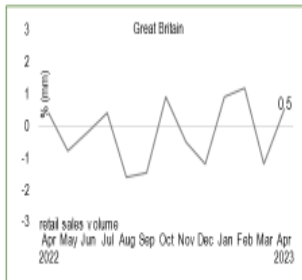
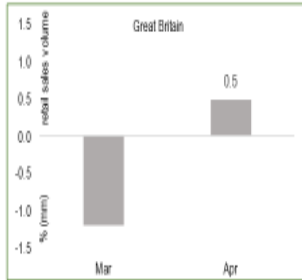
- A mixed picture for Hampshire & Isle of Wight local authorities: four saw their youth unemployment rate decrease, four saw no change, but six saw an increase.
- Most Hampshire & Isle of Wight districts had rates below the SE and UK rates, while Havant, Gosport and IoW are above the UK rate.

## Business Investment ↑



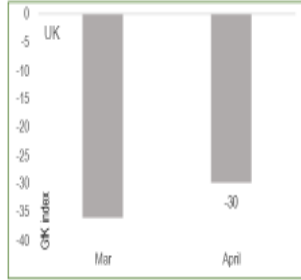
- UK business investment increased by 0.7% in Q1 2023 following a fall of 0.2% in Q4 2022. Investment stood 3.2% higher than a year ago but it remained below pre-pandemic level.
- Hopes for a more stable economic environment and reduced price pressures have pushed business sentiment to an 11-month high (PMI).

## Retail Sales ↑



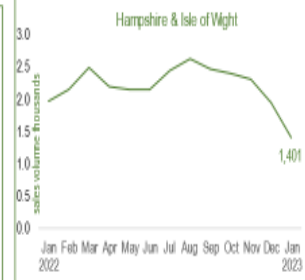
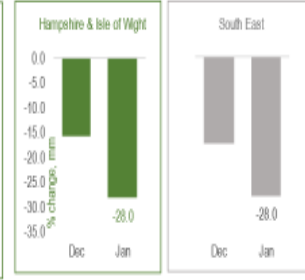
- Retail sales volumes picked up in April (0.5%) following a revised fall of 1.2% in March. Non-food store sale volumes rebound from poor March sales due to poor weather.
- Sales volumes up 0.8% in 3-months to Apr 23, highest rate since Aug 21. Price rises see sales volumes and sales values continue to diverge.

## Consumer Confidence ↑



- Consumer confidence up six points in April to -30, and up 20 points since Jan, which possibly points to early signs of a recovery.
- The data suggests that UK consumers are more optimistic going forward despite inflationary pressures with household finances and savings more robust than previously thought.

## House Sales ↓



- House sales in Hampshire & Isle of Wight fell sharply in Jan 2023 (-28%) with 545 fewer sales as the housing market continues to cool.
- Timelier national data from Nationwide points to some signs of the market stabilising, with prices up 0.5% in April, first rise in 7-months but prices likely to fall later this year.

#### How to read 'traffic lights':



Refers to decline or growth relative to the previous period (GVA, PMI business activity and business prices indicators, job postings, business investment, retail and house sales).

In the case of inflation, PAYE employment & earnings and consumer sentiment it refers to the direction of travel relative to the previous period.

For claimant count unemployment indicators the change refers to the rate not the level. For example, a decrease in youth unemployment would see a downward green arrow.



Little or no change on previous period.

\* The local estimate is preliminary and it needs to be treated with a high degree of caution since it is based on the sectoral mix of Hampshire and the Isle of Wight and the national sectoral impacts.

#### Sources:

The primary data sources are the Office for National Statistics (ONS) and HMRC, while additional data comes from several commercial sources such as S&P Global, Lightcast, CBI, BCC, HM Land Registry and the Bank of England.

Monthly/Quarterly data for Business Activity, Jobs & Earnings, Unemployment and Sentiment & Investment.

In the case of several monthly indicators, the South East is used as a proxy geography for Hampshire.

Estimates of payrolled employees and their pay from HMRC Pay As You Earn (PAYE) Real Time Information are preliminary but seasonally adjusted. Employment figures differ from the ONS Labour Force Survey (LFS) data. Median pay figures differ from the ONS estimates and are based on gross PAYE earnings which do not cover other sources of income, such as self-employment.

For further information on Hampshire's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at:

<https://www.hants.gov.uk/business/ebis/reports>

This publication is produced by the Economic and Business Intelligence Service (EBIS), Hampshire County Council