

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	Working Towards Economic Recovery
Report From:	Chief Executive

Contact name: Carolyn Williamson, Chief Executive

Tel: 01962 845252

Email: carolyn.williamson@hants.gov.uk

Purpose of this Report

1. This regular report to Cabinet summarises the County Council's continuing recovery activities resulting from the COVID-19 pandemic. The focus for this report is working towards economic recovery. As indicated in the previous report, as the crisis continues to subside and learning to live with Covid-19 becomes the norm, reports will now focus primarily on economic recovery unless there is a matter of significance to report.

Recommendations

It is recommended that Cabinet:

2. Notes the analysis of the economic impact and issues highlighted which emphasises that the County Council continues to use its scale and influence to contribute to economic recovery in Hampshire, including the consolidation of regeneration and growth partnerships, going forward.
3. Endorses the County Council's continued ambition and commitment for a Pan-Hampshire County Deal, recognising 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.
4. Earmarks a sum of £100,000 from Corporate Services Cost of Change to support the future development of potential devolution arrangements and the full establishment of Regeneration and Growth Partnerships.
5. Notes the continued COVID recovery work across the Departments, commends the exceptional commitment of all staff in ensuring the County

Council continues to perform at a high level for the benefit of residents of all Hampshire and wider partners.

Executive Summary

6. This report provides an analysis of the economic impact and outlines those issues that the County Council continues to use its scale and influence to contribute to the county's and sub-region's economic recovery going forward. It will be particularly important to consolidate the emerging Regeneration and Growth Partnerships initiative which was approved by Cabinet in February 2022 and will streamline, and better co-ordinate initiatives aimed at supporting local economic growth and physical regeneration of town centres and other economically important areas.
7. The report outlines the position on economic recovery and action taken alongside the continued development of the opportunities that arise from the devolution of powers, resources and funding through a County Deal, and the potentially significant contribution a Deal could make to both economic recovery and the longer-term economic ambition. A draft County Deal prospectus has now been developed with contributions from a range of stakeholders over the past 9 months, and the County Council stands ready to negotiate a Deal with Government. It also notes the current national political uncertainty and will report back to Cabinet with further detail along with a finalised prospectus when there is greater clarity on Government's Levelling Up and devolution ambition and approach and consider the most appropriate timeframes for engagement with Government. As with all negotiations, any final proposal will be considered in line with the County Council's governance requirements.
8. The report outlines the continued COVID recovery work across the Departments, commending the exceptional commitment of all staff in ensuring the County Council continues to perform at a high level for the benefit of residents of all Hampshire and wider partners.

The current economic challenge and our response

9. The Russian invasion of the Ukraine continues to represent a major exogenous shock to an economy that has already been under strain from Covid related lockdowns, supply bottlenecks, labour shortages and rising energy prices.
10. Inflation reached a new highpoint in May with the Bank of England expecting prices to continue to increase by over 10% later this year that will drive a sharp fall in real household incomes. The latest forecasts from both, the Bank of England and Office for Budget Responsibility suggests that stagnation in real income growth is set to continue even once this inflationary shock passes through the economy. Forecasts are also now starting to suggest that inflation may take longer to come down to the Bank of England target rate.

11. Rising geopolitical tensions, sky rocketing energy prices, and the emergence of the cost-of-living crisis are driving our economy into a very sharp slowdown with the Bank of England warning of recession later this year with calendar year GDP growth broadly flat in 2023. The most recent Organisation for Economic Co-operation and Development (OECD) forecast also predicts stagnating economic performance with the UK going from the strongest growth in 2022 to the weakest level of economic growth amongst the G7 nations in 2023.
12. Hampshire's economy, that has just recovered from the worst recession in living memory that saw its economic output decrease faster than both the national and regional average, is set to be hit by another sharp slowdown if not an outright recession.
13. The cost-of-living crisis is expected to constrain growth in consumer spending, the main driver of economic growth. With business investment and demand for exports subdued there is little room for economic growth although a fall in imports implies that net trade alongside government spending should contribute to economic growth.
14. Household incomes in Hampshire are on average around 5% above the national average but at the economic sub-area level disparities range from about a quarter above the average to about a fifth below the national average. The difficult year ahead might have been more manageable if it came on the back of a living standard boom, but Hampshire's poorest households and young people are more vulnerable given that they spend a greater share of their income on necessities like food and energy.
15. Consumer-facing services are still recovering from the impact of the pandemic, and they tend to provide employment opportunities for Hampshire's young people. These activities are more exposed to the downturn in consumer spending than production or business-to-business services.
16. The labour market in Hampshire continues to defy expectations of a slowdown – unemployment is low, and it has remained broadly stable, PAYE employment reached another record high and the number of online vacancies recovered in May. However, growth was slower than a year ago and there are some signs of a slowdown in monthly national data.
17. Hampshire SMEs have received £734.7 million under all Covid-19 grant schemes but the last two SME business grant schemes closed at the end of March and businesses have now started paying back Bounce Back Loans.
18. To ease the strain on households from the worst cost-of-living crisis in living memory UK government introduced a £15 billion support package in May of this year.
19. The Levelling Up and Regeneration Bill was published on 11 May. It is in this context and the language of 'breathing new life' into failing places, their economies, towns, and high streets, that the County Council increasingly has to position itself to secure essential future resources. This comes on the back

of the perception that the South East has to 'stand on its own two feet', and that it can look after itself.

20. It is in these difficult times that the County Council cannot afford any complacency and working with its partners will have to deal with its own diminishing resources to support its most vulnerable people and communities and continue to provide wider public services.
21. Regardless of the underlying realities of 'levelling up' and the scale and scope of poverty and deprivation that continues to prevail in some of Hampshire's towns, cities and estates, it will increasingly be down to fiscal freedoms and flexibilities to enable places like Hampshire to leverage its economy to both fund its future and reduce demand on highly complex and complicated public services, especially those targeted on vulnerable communities as well the day to day universal services everyone relies on whether it is to get to work, succeed at school, or care for children and the elderly.
22. Businesses will only invest here if they have confidence in the investment framework, that infrastructure will be built, that the skilled workforce will be accessible, flexible and in place, that their homes will be affordable and their schools, colleges and universities and places of leisure, culture, and sport, will thrive.
23. The wider pan-Hampshire area is a major net contributor to the exchequer, and it is essential that it continues to make substantial regional and national contribution to economic growth and public finances. However, to optimise it Hampshire needs a full recognition by Government. This is why, as set out in this report, the County Council is continuing to push for a bold and ambitious County Deal. It is only by altering the relationship and strength of the collaboration with Central Government that a new transformational Deal for Hampshire residents, communities and businesses can be secured. This is why the County Council is so actively supporting the pan-Hampshire area in putting a credible offer to Government for such a Deal.

Economic Impact and Recovery from Covid-19

24. Official data from the UK Office for National Statistics (ONS) has corroborated our view that the impact of the pandemic on Hampshire's economy (Hampshire & Isle of Wight) has been greater than both the regional and national average. Thus, in terms of the impact on the economy, business stock and workplace-based employment the impact on Hampshire has been greater than the average.
25. Preliminary estimate suggests that economic output (GVA) in Hampshire contracted by -10.4% in 2020 compared to -9.4% in the South East and -9.8% in UK. In GDP terms, which in addition to GVA includes the impact on VAT and other indirect taxes, Hampshire's economy contracted by 11.1%, again faster than both the national and regional average.

26. At local level Southampton lost 13.8% of its annual output (GVA) and its economy (GDP) shrunk by 14.5% in 2020. The impact on the city was much greater than on other areas in Hampshire. Adjusted for inflation Southampton's economic output in 2020 was smaller than in 2004.
27. The impact on Central Hampshire was above the Hampshire average which is perhaps unsurprising given the structure of its economy - greater exposure to agriculture and consumer-facing services such as accommodation & food and lower share of the broad public sector and production (including utilities).
28. The impact on Central Hampshire was significant but its past performance was considerably stronger than in Southampton. Its growth was strong in 2019 and over the pre-pandemic decade (3.1% p.a.) Southampton contracted by 3.6% in 2019 and it had on average the slowest growth in Hampshire over the pre-pandemic decade (0.9% p.a.).
29. South Hampshire's economy was more resilient to the impact of the pandemic than the Hampshire average and over the pre-recession decade its growth was on average about 1.5 times faster than in Southampton.
30. Portsmouth and the Isle of Wight did better than the Hampshire average in 2020 but that is in large part thanks to their industrial structure – relatively high share of production activities, public administration and defence and utilities. This is often seen as a 'blessing' during consumer driven downturns, but it can 'constrain' economic recoveries.
31. During the Great Financial Recession of 2008/9 Hampshire and its service industries were far more resilient to the impact of the recession than the UK average. However, at the aggregate (the economy wide) and sectoral level Hampshire was less resilient in 2020 than the UK economy.
32. The impact on economic output in Hampshire's accommodation & food services was about four times as large as the all-sector Hampshire average. Preliminary data suggests that in terms of economic output most consumer-facing services in Hampshire fared worse than nationally.
33. Hampshire's public administration & defence and utilities expanded in 2020 and faster than nationally but several large sectors such as manufacturing, construction, transport, and wholesale & retail contracted faster than the national average.
34. Economic output in Hampshire's higher value-added traded services contracted in 2020 but at a much slower pace than in other service activities or production. This was also the case during the 2008/9 recession, but Hampshire's information & communication sector contracted faster than the all-sector average and much faster than the UK average in 2020. This sector finds it hard to recruit skilled labour in Hampshire with rising job vacancies for 'programmers and software development professionals'.
35. Economic output in several higher value-added and knowledge intensive sub-sectors such as scientific research & development, service activities auxiliary

to finance & insurance and telecommunication expanded in Hampshire in 2020.

36. Estimated growth in Hampshire in 2021 and the first quarter of this year was slightly faster than the national average but a sharp slowdown in business activity, consumer spending and economic growth is underway. However, the labour market in Hampshire continues to defy expectations of a slowdown in demand but there are some signs of a slowdown in monthly national data.
37. The numbers of unemployed and young unemployed people not adjusted for seasonal factors in Hampshire decreased slightly in May. PAYE employee numbers increased by 3,420 (or 0.4%) but employment growth has slowed down on an annual basis. Online vacancies recovered in May (+3.9%), following a decrease in April.
38. Early estimates indicate that median monthly PAYE pay in Hampshire increased by 5.3% in May compared to the same time a year ago. The flurry of higher pay settlements in June suggests that high inflation is beginning to feed into faster wage growth across the country.
39. The labour market in Hampshire remains very tight and it appears as if the cost-of-living crisis had little impact on the overall demand for labour in Hampshire in May. However, it is likely that it has affected demand for labour in non-essential consumer-facing services that are in employment terms overrepresented by young people.
40. Our preliminary estimate suggests that Hampshire's economy expanded by 0.9% in the first quarter, slightly faster than the national average but the economy contracted at the beginning of the second quarter. However, the fall in monthly GVA in April (around -0.3%) was not as bad as it looks since the fall was largely driven by a reduction in NHS Test and Trace activity. The fall in output nonetheless increases the chance that the economy is slipping into recession.
41. Survey evidence suggests that May saw a sharp slowdown in business activity and the volume of new orders (a leading indicator of short-term growth) in the region but the fact that a measure of business activity from purchasing managers did not fall means that the economy could be holding up a little better than initially feared.
42. Retail sales decreased by 0.5% in May following a small rise in April, which suggests that the decline in household's spending power from surging inflation is starting to hit consumer spending a bit harder. Nevertheless, consumer spending has not sunk but it has rather softened over the previous two months.
43. Consumer prices in the UK increased by 9.1% in May, up from 9.0% in April. The increase in inflation was driven by rising food prices which continue to constrain household's spending power and weigh on discretionary spending. Firms in the South East continuing to face rising costs exacerbated by the war in Ukraine, with input cost prices in May reaching a new record high according

to the latest survey of purchasing managers. Official forecasters expect inflation to increase to over 10% later this year with core inflation remaining higher for longer which suggests that interest rates could increase faster than anticipated.

44. The tailwinds from the reopening of the economy have therefore faded, having been overcome by headwinds of soaring prices, supply delays, labour shortages and increasingly gloomy prospects for the economy that is reflected in the latest consumer sentiment that fell to its lowest ever score in May since records began in 1974.
45. The weakness in household incomes and sentiment suggest that there is a real risk of continuous falls in real consumer spending over the coming month which could tip the economy into a recession. Stagflation fears that have intensified in the UK and other advanced economies have also been embedded in the latest independent forecasts. The Bank of England warned of recession later this year with calendar year GDP growth broadly flat in 2023.
46. To tackle rising inflation the Bank has been forced to increase the rates at a time when there is a sharp slowdown in economic activity. The rates increased from 1% in May to 1.25% in June, a new 13-year high but still well below the historic average. A sharp slowdown in business activity is unlikely to deter the Bank of England from hiking interest rates at its August meeting. Markets expect the base rate to peak at around 2% but since inflation next year is likely to be higher than initially thought the rates may increase to closer than 3% over the next 18 months.
47. At the beginning of the second quarter fiscal position was considerably better than expected in October's Budget which added more pressure on the Chancellor to launch a big package of measures to help households cope with the cost-of-living crisis.
48. UK government announces £15 billion support package to households across the UK, of which the most vulnerable households will receive support of at least £1,200 this year, including a new one-off £650 cost of living payment to more than 8 million low-income households on Universal Credit, Tax Credits. All households will receive a £400 discount on their energy bills from October. This will be partly funded by a new temporary Energy Profits Levy on oil and gas firms expected to raise around £5 billion over the next year.
49. The larger-than-expected rise in public borrowing in May implies that borrowing could overshoot the 2022/23 forecast of £99bn which will in turn limit the ability of the Chancellor to cut taxes and provide additional grants to households.
50. Business investment remains subdued and the start of the second quarter marked a sharp fall in demand for workspace in Hampshire's main commercial markets – offices, industrial and leisure & hotels. Increasing economic headwinds and structural change within some sectors are to weigh on commercial property take-up over the near term.

51. The short-term economic recovery action planning continues to be undertaken by the County Council. The County Council understands that the recovery from Covid has been uneven at local level and that the sharp slowdown in economic activity that is currently underway is equally going to be unevenly distributed across Hampshire. This places greater emphasis on place-based strategies and major regeneration initiatives, including breathing new life into our towns, city centres and high streets. The Council seeks to work on a collaborative basis with individual local authorities to develop bespoke place-based strategies and initiatives for faster recovery from Covid and stronger development and growth of Hampshire.
52. It is proposed that the foundation for this collaborative approach would be a stronger focus on co-production and co-delivery and a governance model that would involve Executive Lead Member for Transport & Environment Strategy representing the County Council on strategic governance boards and the Executive Director for Economy Transport & Environment representing the County Council on delivery arrangements.
53. Replicating this model across all Local Authorities that share our aspirations for a collaborative approach to place-based initiatives through the development of local regeneration and growth partnerships and that are able to demonstrate how to accelerate economic recovery, is an emergent opportunity. This approach will bring consistency and coherence and allow for deeper insight into prioritisation as well as secure good practice and recovery from Covid. More detail is provided in the forthcoming March Cabinet Report.
54. *Economic Intelligence Dashboard* (Annex 1) produced in late June contain additional information on the current economic trends and business intelligence (the most up to date at the time of writing).

County Deal

55. As has been previously reported, a County Deal has the potential to strengthen economic recovery across Hampshire as a whole and deliver major strategic economic initiatives and programmes. 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.
56. In November 2021, a Statement of Common Ground, was agreed by all Leaders, setting out the ambition to explore opportunities for a potential County Deal. It was agreed by:

Hampshire County Council – Cllr Keith Mans
Basingstoke and Deane Borough Council – Cllr Ken Rhatigan
Bournemouth Christchurch and Poole Council – Cllr Drew Mellor
East Hampshire District Council – Cllr Richard Millard
Eastleigh Borough Council – Cllr Keith House
Fareham Borough Council – Cllr Seán Woodward

Gosport Borough Council – Cllr Graham Burgess
Hart District Council – Cllr David Neighbour
Havant Borough Council – Cllr Alex Rennie
Isle of Wight Council – Cllr Lora Peacey-Wilcox
New Forest District Council – Cllr Edward Heron
Portsmouth City Council – Cllr Gerald Vernon-Jackson
Rushmoor Borough Council – Cllr David Clifford
Southampton City Council – Cllr Dan Fitzhenry
Test Valley Borough Council – Cllr Phil North
Winchester City Council – Cllr Lucille Thompson

57. In December 2021, a draft County Deal prospectus was endorsed by Cabinet. This evidenced a clear functional socio-economic geography of the Pan-Hampshire region and its strong economic foundation as a net contributor to the UK economy. The draft prospectus outlined a range of opportunities and associated strategic proposals that would have a measurable positive impact on the lives of residents and would form the basis for further discussions with stakeholders and Government.
58. In February 2022, the much-awaited government White Paper, Levelling Up the United Kingdom, was published. This 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.
59. Within the White Paper the Government announced 9 Wave 1 areas which will be negotiated first. These are:
 - Cornwall;
 - Derby and Derbyshire;
 - Devon, Plymouth and Torbay;
 - Durham;
 - Hull and East Yorkshire;
 - Leicestershire;
 - Norfolk;
 - Nottinghamshire and Nottingham; and
 - Suffolk.
60. The White Paper also set out the governance framework for devolution against a range of potential functions, with Level 3 being the most powerful and Level 1 being the least powerful but noting that there will be scope to negotiate further powers, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities.
 - **Level 3:** A single institution or County Council with a directly elected Mayor (DEM), across a Functional Economic Area (FEA) or whole county area.

- **Level 2:** A single institution or county council without a DEM, across a FEA or whole county area.
 - **Level 1:** Local authorities working together across a FEA or whole county area e.g., through a joint committee.
61. Although no potential Deals in the South East will be immediately progressed in the Wave 1 pilots, there has continued to be an active dialogue and engagement with officials and Ministers. These meetings strongly encouraged the continued work and development of the proposals outlined in the draft prospectus shared with Cabinet in December. This was mirrored by Cabinet endorsing the continuation of the work and direction of travel for a Hampshire County Deal at its meetings in February and March 2022, including the development of aligned Regeneration and Growth Partnerships at a District Council level.
62. In March 2022, a final round of collaborative workshops were completed with Partners, building on the initial collaborative work performed in November and December 2021 and importantly finalising the scope of opportunities to explore and form the basis of starting any negotiation with Government in the context of the now published White Paper. The draft December prospectus for change has therefore now been updated to reflect this.
63. In April 2022, the 5 County / Unitary Leaders met with the Parliamentary Under Secretary of State as a continuation of the collective engagement with Government. This meeting was extremely constructive, and the Minister was complementary of the emerging ambition of the proposals and the professionalism of the work that has been performed so far. The Minister clarified that County Deals are expected to include whole County areas and was not aware of any Deal that would split a County between two or more separate Deals. As expected, and in accordance with the White Paper, the Minister was clear that with the level of ambition in the Pan-Hampshire proposal, there would be new governance requirements including a requirement for some form of Directly Elected Leader.
64. In May 2022, following the Queen's Speech, the Levelling Up and Regeneration Bill was published, setting out further clarity on the expected governance of a County Deal through a Combined County Authority (CCA). Key points of clarity in the Bill are:
- There cannot be 2 or more CCA's across a single County Area.
 - The previous language of a "Mayor" will not be prescribed.
 - Public Consultation would be required as part of finalising proposals for a CCA.
 - 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.
65. The County Council therefore stands ready to negotiate a devolution Deal with Government through a County Deal and remains fully committed to the ambition and opportunities of a Deal as set out in this paper and previously reported to Cabinet to benefit the lives of residents and communities across Hampshire.
66. In doing so, it notes the current national political uncertainty, and will report back to Cabinet with further detail and a final prospectus when there is greater clarity on Government's Levelling Up and devolution ambition and approach and consider the most appropriate timeframes for engagement with Government.

Adults' Health and Care

67. Across the department in both our Public Health and adult social care services restoration and recovery continue apace, albeit within the continued extremely challenging operational and financial climate, as reported in some detail in a report to the June Cabinet.
68. The department continues to support a range of corporate work in support of Afghan refugees. A family welcome event for those resettled in Hampshire and those within temporary hotel accommodation was held in early July provided a positive opportunity to celebrate and recognise the arrival of families to Hampshire and thank all those staff across all organisations involved in this vital work.
69. Additionally, the department, along with colleagues in corporate operations, continue to prepare for social care reforms, including the Fair Cost of Care exercise as a prelude to the Care Cap's intended implementation in October 2023. These reforms are subject to a detailed report scheduled on the agenda for today's Cabinet meeting.

Schools and Children's Services

70. During the summer term, schools are now fully operational and operating as normal. There have been very few incidents where individual schools have experienced spikes in staff or pupil absence due to Covid 19 and other illnesses. The County Council has supported schools whenever spikes have occurred largely through the school improvement team.

71. The focus of the school improvement team has remained on working with schools to implement recovery programmes and preparing schools for the return of examinations this summer. GCSE Examinations are now underway, and schools are reporting that these are going well. Ofsted has returned to full inspection and schools continue to achieve good outcomes with the proportion of schools graded good or better remaining at 93% compared to a national average of 86%.
72. In terms of children's social care, there remains increased activity at the front door in the Multi Agency Safeguarding Hub (MASH) and in the social work assessment teams, circa 20% above pre-pandemic levels. Short term Covid related staff absence has affected the service with between 10-to15% staff absence, particularly in the residential service. Staff in these services have also been processing additional assessments for Ukrainian refugee families.
73. There continue to be one-off short-term problems with regards to Home to School transport when drivers or pupil escorts are absent for covid related reasons.

Conclusion

74. The post Covid focus for the County Council is clearly and significantly focussed upon economic recovery, this includes the development of an ambitious County Deal prospectus as a negotiating position with Government. Given the current political uncertainty, the timing of negotiations with Government is being considered and Cabinet will be updated with further detail when there is great clarity on the Government's intent and timeframes for engagement.
75. As the economic cycle is now predicted to enter a new phase of economic slowdown or recession triggered by wider global issues, rather than the recovery from Covid economic phase, it is considered opportune to review the nature and focus of this report for the next Cabinet meeting.
76. There are still on-going recovery activities across the County Council Departments and staff are to be commended for their continued commitment in support of Hampshire Residents and wider partners.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Section 100 D - Local Government Act 1972 - background documents

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.)

Document

Location

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:

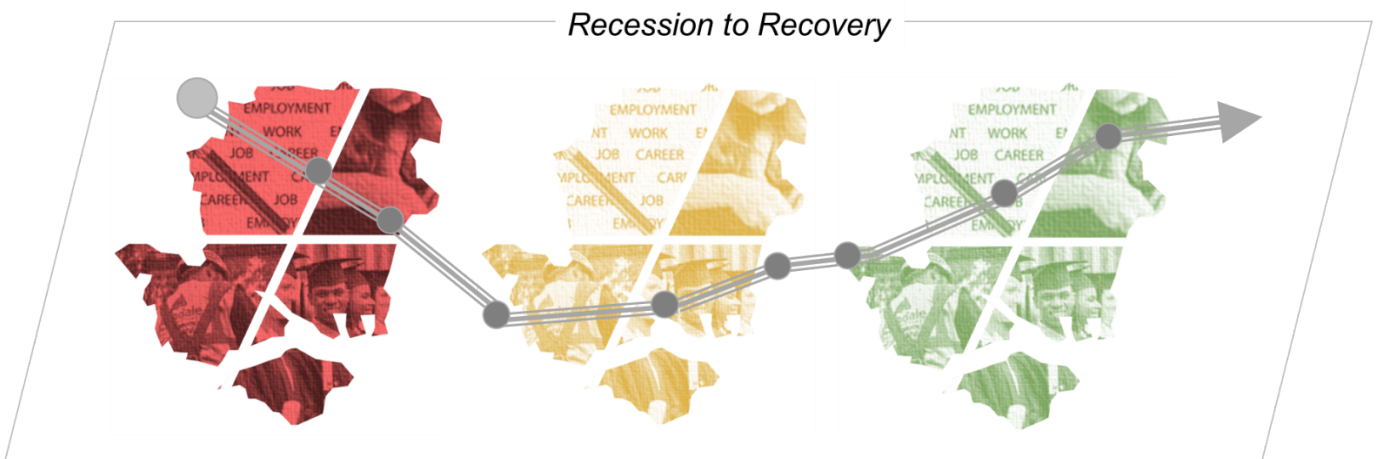
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion 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

June 2022

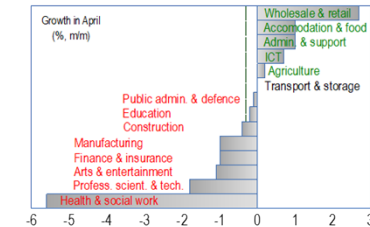
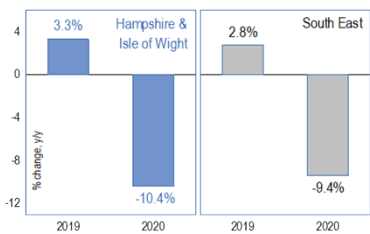
Hampshire County Council
Economy, Transport and Environment



Contents

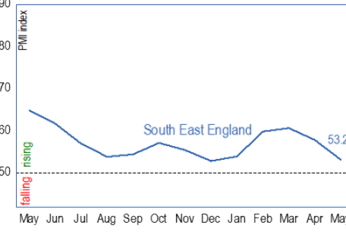
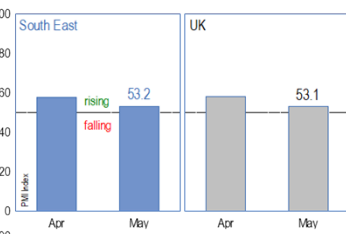
Theme	Indicators	
Business Activity	<ul style="list-style-type: none"> Economic Growth Business Activity Business Prices Inflation 	Page 1
Jobs and Earnings	<ul style="list-style-type: none"> PAYE Employees PAYE Earnings Labour Demand Demand by Occupation 	Page 2
Unemployment	<ul style="list-style-type: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

Economic Growth



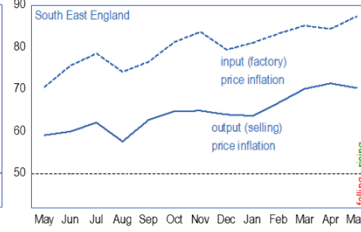
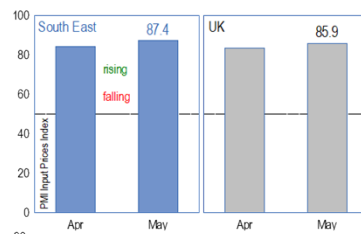
- ONS data has corroborated our view that the impact of the pandemic on Hampshire's economy (-10.4% in GVA terms) has been greater than both the regional and national average.
- UK economy shrunk by 0.3% in April with the fall largely driven by a reduction in Test and Trace activity.

Business Activity



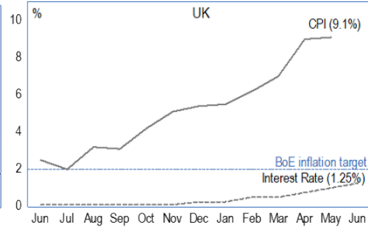
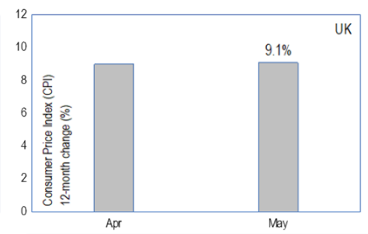
- PMI data for the South East saw a sharp slowdown in business activity in May. Output and new orders rose at the slowest pace in five months.
- According to ONS survey data, close to 1 in 5 UK firms could not source materials, goods or services that they needed from within the UK, or they had to change suppliers in May.

Business Prices



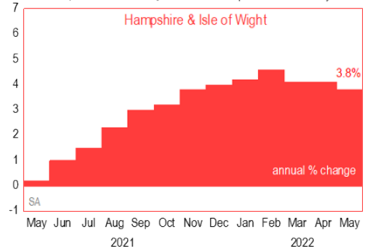
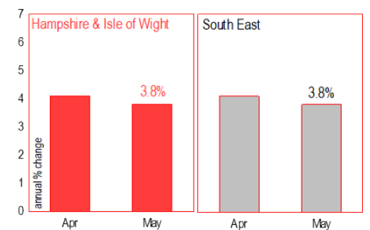
- Firms in the South East continue to face rising costs exacerbated by the war in Ukraine, with input cost prices in May reaching a new record high. Manufacturers reported higher input costs than service providers. Output prices for May eased from April's peak but still at historic highs as input prices rises passed on to customers.

Inflation



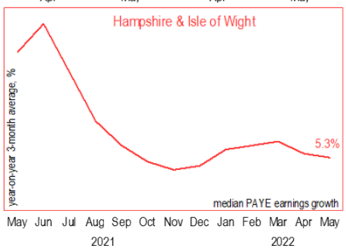
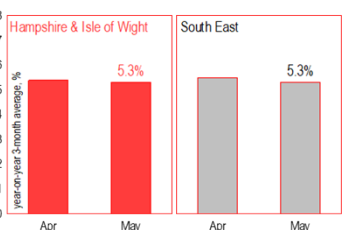
- Consumer prices in the UK reached a 40-year high of 9.1% in May, up from 9% in April. The rise was driven by soaring energy bills, record petrol prices and rising food prices.
- To tackle inflation, the BoE raised UK interest rates from 1% to 1.25% in June, a new 13-year high, though still at historically low levels.

PAYE Employees



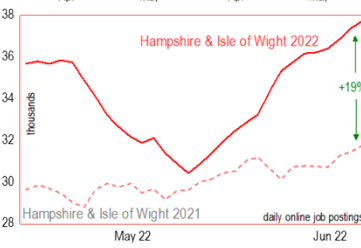
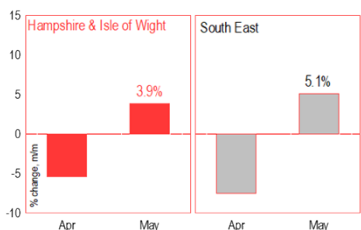
- Hampshire & the Isle of Wight saw a new record high of 899,300 payroll employees in May. Employment increased by 3,420 (or 0.4%) additional employees on the month.
- Preliminary estimates for May show that payroll employment grew by 3.8% compared to May last year, but at a slower pace than in April (+4.1%)

PAYE Earnings



- Early payroll estimates indicate that median monthly PAYE earnings in Hampshire & Isle of Wight increased by 5.3% in the quarter to May compared to the same period a year ago. Growth in median pay was slightly slower than in April (5.4%).
- May registered a sharp fall in median pay, adjusted for inflation.

Labour Demand



- Hiring intentions (number of online job postings) in Hampshire and Isle of Wight bounced back by 3.9% in May, following a decrease in April.
- Demand for labor was higher than a year ago. Online job postings were 19% above June 2021 levels, with online vacancies near 50% above pre-pandemic levels.

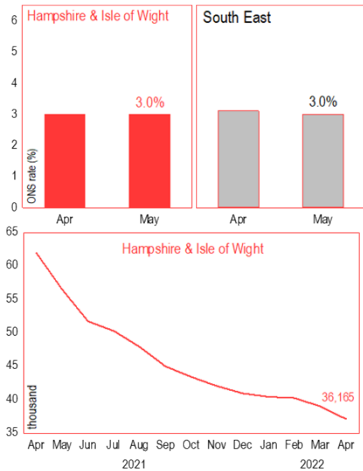
Demand by Occupation

Unique Job Postings by Occupations (SOC)	May	% of Total
Care Workers and Home Carers	2,761	8%
Nurses	2,125	6%
Programmers & Software Development Professionals	1,957	6%
Other Administrative Occupations n.e.c.	1,739	5%
Sales Related Occupations n.e.c.	1,729	5%
Customer Service Occupations n.e.c.	1,503	4%
Kitchen and Catering Assistants	1,380	4%
Chefs	1,180	3%
IT Business Analysts, Architects & Systems Designers	949	3%
Managers and Proprietors in Other Services n.e.c.	901	3%

Unique Job Postings by Occupations (SOC)	Mar	% of Total
Care Workers and Home Carers	2,456	7%
Nurses	2,130	6%
Programmers & Software Development Professionals	1,993	6%
Other Administrative Occupations n.e.c.	1,800	5%
Sales Related Occupations n.e.c.	1,684	5%
Customer Service Occupations n.e.c.	1,516	4%
Kitchen and Catering Assistants	1,135	3%
Human Resources and Industrial Relations Officers	1,005	3%
IT Business Analysts, Architects & Systems Designers	990	3%
Chefs	906	3%

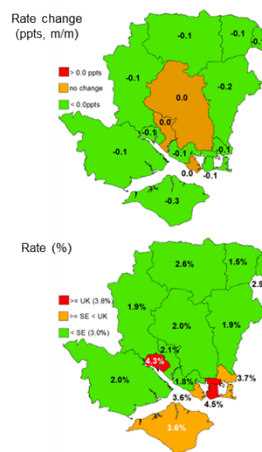
- In-demand jobs in Hampshire & Isle of Wight in May were in nursing, IT and administration, but chefs were more in demand than in March.
- The top five in-demand specialized skills were web design (CCS, Flexbox and Webkit), finance, marketing, auditing and performance measures (KPIs);

Claimant Unemployment



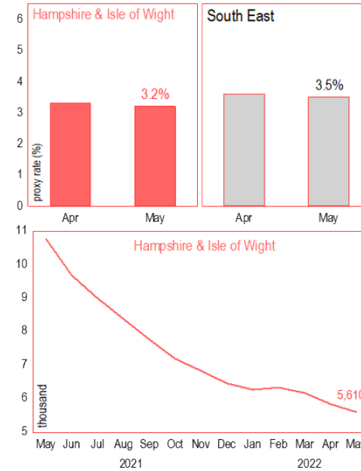
- Claimant count unemployment in Hampshire & Isle of Wight (not adjusted for seasonal factors) fell by 970 to 36,165 in May, but the rate remained unchanged at 3.0%.
- The fall was spread across all three broad age groups, but with a higher relative concentration in the 50+ age group and the under 25 age group.

Local Claimants



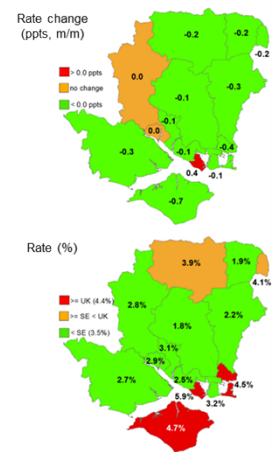
- While claimant count rates fell in most districts in Hampshire & Isle of Wight; Winchester, Eastleigh and Gosport saw no change last month.
- The Isle of Wight registered the most significant fall in claimant counts (-255 claimants) and rate (-0.3ppts).
- Portsmouth and Southampton had rates above the UK average of 3.8%.

Youth Unemployment



- The number of unemployed 18–24-year-olds on the claimant count measure in Hampshire & Isle of Wight decreased by 235 (-4%) to 5,610 in May. The decrease was the largest in the Isle of Wight (-60 claimants).
- The youth unemployment rate decreased marginally to 3.2% in May, below the South East average (3.5%).

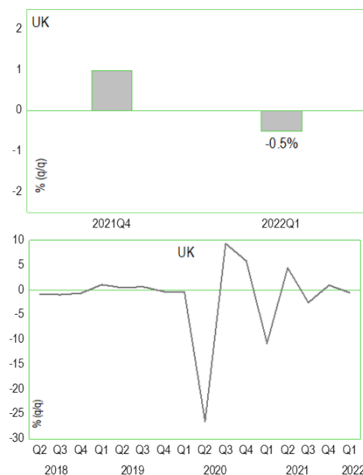
Local Young Claimants



- Estimated youth unemployment rates in May decreased for most Hampshire & Isle of Wight local authorities. They were unchanged in Test Valley and Southampton while Gosport increased by +0.4ppts.
- The highest youth unemployment rate was found in Gosport (5.9%), well above the UK average (4.4%).

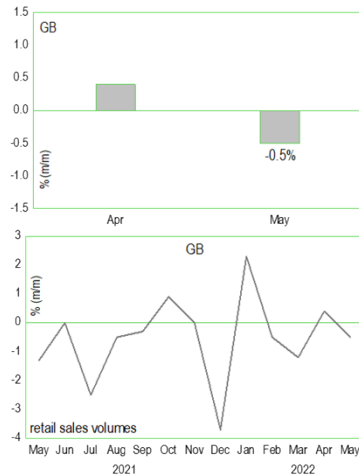
Sentiment and Investment

Business Investment



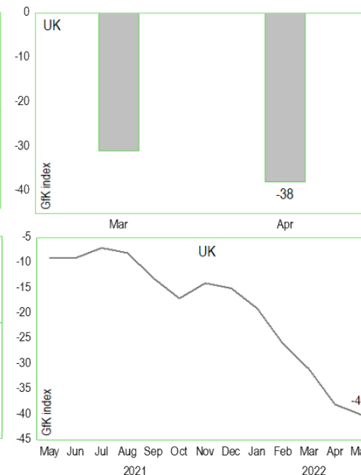
- Business investment fell by 0.5% in Q1 2022 (ONS). However, BoE intelligence for Q2 suggests modest positive growth as businesses adapt to new ways of working (IT/office refurbishment).
- Material and labour shortages and increased economic uncertainty continue to drag on investment.

Retail Sales



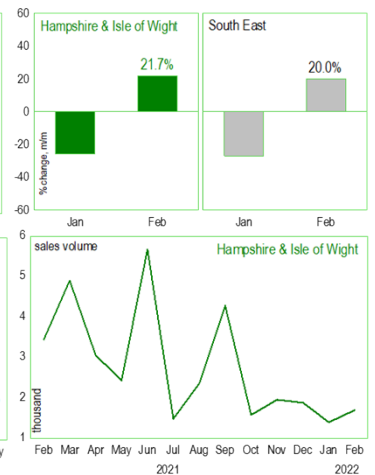
- Retail sales decreased by 0.5% in May, after a downwardly revised 0.4% increase in April.
- According to ONS, the fall in sales volumes was driven by a decline in food sales (-1.6%), with affordability explaining reduced spending as the rising price of food shopping contributes to the cost of living.

Consumer Confidence



- Consumer confidence in the UK fell to its lowest ever score in May since records began in 1974, amid growing concern over the cost-of-living crisis, raising the risk of recession.
- Consumer confidence is now lower than during the global banking crisis with May's reading one point lower than in July 2008.

House Sales



- House sales (not adjusted for seasonal factors) in Hampshire & Isle of Wight rebounded by 22% in February, after a decrease in the previous month.
- Nearly 1,700 house property sales took place in February. Nonetheless, property sales remained 22% below pre-pandemic levels.

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



The information and views set out in this note are those of the authors and do not necessarily reflect the opinion of Hampshire County Council. The Council nor any person acting on their behalf may not be held responsible for the use of the information contained therein. © Economic & Business Intelligence Service (EBIS), Hampshire County Council.

