Best Deal for Pan-Hampshire

A Prospectus for change in Pan-Hampshire: Technical annex

Overview

This technical annex shows, through the use of data, that **Pan-Hampshire is an integrated and nationally important economy**, forming a functional economic market area (FEMA), with major opportunities that are important for the future success of the UK. It has a large proportion of workers commuting within it, integrated housing markets, over one million jobs and a distinct sector mix.

This economy has a **unique and strong combination of assets** as a prime international gateway to Global Britain, with a large maritime and defence sector, unique environmental assets, a world class higher education offer and significant housing and commercial development opportunities.

Finally, we look at outcomes for people across Pan-Hampshire – the residents for whom any County Deal needs to work. Pan-Hampshire has **high outcomes for residents but with significant spatial inequalities.** There are notable differences in outcomes between coastal/urban areas and rural areas, and the area as a whole needs to respond to the challenges of an ageing population.

A note on terminology

Throughout this analysis we refer to 'Pan-Hampshire'. By this we mean the area covered by Hampshire County Council – and the eleven local authorities within the County Council administrative area – as well as the three unitary authorities of Southampton, Portsmouth, and the Isle of Wight.

All analysis within this pack is carried out at this level unless otherwise specified.

The local authorities that comprise Pan-Hampshire

Framework of ambition

The next three slides set out a logic chain for each of Pan Hampshire’s ambitions for:

- Delivering on **Prosperity**
- Delivering on **Opportunity**
- Delivering on **Sustainability**

It sets out the evidence for the area’s capacity to deliver them based on current performance, the specific asks required to achieve the ambition, and the evidence that justifies it and what each ask would help deliver.

Ambition	Evidence Pan-Hampshire can deliver	The challenge this responds to	Asks	The elements of the ask	What this can deliver
Delivering on **Prosperity**	• Growing housing delivery with major opportunity sites (**p37**) • Major commercial site opportunities (**p39-42**) – with the new opportunity of more dispersed workers • Development of the freeport proposal has demonstrated the ability to develop credible business cases for major schemes	Fragmentation of funding streams – both by source of funding and recipient – opportunities for cross-border working are missed	1. A single devolved investment fund for all existing and future growth funding, including strategic sector and innovation funds to help regenerate our city and town centres	A single funding pot, bringing together income streams across Pan-Hampshire – including funding for economic development activities such as creating business space on high streets and supporting high-value companies	Unlocking growth that is hitting up against constraints in Pan-Hampshire Co-ordination on major sites and Pan-Hampshire strategic priorities
		Housing markets in Pan-Hampshire are linked (**p26-28**) Unaffordability in some places has become extreme (such as East Hampshire and Winchester) (**p38**). Land available for development (e.g. MoD) is not coming forward quickly enough	2. A housing and infrastructure revolving investment fund, including a strategic partnership with Homes England and a public land programme including Government disposals	This would include prudential borrowing underpinned by local business rates retention, HE investment, first-time stamp duty funding, and potential for expanding Council Tax to undeveloped housing sites.	Unlocking housing sites across Pan-Hampshire – including MoD sites where much of the necessary infrastructure is already installed Additional revenue stream from development, which can be borrowed against to future fund infrastructure
		Regeneration of town and city centres in Hampshire is needed to create vibrant places. Commercial property markets closely linked in Pan-Hampshire (**p29**) – a deal across the whole area can ensure development is not just displacement	3. Strategic planning powers across Pan-Hampshire for commercial and residential property	A spatial framework across Pan-Hampshire looking at housing numbers in the round. Improved and extended regeneration focused CPO powers to support accelerated renewal in city and town centres	Tackle some of the challenges that hinder development in town and city centres, such as difficulties acquiring problematic sites due to complex land-ownership and obstructive landlords.
		Heavy congestion on key roads – average vehicle speeds are 32% below national averages. Reduces benefits of good transport infrastructure (**p40**) Growth areas such as Basingstoke congested Car-dependent population with urgent need to improve public and active modes	4. Stronger public transport co-ordination including integrated multi modal metro area systems for our cities through local road and rail management	A devolved funding pot for work on transport issues. Single local management of road network including the M27 link A more active role in public transport – bus, rail, and ferry – enabling an integrated approach	Improved public transport – moving residents away from cars Sustainable growth supported by sufficient infrastructure Productivity benefits via agglomeration due to better connecting urban centres
		Pan-Hampshire already a major part of Global Britain agenda (**p35-36**) but held back by sites not being able to come forward	5. Early infrastructure investment to optimise Freeport strategic site and growth corridors programme (backed up by single funding pot)	Marketing of the opportunity Aligning R&D funds to sector growth Funding to support unlocking sites	Pan-Hampshire front and centre of Global Britain aspirations as the major centre for international trade

Ambition	Evidence Pan- Hampshire can deliver	The challenge this responds to	Asks	The elements of the ask	What this can deliver
Delivering on **Opportunity**	• Strong health services with all but one NHS Trust that serve Hampshire rated as 'Good by CQC. • Pan-Hampshire has a world class education offer, with four universities and research assets such as the oceanography centre. (**p46**) • Hampshire and Isle of Wight Fire and Rescue Service rated as "good" in keeping people safe and secure from fire and other risks by the HMICFRS.	There is a lack of integration between the provision of different services in Pan- Hampshire, with most local authority assets and land not being used in a co-ordinated and strategic way. This is evidenced by deprivation in access to key services, with many rural parts of Pan- Hampshire in the top 20% most deprived (**p38**).	6. An expanded and re-energised One Public Estate programme to secure maximum benefit from assets and improve services for residents	More flexibility in the Pan-Hampshire's One Public Estate Programme would enable the area to look at all local public buildings and land holdings as one portfolio.	This would facilitate a more strategic local approach around possibilities with sites and planning for delivering services across the area. This would help deliver a joined-up approach to decarbonisation and maximise the benefits of public land and assets for residents.
		There are many communities across Pan-Hampshire where low wages and qualifications are entrenched. This is particularly true for parts of Portsmouth, Southampton and Havant. (**p56-57**) The skill needs of businesses are also rapidly changing and there is an increased need for digital and employability skills that must be met.	7. A new approach to skills and employment – local commissioning powers and devolved budgets, to support green recovery, and a new employment support programme aimed at bringing people into good entry level jobs	This would involve granting strategic local control of funding and post-19 education and skills commissioning to support green recovery as well as a new employment support programme that will be financed via UKSPF to assist with bringing people into entry level jobs.	This ask would support Pan-Hampshire in closing the spatial inequalities across skills, ensuring that all residents have an equal level of opportunity, whilst enhancing the area's ability to meet the shifting demand for skills around digital and the green economy.
		Pan Hampshire has an older and ageing population relative to national average, with 90% of projected population growth to 2026 driven by over 65s (**p50**). This will increase demand on health and social care services. Pan Hampshire faces inequalities around healthy ageing, with lower healthy life expectancy in Gosport, Havant, Portsmouth and Southampton and a 10-year male life expectancy gap between the worst and best performing district (**p58**).	8. Health and Social Care integration including pooled budgets, supporting technical innovation and resolving ICS geography	A more integrated offer on health and care would support improving outcomes and join up residents through: • Pooling and joint oversight of £800m NHS community care and social care services budget • More local flexibility in public health spending and pooling • Piloting reforms to strengthen the social care workforce • Maximising the impact of health innovation with a Health and Care Innovation Hub in the area • Building on strong services across Pan-Hampshire to join up responses to child health and welfare in the community where need is higher	A more tailored and integrated approach to health and social care would help to alleviate spatial inequalities in health across Pan-Hampshire and accelerate new innovations that can be tested across the resident population.

Ambition	Evidence Pan-Hampshire can deliver	The challenge this responds to	Asks	The elements of the ask	What this can deliver
Delivering on **Sustainability**	• Pan-Hampshire has reduced carbon dioxide emissions more rapidly than the UK since 2005 and has lower emissions per person (**p47**) • 93% of the 125 Sites of Special Scientific Interest (SSSIs) in Hampshire in 'favourable' or 'unfavourable recovering' condition (as at 2019), an increase from 84% in 2009	Climate change is the major challenge facing the world, with an urgency to act and major opportunities from zero carbon transition. Large areas of Pan-Hampshire in Flood Zones 2 and 3 – accentuated in the face of Climate Change as heavy rain events become more frequent Coastal flooding along the Solent is a real risk – exacerbated by Climate Change as sea levels rise	9. and 10. New environmental net gain programme to make major contribution towards net zero and environmental enhancement, including a new approach to coastal and river management and environmental resilience	Devolution of relevant Environment Agency powers and rationalisation of the current flood management / resilience areas. A major new business focussed net zero transition support programme, to work alongside our strategic planning proposals, to increase skills and growth opportunities in green construction, aerospace, maritime and other key sectors.	Green jobs and growth. Build on Pan-Hampshire's natural assets - two national parks, 3 AONBs, and 290 miles of coastline (**p44**) Increase nature, and accelerate the shift to net-zero, with Pan-Hampshire leading the UK Long-run climate change resilience in Pan-Hampshire Protection of property from flooding Management of flood risk as Pan-Hampshire develops

Best Deal for Pan-Hampshire

An integrated and nationally important economy

Functional Economic Market Area (FEMA) analysis

Key facts at a glance

Gross Domestic Product (GDP) of **£67.2bn** (**3%** of the UK economy)

40% of inputs sourced from local supply chain

Over **1 million** jobs in Pan-Hampshire

Almost **50%** of the workforce in high-skill occupations, higher than the national average

Nine of the top ten destinations for residents moving house are also in Pan-Hampshire

Population of **2 million**

Strong **transport links** by road, rail and water

86% of working residents work within Pan-Hampshire

Total exports value of **£25.6bn**, with ports supporting UK supply chains

A **distinct sector mix** with shared specialisms across the county including maritime, IT and professional services

Functional Economic Market Area Summary

Pan-Hampshire is a well-connected economy, with strong internal links and many of the characteristics of a Functional Economic Market Area. With a population of 2 million, Gross Domestic Product (GDP) of £67.2bn and over 1 million jobs, Pan-Hampshire boasts a well-connected transport network, an inter-linked labour market and robust local supply chains.

The labour market within Pan-Hampshire is broadly localised with most residents working within the county rather than commuting out. **86% of working residents hold jobs within Pan-Hampshire**. Furthermore, in twelve out of the fourteen local authorities, two out of the top three authorities commuted to for work are within Pan-Hampshire itself, suggesting that primary employment flows are from one part of the Pan-Hampshire geography to another. Winchester, Pan-Hampshire's main administrative centre, attracts a significant number of commuters from the two cities (around 8,000 inward commuters) as well as the northern part of Hampshire. This movement is supported by strong road and rail links between urban areas, particularly those concentrated in the south of the area. However, it should be noted that, particularly in the north of the county, commuting patterns bend away from the county, towards London, Berkshire and Surrey.

The local authorities within Pan-Hampshire have a similar economic composition, with **the industrial structure of all bar one district being more aligned to the Pan-Hampshire average than England as a whole**. There are fourteen broad sectors where over half of the authorities within Pan-Hampshire have a specialisation, with notable shared specialisms across Pan-Hampshire including the manufacture of electrical and digital products, construction and computer programming.

Pan-Hampshire has well developed economic clusters with strong local supply chains. **Pan-Hampshire sources more of its inputs locally than the national average and ranks 5th out of 33 local economies** for doing so, with over half of inputs in many key sectors being sourced locally.

Commercial property markets show strong correlations in values over time in Pan-Hampshire, **with eleven of the fourteen local authorities moving largely in tandem**. Three of the more northerly authorities, however, have movement patterns which more closely align to London and South East averages.

Pan-Hampshire also has an inter-linked housing market. House prices have moved in tandem within the county over the past 25 years and each district has shown a similar pattern of movement, with **all local authorities showing a rate of house price growth within 10% of the Pan-Hampshire average**. Commercial property and rental rates have shown a similar pattern, with high correlation observed between the price trends in each district.

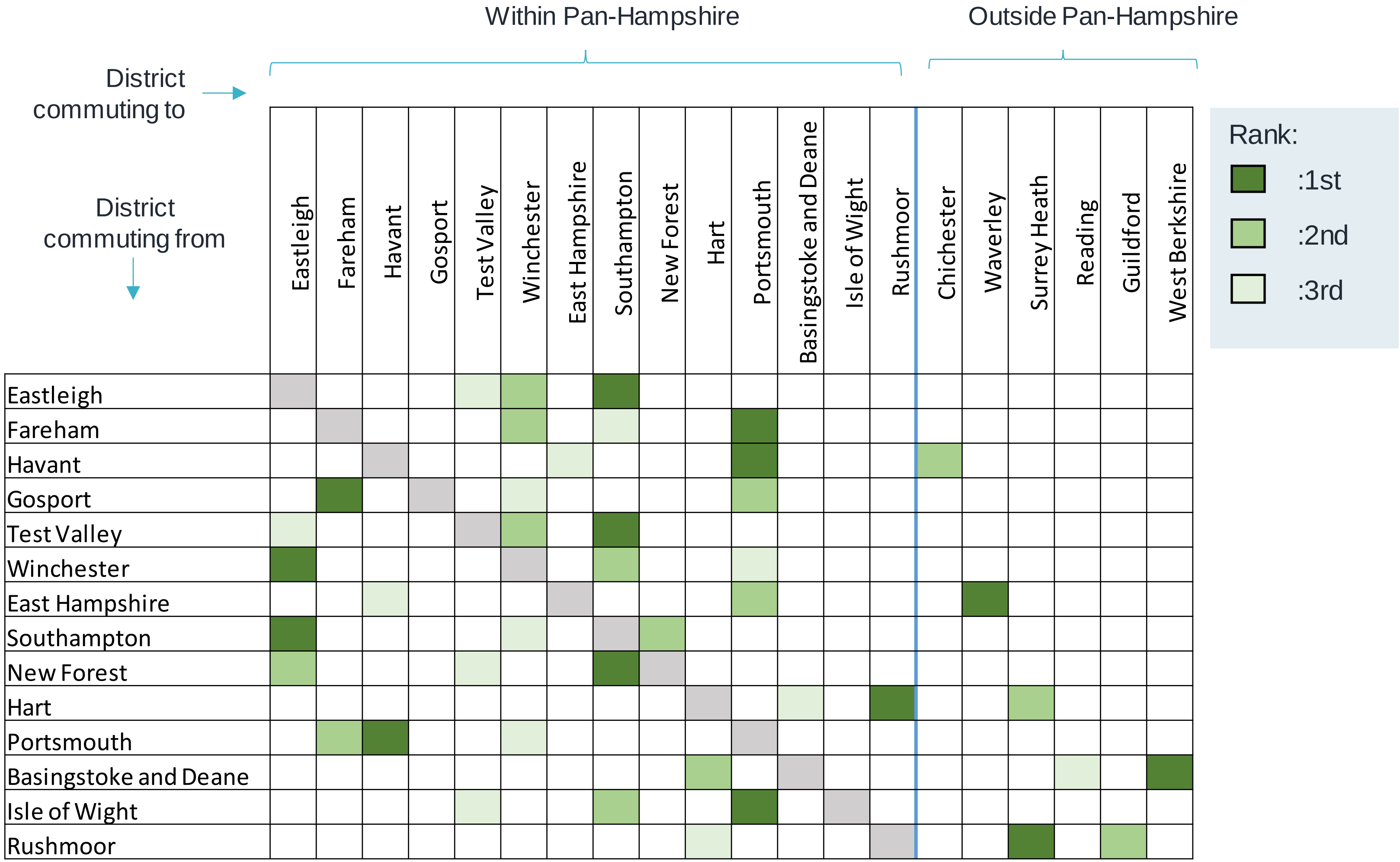
Analysis of house moves data reveals that **nine of the top ten destinations for those moving out of a house in Pan-Hampshire are also in Pan-Hampshire.**

The Pan-Hampshire economy is robust, integrated and interlinked, with clear economic specialisms and good employment opportunities backed by transport infrastructure that facilitates the movement between places in the county and the economic and societal links within it.

1) Labour Markets

Most Pan-Hampshire workers commute internally (1)

Top three commuter destinations for each district



Data Source: Census 2011

Over 85% of Pan-Hampshire's resident workers work within Pan-Hampshire. This is significantly higher in some authorities: Isle of Wight (96% within Pan-Hampshire), Gosport (94%),Southampton (94%), Eastleigh (94%) and Fareham (93%).

This figure reflects similar levels to other FEMAs in the UK, such as Greater Manchester (88%), the Liverpool City Region (82%), and West Yorkshire (91%).

Within Pan-Hampshire, **Portsmouth and Southampton most commonly feature as places to work**, though there is little evidence of commuting between the two, suggesting the urban area in the south of Pan-Hampshire is not yet as well functioning an economy as might be desired.

Winchester, recognised as Pan-Hampshire's main administrative centre draws in workers from both Portsmouth and Southampton, featuring in their top three destinations.

Local authorities that observe smaller proportions of their residents commuting within Pan-Hampshire include those found in the Solent area; Rushmoor (60%), Hart (63%) and East Hampshire (76%). These local authorities, in the north-east of Pan-Hampshire, typically have stronger links to Surrey, Berkshire and London.

From the analysis, urban areas in Pan-Hampshire typically tend to have higher self-containment ratios but observe lower job densities (e.g., Gosport, Southampton, Fareham all below UK average). On the flip side, areas of rurality tend to have lower self-containment ratios but a higher jobs density (e.g., Rushmoor and Hart above the UK average).

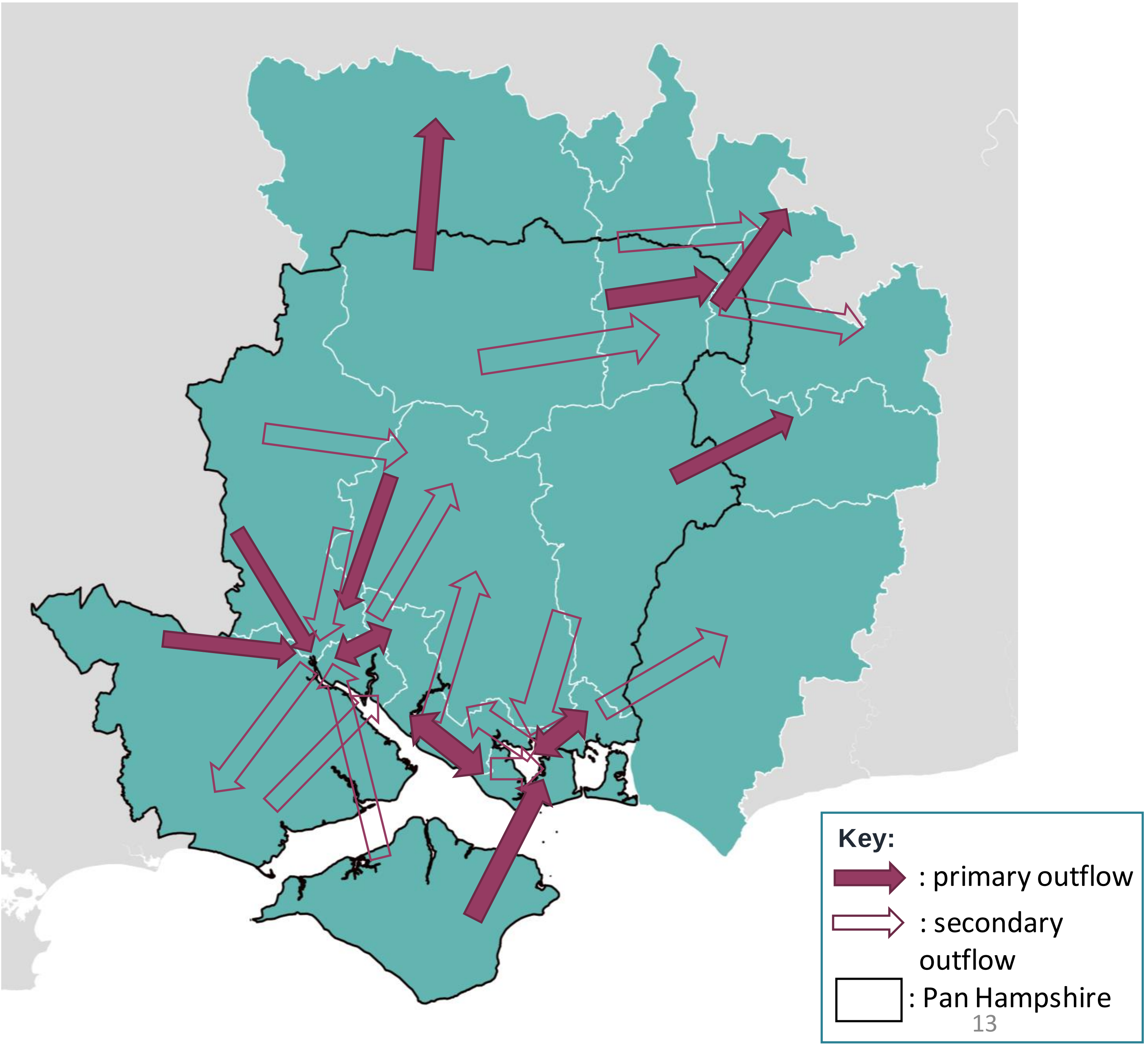
Most Pan-Hampshire workers commute internally (2)

The map to the right shows the first and second most popular commuting destinations from each of Pan-Hampshire's districts, using arrows to indicate movements.

This shows how most of Pan-Hampshire's local authorities have strong commuter links to other local authorities within Pan-Hampshire. There are clusters of cross-commuting between Portsmouth and Southampton, though there appears to be no 'Core City' and commuter hinterland effect in Pan-Hampshire, with the area exhibiting more of a polycentric economic geography.

This also shows how for authorities in the north-east of Pan-Hampshire, connectivity beyond the area's borders are important – with many eastward moves in the direction of London. This shows that Pan-Hampshire doesn't stand alone, but is integrated into the wider South East of England economy.

Primary and secondary destinations across Hampshire



Data Source: Census 2011

Pan-Hampshire is well connected with strong links both within the county and beyond

Pan-Hampshire is a well-connected county, with strong links between urban areas and out into the rural parts of the county. The county is also well connected to urban centres outside of Pan-Hampshire, such as London and Oxford, via motorway (the M3) and rail.

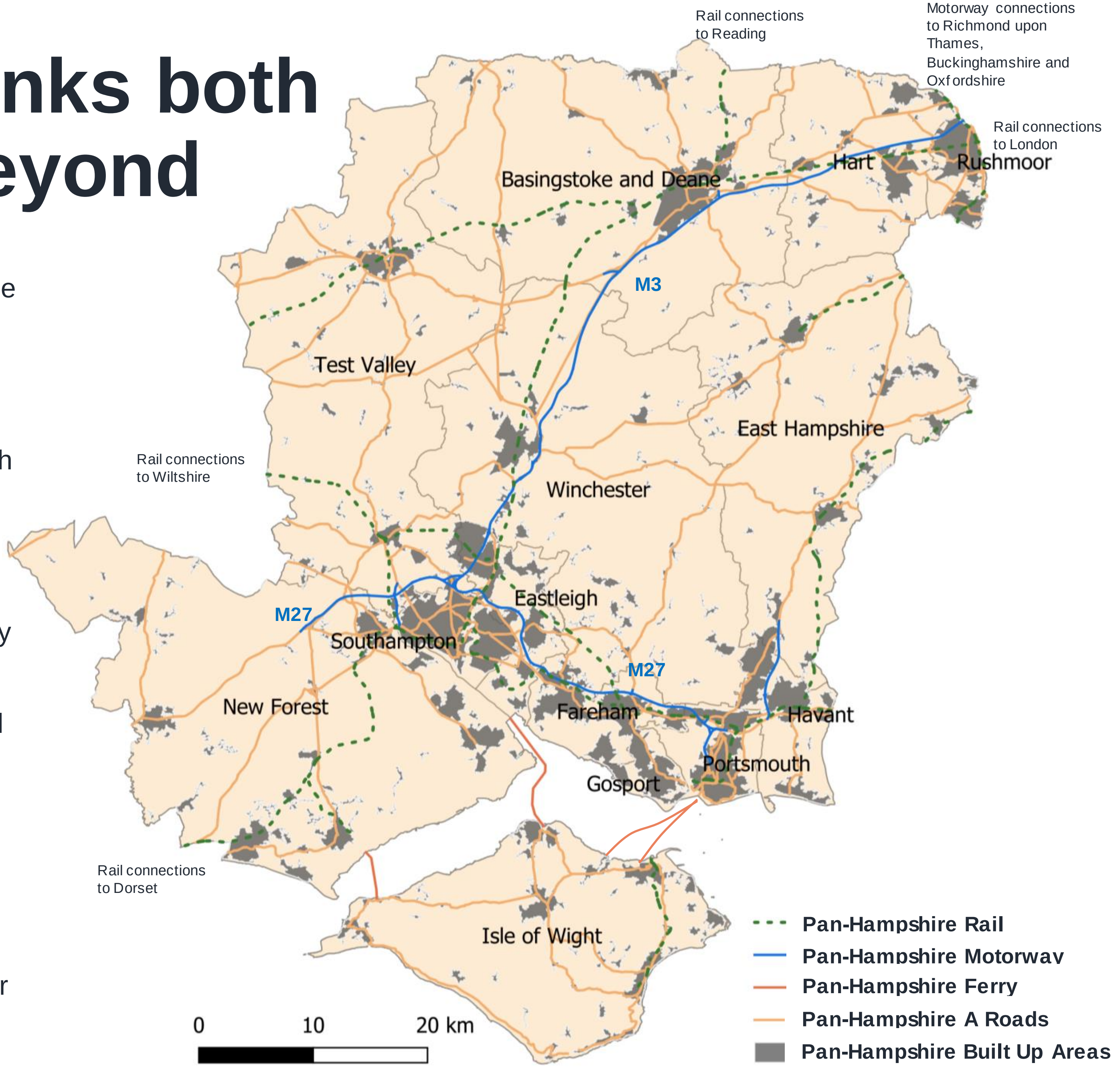
The main built-up areas in Pan-Hampshire are all well connected by road and rail. Southampton, Fareham, Gosport, Havant and Portsmouth all have rail links between them, with links to Basingstoke and Hart. Importantly, there are strong rail and road links between the north and south of the county, reflecting one overall geography with strong links out to London.

Motorway connections are again focused on links across the county (by the M3) and between the urban areas of the south (linked by the M27). The M3 bisects the northern half of the county, and every district (excluding the Isle of Wight) has a section of motorway, with more rural areas in the being well connected by A Roads.

There are also multiple ferry links to the Isle of Wight, providing good connectivity to the mainland region (although unregulated fares mean these are unaffordable for some residents). Pan-Hampshire also has strong international connectivity, with ports at Southampton and Portsmouth, as well as strong air connections, being home to Southampton airport and in close-proximity to Heathrow, Bournemouth and Gatwick airports. All of which provides international connections for both trade and passengers.

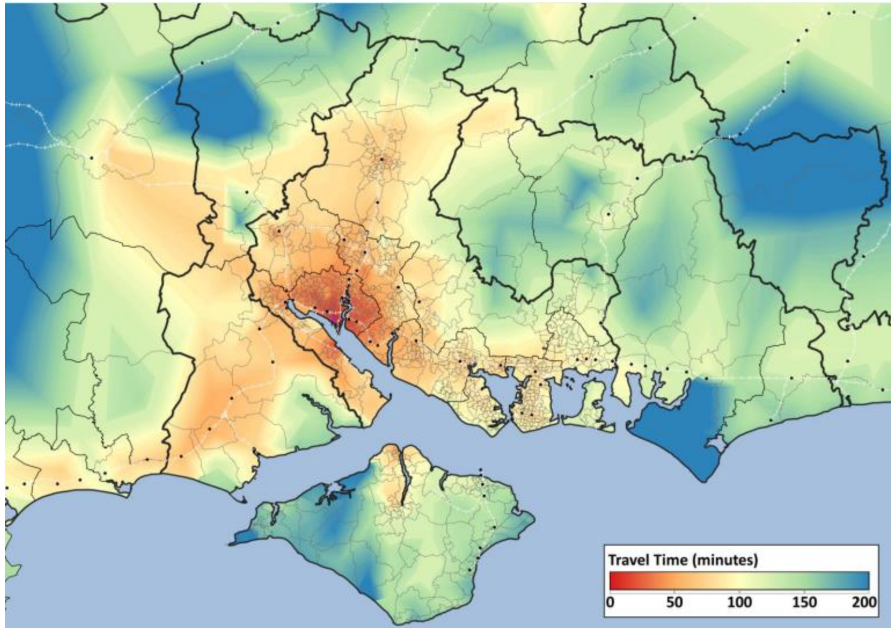
Data Source: Ordnance Survey

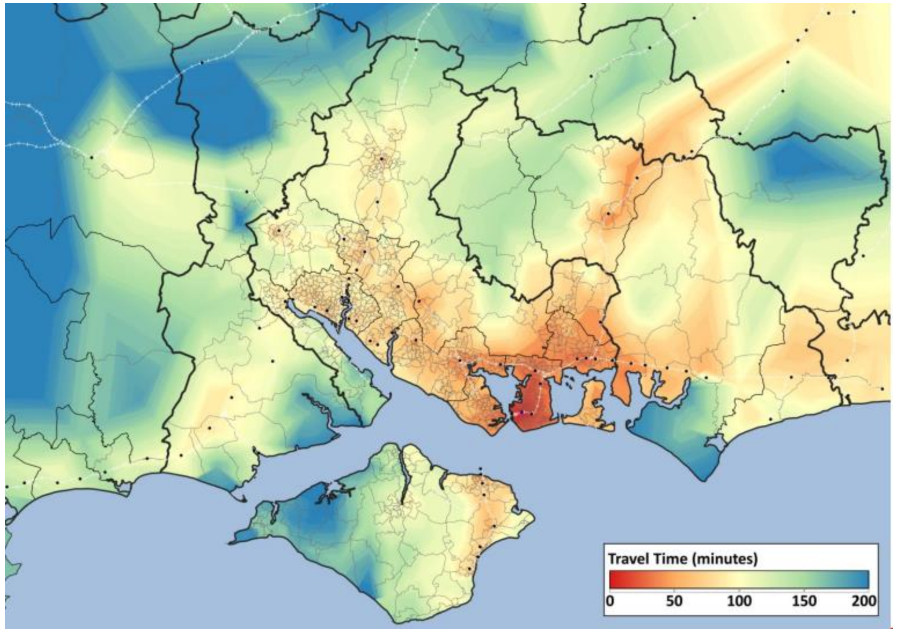
Transport Links in Hampshire



But inadequate infrastructure in the southern part of Pan-Hampshire is causing problems

Modelled public transport times to Southampton City Centre (left) and Portsmouth City Centre (right) in 2041





Data Source: Solent Transport/Systra, Hampshire Strategic Infrastructure Statement (2019)

Nonetheless, there is evidence that infrastructure could be working more effectively. Evidence showing modelled journey times to the city centres of Portsmouth and Southampton reveals that trips between the centres themselves take significantly longer than those northwards, or into the wider hinterland of these cities.

This suggests the area may not be experiencing agglomeration benefits which accrue when shared labour markets allow for more interactions and more efficient use of human capital. **Despite being the sixth biggest urban area in the UK, the southern part of Pan-Hampshire is not achieving its potential**.

With traffic across the Strategic Road Network forecasted to increase 19-55% by 2040, significant investment will be required across Pan-Hampshire to tackle rises in congestion, with key improvement sites identified along the A33 corridor through Basingstoke and Deane and the A34. Strategic transport areas such as Winchester are also operating under a highly constrained road network coupled with capacity problems around its rapidly growing station.

Pan-Hampshire has a higher proportion of high-skilled occupations

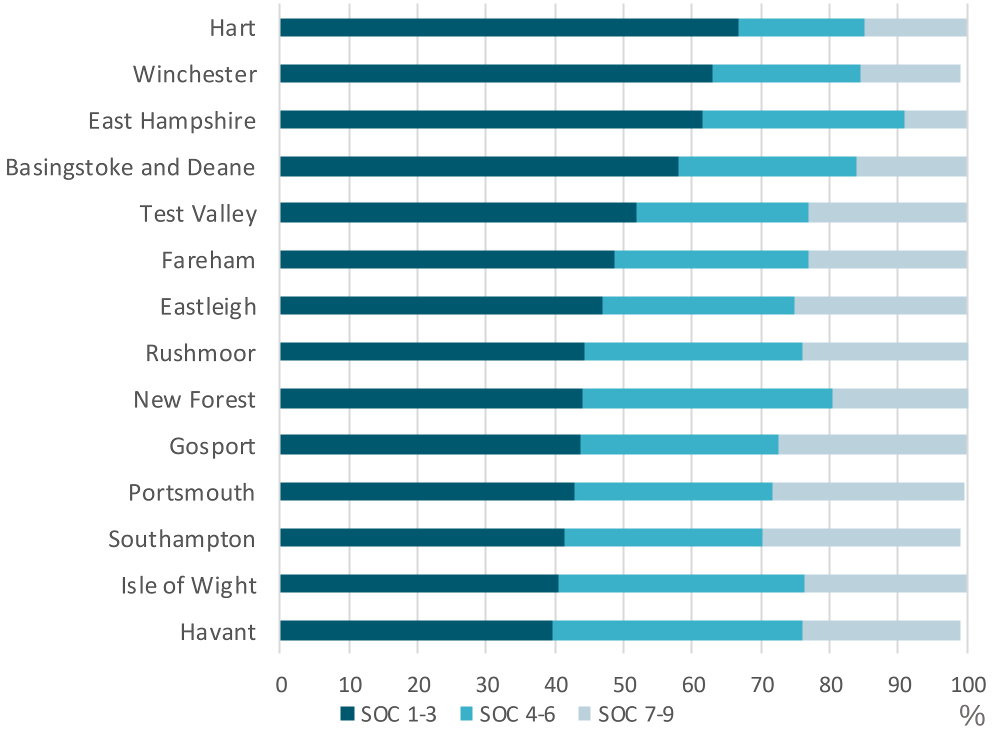
Pan-Hampshire has a higher proportion of employees in higher skill occupations than the UK as a whole, with almost half the workforce in professional occupations.

Standard Occupation Classification (SOC) code 1 is the highest skill band of occupations. **12.1% of employment in Pan-Hampshire is within this band, compared to 11.4% nationally**. Meanwhile **48.6% of employment in Pan-Hampshire is in codes 1-3, ahead of 47.4% in the UK as a whole**. Meanwhile just 21.9% of jobs fall within the lowest three skill bands (7-9) compared to 23.6% nationally.

However, the distribution varies across Pan-Hampshire. In Hart, 2 in 3 workers are in the top three occupations categories, in Havant this is less than 2 in 5.

This is reflective of higher skilled sectors, and workers who are generally being paid above UK average. However, this again varies, with some areas such as Portsmouth and Isle of Wight, having wages well below national averages.

SOC Code Composition of Employment



High-skilled	1: managers, directors and senior officials
	2: professional occupations
	3: associate prof & tech occupations
Intermediate	4: administrative and secretarial occupations
	5: skilled trades occupations
	6: caring, leisure and other service occupations
Low-skilled	7: sales and customer service occupations
	8: process, plant and machine operatives
	9: elementary occupations

Source: Annual Population Survey, Annual Survey of Hours and Earnings. Figures do not sum exactly to 100% due to rounding.

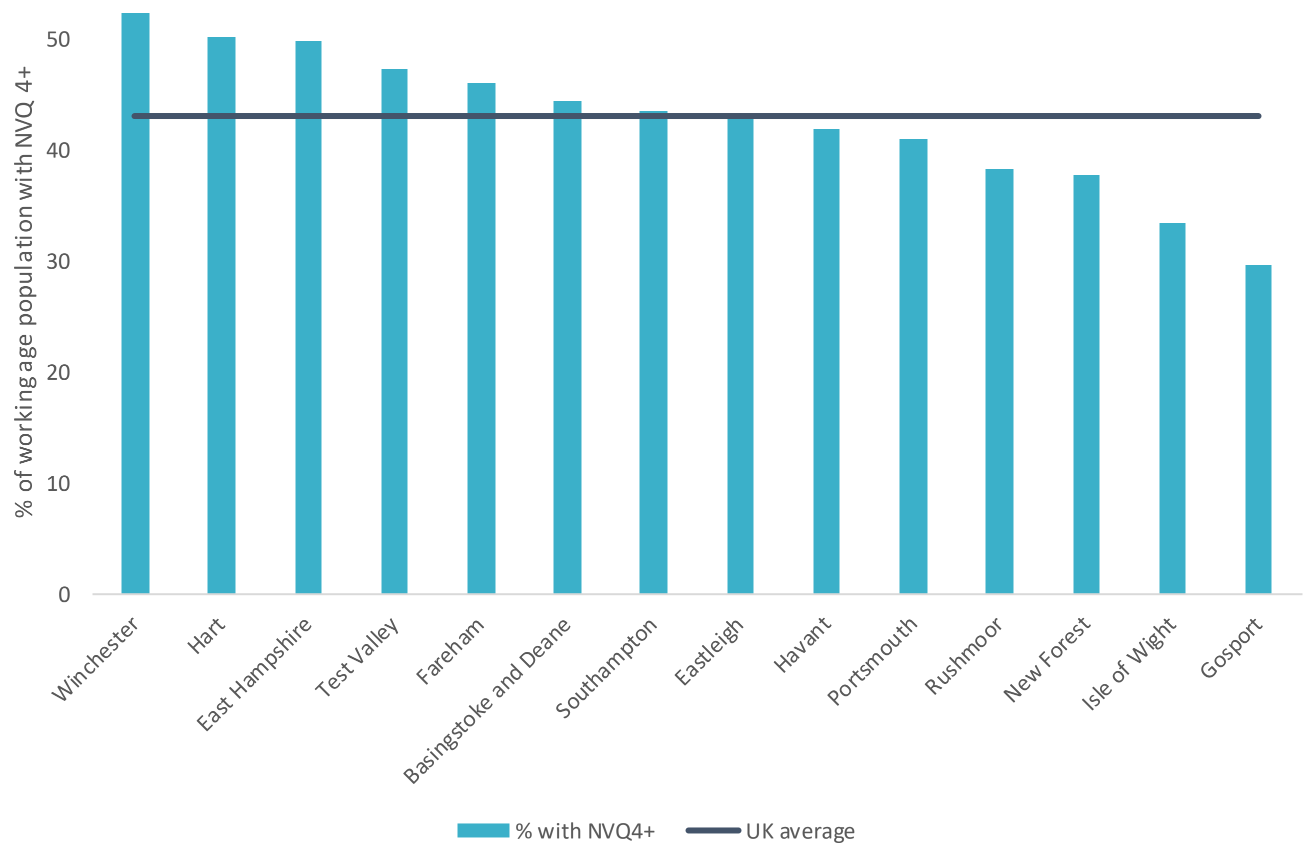
Workforce skill levels vary across Pan-Hampshire

Across the whole of Pan-Hampshire **42.8% of residents aged 16-64 have NVQ 4+ qualifications**, broadly in line with the national average (43.1%).

Within Pan-Hampshire however, skill levels vary between local authorities. **Over 50% of the working age population have NVQ 4+ qualifications in two local authorities**, Winchester and Hart, **whilst the workforce in eight of the fourteen authorities have NVQ 4+ qualifications in line with or above the national average.**

It is notable that the top three authorities for NVQ 4+ qualifications are the same as the top three for senior occupations (Winchester, Hart and East Hampshire), suggesting that this is where the more senior, more qualified workforce is held. It is also important to note however that whilst the qualification distribution is broadly in line with the senior occupations distribution, it does not entirely align, for example – Gosport does not rank bottom for senior occupations, suggesting there is not an entirely symbiotic relationship between qualifications and seniority in Pan-Hampshire.

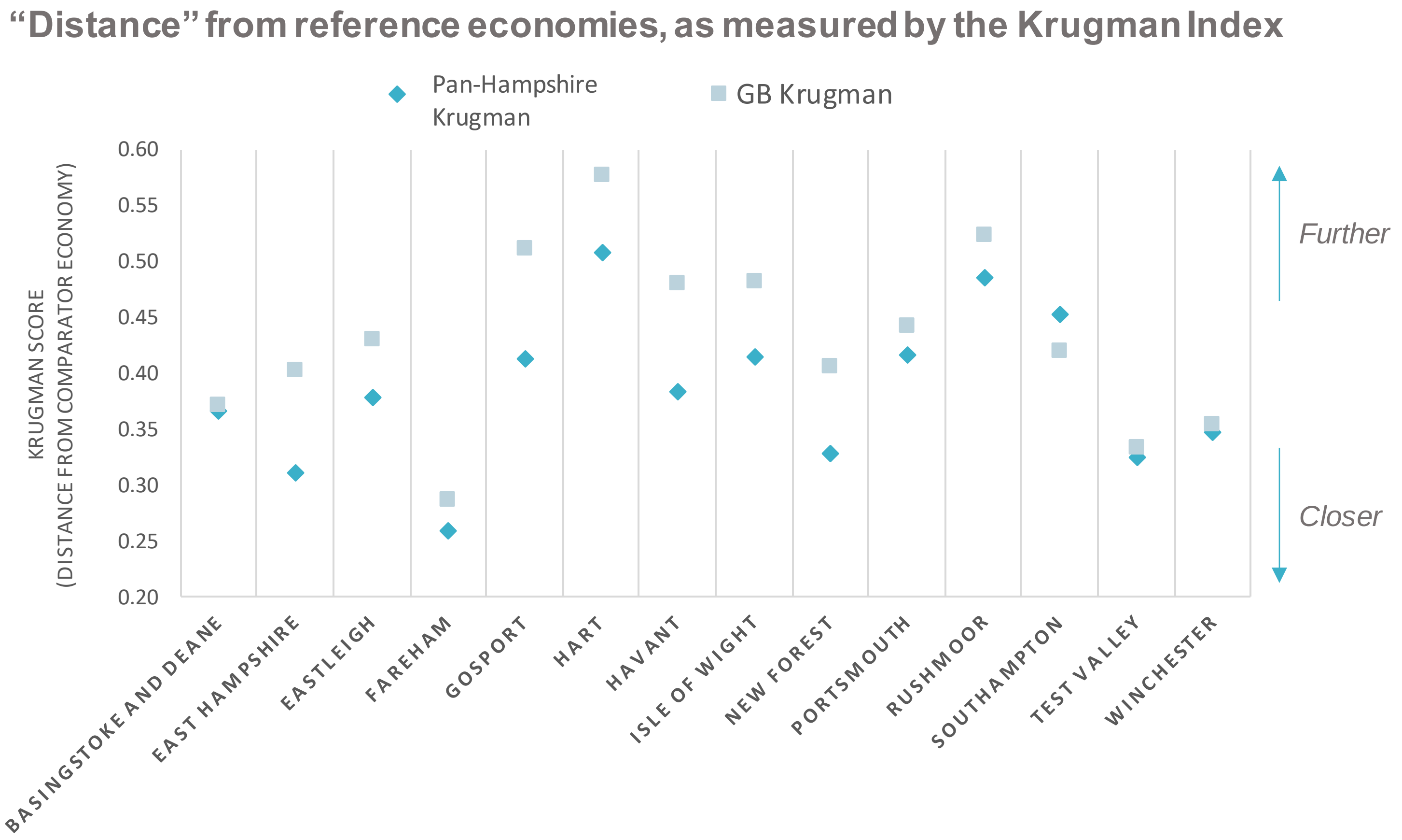
Proportion of 16-64 year old residents with NVQ 4+



Source: Annual Population Survey

2) Industrial Specialisation

Pan-Hampshire local authorities have a similar industrial makeup



The **Krugman index** is a measure of the similarity of an area's industrial make up compared to a wider region. A larger Krugman index value means that the economy is more differentiated to the reference area, a smaller value means the economy is more similar.

To understand whether areas within Pan-Hampshire have meaningfully distinct, shared specialisms, Krugman Index values have been calculated for every district compared to two 'reference economies' – Pan-Hampshire, and Great Britain.

For all local authorities besides Southampton, there is more of a similarity to Pan-Hampshire than to Great Britain, as represented by the Pan-Hampshire Krugman data point being below that of Great Britain. This is especially notable in Gosport, Havant, and East Hampshire

Definition : Krugman index examines the difference between employment proportions across all sectors to give an overall figure for their similarity or difference.

Source: Metro Dynamics analysis of BRES data

Pan-Hampshire has shared specialisms across manufacturing, construction and digital (1)

We can move from the broad picture provided by the Krugman Index to a more industry specific look with Location Quotients (LQs). LQs are a way of analysing which industries are more specialised in an area than in the wider economy hence these industries are important to the local economy.

Here we have looked at LQ at a 2-digit SIC level and analysed where there are commonalities across the Pan-Hampshire geography, that is, where more than half of the authorities have a specialisation (LQ>1) in the industry.

There are fourteen SIC-2 sectors where eight or more authorities in Pan-Hampshire are specialised. Computing and electronics, as well as machinery and equipment repair are specialisms in almost all local authorities of Pan-Hampshire. Other shared specialisms include computer programming, architectural services, wholesale and retail, and a range of manufacturing activities.

Definition: By analysing the difference in employment share between the areas compared to a comparator economy (England has been used here), LQ highlights which industries are important to local economy. If an industry's LQ is higher than 1, it shows that the industry is locally specialised compared to the comparator economy.

Number of Local authorities with LQ>1	Industry (SIC-2)
12	Manufacture of computer, electronic and optical products
12	Repair and installation of machinery and equipment
11	Manufacture of electrical equipment
11	Retail trade, except of motor vehicles and motorcycles
10	Specialised construction activities
10	Wholesale and retail trade and repair of motor vehicles and motorcycles
10	Computer programming, consultancy and related activities
10	Veterinary activities
10	Residential care activities
9	Architectural and engineering activities; technical testing and analysis
9	Other personal service activities
8	Manufacture of machinery and equipment n.e.c.
8	Manufacture of other transport equipment
8	Other manufacturing
8	Construction of buildings
8	Rental and leasing activities
8	Sports activities and amusement and recreation activities

Source: Metro Dynamics analysis of BRES data

Pan-Hampshire has shared specialisms across manufacturing, construction and digital (2)

The table below shows the location quotients (LQs) across these fourteen sectors. Some, such as wholesale and retail, have small specialisms across many local authorities. Others, such as repair and installation of machinery, are held across many areas, but particular places stand out – Gosport and Portsmouth in this case.

LQ above 1 (more specialised locally than nationally) | LQ below 1 (less specialised locally than nationally)

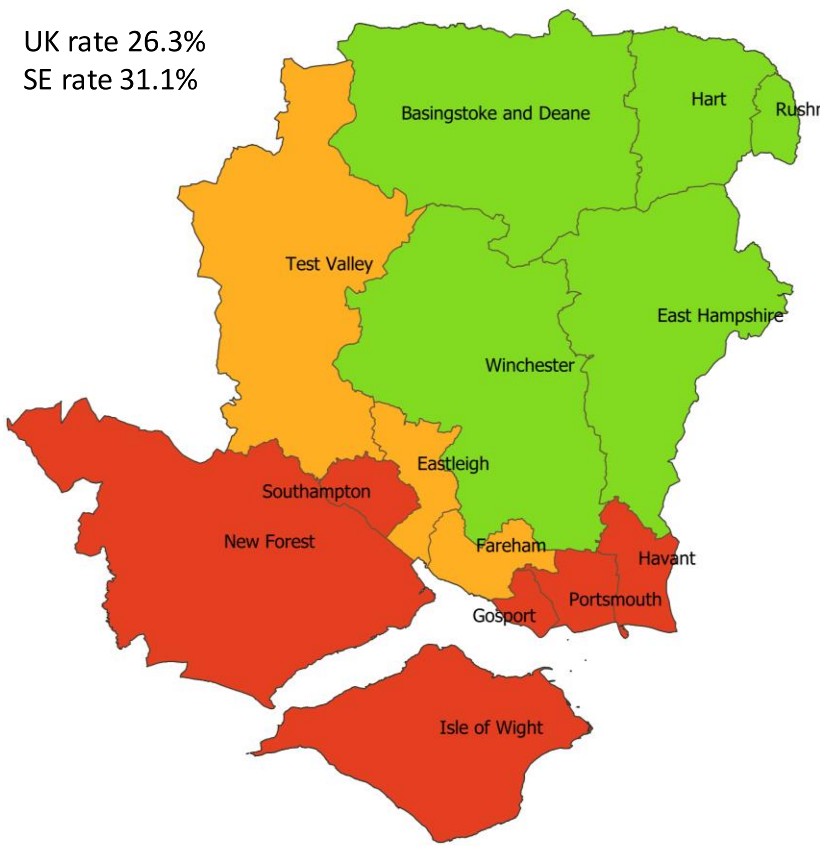
	Manufacturing						Local services, Construction, and Real estate										
Industry	Manufacture of computer, electronic and optical products	Manufacture of electrical equipment	Manufacture of machinery and equipment n.e.c.	Manufacture of other transport equipment	Other manufacturing	Repair and installation of machinery	Construction of buildings	Specialised construction activities	Rental and leasing activities	Architectural & engineering activities; technical testing and analysis	Wholesale and retail trade	Retail trade, excl vehicles	Veterinary activities	Residential care activities	Sports, amusement, and recreation	Other personal service activities	Computer programming & consultancy
Basingstoke and Deane	2.91	1.38	0.78	0.40	1.27	0.83	1.48	1.06	1.19	1.08	1.16	1.01	1.68	1.06	1.38	1.02	1.82
East Hampshire	1.88	3.88	1.13	0.25	1.25	1.60	1.22	1.18	0.96	0.95	1.35	1.04	3.85	1.82	0.57	1.76	1.32
Eastleigh	3.53	3.86	0.94	3.38	11.90	3.36	0.95	1.43	1.53	1.19	1.59	1.38	1.61	1.29	1.01	0.96	1.31
Fareham	4.26	1.06	2.22	4.63	0.81	1.45	1.04	1.56	1.14	1.03	1.36	1.00	0.96	1.43	0.97	1.31	1.10
Gosport	0.71	0.33	1.07	1.63	0.72	7.90	0.82	1.27	0.33	1.22	0.82	1.18	1.39	2.76	1.04	1.53	0.40
Hart	4.08	4.60	0.36	0.12	0.21	0.82	1.11	1.15	0.80	1.27	1.35	0.72	2.40	1.09	0.59	2.45	2.48
Havant	4.21	2.51	3.90	1.98	0.56	1.79	1.11	1.78	1.08	0.62	1.05	1.39	2.72	1.75	0.94	1.18	1.02
Isle of Wight	3.48	3.73	2.90	4.36	1.30	1.25	0.92	0.74	0.57	0.97	0.97	1.36	2.25	2.07	1.47	1.50	0.38
New Forest	1.08	0.12	0.65	2.08	1.01	2.00	1.68	1.35	1.84	1.21	1.22	1.07	2.79	1.97	2.15	1.23	0.62
Portsmouth	1.32	1.74	1.59	4.03	0.23	6.18	0.60	0.86	1.24	0.40	1.26	1.13	0.72	0.56	1.04	0.87	1.11
Rushmoor	3.66	1.13	1.61	1.15	0.40	2.87	0.71	1.26	2.26	1.60	1.89	0.88	0.66	0.78	0.82	0.70	4.34
Southampton	0.56	1.33	0.30	0.85	1.49	1.67	0.63	0.76	0.62	0.58	0.94	1.05	0.73	0.90	1.12	1.22	0.56
Test Valley	2.53	2.85	2.49	0.90	1.81	1.47	1.00	1.19	2.00	2.41	1.10	1.16	1.25	1.16	1.01	0.99	1.05
Winchester	1.58	0.49	0.76	0.04	3.17	1.14	1.36	0.71	0.90	1.20	0.83	1.66	2.46	0.86	0.62	0.78	1.78

Source: Metro Dynamics analysis of BRES data

Concentration of Knowledge Intensive sector varies across Pan-Hampshire

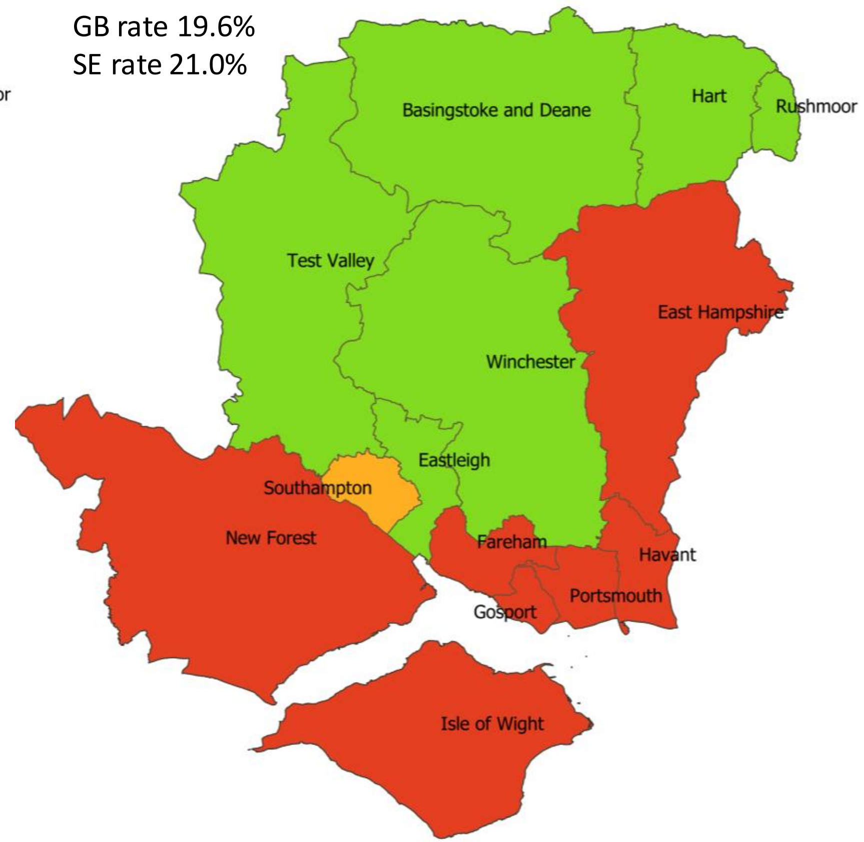
Enterprises

UK rate 26.3%
SE rate 31.1%



Employees

GB rate 19.6%
SE rate 21.0%



=> SE rate | => UK rate, but < SE rate | <UK Rate

The two maps show the concentrations of Knowledge intensive businesses and employment across Pan-Hampshire (Hampshire 2050 economy report).

Pan-Hampshire has around 25,000 knowledge intensive businesses employing 163,000 workers. Areas in the north and centre of Pan-Hampshire better serve this part of the wider economy, with relatively higher concentrations of businesses/employment in KIBS. Relatively poor performing districts such as Havant in the south, have lower shares of KIBS, with a greater dependency on manufacturing.

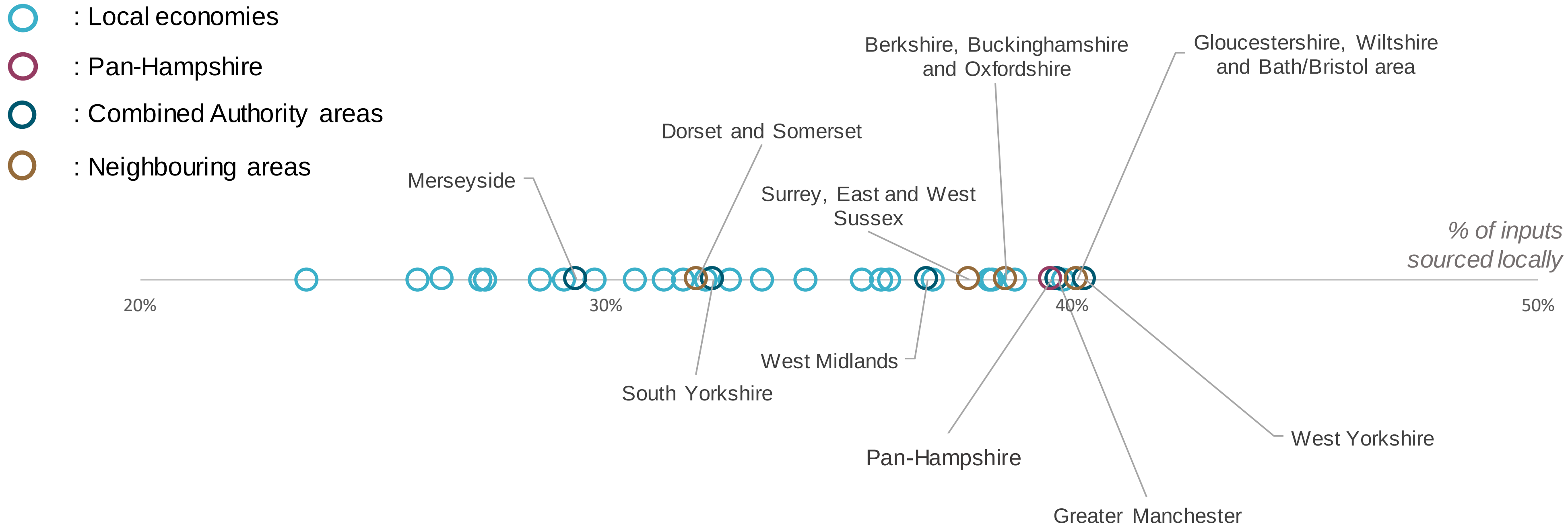
This shows how, though, there are shared sectors across Pan-Hampshire, different specialisms between areas create an interdependent set of economic linkages.

Source: Hampshire County Council (Commission of Inquiry Vision for Hampshire 2050)

Pan-Hampshire has well developed supply chain clusters

Pan-Hampshire ranks 5th out of 33 local economies in England for sourcing goods locally, **with 39.6% of inputs being sourced from within Pan-Hampshire itself.**

This implies that Pan-Hampshire is a more self-sufficient region of the UK than most other areas, including some areas which have devolution to Combined Authorities – such as South Yorkshire and Merseyside (the Liverpool City Region). Pan-Hampshire also has higher rates of goods sourced locally than most surrounding areas – Dorset and Somerset, Surrey, East and West Sussex, and Berkshire, Buckinghamshire and Oxfordshire.



Data Source: Modelled data using UK Input-Output tables, the Business Register and Employment Survey and ONS regional GVA data, whilst drawing heavily on the work of Flegg and Tohmo, 2013. More details in the Appendix.

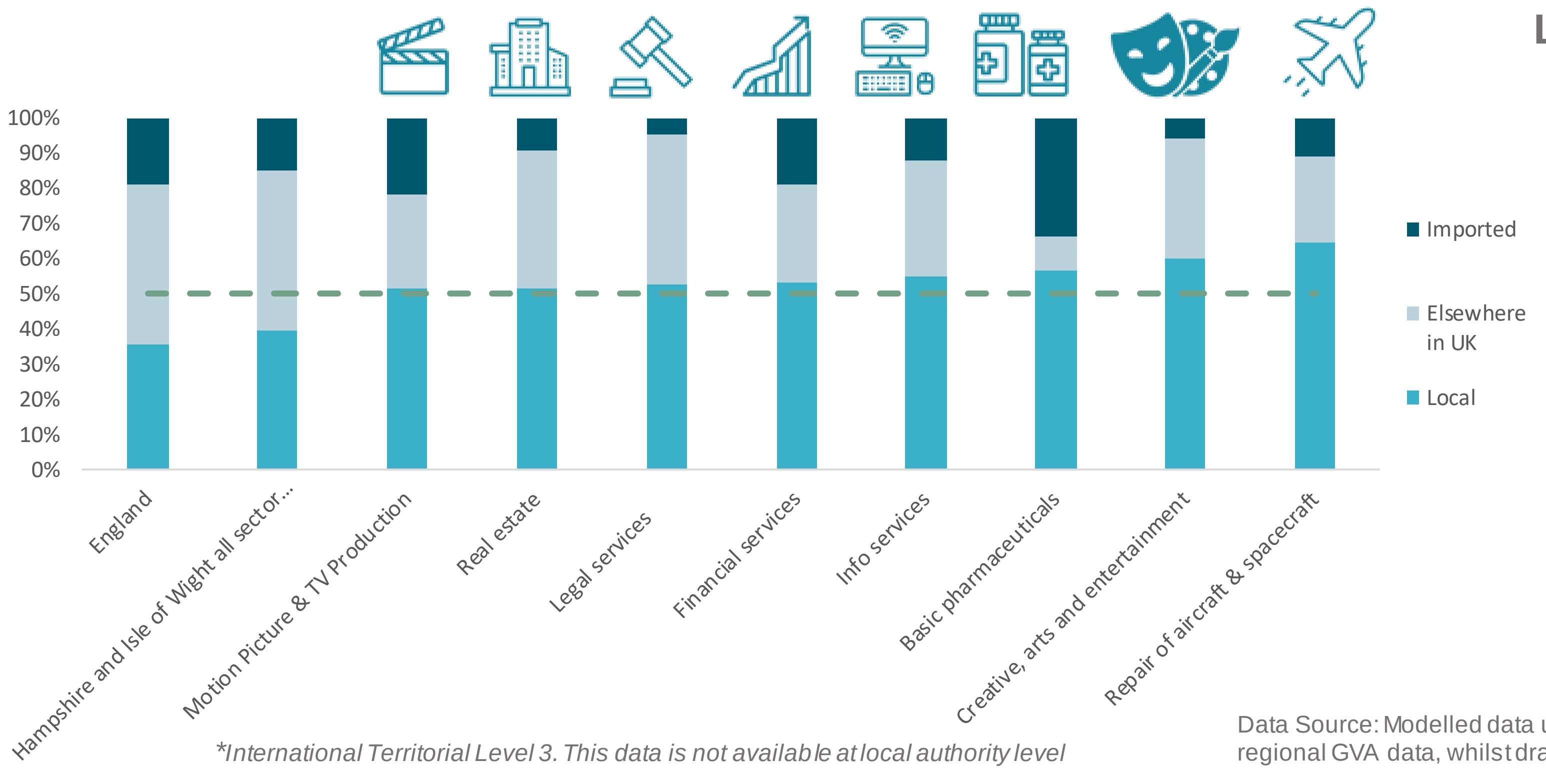
Pan-Hampshire has strong supply chain linkages in key sectors

To understand the links between businesses, novel modelling of supply chains has been carried out, based upon Flegg and Tohmo's work on regional input-output tables. This analysis has been produced for ITL 2* regions in England. This examines the quantity of goods and services needed by each subsector, and the ability of local places to supply them.

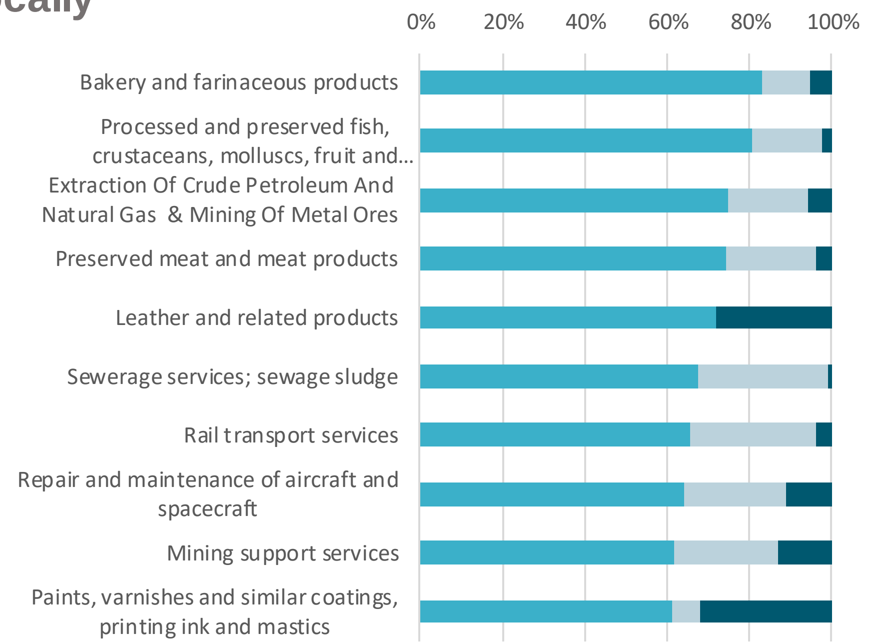
Of 128 sectors assessed, 36 source 50% or more of their goods locally, showing the wide and varied nature of Pan-Hampshire's local supply chains. Local food and production has a predictably higher proportion of goods sourced locally, with the manufacturing and chemical sectors sourcing the lowest proportion locally.

The chart on the right shows the top ten sectors for sourcing goods locally. The full list of sectors can be found in the appendix. The graph on the left shows the composition of inputs for key sectors within Pan-Hampshire, **all of which source a higher proportion of inputs locally than the national average** across all sectors.

Proportion of inputs in supply chain by source, for key sectors



Top 10 Sectors For Sourcing Inputs Locally



*International Territorial Level 3. This data is not available at local authority level

Data Source: Modelled data using UK Input-Output tables, the Business Register and Employment Survey and ONS regional GVA data, whilst drawing heavily on the work of Flegg and Tohmo, 2013. More details in the Appendix.

3) Property markets

Housing prices have grown together but the affordability gap has widened

As house prices in Pan-Hampshire have increased, they have done so **in tandem**. The pattern of house price increases over the past 25 years has been broadly the same across all local authorities in Pan-Hampshire. This is shown in the log scale graph to the right, which takes growth rates into account, and shows a similar trend across Pan-Hampshire and compared to the UK as a whole.

However, as multiple local authorities within Pan-Hampshire had higher house prices to begin with in 1995, the same growth rate now sees them further ahead in absolute terms of the UK as a whole, as shown in the absolute graph below.

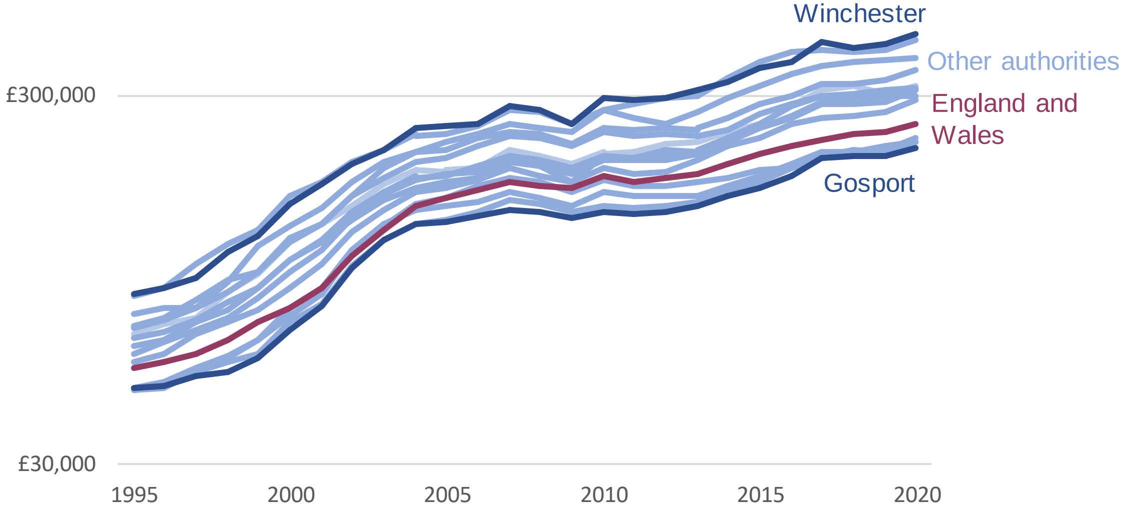
This means that **many local authorities within Pan-Hampshire have become less affordable to live in**. Winchester, where house prices in 2020 were highest, now has an affordability ratio (median house price to median income) of **12.3** (1997: 5.6), substantially higher than in the UK as a whole (7.7), making it one of the least affordable places to live outside of London.

Housing in Pan-Hampshire can be categorised into three groups (see graph):

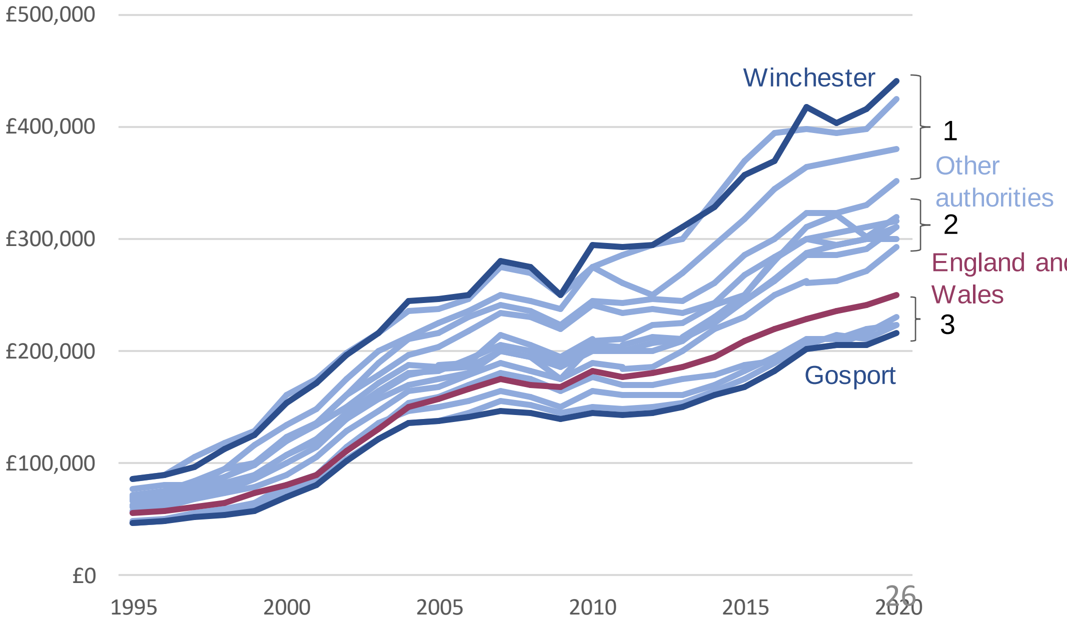
1. **House prices significantly (>40%) above the national average**: Winchester, Hart, East Hampshire, New Forest
2. **House prices above the national average**: Basingstoke and Deane, Test Valley, Fareham, Rushmoor, Eastleigh, Havant
3. **House prices below the national average**: Southampton, Isle of Wight, Portsmouth, Gosport

Part of the reason for house prices in Pan-Hampshire being so high is that housing supply is significantly constrained by the rural geography of Pan-Hampshire, whereas demand has remained high, and the inter-linked housing market has seen this push house prices up across Pan-Hampshire.

Median house prices in Pan-Hampshire authorities, 1995-2020 (log scale)



Median house prices, 1995-2020 (linear scale)



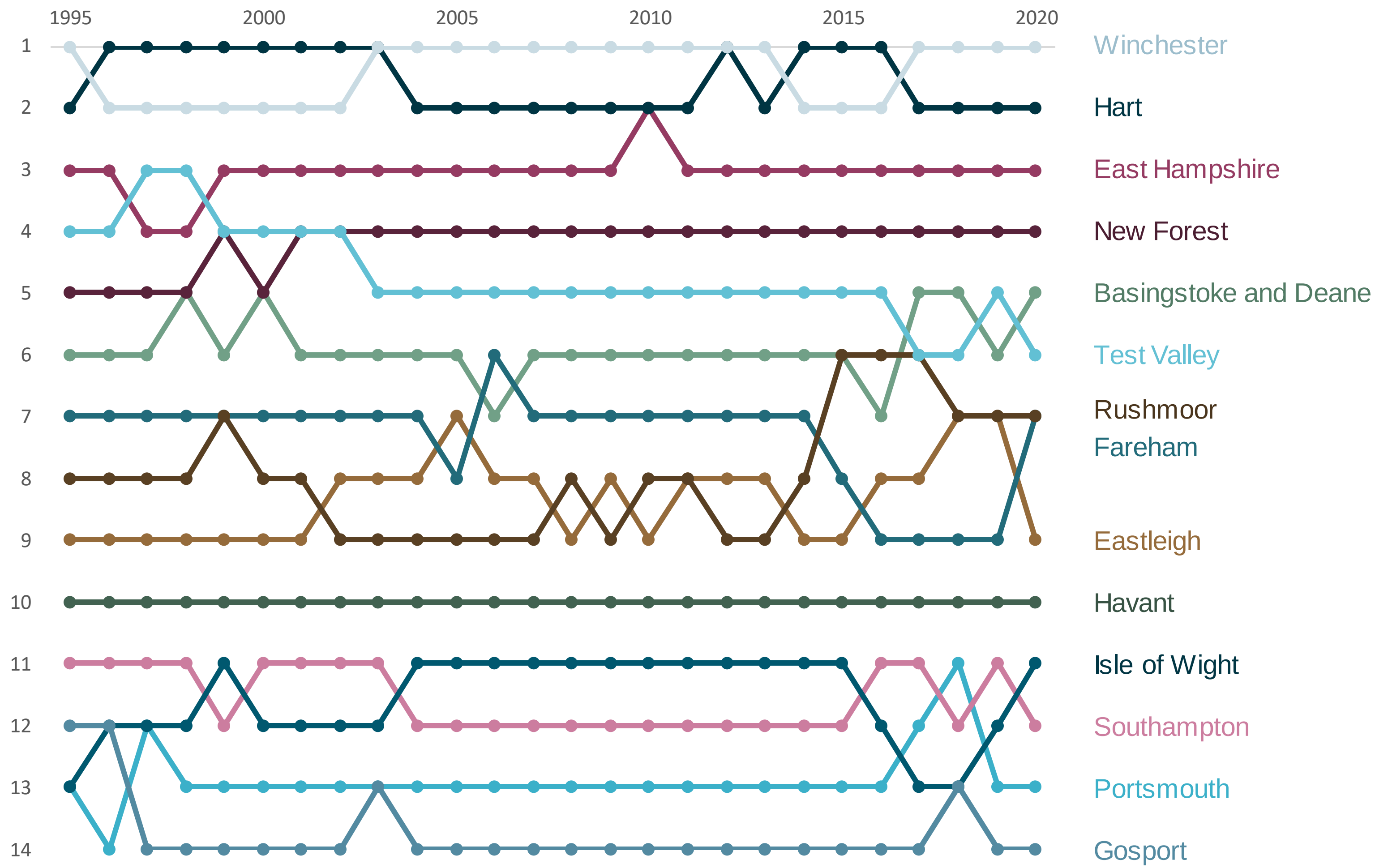
Data source: ONS median house price data

The structure of the housing market moves in tandem

Another indication that housing markets are broadly integrated in Pan-Hampshire is that the ranking of local authorities has remained largely consistent over time.

When ranked out of the fourteen local authorities**, seven have remained in the same rank position within the county** from the beginning to the end of the 25-year period shown. The maximum change seen in any local authorities across 25 years is 3 rank positions – some, such as Hart, New Forest, and Winchester have moved within one place, and Havant has remained in 10th place throughout. This shows that, even as house prices have grown rapidly (and despite uneven housing provision), the structure of the market has remained consistent, with house prices moving as part of a structure.

Rank of median house prices for local authorities within Pan-Hampshire, 1995-2020



Data source: ONS median house prices for administrative geographies

People moving house often remain within Pan-Hampshire

When people in Pan-Hampshire move to a different Local Authority area, the most common places they move to are also in Pan-Hampshire. The graphic below shows the five most common destinations that people who leave each Local Authority in Pan-Hampshire move to, and whether they are in Pan-Hampshire or not. **Three out of the top five destinations from twelve** (out of the fourteen) **local authorities are all other authorities within Pan-Hampshire**. Across the whole county, nine out of ten of the top local authorities moved to are within the historic county. This again illustrates how linked Pan-Hampshire is as a county, that in almost all the individual authorities, the most common places people move to are other parts of Pan-Hampshire, suggesting it is a place people want to remain living in, and live in various different parts of. 35.4% of people who move to a local authority in Pan-Hampshire already lived elsewhere in the county.

Five most common destinations moved to from local authorities within Pan-Hampshire

Source: ONS Internal Migration Detailed Estimates, [2019]

Strongly correlated markets for retail space across most of Pan-Hampshire

The analysis below show the correlations between movements in rental values for retail space over time. Correlations above 0.5 are shown in green, which indicates that markets move in parallel, with the markets in both areas displaying rises and falls in unison. This in turn suggests that firms occupying these spaces view other areas as strong substitutes, with correlated areas forming a broader market structure which moves in parallel.

Very high levels of correlation are seen across most of Pan-Hampshire. Eleven of the fourteen local authorities have close to perfect correlation with each other (a value of 1). They also show similar movement patterns to Swindon. We do, however, see that in three of the north-eastern authorities – Basingstoke and Deane, Hart, and Rushmoor – correlations are much weaker with the rest of Pan-Hampshire, but strong with one another, and with other regional comparators across the South East – Kent, London, Surrey and Sussex. This suggests that while most of Pan-Hampshire has a shared commercial property market, in some of the northern areas the influence of London is more pronounced, with these places functioning as part of the wider London property market.

Correlation > 0.5 | Correlation between 0.5 and -0.33 | Correlation below -0.33

	Basingstoke & Deane	*East Hampshire*	*Eastleigh*	*Fareham*	*Gosport*	*Hart*	*Havant*	*Isle of Wight*	*New Forest*	*Portsmouth*	*Rushmoor*	*Southampton*	*Test Valley*	*Winchester*
Basingstoke & Deane		-0.17	-0.61	-0.51	0.03	0.98	-0.22	-0.03	-0.10	-0.36	0.99	-0.66	-0.29	-0.27
East Hampshire	-0.17		0.85	0.92	0.98	-0.05	1.00	0.98	1.00	0.97	-0.07	0.84	0.99	0.99
Eastleigh	-0.61	0.85		0.97	0.71	-0.51	0.88	0.77	0.80	0.94	-0.53	0.98	0.90	0.91
Fareham	-0.51	0.92	0.97		0.82	-0.41	0.95	0.86	0.89	0.98	-0.42	0.97	0.96	0.96
Gosport	0.03	0.98	0.71	0.82		0.15	0.95	0.99	0.99	0.90	0.13	0.70	0.93	0.94
Hart	0.98	-0.05	-0.51	-0.41	0.15		-0.11	0.08	0.03	-0.25	0.99	-0.56	-0.17	-0.16
Havant	-0.22	1.00	0.88	0.95	0.95	-0.11		0.97	0.98	0.99	-0.13	0.87	0.99	1.00
Isle of Wight	-0.03	0.98	0.77	0.86	0.99	0.08	0.97		0.99	0.94	0.06	0.75	0.95	0.96
New Forest	-0.10	1.00	0.80	0.89	0.99	0.03	0.98	0.99		0.95	0.00	0.79	0.97	0.97
Portsmouth	-0.36	0.97	0.94	0.98	0.90	-0.25	0.99	0.94	0.95		-0.27	0.93	0.99	0.99
Rushmoor	0.99	-0.07	-0.53	-0.42	0.13	0.99	-0.13	0.06	0.00	-0.27		-0.58	-0.20	-0.17
Southampton	-0.66	0.84	0.98	0.97	0.70	-0.56	0.87	0.75	0.79	0.93	-0.58		0.90	0.89
Test Valley	-0.29	0.99	0.90	0.96	0.93	-0.17	0.99	0.95	0.97	0.99	-0.20	0.90		0.99
Winchester	-0.27	0.99	0.91	0.96	0.94	-0.16	1.00	0.96	0.97	0.99	-0.17	0.89	0.99	
Kent	0.99	-0.08	-0.54	-0.43	0.12	0.99	-0.14	0.05	-0.01	-0.28	1.00	-0.59	-0.21	-0.18
London	0.99	-0.06	-0.52	-0.42	0.14	0.99	-0.12	0.07	0.01	-0.26	1.00	-0.58	-0.19	-0.16
Surrey	0.99	-0.07	-0.53	-0.42	0.13	0.99	-0.13	0.07	0.00	-0.27	1.00	-0.59	-0.20	-0.17
Swindon	-0.46	0.95	0.97	0.99	0.85	-0.35	0.97	0.89	0.91	0.99	-0.37	0.96	0.97	0.98

Source: Metro Dynamics analysis of CoStar data

Conclusion

Pan-Hampshire has many of the trademarks of a functional economic market area, though this is not always in a completely straightforward way:

- It has a high degree of self-containment with regard to its travel to work areas as well as other FEMAs such as Greater Manchester and Liverpool City Region.
- It has good transport connectivity linking the county, though some challenges limit the potential of the major urban area on the south coast
- It has a similar occupational structure with a high proportion of highly skilled occupations
- It has a breadth of shared specialisms, with strong supply chain linkages
- Its housing markets are interconnected, though affordability gaps have widened significantly over the last 25 years
- Its retail space markets are interconnected, with the exception of the three more northerly local authorities, which are better aligned to London/SE averages

This leaves Pan-Hampshire in a strong position to make the case for new powers in a County Deal, both to build on its shared strengths – and to tackle some of the challenges and barriers which prevent Pan-Hampshire from being what it can be. The analysis does not prescribe one particular approach that needs to be taken, but allows room for a variety of different approaches.

Best Deal for Pan-Hampshire

A unique and strong combination of assets

Strategic Assets Review

The key assets on a page

A £67bn economy with specialisms including maritime, aviation and aerospace

A prime international gateway centred on the two major ports, Europe's premier business airport (Farnborough) and Southampton International Airport

The heart of the UK's defence sector across armed, naval, and air forces

Housing development opportunities with 46,000 outstanding permissions

A world class higher education offer with four universities and research assets including the National Oceanography Centre

785,530 visitors in 2019 (up 21% from the previous year)

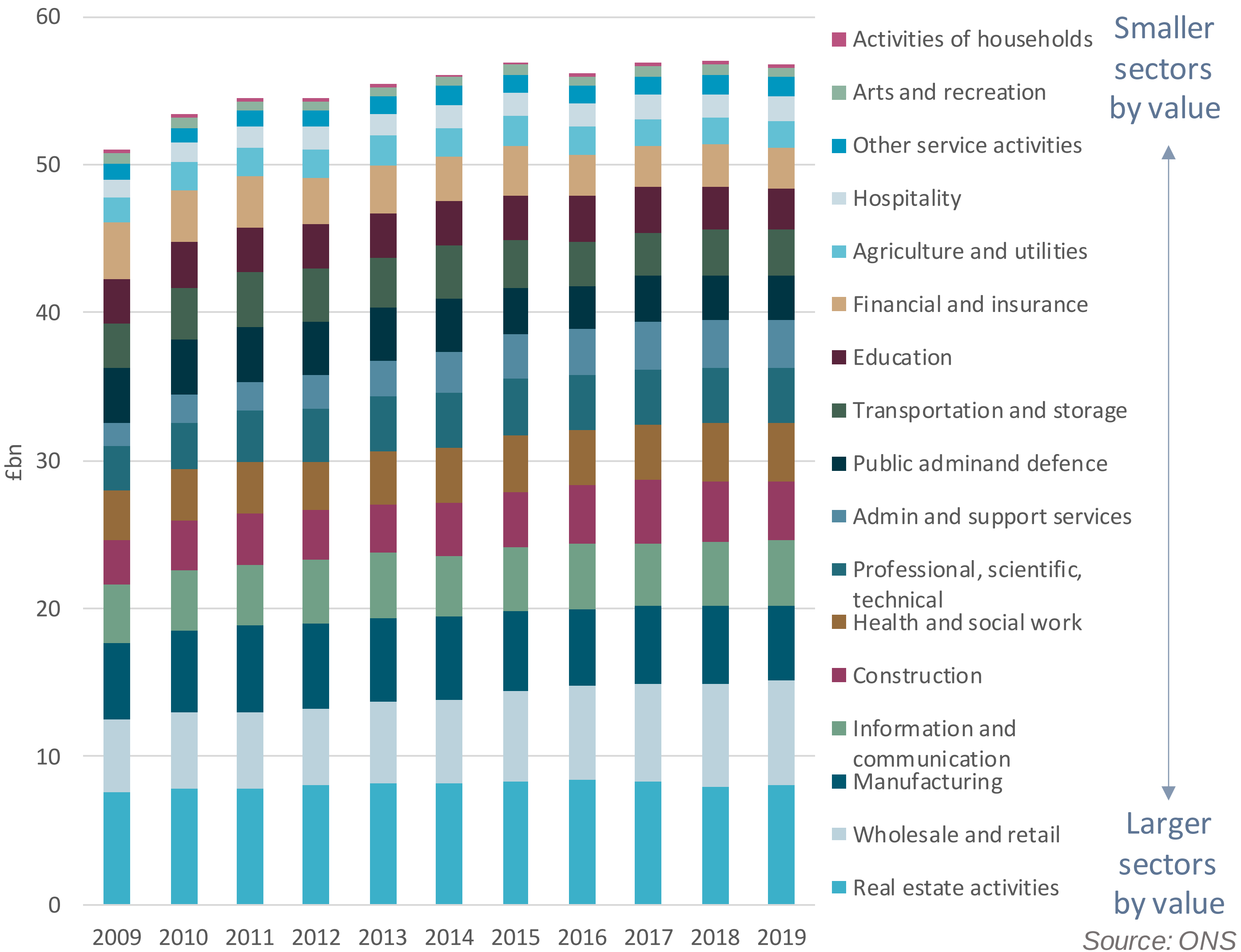
Comprehensive transport infrastructure by road, rail and water

Unique environmental assets with two national parks, three AONB, and 290 miles of coastline

CO2 emissions are lower than average and falling faster

A £67bn economy with a broad range of specialisms

GVA by sector (£bn – 2018 prices) in Pan-Hampshire, 2009 – 2019



Pan-Hampshire's economy produces an output of £67.2bn in GDP or £56.8bn Gross Value Added (GVA – 2019 value). **This is 3% of the whole UK economy.** Pan-Hampshire recovered strongly from the financial crisis with 10% growth between 2009 and 2014. However, Pan-Hampshire has seen a slow-down since then of only 1.3% growth between 2009 and 2014. This reflects the "productivity puzzle" being seen in much of the UK.

Many of Pan-Hampshire's largest sectors are in professional services – property (£8.1bn), information and communication (£4bn), professional, scientific and technical activities (£3.7bn) and finance and insurance (£2.7bn). Administration and support services has been the fastest growing sector with 106% growth over the period. This is followed by wholesale and retail, which with 43.4% growth has become Pan-Hampshire's second largest sector (£7bn) and construction (32.5%) – which has been associated with Pan-Hampshire's strong growth in housing stock (see slide 7). Meanwhile, just under a tenth of Pan-Hampshire's output comes from manufacturing, at £5.1bn.

However, not all sectors are easily picked up by the standard categories. A study undertaken by the Centre for Economics and Business Research for Solent LEP calculates that **the Maritime sector (including Portsmouth Naval Base) along the Solent supports £12 billion in turnover, £5.8 billion in GVA, 152,000 jobs and £2.5 billion in employee compensation.** Aerospace and aviation is very significant, and defence (see slide 6) is also a sector where it is hard to capture value directly – but is one which makes a major contribution.

Source: ONS Regional Accounts, The economic contribution of the Maritime Sector in the Solent LEP

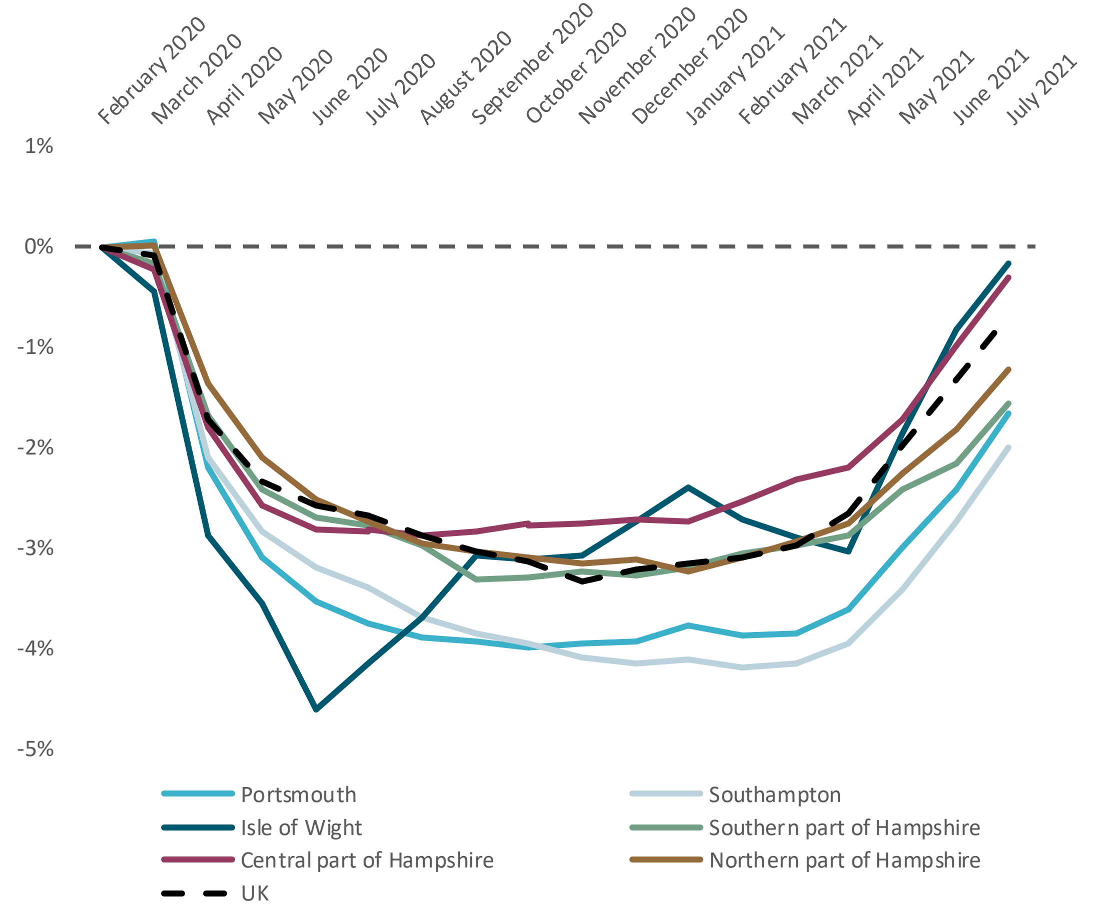
A varying economic picture across Pan-Hampshire

Latest productivity data from the ONS shows that GVA per hour worked (the best measure of productivity) varies from £29.60 per hour on the Isle of Wight to £49.60 in the northern part of Hampshire. This is a result of uneven growth over the last two decades – with Southampton seeing productivity increase quickly in the five years before the financial crisis, but then dropping back, while Portsmouth has seen productivity growth continue.

Pan-Hampshire's economic recovery from the COVID-19 pandemic has also been variable. The chart adjacent shows change in employment for ITL 3* areas, relative to a pre-COVID-19 (February 2020) baseline, with the latest available data (July 2021).

The Isle of Wight and the central part of Pan-Hampshire (East Hampshire, New Forest, Test Valley and Winchester) were almost back to pre-COVID-19 employment levels ahead of the UK recovery, with strong growth in the Isle of Wight likely prompted by a UK summer holiday boost. At the same time, the two cities of Portsmouth and Southampton have seen a slower recovery, with employee levels 1.7% and 2.0% below February 2020 respectively.

Change in total employees since February 2020, ITL3* regions



*International Territorial Level 3. This data is not available at local authority level

Source: ONS workbook ITL productivity, ONS Earnings and employment from Pay As You Earn Real Time Information

At the heart of the UK’s defence capability

Pan-Hampshire has major capabilities across all aspects of defence. Portsmouth is the UK’s oldest naval base and remains at the heart of the Royal Navy’s operations, with two-thirds of the surface fleet stationed there. HMS Collingwood in Fareham, is the Royal Navy's largest training establishment.

The British Army Land Forces Headquarters, which controls all troops of the British Army worldwide, is based in Andover, with more than 2,000 military and civilian personnel stationed there. Aldershot Garrison is recognised as “the home of the British Army”, having served as a garrison since the 1850s, with a current population of over 10,000.

The oldest military airfield site in the UK is in Farnborough (now part of London Farnborough Airport). RAF Odiham is a front-line support helicopter base, which is home to the UK’s Chinook Force.

Pan-Hampshire is also home to one of the two Defence Science and Technology Laboratories in Fareham (Portsdown West), with the other (Porton Down) across the border in Wiltshire. Both are at the heart of developing new technologies and equipment for the defence sector.

As well as these major assets, Pan-Hampshire hosts some of the largest private sector operators in the Defence and Aerospace sectors. BAE systems, QinetiQ, Safran, Surface Technology International, and Airbus all have large sites in the county, supporting a symbiotic relationship with public bodies.

One of the UK's prime international gateways

Together, Portsmouth and Southampton shipped 37 million tonnes of freight in 2019. Southampton is the sixth biggest port in the UK by tonnage of freight moved, and the third biggest for trade outside of the EU. It also handles 83% of all international cruise passengers visiting the UK. This makes it central to the Government's Global Britain agenda. Southampton is also the UK's number one vehicle handling port.

Portsmouth has the third highest number of passengers for short sea journeys from the UK, with connections to France, Spain, the Channel Islands and the Isle of Wight.

New development at the Solent Gateway (Marchwood Port) will further support international trade as well as strengthening the MoD estate.

Fawley is home to the UK's largest oil refinery, a piece of critical national infrastructure supplying the UK's major airports.

Southampton International Airport (Eastleigh) currently has routes to nine countries and handles 1.8m passengers a year. Farnborough Airport is a premier business airport, voted Number One European Fixed Base Operation (FBO).

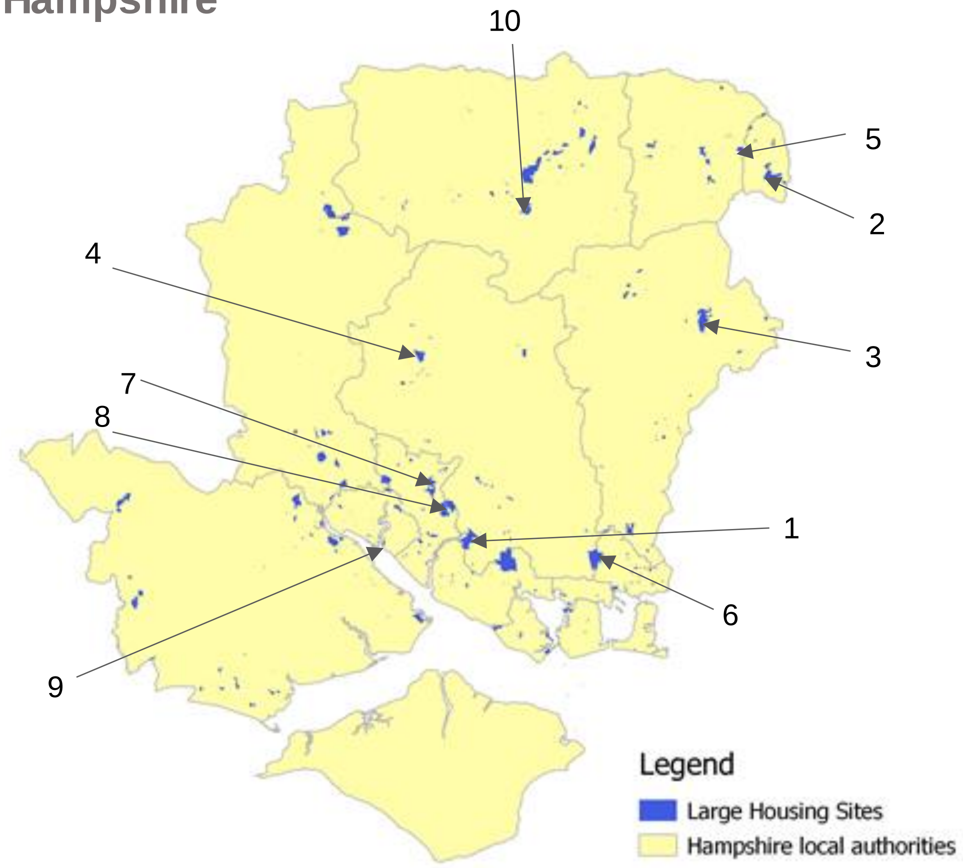
The two main passenger terminals – Southampton airport and Portsmouth harbour – have direct rail connectivity to London in less than two hours, and direct routes across the South East, South West and the Midlands.

The Solent freeport proposal looks to bring these assets together, enabling the growth of a major new trading area at the heart of global Britain. A County Deal would enable Pan-Hampshire to capitalise on the opportunity this will provide, harnessing it for the benefit of the whole county.

Sources: DfT tables port0101, port0499, spas0101, avi0102. Data given for 2019, due to restrictions on freight traffic in 2020. Shipping lane location is approximate.

Large housing sites with a track record of delivery

The ten largest housing sites in Pan-Hampshire



Pan-Hampshire has a track record of successfully delivering housing sites. **Since 2010, there have been 58,778 successful completions in Pan-Hampshire.** This is accelerating: in 2012-13 there were 3,758 net new dwellings in Pan-Hampshire, this figure has increased year-on-year, such that by 2019-20 it had more than doubled to 8,293.

Pan-Hampshire also has big opportunities to provide more housing - as of April 2020, there are 45,710 outstanding permissions locally. The largest ten sites alone have 17,189 permissions granted – these are shown on the table below, and on the map to the left.

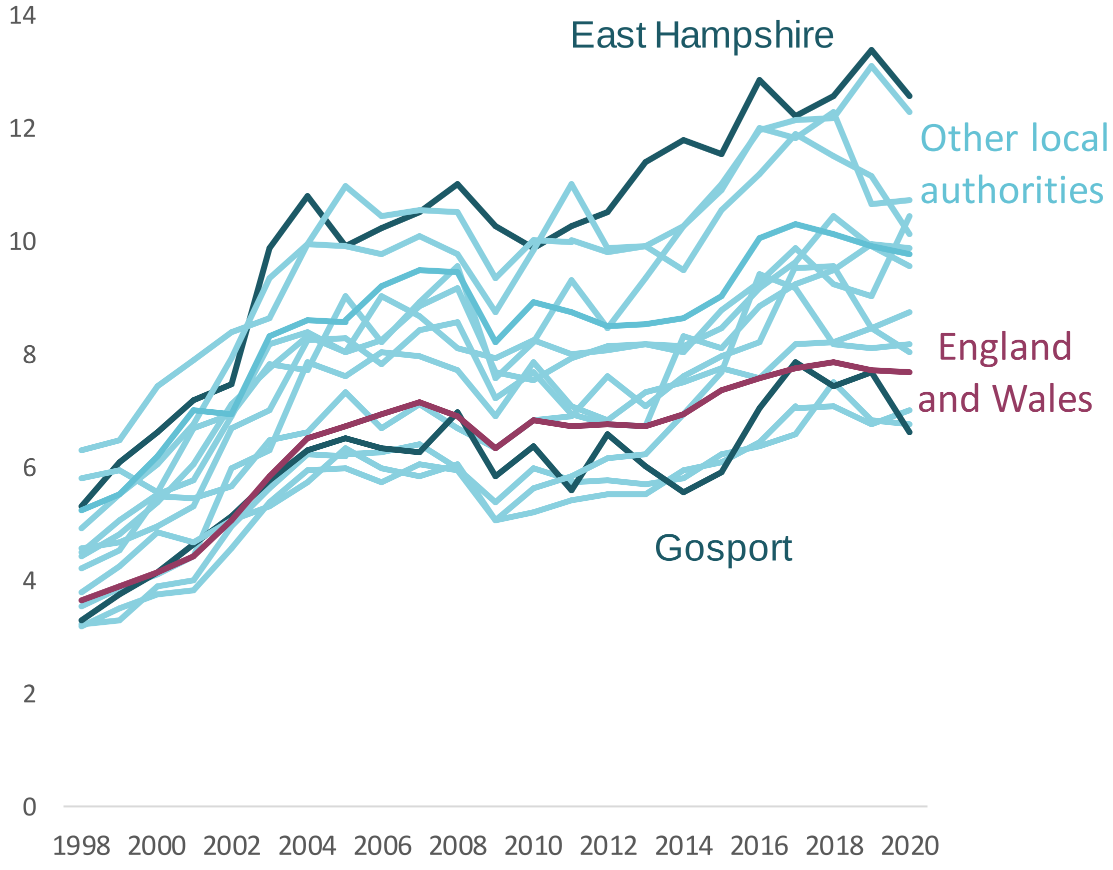
Pan-Hampshire can therefore make a major contribution to the Government's plans to deliver 300,000 houses a year by the mid-2020s – **it is already contributing 2.7% of that figure.** Additional powers of land assembly and development, delivered through a County Deal, would allow Pan-Hampshire to accelerate the delivery of these sites.

No.	Site	Net Outstanding Permissions (as of April 2020)
1	North Whiteley	3496
2	Aldershot Urban extension	3046
3	Whitehill and Bordon	2445
4	Barton Farm, Winchester	1758
5	Hartland Park, Fleet	1500
6	Grainger Development Site, Waterlooville	1709
7	Chalcroft Farm, Horton Heath	950
8	Land North and East of Boorley Park	774
9	Centenary Quay, Southampton	761
10	Hounsome Fields, Basingstoke	750

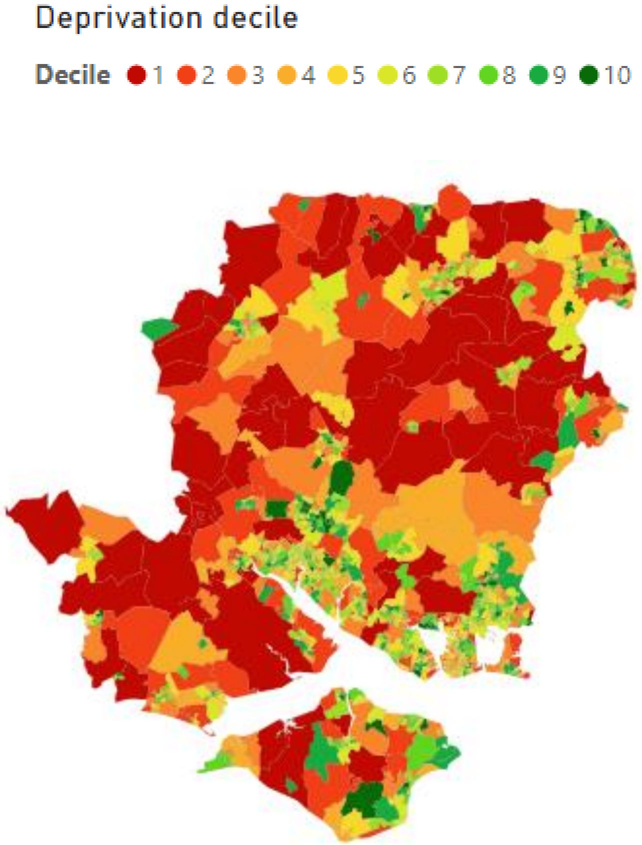
Source: Hampshire County Council. Note that figures do not include the Isle of Wight

Housing affordability is a huge challenge in some parts of the county

Median house price to median income ratio across Pan-Hampshire



Barriers to housing and services domain of deprivation

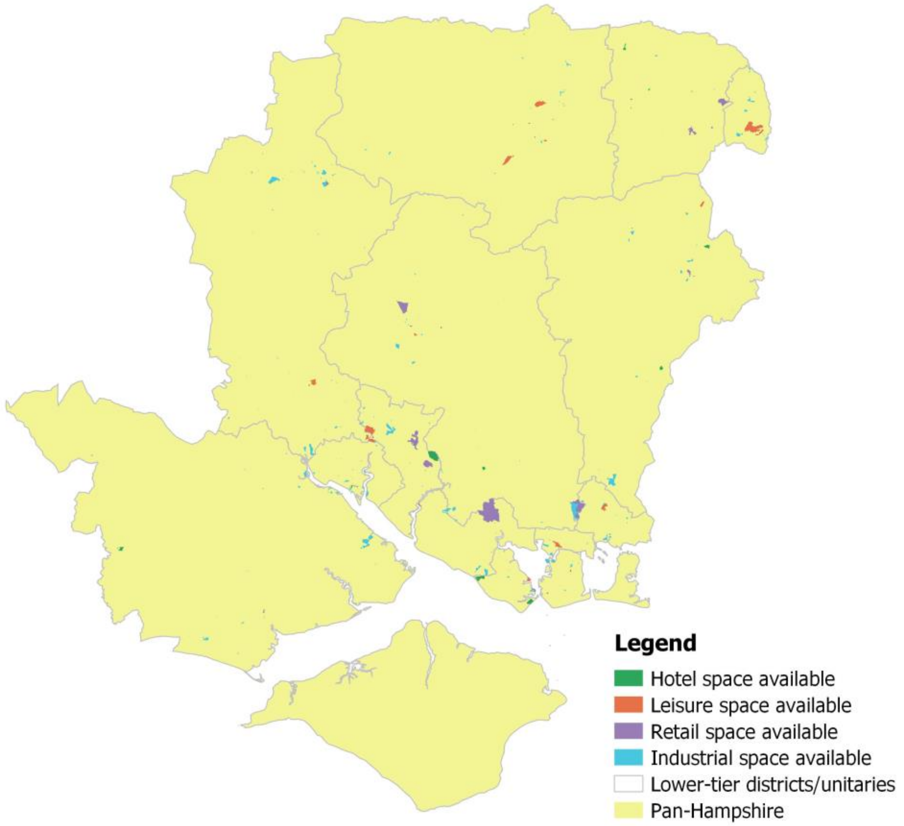


While housing markets are strongly linked in Pan-Hampshire, the affordability of housing varies hugely. As the chart, left, shows, all areas of Pan-Hampshire have become less affordable, but in East Hampshire the ratio of median house prices to earnings was 12.6 in 2020, almost twice Gosport (6.6). The barriers to housing and services domain in the Index of Multiple deprivation picks up the deprivation challenges created by unaffordability, as well as showing the challenges accessing services. In many rural areas in Pan-Hampshire, low affordability and poor access to services combine to heighten this type of deprivation. A revolving infrastructure fund could allow Pan-Hampshire to tackle the different, related, housing challenges it faces.

Source: ONS and MHCLG

New commercial developments with a track record of delivery

Commercial space available in Pan-Hampshire



Pan-Hampshire is also a prime location for the development of new commercial space with good connectivity. This is in high demand due to the proximity to London and the two ports.

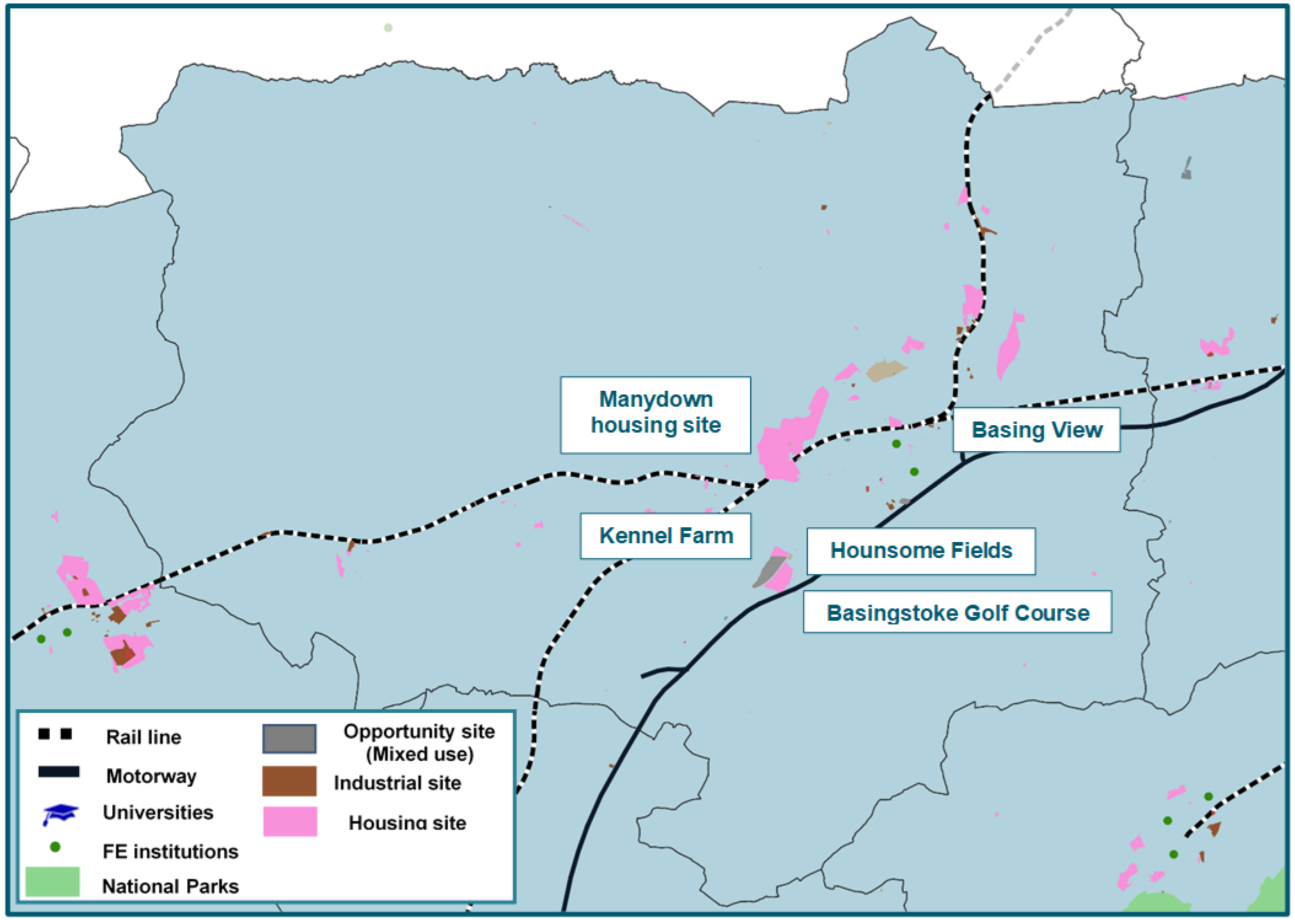
The potential has increased due to the shift towards remote working experienced during the pandemic. Co-working spaces have opened in towns across Pan-Hampshire which offer the benefits of a town centre location combined with fast access to London when needed.

Since 2010, Pan-Hampshire has delivered over 1 million m² of office and industrial space, and over 300,000 m² of retail space. Pan-Hampshire is well placed to continue this development – there is currently 1.4 million m² of industrial and office space permitted or allocated, and a further 243ha of land which is suitable and available for such development.

Additional development and planning powers, delivered through a county deal, would enable Pan-Hampshire to continue to provide the space business needs, in a way which is environmentally sustainable and supports town and city centres.

Source: Hampshire County Council. Note that figures do not include the Isle of Wight, and some categories overlap to create mixed uses – categories have been prioritised in the order of the legend

Major opportunities: Basingstoke



- **Manydown** is a new community of up to **3,520 new homes**, plus community facilities, being created on the northern part of Manydown. The community will also contain a **250-acre country park**. Outline planning permission was granted in July 2020. New homes are planned to be delivered by 2023 and there is potential for further significant development beyond the area which currently has planning permission.

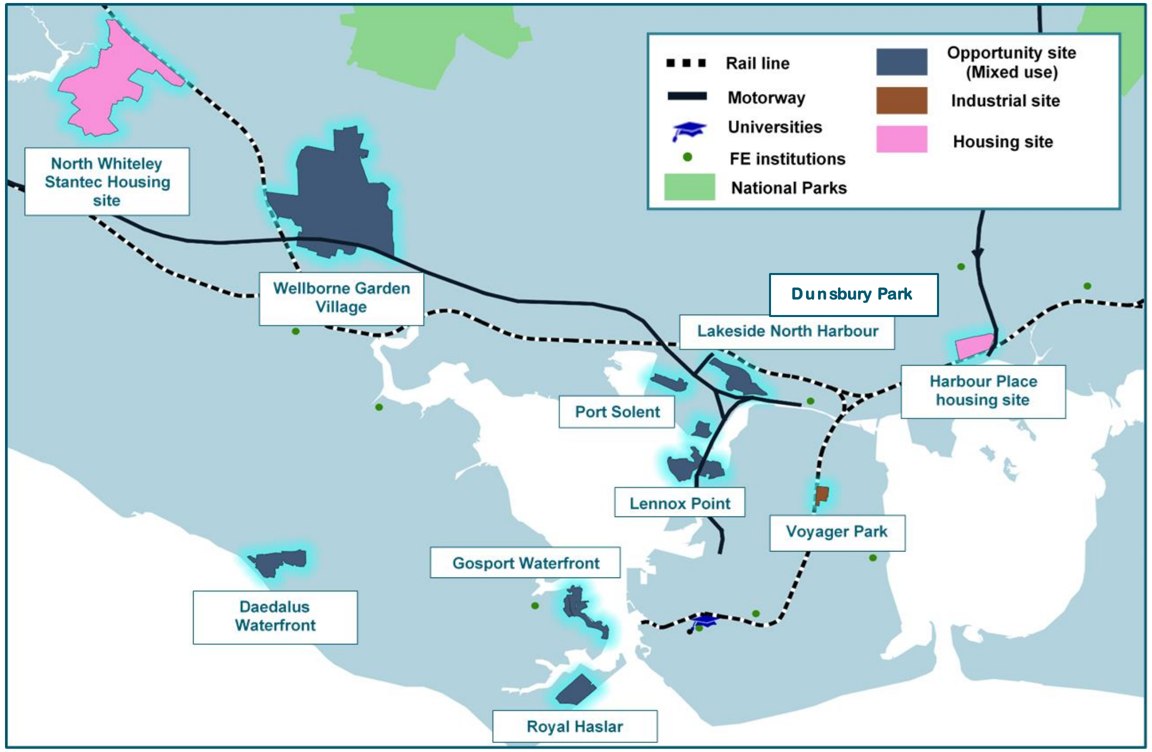
- **Basingstoke Golf Course** is to be redeveloped into a mixed-use site consisting of housing and local facilities. Plans were approved in July 2020 and will **see 1,000 homes built** on the site, along with the construction of a retail centre and sports facilities, providing commercial opportunities, as well as a community building and day nursery.

- **Hounsome Fields** is a housing development that also has some mixed-use space. It is primarily a housing development site, with 750 new homes and a community facility. It forms one of three sites (along with Kennel Farm and Basingstoke Golf Course) that are set to deliver the urban extension south-west of Basingstoke and its infrastructure, including early proposals for a new hospital and significant employment land.

- **Basing View**, a 65-acre business park in the centre of Basingstoke. It is located within a five-minute walk of Basingstoke train station, linking to London in 45 minutes and Heathrow in under an hour. Basing View forms part of the wider EM3 Space Hub and is home to world-leading technologies in 5G development, including the 5G emulator

NB this list is not comprehensive, but gives a sense of the some of the main opportunities in the area

Major opportunities: Portsmouth and south east Hampshire

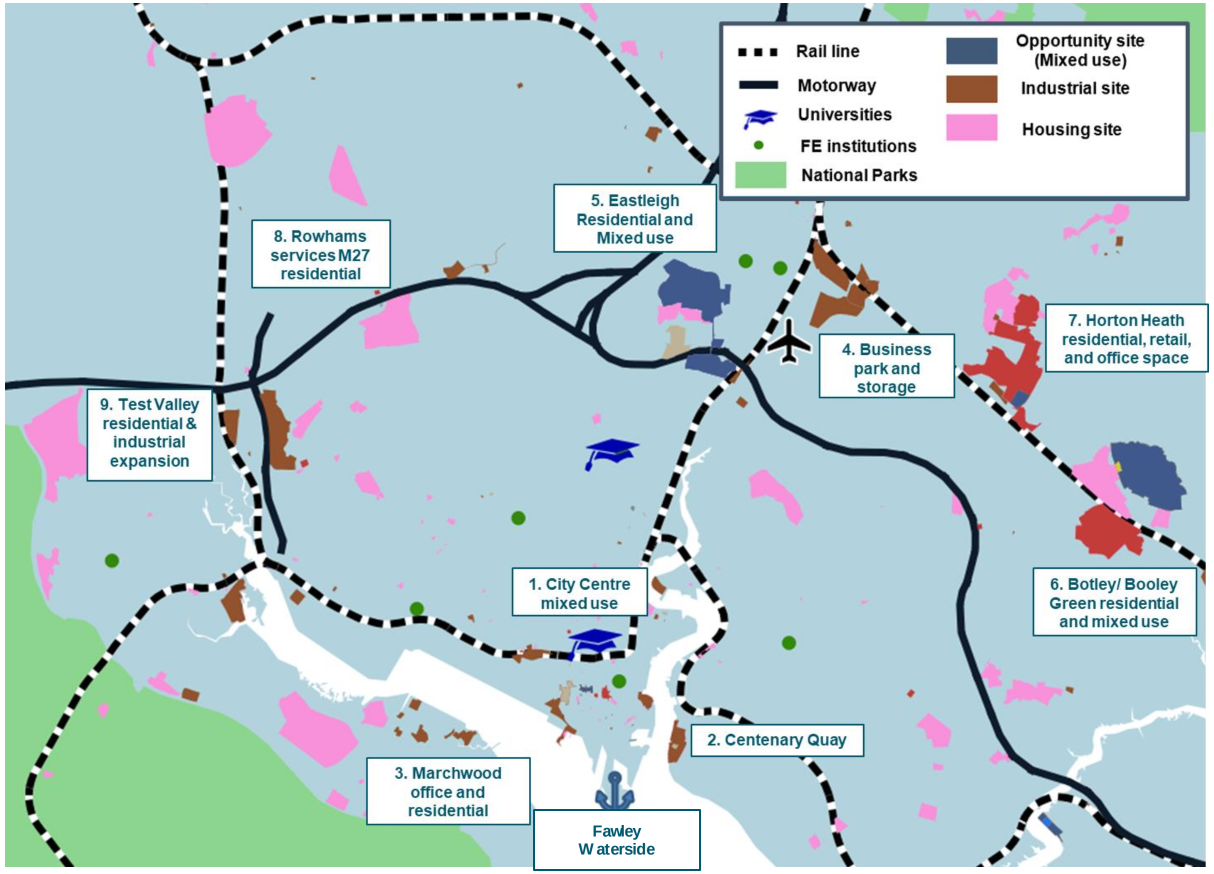


- **Dunsbury Park** is a business park on the A3(M) with expansion opportunities for advanced manufacturing in multiple high growth sectors, including aerospace, marine and maritime, engineering, automotive, creative and digital, clean growth technologies and pharmaceutical and health care manufacturing businesses – identified as part of Freeport Proposals.

- The **Daedalus Waterfront** sits within the Solent Enterprise Zone in Gosport. Work is underway to create a thriving waterfront mixed-use development for retail, leisure, industrial and residential purposes. The site will provide **498 residential units, 35,812m² for office and industry** and **2,321m² for mixed use development.**
- The **Royal Haslar** situated on the south coast of Hampshire and only 1.2km away from the Gosport ferry terminal, is a large-scale mixed-use waterfront project that will be delivered through a £100m investment. The site will provide **271 new residential units**, **244 retirement homes and 60 bed care homes**. The site will also offer **4,600m²**of commercial space for **retail, industrial and leisure purposes.**
- **Lennox Point** is an ambitious and innovative development for a new car free waterfront neighbourhood in Portsmouth. The site will provide around **3,500 new homes**, just under a quarter of Portsmouth's 2036 goal. New homes will be designed to enable connectivity and accessibility through living streets, communal gardens and pedestrianised spaces. A new green marine technology hub will be built on the site that will accommodate **58,000m² of employment space** to further accelerate this sectoral strength.
- **Port Solent** is an expansion of the existing site to help regenerate Portsmouth's Northern Gateway. The overall vision will be to create a sustainable mixed-use development that provides housing, employment, and community facilities. The site will deliver **500 dwellings** and **2,000m²** space for marina related activities (industrial).
- **Voyager Park** is a 32-acre site which represents the largest industrial development in Portsmouth for several years. Once fully developed, the park will provide **60,000m² of new industrial and warehouse space**. The first phase has already been completed, which delivered **16,000m² of industrial space**.

NB this list is not comprehensive, but gives a sense of the some of the main opportunities in the area

Major opportunities: Southampton and south western Hampshire



NB this list is not comprehensive, but gives a sense of the some of the main opportunities in the area

- Major investment in Southampton's retail offer has transformed the city centre. The next phase of the emerging vision is the significant development of prime office space. There are large mixed-use developments around the high street and **West Quay** as well as substantial industrial and residential developments on the waterfront next to **Mayflower Park**.
- **Centenary Quay** is a development of new one to three bed homes in Southampton, with 867 completed 761 homes still to come, as well as office provision.
- Just west of the Airport in Eastleigh, there is a large mixed-use site, which includes over **1,200 homes, around 500** of which have been completed to date. The site develops parkland and includes some existing residential stock. There is also an employment site, included as part of the Freeport proposal.
- In **Botley, Eastleigh** there is a large mixed-use site being developed, split into three areas, all containing residential (totaling approx. 3,000 homes). The north-eastern portion also contains allocations for retail, leisure, and hotels.
- **Fawley Waterside** is a development opportunity on the site of the old Fawley power station which will create approximately 1,500 homes and support 2,000 jobs in advanced manufacturing, marine and technology industries and in support services such as hospitality, shops and leisure.

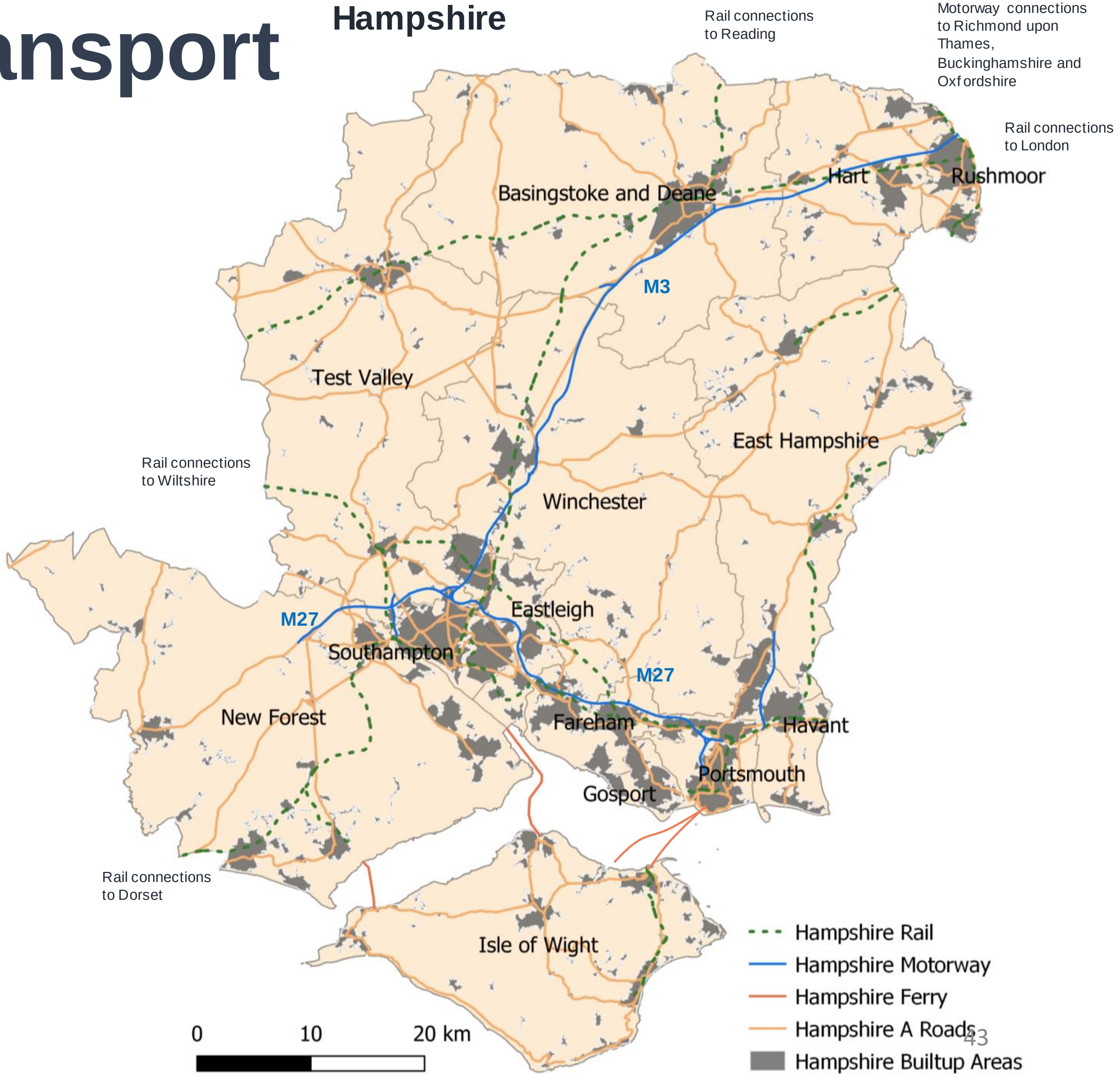
Comprehensive transport infrastructure

Pan-Hampshire is well connected. The M3 is the primary motorway artery from London, bisecting the area, which joins the M27 providing connectivity across the main southern urban area. The rest of Pan-Hampshire (excluding the Isle of Wight) is linked to these motorways via A roads.

Pan-Hampshire has good, direct rail connections to London, as well as the rest of the country via links to Birmingham and Bristol. There are also many points of connection for ferries to the Isle of Wight, linking across the Solent.

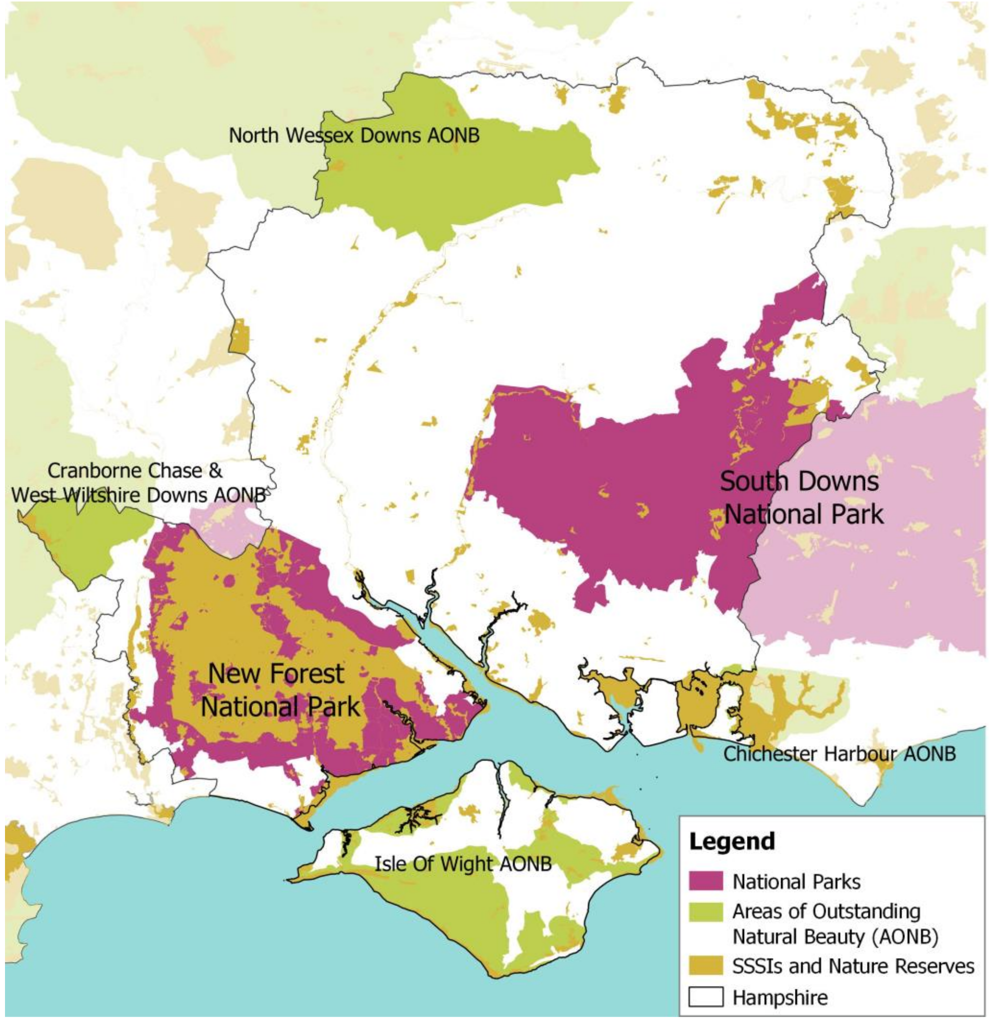
A County Deal would enable Pan-Hampshire to improve these links where they are causing issues – such as on the M27, where junction 10 causes friction and reduces the economic potential of the urban area spanning Southampton to Portsmouth. More generally, tackling congestion will unblock key routes and increase productivity. Pan-Hampshire could also potentially gain stronger control of its public transport networks – supporting a shift away from the car in an area where many drive to work.

Transport Links in Pan-Hampshire



Source: Ordnance Survey

Unique environmental assets across coast and country



Large areas of Pan-Hampshire are areas of national environmental importance. The New Forest National Park sits almost entirely within the county, and a large area of the South Downs National Park also sits within the county. This is in addition to three Areas of Outstanding Natural Beauty – the Isle of Wight, the North Wessex Downs, Cranborne Chase and West Wiltshire Downs.

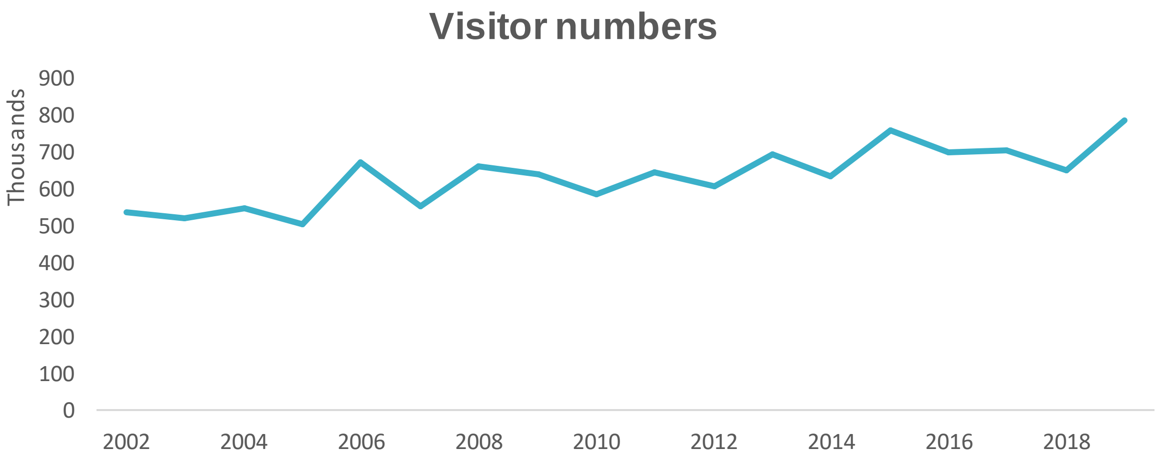
The landscape is diverse, with heath, hills and coastal areas. There are eleven distinct National Character Areas in Pan-Hampshire, as defined by Natural England, including the South Coast Plain and Hampshire Downs. Pan-Hampshire also has approximately 290 miles of coastline, 148 nature reserves and 362 Sites of Special Scientific Interest (SSSIs).

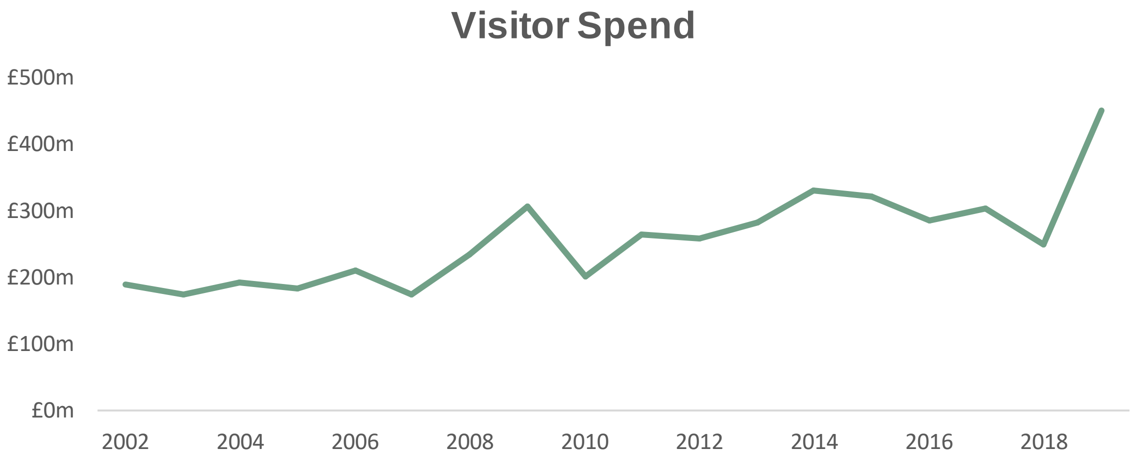
Pan-Hampshire's coastal position, however, also makes it vulnerable to climate change, particularly given the very large urban area from Portsmouth to Southampton, clustered on the south coast. Much of the county is within Flood Zone 2 or 3.

A County Deal could provide Pan-Hampshire with new powers from the Environment Agency, such as over the management of River and Coastal Flooding, as well as collaborating on innovative solutions to shared environmental challenges.

Source: Ordnance Survey

A visitor economy on an upward trend





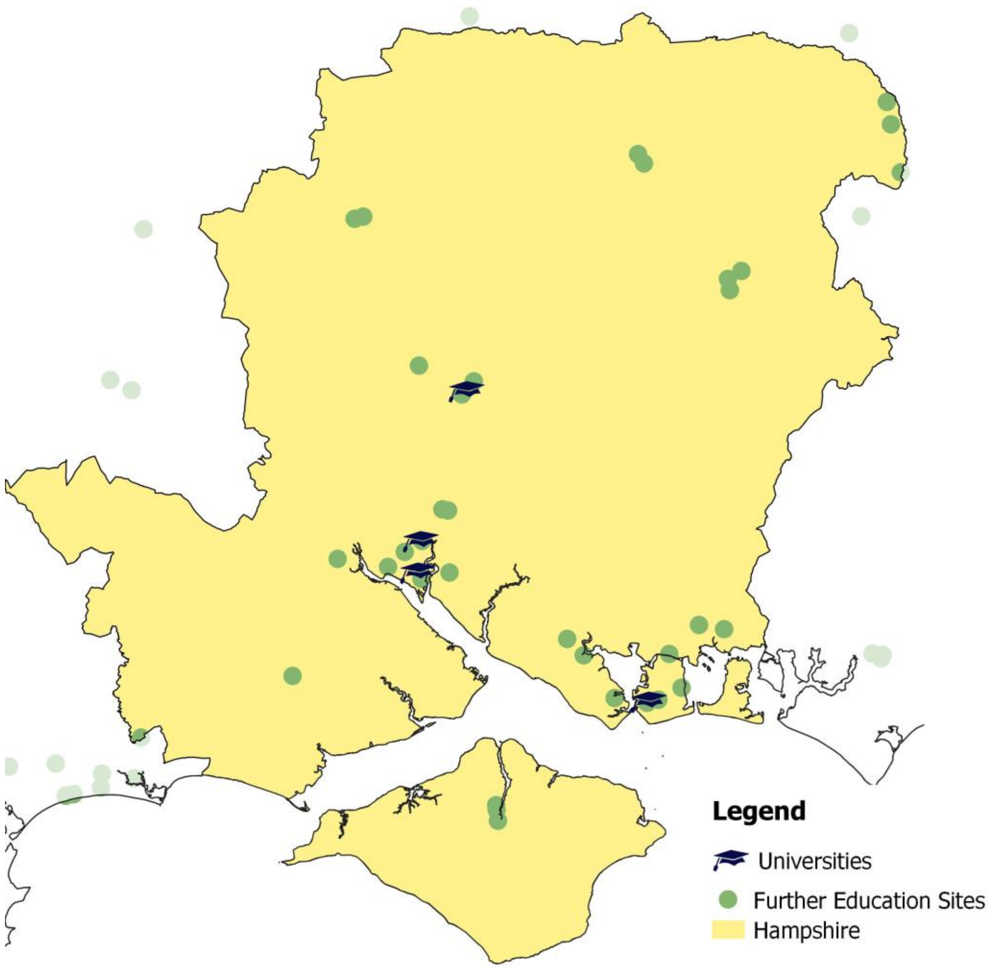
Pan-Hampshire's visitor economy is anchored by its natural assets, including national parks and coastline, as well as its cultural assets, such as Winchester Cathedral, Portsmouth Historic Dockyard and the National Motor Museum.

The charts to the left show visitor numbers and spend in Pan-Hampshire between 2002 and 2019. In 2019, there were a total of 785,530 visitors to Pan-Hampshire (which reflects a 21% increase from the previous year). The most frequently cited purpose of travel was for visiting friends and family (45%), followed by holidays (29%) and business (20%).

In spending terms, there was £451.14m spent by visitors in 2019, which reflects a proportionally higher change from 2018 compared to visitor numbers at an 81% increase, indicating that visitors are spending more when they come. Those who visit for study spend the most at 30% of the total followed by visiting friends and relations (27%) and holiday (22.6%)

Source: VisitBritain (2019)

A world-class education offer with strong links to industry specialisms



Pan-Hampshire's higher education offer compromises four major universities, with specialisms linking to its sectoral base.

The University of Southampton is a founding member of the Russell Group of Universities - ranked 15th in the UK in the Sunday Times rankings and has the 8th highest research intensity for a UK university. Departments include the Southampton Marine and Maritime Institute, which has direct links to local natural assets, and is a thought leader in Global Marine Technology trends. Southampton University is also home to the National Oceanography Centre.

The University of Portsmouth has a research focus on Transportation and Maritime Systems, within a broader focus on Operational Research and Logistics. It has a strong focus on international reach, with over 4,000 international students from over 150 countries, and regional offices in 78 countries.

Solent University is also closely tied into Pan-Hampshire's maritime specialisms, with the UK's largest ship and port simulation centre and the Warsash Maritime School.

Winchester University, meanwhile, is closely linked to Pan-Hampshire's professional services sector specialisms, with the Hoare Centre for Responsible Management and the Centre for Information Rights.

In addition, Pan-Hampshire's further education colleges house specialist training centres such as Fareham College's Centre of Excellence in Engineering, Manufacturing and Advanced Skills Training, linked to Pan-Hampshire's manufacturing specialisms, and the Farnborough College of Technology which has an apprentice programmes for the aviation sector.

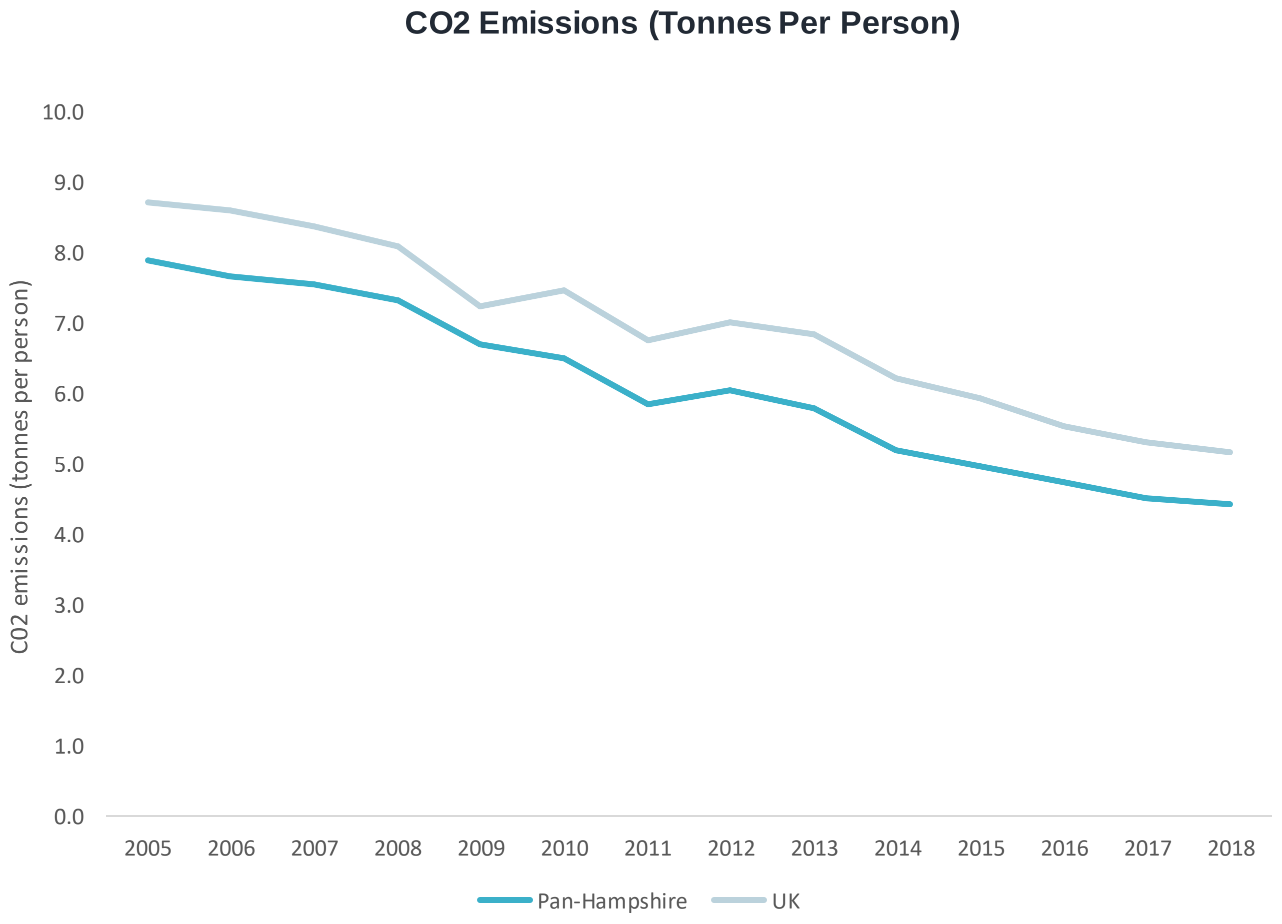
Sources: University of Southampton, University of Portsmouth, Solent University, Winchester University

Overall carbon dioxide emissions are lower than UK average in Pan-Hampshire and falling faster

Pan-Hampshire's businesses and residents are leading the way on net zero. As of 2018, CO2 emissions in Pan-Hampshire stood at a total of 8,803 kilo tonnes, equating to 4.4 tonnes per person. This rate per person is **lower than the national average** (5.2 tonnes per person).

Emissions in Pan-Hampshire have also **fallen at a faster rate than the national average**. Since 2005, emissions per capita in Pan-Hampshire have fallen by 43.8%, compared to a fall of 40.5% nationally – despite already beginning from a lower base. This demonstrates Pan-Hampshire's improving green credentials.

To continue to drive down emissions, an offer around a county-led approach to Pan-Hampshire-wide initiatives could form part of a County Deal.



Source: BEIS, UK Local Authority CO2 Estimates, 2018

Best Deal for Pan-Hampshire

Overall high outcomes for residents but with significant spatial inequalities

Review of data related to population, health, education and deprivation

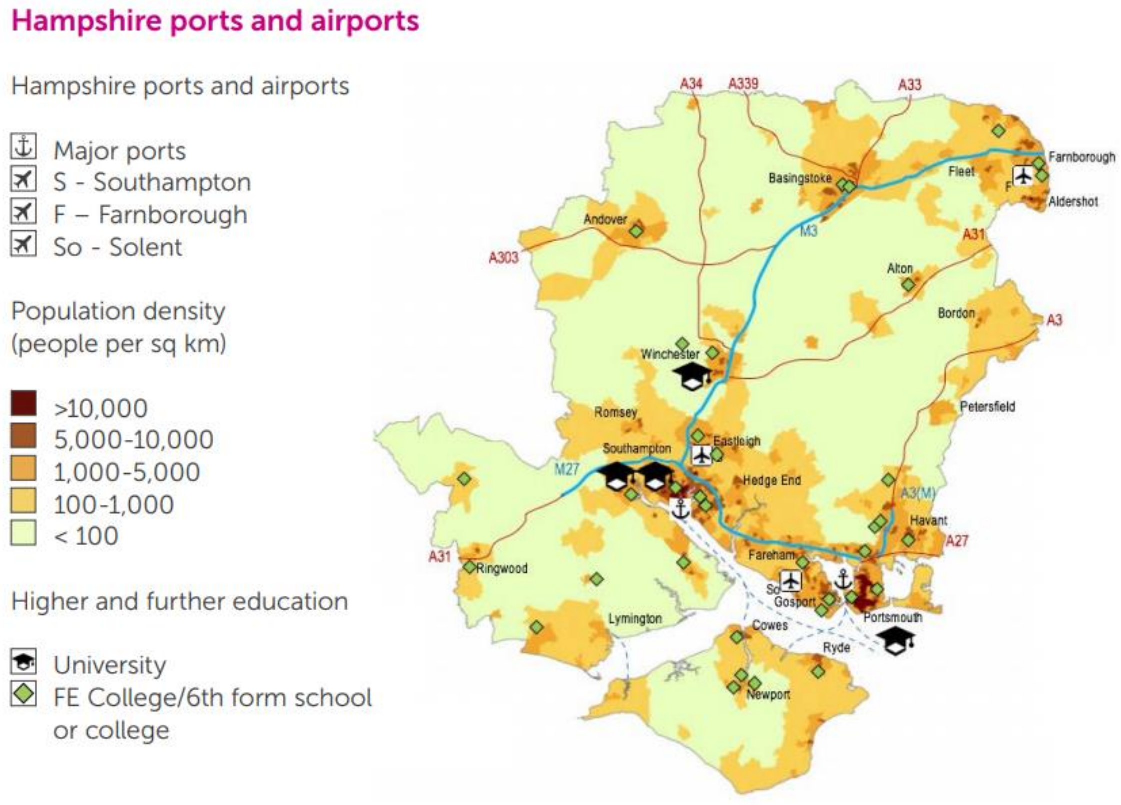
Variation in population density

Pan-Hampshire has a population of 2 million. Across the area as a whole, Pan-Hampshire has a population density of 479 residents per km^2, which is in line with the South East average (478 residents per km^2) but above the UK average (274 residents per km^2).

The map to the right shows population density at the local level across Pan-Hampshire overlaid with major roads, ports, airports, universities, FE colleges and sixth forms.

This is a diverse area with **large variation in population density**. There is a **higher population density in the urban core** of Portsmouth and Southampton, with the highest density of 5,000 residents per km^2. This is where **major infrastructure, assets and large housing sites are located**.

In contrast, **rural areas have lower population density,** with the lowest at 188 residents per km^2 in Winchester District. **There are challenges around delivering health and social care to dispersed and rural populations.**



Source: Hampshire 2050 Vision for the Future State of Society 2020

With an older and ageing population

The 2m population in Pan-Hampshire has grown on average 0.7% per year from 2009 to 2018, which is in line with the UK average.

Pan-Hampshire has **an older and ageing population** than other parts of the UK. The chart to the right shows the population structure in Pan-Hampshire. This demonstrates that Pan-Hampshire has a lower proportion of younger people than the UK average and a higher proportion of older people.

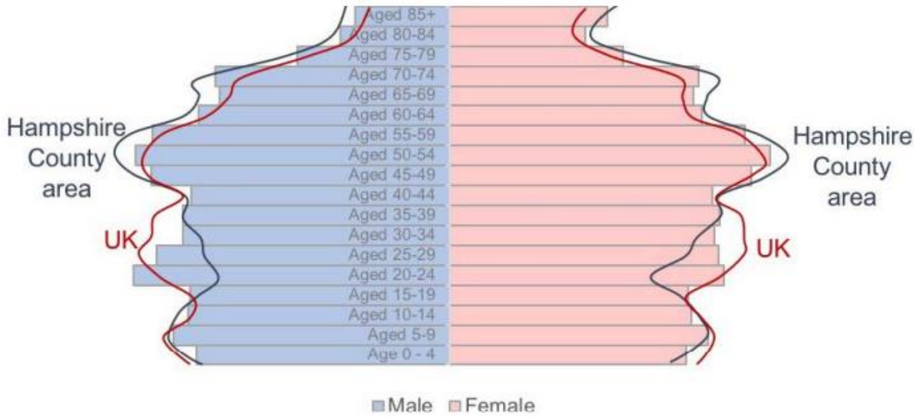
The child and youth population in Pan-Hampshire has had relatively little growth between 2009 and 2018, and the working age population has grown slightly slower than the South East and UK averages. In contrast, the mature population (65-74 year olds) grew slightly faster than the regional and national average at 3% per annum, and growth in the elderly population was faster than the national and regional averages. The county area has proportionally fewer young adults (20-30) reflecting rural migration to urban areas for education and work.

Pan-Hampshire had a dependency ratio (the ratio of young people and those aged 65 and over to the working age population) of 0.5! in 2009, 0.63 in 2019 and potentially rising to 0.66 in 2026. This is above the national average in each period but in line with the regional average. Urban areas with younger populations tend to have a lower dependency ratio.

Over the period of 2019 to 2026, population growth is expected to be 0.4% per annum, in line with the national and regional averages. **But the growth in the population over 65 years will contribute to 90% of projected growth.** In the longer-term, the very elderly population (over 85s) are predicted to rise faster than other groups at 2.7% per annum, compared to a 0.3% average, accounting for almost one third of long-term population growth.

An older and ageing population has economic implications and increases the demand on health and social care.

Hampshire population structure (five-year age bands) – 2018



Source: Hampshire 2050 Vision for the Future State of Society 2020

High performance across the lifecycle in Pan-Hampshire

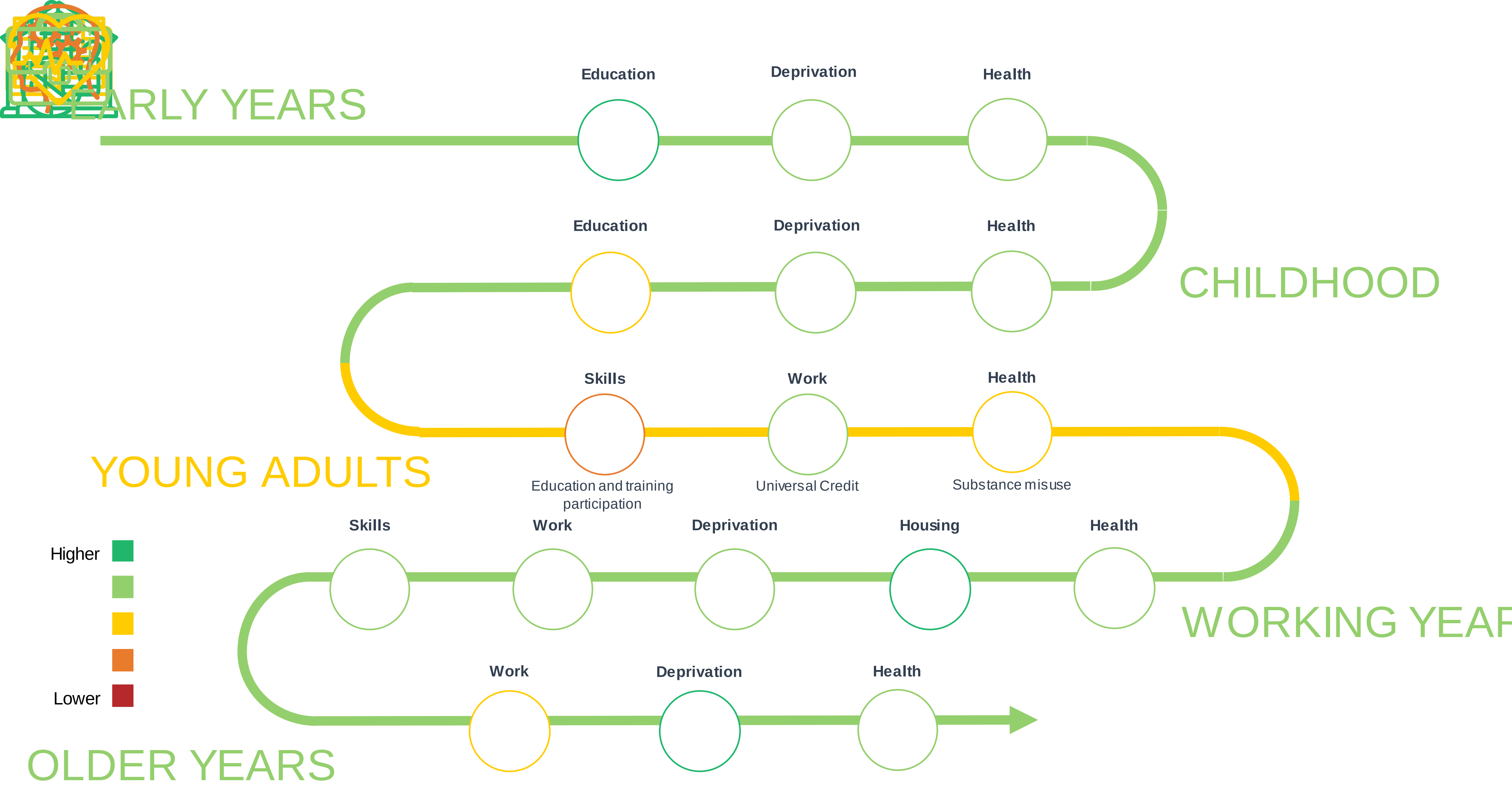
The Levelling up the Lifecycle Approach has been used to carry out a high-level diagnostic of the economic and social challenges facing people in Pan-Hampshire. This looks at outcomes for people in five different stages of life: Early Years, Childhood, Young Adults, Working Years and Older Years. It considers socio-economic indicators across the themes of education, skills, work, housing, deprivation and health.

Data has been compared for local authorities across England to rate the values into five categories from ‘red’ (worse) to ‘dark green’ (best) - RAG rating. This has involved ranking values for the indicators, and then the overall life stages, based upon a combined score of all the indicators in that life stage.

The infographic on the next slide shows the lifecycle for Pan-Hampshire as a whole. This shows that **Pan-Hampshire performs relatively well across the lifecycle,** with the second highest RAG rating for all life stages, except Young Adults. Outcomes for school readiness, housing quality and older age deprivation are particularly high. There are challenges for Young Adults, particularly around skills, which is potentially linked to lower education attainment in Childhood.

There are three lenses to view the lifecycle, each of which has been examined in turn:

1. **Geography** – spatial patterns and differences between places
2. **Life stage** – performance of places across five life stages
3. **Theme** – challenges by theme either within one place or across different places and/or in one life stage or across the lifecycle



Source: Metro Dynamics analysis

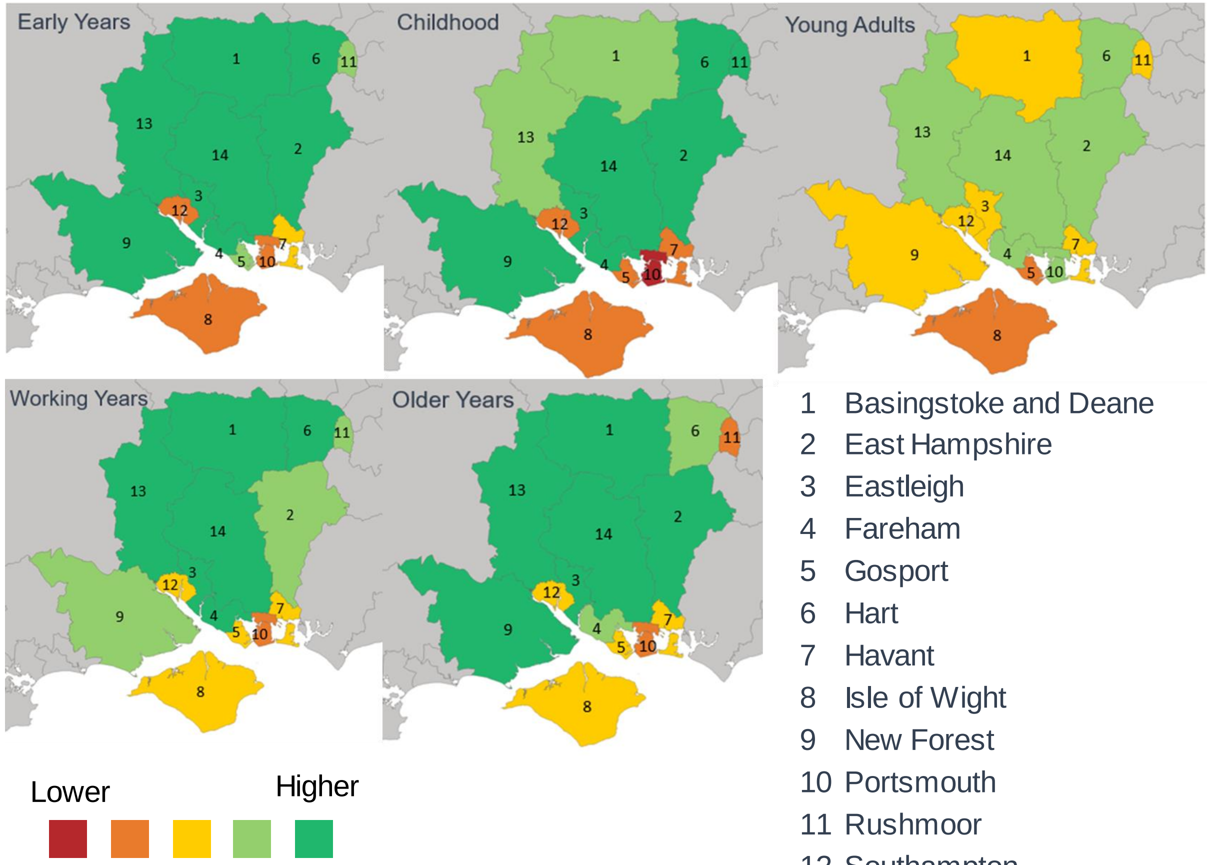
Spatial inequalities in performance between inland and urban/coastal areas

The first lens that will be assessed is **geography**. The map to the right shows the outcome of the lifecycle analysis at the place level in Pan-Hampshire for each life stage.

This shows that there are **spatial inequalities with high performance in the inland and rural areas and lower performance in the cities and coastal areas.**

Outcomes for people living in **Winchester, Test Valley, East Hampshire and Fareham are consistently ranked in the two highest RAG ratings.** For residents of the New Forest, Basingstoke and Deane and Rushmoor, outcomes are amongst the highest in the country for all life stages, except Young Adults.

In contrast, there are **more significant challenges in Southampton, Gosport, Portsmouth, Havant and the Isle of Wight.** Across different parts of the lifecycle, outputs are in the lower RAG ratings.



1 Basingstoke and Deane
2 East Hampshire
3 Eastleigh
4 Fareham
5 Gosport
6 Hart
7 Havant
8 Isle of Wight
9 New Forest
10 Portsmouth
11 Rushmoor
12 Southampton
13 Test Valley
14 Winchester

Source: Metro Dynamics analysis

With challenges in Early Years and Childhood in some areas

The second lens is **life stage.** Based on the previous map of performance across the lifecycle and the table to the right, the life stages with the **most significant challenges and greatest spatial inequalities in Pan-Hampshire are Early Years and Childhood.**

Outcomes in **Childhood are the lowest of all life stages with four places performing in the second lowest RAG rating** (Gosport, Havant, Isle of Wight and Southampton) and **Portsmouth performing in the lowest RAG rating.** In contrast, seven places in Pan-Hampshire have amongst the highest outcomes in the country.

There are also poor outcomes for Early Years with the second lowest RAG rating in the Isle of Wight, Portsmouth and Southampton.

For Young Adults, most places have an average or relatively higher performance with lower outcomes in Gosport and the Isle of Wight. For Working Years and Older Years, outcomes are relatively high with low performance in relatively few places.

Lower — Red, Orange, Yellow, Light green, Dark green — Higher

	EY	CH	YA	WY	OY
Basingstoke and Deane	Dark green	Light green	Yellow	Dark green	Dark green
East Hampshire	Dark green	Dark green	Light green	Light green	Dark green
Eastleigh	Dark green	Dark green	Yellow	Dark green	Dark green
Fareham	Dark green	Dark green	Light green	Dark green	Light green
Gosport	Light green	Orange	Orange	Yellow	Yellow
Hart	Dark green	Dark green	Light green	Dark green	Light green
Havant	Yellow	Orange	Yellow	Yellow	Yellow
Isle of Wight	Orange	Orange	Orange	Yellow	Yellow
New Forest	Dark green	Dark green	Yellow	Light green	Dark green
Portsmouth	Orange	Red	Light green	Orange	Orange
Rushmoor	Light green	Dark green	Yellow	Light green	Orange
Southampton	Orange	Orange	Yellow	Yellow	Yellow
Test Valley	Dark green	Light green	Light green	Dark green	Dark green
Winchester	Dark green	Dark green	Light green	Dark green	Dark green

Source: Metro Dynamics analysis

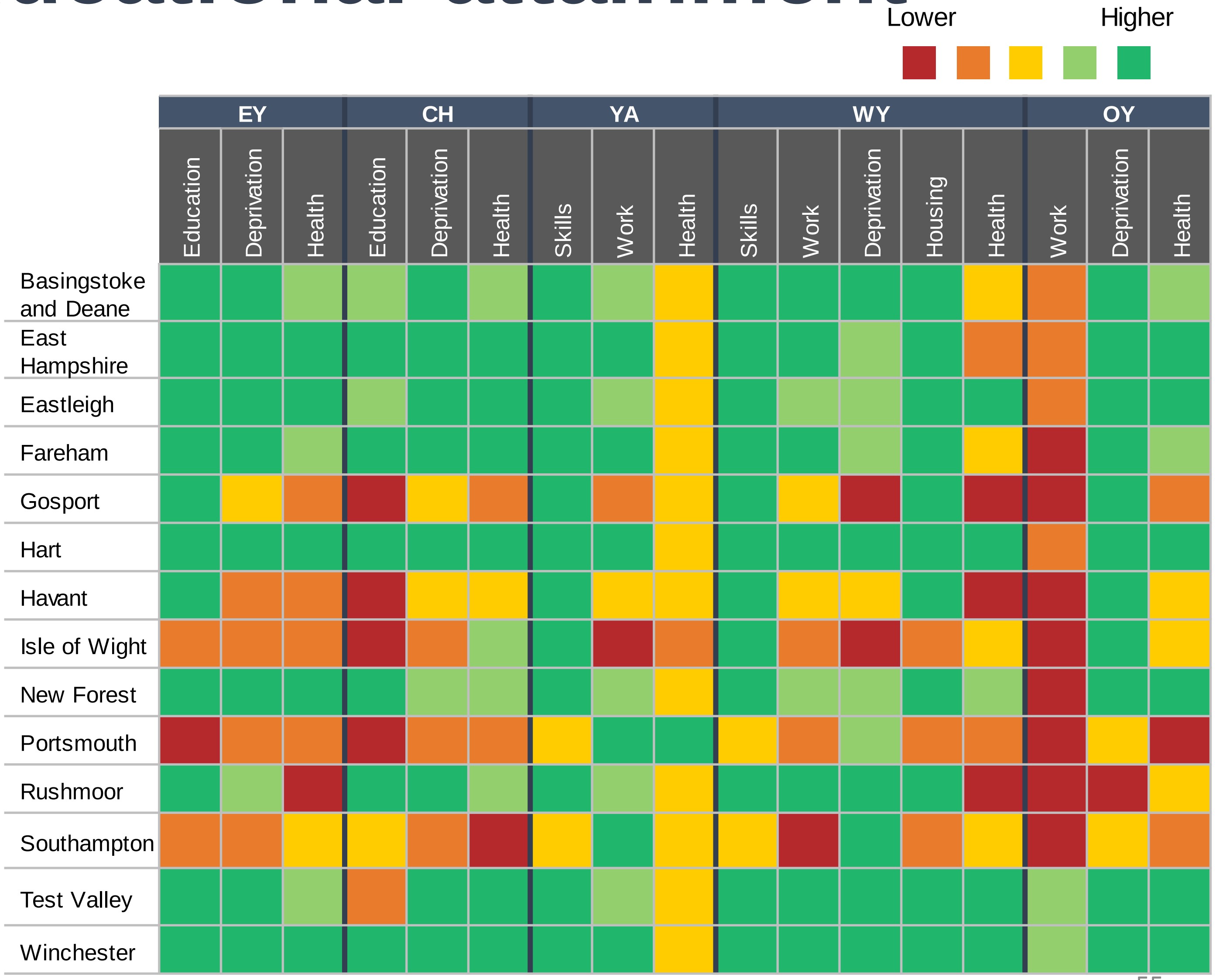
Driven by low educational attainment

The last lens explores the **drivers of high and low performance across the lifecycle**. The table to the right shows the breakdown of indicators in life stage across each place.

This shows that in the urban and coastal areas, there are challenges around school readiness and early years health. This continues into Childhood, where there is **amongst the lowest educational attainment in England** in some places.

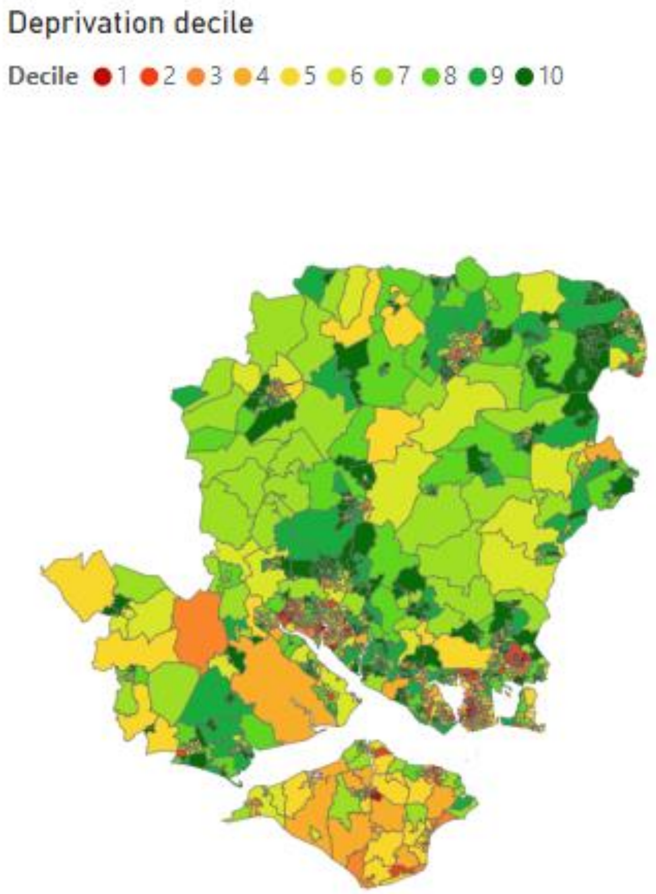
In the cities and the Isle of Wight, there are challenges around work for Working Years, and **many jobs earn below the Real Living Wage** in Gosport and the Isle of Wight.

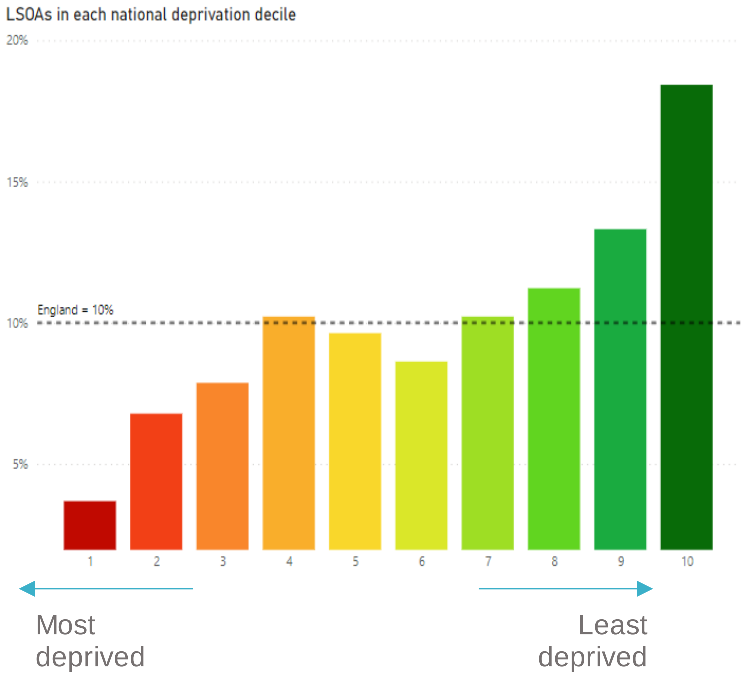
Most places in Pan-Hampshire **perform amongst the lowest two RAG ratings for over 50s employment.** This is likely to be for different reasons. In affluent parts of Pan-Hampshire where performance in other aspects of Older Years and across the lifecycle is higher, this is likely to be the result of **early retirement.** In more deprived areas with poorer outcomes across the lifecycle, this is likely to be due to **people leaving the workforce early**, potentially due to poor health or skills levels.



Source: Metro Dynamics analysis

Low average levels of deprivation – but with some significant pockets





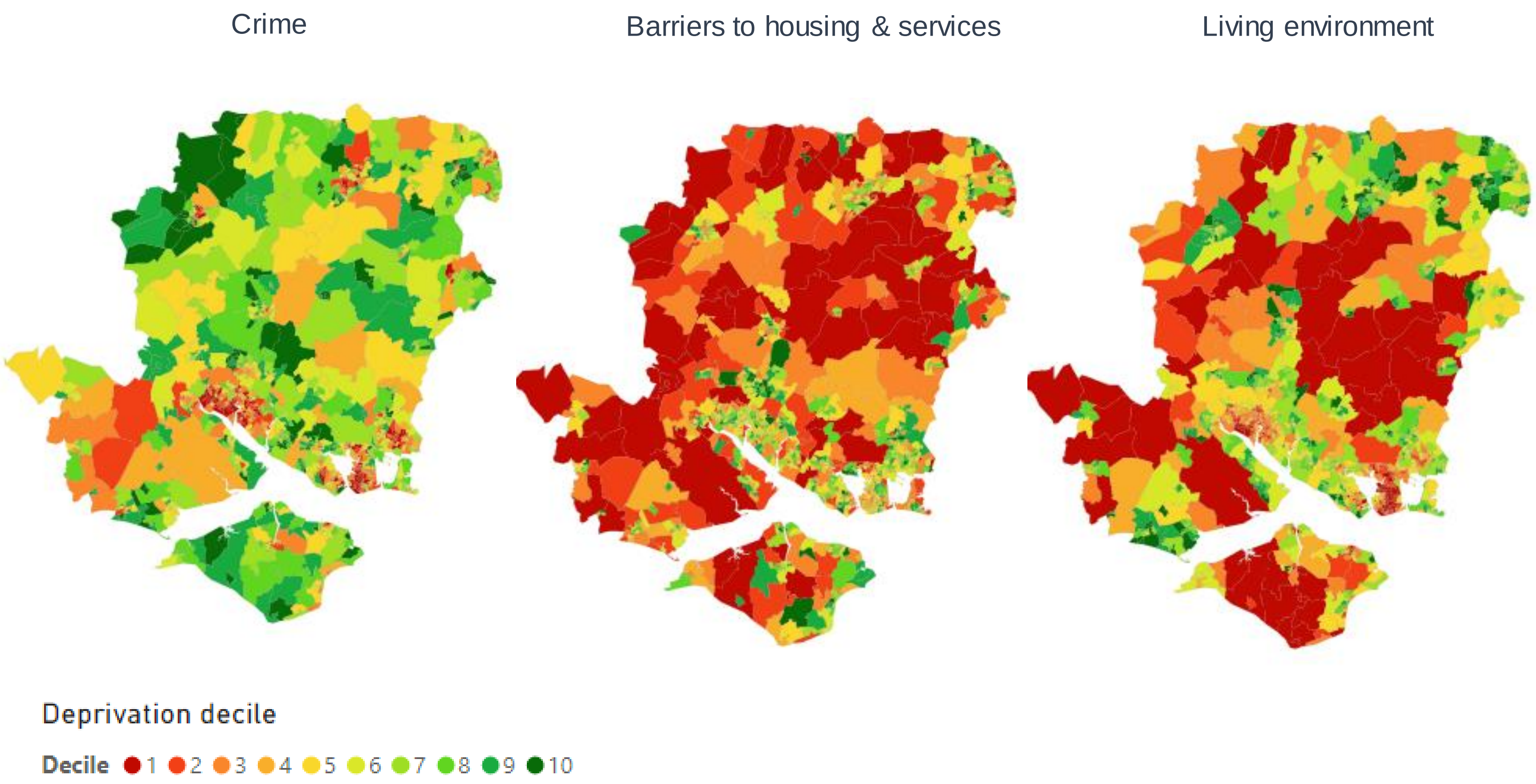
Across Pan-Hampshire, **levels of deprivation tend to sit below the national average**. The chart shows that 18% of neighbourhoods in Hampshire are in the least deprived decile in England, with the bottom three deciles all over-represented in Hampshire. Meanwhile, only 3% are in the most deprived – and the top three deciles for deprivation are underrepresented.

However, this high-level analysis overlooks the fact that, **within Hampshire, there are significant pockets of deprivation**. These are most clearly seen in the more urban authorities with higher population density – Southampton, Portsmouth, Gosport, and Havant, as well as generally higher levels on the Isle of Wight. There is also higher deprivation in Andover, Basingstoke and Farnborough.

While this pattern holds broadly true across the various constituent components of the Index of Multiple Deprivation, some – such as crime and living environment – have notably higher levels of high deprivation neighbourhoods.

Source: MHCLG 2019

Drivers of deprivation differ between urban and rural areas



In urban areas, the main drivers of deprivation are crime, education and skills, employment, health and income. **Crime is a significant driver of deprivation in Pan-Hampshire** with one in ten neighbourhoods performing in the 10% most deprived nationally.

Many **rural areas of Pan-Hampshire have challenges around access to housing and key services**, with many areas falling into the 20% most deprived in England. This is linked to **a lack of housing affordability** and that people living in rural areas have further to travel to access key services (post office, GP surgery, schools, shops).

Deprivation linked to living environment is also a challenge in both urban and rural areas. This includes quality of housing and air quality.

Source: MHCLG 2019

Lower healthy life expectancy in urban areas

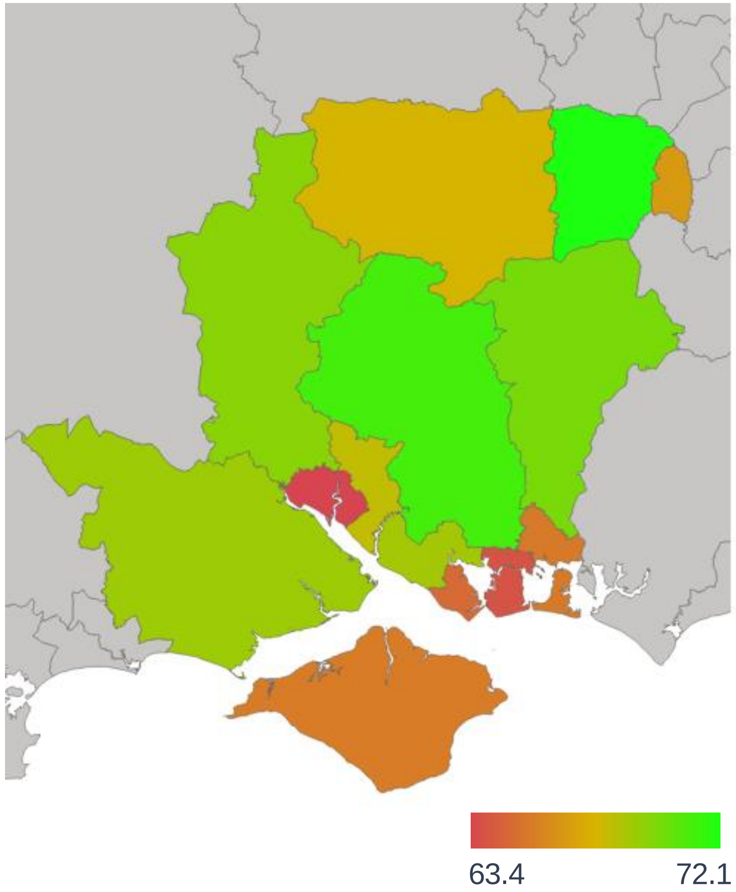
The maps to the right show healthy life expectancy for females and males.

This **reflects spatial inequalities presented in both the lifecycle and deprivation analysis.** Across Pan-Hampshire, there is a **10-year disparity in healthy life expectancy.**

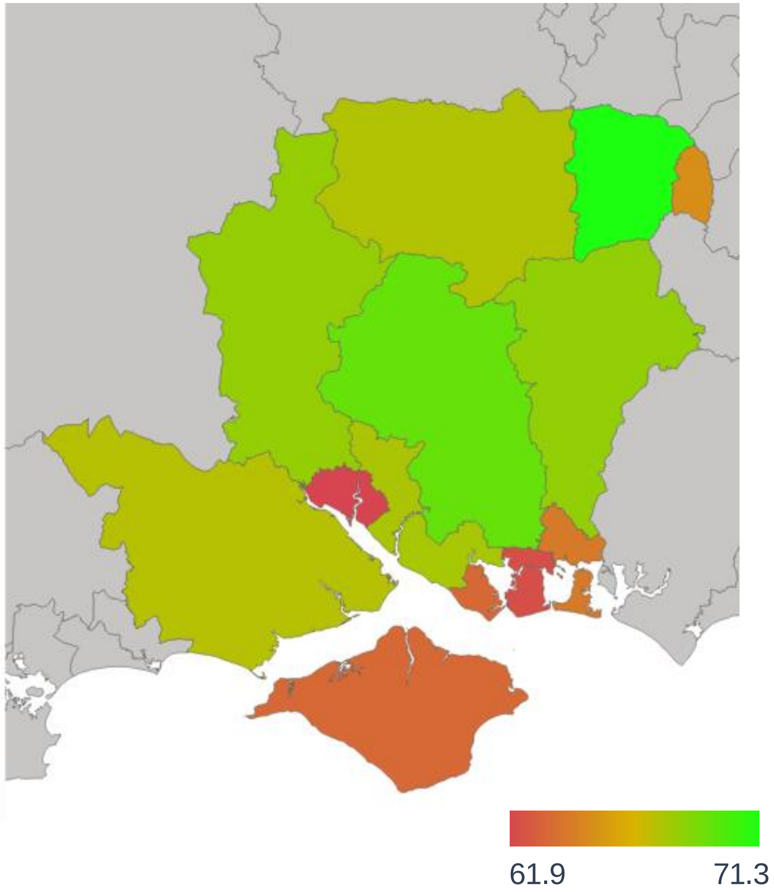
Healthy life expectancy is typically lower in Southampton and Portsmouth, coastal areas of Gosport and Havant and the Isle of Wight. These areas typically have lower health outcomes with lower levels of physical activity and higher rates of obesity.

Residents in Hart have the highest healthy life expectancy for both females (72.1 years) and males (71.3 years). In Southampton, healthy life expectancy is the lowest at 63.4 years for females and 61.9 years for males.

Healthy Life Expectancy for females



Healthy Life Expectancy for males



Source: ONS Life Expectancy (LE) and Healthy Life Expectancy (HLE) at birth in England 2009 to 2013

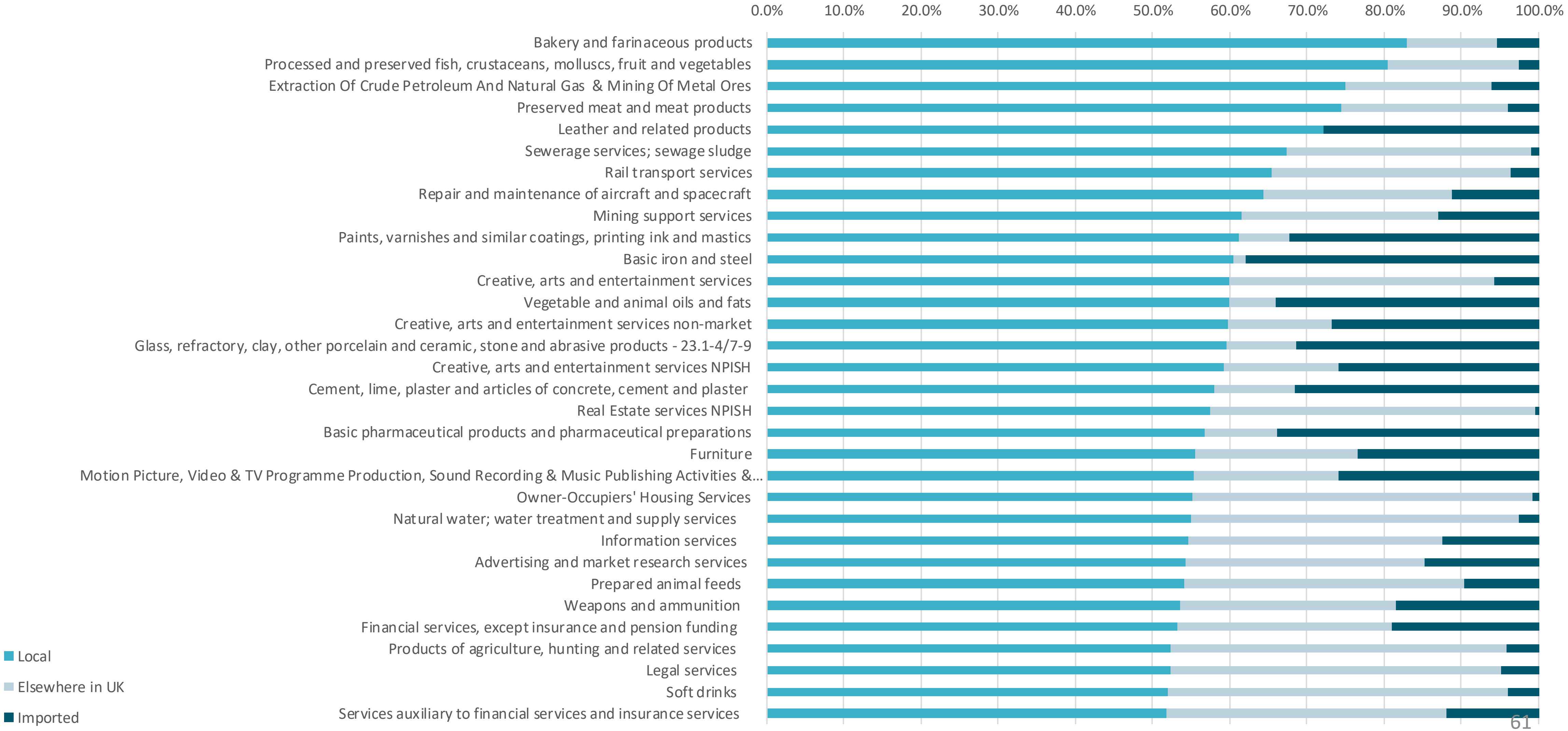
Summary

- Differences in population density require tailored approaches to the delivery of services
- An older and ageing population creates challenges for the economy and increases demand on health and social care
- Relatively high outcomes across the lifecycle at the Pan-Hampshire level driven by high performance in rural and inland areas, but lower outcomes in the cities and coast, which is in line with where there are concentrations of deprivation
- Most significant challenges and greatest spatial inequalities in Early Years and Childhood, linked to low educational attainment
- Challenges around people leaving the workforce early, potentially due to poor health and low healthy life expectancy, or skills levels
- In rural areas, there are high levels of deprivation linked to barriers to services and housing and living environment, reflecting a lack of affordable, high quality housing

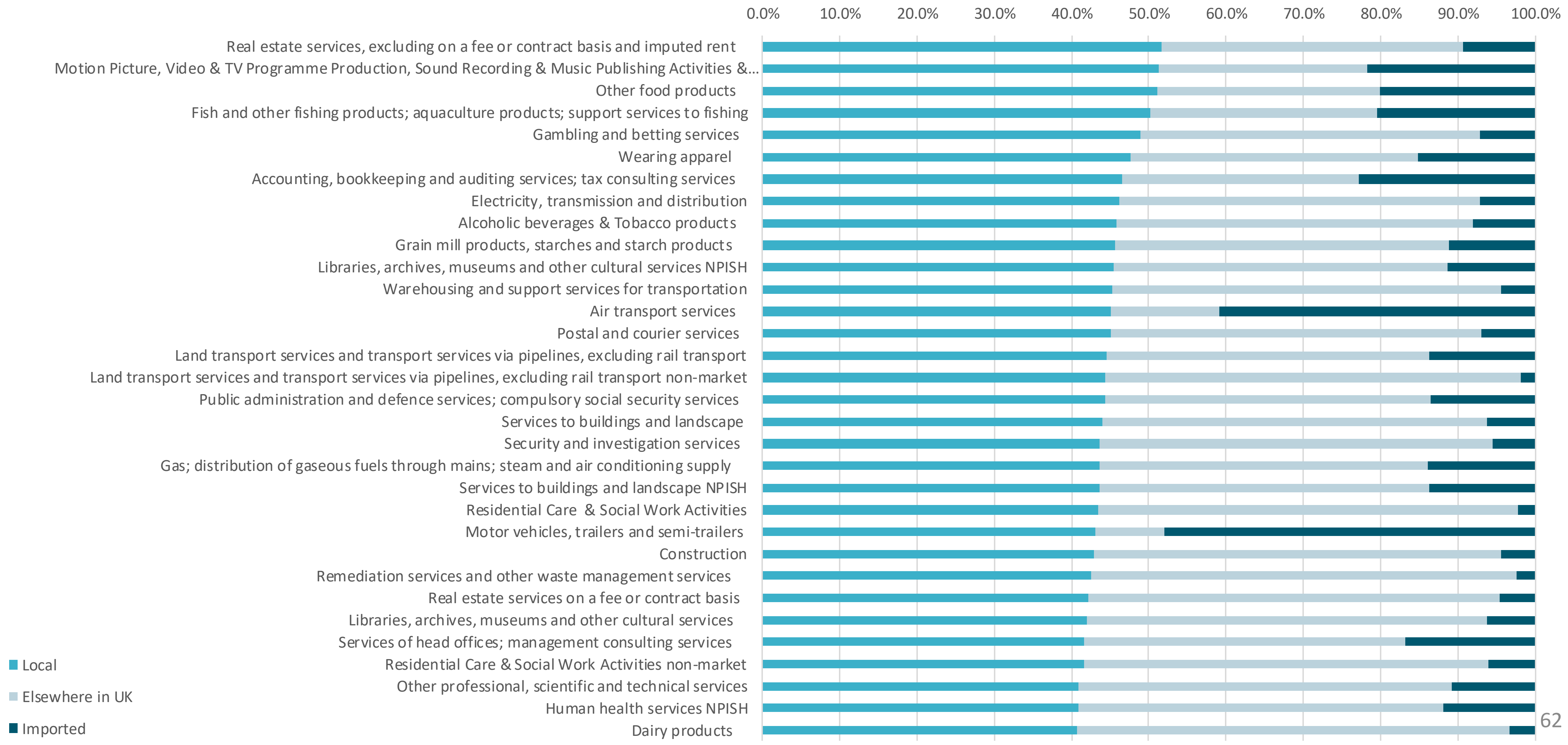
Best Deal for Pan-Hampshire

Appendix – supply chain charts

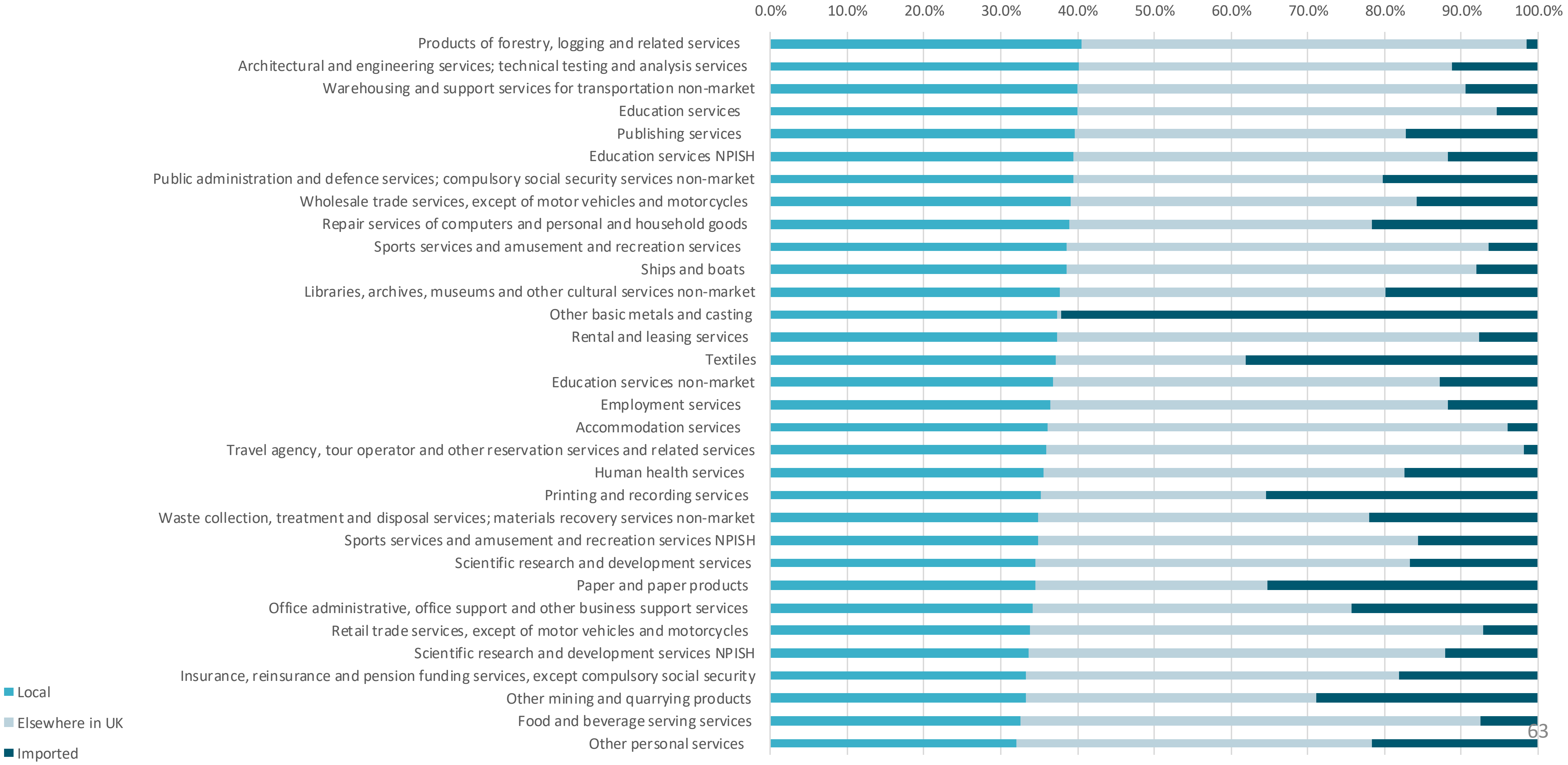
Full list of sectors by supply chain source (1)



Full list of sectors by supply chain source (2)



Full list of sectors by supply chain source (3)



Full list of sectors by supply chain source (4)