The Solent Economic Profile

FINAL

Solent Local Enterprise Partnership

June 2024

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1.0 Introduction

1.1 The Solent Local Enterprise Partnership ('LEP') commissioned Lichfields to prepare an update to the Solent Economic Profile, last produced in July 2019. The purpose of the Economic Profile is to consider a range of demographic, labour market, business, and employment characteristics for the Solent (both as an aggregate and at the local level), and in doing so identify strengths, challenges and opportunities for future economic growth. This study also considers how the outlook for the Solent economy compares with the analysis presented in the July 2019 report, taking account of macroeconomic developments that have occurred since, in particular the Covid-19 pandemic, Brexit and cost-of-living crisis.

The Solent Area

1.2 The Solent region extends across eight local authorities, and is a key economic hub anchored around the Isle of Wight, the two cities of Portsmouth and Southampton, the New Forest, the M27 corridor and the Solent waterway.

1.3 The Solent's position also means it is one of the UK's most important gateways to European and global markets. It has direct highway and rail links to London and other strategic national corridors, as well as international connections through Southampton Airport and the ports of Southampton and Portsmouth, which lie just 20 nautical miles from the world's busiest shipping route from Shanghai to Rotterdam.

1.4 In governance terms, the Solent comprises eight local authority areas which include three unitary authorities (i.e. operating as a single-tier local government system) and five district councils (i.e. operating under a two-tier local government system) alongside Hampshire County Council. For the purposes of this report the Solent is defined as consisting of the following local authority areas:

- Eastleigh;
- Fareham;
- Gosport;
- Havant;
- Isle of Wight (Unitary Authority);
- New Forest;
- Portsmouth (Unitary Authority); and
- Southampton (Unitary Authority).

1.5 In August 2023, the UK Government announced its decision to withdraw central government support for LEPs from April 2024. This impacts the Solent LEP, and a new partnership called Solent Partners – funded primarily by the three Unitary (i.e. Upper Tier) Authorities in the Solent – has been established to continue its collaboration with local industry, academia and civic leaders to promote the collective prosperity and sustainability of the Solent economy.

1.6 For the purposes of the following analysis, data is generally presented at the Solent level, and (where relevant) at the local authority level. In addition, regional and national comparisons are also provided to add further context to the analysis. Figure 1.1 below illustrates the local authority areas defined as forming the Solent region.

Caveats and Limitations

1.7 This report draws on a variety of publicly-available data sources (i.e. such as the 2021 Census and other statistics from the Office for National Statistics ['ONS']), in addition to data from local authorities in the Solent.

1.8 It is important to note that this report represents a point-in-time assessment. The analysis incorporates the latest data and evidence available at the time of preparation in early 2024, which naturally will be subject to change. Furthermore, the accuracy of data derived from third-party sources has not been independently checked or verified by Lichfields.

Figure 1.1 Solent Context

Source: Lichfields analysis

Structure of the Report

1.9 The remainder of the report comprises the following sections:

- **Section 2.0** considers the demographic and labour market characteristics of the local population including age structure, levels of labour market participation, commuting patterns and relative local deprivation;
- **Section 3.0** reviews the economy across the Solent by assessing the size of the economy, employment sectors, economic output, productivity and business demography;
- **Section 4.0** considers key economic features of the Solent area, its economic assets and key sectors; and
- **Section 5.0** draws together the key findings of the previous sections and analyses the current economic strengths, weaknesses, and future opportunities which are likely to influence Solent's economy over the medium-to-long term.

2.0 Population & the Labour Market

2.1 This section considers the Solent's demographic and labour market characteristics, in addition to housing provision, travel-to-work trends and local levels of relative deprivation.

Summary

- The Solent is home to a population of 1.23 million residents, within 599,400 households, giving it an average household size of 2.2 residents. Between 2011 and 2021, the population in the Solent increased by 2.8%, which is considerably lower than the equivalent growth seen across the South East region (of 7.5%) and nationally (of 6.6%).
- Population change in the Solent was primarily driven by growth in the number of residents aged 65 and over (i.e. of +19.1%), whilst the number of children under 16 and core working age population declined (by -0.6% and -0.9% respectively). In general, this trend is reflected across the majority of local authority areas within the Solent, with the exception of Portsmouth and Southampton which experienced very limited growth in their core working age population (albeit low at +0.1% and +3.3% respectively).
- Population projections indicate that by 2041 the Solent population will increase by 109,000 additional residents (+8.9%), which is higher than the expected growth rate across the South East (+6.5%) and nationally (+8.6%). As per recent trends, growth in the Solent's population will be primarily driven by growth in the number of residents aged 65 and over (+37.4%), with growth in the sub-region anticipated to be in line with wider comparators.
- Deprivation levels within the Solent vary substantially, with greater concentration of relatively higher levels of deprivation found in Portsmouth, Southampton and Havant. Meanwhile, Eastleigh, Fareham and the New Forest have lower levels of deprivation.
- Data from the 2021 Census indicates that there are currently 579,000 economically active residents in the Solent, representing an overall economic activity rate of 56.8% for the region. This is lower than equivalent rates in both the South East (of 60.1%) and nationally (of 58.6%). Whilst a direct comparison with 2011 is not possible, a review of economic activity rates in the Solent (i.e. relative to both the South East and nationally averages) suggests that labour market participation in the Solent is declining.
- The above is reflected when employment rates are considered. With an employment rate of 54.2% (compared with an equivalent rate of 57.6% in the South East and 55.7% nationally) and a lower unemployment rate (of 2.5% in the Solent, compared with 2.5% in the South East and 2.9% nationally), the evidence suggests that the Solent now has a smaller labour market pool relative to its position in 2011.

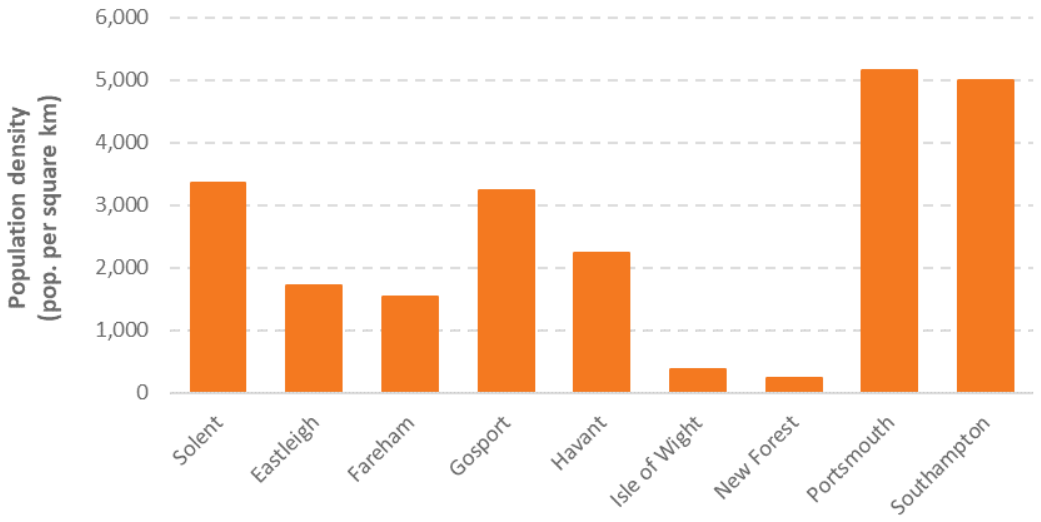
- In general, the Solent has an overall lower proportion of resident with degree-level (or equivalent) qualifications (defined as national vocational qualification level 4+). This varies locally, with the Isle of Wight, Havant and Gosport having the lowest levels. Meanwhile, Southampton and Portsmouth (i.e. the only cities with universities in the Solent) have a higher portion of residents with degree-level qualifications.
- The Solent outperformed the region in relation to both resident-based and workplace-based earnings growth over the period 2011 to 2023. Fareham and Eastleigh both have the highest resident-based earnings, meanwhile Portsmouth and Southampton have the highest workplace-based earnings.
- The quality and availability of housing in the Solent varies, and overall it is estimated that the housing stock increased by 32,100 new homes (or +6.1%) between 2011 and 2021. Whilst higher than the overall population growth over the same period (i.e. of just +2.8%), growth in the housing stock has helped maintain affordability levels above those seen at the South East level (albeit minimal, with a housing affordability ratio of 9.0 for the Solent compared to 10.4 for the wider region).
- However, data from the Office for Local Government suggests that housing delivery may be constrained, as the proportion of planning applications decided on time (i.e. within 13 weeks) is lower for the Solent (at 88.4%), relative to the national average (of 89.8%). This varies greatly across the Solent, with the lowest proportion of applications decided on time being in the New Forest (at 68.6%).
- A review of Levelling-Up Indicators for the Solent suggests that Fareham, Eastleigh and the New Forest generally perform "better than the [national] median" across several indicators (such as productivity, employment, life satisfaction as well as literacy rates and maths skills by the end of early years foundation stage. In contrast, local authorities performing "worse than the [national] median" across measures such as employment, net additions to housing stock and life satisfaction include Southampton, Portsmouth and the Isle of Wight.
- Given the various restrictions on travel put in place at the time of the 2021 Census (i.e. to prevent the spread of Covid-19), a comparison of travel to work data with 2011 is not possible (nor indeed advisable). However, analysis of the 2021 data suggests that the Solent remains highly self-contained, although with 18,700 (net) out-commuters the Solent remains a net exporter of labour.

Demographic Profile

2.2 The 2021 Census[1] puts total population in Solent at around 1.23 million residents, within 559,400 households, giving the Solent an average household size of 2.2 residents.

2.3 Portsmouth and Southampton are home to highest number of residents (with 249,000 and 208,000 residents respectively) compared with other local authorities in the Solent. Figure 2.1 below displays average population density per square kilometre ('sq.km') across the Solent. With around 5,000 people per sq.km, Portsmouth and Southampton have the highest population density. Meanwhile, with fewer than 1,000 people per sq.km, the New Forest and Isle of Wight have the lowest population density across the Solent.

Figure 2.1 Population Density



Source: Office for National Statistics (2023), *2021 Census.*

2.4 The Solent's population comprises 210,700 (or 17.1%) children under the age of 16, 759,400 (or 61.7%) residents of core working age (i.e. aged 16 to 64), and 260,200 residents (or 21.1%) aged 65 and over. Whilst the proportion of core working age residents in the Solent (i.e. 61.7%) is in line with the South East (62%) and national (63%) averages, it has a slightly higher proportion of residents aged 65 and over (i.e. compared with 19% and 18% respectively). Consequently, (at 17.1%) the Solent has a slightly lower population of young children relative to the South East and nationally (of 18.5% and 18.6% respectively).

2.5 At the local level, Eastleigh (with 19.2% of total population) has the highest proportion of children aged under 16, followed by Gosport (18%) and Southampton (17.9%). In contrast, Southampton and Portsmouth (with 68.3% and 67.2%) have the higher proportion of core working age residents across the Solent. Finally, the New Forest and Isle of Wight (with 29.3% and 29.2% respectively) have the highest proportion of residents aged 65 and over. The difference in age profile seen across the Solent is likely to generate different demands for health, as well as other social and community infrastructure facilities.

[1] Office for National Statistics (2023), 2021 Census

2.6 Over the 10-years to 2021, the Solent has seen modest population growth of 2.8% compared with the South East region (of 7.5%) and nationally (6.6%). Within the Solent, Eastleigh experienced the highest population growth (of +9.0%) followed by Southampton (of +5.1%). Meanwhile Gosport and the New Forest both reported a declining population over the same period (i.e. between 2011 and 2021), of -0.8% and -0.4% respectively.

2.7 However, a detailed look at the data shows that population change across the Solent was primarily driven by growth in the population aged 65 and over (of +19.1%), whilst the number of children under 16 and the core working age population declined (by -0.6% and -0.9% respectively). In general, this trend is reflected across the majority of local authority areas in the Solent, with the exception of Portsmouth and Southampton which saw limited growth across their core working age population (albeit at +0.1% and +3.3% respectively).

2.8 Within the Solent, Eastleigh had the strongest population growth between 2011 and 2021, with overall population growth of around +9%. However, whilst growth was evident across all age groups (of +10.1% for children aged 0-15, +3.8% for core working age residents), population change was ultimately driven by the number of residents aged 65 and over (of +27.9%).

2.9 A review of population projections[2] for local authorities in the Solent suggests that population is anticipated to grow by +8.9% (which is equivalent to +109,000 additional residents) by 2041. This is higher than the anticipated population growth for both the South East region (of +6.5%) and nationally (+8.6%). Within the Solent, Havant is anticipated to have the highest population growth (of +14.6%), followed by the Isle of Wight (of +10.8%) and Eastleigh (+9.9%).

2.10 Taking a closer look at the population projections by age breakdown, it is noted that within the Solent, the local authority of Havant is expected to see the highest growth in children under the age of 16 (+7% or +1,440 residents). Meanwhile, Gosport and Isle of Wight are projected to see a decline in the number of children, equivalent to -8.0% and -7.0% respectively. The Solent is projected to only see an increase of 1.0% of its population for children under the age of 16. Similarly, in relation to core working age residents, the Solent is projected to see only a 1.0% increase which is equivalent to 9,800 additional residents by 2041. The local authorities which are expected to see the highest growth in working age residents include Havant (+6.6%), followed by Southampton (+5.2%) and Portsmouth (+4.5%). New Forest is expected to see the highest decline in working age residents (-6.8%), followed by Gosport (-5.1%) and the Isle of Wight (-4.2%).

2.11 In terms of residents aged 65 and over, it is projected that the Solent will see an increase of 37.4% equivalent to an additional 97,400 residents. This makes up most of the population growth across the Solent. The South East is expected to see growth of 41% in this age bracket and the national projection is 40% by 2041. This means that in comparison the Solent will see a slightly lower projection of residents aged 65. However, taking into account the very low growth projection for both children and working age residents, it is clear that the Solent will see an ageing population in the years to come.

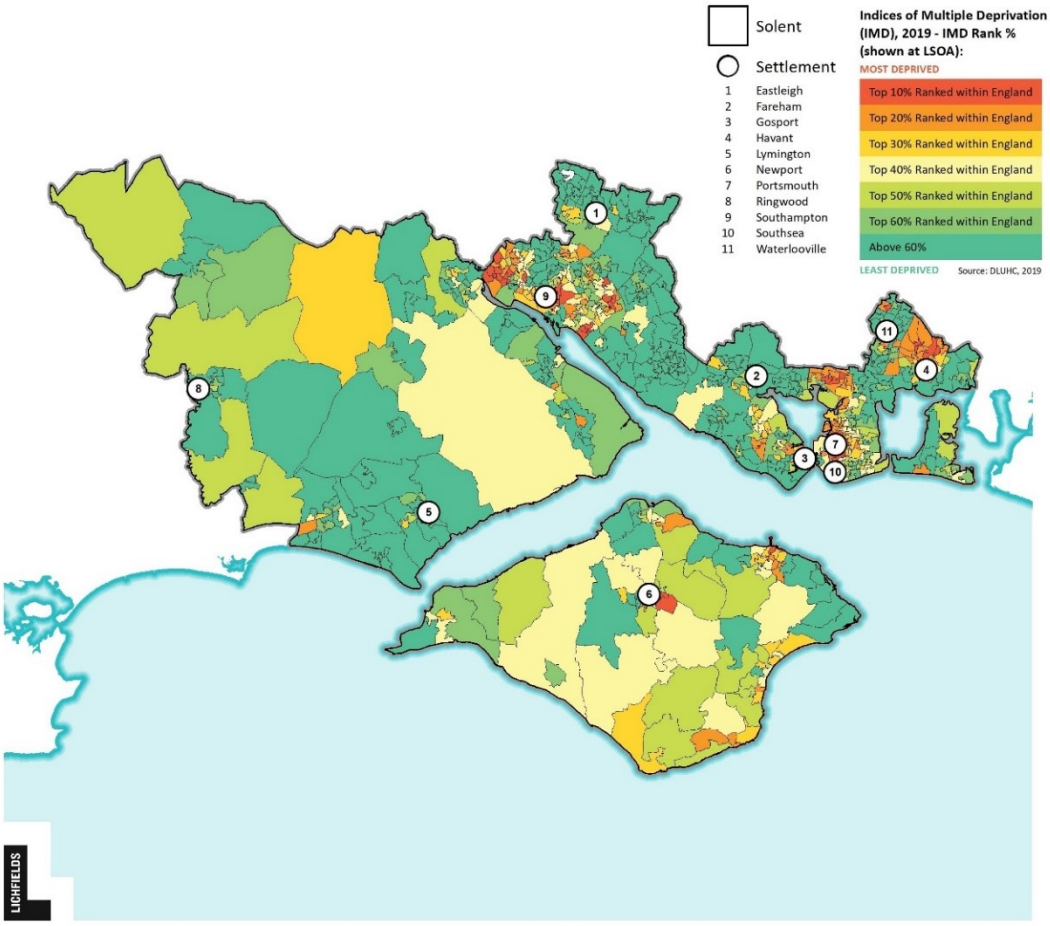
[2] Office for National Statistics (2020), *Subnational population projections for England: 2018-based.*

Deprivation

2.12 The latest version (i.e. 2019) of the Indices of Deprivation[3] ('IoD') – also referred to as the 2019 Indices of Multiple Deprivation ('IMD') – ranks Southampton (55th out of 317 local authorities in England) as the most deprived local authority in the Solent, placing it within the 20% most deprived local authorities in England. This is followed by Portsmouth (ranked 57th and within the 20% most deprived nationally) and the Isle of Wight (ranked 80th and within the 30% most deprived nationally). Meanwhile, the 2019 IoD ranks Eastleigh and Fareham as 29th and 19th least deprived local authorities in England.

2.13 However, within the Solent (and within individual local authority areas) the level of deprivation varies. In line with the analysis of overall deprivation, Figure 2.2 below shows relatively high levels of deprivation (i.e. defined as Lower-layer Super Output Areas[4] ['LSOA'] within the 10% to 20% most deprived in England) in Southampton, Portsmouth and Havant. Meanwhile, Eastleigh, Fareham and the New Forest have substantially lower levels of deprivation, including fewer neighbourhoods within the 10% most deprived nationally.

Figure 2.2 Indices of Deprivation 2019 – Overall deprivation

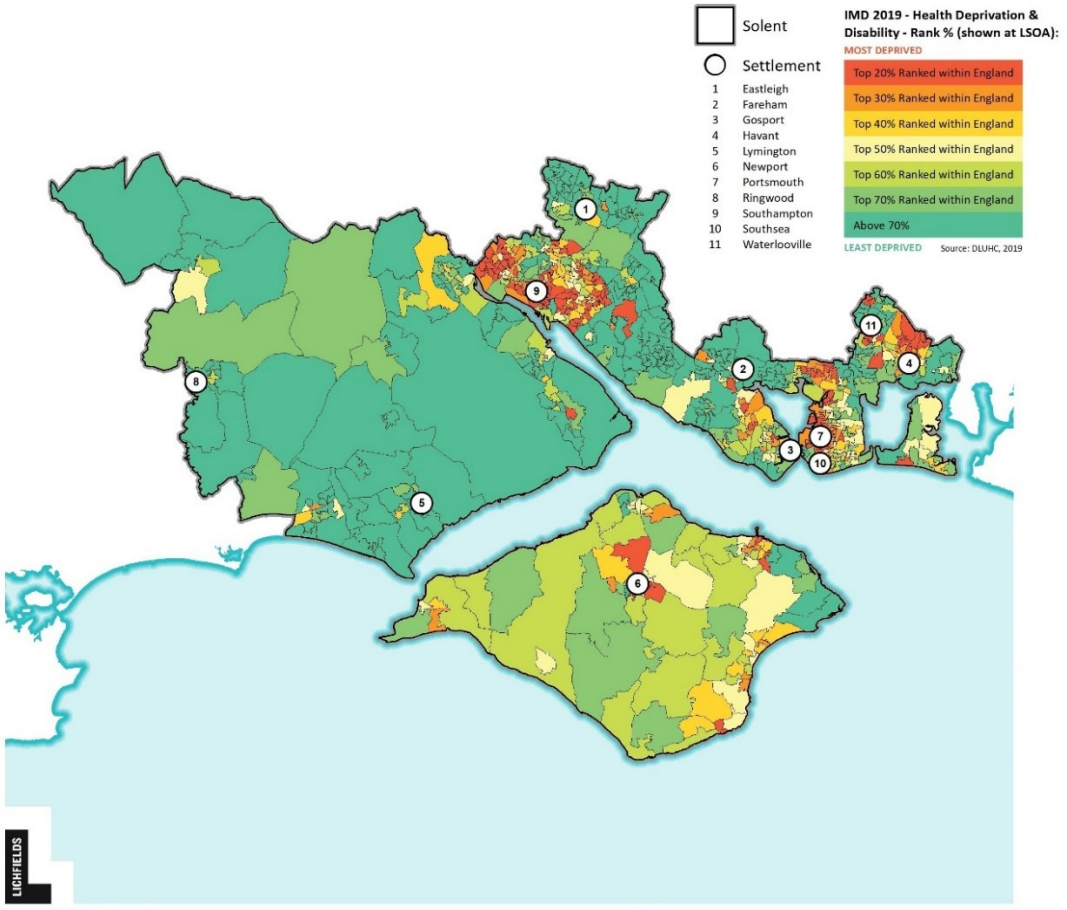


Source: Ministry of Housing Communities and Local Government (2019), *English Indices of Deprivation, 2019.*

[3] Ministry of Housing Communities and Local Government (2019), *English Indices of Multiple Deprivation, 2019.*
[4] LSOA are Lower Layer Super Output Areas, a geographical hierarchy designed to improve the reporting of small area statistics in England and Wales.

2.14 The 2019 IoD measures deprivation across seven domains (including income; employment; education, skills and training; health and disability; crime; barriers to housing and services; and living environment) and several sub-domains. Under health, the IoD considers the risk of premature death and the impairment to quality of life through poor physical or mental health. As per overall deprivation, Southampton ranks amongst the most deprived local authorities nationally (i.e. ranked 56th and within 20% most deprived local authorities) and is highest in the Solent. It is followed by Portsmouth (ranked 90th and within 30% most deprived local authorities) and the Isle of Wight (ranked 114th and 40% most deprived local authorities). In contrast, the New Forest (ranked 249th our 317 local authorities), Eastleigh (ranked 264th) and Fareham (ranked 274th) are the least deprived local authorities in terms of health.

Figure 2.3 Indices of Deprivation - Health Domain



Source: Ministry of Housing Communities and Local Government (2019), *English Indices of Deprivation, 2019.*

Labour Market Participation

2.15 Labour market engagement (otherwise referred to as economic activity) in the Solent can be measured through a range of socio-economic indicators, including economic activity, employment levels, as well as the proportion of unemployed and working age residents claiming benefits.

2.16 It should be noted that the 2021 Census separates out full-time students, and uses a slightly different denominator (i.e. of residents aged 16+) relative to the 2011 Census (which uses residents aged 16-74 as its denominator for labour market statistics). This means that a direct comparison between 2011 and 2021 is not possible. Wherever possible, this section compares the Solent relative to the South East region and national average to assess whether the variation with comparators has changed.

2.17 The economic activity rate measures the proportion of residents aged 16 and over who are either in employment and/or unemployed but actively looking for a job. During 2021, there were a total of 579,000 economically active residents in the Solent, which is equivalent to an economic activity rate of 56.8%. This was below the averages for both the South East region (of 60.1%) and nationally (of 58.6%). Within the Solent, the economic activity rate was the highest in Eastleigh (at 63.6%), followed by Gosport (at 58.7%) and Fareham (of 58.6%). In contrast, labour market participation was lowest in the Isle of Wight (at 50.6%) and the New Forest (53.5%).

2.18 In 2011, the economic activity rate in the Solent stood at 69.6%, meanwhile the South East recorded an economic activity rate of 72.1%, while the national average was 69.9%. This means that in 2011, the economic activity rate in Solent was 2.5 percentage points below the South East average (or 3.5% below) and 0.3 percentage points below the national average (or 0.4% below). In comparison, data from the latest Census indicates that the Solent's economic activity rate in 2021 was 3.3 percentage points below the South East average (or 5.5% below) and 1.8 percentage points below the national average (or 3.1% below).

2.19 This evidence suggests that labour market participation in the Solent has been falling relative to that seen across both the South East region, and nationally.

2.20 The employment rate measures the proportion of economically active residents who are in employment. Data from 2021 puts the employment rate for the Solent at 54.2%, which is substantially below the equivalent rate for the South East region (at 57.6%) and national average (at 55.7%). Within the Solent, the employment rate is highest in Eastleigh (at 61.6%), followed by Fareham (at 56.9%) and Gosport (at 56.0%). The employment rate in Portsmouth (of 54.2%) and Southampton (of 54.9%) is lower, which is likely to be influenced by the number of students residing within each city at the time of the Census.

2.21 Meanwhile, data from 2011 shows that the Solent had a higher employment rate (i.e. of 69.6%) relative to the South East (of 65.3%) and the national average (of 62.1%). However, by 2021 the position has shifted, with employment rate in the Solent being lower than both the South East average (i.e. by 5.9%) and nationally (i.e. by 2.7%).

2.22 This evidence reflects the analysis showing that the Solent has been under-performing relative to both regional and national averages as set out in the latest 2021 data.

2.23 The difference between the number of economically active residents and residents in employment determines the overall unemployment rate for an area. This means that currently, the unemployment rate stands at 2.5% across the Solent. This is in line with the overall average across the South East region (of 2.5%) and is substantially lower than the national average (of 2.9%). However, within the Solent, the unemployment rate is highest in Southampton (at 3.0%) and Portsmouth (at 2.9%), with the lowest rates being found in Farham and the New Forest (at 1.8% each).

2.24 In 2011, the Solent recorded an unemployment rate of 3.7%, which whilst slightly higher than the equivalent rate for the South East (of 3.4%) was lower than the national average (of 4.4%). By 2021, the unemployment rate across the Solent improved relative to the position across the South East region (i.e. improving from 8.8% above in 2011, to a similar rate).

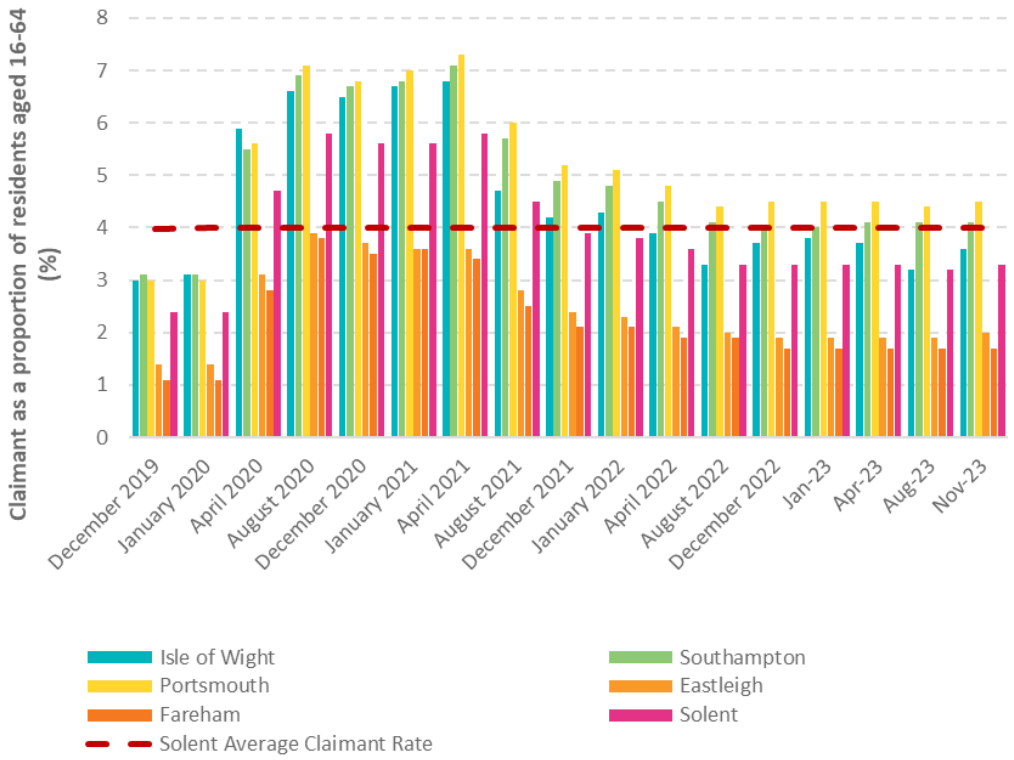
2.25 However, given the changes to the labour market between 2011 and 2021, the relative fall in the Solent's unemployment rate (especially in comparison with the South East region's average) is likely to be reflective of the increase in economic inactivity. Put simply, the declining unemployment rate is (in part) the result of a smaller[5] labour market pool.

2.26 Following on from the above, it is estimated that the Solent is home to around 25,300 residents claiming Universal Credit and/or Job Seekers Allowance, representing an overall claimant rate of 3.3% (i.e. for residents of core working age). Whilst above the regional average (of 2.9%), this is around 3.6 percentage points lower than the national average (of 6.9%). Within the Solent, the highest claimant rate was found in Portsmouth (at 4.6%) and Southampton (at 4.2%), reflecting the overall higher unemployment rate seen across the two cities. Meanwhile, significantly lower claimant rates can be found at Eastleigh (at 2.0%) and Fareham (at 1.7%). In general, the claimant rate tends to be higher than unemployment rates, as this will also include some residents in employment. However, given the slightly different denominators used in the 2021 Census and claimant data, it is not advisable to directly compare unemployment and claimant rates.

2.27 A review of claimant data from the end of 2019 shows that throughout the Covid-19 pandemic, the claimant rate across the Solent doubled (peaking at 5.8% in April 2021) relative to pre-pandemic levels, as shown in Figure 2.4. At 4.0%, the average claimant rate across the Solent remains above pre-pandemic levels (of 2.4% in December 2019). Within the Solent, individual local authorities experienced a similar spike in claimant numbers, with the claimant rate remaining above pre-pandemic levels across all local authority areas. In general, the data suggests that the local authorities with the highest pandemic-induced peaks include Portsmouth (7.3% in April 2021), Southampton (7.1% April 2021) and the Isle of Wight (6.8% in April 2021), whilst Eastleigh and Fareham experienced minor increases.

[5] i.e. comparatively, not in absolute terms.

Figure 2.4 Claimant rate from December 2019 onwards (incl. during Covid-19 pandemic)



Source: Office for National Statistics (2023), *Claimant Rate, Dec 2019-Nov 2023.*

Local Skills Base

2.28 Data on qualifications indicates that at 39.9%, the Solent has a lower proportion of residents qualified to degree-level or equivalent levels (i.e. defined as national vocational qualification ['NVQ'] level 4+) relative to the South East region (at 45.2%) and nationally (at 43.2%). In general, residents of Portsmouth (46.8%), Southampton (43.5%) and Fareham (44.8%) tend to have higher-level qualifications, whilst the proportion of residents with degree-level (or equivalent) qualifications tends to be lower in the Isle of Wight (31.3%), Havant (32.4%) and Gosport (34.4%). This is not surprising given the provision of three universities and several colleges within Portsmouth, Southampton and Fareham.

2.29 Within the Solent, 16.9% of residents aged 16 to 19 have no qualification levels compared with 13.2% across the South East and 14.6% in England. On the other hand, 25% of core working age residents in the Solent have a GCSE grade A or equivalent, which is higher than the equivalent rate across the South East (of 22.5%) and nationally (of 21.7%). At the local authority level, New Forest (27.7%), Eastleigh (27.1%), and Fareham (27.0%) have the highest proportion of core working age residents with GSCE grade A or equivalent. Meanwhile, Gosport (22.0%), Portsmouth (22.6%) and Southampton (23.3%) have the lowest level of residents with GSCE grade A or equivalent.

2.30 Analysis of residents' occupations shows that there are currently around 47.0% of residents employed in higher-level and managerial occupations (i.e. defined as standard occupational classification ['SOC'] levels 1 to 3[6]) within the Solent, which is considerably lower than the equivalent averages across the South East (of 56.7%) and nationally (of 52.6%). Within the Solent, Fareham (at 52.9%) has the highest proportion of residents in higher-level and managerial occupations, followed by Eastleigh (at 51.1%) and Portsmouth (at 49.6%). On the other hand, Havant (i.e. with 23.7%) has the highest proportion of residents in manufacturing and elementary occupations (i.e. defined as SOC 8 and 9[7]).

2.31 A review of further education ('FE') and skills training within the Solent indicates that subject areas with the highest proportion of enrolments include preparation for life and work[8] (46.2%), health services (21.0%) and information and communication technology ('ICT') (7.9%). Subject areas with the highest proportion of achievements (i.e. successful completions) reflect enrolment data, with the top three being preparation for life and work (49.7%), health services (18.4%) and ICT (8.6%).

2.32 Data from the Department for Education ('DfE') for apprenticeships shows that the Solent recorded around 3,500 apprenticeship completions during the 2021/22 academic year, representing a 24% fall compared with the previous academic year (i.e. 2020/21). However, apprenticeships data suggests that whilst the number of completions is falling, the overall difficulty of apprenticeships is increasing, with over 50% of achievements during the 2021/22 academic year being for advanced apprenticeships (relative to intermediate apprenticeships in 2016/17).

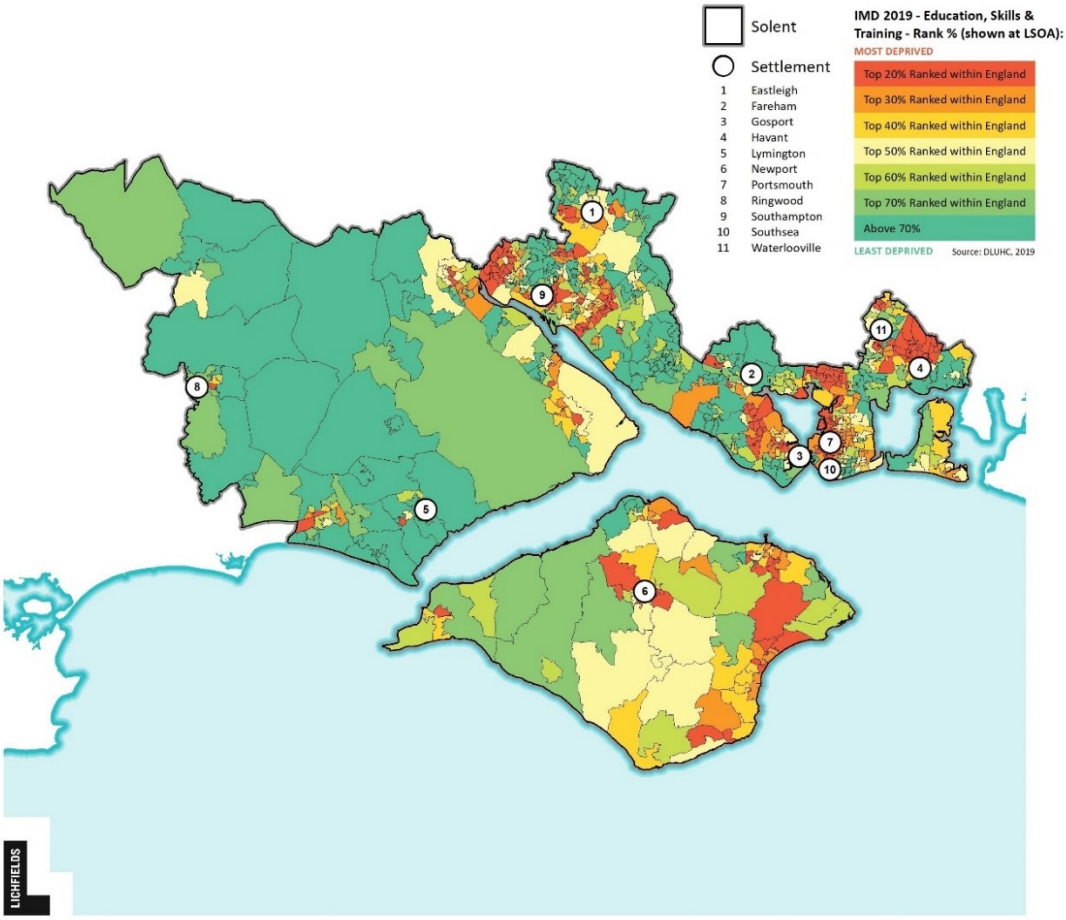
2.33 Figure 2.5 below considers deprivation in relation to the education domain which measures attainment and skills levels within the local population. Overall, the 2019 IoD ranks Gosport (i.e. ranked 47th and within 15% most deprived local authorities) as the most deprived local authority in the Solent, followed by the Isle of Wight (i.e. ranked 61st and within 20% most deprived local authorities) and Havant (i.e. ranked 67th and within 20% most deprived local authorities). Portsmouth and Southampton rank highly (at 79th and 90th) in terms of education deprivation, despite the presence of three universities, suggesting that deprivation is embedded at primary and secondary school level. In contrast, Eastleigh (i.e. ranked 221st), the New Forest (i.e. ranked 222nd), and Fareham (i.e. ranked 276th) have comparatively low levels of deprivation in relation to skills and education attainment.

[6] Which include SOC1: Managers and Senior officials, SOC 2: Professional occupations, and SOC 3: Associated prof & tech occupations.

[7] Which include SOC8: Process, Plant and Machine operatives, and SOC9: Elementary Occupations

[8] This includes personal and social development, skills for independence, Math, English and an introduction to the concept of employment.

Figure 2.5 Indices of Deprivation - Education Domain



Source: Ministry of Housing Communities and Local Government (2019), *English Indices of Deprivation, 2019.*

Resident & Workplace Earnings

2.34 Analysis of earning levels at the Solent level puts (gross) weekly median resident-based earnings at around £678, which are significantly lower than the equivalent value across the South East region (of £723), but higher than the national average (of £638). Within the Solent, (gross) weekly median resident-based earnings are highest in Fareham (of £748) and Eastleigh (of £712), and lowest in the Isle of Wight (at £639).

2.35 Between 2011 and 2023, (gross) weekly median resident-based earnings in the Solent have increased by 38%, which is substantially above regional growth (of +30%) and the national rate (of +35%). Within the Solent, local authorities which have experienced the highest growth in weekly median resident-based earnings include Gosport (of +44%), Havant (of +42%) and Southampton (of +41%).

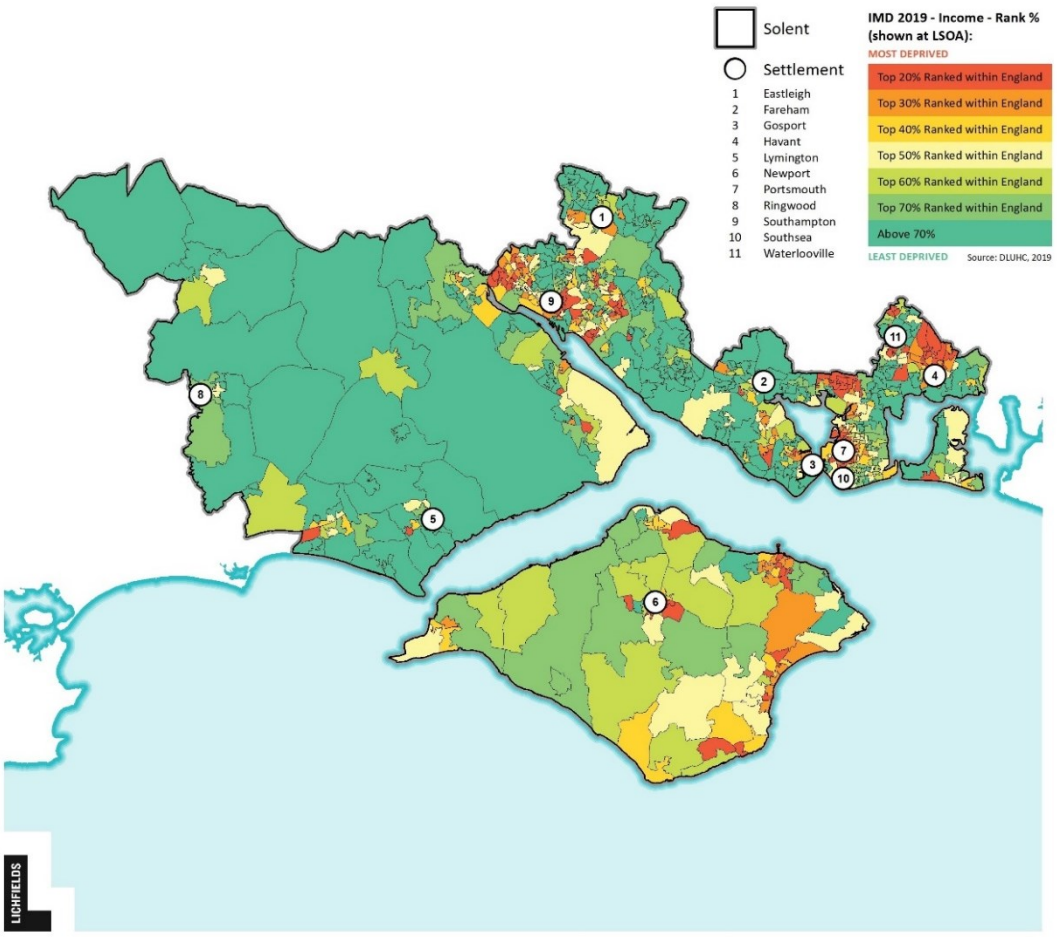
2.36 Comparatively, (gross) median workplace-based earnings in the Solent are in the region of £666, which is below equivalent resident-based earnings (of £678, or £12 lower). This suggests that residents commute out of the Solent for higher workplace-based earnings (albeit marginally). Generally, average (gross) median workplace-based earnings in the Solent are lower than equivalent earnings in the South East (of £704) and nationally (of £683), with the highest workplace-based earnings being found in Portsmouth (of £726) and

Southampton (of £703). Meanwhile, workplace-based earnings are lowest in the Isle of Wight (of £606) and Havant (of £628).

2.37 Between 2011 and 2023, workplace-based earnings in the Solent increased by around 35%, slightly above growth across the South East region (of 33%) but in line with national growth (of 35%). Within the Solent, the highest growth rates in workplace-based earnings were Portsmouth (of +48%), Fareham (of +44%) and Eastleigh (of +38%).

2.38 As highlighted previously, the Isle of Wight has lower workplace- and resident-based earnings, ranking it 65th (out of 317 local authorities in England) and making it the most deprived local authority in the Solent in terms of income domain. This is followed by Southampton (ranked 104th and within 30% most deprived local authorities) and Portsmouth (ranked 107th and within 30% most deprived local authorities), highlighting the degree of variability at the local level. Meanwhile Fareham (ranked 303rd and within 10% least deprived local authorities) and Eastleigh (ranked 282nd and within 15% least deprived local authorities) are the least deprived local authorities in the Solent in terms of the income sub-domain.

Figure 2.6 Indices of Deprivation - Income Domain



Source: Ministry of Housing Communities and Local Government (2019), *English Indices of Deprivation, 2019.*

Housing

2.39 Data from 2021 indicates that there are 560,000 residential dwellings in the Solent. Of these nearly a fifth (19%) are concentrated in Southampton, with other high concentrations also found in Portsmouth (16%) and the New Forest (15%). In contrast, Gosport has the lowest stock of dwellings in the Solent (i.e. equivalent to 7% of the sub-region's housing stock). This reflects the analysis of population density in the Solent considered earlier in this section.

2.40 Over the 10-year period to 2021, the housing stock in the Solent increased by 32,100 new homes or equivalent to +6.1%, which was lower than the equivalent growth across both the South East region (of +9.0%) and nationally (of +8.5%). That being said, it should be noted that population growth within the Solent over the same period (i.e. 2011 to 2021) was, at 2.8%, substantially lower.

2.41 Within the Solent, Eastleigh experienced the strongest growth of housing stock (of +10.1%), followed by the Isle of Wight (of +8.8%) and Southampton (of +7.5%). However, given the size of the housing market, with the addition of 7,500 new homes, Southampton saw the largest absolute growth in its stock of housing. On the other hand, areas with the lowest housing growth in the Solent include Gosport (with +2.7% growth), Portsmouth (with +3.5% growth), and the New Forest (with +4.1% growth). That being said, it should be noted that in the 10 years to 2021, Portsmouth and the New Forest saw the delivery of more than 3,000 new homes each, which (in absolute terms) is higher than/in-line with stronger growth elsewhere (e.g. Fareham with +5.5% and Havant with +6.1%).

2.42 Within the Solent, around 60% of homes are owner occupied which is in line with the South East (62%) and national averages (61%). Around 1-in-5 (19%) of homes are private rented, followed by 14% being social rented and 1% being Shared Ownership. At the local level, home ownership is highest in Eastleigh (69%), and lowest in Southampton (at 45%). In fact, Southampton has the highest proportion of residents in social rented accommodation (21%) and/or who rent privately (28%).

2.43 The above reflects the analysis of housing affordability[9] (i.e. median house prices as a multiple of median resident-based earnings). In 2023, the Solent had an average housing affordability ratio of 9.1, which whilst lower than the equivalent ratio for the South East region (of 10.4), is considerably higher than the equivalent ratio nationally (of 8.3). Within the Solent, affordability ratios are the highest (i.e. less affordable) in the New Forest (12.2), Havant (10.3) and Eastleigh (9.4). On the other hand, housing affordability ratios are lower (i.e. more affordable) in Gosport (7.4), Southampton (7.6) and Portsmouth (7.7).

2.44 Housing affordability is (in part) influenced by the balance between the demand and supply for housing, which is to some degree influenced by planning consents and house building rates. Data from the Office for Local Government[10] ('Oflog') shows that the percentage of major planning applications decided on time (i.e. within 13 weeks) across the Solent stands at 88.4%, which is below the national average of 89.8%. However, the Solent-wide average disguises significant local variability within the sub-region, with Fareham having the highest percentage (of 92.5%), followed by Gosport (91.7%) and Havant (91.7%).

[9] Office for National Statistics (2023), *House price to residence-based earning ratios.*
[10] Department for Levelling Up, Housing and Communities (2023), *Local Authority Data Explorer.* [Available at: https://oflog.data.gov.uk/].

Meanwhile, at 68.6% the New Forest has a significantly lower proportion of planning applications decided on time.

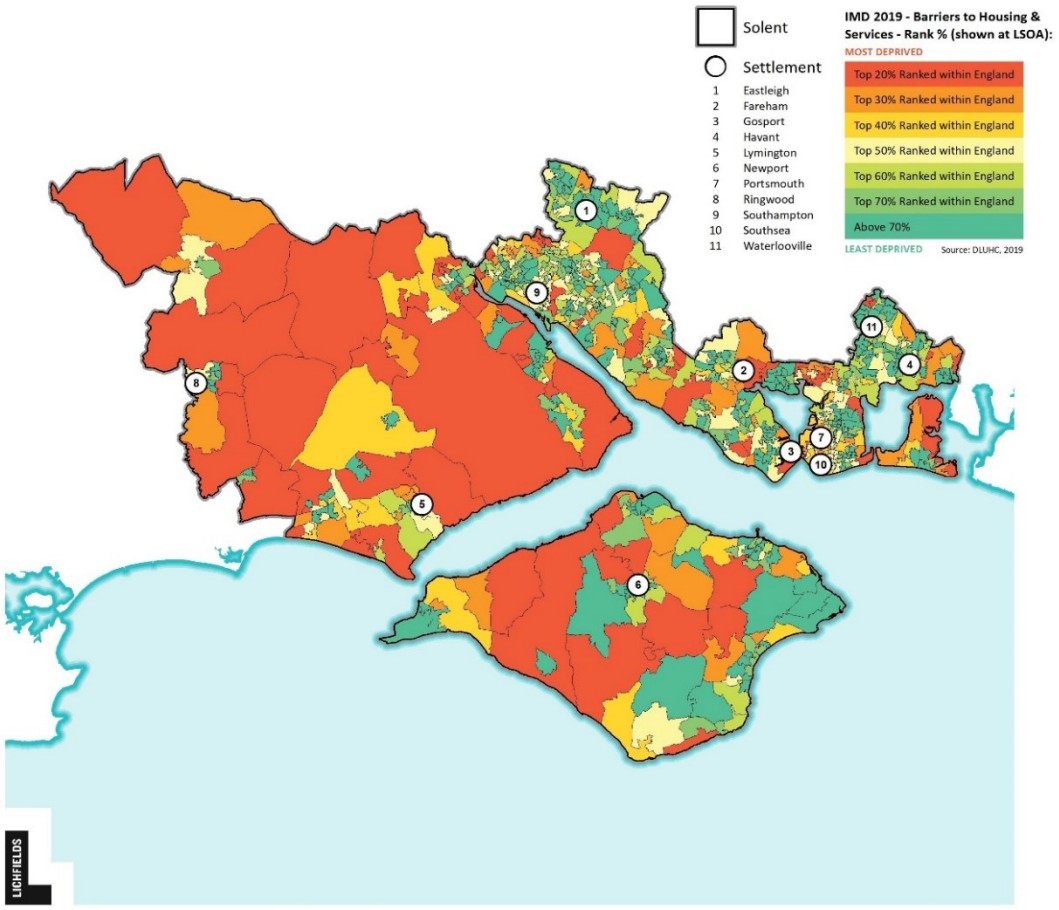
2.45 According to the 2022 Housing Delivery Test[11], over the three years (i.e. between 2019/20 and 2021/22) the Solent was not able to meet and deliver the number of homes required (i.e. equivalent to 12,000 homes). At a local level, most local authorities did not meet their housing targets with the exception of Fareham which delivered 1,000 extra homes over and above its requirement. Meanwhile, Portsmouth had a deficit of 1,300 homes (or the equivalent of 61.7% below its requirement), followed by Fareham (i.e. a deficit of 700 homes or 57.9% below its target) and Southampton (i.e. a deficit of 600 homes or 25.0% below its target).

2.46 Taking account of the various dynamics influencing the housing market, the 2019 IoD ranks the New Forest as 107th most deprived local authority in terms of barriers to housing and services (out of 317 local authorities), placing it within the 40% most deprived in England. This is followed by Portsmouth (ranked 151st and within 50% most deprived local authorities) and Southampton (ranked 184th and within 50% least deprived local authorities).

2.47 However, as noted in Figure 2.7 below, housing deprivation varies greatly within the Solent, with relatively higher concentrations (including several neighbourhoods ranked within the top 10% nationally) found in Portsmouth, Southampton and the Isle of Wight. In contrast, both Eastleigh and Havant are ranked within the 30% least deprived local authorities in England.

[11] Office for National Statistics (2023), *Housing Delivery Test: 2022 measurement.*

Figure 2.7 Indices of Deprivation - Barriers to Housing Domain



Source: Ministry of Housing Communities and Local Government (2019), *English Indices of Deprivation, 2019.*

Levelling-Up Indicators

2.48 Following publication of the Levelling Up White Paper[12], the ONS issued a new subnational explorer[13] which considers 28 different measures (such as weekly pay, and healthy life expectancy) against the UK median. The purpose of this analysis is to provide a summary view of whether a local authority area is performing "better than the median" or "worse than the median" (i.e. defined as greater than one standard deviation).

2.49 In general, the subnational explorer consistently places Fareham (with 9 measures), Eastleigh and the New Forest (with 8 measures each) as "better than the [national] median". This includes indicators such as productivity (i.e. gross value added ['GVA'] per hour worked), employment rate (for core working age residents), GCSEs in English and Maths by age 19, life satisfaction and the proportion of children with the expected levels of literacy and maths by the end of early years foundation stage.

2.50 Local authorities performing "worse than the [national] median" include Southampton (with 7 measures), Portsmouth and the Isle of Wight (with 5 measures each). This includes indicators such as employment rate, schools and nurseries rates good or outstanding, net

[12] Department for Levelling Up, Housing and Communities (2022), *Levelling Up the United Kingdom.*
[13] Office for National Statistics (2023), *Subnational Indicators Explorer.*

additions to the housing stock, life satisfaction and anxiety. It is noted that the Isle of Wight has no measures which currently perform better than the median and is facing significant challenges in educational performance, including low levels of pupils at expected standards at the end of key stage 2 and limited schools and nursery school rated good or outstanding.

Figure 2.8 Levelling Up Indicators

Source: Office for National Statistics (2022), *Subnational Indicators Explorer.*
Note: The order in which the local authorities are listed in Figure 2.8 is for illustrative purposes only, and is not specific to the local authority's own ranking against an indicator.

Travel to Work Patterns

2.51 Origin and destination data from the 2021 Census allows for the analysis of commuting flows at a range of geographies. It should be noted that the 2021 Census was conducted (on 21st March 2021) during a time of unprecedented restrictions on travel and social mixing implemented to slow down transmission of the Covid-19 virus. As such, the ONS has released the dataset[14] with a warning that "*the lockdown and furlough measures will have affected the origin-destination data*" and that "*care is advised when using this data for planning and policy purposes*".

[14] Office for National Statistics (2022), *Travel to work, England and Wales: Census 2021.*

2.52 Given the travel restrictions and work from home instructions that applied at the time, unsurprisingly the 2021 Census identifies relatively higher self-containment rates for all local authorities within the Solent relative to the 2011 Census. With 95.9% self-containment rate, the Isle of Wight has the highest rate within the Solent, followed by Portsmouth (79.7% self-containment) and New Forest (78.5% self-containment). At this stage, it is not possible to separate the impact of travel restrictions, from increases in self-containment due to improved economic conditions locally. However, data from the 2011 Census shows that the Isle of Wight already had relatively high levels of self-containment (at 92.2%), which suggests that the impact of Covid-19 restrictions in 2021 was limited.

2.53 Meanwhile, several local authorities which had lower self-containment rates at the time of the 2011 Census (such as Eastleigh, Fareham, Gosport and Havant), showed higher self-containment rates by 2021. This evidence suggests that the increase in self-containment rate is likely to be driven by residents' ability to work from home, rather than necessarily a shift towards greater retention of workers locally.

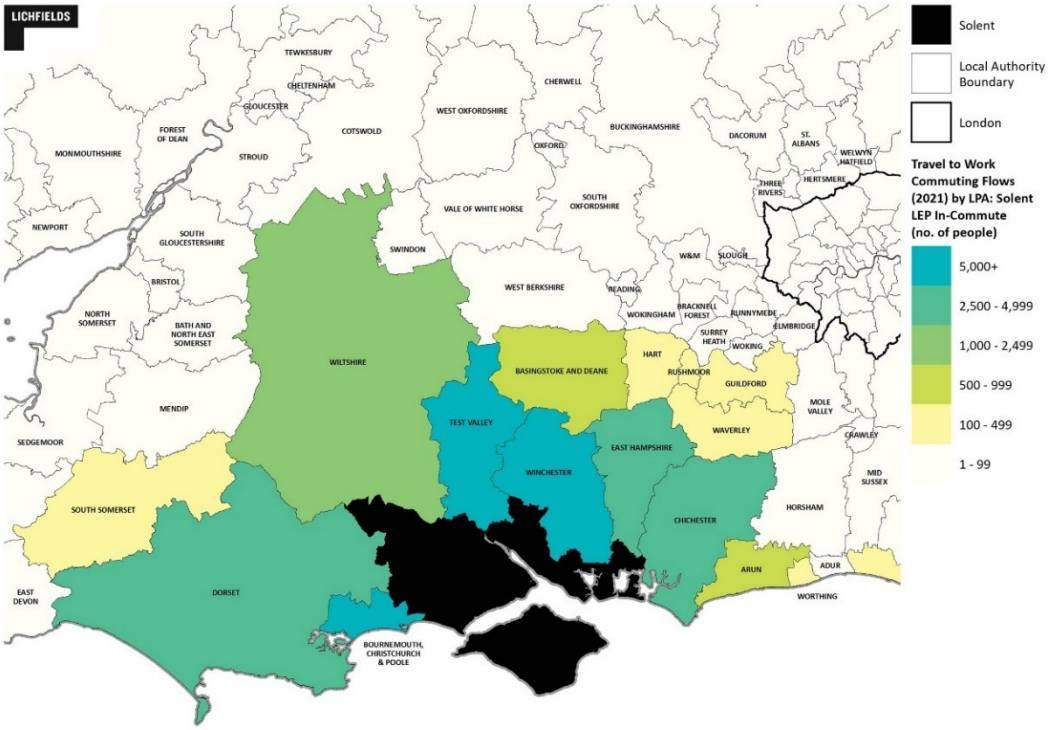
Figure 2.9 Self-containment rate for local autorities in the Solent

Source: Office for National Statistics (2011), *2011 Census*; Office for National Statistics (2021), *2021 Census* / Lichfields analysis.

2.54 However, despite the increase in self-containment, the 2021 Census shows that with around 18,700 (net) out-commuters the Solent remains a net exporter of labour (i.e. there are more residents who work outside the Solent, than the number of people from outside the area working inside the Solent). The 2021 Census shows that there were around 43,100 in-commuters to the Solent, compared to 61,800 who out-commute.

2.55 Figure 2.10 overleaf identifies the main locations for in-commuters to the Solent which include Winchester, Test Valley, East Hampshire, Chichester, and Bournemouth, Christchurch and Poole ('BCP'). Key destinations for in-commuters taking up workplace jobs based in the Solent include Portsmouth (with 25,000 in-commuters), Southampton (with 24,000 in-commuters), and Fareham (with 18,200 in-commuters).

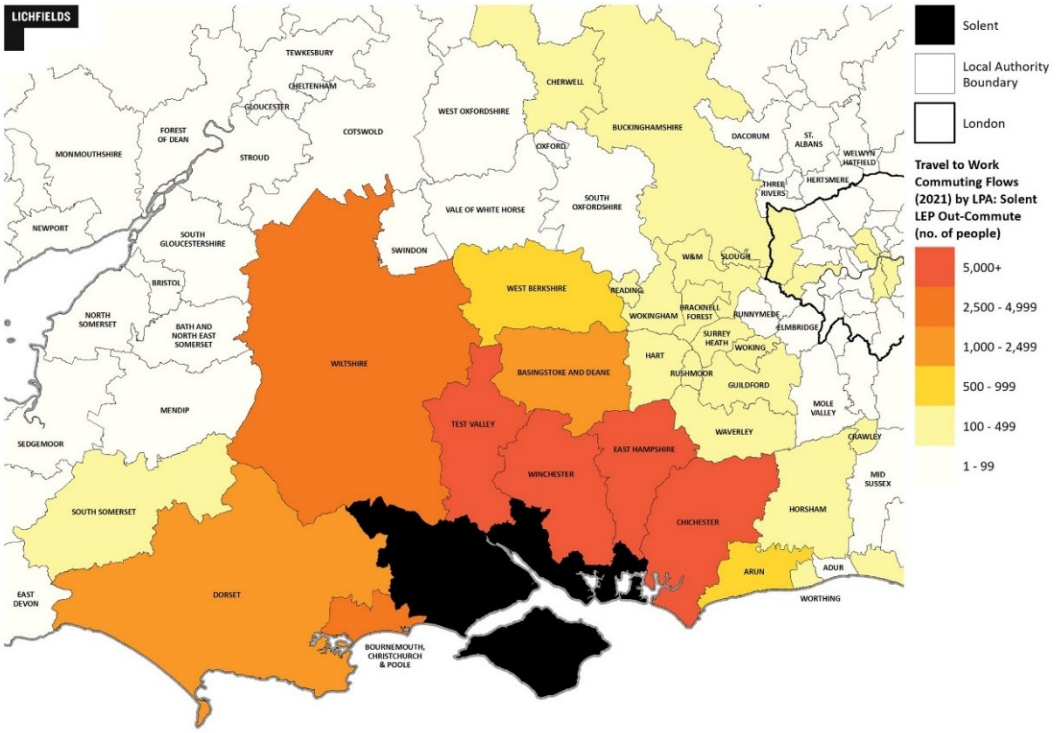
Figure 2.10 In-commuting estimates for jobs in the Solent



Source: Office for National Statistics (2021), *2021 Census* / Lichfields analysis.

2.56 However, the latest Census shows that in 2021 the Solent saw 62,000 people commuting out of the Solent for work. As shown in Figure 2.11 below, there is a wide spread of local authorities where people commute to, including London. The top five local authorities that Solent resident workers commute to include Winchester, BCP, Test Valley, Dorset and East Hampshire. Within the Solent, Southampton has the highest number of out-commuters (29,000 residents), followed by Eastleigh (21,600 residents) and Portsmouth (19,000 residents).

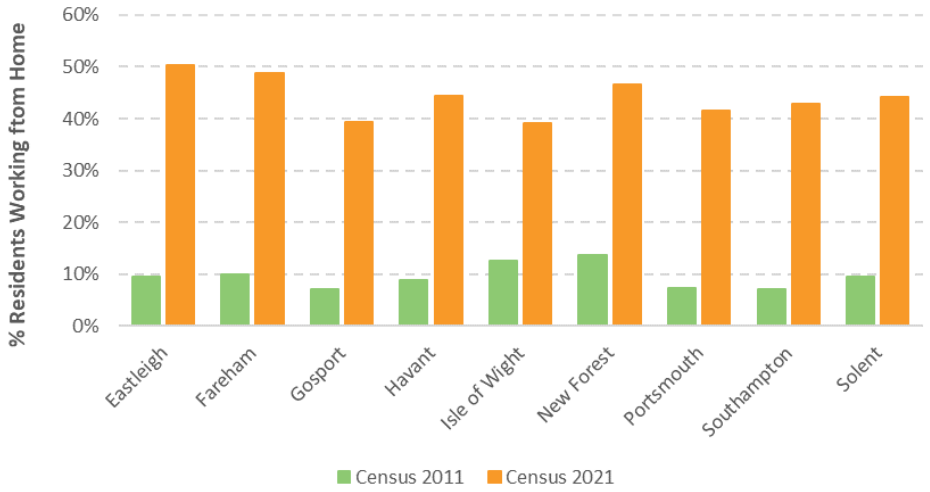
Figure 2.11 Out-commuting estimates for Solent residents



Source: Office for National Statistics (2021), *2021 Census* / Lichfields analysis.

2.57 Unsurprisingly, with 44% of residents working from home, the 2021 Census shows an overall higher proportion relative to the 2011 Census (of 9.5%). As shown in Figure 2.12, the level of home working varies greatly across the Solent, with Eastleigh (at 50.3%) recording the highest levels of residents working from home, followed by Fareham (at 48.7%) and New Forest (at 46.5%). Meanwhile, with 39.1%, the Isle of Wight has the lowest proportion of residents working from home.

Figure 2.12 Residents working from home



Source: Office for National Statistics (2011), *2011 Census*; Office for National Statistics (2021), *2021 Census* / Lichfields analysis.

Table 2.1 Commuting metrics for local authorities in the Solent

	Eastleigh	Fareham	Gosport	Havant	Isle of Wight	New Forest	Portsmouth	Southampton	Solent
Residents Working Locally	47,900	38,100	24,500	37,500	55,500	61,800	78,000	88,700	293,000
In-Commuters	18,100	18,100	5,600	11,400	1,200	17,800	25,700	24,000	43,100
Out-Commuters	21,600	17,500	14,000	18,900	2,400	16,900	19,800	29,500	61,800
Net Flow*	-3,600	+700	-8,400	-7,500	-1,200	+900	+5,900	-5,400	-18,700
Self-Containment	68.9%	68.6%	63.6%	66.5%	95.9%	78.5%	79.7%	75.1%	89.2%
Top 5 In Commuting locations	Southampton Winchester Test Valley Fareham New Forest	Portsmouth Winchester Gosport Southampton Eastleigh	Fareham Portsmouth Winchester Havant Southampton	Portsmouth E. Hampshire Chichester Fareham	BCP Portsmouth Southampton	Southampton BCP Dorset Test Valley Wiltshire	Havant Fareham Chichester E. Hampshire Winchester	Eastleigh New Forest Test Valley Winchester Fareham	Winchester Test Valley E. Hampshire Chichester Bournemouth
Top 5 Out-Commuting Locations	Southampton Test Valley Fareham Winchester New Forest	Gosport Portsmouth Eastleigh Southampton Havant	Fareham Portsmouth Havant Winchester Southampton	Portsmouth E. Hampshire Fareham Chichester Winchester	BCP Portsmouth Southampton New Forest Arun	BCP Southampton Dorset Eastleigh Test Valley	Havant Fareham Gosport Winchester E. Hampshire	Eastleigh New Forest Test Valley Fareham Winchester	Winchester Bournemouth Test Valley Dorset E. Hampshire

Source: Office for National Statistics (2011), *2011 Census*; Office for National Statistics (2021), *2021 Census* / Lichfields analysis.
*Please note: A negative (-) figure denotes higher out-commuting levels, whilst a positive (+) figure demotes higher in-commuting levels.

3.0 The Economy

3.1 This section analyses the employment, economic productivity, and enterprises within the Solent area, considering past and future sectoral trends.

Summary

- ONS data puts total employment in the Solent in 2022 at around 517,3000 jobs. This represents a modest increase in employment levels (of +6%) between 2011 and 2022, which is considerably lower than the equivalent change across the wider South East (of +18%) and nationally (of +14%).
- Within the Solent, Southampton and Portsmouth (with 113,300 and 104,4000 jobs respectively) make up around 40% of total employment in the region, with other concentrations in the New Forest (66,400 jobs) and Eastleigh (with 48,700 jobs).
- Drivers of employment in the Solent include health, education, retail and the accommodation of food services sector, with high levels of specialisation (i.e. relative to the national average) in utilities (with a location quotient ['LQ'] of 1.37), public administration and defence (LQ of 1.30), education (LQ of 1.16) and health (LQ of 1.13).
- Productivity data puts total gross domestic product ('GDP') in the Solent in 2021 at £37.2 billion, of which 40% is generated at the Southampton and Portsmouth level. Total growth in GDP in the 10-years to 2021 was in the region of 28%, which was lower than the equivalent growth rates across the South East region (at +37%) and nationally (at +30%).
- In comparison, total gross value added ('GVA') for the Solent in 2021 is estimated at £31.0 billion, 41.6% of which is generated at the Portsmouth and Southampton levels. GVA represents a measure of the value added of goods and services produced in an area, industry or sector of the economy. However, despite the increase in GDP, GVA growth in the Solent (at just +1%) over the 10-years to 2021, was significantly lower compared to GVA growth at both the South East and national levels (of +14% each).
- The sluggish growth in GVA can be, at least in part attributed to the overall decline (of -18%) in Southampton (i.e. declining by £579 million since 2011).
- Overall, the most productive sectors in the Solent (i.e. based on GVA per worker) include real estate, insurance and pensions, the manufacturing of chemicals, and fuel refining.
- The Solent is home to 41,900 enterprises, the majority (i.e. 88.8%) of which employ fewer than 10 people. Between 2011 and 2021, the business base in the Solent has increased by around 25% (or the equivalent of +1.9% each year), which was higher than the equivalent level of growth recorded across the wider South East region.

- However, despite the increase in total business base, analysis of business demography indicates that shows that in 2022 there were more de-registrations (of 5,570) relative to the number of business registrations (of 5,025) resulting in a net loss of 545 businesses. Furthermore, businesses in the Solent generally have lower (five-year) survival rates (of 40.6%) relative to businesses across the wider South East (of 43.9%).
- Within the Solent, construction is the top performing enterprise sector (with 18% of the Solent's enterprise base), followed by enterprises in the professional, scientific and technical sectors (14%), retail (9%), business administration (8%) and the accommodation and food services sector (7%).

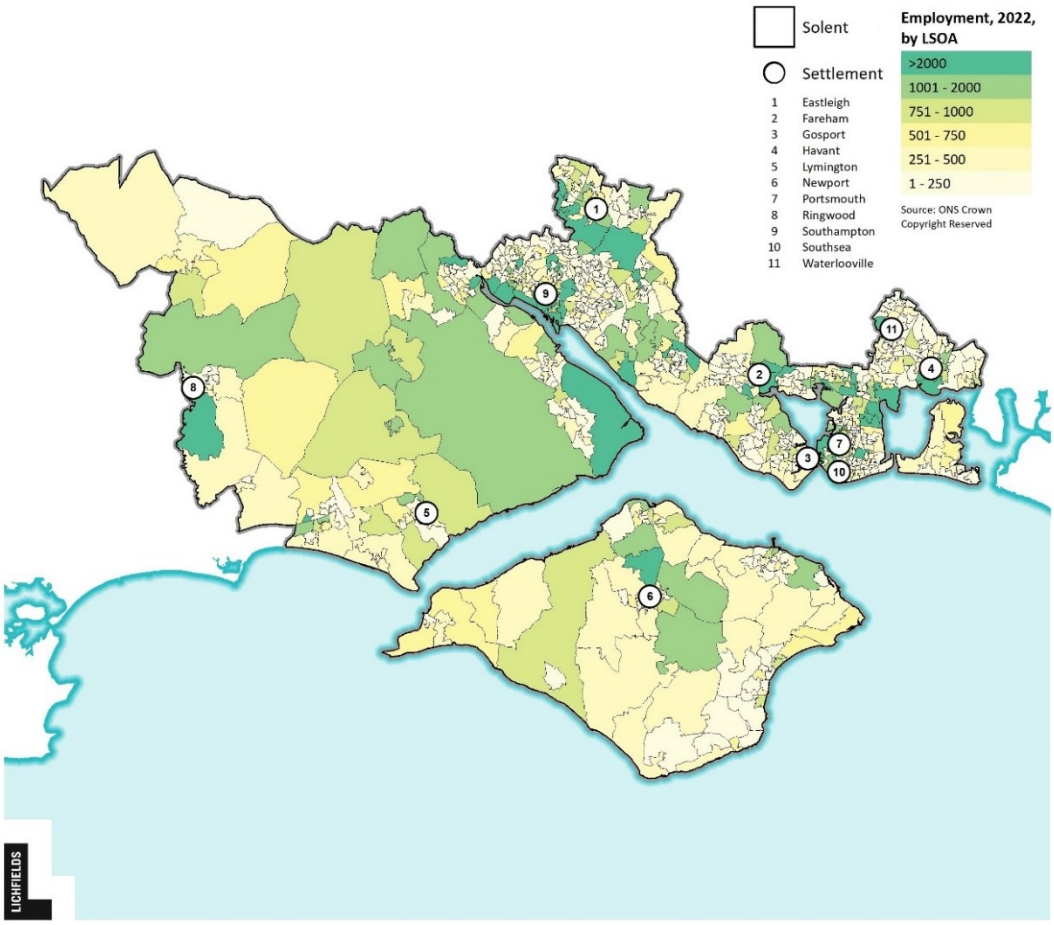
Employment

3.2 ONS data[15] puts total employment in the Solent in 2022 at around 517,300 jobs, giving the Solent an average employment density of 333 jobs per sq.km.

3.3 Within the Solent, Southampton and Portsmouth (with 113,300 jobs and 104,400 jobs respectively) represent the highest quantum of employment (representing over 40% of total employment in the Solent) and employment density (with 2,200 jobs per sq.km and 2,500 jobs per sq.km respectively). Other notable concentrations of employment include the New Forest (with 66,400 jobs) and Eastleigh (with 48,700 jobs), whilst Havant (with 41,300 jobs) has the lowest quantum of employment.

[15] Office for National Statistics (2022), *Business Register and Employment Survey.*

Figure 3.1 Employment by LSOA, 2022



Source: Office for National Statistics (2022), *Business Register and Employment Survey* / Lichfields analysis

3.4 Between 2011 and 2022, the Solent economy recorded growth of +6% (or the equivalent of +0.5% each year), compared with +18% across the South East and +14% nationally. At the local authority level, Eastleigh recorded the highest level of employment growth over the same period (i.e. equivalent to +10%), followed by Southampton (+9%) and the New Forest (+9%). Meanwhile, Gosport saw no overall employment growth while the Isle of Wight had limited growth of just 1%.

3.5 Within the Solent, 86% of all jobs are employee jobs (i.e. employed by a business/ enterprise, but not self-employed), which is in line with the South East (86%) and the national average (86%). Eastleigh has the highest level of employees within the Solent at 92%. On the other hand, within the Solent only 14% of jobs are self-employed, which is in line with the South East (14%) and national average (14%). The Isle of Wight has the highest proportion of self-employment (i.e. at 20%) followed by Havant (16%).

3.6 Job density is a measure of the number of jobs per working age resident. A job density of 1.0 means that there is one job for every resident of working age in the population. ONS data indicates that the Solent has a job density of 0.8 (for every working age resident), which is roughly in line with the South East (0.9) and nationally (0.9). Within the Solent

this ranges from 0.9 in Eastleigh, Fareham and Portsmouth to 0.6 in Havant and 0.5 in Gosport.

3.7 The key drivers of employment in the Solent include health (with over 77,000 jobs), education (with 51,000 jobs), retail (49,000 jobs) and the accommodation and food service sector (43,000 jobs).

3.8 Using the latest Business Register and Employment Survey ('BRES') to review the level of employment specialisation in the Solent (also referred to as location quotient[16] ['LQ']) helps highlight the sectors with higher concentration of employment. As shown in Table 3.1 below, the Solent has a higher concentration of employment relative to the national average in mining, quarrying & utilities (LQ of 1.37), public administration and defence (LQ of 1.30), education (LQ of 1.16), health (LQ of 1.13) and retail (LQ of 1.12).

Table 3.1 Location Quotient of employment sectors in the Solent (relative to national average) 2022-2011

Sectors	Solent LQ
Agriculture, forestry & fishing	0.74
Mining, quarrying & utilities	1.37
Manufacturing	1.01
Construction	1.01
Motor trades	1.35
Wholesale	0.75
Retail	1.12
Transport & storage (including postal)	1.02
Accommodation & food services	1.05
Information & communication	0.73
Financial & insurance	0.58
Property	1.01
Professional, scientific & technical	0.72
Business administration & support services	0.88
Public administration & defence	1.30
Education	1.16
Health	1.13
Arts, entertainment, recreation & other services	1.11

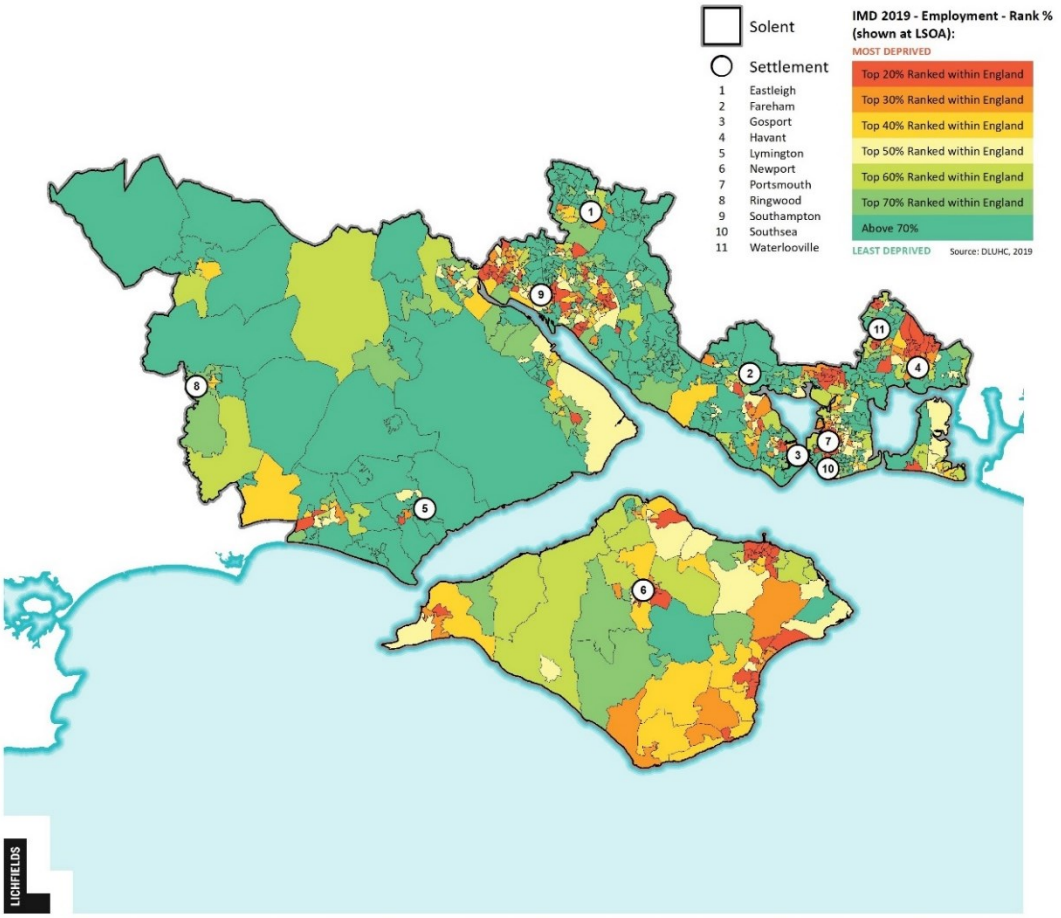
Source: Office for National Statistics (2022), *Business Register and Employment Survey* / Lichfields analysis

3.9 Over the 11-year period (2011 to 2022), the sectors which experienced the highest level of growth include property and real estate (+67%), the professional, scientific and technical services (+35%), mining, quarrying and utilities (+33%) and the arts, entertainment and recreation (+25%). Meanwhile, sectors which experienced a decline in employment include financial and insurance services (-33%), agriculture, forestry and fishing (-25%), manufacturing (-11%) and retail (-11%).

[16] Location quotient ('LQ') is a measure of a region's industrial specialisation relative to a larger region (in this case England). A LQ of 1.0 indicates that both areas have the same level of specialisation, whereas a LQ > 1.0 indicates that the smaller region has a higher concentration of employment in a particular sector.

3.10 The 2019 IoD identifies the Isle of Wight (ranked 44th and within the 20% most deprived local authorities) as the most deprived local authority in the Solent in terms of access to employment, followed by Havant (ranked 109th and within the 40% most deprived local authorities in England). The 2019 IoD ranks Southampton (ranked 149th) and Portsmouth (ranked 155th) within the 50% most deprived nationally in terms of access to employment as noted in Figure 3.2 below. It should be noted that this analysis draws on evidence predating 2019 and does not take account of some of the recent growth experienced more recently. Meanwhile Eastleigh (ranked 275th) and Fareham (ranked 291st) are considered the least deprived.

Figure 3.2 Indices of Deprivation - Employment Domain



Source: Ministry of Housing Communities and Local Government (2019), *English Indices of Deprivation, 2019.*

Economic Output & Productivity

3.11 Productivity data puts gross domestic product ('GDP') in the Solent in 2021 at £37.2 billion. In aggregate, Southampton and Portsmouth represent over 40% of total GDP in the Solent (with 20.6% and 20.2% respectively). GDP in the Solent increased by 28% in the 10-years to 2021 (or the equivalent of +2.5% per annum). This growth was below that recorded for the South East region (+37%) and nationally (+30%) over the same period.

3.12 Local authorities with the highest growth in GDP over the same period include Fareham (+40%), Eastleigh (+39%) and Portsmouth (+37%) and the New Forest (+37%). Those authorities with the lowest GDP growth observed in the Solent include Havant (+7%) and Southampton (+11%).

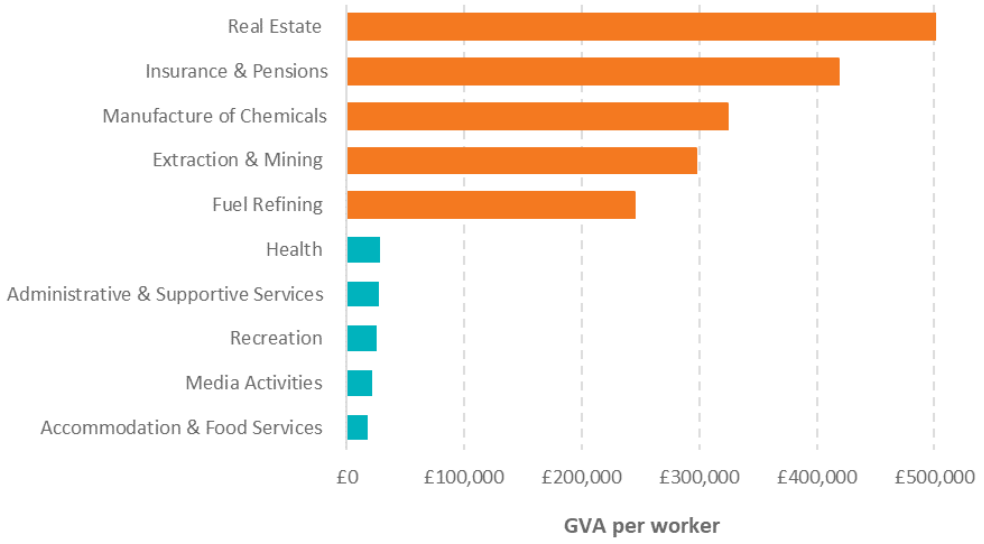
3.13 Total gross value added ('GVA') for the Solent in 2021 is estimated at £31.0 billion. GVA represents a measure of the value added of goods and services produced in an area, industry or sector of an economy. In aggregate, Southampton and Portsmouth represent 41.6% of total GVA in the Solent (with £6.5 billion and £6.4 billion respectively).

3.14 Over a 10-year period, GVA in the Solent has under-performed (growing by just +1%), relative to growth in the South East region (of +14%) and nationally (+14%). Local authority areas with the fastest growing GVA over the same period include Eastleigh (+15%), Portsmouth (+14%) and Fareham (+13%), whilst total GVA declined in Southampton (-18%) and Havant (-16%).

3.15 The sharp decline in GVA in Southampton can be attributed to a decline in insurance and pensions sector (-£597 million GVA relative to 2011), followed by air and water transport (-£589 million GVA) and the finance sector (-£258 million GVA).

3.16 Key employment sectors in the Solent with the highest GVA per worker include real estate[17] (with £504,000 per worker), insurance and pensions (with £418,000 per worker), the manufacturing of chemicals (£324,000), extraction and mining (£297,000) and fuel refining (£244,000) as shown in Figure 3.3. Meanwhile, the sectors with the lowest productivity by GVA per worker include health (with £28,000 per worker), administrative and supportive services (£27,000), recreation (£25,000), media activities (£22,000) and accommodation and food services (£17,700).

Figure 3.3 Highest and lowest sectors in terms of GVA per Woker in the Solent, 2021



Source: Experian (2023), *Gross Value Added by broad sectors* / Lichfields analysis

[17] It should be noted that the South East's GVA figure is likely to be inflated to some degree by imputed rental incomes which forms part of the real estate sector (i.e. the value of housing services accruing to owner-occupiers) given the high level of housing costs across much of the region's geography.

3.17 Within the Solent, real estate is the top performing sector (i.e. in terms of GVA per worker), except for Southampton which has insurance and pensions as its top performing sector. There is some variation between local authorities in terms of their higher productivity sectors, as well as lower productivity sectors as highlighted in Table 3.2.

3.18 The analysis presented in Table 3.2 reflects local strengths and identifies a number of interesting findings. For instance, the Isle of Wight has residential care and social work as one of its top 5 performing sectors, reflecting its demographic context and additional demand generated by its ageing population. This has potential to create new opportunities for businesses in the Isle of Wight to sell their knowledge more widely, in the process creating economic opportunities for additional growth and investment.

Table 3.2 Relative Productivity by Sector (GVA per worker) within Solent local authorities

Local authority	Higher Productivity Sectors	Lower Productivity Sectors
Eastleigh	1. Real estate 2. Manufacturing of food, drink & tobacco 3. Insurance & pensions 4. Manufacturing of computer & electronics products 5. Air & water transport	1. Accommodation & food services 2. Recreation 3. Administrative & supportive service 4. Retail 5. Other private services
Fareham	1. Real estate 2. Civil engineering 3. Telecoms 4. Manufacturing of machinery & equipment 5. Manufacturing of computer & electronic products	1. Finance 2. Recreation 3. Accommodation & food services 4. Health 5. Land transport, storage & post
Gosport	1. Real estate 2. Administration & support services 3. Manufacturing of textiles & clothing 4. Construction 5. Manufacturing of transport equipment	1. Accommodation & food services 2. Administrative & supportive service 3. Land transport, storage & post 4. Residential care & social work 5. Recreation
Havant	1. Real estate 2. Utilities 3. Manufacturing of computer & electronic products 4. Manufacturing of chemicals 5. Telecoms	1. Finance 2. Recreation 3. Manufacture of textiles & clothing 4. Land transport, storage & post 5. Accommodation & food services
Isle of Wight	1. Real estate 2. Utilities 3. Manufacturing of computer & electronic products 4. Utilities 5. Residential care & social work	1. Manufacture of non-metallic products 2. Agriculture, forestry & fishing 3. Administrative & supportive service 4. Manufacture of textiles & clothing 5. Media activities
New Forest	1. Real estate 2. Manufacturing of chemicals 3. Fuel refining	1. Finance 2. Administrative & supportive service 3. Land transport, storage & post

Local authority	Higher Productivity Sectors	Lower Productivity Sectors
	4. Utilities 5. Manufacturing of printed and recorded media	4. Accommodation & food services 5. Residential care & social work
Portsmouth	1. Real estate 2. Telecoms 3. Utilities 4. Manufacturing of machinery & equipment 5. Other manufacturing	1. Manufacture of non-metallic products 2. Finance 3. Media activities 4. Accommodation & food services 5. Recreation
Southampton	1. Insurance & pensions 2. Real estate 3. Utilities 4. Air & water transport 5. Telecoms	1. Media activities 2. Manufacture of non-metallic products 3. Accommodation & food services 4. Administrative & supportive service 5. Manufacture of textiles & clothing

Source: Experian (2023) / Lichfields analysis

Enterprise

3.19 The Solent is home to 41,900 enterprises[18], the majority of which (88.8%) are micro (i.e. employing fewer than 10 people), 9.3% small (i.e. employing under 50 people), and 1.6% medium (i.e. employing up to 249 people). In aggregate, 99.6% of all businesses in the Solent can be classified as small and medium-sized enterprises ('SME') which is in line with the average across the South East and nationally (as shown in Table 3.3 below).

3.20 Data for 2023 shows that since 2011 the business base in the Solent has increased by around a quarter (i.e. +25%, or the equivalent of +1.9% each year). Whilst this was higher than the equivalent growth rate across the South East region (of +23%, or +1.8% each year), enterprise growth in the Solent was lower than that seen nationally (of +33%), or +2.4% each year). At local authority level change in enterprise between 2011 and 2023 was driven by Southampton (+54%), Portsmouth (+28%) and Havant (+28%).

Table 3.3 Key business metrics, 2023

Metric		Solent	South East	UK
Number of enterprises, 2023		41,900	404,800	2,370,100
Change in number of enterprises (2011-2023, %)		+25%	+23%	+33%
Business Size (2023)	Micro (0 to 9)	88.8%	89.5%	89.2%
	Small (10 to 49)	9.3%	8.6%	8.8%
	Medium (50 to 249)	1.6%	1.5%	1.6%
	Large (Over 250)	0.4%	0.4%	0.4%
Business registrations per 1,000 businesses (2022)		119	109	142

Source: Office for National Statistics (2023), *Business Demography Statistics* / Lichfields analysis

[18] Office for National Statistics (2023), *UK Business Counts – enterprise by industry and employment size band.*

3.21 In 2022, the Solent recorded 5,025 business registrations and 5,570 de-registrations, resulting in a net loss of 545 businesses that year; a trend similar to that seen across the wider South East region (which saw a net loss of 5,150 businesses).

3.22 As highlighted in Table 3.3, the Solent experienced 119 registrations per 1,000 businesses in 2022, relative to 109 registrations per 1,000 businesses in the South East and 142 registrations per 1,000 businesses nationally. Within the Solent, Southampton has the highest number of business registrations (of 187 registrations per 1,000 businesses), followed by Portsmouth (137 per 1,000 businesses) and Gosport (119 per 1,000 businesses). However, as noted in Figure 3.4, the majority of local authorities saw a greater number of de-registrations, resulting in an overall net loss in their business base.

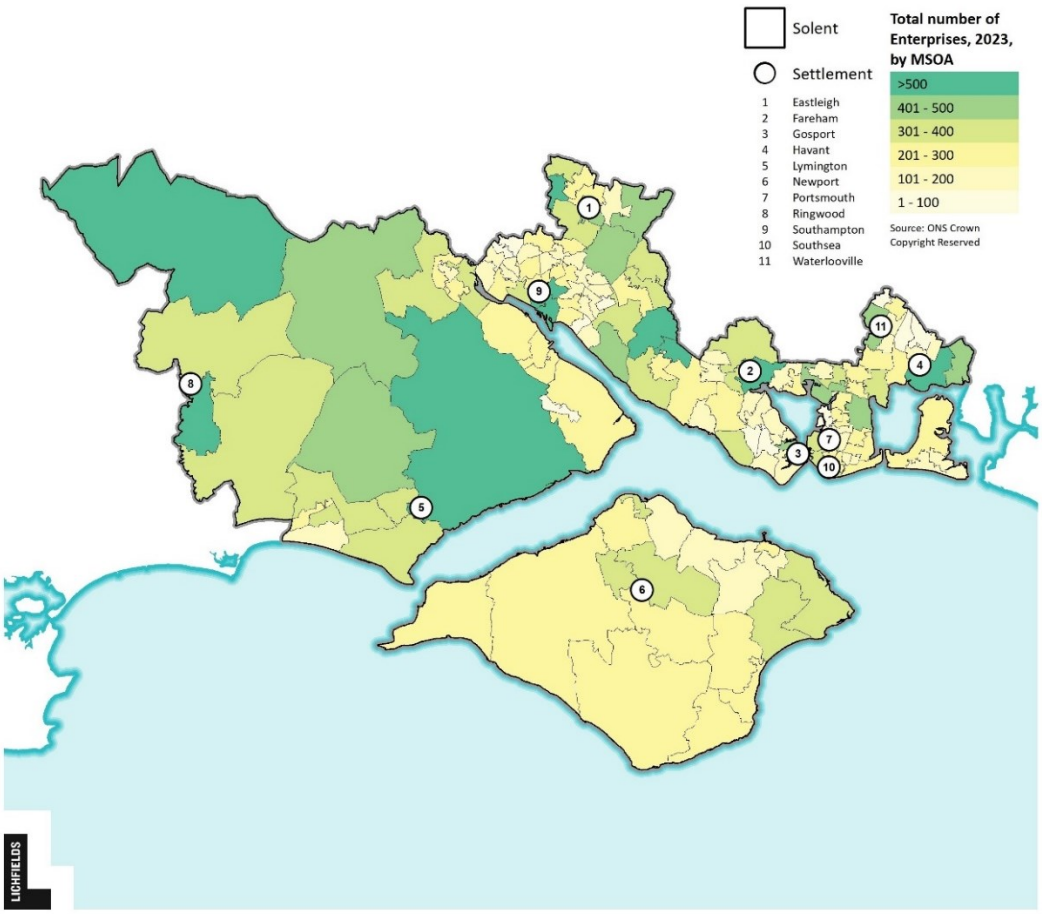
Figure 3.4 Business Registrations and De-registrations in 2022

Source: Office for National Statistics (2023), *Business Demography* / Lichfields analysis

3.23 Figure 3.5 below provides an overview of the spatial distribution of enterprises across the Solent (based on Middle-layer Super Output Areas[19] ['MSOA']), and shows relatively higher concentrations of businesses in the New Forest (particularly at Ringwood in the north east of the Borough), Southampton city centre, Fareham and Havant.

[19] A statistical geography made out of a collection of Lower-layer Super output Areas.

Figure 3.5 Enterprises by MSOA, 2023



Source: Office for National Statistics (2023), *UK Business Counts* / Lichfields analysis

3.24 Data on survival rates indicates that 40.6% of businesses in the Solent survive for at least 5 years post registration, which whilst above the national average (of 39.4%) is below that seen across the South East average (of 43.9%).

3.25 At the local level, the Isle of Wight has the highest 5-year business survival rate at 48.9% followed by Havant (47.6%) and the New Forest (45.8%). Meanwhile, at 32.4% Eastleigh has the lowest five-year business survival rate followed by Gosport (at 34.6%).

3.26 Within the Solent, construction is the top performing enterprise sector (with 18% of the Solent's enterprise base), followed by enterprises in the professional, scientific and technical sectors (14%), retail (9%), business administration (8%) and the accommodation and food services sector (7%).

3.27 Table 3.4 below presents the top 5 and bottom 5 enterprise sectors in each local authority area. It is noted that the construction sector is the top enterprise sectors for most local authorities within the Solent with exception of Southampton which has retail as its top sector and New Forest with professional, scientific, and technical sectors. Similarly, the majority of local authorities have public administration & defence sector as its lowest enterprise sector followed by mining, quarrying and utilities and agriculture sectors. It is noted that many local authorities also have financial and insurance as one of their bottom sectors in terms of number of enterprises.

3.28 When considering the analysis above and Table 3.3 below it is worth noting that this is based on the quantum of enterprises (many of which are SMEs), rather than size of enterprises. This means that in Table 3.3 the impact of the HM Naval Base ('HMNB') Portsmouth – one of the largest public administration and defence organisations in the Solent – is not fully reflected (i.e. as the naval base is registered as a single enterprise). Furthermore, it should be noted that the analysis is based on the enterprise's registered standard industrial classification ('SIC') code, thereby presenting a limited picture of cross-cutting sectors (such as maritime and the creative sector) and/or cross-sectoral links.

Table 3.4 Top 5 and bottom 5 enterprise sectors within Solent local authorities

Local Authority	Top 5 Enterprise Sectors	Bottom 5 Enterprise Sectors
Eastleigh	1. Construction 2. Professional, scientific & technical 3. Business administration 4. Retail 5. Information & Communication	1. Public administration & defence 2. Mining, quarrying and utilities 3. Agriculture, forestry and fishing 4. Financial & insurance 5. Motor trades
Fareham	1. Construction 2. Professional, scientific & technical 3. Business administration 4. Information & communication 5. Arts, entertainment and recreation	1. Public administration & defence 2. Mining, quarrying and utilities 3. Agriculture, forestry and fishing 4. Education 5. Motor trades
Gosport	1. Construction 2. Professional, scientific & technical 3. Accommodation and food services 4. Retail 5. Business administration	1. Public administration & defence 2. Mining, quarrying and utilities 3. Agriculture, forestry and fishing 4. Education 5. Wholesale
Havant	1. Construction 2. Professional, scientific & technical 3. Business administration 4. Arts, entertainment and recreation 5. Retail	1. Public administration & defence 2. Mining, quarrying and utilities 3. Agriculture, forestry and fishing 4. Financial & insurance 5. Education
Isle of Wight	1. Construction 2. Accommodation & food services 3. Business administration 4. Retail 5. Arts, entertainment and recreation	1. Public administration & defence 2. Mining, quarrying and utilities 3. Financial & insurance 4. Education 5. Wholesale
New Forest	1. Professional, scientific & technical 2. Construction 3. Business administration 4. Information & communication 5. Accommodation & Food services	1. Public administration & defence 2. Mining, quarrying and utilities 3. Education 4. Wholesale 5. Motor trades
Portsmouth	1. Construction 2. Professional, scientific & technical 3. Accommodation & food services 4. Business administration 5. Arts, entertainment and recreation	1. Public administration & defence 2. Agriculture, forestry and fishing 3. Mining, quarrying and utilities 4. Financial & insurance 5. Education
Southampton	1. Retail	1. Public administration & defence

Local Authority	Top 5 Enterprise Sectors	Bottom 5 Enterprise Sectors
	2. Construction 3. Professional, scientific & technical 4. Transport & Storage 5. Accommodation & food services	2. Agriculture, forestry and fishing 3. Mining, quarrying and utilities 4. Financial & insurance 5. Education

Source: ONS (2023), UK Business Counts

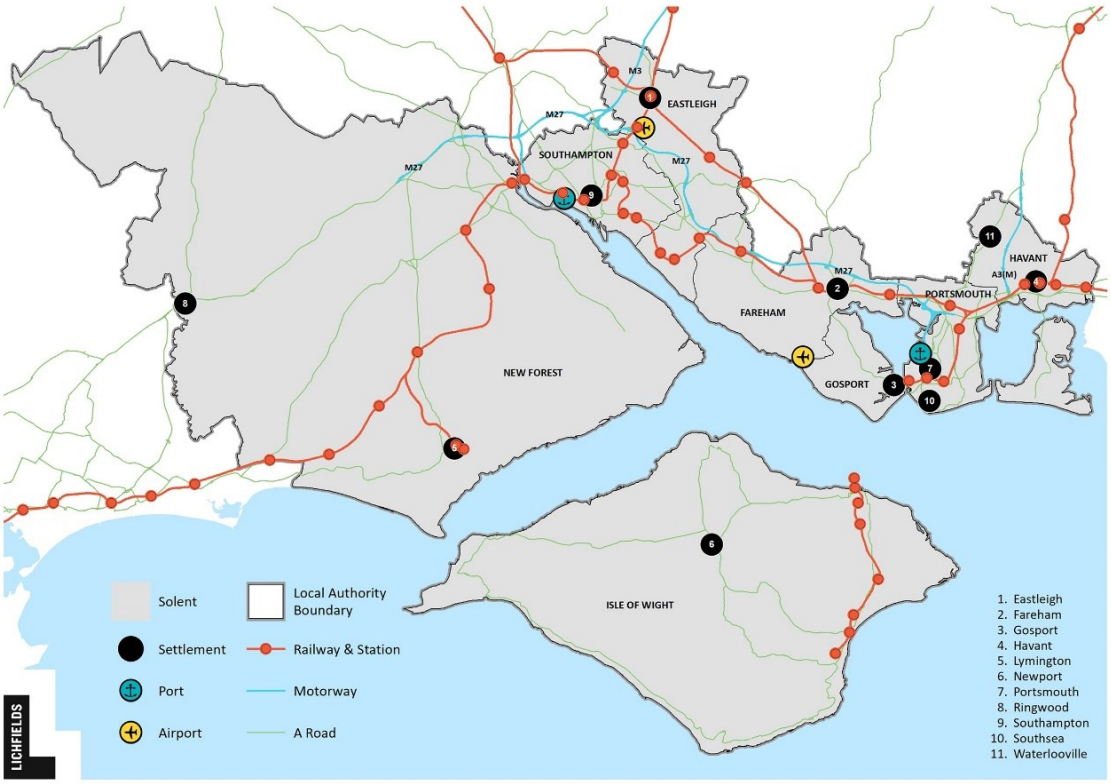
4.0 The Solent Functional Economic Area

4.1 This section considers the common functional economic features across the Solent, focussing on its economic assets, and constraints to future growth. This section draws on the analysis presented in Sections 2.0 and 3.0, engagement with key stakeholders, in addition to a desk-top review of key documents and sector-based research.

Spatial Profile

4.2 The Solent is defined by its geographical features, contributing to its distinct character. These include the waterways and coastal orientation, the natural assets found in the New Forest National Park and the Isle of Wight National Landscape, as well as the presence of the cities of Portsmouth and Southampton and the M27 corridor. Together these elements present a combination of opportunities and challenges for the local economy. With a population of 1.2 million people and 41,900 enterprises, the Solent has established itself as an internationally recognised economic hub and cluster. Notably, challenges linked to the natural geography of the Solent region are around infrastructure and connectivity, marked by bottlenecks in certain areas (e.g. M27 approach to Southampton) and different times of the day (especially at peak hours) on the main road networks.

Figure 4.1 Key infrastructure located in the Solent



Source: Lichfields analysis

4.4 The mainland part of the Solent represents the most urbanised area across the South of England outside London and lies at the interchange of key strategic rail and highway freight networks. Unlike many other areas across the country which tend to have a single key centre to which most trips gravitate, the Solent has two cities (i.e. Portsmouth and Southampton) and a constellation of large towns (i.e. Fareham and Eastleigh). This results in a sizeable 'core' urban area which tends to accommodate the majority of business activity, surrounded by a more suburban and rural fringe and with a considerable distance to the next largest urban centre (at Bournemouth, Christchurch and Poole ['BCP']). The historic pattern of development has been shaped and influenced by large areas of protected green space within and immediately surrounding the Solent, resulting in a predominately urban coastline with much of the recent development clustered around the key ports.

4.5 As part of our engagement with key stakeholders from the public, private and commercial sphere, the identity of the Solent was discussed, as well as its functional economic area. The majority of consultees agreed that the Solent definition as it currently stands (i.e. comprising eight local authorities) is a naturally functional economic area which draws its identity from its links to the coastline. A number of consultees mentioned that there are also strong economic ties with the rest of Hampshire[20] and BCP.

4.6 Nevertheless, consultees expressed a need for a stronger sense of identity and voice for the Solent, starting with a clear definition of its geography and creating a unified narrative which showcases all of the opportunities and assets locally, as well as its future ambitions.

4.7 The analysis of socio-economic metrics presented in Sections 2.0 and 3.0 of this report shows that whilst there are differences at the local level, collectively the local authorities in the Solent present a number of similarities and a degree of cohesion. Notwithstanding the similarities, there are also some notable differences, especially in relation to deprivation levels in Portsmouth, Southampton and the Isle of Wight, compared to the rural (and generally more affluent) areas in the Solent, such as Eastleigh, Fareham and the New Forest.

4.8 However, the Solent's economic identity is highlighted by its strong degree of labour market and self-containment, evidenced through the latest data which points to relatively localised movements when it comes to commuting patterns (albeit heavily caveated by the Covid-19 pandemic restrictions on movement). This is further supported by the strong level of interaction evident between the key business centres of Southampton and Portsmouth and their wider hinterlands which include the smaller centres of Eastleigh and Fareham. **This helps to reinforce the concept of the Solent operating as a single economic entity or functional economic area.**

4.9 As part of this study we have also looked at two sub-regional comparators from across the UK – the Liverpool City Region ('LCR') and Tyne & Wear, both of which have a similar nature to the Solent (i.e. in terms of having a strong focus on maritime, in addition to multiple economic centres). The purpose of this exercise was to see how the Solent's economy performs relative to similar functional areas across the UK, and identify areas where competitiveness could be improved.

[20] Which includes the Solent as defined for the purposes of this study.

4.10 The analysis presented in Appendix 2 shows that the Solent has a very strong labour market (especially in terms of its high participation levels, and a high employment rate) relative to other similar sub-regions across the country. Population dynamics in the Solent tend to be in line with those seen nationally, albeit relative to the Liverpool City Region ('LCR'), the Solent's population is ageing more quickly. Furthermore, whilst growth in employment and its business base has been strong over recent years, growth in GVA (of +1.2% since 2011) has been sluggish, as was growth in the Solent's business base (of +25%) relative to both Tyne & Wear and LCR.

4.11 The challenges associated with an ageing population, and the relatively moderate performance in terms of employment growth, GVA and business base (albeit with strong 5-year survival rates) suggest that going forward the Solent will require targeted strategies to stimulate economic growth, attract long-term investment and continue to drive productivity.

Economic Assets and USPs

4.12 The cities of Portsmouth and Southampton present the two major urban centres in the Solent and act as hubs for knowledge-based growth, which in turn help unlock clustering benefits that derive from high value business locating in close proximity to each other. The two cities are well-placed to drive economic growth, despite the slow increase in GVA between 2011 and 2021. In particular, it is anticipated that economic growth is driven by research and development ('R&D') and private sector knowledge-intensive industry through the collaboration of the universities to support innovation.

4.13 The Solent hosts a vibrant research community within its universities and research institutions, serving as transformative spaces. In addition to being significant employers themselves, these institutions play a crucial role in fostering new businesses, supporting existing enterprises, and contributing substantial revenues to the local area. The Solent's economic strength also lies in its diverse foundation, accommodating various sectors with high potential for growth. While the marine and maritime sector stands out as a prominent strength, the sub-region also includes strengths in a number of diverse and complementary sectors – such as the creative industries, low carbon, health and the visitor economy.

4.14 The following section provides a high-level review of a number of the key sector strengths which are expected to drive economic growth and prosperity in the Solent over the coming years.

The creative sector

4.15 The Department for Digital, Culture, Media and Sport[21] ('DCMS') defines the creative sector as "*those industries which have their origin in individual creativity, skills and talent and which have potential for wealth and job creation through the generation and exploitation of intellectual property*".

4.16 Based on the DCMS definition (which takes account of each sector's creative intensity index), a recent study[22] estimated that the creative sector employs over 41,500 across the Solent area with a major concentration in Portsmouth, Southampton, Eastleigh and the New Forest. Creative enterprises tend to be smaller-sized businesses, employing fewer than 20 people. This study found that the cultural employment makes an economic contribution of around £220 million Solent-wide.

4.17 Table 4.1 below provides a sample of key creative sector businesses found within the Solent showcasing a variety of activities ranging from video production to social media marketing, workshop studios and performing arts theatres.

Table 4.1 Creative businesses within the Solent

Business	Activity of Business
A Space Arts	A visual arts organisation that leads on a range of artist development projects, including the Arches and Tower House studios, God's House Tower, the RIPE programme, along with delivering a bespoke range of Artist Resources
Bullet	Video production services
Carswell Gould	A web marketing agency, specialising in design websites, CRM, branding and digital marketing.
Chris Pearsell Photography	Photography and Video producer company
Giraffe Social	A social media marketing agency
Hewitt Matthews	Digital Marketing Agency
Mayflower Theatre	Performing arts theatre
Neck of the Woods	Video production services
New Theatre Royal	Performing arts theatre
Red Cat Studios	Film production company including voice overs and podcasts
R reflections	Virtual reality online clothes shopping
Southpoint Films Ltd	A video production and live streaming company
The Makers Guild	A collaborative makerspace in Portsmouth offering shared facilities for creatives and artists.
The Hotwall Studios	Studios for artists, makers and creatives

Source: Lichfields analysis

4.18

[21] Department for Digital, Culture, Media and Sport (2001), Creative Industries Mapping Document. [Available at: https://www.gov.uk/government/publications/creative-industries-mapping-documents-2001].
[22] Solent LEP (2024), *A creative enterprise: Solent Cultural Plan 2024-30.*

4.19 A Creative Sector Deep Dive[23] prepared as part of the evidence base for the Solent Local Skills Improvement Plan ('LSIP') in 2023 highlights that in the Solent there is high demand for job occupations that require technical skills such as architects, 3D artists, user experience ('UX') and user interface ('UI') designers and computer animators which require knowledge on how to use industry software and programmes. In addition, there is a high demand for social and digital marketing skills, as well as content and media producers.

4.20 An online survey of employers indicated that a third of companies struggled to find employees with specialist or technical skills relevant to the creative sector whilst half of employers surveyed also highlighted struggles in finding staff with sector experience and/or professional business experience.

4.21 The primary challenge within the creative sector lies in recruiting employees with the requisite technical skills. This difficulty is compounded by the struggle to retain graduates (i.e. a Solent-wide and economy-wide challenge), identified as the primary barrier in the creative industry. Consultees suggested that graduates lean towards seeking employment in regions closer to London, given the myriad opportunities and vibrant atmosphere the city offers to young graduates. While Southampton exhibits some vibrancy, there are opportunities for further enhancement, particularly through the revitalisation of core urban areas and improvements to public transportation systems that will go some way towards attracting and retaining talent.

4.22 Moreover, stakeholders have highlighted a general lack of awareness of opportunities in the creative sector within the Solent. This lack of awareness leads students to automatically consider employment opportunities outside the region.

Marine and maritime sector

4.23 Despite the diverse nature of the Solent's economy, its coastal location with sheltered havens and double tides provides a unique economic opportunity. This, coupled with longstanding business clusters, educational strengths, and one of three naval bases in Britain (i.e. HMNB Portsmouth) positions the Solent at the core of the UK's marine and maritime sector. Evidence-based research conducted for the Solent LEP emphasises the economic significance of the maritime sector and highlights its crucial role in supporting the UK economy and enabling international trade. Beyond serving as the foundation for industry and innovation in new growth opportunities, the maritime sector also acts as a nationally recognised test-bed for various enabling and emerging technologies.

4.24 The maritime sector comprises a broad range of activities and sub-sectors as outlined below. However, it should be noted that the following definition (based on research commissioned by Maritime UK[24] ('MUK') draws primarily on SIC codes, and as such does not fully consider the effect of the maritime sector on the Solent (and wider UK) economy.

- Shipping industry – domestic/international passenger and freight transport;
- Port-related activity – warehousing and storage, management, stevedores, cargo and passenger handing;

[23] Hampshire Chamber of Commerce (2023), *Creative Sector Deep Dive.*
[24] Maritime UK (2022), *State of the Maritime Nation 2022.* [Available at: https://maritimeuk.org/state-of-the-maritime-nation/].

- Leisure marine activity – recreational marine activities and boat building;
- Marine engineering and scientific industry – ship-building, renewable energy, and academic research;
- Maritime business services industry – ship brokering services, marine financial and insurance, and ship surveying.

4.25 Based on the above definition, it is estimated that the maritime sector supports in the region of 30,000 jobs across the Solent, with major concentrations in Southampton (8,000 jobs), Portsmouth (7,000 jobs), the New Forest (4,400 jobs) and Eastleigh (3,400 jobs). It should be noted that this excludes the core employment supported at HMNB Portsmouth which a study on behalf of MUK Solent[25] puts at over 11,500 jobs.

4.26 Using the same definition, it is estimated that there are in the region of 2,700 enterprises in the maritime sector located in the Solent. The majority of businesses are concentrated within the New Forest (500 enterprises), Southampton (420), Portsmouth (360) and Eastleigh (320) in line with the employment figures outlined above. Whilst the New Forest has the highest proportion of maritime businesses in the Solent, the majority of these are small businesses employing fewer than 20 people.

4.27 It should be noted that whilst the above is a good estimate of the core maritime sector (including employment at HMNB Portsmouth), it does not factor in the wider catalytic impact supported by the maritime sector in the Solent (e.g. the impact of the defence cluster anchored by HMNB Portsmouth or the local expenditure supported by cruise visitors).

4.28 Table 4.2 provides a sample of existing businesses in maritime and marine services within the Solent. This sector provides a variety of activities including port operation activities, logistics and freight, cruise services, engineering and research and development.

Table 4.2 Maritime and Marine Businesses

Business	Activity of Business
Argo Engineering Solutions	Marine engineering consultancy specialised in lightweight structures
Associated British Ports	Port operating company
BAR Tech	Marine engineering and designer
Dendrityca Ltd	Maritime consulting in technology
DP World	Logistics
Economar Propulsion	Boat building supply chain propulsion systems
GT Green Technologies	Wind propulsion technology
Hythe Marine Services	Marine engineering services
Kraken	Maritime technology company specialised in manufacturing of advanced composite materials and autonomous technologies.
National Oceanography Centre	Marine science and education provider
Portsmouth International Port	Port operating company
RoboSys	Smart shipping and marine autonomy (AI) software

[25] Maritime UK Solent (2022), *The economic contribution of the Maritime Sector in the Solent LEP.*

Business	Activity of Business
SeaBot Maritime	Specialist maritime consultancy and learning solutions provider
Solent Stevedores	Port terminal operator
Wight Shipyard Company LTD OCEA UK	Aluminium Ship Builder

Source: Maritime UK Solent (2022), *The economic contribution of the Maritime Sector in the Solent LEP* / Lichfields analysis

4.29 A Deep Dive[26] study prepared as part of the evidence base for the Solent LSIP highlights that the main demand for jobs within the maritime and marine sector in the Solent relates to engineering, project management, R&D, business administration and other technical roles. Engagement with local employers identified challenges recruiting technical roles within the maritime industry, especially in roles related to decarbonisation of the sector which will require a myriad of skills (incl. green technologies, R&D, in addition to digital skills).

4.30 The Deep Dive highlighted a desire for greater female participation within the sector. Whether directly or indirectly, decades of limited engagement and long-held perceptions have often resulted in women being discouraged from pursuing a career in the maritime sector. Despite the challenges, employers highlighted the need to encourage wider participation, and the implementation of family-friendly policies (wherever possible) within the maritime sector, particularly if the sector is to secure future economic growth.

The low carbon sector

4.31 The shift to a low carbon economy is now a major ambition for the Solent, which has set itself the target to be carbon neutral by 2050. Fundamental to this ambition is having an extensive and skilled workforce which is able to drive the transition to net zero. A recent Deep Dive[27] study looking into future skills requirements in the low carbon sector has identified the need for the following skills:

- Engineers and housing retrofit installers (incl. for low carbon heating);
- Installers of low emission transport (i.e. Electric Vehicle chargers), grid connection and maintenance personnel;
- Specialist engineers to facilitate hydrogen production and storage deployment;
- Retraining of seafarers to operate ships using alternative fuel (i.e. mostly hydrogen); and
- R&D and engineering skills to facilitate the Solent's transition to green maritime.

Healthcare

4.32 The healthcare sector includes not only primary and secondary healthcare activities (i.e. at GPs and hospitals) but also R&D, alongside other activities like residential care homes and social care. In 2022, the Solent was home to over 64,100 employee jobs in the health sector. Around 1-in-3 (i.e. 34%) of all healthcare jobs were based in Southampton, with a further 23% in Portsmouth, 11% in the New Forest, and 10% in the Isle of Wight.

[26] Hampshire Chamber of Commerce (2023), *Creative Sector Deep Dive.*
[27] Solent LEP (2023), *Solent Local Enterprise Partnership Low Carbon Report.*

4.33 The majority of employment in healthcare is attributed to activities within hospitals and GP surgeries, constituting three quarters (i.e. 76%) of the sector's total employment. Notably, 21% of employment is associated with roles in retirement and residential care activities for the elderly and disabled. This sector is expected to grow significantly due to an ageing population in the Solent.

4.34 In total, the Solent hosts around 1,300 enterprises in the health sector, with the highest concentration being located in Southampton (with 280 businesses), followed by the New Forest (220 businesses), Portsmouth (175), and Eastleigh (160 businesses). Southampton stands out with the largest concentration of enterprises in human health (incl. public sector organisations), including notable hospitals such as University Hospital Southampton, the Royal South Hants Hospital, and Princess Anne Hospital.

4.35 At the local level, the New Forest leads with 30 enterprises providing care services for older residents, followed by Southampton (25), Isle of Wight (15), Portsmouth (15), and Havant (15). This aligns with the sub-region's demographic profile, in particular as the New Forest has the highest concentration of residents aged 65 and over, followed by the Isle of Wight. The Isle of Wight is also projected to see the highest growth in residents aged 65 and over to 2041, equivalent to 19,881 residents.

Tourism and the visitor economy

4.36 The UN World Tourism Organisation ('UNWTO') defines tourism as, "*a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which involve tourism expenditure.*"

4.37 Drawing on a SIC code-based definition by Visit Scotland[28], it is estimated that the tourism sector supports in the region of 48,900 jobs in the Solent, with high levels of employment in Portsmouth (10,200 jobs), followed by the New Forest (9,800 jobs), the Isle of Wight (8,200 jobs) and Southampton (7,800 jobs). Within tourism, the majority of jobs are in accommodation and food services, followed by sports activities – particularly water sports (e.g. sailing, kayaking and paddleboarding) which together constitute a significant proportion of employment in recreation in the Solent.

4.38 The Solent hosts a diverse array of tourism-related enterprises, totalling up to 3,100 establishments. Most notably, with over 600 businesses the Isle of Wight boasts the highest concentration, followed by Portsmouth (with 580 businesses), Southampton (with 540 businesses), and the New Forest (with 530 businesses). This distribution is logical, given that each of these localities offers a mix of cultural and/or natural assets that draw visitors and tourists alike. The Isle of Wight, renowned for its sandy beaches and sailing attractions, becomes a tourism hotspot during the summer months. Similarly, with its National Park, the New Forest attracts numerous tourists, while Portsmouth and Southampton offer cultural and entertainment attractions within their city limits.

[28] Visit Scotland (2022), *Tourism Statistics*.

5.0 Synthesis

5.1 This Economic Profile report brings together a series of data sources and intelligence gathered from engagement with local stakeholders to present an overview of the demographic, labour market, employment and business characteristics for the Solent. A summary of the Solent's key strengths, weaknesses, opportunities and challenges to future economic growth is presented in the Table 5.1 below.

Table 5.1 Summary Solent SWOT Analysis

Strengths	• The Solent is home to a wide range of sectors strengths including maritime, creative industries, health and social care, tourism and recreation. • The presence of three universities plays a crucial role in knowledge transfer, driving innovation and contribution to the region's dynamism. • The Solent's location, its proximity to London, international gateways (incl. Southampton Airport, the Port of Southampton and Portsmouth Port), motorways and rail links, make the Solent strategically positioned for business to access the wider market (i.e. both nationally and more widely). • The Solent's distinctive geography, especially its coast, two cities and natural assets in the New Forest and Isle of Wight set it apart from other regions attracting visitors, as well as promoting a high quality of life.
Weaknesses	• The Solent struggles with graduate retention, and in attracting high-value jobs in sectors other than the maritime sector. • Engagement with employers (undertaken as part of the Solent LSIP) has identified a number of skills gaps which may impact on the Solent's ability to take advantage of future opportunities. • Infrastructure challenges, in particular linking cities with their surroundings and the Solent with the rest of the UK. • A generally older population (i.e. relative to the South East region, and nationally) which is expected to continue ageing at an accelerated pace. • Low levels of productivity, albeit with great variation at the local level. • Typically lower business survival rates resulting in fewer businesses reaching maturity. • Persistent pockets of higher levels of deprivation, in particular within cities.
Opportunities	• The Solent is well positioned to pioneer the development and growth in maritime and related sectors, including through the delivery of the Solent Freeport, as well as linked opportunities in emerging sectors (i.e. both locally and nationally). • Potential to unleash local strengths and further cement the roles of Portsmouth and Southampton as drivers of growth, not only in the Solent but also more widely across the South East region. • Drive up productivity levels, to make the Solent the UK's 'Coastal Powerhouse'. • Potential for increasing levels of labour market participation, in particular by encouraging (and enabling) people to remain economically active for longer. • The increase in remote/hybrid working has widened opportunities, both within the Solent and outside. This has potential to help increase retention levels, and enable the Solent to better compete for talent.
Threats	• Limits to local grid capacity have potential to constrain growth, including the ability of the Solent to continue innovating towards net zero by 2050. • If unaddressed, ongoing productivity challenges within parts of the economy could constrain future economic growth and prosperity. • The Solent lacks a cohesive unified message across its geography impacting its ability to retain high valued jobs, and attract investment into the area. • A delicate balance needs to be struck between supporting residential developments with the need to ensure sufficient provision of employment sites (in particular at highly sought-after coastal locations).

Source: Lichfields analysis

5.2 This analysis reveals a broad and diverse range of economic characteristics and performance across the Solent. Each local authority area within the sub-region exhibits its unique economic features, strengths, and weaknesses, with certain locations consistently surpassing Solent-wide benchmarks. The 'urban core,' encompassing Southampton and Portsmouth, demonstrates the most varied population and business landscape but also grapples with significant socio-economic challenges. Conversely, suburban and rural areas tend to be more affluent but may lack the economic activity and employment opportunities found along the coastal corridor.

5.3 The Solent faces socio-economic challenges that hinder growth and economic development within specific local authority areas. These challenges, often self-reinforcing, encompass workforce productivity, start-up and survival rates, workforce skills, and issues related to deprivation. The vibrancy of the Solent and its lifestyle contribute to making it an appealing region for both work and living. However, challenges related to housing affordability and the perceived lack of opportunities make it harder for the Solent to compete.

5.4 Utilising the region's strengths and better highlighting its multiple opportunities will be crucial for retaining graduates, and reversing the recent increase in levels of economic inactivity. During consultations for this study, stakeholders consistently expressed the need for a unified local message. They emphasised the importance of creating a cohesive narrative and branding for the Solent, showcasing its strengths, assets, vision, and ambitions to ensure its voice is effectively heard. There is a prevailing sentiment that the Solent is currently undervalued and could significantly enhance its efforts to highlight its assets (in particular its non-maritime strengths) to attract more visitors, businesses, and workers to the area.

5.5 One of the key priority areas is infrastructure, in order to harness the benefits of agglomeration, it is imperative to enhance connectivity across the Solent which has the potential to unlock latent growth, fostering increased productivity and seeking as a key driver for future economic development. This includes looking at opportunities of using waterways, improve to public transportation not only in urban areas but also more widely across rural areas, and improvements to the main road network which is frequently congested (especially during peak hours). In addition, there is a key challenge when it comes to the Solent's goal of decarbonisation, particularly in light of its limited grid capacity. As such, in order for the Solent to be at the vanguard of green technology this will be one of the main priorities to address.

5.6 Finally, whilst the Solent's strengths in marine and maritime activities are well know, it was suggested that the sub-region needs a more comprehensive strategy, particularly to promote other sector strengths (e.g. creative industries) and emerging areas (e.g. low carbon, as well as health and social care). To ensure a unified and coherent message, the Solent should continue to advocate for all its sectoral strengths, supporting existing businesses in each domain to foster a vibrant and diversified community.

5.7 Table 5.2 overleaf provides a detailed analysis of the key strengths, weaknesses, opportunities and threats for the Solent economy based on the four themes (i.e. of population and labour market, as well as employment and business) presented in Sections 3.0 and 4.0 above

Table 5.2 Solent SWOT Analysis

Theme	Strengths	Weaknesses	Opportunities	Threats
Employment	• A broad economic base, which builds on local strengths (incl. natural assets, education facilities, and diverse population). • The presence of several specialist sectors that other parts of the UK struggle to replicate. • The marine and maritime sector provides a significant competitive advantage, a source for local clustering, and a spring board for larger opportunities. • The Solent has three universities and several colleges which together employ a significant number of people and have potential to attract talent.	• Workforce productivity lags behind the South East average and varies significantly within the Solent. • Low job density in a number of authorities (including Gosport, Havant, Isle of Wight) has potential to undermine economic sustainability. • Over reliance on urban cores to support employment opportunities, resulting in sub-optimal commuting patterns (incl. congestion). However, remote/hybrid working patterns have increased self-containment rates, and have potential to increase talent retention as the need for long commutes becomes less desirable.	• To exploit the Solent's unique coastal geography and economic strengths to become a world-class global hub for maritime activity, and green technology, especially by focusing on sustainable development and innovation in response to climate change. • Opportunities to develop the knowledge economy through realising the full economic growth of Portsmouth and Southampton. • Opportunity to capitalise on the area's tourism assets to further develop and diversify its offer. • To make the most out of the existing cultural offer within the Solent and continue to attract talented staff within the creative and digital spaces.	• Relatively low levels of self-employment could constrain enterprise growth in the future. • Persistent levels of lower economic productivity. • Ongoing challenges to retention will continue to limit the labour market pool within the Solent, especially for high-value sectors which require technical skills.
Business	• A strong increase in the Solent's business base compared with the South East average. • The Solent is one of eight Freeports across the UK.	• Analysis of business de-registrations (i.e. relative to business registrations) resulting in negative (net) growth, and lower business survival rates. • The Solent is underperforming in terms of the concentration of businesses per working age	• Opportunities to boost business survival across the Solent through focused support across a wide range of sector groups. • The Solent Freeport (1 of 8) provides an opportunity to attract new businesses and investment to the Solent and accelerate the creation of high-	• Ongoing need to balance demands for residential developments with the need to ensure sufficient provision of employment sites (in particular within highly sought-after coastal locations).

Theme	Strengths	Weaknesses	Opportunities	Threats
		population based on its low business density.	quality employment space targeted at growth sectors.	• Threat of a declining business base, as fewer businesses reach maturity.
Population	• The Solent has a large and growing population. • Self-containment rates remain high across the Solent, suggesting it is an attractive place to live, supported by quality-of-life factors. • Housing across most of the Solent is more affordable than the wider South East, albeit pockets of high levels of deprivation (in terms of access to housing and services) persist.	• A declining proportion of core working age population implying a rapidly ageing population. • This trend is particularly pronounced in New Forest which has experienced a decline in the number of core working age residents. • Housing is generally less affordable for the Solent's workforce than for its residents (based on average wages). • High levels of health deprivation within Southampton and Portsmouth.	• The ageing population offers the opportunity to boost economic growth through increased demand for health and social care services. • Furthermore, there are opportunities related to people remaining active in the labour market for longer. • Increase in remote/hybrid working patterns has potential to increase graduate and talent retention.	• Increase in retired residents could lead to stagnation in the local property market as younger residents are less able to afford residential property. • A lack of retained talent and ageing population will result in a continued decline of workforce aged population which will reduce the size of the economy within the Solent.
Labour Market	• The unemployment level in Solent is in line with the region's average, and below the national average. • Workplace wages are high within the two core urban areas, Southampton and Portsmouth.	• An increase in economic inactivity rate. • The resident workforce is less well qualified than the South East and UK average with a lower proportion of residents holding higher level (NVQ4+) qualifications. • Lower proportions of residents higher skilled occupations, typically associated with high-value jobs.	• Scope to retain more students after graduating to work in the area, retaining higher level skills in the workforce. • As part of increasing a low carbon workforce, upskilling initiatives will help maintain existing workforce for the green economy.	• The resident base continues to lag behind the South East and UK on higher level skills and fails to capture knowledge-based growth opportunities as and when they arise. • Failure to retain students from the three universities leads to a brain drain effect that will disproportionately benefit areas of the UK outside of the Solent.

Appendix 1 - Data Tables

Indicator	Solent	Portsmouth, Southampton & Isle of Wight	Eastleigh	Fareham	Gosport	Havant	Isle of Wight	New Forest	Portsmouth	Southampton	South East	England
Population												
2011, Population (no.)	1,197,000	580,000	125,000	112,000	83,000	121,000	138,000	176,000	205,000	237,000	8,635,000	53,012,000
2021, Population (no.)	1,230,000	597,000	136,000	115,000	82,000	124,000	140,000	176,000	208,000	249,000	9,278,000	56,490,000
2011-21, Population change (no.)	+34,000	+17,000	+11,000	+3,000	-1,000	+3,000	+2,000	0	+3,000	+12,000	+643,000	+3,478,000
2011-21, Population change (%)	+2.8%	+3.0%	+9.0%	+22.6%	-0.8%	+2.9%	+1.6%	-0.4%	+1.4%	+5.1%	+7.5%	+6.6%
2011-21, Population change, 0-15 (%)	-0.6%	+0.8%	+10.1%	-2.9%	09.1%	-2.5%	-8.0%	-6.6%	-1.6%	+7.8%	+5.0%	+4.6%
2011-21, Population change, 16-64 (%)	-0.9%	+0.4%	+3.8%	-2.7%	-5.0%	-1.0%	-4.9%	-6.1%	+0.1%	+3.3%	+4.3%	+3.7%
2011-21, Population change, 65+ (%)	+19.1%	+16.4%	+27.9%	+23.4%	+24.2%	+18.9%	+24.5%	+17.0%	+12.3%	+11.3%	+21.7%	+20.1%
2041, Population (no.)	1,339,000	652,000	150,000	123,.000	85,000	142,000	156,000	186,000	226,000	270,000	9,879,000	61,354,000
2021-41, Population change (no.)	+109,000	+55,000	+14,000	+9,000	+3,000	+18,000	+15,000	+11,000	+18,000	+21,000	+601,000	+4,864,000
2021-41, Population change (%)	+8.9%	+9.1%	+9.9%	+7.6%	+3.9%	+14.6%	+10.8%	+6.1%	+8.8%	+8.5%	+6.5%	+8.6%
Deprivation												
2019, Overall deprivation (rank out of 317)	-	-	288th	298th	130th	133rd	80th	241st	57th	55th	-	-
2019, Education deprivation (rank out of 317)	-	-	221st	276th	47th	67th	61st	222nd	79th	90th	-	-
2019, Health deprivation (rank out of 317)	-	-	264th	274th	118th	123rd	114th	249th	90th	56th	-	-
Labour Market												
2011, Economic activity rate (%)	69.6%	67.6%	75.4%	72.7%	72.7%	69.1%	64.4%	69.5%	68.9%	68.4%	72.1%	69.9%
2021, Economically active (no.)	579,000	276,000	70,000	56,000	37,000	58,000	60,000	80,000	98,000	118,000	4,543,000	26,945,000
2021, Economic activity rate (%)	56.8%	55.7%	63.6%	58.6%	58.7%	56.0%	50.2%	53.5%	57.1%	57.9%	60.1%	58.6%
2021, Employment rate (%)	54.3%	52.9%	61.6%	56.9%	56.0%	53.5%	47.5%	51.8%	54.2%	54.9%	57.6%	55.7%
2021, Unemployment rate (%)	2.5%	2.9%	2.0%	1.8%	2.6%	2.5%	2.6%	1.8%	2.9%	3.0%	2.5%	2.9%
(November) 2023, Claimant rate (%)	3.3%	4.1%	2.0%	1.7%	3.4%	3.4%	3.6%	2.0%	4.6%	4.2%	2.9%	3.8%
2019, Employment deprivation (rank out of 317)	-	-	275th	291st	147th	109th	44th	219th	155th	149th	-	-
Local Skills Base												
2021, Qualifications, No qualifications (%)	5.8%	6.1%	3.0%	6.1%	9.2%	5.4%	8.8%	4.8%	6.1%	4.9%	5.0%	6.4%

Indicator	Solent	Portsmouth, Southampton & Isle of Wight	Eastleigh	Fareham	Gosport	Havant	Isle of Wight	New Forest	Portsmouth	Southampton	South East	England
2021, Qualifications, NVQ4+ (%)	39.9%	42.3%	37.2%	44.8%	34.3%	32.4%	31.3%	37.4%	46.8%	43.5%	45.2%	43.2%
2023, High-level and managerial occupations (%)	47.0%	46.5%	51.1%	52.9%	41.7%	46.6%	41.2%	43.6%	49.6%	46.0%	56.7%	52.6%
2023, Technical skilled occupations (%)	19.1%	18.9%	20.7%	17.3%	19.2%	12.8%	19.5%	23.8%	16.4%	20.8%	17.6%	18.3%
2023, Care and customer service occupations (%)	17.7%	18.0%	18.6%	19.2%	19.3%	14.6%	21.6%	16.0%	16.8%	17.6%	12.8%	13.9%
2023, Manufacturing and elementary occupations (%)	15.1%	15.8%	9.6%	8.3%	15.4%	23.7%	17.2%	16.5%	15.4%	15.5%	12.3%	14.9%
Resident and Workplace-Based Earnings												
2023, Resident-based earnings (gross weekly median)	£680	£650	£710	£750	£660	£690	£640	£670	£650	£650	£720	£680
2023, Workplace-based earnings (gross weekly median)	£670	£680	£660	£700	£630	£630	£610	£660	£730	£700	£700	£680
2019, Income deprivation (out of 317)	-	-	282nd	303rd	154th	118th	65th	243rd	107th	104th	-	-
Housing												
2021, Dwellings (no.)	559,000	273,000	59,000	51,000	38,000	56,000	73,000	84,000	91,000	108,000	4,026,000	24,928,000
2011-21, Change in dwellings (%)	6%	6%	10%	6%	3%	6%	9%	4%	3%	7%	9%	8%
2021, Tenure, owner occupied (%)	60%	50%	69%	76%	61%	65%	60%	69%	49%	45%	62%	61%
2021, Tenure, social rented (%)	14%	16%	13%	8%	16%	18%	10%	10%	17%	21%	13%	17%
2021, Tenure, private rented (%)	19%	25%	14%	12%	18%	12%	18%	13%	27%	28%	18%	20%
2021, Tenure, shared ownership (%)	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%
2023, Housing affordability ratio	9.1	8.2	9.4	9.0	7.4	10.3	9.2	12.2	7.7	7.6	10.4	8.3
2019, Barriers to housing and services (out of 317)	-	-	268th	185th	214th	232nd	228th	107th	151st	184th	-	-
Employment												
2022, Size of the economy (no.)	517,00	268,000	66,000	49,000	19,000	41,000	50,000	72,000	104,000	113,000	27,153,000	4,280,000
2011-22, Change in size of the economy (%)	+6%	+6%	+10%	+4%	0%	+4%	+1%	+9%	+5%	+9%	+18%	+14%
2022, Employees (%)	86%	85%	92%	86%	83%	82%	79%	86%	89%	87%	86%	86%
2022, Job density, per working age residents	0.8	0.7	0.9	0.9	0.5	0.6	0.8	0.8	0.9	0.8	0.9	0.9
2021, Total GDP (£ million)	£37,195	£18,258	£5,061	£3651	£1,440	£3,081	£3,098	£5,704	£7,512	£7,648	£336,205	£1,961,235
2011-21, Change in GDP (%)	+28%	+24.3%	+39%	+40%	+32%	+7%	+33%	+37%	+37%	+11%	+37%	+39%
2021, Total GVA (£ million)	£31,018	£15,433	£4,389	£3,015	£1,040	£2,530	£2,495	£4,611	£6,433	£6,505	£286,110	£1,930,000

Indicator	Solent	Portsmouth, Southampton & Isle of Wight	Eastleigh	Fareham	Gosport	Havant	Isle of Wight	New Forest	Portsmouth	Southampton	South East	England
2011-21, Change in GVA (%)	+1%	-4%	+15%	+13%	+4%	-16%	+2%	+11%	+14%	-18%	+14%	+14%
2021, GVA per worker	£50,500	£49,100	£57,500	£53,200	£36,900	£52,400	£40,900	£56,700	£54,400	£52,000	£59,000	£54,900
Enterprise												
2023, Total business base (no.)	41,900	17,900	5,200	4,300	1,800	4,300	4,300	7,900	6,000	7,600	404,800	2,370,100
2023, Micro enterprises (%)	89%	87%	89%	88%	90%	90%	87%	88%	88%	90%	90%	89%
2023, Small enterprises (%)	9%	11%	9%	10%	9%	8%	11%	10%	9%	8%	9%	9%
2023, Medium enterprises (%)	2%	2%	2%	2%	%	2%	1%	2%	2%	1%	2%	2%
2022, Business registrations	5,025	2,695	555	385	220	485	445	685	825	1,425	44,160	336,925
2022, Business de-registrations	5,570	2,765	730	485	255	570	420	765	930	1,415	49,310	345,490
2022, Net additional businesses	-545	-70	-175	-100	-35	-85	+25	-80	-105	+10	-5,150	-8,565
2022, 5-year survival rate (%)	41.6%	44.5%	32.4%	43.4%	34.6%	47.6%	48.9%	45.8%	40.1%	40.1%	39.4%	43.9%

Appendix 2 - UK Sub-Regional Comparators

A3.1 Alongside the analysis presented in the report, the Solent has also been considered against two other UK sub-regions (i.e. Tyne & Wear[29] and the Liverpool City region[30] ['LCR']), to provide an overview of how it performs to other, similar functional geographies nationally. The rationale for selecting the two areas identified above comprises the following:

- Scale – in 2021, the Solent had a total population of around 1.23 million residents compared with 1.10 million in Tyne & Wear and 1.69 million in LCR;
- Two-city dynamic – the Solent's economy is characterised by Southampton and Portsmouth which together support 217,700 jobs, representing around 40% of the total employment in the Solent. Likewise, Tyne & Wear is characterised by a similar dynamic, and is influenced by the presence of Newcastle and Sunderland. In contrast, whilst LCR is dominated by the city of Liverpool a similar (albeit less strong) dynamic can be seen by the number of urban centres within the sub-region (incl. Southport, Birkenhead/the Wirral, Widness, Runcorn and St Helens).
- Similar activities – in addition, both Tyne & Wear and LCR present a number of parallels with the Solent, such as a focus on maritime and marine-related activities, the presence of multiple higher education institutions ('HEI'), a mix of industries, and a strong visitor economy.

A3.2 Whilst not meant to be exhaustive, this appendix intends to show how the Solent's economy performs relative to other (similar) functional geographies across the UK, and identify areas where the Solent's competitiveness could be improved.

Population

A3.3 Data from the 2021 Census puts total population in the Solent at around 1.23 million residents, having increased by 2.8% in the 10-years between 2011 and 2021; which was considerably lower than the average increase seen nationally. Likewise, population growth in Tyne & Wear was around 2.0% over the same period. However, the LCR saw considerable population growth in the 10-years to 2021, experiencing an overall increase of 12.0%. Whilst growth across all three areas (and nationally) was strongest in the number of residents aged 65 and over, the LCR also experienced strong growth in the number of children (of +11.6%) and core working age residents (of +8.4%) as shown overleaf.

[29] Defined as the following local authority areas – North Tyneside, Newcastle upon Tyne, South Tyneside, Gateshead and Sunderland.
[30] Defined as the following local authority areas – Liverpool, Wirral, Sefton, Knowsley, St Helens and Halton.

Table 1 Population change, 2011-2021

	Solent	Tyne & Wear	Liverpool City Region	England
Total population change	+2.8%	+2.0%	+12.0%	6.6%
Children (0-15)	-0.6%	+2.5%	+11.6%	+4.6%
Core working age (16-64)	-0.9%	-1.9%	+8.4%	+3.7%
Aged 65+	+19.1%	+17.2%	+26.4%	+20.1%

Source: Office for National Statistics (2011), *2011 Census*; Office for National Statistics (2021), *2021 Census* / Lichfields analysis.

The Labour Market

A3.4 Building on the above analysis, the 2021 Census provides an overview of the labour market across all comparator areas to the Solent. Whilst labour market participation (also referred to as the economic activity rate) in the Solent (at 56.8%) was below the national average (of 58.6%), this was higher than the averages for both Tyneside (of 53.9%) and the LCR (of 55.2%).

A3.5 Reflecting higher labour market participation, the employment rate in the Solent (at 54.3%) is 2 percentage points higher than that seen across the LCR (at 52.3%) and 3.5 percentage points higher than the average across Tyne & Wear (at 50.8%). In contrast, the unemployment rate in the Solent (at 2.5%) is significantly lower than the average seen nationally (of 2.9%), Tyne & Wear (of 3.2%) and the LCR (of 2.9%).

Table 2 Labour market participation, 2021

	Solent	Tyneside	Liverpool City Region	England
Economic activity rate	56.8%	53.9%	55.2%	58.6%
Employment rate	54.3%	50.8%	52.3%	55.7%
Unemployment rate	2.5%	3.2%	2.9%	2.9%
Claimant rate	3.3%	4.2%	4.6%	3.8%

Source: Office for National Statistics (2021), *2021 Census*; Office for National Statistics (2023), *Claimant Rate, Dec 2019-Nov 2023* / Lichfields analysis.

A3.6 Linked to the above, the claimant rate in the Solent (at 3.3%) is below that seen across all comparators.

The Economy

A3.7 Employment data shows that as of 2022, the Solent's economy supported in the region of 517,300 employee jobs, which is in line with the overall number of employee jobs in Tyne & Wear (of 522,000), but below the equivalent number of employee jobs in the LCR (of 670,500). A review of employment change from 2011 onwards indicates that the number of employee jobs in the Solent increased by 6.0% to 2021; a similar rate to that seen in Tyne & Wear (of +6.3%). However, this was considerably below the average growth in employee jobs nationally (of +17.7.0%) and the LCR (of +15.8%).

A3.8 Despite the slow growth rate, growth in GDP across the Solent over the same period (of +28%) was in line relative to the LCR average (of +29%), and slightly higher than the equivalent change in Tyne & Wear (of +26%), but lower than the national average (of +39%). However, growth in total GVA over the same period in the Solent was significantly slower, reflecting changes in the make-up of the Solent's economy. At 1%, growth in GVA in the Solent was the lowest across all comparators as shown in the table below.

Table 3 Economy indicators

	Solent	Tyne & Wear	Liverpool City Region	England
Employee jobs, 2022 (000s)	517.3	522.0	670.5	27,153.0
Change in employee jobs, 2011-22	+6.0%	+6.3%	+15.8%	+17.7%
Change in GDP, 2011-22	+27.9%	+26.0%	+29.1%	+39.0%
Change in GVA, 2011-22	+1.2%	+8.4%	+5.1%	+14.1%
Change in business base, 2011-23	+25%	+40%	+40%	+33%

Source: Office for National Statistics (2021), *2021 Census*; Office for National Statistics (2023), *Claimant Rate, Dec 2019-Nov 2023* / Lichfields analysis.

A3.9 The sluggish performance across the Solent can, in part be attributed to the sub-region's lower growth rate in its business base, with an overall growth rate of +25% between 2011 and 2023, compared with +40% in the business base of both Tyne & Wear and the LCR, and +33% growth nationally.

A3.10 Data on business registrations and de-registrations between 2021 and 2022 indicates that the Solent's business base reduced by 545, whilst both Tyne & Wear and the LCR recorded some growth (albeit at +20 new businesses, this was minimal across the LCR). Furthermore, businesses in the Solent generally have higher (five-year) survival rates (of 40.6%) relative to businesses in Tyne & Wear (of 37.1%) and LCR (of 31.9%), albeit below the regional (i.e. South East) average of 43.9%.

Conclusions

A3.11 The analysis presented in this appendix indicates that the Solent has a very strong labour market, with high participation levels and a high employment rate. Population dynamics in the Solent tend to be in line with those seen nationally, albeit relative to other areas (such as LCR) the Solent's population is ageing more quickly. Furthermore, whilst growth in employment and its business base has been strong, recent growth in GVA (of +1.2% since 2011) has been sluggish, as was change in the region's business base (of +25%) relative to other areas.

A3.12 The challenges associated with an ageing population, and the relatively slow performance in terms of employment growth, GVA and business base (albeit with strong 5-year survival rates) suggest that going forward the Solent will require targeted strategies to stimulate economic growth, attract long-term investment and drive productivity.

Appendix 3 - Stakeholder Consultees

- KPMG
- Ada Mode
- Associated British Ports ('ABP')
- Embedded It
- Federation of Self-Employed and Small Businesses ('FSB')
- NatWest
- New Forest National Planning Authority
- Portsmouth International Port
- Solent Cluster / UK Maritime Solent
- South Hampshire College Group
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