Evidence Base to Support Portsmouth LEA
Portsmouth City Council
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Glossary

ABI  Annual Business Inquiry
APS  Annual Population Survey
ASHE Annual Survey of Hours and Earnings
BRES Business Register and Employment Survey
GB  Great Britain
GVA  Gross Value Added
IMD  Index of Multiple Deprivation
IDBR Inter Departmental Business Register
LEA  Local Economic Assessment
LEP  Local Enterprise Partnership
NHS  National Health Service
NVQ  National Vocational Qualification
PUSH  Partnership for Urban South Hampshire
PWC Price Waterhouse Coopers
SE  South East
TTWA Travel to Work Area
UK  United Kingdom
Executive Summary

DTZ was appointed by Portsmouth City Council to prepare a report to contribute to the preparation of a Portsmouth Local Economic Assessment. The main report sets out a range of data and analysis that provides some insight into the structure and dynamics of the Portsmouth socio economic context. This summary seeks to encapsulate the key points from the main report, to give the reader an overview of the most salient issues for Portsmouth.

Economic Geography
Portsmouth is a highly urbanised city on the south coast of England within the county of Hampshire. It is well connected with strategic road and rail routes as well as domestic and international ferry routes to a range of destinations. The city performs a key role as an employment hub for its suburban hinterland, most notably the boroughs of Fareham, Gosport and Havant which supply 24% of the city’s workforce. Combined, the South East Hampshire area is home to more than 500,000 residents and 200,000 jobs.

Portsmouth is also a significant feature of the wider South Hampshire functional economic area that combines the two cities of Portsmouth and Southampton with their combined hinterlands. The administrations of this sub-region have been working together to deliver sustainable economic growth under the name Partnership for Urban South Hampshire (PUSH) since 2003 and PUSH recently received approval to form the Solent Local Enterprise Partnership (LEP).

Headline Performance
Gross Value Added (GVA) is the primary indicator used to measure the size of local economies. In 2007 (latest available data) the Portsmouth economy generated £4.1bn GVA. This represented a rise of 53% from 1999, a figure comparable to both the South East region of England and UK averages. GVA per head (a measure which allows relative comparison between areas) in Portsmouth stood at £21,800, higher than the UK national average and benchmark south coast cities of Brighton & Hove, Southampton and Bournemouth.

However, employment performance has been weaker than GVA. At 2009 there were 101,000 employee jobs in Portsmouth, representing only a modest increase of less than 2% since the late 1990s at a time when the UK economy as a whole has experienced rapid employment growth. Whilst there have been fluctuations over time and across sectors, the employment role of Portsmouth has weakened slightly as employers have been attracted towards the M27 corridor which has experienced very high employment growth.

Economic Structure
The sectoral structure of the Portsmouth economy is influenced by its heritage, as the home to the Royal Navy and the supporting industry that has grown around this, as well as its role as a public service centre to its hinterland. A high proportion of Portsmouth employment is in the health and social work sector, reflecting the presence of the Portsmouth NHS Trust and Queen Alexandria Hospital. Other large sectors which show a high concentration of employment relative to other locations include: administrative and support services, public administration and defence, and information and communication. Sectors where Portsmouth shows a low concentration of employment include: wholesale and retail trade, professional, scientific and technical, and finance and insurance.
Looking at finer grain data it is possible to narrow down some of the areas of greatest strength in the Portsmouth economy as:

- Building of ships and floating structures
- Manufacture of air and spacecraft
- Information technology and computer service
- Call centres
- General public administration
- Defence
- Hospitals

Of potential concern for Portsmouth is the high degree of reliance on the public sector for its employment base. Not only in terms of direct employment, but also related supply chains, particularly in the defence marine and aerospace sectors. With the cuts to public expenditure which are currently being made there are risks to Portsmouth.

Portsmouth has a relatively small financial and business services sector. The exception being the information technology and computer service sub-sector which includes key employers such as IBM and the call centres sub-sector.

**Business & Enterprise**

In 2009 there were 5,730 active businesses in Portsmouth. The ratio of businesses to population in Portsmouth is much lower than its surrounding area and levels of new firm formation are low, however, in many ways this reflects its urban nature and the availability of employment opportunity in the city. Portsmouth has a much greater reliance on large employers than comparator areas, with 23% of employment within businesses of more than 1,000 workers, compared to 11% at the UK level.

**Population & Demographics**

The population of Portsmouth stands at a little over 200,000 persons and this has grown at a slightly faster rate than the UK average since 2000. The age structure of the population is relatively young, with a high proportion of working age. The age sector exhibiting fastest growth is 15-29 years, in part reflecting the expansion of the University of Portsmouth.

**Labour Market**

Labour market indicators combine with data on housing and deprivation to paint a consistent picture of labour market performance in Portsmouth.

Levels of labour market participation, as measured by economic activity and employment rates, are lower than the South Hampshire and South East regional averages, however, broadly comparable with national averages. The corollary of this is slightly higher unemployment and inactivity rates, which have recently increased as a result of the recession in line with other areas.

Data on the qualification levels of the workforce show a low proportion with the highest level qualifications which is reflected in the occupational mix of residents, skewed towards middle and lower order occupational groupings. Again this is reflected in earnings data, with resident wages lower than many benchmark areas and lower than workplace wages, implying that many of the better paid jobs in the city are not taken by residents of the city.
Quality of Life and Place
Data on educational attainment, quality of schools and housing stock align with labour market data. The city has a very high proportion of terraced housing compared to benchmark areas, and as a result, average house prices are lower than many other areas in the immediate hinterland. The relative lack of larger semi detached and detached homes provide a potential driver for those with higher skills, earning higher salaries to move further afield to find more spacious housing. This therefore influences the social structure of the population. Educational attainment is lower than national averages across all age groups which clearly links through to the overall qualifications of the resident workforce. There is also evidence of poorer health, lower life expectancy and lower levels of community safety than national averages, however, compared to other more urban areas, many of the data are broadly comparable.

Deprivation data shows a concentration of areas within Portsmouth within the fourth, fifth and sixth deciles with low concentrations of areas with low deprivation. The levels of high deprivation are broadly in line with national averages. The pockets of greatest deprivation are around the fringes of the city centre and in the north of the city.

Conclusion
In combination, the data tell a story of Portsmouth as a city that faces similar issues to many other cities. It performs well compared to the UK against many indicators, but often appears to do less well when compared to some of its immediate hinterlands which do not have the same highly urbanised typology.

The data indicate a lack of higher level skills among the resident workforce, which is in part driven by the housing stock of the city. However, this aligns with the occupational mix of the city and in turn can in part explain the sectoral structure of employment, with a lack of high end private sector business and financial services. This is also a product of the complementary roles the cities of Portsmouth and Southampton have developed over time.

Looking forward the risks for Portsmouth relate to the reliance on the public sector, either directly or indirectly, at a time of public sector spending cuts. Over the last 10 years, with rapidly rising employment in many areas, Portsmouth has failed to attract substantial numbers of new jobs and this trend will need to be reversed for the city to retain its role as an employment hub for a wider hinterland.

The PUSH Economic Development Strategy identifies the cities in South Hampshire as being key drivers to deliver the aims of the PUSH area. The strategy has key actions dealing with issues in relation to labour market and skills and enterprise levels. Many of the key sectors identified by PUSH align well to Portsmouth’s economy, aside from the specialism in ‘information and communication’, which is more specific to Portsmouth.
1. Introduction

The purpose of this report is to inform the development of a Portsmouth focused Local Economic Assessment (LEA). It is intended to be a tool that can be used to shape and underpin the actions of Portsmouth City Council and other partners and stakeholders. The development of an evidence base to inform policy, strategy and action is good practice and can contribute significantly to alignment of activity around a common understanding and can help prioritise effort in the areas of greatest need.

This report does not look to duplicate existing evidence, such as the recent economic evidence base prepared for PUSH or the Hampshire LEA but to complement it. In particular, it seeks to identify issues which may be of greater importance to Portsmouth than the rest of the sub-region and hence require a more local response. Neither does this document replace the Solent Waterfront Strategy, the Portsmouth Regeneration Strategy or any other strategy document; this is an evidence base to help inform future strategy and action setting.

1.1 Document Structure

The remainder of this document is structured as follows:

- **Chapter 2** provides a short overview of Portsmouth’s economic performance, setting out some of the key headlines of the city economy.
- **Chapter 3** provides a short discussion of the economic geography of Portsmouth highlighting Portsmouth’s importance as an economic hub to a wider catchment than the city’s own boundary.
- **Chapter 4** considers the structure of the Portsmouth economy in terms of the sectoral distribution of employment.
- **Chapter 5** assesses key data on the Portsmouth business base and levels of enterprise.
- **Chapter 6** sets out key statistics on the population and demographics of Portsmouth.
- **Chapter 7** then looks in more detail at the labour market and skills situation in Portsmouth and its key labour catchment.
- **Chapter 8** sets out a range of information in respect of quality of life and place in Portsmouth.
- **Chapter 9** draws the findings of the preceding chapters into a combined conclusion.

1.1.1 Benchmarking

In order to understand Portsmouth’s relative economic performance it is necessary to compare against key comparators. We have divided the comparators into two groups;

- The first of those groups are the scalable comparators. These are geographies of different sizes that provide contextual positioning of the performance of Portsmouth. These are:
  - SE Hampshire
  - PUSH Area
  - South East Region
  - GB/UK
- The second group of comparators is similarly positioned cities, with a similar geographic location and which are of roughly the same size. These are:
  - Bournemouth
  - Brighton and Hove
  - Southampton

By choosing these comparators we are able to highlight similarities and differences with Portsmouth and in some cases, identify opportunities for development. Due to the number of comparators not all datasets are benchmarked against all comparators.

1.1.2 Data

When presenting economic data, we have, wherever possible, presented the most recent data available. However, the nature of economic statistics, surveying and reporting means that the final publishing of data may significantly lag the time period which they relate to.
2. **Headline Economic Performance**

**Chapter Summary**
- In 2007 the Portsmouth economy generated a total of £4.1bn GVA.
- Between 1999 and 2007 the Portsmouth economy grew by 52%, a similar growth rate to the SE and the UK.
- GVA per head in Portsmouth is currently £21,800, higher than the national average of £21,100.
- The total number of employee jobs in Portsmouth in 2009 was 101,000.
- Portsmouth had a small amount of employment growth between 1998 and 2009, a growth rate of 1.6%, lower than most benchmark areas.
- Economic activity and employment rates are slightly below average, and have been falling in recent years.
- Unemployment rates have risen as a result of the recession, although the claimant count unemployment measure has started to fall in recent months, as the economy shows some initial signs of recovery.

Over the period 1999 to 2007 the Portsmouth economy (measure in nominal GVA terms) has grown by 52%, increasing from £2.7bn to £4.1bn annually. This is a similar rate of growth as the South East region and the UK, both of which have grown by 51% over the same period. GVA per head growth in Portsmouth has also followed a trend which is very similar to the national rate, increasing by 45% over the period 1999 to 2007. When comparing to other south coast cities GVA per head in Portsmouth has grown at a faster rate than Southampton, a similar rate to Brighton but slightly slower than Bournemouth. This growth has meant that GVA per head in Portsmouth is currently £21,800, higher than the national average of £21,100. It is also higher than the comparator areas of Bournemouth, Brighton and Southampton.

Total employment in Portsmouth in 2009 was 101,000, a small increase on the level in 1998 of 99,300 (increase of 1.6%). Over this time total employment has fluctuated between 96,000 and 103,000. Over the same period Southampton has seen employment decline losing 7,000 jobs leaving them with 105,600 jobs in 2009. Brighton and Bournemouth have seen employment growth of 16% and 5% respectively. Employment in SE Hampshire has grown by 10%, PUSH by 4%, SE by 7% and GB by 8%.

Employment and Economic Activity rates are slightly lower than PUSH and GB. The trend, over the last 5 years, has been for these rates as a proportion of overall working age population to fall. At a GB level the economic activity rate has remained broadly constant, with a fall in the employment rate in 2009 due to the recent recession.

The unemployment rate in Portsmouth as measured by the APS, has risen over the last few years as a result of the recession but lies below the GB average. The unemployment claimant count is higher in Portsmouth than the average for PUSH and the SE but below the overall GB average. This has been a long term trend over the last ten years.

In 2009 there were a total of 5,730 active businesses in Portsmouth, as measured by the IDBR. The ratio of businesses per head of population is lower than the scaleable comparators but not particularly unusual for highly urbanised areas.
3. Economic Geography

Chapter Summary
- Portsmouth is a city located on the south coast of England.
- Portsmouth is a highly urbanised area which is approximately 1 hr from the outskirts of London by car and within 2hr by train to London Waterloo.
- Portsmouth is a key gateway to Continental Europe with established ferry routes to France and Spain as well as more local ferries to Gosport and the Isle of Wight.
- The total population of Portsmouth in 2009 was 203,500 with a total of 101,000 employee jobs.
- The surrounding boroughs of Fareham, Gosport and Havant, along with Portsmouth, form the SE Hampshire area, and commuting flows show this is something of a city region.
- Portsmouth is part of the Partnership for Urban South Hampshire (PUSH) sub-region.

Portsmouth is a city in the County of Hampshire on the south coast of England. Portsmouth is a highly urbanised area, which is approximately 60 miles (around 1 hr by car) from the outskirts of London. The direct train from Portsmouth to London Waterloo takes approximately 1hr 45 mins. Key road connections include the M275 which leads northwards out of the city, the M27 westwards towards Southampton, with the A3 heading north towards London and the A27 to West Sussex eastwards. The construction of the £370m Hindhead Tunnel at Hindhead, Surrey will reduce congestion on the A3. The tunnel and associated road widening works will remove the last part of single lane carriageway between Portsmouth and London, eliminating bottlenecking at Hindhead village. This has the potential to deliver positive benefits to the Portsmouth economy.

The city also has ferry links to Gosport, Isle of Wight, France and Spain. The Portsmouth-Gosport ferry runs throughout the year, and carries over 3.6 million passengers per annum, the busiest short route ferry in the country. Short route ferries also run between the Portsmouth and the Isle of Wight several times daily. International ferries run daily from Portsmouth to France (Cherbourg, Caen and St Malo) and several times a week to Spain (Santander and Bilbao).

3.1 Functional Area

In 2009 the population of Portsmouth was 203,500 with a total of 101,000 people employed. However, the tight administrative boundaries do not neatly reflect how the local and sub-regional economy functions. Together with Portsmouth the surrounding boroughs of Fareham, Gosport and Havant form the SE Hampshire area, which acts much like a Portsmouth City Region. Together this has a combined population of in excess of half a million and more than 200,000 jobs.

The 2001 Census of Population remains the most exhaustive dataset on commuting and travel to work patterns. However, ONS published a 2008 update which provides an indication of changes in behaviour.

63% of the workforce of Portsmouth is comprised of the residents of Portsmouth (63,300 workers). The surrounding Boroughs of Havant (12,400 workers), Fareham (6,900) and
Gosport (5,100) are the next largest contributors. In total 87% of Portsmouth’s workforce (87,600 workers) originate from the SE Hampshire area.

**Figure 3.1: Portsmouth and Surrounding Region**

![Map of Portsmouth and Surrounding Region]

**Figure 3.2: Workforce of Portsmouth by Origin**

| Source: ONS and APS 2008 |

![Bar chart showing workforce origin]
The importance of Portsmouth in providing employment for the sub-region of SE Hampshire is shown in Table 3.1. Portsmouth is home to around 40% of the population of the SE Hampshire area but provides nearly 50% of its jobs. The second most significant employment centre is Fareham, with a number of key employment locations along the M27 which have proved very successful in recent years, including attracting key employers from Portsmouth such as Zurich.

Table 3.1: SE Hampshire Region - 2009

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Employment</th>
<th>% of SE Hampshire Population</th>
<th>% of SE Hampshire Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>203,500</td>
<td>101,000</td>
<td>40%</td>
<td>49%</td>
</tr>
<tr>
<td>Fareham</td>
<td>111,500</td>
<td>46,600</td>
<td>22%</td>
<td>25%</td>
</tr>
<tr>
<td>Gosport</td>
<td>80,000</td>
<td>19,400</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Havant</td>
<td>116,600</td>
<td>38,100</td>
<td>23%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>511,500</strong></td>
<td><strong>205,000</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: BRES and Mid Year Population Estimates

The 2008 update to commuting patterns suggested that the proportion of residents living and working in Portsmouth had fallen from 72% in 2001 to 66% in 2008 (65,100 workers). An increased number of Portsmouth residents were working in Southampton, rising from 2.2% to 6.3%. The vertical lines on the graph show confidence intervals, between which the estimates lie. Whilst the flows of workers to and from Southampton have shown some increase they are still relatively small.

Figure 3.3: Residents of Portsmouth by Location of Work

Source: ONS and APS 2008
Portsmouth also plays a key role in the wider South Hampshire region. Following research into the functional economic areas and housing market areas in the South East for the South East of England Regional Assembly the Partnership for Urban South Hampshire (PUSH) was formed. PUSH is a collective of upper and lower tier authorities, dedicated to ‘delivering sustainable, economic led growth and regeneration to create a more prosperous, attractive and sustainable South Hampshire’. The ten PUSH local authorities\(^1\), along with the Isle of Wight have recently received Government approval to establish the Solent Local Enterprise Partnership (LEP). There are a range of sub regional economic development evidence base and strategy documents relating to PUSH and the LEP at www.push.gov.uk. In 2009 the annual GVA generated by PUSH was estimated to be £17.8bn. The total population of PUSH is in excess of 1 million, with a total of 440,000 employee jobs.

3.2 Self Containment

Set out below is a table comparing the level of self containment in Portsmouth with other benchmark towns and cities. Whilst this gives some insight into the dynamics of the city the reader should be mindful of the range of factors that can influence this data including the ‘tightness’ of the administrative boundaries for which data is collected, the proximity of other significant employment centres and the quality of transport connectivity.

The share of Portsmouth residents who are working in Portsmouth (resident self containment) is similar to Bournemouth, Brighton and Hove, and Southampton. The workplace self containment in Portsmouth is broadly in the middle of the range of comparator cities, with Southampton the most reliant on labour migrating into the city and Brighton and Hove the least reliant. The data suggests nothing out of the ordinary for Portsmouth.

<table>
<thead>
<tr>
<th>Local / Unitary Authority</th>
<th>Resident Self Containment</th>
<th>Workplace Self Containment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>66%</td>
<td>63%</td>
</tr>
<tr>
<td>Bournemouth</td>
<td>67%</td>
<td>68%</td>
</tr>
<tr>
<td>Brighton and Hove</td>
<td>72%</td>
<td>74%</td>
</tr>
<tr>
<td>Southampton</td>
<td>69%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Source: A study of commuting patterns in GB based on the Annual Population Survey 2008, ONS

\(^1\) The local authorities which make up PUSH are the Unitary Authorities of Portsmouth and Southampton, the local authorities of Eastleigh, Fareham, Gosport and Havant and parts of East Hampshire, New Forest, Test Valley and Winchester local authorities.
4. **Sectoral Employment Structure**

**Chapter Summary**
- When looking at broad sectors, the areas of strength, relative to the UK, are information & communication, administration & support services, public administration & defence and human health & social work.
- When compared to other south coast cities Portsmouth has employment strengths in public administration & defence, manufacturing and information & communication.
- Further analysis at a more detailed level reveals that Portsmouth has a specialism in certain elements of advanced manufacturing such as ship building and the manufacture of air and space craft.
- Portsmouth also has a specialism relating to information technology and computer service activities.
- Public administration and defence are two other sectors in which Portsmouth has relative employment strength. Defence based employment is most likely to be related to the naval dockyard.
- Recent employment growth has been most notable in real estate, renting & business activities and hotels & restaurants.
- Estimates suggest that potential public and private sector job losses as a result of the public spending reduction could be around 5,800 jobs.

This section provides an analysis of sectoral employment information for Portsmouth and shows the areas in which Portsmouth has a relative employment strength.

### 4.1 Current Structure

As of 2009 there were a total of 101,000 employee jobs in Portsmouth. Table 4.1 shows the sectoral breakdown of employment in Portsmouth, ranked from highest to lowest. This shows that the sectors which have the highest absolute level of employment are human health & social work, wholesale & retail and administration & support services.
### Table 4.1: Sectoral Employment in Portsmouth, 2009

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment in Portsmouth</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human health &amp; social work</td>
<td>16,700</td>
<td>16.5%</td>
</tr>
<tr>
<td>Wholesale &amp; retail</td>
<td>14,600</td>
<td>14.4%</td>
</tr>
<tr>
<td>Administrative &amp; support services</td>
<td>9,600</td>
<td>9.5%</td>
</tr>
<tr>
<td>Education</td>
<td>9,500</td>
<td>9.4%</td>
</tr>
<tr>
<td>Public admin &amp; defence</td>
<td>8,900</td>
<td>8.8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8,200</td>
<td>8.1%</td>
</tr>
<tr>
<td>Information &amp; communication</td>
<td>7,400</td>
<td>7.3%</td>
</tr>
<tr>
<td>Accommodation and food service</td>
<td>6,900</td>
<td>6.9%</td>
</tr>
<tr>
<td>Transportation &amp; storage</td>
<td>3,700</td>
<td>3.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>3,600</td>
<td>3.6%</td>
</tr>
<tr>
<td>Professional, scientific &amp; technical</td>
<td>3,100</td>
<td>3.1%</td>
</tr>
<tr>
<td>Arts, entertainment &amp; recreation</td>
<td>2,900</td>
<td>2.9%</td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td>2,200</td>
<td>2.2%</td>
</tr>
<tr>
<td>Other services</td>
<td>1,400</td>
<td>1.4%</td>
</tr>
<tr>
<td>Water supply, waste management etc</td>
<td>1,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>800</td>
<td>0.8%</td>
</tr>
<tr>
<td>Electricity, gas etc</td>
<td>300</td>
<td>0.3%</td>
</tr>
<tr>
<td>Agriculture etc</td>
<td>200</td>
<td>0.2%</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>100</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>101,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: BRES 2009

Figure 4.1 shows the proportion of employment in each sector in Portsmouth compared with other areas. The sectors are ordered from left to right in accordance with the absolute level of employment in Portsmouth (i.e. the order in which they appear in Table 4.1). Some of the smallest employment sectors have been excluded to aid presentation of the data.

The graph shows that Portsmouth has a relative strength of employment in the following sectors:

- Human health & social work
- Public administration & defence
- Admin and support services
- Information & communication

The sectors in which Portsmouth has a markedly smaller proportion of employment than the comparator areas include:

- Wholesale & retail trade
- Finance and insurance
- Transport
- Construction
- Professional, scientific and technical

This shows that despite wholesale & retail being the second largest employment sector in Portsmouth, when compared with other areas it is in fact smaller than on average. This
highlights the need to consider both absolute and relative measures of sectoral strength to assess their importance to an area and its performance.

**Figure 4.1: Relative Levels of Employment in Portsmouth**

![Bar chart showing relative levels of employment in various sectors in Portsmouth.](chart-image)

Source: BRES, 2009

Figure 4.2 shows that Portsmouth is similar to other south coast cities and is fulfilling its role as a regional hub in the provision of healthcare.

Compared to other south coast cities Portsmouth has a strong relative concentration of employment in three sectors:

- Public administration and defence
- Manufacturing
- Information and communication

It is interesting to note that Southampton is relatively stronger in sectors typically associated with offices (such as professional, scientific & technical and financial & insurance), whereas Portsmouth is stronger in production based activities. It is often the case that cities or large urban areas in relatively close proximity develop complementary roles.
4.2 Recent Employment Change

Unfortunately changes to the way data is reported mean that time-series data is not available on the same basis as the most recent employment data. As a result the following section of the analysis is on a slightly different basis to the proceeding section including different sectoral classification.

Over the period 1998 to 2008 the number of employee jobs in Portsmouth has fluctuated but overall has only seen a small amount of growth. In 2008 the number of jobs was 99,600, only 300 jobs more than in 1998. This represented an employment growth rate of 0.3% per annum. Over the same period of time employment in SE Hampshire and PUSH grew by 7%, with employment growing by 10% in GB.

Table 4.2 shows the employment change in Portsmouth by broad sector.

The sectors which have seen the greatest level of growth are:

- Real estate, renting & business activities (+5,300)
- Hotels & restaurants (+2,100)
- Other services (+1,600)

The sectors which have seen the greatest level of decline include:

- Manufacturing (-3,600)
- Financial intermediation (-2,100)

Note that this is effectively business services. In the current structure real estate is identified as a relatively small sector employing less than 1,000 workers.
- Wholesale & retail trade\(^4\) (-2,000)
- Public administration & defence (-1,300)
- Health & social work (-1,000)

### Table 4.2: Employment Change in Portsmouth

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<tbody>
<tr>
<td>Agriculture, fishing, mining etc</td>
<td>0</td>
<td>300</td>
<td>300</td>
<td>962%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13,700</td>
<td>10,100</td>
<td>-3,600</td>
<td>-26%</td>
</tr>
<tr>
<td>Electricity, gas, water</td>
<td>400</td>
<td>200</td>
<td>-200</td>
<td>-50%</td>
</tr>
<tr>
<td>Construction</td>
<td>2,700</td>
<td>3,400</td>
<td>700</td>
<td>28%</td>
</tr>
<tr>
<td>Wholesale &amp; retail trade</td>
<td>17,400</td>
<td>15,400</td>
<td>-2,000</td>
<td>-12%</td>
</tr>
<tr>
<td>Hotels &amp; restaurants</td>
<td>5,900</td>
<td>8,000</td>
<td>2,100</td>
<td>35%</td>
</tr>
<tr>
<td>Transport, storage &amp; comms</td>
<td>4,500</td>
<td>4,800</td>
<td>300</td>
<td>6%</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>4,500</td>
<td>2,400</td>
<td>-2,100</td>
<td>-48%</td>
</tr>
<tr>
<td>Real estate, renting &amp; business activities</td>
<td>10,800</td>
<td>16,100</td>
<td>5,300</td>
<td>49%</td>
</tr>
<tr>
<td>Public administration &amp; defence</td>
<td>11,000</td>
<td>9,700</td>
<td>-1,300</td>
<td>-12%</td>
</tr>
<tr>
<td>Education</td>
<td>8,500</td>
<td>9,000</td>
<td>500</td>
<td>6%</td>
</tr>
<tr>
<td>Health &amp; social work</td>
<td>16,200</td>
<td>15,200</td>
<td>-1,000</td>
<td>-6%</td>
</tr>
<tr>
<td>Other services</td>
<td>3,500</td>
<td>5,100</td>
<td>1,600</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99,300</strong></td>
<td><strong>99,600</strong></td>
<td><strong>300</strong></td>
<td><strong>0.3%</strong></td>
</tr>
</tbody>
</table>

Source: ABI

Figure 4.3 compares recent employment change in Portsmouth with recent employment change in GB. It shows that Portsmouth has seen a higher relative employment growth than GB in the following sectors:

- Construction;
- Hotels & restaurants;
- Real estate & business services; and
- Other service sectors

Manufacturing employment decline in Portsmouth has been slightly lower than GB.

The sectors in which Portsmouth has experienced poorer relative employment performance than GB include:

- Wholesale & retail trade;
- Financial intermediation;
- Public administration & defence; and
- Health & social work.

\(^4\) A change in the date of ABI surveying from December to September has caused the level of employment to drop in certain sectors, most notably those with high levels of seasonal workforce. Wholesale and retail trade has recorded a decline in many areas across the UK as a result.
4.3 Broad Sector Summary

In summary, Portsmouth’s level of employment has stagnated over the last ten years, a period when nationally employment has grown by 10%. The two strongest sectors in terms of employment growth have been real estate & business activities and hotels & restaurants. Real estate & business activities is also the largest employment sector employing 16,100 workers. The manufacturing sector has continued to lose employment, but still employs 10,000 workers. Other sectors strongly hit by employment declines include financial intermediation and wholesale & retail trade.

4.4 Key Sector Summaries

The following set out a short summary of the key sectors in which Portsmouth has a specific area of expertise.

4.4.1 Manufacturing

The manufacturing sector still directly employs 8,000 workers approximately 8% of the total. Overall employment in the manufacturing sector in Portsmouth has declined, in common with the overall trend for manufacturing within the UK. However, the sector generates high levels of GVA per worker. The South Hampshire area has a significant competitive strength in advanced manufacturing sectors which has been recognised in PUSH strategy and actions. The PUSH Economic Development Strategy identifies Advanced Manufacturing as a key sector for the PUSH sub-region due to the high value jobs that it creates and the existing strengths of the sub-region in this sector with a number of world leading businesses.
Portsmouth is a key area for employment in the advanced manufacturing sector. The most important sub-sectors for Portsmouth are the building of ships and floating structures and the manufacture of air and spacecraft. Building of ships accounts for 1.3% of total employment in Portsmouth (1,400 workers), compared with just 0.1% across GB as a whole. Raymarine, Rolls-Royce Marine electrical and BAE Systems are examples of leading businesses in this sector which are based in Portsmouth.

Manufacture of aircraft and spacecraft in Portsmouth is also a much larger employer when compared to the GB average, accounting for 1.4% of total local employment (1,400 workers), compared with 0.3% of total employment nationally. Key companies based in Portsmouth who work in this sector include EADS Astrium and H+S Aviation who employ around 300 workers, providing aftermarket services and systems activities. The Maintenance, Repair and Overhaul (MRO) of aircraft and spacecraft is seen by UK Trade and Investment as a potential area of growth for the UK.\(^5\)

The marine and defence markets are the primary drivers of these areas of expertise.

### 4.4.2 Business Services

The business services sector\(^6\) employs around 23,000 workers, representing about 23% of the total workforce. The business services sector is forecasted to be one of the major growth areas for the PUSH economy over the next 15-20 years.

Portsmouth is generally relatively under-represented in the business service sector. However, it has an above average concentration of employment in the information and communication sector. In particular Portsmouth’s strongest sub-sector is ‘other information technology and computer service’. This sub-sector includes activities such as computer disaster recovery, installation of personal computers and software installation services. 5.1% of employment in Portsmouth is in this sector (5,100 workers) in comparison with 0.4% of employment in GB. This is likely to be, in part, the presence of IBM within the city, who employ around 2,000 workers, but also includes other employers suggesting a general strength in this field.

Within the office administration sector Portsmouth has a high level of employment in call centres (2.7% of the total) when compared to the average for GB (0.3% of the total). These are two areas of business services in which Portsmouth has an advantage over other PUSH locations, including Southampton, which has a much stronger business services sector than Portsmouth.

### 4.4.3 Public Sector

The public sector is important to the economy of Portsmouth as it provides not only a significant proportion of employment directly but it also supports activity in the private sector. Total direct public sector employment is around 35,000 workers (public administration and defence is approximately 9,000, education is around 9,500 and human health and social work is around 16,700). The following is a discussion of the importance of the public sector and a headline assessment of Portsmouth’s exposure to the reduction in public sector spending.

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\(^5\) UK Trade and Investment Website: UK Aerospace Capability

\(^6\) The business services sector is generally thought to consist of the following sectors; admin & support services, information & communication, professional scientific & technical, financial & insurance and real estate.
As a result of the Coalition Government’s strategy to reduce the spending deficit there are due to be reductions in annual public spending of £81bn by 2014/15. This will inevitably lead to decreases in public sector employment. These reductions will impact more heavily on certain areas of the public sector than others, as for example, the health sector has a protected budget.

Analysis by Coutts estimates that Portsmouth is amongst the 20 most vulnerable towns and cities in Britain. This is assessed on the basis of having a relatively high proportion of jobs in the public sector and relatively high proportion of jobs in sector most dependent on public spending.

Separate analysis by Centre for Cities has identified and ranked 64 cities across the UK and considered how they perform against a number of indicators. It found that consumer spending is most likely to be affected in cities which are most vulnerable to welfare reforms. Cities in the South East, including Portsmouth are amongst the 10 least affected cities in the UK. It is estimated that there could be a reduction in welfare spending of £112 per capita. As a comparison the city estimated to be the most affected is Birkenhead, with welfare reductions of £197 per capita. Southampton’s welfare reduction is estimated to be £120 per capita, with Bournemouth and Brighton at £114 and £157 per capita respectively. This implies that businesses in Portsmouth who rely on consumer spending could be less affected than in other cities. No estimate of job impacts was presented.

In November 2010 the Office of Budget Responsibility (OBR) estimated that 330,000 public sector jobs could be lost over the next 4 years. This represents around 4.5% of the total 7.4 million public sector jobs across GB. Portsmouth may be more vulnerable than average, due to several key sectors such as defence being particularly exposed to public sector expenditure reductions. Centre for Cities has estimated how these job losses could be spread on a city by city basis. Portsmouth is estimated to be amongst the top 10 most affected cities when job losses are considered as a proportion of total job losses. It estimates that around 4,400 jobs could be lost in the city.

Furthermore, reductions in public sector expenditure will have a knock on effect on private sector businesses. Certain areas of the private sector are more exposed to public sector spending than others. For example, the defence sector relies heavily on government expenditure as its primary source of demand. Research by PWC using Input-Output models has identified the key sectors in the UK economy which rely on public sector expenditure and are therefore the most exposed to any reductions in spending.

Converting reductions in public sector expenditure into reductions in private sector output it is estimated that business services could be reduced by £11.9bn, 3.9% of the gross output in the sector. This could be balanced out somewhat if the Coalition Government decides to transfer some of the activities currently undertaken by the public sector to the private sector, opening up new areas of business. Other sectors which could be strongly affected by public sector cuts include construction (5.1% reduction), reflecting the high exposure of construction companies to cuts in public sector spending.

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7 UK spending cuts: Impact on regions and cities, Coutts
8 Cities Outlook 2011, Centre for Cities
9 Sectoral and Regional Impact of the Fiscal Squeeze, PWC
Table 4.3: Sectoral Impact of the Public Sector Spending Reductions

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Estimated Gross Output Loss (£bn at 2007 prices)</th>
<th>Loss as % of gross output in sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business services</td>
<td>11.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Construction</td>
<td>10.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.3</td>
<td>2</td>
</tr>
<tr>
<td>Transport and Communications</td>
<td>3.2</td>
<td>1.9</td>
</tr>
<tr>
<td>Distribution, Hotels and Catering</td>
<td>1.1</td>
<td>0.4</td>
</tr>
<tr>
<td>Financial Services</td>
<td>2</td>
<td>1.1</td>
</tr>
<tr>
<td>Other Services</td>
<td>8.3</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total Private Sector</strong></td>
<td><strong>46.4</strong></td>
<td><strong>2.1</strong></td>
</tr>
</tbody>
</table>


Analysis at a more detailed sub-sector level has identified that ‘Office Machinery and Computers’ is the most affected, not unsurprising given the close correlation between jobs and related office requirements. Weapons and Ammunitions, and the Aerospace sectors are also identified as heavily affected based upon these sectors reliance on public sector defence contracts.

PWC estimate that business services will be the sector with the largest level of jobs losses, in part by virtue of being the largest sector. Spending cuts could lead to 186,000 job losses in this sector nationally, although given the broad range of sub-sectors it is difficult to estimate where the jobs losses are likely to occur. The construction sector is also forecast to have large employment losses with more than 104,000 jobs lost in that sector. Some manufacturing sectors such as defence and suppliers of office machinery could also be affected. Globally focus sectors such as aerospace, medical and pharmaceuticals could also look to export markets to replace any shortfall from UK demand.

Although further work has been done by PWC to consider the impact of the spending cuts by region, the analysis does not look at how sub-regional areas might be affected. The South East is identified as being less exposed than other areas.

Assuming that the impact of public sector budget reductions in Portsmouth are in proportion with the PWC national estimates then private sector job losses as a result of public sector spending cuts could be around 1,400 workers by 2014/15.

Combining these two approaches leads to a potential cut of nearly 6,000 job losses by 2014/15 as a result of public sector spending reductions, almost 6% of current employment levels.

Table 4.4: Potential Job Losses by 2014/15 due to Public Sector Reductions

<table>
<thead>
<tr>
<th>Estimated Job Losses by 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector</td>
</tr>
<tr>
<td>Private Sector</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Source: PWC and DTZ
5. Enterprise and Business Base

### Chapter Summary
- In 2009 there were a total of 5,730 active businesses in Portsmouth according to the Inter-Departmental Business Register (IDBR) database.
- There are 280 active businesses per 10,000 people in Portsmouth. This is below the national average and also comparator areas such as Brighton and Bournemouth.
- The sectors in which Portsmouth have a relatively high representation of businesses include construction, retail and business administrative support services.
- Portsmouth is underrepresented in terms of professional, scientific and technical businesses.
- Survival rates for businesses in Portsmouth are below the national average.
- Portsmouth is more reliant on a few very large businesses than the average across GB. In Portsmouth, 23% of employers work for large employers (employing over 1,000 workers) in comparison to 11% of workers at a GB level.
- However, the predominant size of business is still very small, with 82% of business employing less than 10 workers.
- There are lower levels of self-employment in Portsmouth compared with the national average.

This section sets out evidence on the enterprise and business base in Portsmouth.

#### 5.1 Business Stock

In 2009 there were a total of 5,730 active businesses in Portsmouth. The count of active businesses per 10,000 people in Portsmouth (and Southampton) is much lower than comparator areas including PUSH, the SE and the UK. This is also noticeable in comparison to the fellow south coast cities of Brighton and Bournemouth. Both of these cities have a reputation as being a good location for creative industries, which typically generates lots of small enterprises, which would help to boost their business base. As a general rule urban areas exhibit a lower level of enterprise due to the availability of jobs and large employers. Nevertheless, as identified in the PUSH Economic Evidence base the performance of Portsmouth relative to the English Core Cities\(^\text{10}\) is fairly poor, ranking behind 5 of the 8 cities.

\(^{10}\) The Core Cities are a group representing the eight largest city regions outside of London. The Core Cities are Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.
5.2 Sectoral Strengths

Interrogating the Inter-Departmental Business Registry (IDBR) dataset in more detail we can see the sectors in which Portsmouth has the greatest number of businesses relative to the UK and the sectors where they are underrepresented. According to data from 2009, Portsmouth is well represented, in terms of the number of businesses in the following sectors:

- Construction
- Retail
- Accommodation & Food Services
- Business Administration & Support Services

Depending upon the size of businesses in each of these sectors it is possible that Portsmouth can have relative large number of businesses but relatively low levels of employment. Conversely sectors with low numbers of businesses can still employ large number of workers if the average business size is high. This can explain some of the differences between well represented business sectors, as shown above, and well represented employment sectors as discussed in chapter 4. The key sector in which Portsmouth’s business population is underrepresented is professional, scientific and technical activities.

Source: APS
5.3 Business Formation and Survival

Over the last 5 years Portsmouth has consistently seen higher levels of business starts ups than business deaths, until 2009 when impact of the recession was noticed. Birth and Death rates in PUSH have been very similar to Portsmouth, when considered in per capita terms. The UK has seen higher birth and death rates per capita in each year than Portsmouth.

Figure 5.2: Portsmouth Business Birth and Death Rates

Analysis of survival rates for newly created businesses in Portsmouth shows that they are less likely to survive during the first five years of business operation, when compared to the national average. 42% of businesses created in Portsmouth during 2004 were still in operation five years later, in comparison to 46% of businesses in South East Hampshire and 47% at a PUSH and UK level. The failure rate of this Portsmouth business cohort is higher than the national average in each of the five annual comparison points. However, more recent survival rates for businesses created in 2007 and 2008 suggest that the Portsmouth business population has higher survival rates than the UK average. This might point to a more positive survival performance emerging.

Note that despite this the overall level of active businesses has remained fairly constant. This is because the difference in the business birth and death rate does not necessarily equal the change in the number of active enterprises as it did with the VAT statistics database. This is because the count of active businesses measures businesses that were active at some point during the year. Further information is available in the ONS Paper – Introducing the new Business Demography Statistics.
5.4 **Business Size**

Analysing the size profile of business in Portsmouth it is clear that more employees in Portsmouth work for large businesses than in comparator areas. In Portsmouth, businesses employing more than 1,000 workers are responsible for employing 23% of the workforce. The average across GB is 11%. This implies that Portsmouth relies on a relatively small number of large businesses to employ approximately a quarter of its workforce. This means the Portsmouth economy is particularly sensitive to should any of these companies decide to relocate.

The presence of large businesses in Portsmouth could be one reason why the number of businesses per head is lower than in comparator areas such as Brighton and Hove and Bournemouth. The availability of employment opportunity is likely to reduce the necessity to start a business which can be the case in more rural areas. The sectoral strengths of Portsmouth also tend towards larger businesses.

Table 5.1 shows the spread of businesses by size and employment within them. The preponderance of small businesses employing between 1-10 employees is fairly typically. In fact, nationally 85% of businesses employment between 1-10 people.

<table>
<thead>
<tr>
<th>Table 5.1: Business size</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1-10</td>
</tr>
<tr>
<td>% of businesses</td>
<td>82.3%</td>
</tr>
<tr>
<td>% of employment</td>
<td>16.2%</td>
</tr>
</tbody>
</table>

Source: ABI Workplace Inquiry

5.5 **Self Employment**

In 2009 self employment rates in Portsmouth were 7.1% below the UK average of 9%. This is typical of the longer term self employment rate. Brighton and Hove and Bournemouth both have higher self employment rates than the national average, a fact that is consistent with the higher number of business per person observed earlier in this chapter.
6. Population and Demographics

**Chapter Summary**
- As of 2009, the population of Portsmouth was 203,500.
- 67% of Portsmouth’s population is of working age, a higher proportion than the GB average of 62%.
- Portsmouth has seen strong population growth, most notably amongst young adults between the ages of 15-29.
- 86% of Portsmouth's population are described as being 'white British'. The largest ethnic minority group is described as ‘asian or black asian’, with 7,600 residents falling into this category.

**Current Population**

As of 2009 the total population of Portsmouth is 203,500. Portsmouth has an above average level of working age population when compared with GB, with 67% of the population falling within that category. Portsmouth also has a small percentage of older people than across GB as a whole. The age profile of SE Hampshire is very similar to GB.

**Figure 6.1: Percentage of Total Population by Broad Age Category**

Since 2001 the population of Portsmouth has grown by 15,500 (8% total growth). Over the same period the GB population grew by a total of 4%. Population growth of 8% is comparable

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12 2009, Mid Year Population Estimate, ONS
to Southampton but significantly greater than other comparator cities of Brighton and Hove and Bournemouth.

**Table 6.1: Population Growth 2001 - 2009**

<table>
<thead>
<tr>
<th>Area</th>
<th>Population Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>8%</td>
</tr>
<tr>
<td>SE Hampshire</td>
<td>4%</td>
</tr>
<tr>
<td>PUSH</td>
<td>5%</td>
</tr>
<tr>
<td>SE</td>
<td>5%</td>
</tr>
<tr>
<td>GB</td>
<td>4%</td>
</tr>
<tr>
<td>Bournemouth</td>
<td>1%</td>
</tr>
<tr>
<td>Brighton and Hove</td>
<td>3%</td>
</tr>
<tr>
<td>Southampton</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Mid Year Population Estimates

Examining population change by age category it is apparent which categories have led to the greatest population growth in Portsmouth. The three young adult age categories of 15-19; 20-24 and 25-29 have grown by 16,100 people between 2001 and 2009, more than the overall population growth (i.e net population growth in other age categories has actually been negative). It is likely that the presence of a University in Portsmouth and activities of the Royal Navy have contributed to this growth. There are currently over 21,000 students at the University of Portsmouth, an increase of more than 4,000 from 2000/01. This level of student growth is faster than the UK average and all benchmark cities with the exception of Bournemouth. The profile of the housing stock in Portsmouth (section 8) is also likely to be a contributory factor to this change.

Interestingly the number of people aged over 65 actually declined during this period, at a time when typically the population structure has been getting older.

**Table 6.2: Population Change by Age Category, 2001 -2009**

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Population Change</th>
<th>% Population Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14</td>
<td>-1,900</td>
<td>-6%</td>
</tr>
<tr>
<td>15-19</td>
<td>1,800</td>
<td>14%</td>
</tr>
<tr>
<td>20-24</td>
<td>8,400</td>
<td>50%</td>
</tr>
<tr>
<td>25-29</td>
<td>5,900</td>
<td>41%</td>
</tr>
<tr>
<td>30-64</td>
<td>2,500</td>
<td>3%</td>
</tr>
<tr>
<td>65+</td>
<td>-1,000</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,500</strong></td>
<td><strong>8%</strong></td>
</tr>
</tbody>
</table>

Source: Mid Year Population Estimate

**Table 6.3: Percentage Population Change, 2001 - 2009**

<table>
<thead>
<tr>
<th>Age</th>
<th>Portsmouth</th>
<th>Bournemouth</th>
<th>Brighton</th>
<th>Southampton</th>
<th>GB</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-19</td>
<td>14%</td>
<td>15%</td>
<td>17%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>20-24</td>
<td>50%</td>
<td>35%</td>
<td>29%</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>25-29</td>
<td>41%</td>
<td>2%</td>
<td>-5%</td>
<td>36%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Mid Year Population Estimate

If this is a long term trend and these younger people continue to live and work in Portsmouth then it could supply a good source of workers to fill jobs in the future. This is not to say that Portsmouth’s population is not expected to age, as with the national population, but perhaps the shift towards the older population is not as significant as for England as a whole. Sub national population projections (SNPP) suggest that the population of Portsmouth is projected to grow by 19% between 2008 and 2026. The population of England is projected to grow by about 13% over this period. However, over 50% of the population growth in England is projected to be within the 65 and over age category, compared with approximately 20% of population growth in Portsmouth. This suggests that the projected growth of older people in Portsmouth is lower than across England as a whole.

At a time when other areas are worrying about a significant shift towards an older population this could be important to the economic viability and balance of Portsmouth.

**Ethnicity**

According to 2007 estimates over 86% of Portsmouth’s population are recorded as being ‘white British’.\(^{14}\) The Equality and Diversity Strategy for Portsmouth identifies a number of key Black and Minority Ethnic (BME) communities in Portsmouth. They are:

- Bangladeshi
- African
- Chinese
- Caribbean
- Kurdish
- Polish
- Irish
- Russian
- Indian
- Filipino

Figure 6.2 shows the population of the major BME groups in Portsmouth. The largest BME group is Asian or Black Asian, with a total of 7,600 residents falling into this category. This represents around 3.8% of the total Portsmouth population (in 2007 the population was estimated to be 197,700).

The highest concentrations of BME communities are in the south and west of Portsmouth, with significant communities in Charles Dickens, Cosham, Fratton, Nelson and St Thomas wards. Broadly these areas correlate to the greatest areas of deprivation, as discussed in Chapter 8.

\(^{14}\) Source: ONS – 2007 Mid Year Estimates
Figure 6.2: BME Groups in Portsmouth

Source: ONS – 2007 Mid-Year Estimates
7. Labour Market and Skills

Chapter Summary

Labour Market Conditions:
- Economic activity and employment rates have fallen over the last few years.
- Portsmouth exhibits similar economic activity and employment rates as GB, but lower than PUSH and the SE.
- Unemployment rates and claimant count measures have risen over the period 2008 to 2009. Recent data suggests that claimant count measures have started to fall over the last six months.

Skills and Occupational Data:
- A lower percentage of the working age population in Portsmouth hold NVQ levels 4 and above when compared to the national averages and benchmark cities.
- This matches with the occupational profile of Portsmouth with a smaller share of jobs in the most senior positions, such as managers and senior officials.
- Portsmouth has a higher than average share of its working age population holding NVQ level 1 qualifications.

Wages:
- Workplace wages have grown by 34% over the period 2002-2009, reaching £534 a week.
- Over the same period resident wages grew by slightly less increasing by 25%, to £475 a week.
- Workplace wages are £44 per week higher than the national average. Resident wages are £16 per week lower than the average wage.

7.1 Labour Market Participation

7.1.1 Economic Activity Rates

Economic activity rates have fallen in Portsmouth over the last five years. As a result the proportion of the working age population who are economically active has fallen below the national average and is approximately four percentage points behind the PUSH and SE averages. Female activity rates are actually higher than SE and GB meaning that the big challenge is therefore amongst the male population. SE Hampshire has seen economic activity rates rise in 2009 which are now higher than any comparator area.\[15\]

\[15\] Greater caution should be applied to the estimated Portsmouth rates as estimated statistics are less reliable for smaller geographic areas. This is evidenced in the more volatile movement of the Portsmouth data on the chart. It should also be noted that overall economic activity rates have fallen in comparison with previous years as the ONS has recalibrated the working age population in order to take into account the rising female retirement age.
Employment rates in Portsmouth have followed a similar path to economic activity rates declining over the last few years. Employment rates are now marginally below the GB level around four percentage point less than PUSH and the SE. As with the economic activity rates, overall employment rates have fallen due to the inclusion of the higher retirement age for women. Whilst the changes in these two indicators may be a statistical anomaly it may also point towards a weakening of the labour market situation in Portsmouth in comparison to other areas. This is notable in comparison to PUSH and SE Hampshire where the employment rates have been diverging since 2006.

Overall the message is that labour market participation in Portsmouth is lower than comparator areas.
7.2 Unemployment Rate

The unemployment rate in Portsmouth, as measured by the APS, has increased as a result of the recession, reaching 6.9% by 2009\(^\text{16}\). Despite this increase the unemployment rate in Portsmouth has increased by less than the comparator areas, although it should be remembered that one datapoint does not make a trend. Unemployment rates in SE Hampshire have also increased but lie around one percentage point lower than the Portsmouth.

\(^{16}\) The APS uses the International Labour Organisation (ILO) definition of unemployment. This defines unemployment as the proportion of the labour force who are out of work and looking for a job.
7.3 Claimant Rates

The claimant count provides an alternative measure of unemployment.

The proportion of the working age population in Portsmouth who have claimed unemployment benefit has increased as the impact of the recession has influenced the labour market. The rate rose from around 2% in the autumn of 2008, to a peak of 4% in April 2010. Since then the proportion of the working age population claiming unemployment benefit has declined as the labour market has recovered a little. The pattern of unemployment in Portsmouth has closely followed the pattern of GB unemployment.

It remains to be seen whether the impact of the reduction in public sector spending announced in the Government’s Spending Review will force the unemployment rate up again over the coming months. The impact might not be felt just through a reduction in public sector employment but also in private sector employment dependent on public sector spending. The public sector case study estimates that up to 6,000 jobs in the public and private sector could be lost as a result of public spending reductions.

The claimant count is a measure of those who are unemployed and claiming unemployment benefits. This is a subset of the larger APS/ILO measure of unemployment.
7.4 Claimant Flows

Claimant count on flows measure the flow of people starting to claim unemployment benefit who had previously been employed. The claimant on-flows for Portsmouth show that there has been an increase in the number of people starting to claim unemployment benefits, from mid to late 2008 onwards. The number of people coming off unemployment benefits has also increased but with a lag of 3-6 months. Essentially this represents a greater level of churn in the number of people claiming unemployment benefits each month.
7.5 **Long Term Claimants**

Coupled with the increasing claimant flows has been an increase in the number of long term unemployed (more than 6 months). However, this has already started to decline, from a peak of 1.4% in early 2010. This suggests that the employment market has begun to recover.
7.6 Claimant Occupations

As the number of new claimants has increased during the recessionary period those previously working in lower level occupations have made up the largest share of new claimants. The largest single group of new claimants are those from elementary occupations for each month across the last 5 years. However, Figure 7.7 shows that since mid 2008 the proportion of elementary occupations as a proportion of the total has decreased. This suggests the recession has caused more people from higher and middle order occupations to claim unemployment benefits as employers shed labour.

However it should be noted that the proportion of new claimants coming from the lower occupations is still greater than their overall share of employment. Elementary occupations have consistently made up between 30 and 40% of new claimants despite representing only 12-14% of the total workforce in Portsmouth. This may be because elementary occupations are seen as the easiest to replace therefore at any point they are the most vulnerable and the nature of jobs can be short term.

In comparison to GB the proportion of new claimants in Portsmouth is more heavily weighted towards elementary occupations. The long run average is for 30-40% of new claimants to have previously worked in an elementary occupation but at a GB level this is typically between 25-33% of new claimants. This may reflect the occupational structure of the Portsmouth economy. Higher level occupations in Portsmouth have typically been less likely to become a new claimant than the GB average.
Analysis of youth unemployment data suggests that youth unemployment has increased as a result of the recession, reaching 32% of all unemployment during the autumn of 2008, but it has quickly fallen to a pre-recession proportion of the total. In October 2010, 25% of people claiming unemployment benefit in Portsmouth were between the ages of 18 and 24, the lowest proportion of the total since 2004. In fact this is lower than all of the comparator areas. However, despite the fall in youth unemployment as a proportion of total unemployment, younger people are still disproportionately more likely to be claiming for unemployment benefit than other age groups within the working age population.
The population of Portsmouth is less well qualified when compared with many of the comparator areas, a selection of which are shown in Figure 7.9. Of the comparator cities Brighton is particularly well established as a location with highly qualified workers, with nearly 50% of the workforce holding at least a NVQ level 4 or above. This is significantly above the average for GB of 34%. In Portsmouth the number of people holding NVQ level 4 and above qualifications is below the national average. The working age population in Portsmouth is more likely to hold a NVQ 1 qualification than when compared to GB.

Educational achievement is discussed in the Quality of Life chapter. This shows lower levels of attainment at all ages which aligns with data on the overall qualification levels of the workforce.

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**7.8 Skills**

Limited data is available at Portsmouth level due to change in policy on data release at Skills Funding Agency.
7.9 Occupations

The occupational structure of the workforce in Portsmouth is based more heavily around associate professional and technical positions than GB. There are also higher levels of sales and customer service occupations combined with lower levels of managers and senior officials. This, in part, reflects the historic role of Portsmouth, as a highly industrialised area and is in keeping with the skills and sectoral mix of the city.
7.10 Earnings Data

Looking at workplace wages it is interesting to note that Portsmouth has higher average weekly wages than any of the comparator areas, with average wages being £44 a week higher than the national average. Portsmouth has also seen strong growth in workplace wages over the period 2002 to 2009, growing at a faster rate (34%) than all comparator areas apart from Bournemouth.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>£398</td>
<td>£534</td>
<td>£136</td>
<td>34%</td>
</tr>
<tr>
<td>Bournemouth</td>
<td>£322</td>
<td>£480</td>
<td>£158</td>
<td>49%</td>
</tr>
<tr>
<td>Brighton and Hove</td>
<td>£379</td>
<td>£460</td>
<td>£82</td>
<td>22%</td>
</tr>
<tr>
<td>Southampton</td>
<td>£421</td>
<td>£500</td>
<td>£79</td>
<td>19%</td>
</tr>
<tr>
<td>SE</td>
<td>£420</td>
<td>£514</td>
<td>£94</td>
<td>22%</td>
</tr>
<tr>
<td>GB</td>
<td>£392</td>
<td>£490</td>
<td>£98</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: ASHE

Resident wages in Portsmouth have grown by 25% over the period 2002 to 2009, rising to £475 per week. Resident wages in Portsmouth are lower than the national average of £490 per week, but have grown by the same amount between 2002 and 2009. Workplace wages in Portsmouth are higher than resident wages. This implies that on average, workers who are

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19 This could possibly be due to a data anomaly due to a small sample.
commuting into Portsmouth to work are earning higher wages than residents of Portsmouth. This is not surprising with higher paid employees typically more willing to commute larger distances and often wishing to live in more rural and suburban settings.

### Table 7.2: Median Resident Weekly Wages

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>£380</td>
<td>£475</td>
<td>£95</td>
<td>25%</td>
</tr>
<tr>
<td>Bournemouth</td>
<td>£354</td>
<td>£460</td>
<td>£106</td>
<td>30%</td>
</tr>
<tr>
<td>Brighton and Hove</td>
<td>£411</td>
<td>£500</td>
<td>£89</td>
<td>22%</td>
</tr>
<tr>
<td>Southampton</td>
<td>£388</td>
<td>£442</td>
<td>£54</td>
<td>14%</td>
</tr>
<tr>
<td>SE</td>
<td>£435</td>
<td>£537</td>
<td>£102</td>
<td>23%</td>
</tr>
<tr>
<td>GB</td>
<td>£393</td>
<td>£491</td>
<td>£98</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: APS
8. Quality of Life and Place

Chapter Summary

- Quality of life and place is becoming increasingly important as a driver of economic growth.
- There is not a significant level of deep deprivation in the city. However, there is a clear concentration across the fourth, fifth and sixth deciles.
- The worst areas of overall deprivation in the city are in and around Fratton and Paulsgrove.
- The housing stock is dominated by terraced housing with very few detached and semi-detached properties. Due to the highly urbanised nature of the area this is unlikely to change significantly over time.
- Educational achievement at schools in Portsmouth is slightly below the English average. There are two FE colleges and a University within Portsmouth.
- The health of people in Portsmouth is generally below national averages with the city having significant health inequalities. Male life expectancy at birth is a particular discrepancy.
- Recorded crime per head in Portsmouth is above the national average, although this may reflect its urban characteristics.

Quality of life is increasingly a driver of economic growth due to its role in attracting both employers and employees. However, there is no single indicator that captures quality of life, and in reality, the factors that make a place attractive to live, work and visit are highly subjective and varied. This chapter includes analysis of a range of indicators on quality of life and place with the intention of building a picture of the city. Many of these statistics would be the same as those used by potential investors when profiling a location.

There is a clear link between a number of the quality of life indicators, not least the nature of the housing stock, levels of deprivation, levels of educational attainment and health – with deprivation being a primary driver of educational and health outcomes.

8.1 Deprivation

The Index of Multiple Deprivation (IMD 2007) measures deprivation against a number of indicators. It ranks all of the Lower Level Super Output Areas (LSOAs) across England against a basket of indicators grouped into seven domains. The overall index is based on a weighted average of the seven sub domains which are:

- Income (22.5% of overall weighting)
- Employment (22.5%)
- Health Deprivation and Disability (13.5%)
- Education and Skills (13.5%)
- Barriers to Housing and Services (9.3%)
- Crime (9.3%)
- Living Environment (9.3%)

The domains cover many of the key factors that are often considered as determinants of quality of life. The following map illustrates the relative levels of deprivation across
Portsmouth using the overall index. The darker colours on the map illustrate those areas with greater levels of deprivation. Overall deprivation is most noticeable in and around the area of Fratton, Portsea and Landport towards the western edge of the city and in the northern part of the city around Cosham and Paulsgrove.

Figure 8.1: Overall Deprivation

Source: IMD 2007

30% of Portsmouth LSOAs are in the 30% most deprived LSOAs in England. There is not therefore a significant concentration of deep deprivation across the city. However, across the whole spectrum there is a clear concentration around the fourth, fifth and sixth deciles, with relatively few LSOAs in the least deprived deciles, as illustrated in the following chart.
8.2 Housing

The housing mix in Portsmouth is markedly different from both the wider PUSH sub-region and South East region of England. The city's housing stock is dominated by terraced homes and flats and maisonettes with relatively few detached and semi-detached homes. The physical constraints of the city, with very high levels of population density and limited space for development are unlikely to lead to this mix being changed significantly over time.

Table 8.1: Housing Stock Profile

<table>
<thead>
<tr>
<th></th>
<th>Detached</th>
<th>Semi Detached</th>
<th>Terraced</th>
<th>Flats &amp; Maisons ettes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>5%</td>
<td>16%</td>
<td>48%</td>
<td>30%</td>
</tr>
<tr>
<td>PUSH</td>
<td>24%</td>
<td>26%</td>
<td>28%</td>
<td>21%</td>
</tr>
<tr>
<td>South East</td>
<td>29%</td>
<td>29%</td>
<td>23%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Census 2001

Households in Portsmouth are less likely to be owned, either outright or by mortgage, than households across the SE. Correspondingly a greater proportion of households are either socially rented or privately rented.

Table 8.2: Occupied Dwellings by Tenure Type

<table>
<thead>
<tr>
<th></th>
<th>Owns Outright / Mortgage</th>
<th>Social Rented</th>
<th>Private Rented</th>
<th>Lives Rent Free</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>65%</td>
<td>18%</td>
<td>15%</td>
<td>2%</td>
</tr>
<tr>
<td>PUSH</td>
<td>70%</td>
<td>18%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>South East</td>
<td>74%</td>
<td>14%</td>
<td>10%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Census 2001
House prices for terraced homes and flats and maisonettes are lower than the UK averages, however, for detached and semi-detached homes the reverse is true which may well reflect the limited stock of these property types.

### Table 8.3: House Prices (Jul – Sep 2010) £ Thousands

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Terraced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>174</td>
<td>161</td>
</tr>
<tr>
<td>Fareham</td>
<td>241</td>
<td>179</td>
</tr>
<tr>
<td>Gosport</td>
<td>171</td>
<td>144</td>
</tr>
<tr>
<td>Havant</td>
<td>232</td>
<td>164</td>
</tr>
<tr>
<td>Winchester</td>
<td>376</td>
<td>306</td>
</tr>
<tr>
<td>East Hants</td>
<td>353</td>
<td>217</td>
</tr>
<tr>
<td>South East</td>
<td>291</td>
<td>211</td>
</tr>
<tr>
<td>UK</td>
<td>246</td>
<td>200</td>
</tr>
</tbody>
</table>

Source: Land Registry for England and Wales, Registers of Scotland Executive Agency, University of Ulster in partnership with Bank of Ireland

### 8.3 Education

Assessing the quality of education in an area is a complex process. There are many variables that affect the quality of universities, colleges and schools and the attainment of the students and pupils within them. As a result, providing direct comparison is impossible. The data set out below should therefore be interpreted with caution. The intention is to give a brief overview to the reader of the educational opportunity across Portsmouth. The quality of schooling and education can be a key determinant in attracting and retaining skilled workers within an area, it therefore has very important short term impacts on the economy as well as the role it plays in developing a well skilled workforce for the future.

#### Schools

There are 35 primary schools and 14 secondary schools in Portsmouth. There are also a number of other schools and colleges in the surrounding area that provide educational opportunities for Portsmouth residents.

The most recent data on educational attainment in primary schools shows Portsmouth as a whole is slightly behind the national (England) average for Maths and English, however, the gap has narrowed in the last year.

Secondary school attainment also lags the national average. 43% of Portsmouth pupils achieved 5 A*-C GCSEs compared to 53% in England. The average point score per pupil at A/AS level and equivalent was 665 compared to 745 for England. The role of the independent sector for secondary schooling is significant in Portsmouth with four independent secondary schools. There is limited data on these schools available for review.

Levels of school attainment are reflected in overall qualification levels in the workforce as illustrated in Chapter 7.

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20 10 schools boycotted SATs in the Portsmouth area and so data is excluded from analysis.
The most recent Ofsted inspection reports for Portsmouth schools (excluding independent schools) measure the overall effectiveness of each school. Across the schools sector Portsmouth has a lower proportion of schools rated ‘Outstanding’ or ‘Good’ in comparison to the national average. The corollary of this is a much higher proportion of schools rated as ‘Satisfactory’ in terms of overall effectiveness.

Table 8.4: Overall Effectiveness of Schools

<table>
<thead>
<tr>
<th>Grading</th>
<th>Portsmouth</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Good</td>
<td>35%</td>
<td>43%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>49%</td>
<td>37%</td>
</tr>
<tr>
<td>Inadequate</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Ofsted
Figures may not sum to 100 due to rounding

Further and Higher Education

There are two FE colleges and a University within Portsmouth. Residents also have access to FE and HE provision in the surrounding area including Havant, Fareham and St Vincent Colleges. Of the two FE colleges within Portsmouth one is rated ‘good’ and the other ‘satisfactory’.

The University of Portsmouth is recognised as one of the UK’s leading modern Universities. There are numerous University rankings available, often affiliated with national newspapers. There is no real consensus as to where the University of Portsmouth ranks, due to the various weighting and scoring methods adopted. However, there is agreement that Portsmouth is ranked among the top universities in the nation for student satisfaction. The University is active in its engagement with the local and sub-regional economy and is an asset that needs to be maximised for the benefit of the city and sub-region.

8.4 Health

The Portsmouth Health Profile 2010 (Department of Health, Association of Public Health Observatories) comments that the health of people in Portsmouth is generally worse than the England average and the city has significant health inequalities.

Life expectancy at birth in Portsmouth is lower than both the South East and England. The discrepancy is greatest for males, with a life expectancy more than a year less than England, whereas for females, the figures are almost identical. When compared with the South East the disparities are much more marked. There are disparities within Portsmouth with men living in the most deprived areas of Portsmouth having life expectancy nearly 8 years lower than in the least deprived areas. Nevertheless, mortality rates are falling, in keeping with national averages

Table 8.5: Life Expectancy at Birth (Jan 06 – Dec 08)

<table>
<thead>
<tr>
<th></th>
<th>Portsmouth</th>
<th>South East</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males</td>
<td>76.80</td>
<td>79.19</td>
<td>77.93</td>
</tr>
<tr>
<td>Females</td>
<td>81.98</td>
<td>82.95</td>
<td>82.02</td>
</tr>
</tbody>
</table>

Source: Office for National Statistics
The Health Summary for Portsmouth (taken from the Portsmouth Health Profile 2010) sets out data for 32 variables across five domains:

- Communities
- Children’s and Young People’s Health
- Adults Health and Lifestyle
- Disease and Poor Health
- Life Expectancy and Causes of Death

16 of the 32 indicators are rated significantly worse than the England average. Only four indicators were rated significantly better than the England average.

8.5 Crime and Community Safety

The overall level of recorded crime per head in Portsmouth is greater than the average for England and Wales. For example in 2009/10 there were 27 violent crimes per 1,000 people in Portsmouth against 16 violent crimes per 1,000 people across England and Wales. The British Crime Survey Recorded Crime Comparator\(^{21}\) estimates that there were 65 crimes per 1,000 people in 2009/10 in Portsmouth. The average for England and Wales was 45 crimes per 1,000 people. The higher level of crime per head in Portsmouth probably just reflects its city status, as the comparator cities of Bournemouth, Brighton and Southampton also have higher than average crime rates.

<table>
<thead>
<tr>
<th>Table 8.6: Number of Crimes per 1,000 Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recorded Crime BCS Comparator (Number of Crimes per 1,000 Persons, 09/10)</td>
</tr>
<tr>
<td>Portsmouth</td>
</tr>
<tr>
<td>Bournemouth</td>
</tr>
<tr>
<td>Brighton &amp; Hove</td>
</tr>
<tr>
<td>Southampton</td>
</tr>
<tr>
<td>England and Wales</td>
</tr>
</tbody>
</table>

Source: British Crime Survey

The chart below illustrates responses to a question on feelings of safety in Portsmouth in both the day time and night time. Unsurprisingly this shows a greater sense of safety in the day time. 45% of Portsmouth residents surveyed reported feeling unsafe after nightfall. This is higher than the average for unitary/metropolitan authority areas (37%) [Source: Portsmouth Place Survey, Ipsos MORI].

\(^{21}\) The British Crime Survey Comparator is a measure of the following crime types: theft of a vehicle, theft from a vehicle, vehicle interference and tampering, domestic burglary, theft of a pedal cycle, theft from a person, criminal damage, common assault, wounding and robbery. This set of crimes covers about 60% of all recorded crimes.
Figure 8.3: How safe or unsafe do you feel when outside in your local area?

![Safety survey chart]

Source: 2008/09 Portsmouth Place Survey, Ipsos MORI

The level of crime deprivation in Portsmouth is significantly above average. 70% of LSOAs in Portsmouth are amongst the 50% most deprived areas nationally in terms of crime deprivation.

8.6 Environment

This report does not set out a full discussion of environmental factors. The Portsmouth Local Development Framework and other documents provide a much fuller discussion of environmental opportunities and constraints. However, it should be noted that the physical environment of Portsmouth creates some substantial issues that relate to economic development, not least its island location which both constrains expansion of the city and the risk of coastal flooding due to its low lying nature. The PUSH Economic Development Strategy identifies the risk of flooding as a key environmental risk to future economic growth of the sub-region and particularly the cities, with the prospect of sea level rises resulting from anticipated climate change. Mitigating this risk will be a key issue to protect the economic sustainability of the city.
9. **Summary & Conclusions**

The data paint a mixed picture of the Portsmouth economy and do not allow a simple characterisation to be made. As with many areas, the city is a complex product of its geography, history and current population which is also influenced by its near neighbours and increasingly the influence of national and global economic trends.

Portsmouth sits within a South Hampshire and Solent economy which also includes the city of Southampton and in some eyes extends towards the major conurbation of Bournemouth/Poole. However, the three large urban areas in this sub-regional area have very different characters and the data on sectoral strengths make this clear. Portsmouth stands out for its strength as a manufacturing centre and the role of the public sector – both of these are heavily influenced by the city’s heritage as the home of the Royal Navy.

Portsmouth is a key employment centre for a hinterland which includes the boroughs of Fareham, Gosport and Havant. However, over recent years Portsmouth has failed to secure the level of employment growth experienced in many other areas. With significant public sector spending cuts currently being implemented there are challenges for Portsmouth as it seeks to secure a sustainable economic role in the future. The city does not have an extensive financial and business services sector, particularly not advanced business services.

Within the sub-region the towns and cities of Southampton, Winchester and Bournemouth/Poole have tended to attract these operations, and more recently the business parks along the M27 have proved successful business services locations.

Notwithstanding, Portsmouth continues to play a key role as a service centre to its hinterland as evidenced by large healthcare and education sectors. It has a growing tourism and leisure industry and has some key strengths in advanced manufacturing and information and communications. These strengths align to sub-regional priority sectors.

The city has a low volume of businesses for its size, however, this is largely as a result of the availability of employment opportunity in the area and its sectoral structure. A much higher proportion of the workforce are employed within large businesses than the benchmark areas, including both major public sector employers and world leading manufacturing and service sector businesses. As a result of the employment opportunities there is less of an imperative for residents to form their own businesses than can be the case in more rural areas where opportunities for employment are much fewer.

The presence of high level skills and occupations is lower than many comparator areas, with high concentrations of middle and lower order occupations and skills. This also creates some circular and complex relationships with the housing stock, which is dominated by terraced homes, which create a more affordable housing market than some of the city’s immediate hinterland. This in turn is more accessible to those with lower wages and in many cases these will either be younger people (as reflected in the population structure) or may have lower qualifications and earning power. Data on deprivation further supports this analysis. Whilst there are some areas of severe deprivation, they are no more prevalent that one may expect based on national averages, however, there are concentrations of moderate deprivation and relatively few areas classified as having low deprivation.
The challenges for the city, particularly as the UK economy recovers from the recent recession and public spending adjusts as a result of the deficit, are to:

- Secure new job creation to replace potential public sector cuts and reinforce the city’s role as a key economic centre for its hinterland.
- Tackle lower levels of labour market engagement, particularly among the male population.
- Improving skills levels, particularly at the higher levels to attract high value employers. Whilst the city’s labour catchment extends beyond the tight administrative boundaries, the low proportion of residents with the highest level of qualifications is common across South East Hampshire area.
- Mitigating potential flood risk.

In general terms these issues are all issues reflected in the PUSH Economic Development Strategy. Particularly with a city focus as a central element of the strategy. The need for strong cities to drive the sub-regional economy has ensured a strong city focus within the strategy.