18. Socio-Economic Aspects

Executive Summary: Chapter 18. Socio-Economic Aspects

A review of Southampton's socio-economic baseline position by Atkins indicates that the area is facing a number of socio-economic challenges including low economic activity rates, high levels of unemployment, weak business demographics and relatively high levels of multiple deprivation. Against this background, the Port of Southampton specifically, and the marine sector in general, are valuable economic assets and key drivers for the local and sub-regional economies.

The works are strategically aligned to the local, sub-regional and national policy context. The proposed works will be a critical private sector investment which will allow the Port to remain competitive and to continue to be a key driver of the local economy as well as a major employer. The Port's continued success is reliant on continuous investment to ensure that Southampton can continue to meet the evolving demands of seaborne world trade in what is a very competitive market.

Research indicates that each home port cruise ship call generates £2.5 million total turnover and supports 3,500 jobs in the Solent area. In addition over 2,000 jobs are directly or indirectly supported by the existence of the Port's container terminal.

If ABP is unable to proceed with the works, there is a serious danger that the Port will become increasingly marginalised, being unable to service its existing customers and consequently being unable to attract new business, thereby losing market share. These jobs could be at risk if the proposed dredging cannot proceed and in the context of Southampton's challenging socio-economic indicators, this loss of employment would be a serious issue for the local and sub-regional economies.

Based on the above, it is concluded that the proposed development would have an economic impact of **major beneficial significance** to the local economy and would be strategically aligned to the area's socio-economic priorities and national, sub-regional and local policy objectives.

Introduction

18.1 This chapter has been informed by two pieces of work undertaken by Atkins. The first report is a study, which was commissioned by Marine South East (Atkins, 2011), to analysis to economic value of the Port of Southampton – in particularly the cruise sector - and the second report was commissioned by ABP in support of the proposal to redevelop Berths 201 and 202 and to assess the potential socio-economic impacts arising as a result of the proposed development (ABPmer, 2008). The assessments consider the local socio-economic context in terms of the baseline socio-economic conditions and relevant policy objectives.

Methodology

18.2 The assessment of the socio-economic impacts of the Atkins report focus on the role of the Port as an economic generator and the jobs that are associated with the port and port-related businesses (both directly and indirectly generated). The socio-economic assessment also considers the scheme's contribution to local, regional and national socio-economic policy objectives and its impact on the local economy.

Baseline Information

18.3 The baseline analysis considers the unitary authority of Southampton and the wider 'Solent Districts' area (also referred to as 'Solent sub-region' in this chapter) which includes the local authorities of Southampton, Fareham, Gosport, Portsmouth, Havant, New Forest, Test Valley, Eastleigh, Winchester, Chichester and the Isle of Wight.

18.4 The analysis includes a range of key economic indicators for Southampton and the wider Solent sub-region such as economic activity, unemployment, qualifications levels, occupational structure, employment by industry, levels of deprivation and commuting patterns. Statistics for the South East region and England as a whole provide regional and national benchmarks. This analysis establishes the baseline conditions against which it is possible to measure the socio-economic impacts of the proposals.

Population

18.5 Southampton has a population of approximately 239,700[13]. The combined population of the Solent Districts is estimated to be 1,536,800, accounting for approximately 18% of the total population of the South East region (8,523,100).

Deprivation

18.6 The Indices of Multiple Deprivation (IMD) 2010 provide a range of measures relating to various aspects of deprivation including income, employment, health, education and skills, barriers to housing and services, crime and quality of the living environment. The overall index of multiple deprivation presents a combined weighted average of the above. Southampton ranks as the 81st most deprived out of 326 English local authorities and is therefore amongst the 25% most deprived local authorities in England.

Economic Activity and Unemployment

18.7 Southampton's working age population has a low rate of economic activity, noticeably lower than the sub-regional and regional averages. As Figure 18.1 illustrates, Southampton's economic activity rate has been consistently lower than the sub-regional and regional averages over the past 6 years. With the exception of the period 2007–2008 (which was also the period when the Port was operating at its maximum throughput), Southampton's economic activity rate has also been lower than the national average.

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13 Source: 2010 mid-year population estimate, Nomis.

18.8 In 2010, approximately 72.7% of Southampton's working age population was classified as economically active, compared to 78.6% in the Solent Districts Area, 79.3% in the South East and 76.4% across England as a whole.

18.9 Unemployment rates (Figure 18.2) also follow a similar pattern, with Southampton's unemployment rate being consistently higher than the sub-regional and regional averages over the past six years and often higher than the national average. Over the period 2005 to 2010 Southampton's unemployment rate averaged at 6.6% compared to 5% for the Solent sub-region, 4.9% for the South East and 6.2% for England as a whole. This suggests that Southampton faces a chronic challenge in providing sufficient numbers of jobs for its labour force.

Occupational Structure

18.10 Southampton has a low proportion of people in senior and managerial occupations compared to the sub-regional, regional and national averages and a relatively high proportion of people in professional occupations or working as process, plant and machine operatives (Table 18.1).

Table 18.1 Occupational structure

Occupation	% All in Employment
Managers and senior officials	12.6
Professional occupations	17.5
Associate prof & tech occupations	15.3
Administrative and secretarial occupations	8.4
Skilled trades occupations	9.7
Personal service occupations	8.3
Sales and customer service occupations	8.9
Process, plant and machine operatives	8.5
Elementary occupations	10.2

(Source: Nomis, Annual Population Survey, 2010)

Sector Analysis

18.11 According to the Business Register and Employment Survey there were approximately 111,900 jobs in Southampton in 2010, with the biggest employment sectors being health and education (17% and 12% of all jobs respectively). The transport and storage sector (which is related to the Port's commercial activities) accounted for 6% of all jobs in Southampton (Table 18.2).

Table 18.2 Southampton's main employment sectors

Industry	Jobs	% Of All Southampton Jobs
Health	18,900	17%
Education	13,600	12%
Retail	12,200	11%
Business administration & support services	9,900	9%
Professional, scientific & technical	7,400	7%
Information & communication	6,600	6%
Transport & storage	6,500	6%
Accommodation & food services	6,500	6%

Industry	Jobs	% Of All Southampton Jobs
Financial & insurance	5,400	5%
Manufacturing	5,200	5%
Note: Numbers and percentages are rounded.		

(Source: Nomis, Business Register and Employment Survey.)

Business Demography

18.12 According to the Office for National Statistics, Southampton has a weaker business birth / death ratio than the South East and England as a whole (Table 18.3). This means that more businesses close for every new business that starts in Southampton than they do across the region and the country.

Table 18.3 Business start-ups and closures

Year	Southampton Business Start-ups	Southampton Business Closures	Southampton Start-ups / Closures Ratio	South East Start-ups / Closures ratio	England Start-ups / Closures Ratio
2004	825	750	1.10	1.13	1.15
2005	845	765	1.10	1.17	1.19
2006	780	680	1.15	1.20	1.23
2007	785	805	0.98	1.21	1.24
2008	720	665	1.08	1.19	1.21
2009	590	855	0.69	0.85	0.84

(Source: ONS, Business Demography)

18.13 Southampton's count of active enterprises also rose at a slower rate than the regional and national averages between 2005 and 2007 (Table 18.4). Between 2007 and 2009 the number of Southampton's active enterprises declined year-on-year while they kept growing in the South East and England as a whole.

Table 18.4 Active enterprises

Year	Southampton Count of Active Enterprises	Southampton Rate of Growth of Active Enterprises	South East Rate of Growth of Active Enterprises	England Rate of Growth of Active Enterprises
2004	6,215	-	-	-
2005	6,285	1.1%	0.6%	1.0%
2006	6,300	0.2%	0.4%	1.0%
2007	6,395	1.5%	2.6%	3.3%
2008	6,315	-1.3%	1.7%	1.9%
2009	6,255	-1.0%	0.7%	0.7%

(Source: ONS, Business Demography)

Commuting

18.14 Commuting patterns indicate that the Solent labour market is largely self-contained. Some 93% of people working in Southampton live in the Solent Districts and approximately 86% of people working in Hampshire live within the county (including the unitary authorities of Portsmouth and Southampton) (Table 18.5).

18.15 The implication of the above is that the income of workers employed in Port-related activities is likely to be mostly retained within the Solent Districts given that the vast majority of jobs are filled by local residents.

Table 18.5 Southampton commuting patterns, 2008

Local Authority	Place of Residence of Southampton Workers
Southampton	56.9%
New Forest	12.3%
Eastleigh	8.6%
Portsmouth	4.3%
Test Valley	3.9%
Fareham	3.9%
Winchester	1.5%
Havant	1.2%
Arun	0.9%
Isle of Wight	0.8%

(Source: Annual Population Survey, ONS)

The Economic Value of the Port of Southampton

18.16 The Economic Impact of the Port of Southampton report produced by Atkins for Marine South East in 2011 estimated the GDP contribution of the Port of Southampton to the UK economy to be in the region of £1.75 billion, confirming the Port's role as a major driver of the local and sub-regional economies.

18.17 In terms of the economic significance, the Port directly employs over 8,300 people taking into account the oil and defence activities in the wider Port area. Atkins estimate that the Port directly and indirectly supports some 9,370 jobs in the Solent and 11,570 in the south east region. Excluding the oil industries, Atkins state that businesses directly linked with the operation of the Port generate some £772million per annum. In 2011, it is estimated that the cruise sector contributed over £306.3 million per annum to the Solent economy and provides some 3,500 jobs (directly, indirectly and induced). Further, Atkins observe that each 'home call' by a cruise vessel generates approximately £2.5 million in total turnover.

18.18 In connection with the Port's container operations, the Container Terminal currently employs approximately 570 employees and uses around 250 permanently assigned contract stevedores to support its business, bringing the total number of people employed at the Container Terminal to 820[14]. Adopting the same methodology used in the Solent Waterfront Strategy that was produced for SEEDA (Adams Hendry Consulting Ltd *et a*l, 2007), the indirect and induced jobs supported by the Container Terminal's operations can be calculated using appropriate Type I and Type II multipliers (Table 18.6).

[14] http://www.dpworldsouthampton.com/careers/index.htm

1.18.

Table 18.6 Indirect and induced container-related jobs

Type	Multiplier or number of jobs
Container terminal direct jobs	**820**
Type I multiplier (for indirect employment)	1.99
Total direct and indirect jobs	**1,632**
Type II multiplier (for indirect + induced employment)	2.49
Total direct, indirect and induced jobs	**2,042**

(Source: The Scottish Government, Atkins)

18.19 In total, it is considered that over 2,000 direct, indirect and induced jobs are supported by the operation of Southampton's Container Terminal. It should be noted that whilst the Type I and Type II multipliers used in this section are based on the Scottish economy, they provide one of the few reliable sources of detailed sector-based multipliers at a regional level. Whilst the Scottish economy is larger than the Solent economy, it can be broadly compared to that of the South East region as a whole and therefore as a consequence these multipliers can be reasonably used for the purposes of this assessment.

18.20 Based on information collected from a survey of Port businesses and data gathered from companies' Annual Reports, the Economic Impact of the Port of Southampton report established the weighted turnover per employee for businesses linked to the operation of the Port of Southampton to be approximately £150,000. Applying this average turnover per employee figure to the 820 jobs directly supported by the operation of the container terminal, its GDP contribution is approximately £123 million. Applying the Type II output multiplier, the total GDP (direct, indirect and induced) generated by the Container Terminal is approximately £245 million (Table 18.7).

Table 18.7 Container related turnover / GDP

Detail	Value
Container Terminal jobs	820
Average turnover per employee	£150,000
Container Terminal direct GDP	£123,000,000
Type II multiplier (indirect + induced output)	1.99
Total direct, indirect and induced GDP	**£245,000,000**

(Source: The Scottish Government, Atkins)

Baseline Conclusions and Implications

18.21 Southampton's economy is characterised by relatively low economic activity rates and high levels of unemployment. Southampton is also ranked amongst the 100 most deprived local authorities in the country. Against this economic background, the presence of a major local employer like the Port of Southampton carries even greater weight and importance as it is a key generator of jobs and GDP.

Policy Context

18.22 The policy context is reviewed in detail in Chapter 5, and a summary is provided here.

18.23 The proposals for the works are strategically aligned to the key policy objective of achieving sustainable economic growth. The National Planning Policy Framework makes it clear that investment in business should not be over-burdened by the planning system. Instead the planning system should do everything it can to support and encourage sustainable economic growth.

18.24 The proposals are also aligned to the Solent Local Enterprise Partnership's aim of encouraging further private sector investment in the sub-region and ensuring that the Solent continues to be recognised as a leading location for transport and logistics.

18.25 The proposals are similarly aligned to the Solent Waterfront Strategy which identifies the Port of Southampton as a key economic driver whose continued growth and prosperity is directly linked to the economic prosperity of the sub-region. The consequences of inaction and failure to overcome constraints to growth will inevitably lead to decline and jeopardise the continued prosperity of the sub-region's valuable marine industry.

18.26 The proposals are also completely aligned with Southampton's Core Strategy which supports the varied operations and growth of the Port of Southampton as a facility of global significance that makes a vital contribution to the national, regional and local economy.

Impact Assessment

18.27 This section considers the likely socio-economic impacts of not proceeding with the proposed works as there will be minimal benefits during the construction (dredging) phase, which is therefore not discussed further.

18.28 The works would allow the Port of Southampton to retain existing traffic. This would ensure that the Port remains a 'port of choice' in the UK for both the cruise and container lines. Furthermore, it would safeguard existing jobs within both sectors. The total amount of jobs provided both directly and indirectly in both the container and the cruise sectors has been estimated at 5,500 (direct, indirect and induced).

18.29 If ABP is unable to proceed with the works, there is a serious danger that the Port will become increasingly marginalised, being unable to service its existing customers and consequently unable to attract new business, thereby losing market share. Any loss of market share would inevitably lead to the loss of local jobs, although it is difficult to estimate at what rate or how may of the 5,500 port-related jobs would be put at risk. It does, however, stand to reason that if the Port were to lose some of its key customers, the employment opportunities would no longer remain. The proposed project would safeguard these jobs which would otherwise be at risk of being lost.

18.30 As analysed in the baseline section, Southampton's economy faces a variety of challenges including relatively low economic activity rates and high levels of unemployment. Against this context, the potential loss of container-related jobs would be a severe blow to the local economy and would have an adverse impact on Southampton's relatively high levels of deprivation. The proposed project would safeguard the existing port-related jobs.

18.31 In addition to safeguarding existing port-related jobs and providing for further jobs, the proposed project also makes an important contribution to key national, sub-regional and local policy objectives such as facilitating economic growth and prosperity, encouraging private sector investment in infrastructure, maintaining the area's status as a leading location for transport and logistics and creating and safeguarding jobs in an area suffering relatively high levels of unemployment and multiple deprivation. Overall it is concluded that the proposed development would have a beneficial economic impact of major significance.

Conclusion

18.32 The works are strategically aligned to the local and national economic policy context. They will be a critical private sector investment in Southampton which will allow the Port to remain competitive and to continue to be a key driver of the local economy as well as a major employer. The Port's continued success is reliant on continuous investment to ensure constraints to growth are overcome. The international cruise and container markets are very competitive with Southampton facing competition not only from ports elsewhere in the UK but from other European ports as well.

18.33 Without the works there is a serious danger that the Port would become marginalised, losing market share to other facilities having the capability of handling the larger vessels entering the market, and risking the loss of several hundred local jobs.

18.34 Based on the above, it is concluded that the works would have a beneficial economic impact of major significance to the local economy. No adverse socio-economic impacts are expected and therefore no mitigation measures need to be considered.

References

ABPmer, 2008. Environmental Statement for Port of Southampton: Berth 201/202 Works. ABP Marine Environmental Research Ltd. Report No. R.1494.

Adams Hendry Consulting Ltd, WS Atkins and Marine Projects Ltd. 2007. Solent Waterfront Strategy. Report to SEEDA, December 2007.

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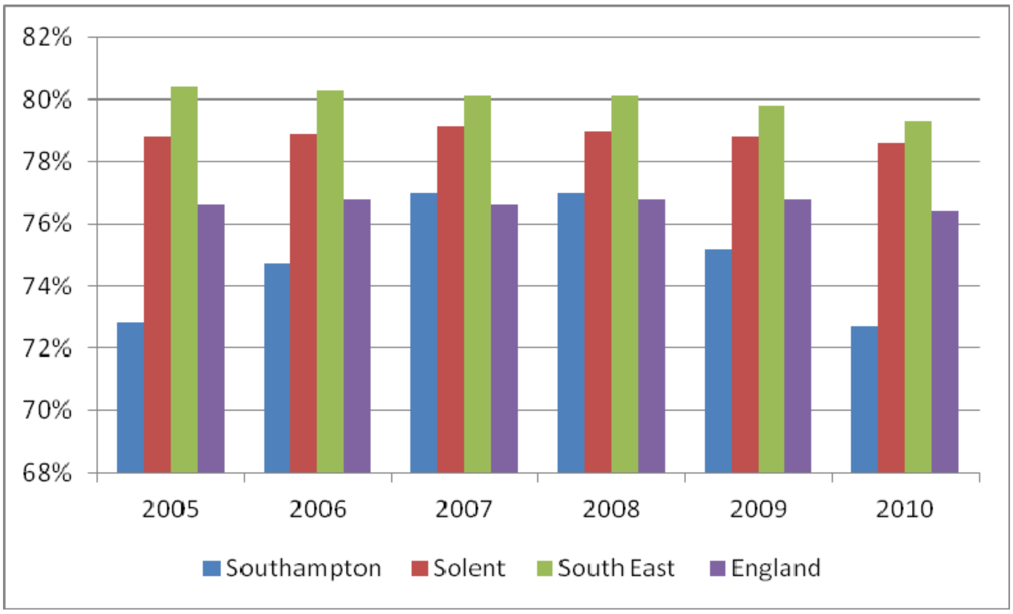
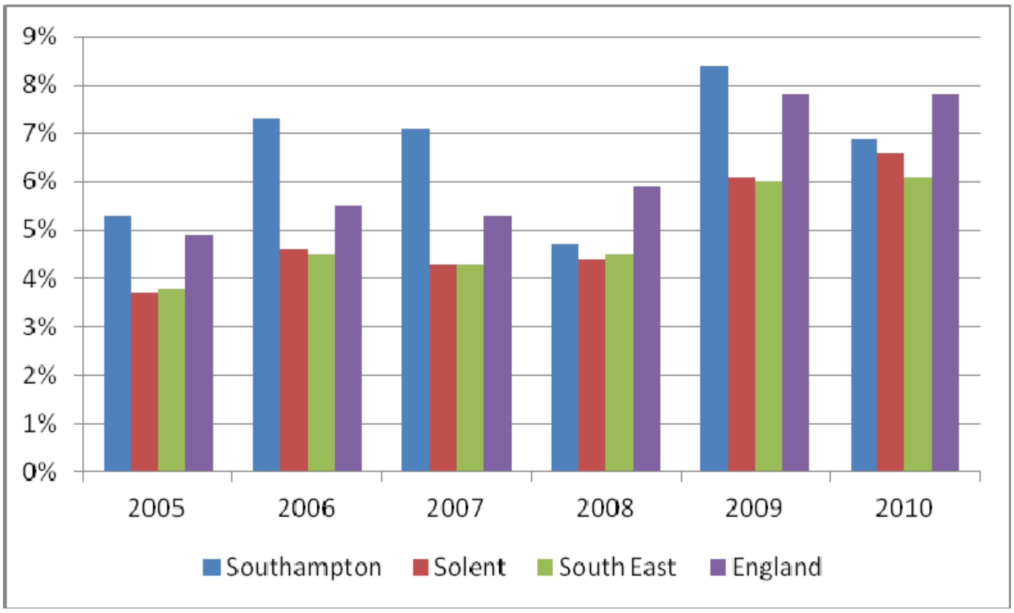
Figures



(Source: Nomis, Annual Population Survey, 2010)

Figure 18.1 Economic activity rate, ages 16-64



(Source: Nomis, Annual Population Survey, 2010)

Figure 18.2 Unemployment rate, ages 16-64