Hampshire Economic Assessment, 2011

Extended Evidence Document: Theme 5

March 2011

Hampshire County Council

SQW

Contents

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Theme 5 – Sustainable Economic Growth

1: Introduction

Key propositions

1.1 This Theme is concerned with sustainable economic growth in Hampshire, i.e. growing the economy whilst maintaining the factors and practices that contribute to the quality of environment on a long-term basis. Sustainability interfaces with economics through the social and environmental consequences of economic activity and in this context, four broad issues were identified by Hampshire County Council and its Key Stakeholder Group as especially important:

- the development and growth of the *low carbon economy* which includes an understanding of the level of carbon emissions and electricity and gas consumption but also the extent to which environmental and technology services are a driver of economic growth
- the *quality of life and satisfaction levels* of Hampshire residents and the extent to which economic prosperity can be achieved whilst still ensuring a high quality of life and high levels of satisfaction
- the *provision of employment land and transport infrastructure*, and whether there is the necessary supply to support economic growth. For the provision of employment land, the key question is whether available land is of the right type and quality and in the right place to meet demand. Conversely, for the provision of transport infrastructure, the critical questions are what is required and how will potential growth impact upon congestion
- the *provision and quality of housing*. Specifically, is there sufficient quality housing available within the main employment centres to retain and attract higher skilled and better paid workers?

1.2 In the narrative that follows, we examine a number of secondary data sources as well as other information and reports provided by Hampshire County Council, the district and unitary authorities and wider stakeholders. The assessment looks in turn at: resources use, the low carbon economy, transport, broadband availability, housing, employment land, other infrastructure, and quality of life. This section then concludes by drawing together the findings for this Theme and commenting on each of the four propositions above.

2: Data Analysis

Resource use

Energy Consumption

2.1 Levels of Energy Consumption provide a basis for understanding per capita carbon emissions which are a key contributor to climate change, and form the basis for future regulation and drive towards low carbon technologies. Table 2-1 shows high level energy consumption indicators for the year 2007, the latest year these figures are available from the Department of Energy and Climate Change. The table shows a relatively even split in upper and lower quartile values for total energy consumption per capita on a Great Britain (Scotland, Wales and England) local authority level. There are some noticeable patterns from the figures. Firstly, it should be noted that the New Forest value is heavily influenced by the Fawley Power Station and refinery site. Secondly, it is noticeable that the upper quartile values correlate with the more affluent districts in the *Hampshire Economic Area*, and thirdly, that industrial and commercial energy consumption in the *Hampshire Economic Area* is generally in the lower quartile, and finally, that high vehicle consumption is evident in those more rural, affluent districts.

Table 2-1: High level energy indicators, 2007

	Total final energy consumption/ Capita (kWh)	**Total domestic energy consumption/ capita (kWh)**	**Total industrial and commercial energy consumption/ employee (kWh)**	**Total vehicle consumption/ capita (tonnes of fuel)**
Basingstoke and Deane	31,700	9,180	17,300	1.1
East Hampshire	28,400	10,180	16,000	0.9
Eastleigh	23,600	9,000	10,200	0.7
Fareham	22,400	8,750	12,800	0.6
Gosport	15,700	7,750	19,300	0.2
Hart	27,900	10,200	12,300	1.0
Havant	19,300	8,830	13,200	0.5
New Forest	103,600	9,740	228,000	0.8
Portsmouth	19,700	7,280	14,100	0.4
Rushmoor	23,400	8,590	17,200	0.5
Southampton	18,800	7,190	14,400	0.3
Test Valley	30,800	8,970	16,100	1.1
Winchester	36,300	9,680	13,400	1.4

Shaded cells show if a particular indicator value is in the upper (yellow)
or lower (blue) quartile.

Source: Sub-national energy consumption statistics(Department of Energy and Climate Change)

Carbon Emissions

2.2 Many industries are facing environmental legislation and stakeholder pressure to reduce their impact on the environment. The scale of carbon emissions produced by the industry and commercial sector is set out in Table 2-2, which shows that industrial per capita carbon emissions are akin to domestic production and greater than transport emissions. The table shows how energy consumption corresponds to per capita CO2 emissions, broken down into the industry and commercial; domestic; and transport sectors compared against the regional and national averages. It suggests that the *Hampshire Economic Area* has performed well against the regional and national averages, which would be supported by the generally even split in quartile values in Table 2-1. However, this does disguise sectoral performance differences. Of note is that whilst the industry and commercial emissions of the area have been below the regional and national averages, both domestic and transport emissions have been at, or above both the national and regional average. This raises questions when looking ahead of the potentially important role that retrofitting domestic properties and focusing on transport infrastructure in the economic area will play in improving the environmental sustainability of the economy in relative terms compared to regional and national levels.

Table 2-2: Per capita carbon emissions for the three sectors of Industry and Commercial, Domestic, and Transport

Authority Area	Year	Per capita - Industry and Commercial	Per capita - Domestic	Per capita - Road Transport	Per capita - Total
Hampshire Economic Area Total	2005	2.5	2.5	1.9	6.9
	2006	2.4	2.5	1.8	6.7
	2007	2.3	2.4	1.8	6.5
	2008	2.3	2.4	1.8	6.4
South East Total	2005	2.5	2.5	1.9	6.9
	2006	2.5	2.5	1.8	6.9
	2007	2.4	2.4	1.8	6.7
	2008	2.4	2.4	1.7	6.6
England Total	2005	3.0	2.5	1.7	7.2
	2006	3.0	2.5	1.7	7.1
	2007	2.8	2.4	1.7	6.9
	2008	2.8	2.4	1.6	6.8

Source: Department of Energy and Climate Change

2.3 At sub-area level *Districts in South Hampshire* stand out as producing the lowest per capita carbon emissions[1] in the *Hampshire Economic Area*, with levels within the lower quartile nationally. By contrast per capita emissions in *Districts in Central Hampshire/New Forest* appear relatively high, within the upper quartile nationally, although this position is heavily influenced by activities at Fawley power station and oil refinery. Removing this effect would bring the sub-area's energy consumption closer to the national average.

[1] Not directly comparable to per capita emissions in table 6-1 because road transport data and residual fuel data (included in total final energy consumption) have been revised.

Table 2-3: High Level Energy Indicators 2007 (England, Scotland and Wales)

	Total final energy consumption/ Capita (kWh)	**Total domestic energy consumption/ capita (kWh)**	**Total industrial and commercial energy consumption/e mployee (kWh)**	**Total vehicle consumption/ capita (tonnes of fuel)**	**CO2 emissions/ capita (tCO2)**
North Hampshire	27,667	9,323	15,600	0.9	8.0
Districts in Central Hampshire/New Forest	49,775	9,643	68,375	1.1	10.7
Districts in South Hampshire	19,917	8,133	14,000	0.4	5.9

Shaded cells show if a particular indicator value is in the upper (yellow) or lower (blue) quartile nationally (GB)

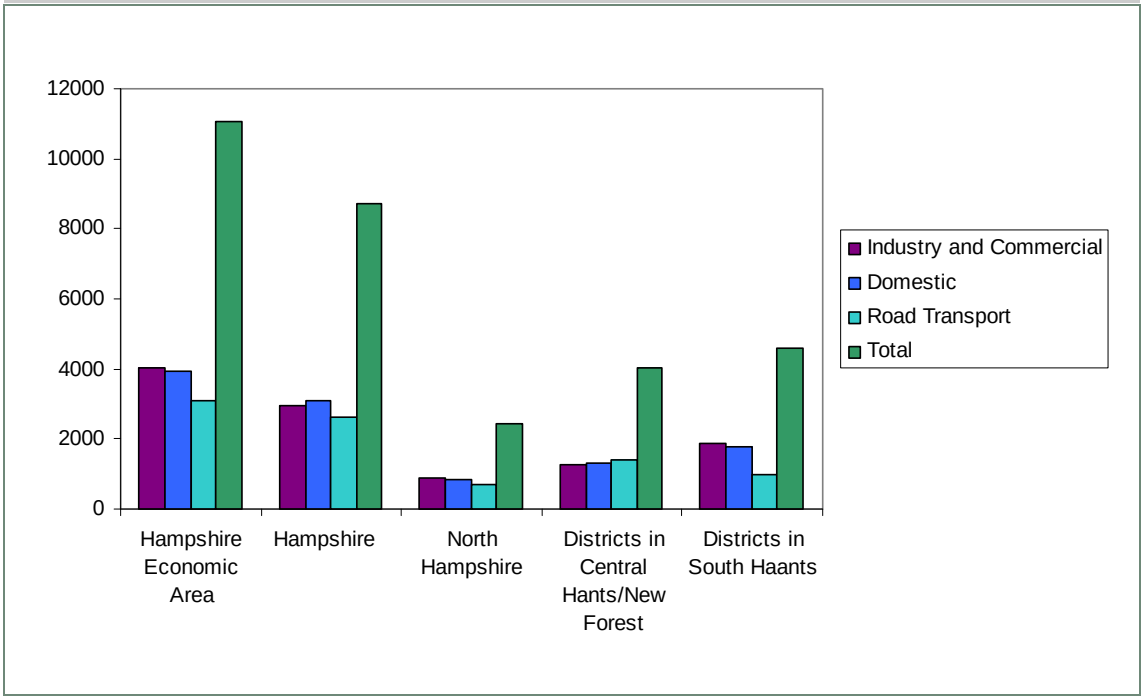
2.4 Total per capita fuel consumption is relatively high throughout *North Hampshire* and *Districts in Central Hampshire/New Forest* reflecting travel to work patterns as well as the area's relative rurality and the need to travel longer distances for shopping, learning or recreation. *Districts in South Hampshire* perform relatively well, in the lower quartile nationally, across all categories of energy consumption including domestic. However, the aspiration in *South Hampshire* to improve economic prosperity, in terms of GVA per head, could threaten this position unless associated with low carbon policy initiatives.

2.5 Figure 2-1 provides a breakdown of the CO_2 emissions across broad emissions groups. It shows that in 2007, total carbon emissions in the *Hampshire Economic Area* were 11,082 kt[2] CO_2 (Department of Energy and Climate Change (DECC)). The largest emissions group was Industry and Commercial (4,040 kt CO_2), followed by Domestic (3,931 kt CO_2) and then Road Transport (3,111 kt CO_2), although for the latter it should be noted that road emissions do not include motorway traffic.

2.6 In *Hampshire (County Area)* and the *Districts in Central Hampshire/New Forest* the pattern varies slightly. For the former, Domestic emissions are the largest proportion (3,105 kt CO_2) whereas for the latter Road Transport is marginally higher than the other two (1,428 kt CO_2).

[2] Kilo Tonnes – one thousand tonnes

Figure 2-1: CO_2 Emissions (kt CO_2), by broad emissions group



Source: National Indicator 186: Per capita CO2 emissions in the LA area

2.7 Across the three sub-areas, *North Hampshire* has the lowest absolute CO_2 emissions (2,247 kt CO_2) and the *Districts in South Hampshire* the highest (4,605 CO_2). However when looking at per capita[3] emissions (see Table 2-2), *Districts in South Hampshire* have the lowest (5.4 t CO_2) and *Districts in Central Hampshire/New Forest* the highest (7.9 t CO_2) – and have done for the last three years (2005-2007).

Table 2-2: Per Capita CO2 Emissions (t CO2) between 2005 and 2007

	Per Capita Emissions (t CO2)		
	2005	**2006**	**2007**
Hampshire Economic Area	6.9	6.7	6.5
North Hampshire	7.4	7.4	7.2
Districts in Central Hampshire/New Forest	8.4	8.1	8.9
Districts in South Hampshire	5.7	5.7	5.4
Hampshire (County Area)	7.1	7.0	6.8

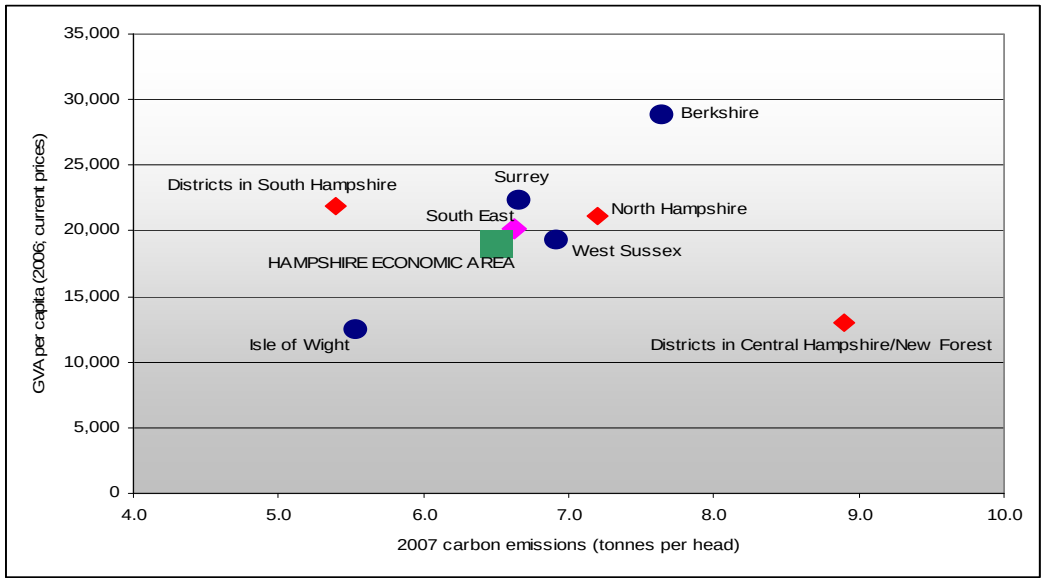
Source: National Indicator 186: Per capita CO2 emissions in the LA area

2.8 Figure 2-2 plots the relationship between GVA per capita and carbon emissions per capita in the *Hampshire Economic Area*, its component sub-areas, and across some key comparators. It suggests that overall, the performance of the *Hampshire Economic Area* is very similar to the regional average. In terms of comparators, Surrey and West Sussex are broadly similar. However former-Berkshire – the strongest performing area on GVA per capita (and on many of the key competitiveness indicators) – appears to generate very high carbon emissions per resident.

[3] Using ONS mid-year population estimates

2.9 At a sub-area level, the contrasts are striking. The *Districts in South Hampshire* appear to constitute the most environmentally sustainable economy (at least in terms of carbon emissions) whereas for *North Hampshire*, per capita carbon emissions are higher. However, it is with regard to the *Districts in Central Hampshire/New Forest* that the biggest questions arise in relation to environmental sustainability as carbon emissions per head are notably higher than the other two sub-areas (in part due to Fawley Power Station as explained above) but GVA per capita significantly lower.

Figure 2-2: Relationship between GVA per capita and carbon emissions per capita in the *Hampshire Economic Area*, the three sub-areas and key comparator areas



*Source: Data on per capita CO_2 emissions are sourced from DECC (NI186). For the Hampshire Economic Area, South East and comparator areas, GVA per head data were sourced from **ONS**. Figures for the sub-areas have been calculated using LEFM GVA output (including an adjustment to translate them into current prices) and population numbers from APS*

Climate Change

2.10 Trying to gauge what the cost to the economy of the *Hampshire Economic Area* will be as a result of climate change is difficult to judge. It is clear that climate change and the economy will interact in two main ways. Firstly, there will be physical impacts on socio-economic sectors, and adaptation measures employed in response. Secondly, there will be costs related to controls on greenhouse gas emissions imposed by regulation to mitigate climate change. There will be cases where infrastructure and other areas will be directly physically affected by climate change in terms of vulnerable sites from flooding, hotter summers, periods of extreme rainfall etc. this will pose questions over the cost impact of those effects in terms of alternative resource use, energy, materials, adaptation measures, insurance etc. and whether operations will be able to continue. It will be important therefore to ascertain the capacity of the economy to build on the opportunities climate change will create in terms of low carbon environmental goods and services sector (see below), tourism, etc as this is likely to a major growth sector in the future.

2.11 However, whatever the long term consequences of climate change, evidence suggests that in the short term, climate change is likely to be detrimental to the economy. It will increase the cost of capital and insurance for operations vulnerable to extreme weather events, increases

operating costs and create shifts in customer demand. There may also be possible disruption to supply and distribution chains as well as disruption to operations. Importantly it is also likely to affect the availability of workforce as climate effects alter living arrangements. Specifically, the department for Energy and Climate Change identifies seven key business or sector elements significantly at risk:

- Logistics – vulnerable supply chains, utilities and transport infrastructure;
- Finance – implications for investment, insurance and stakeholder reputation;
- Markets – changing demand for goods and services;
- Process – impacts on production processes and service delivery;
- People – implications for workforce, customers and changing lifestyles;
- Premises – impacts on building design, construction, maintenance and facilities management; and
- Management implications.

2.12 Understanding the need for resilience and adaptation action to protect the economy, enable and encourage further future economic growth and comply with increasing regulations will require a critical change in mindset. Attracting inward investment and fostering economic prosperity will only be possible if these issues are taken on board and the economy can prove its resilience in a multitude of ways.

Low Carbon Economy

2.13 There will of course be opportunities for the *Hampshire Economic Area* economy as a result of climate change, particularly in the sector of environmental goods and services. The global market for this is already estimated to be worth £3 trillion[4], and the Hampshire economy is well placed to take advantage of this market. The *Districts in South Hampshire* have seen solid growth in the environmental technologies sector which has the potential to become a significant sector in the future linking to the strengths in advanced manufacturing, aerospace and marine.

2.14 These sectors exhibit very high levels of GVA per worker and relate well to expertise within Higher Education Institutions. They have good growth prospects as the demand for renewable energy and green energy increases as well as a very high degree of public policy support. There are potential synergies with existing strengths in advanced manufacturing as well as opportunities in renewable energies that relate to existing marine strengths in *Districts in South Hampshire*. However, at present the sector is not particularly specialised anywhere in the *Hampshire Economic Area* compared with the South East.

[4] www.theccc.org.uk/topics/economics-and-society/social-impacts

Electricity and gas consumption

2.15 An important factor in Hampshire's resource use is the level of domestic and industrial/commercial electricity and gas consumption. Table 2-3 provides an overview of electricity and gas consumption levels for the *Hampshire Economic Area* and constituent sub-areas for 2007. Table 2-4 provides the data as a per meter average. In the *Hampshire Economic Area,* domestic energy use accounted for 61% of total consumption – with domestic gas use accounting for 72% of the total gas consumption and domestic electricity use accounting for 40% of the total electricity consumption. The pattern was similar across the three sub-areas and *Hampshire (County Area)*.

2.16 Domestic gas consumption accounts for a larger proportion (64%) of total consumption than electricity. This finding is even more apparent in *Hampshire (County Area)* where it accounts for 75%.

Table 2-3: Electricity and gas consumption (MWh)

		Hampshire Economic Area	***North Hampshire***	***Districts in Central Hampshire / New Forest***	***Districts in South Hampshire***	**Hampshire (County Area)**
Electricity (MWh)	Domestic	3,277,388	657,466	1,079,477	1,540,444	1,736,944
	Ind/Com	4,909,539	1,072,698	1,416,213	2,420,627	2,488,912
	Total	8,186,928	1,730,164	2,495,691	3,961,072	4,225,856
Gas (MWh)	Domestic	10,379,660	2,224,703	3,158,989	4,995,968	8,111,973
	Ind/Com	3,985,896	1,024,784	1,056,094	1,905,018	2,830,953
	Total	14,365,557	3,249,487	4,215,083	6,900,986	10,942,926
Total Consumption (MWh)	Domestic	13,657,049	2,882,169	4,238,467	6,536,412	10,634,545
	Ind/Com	8,895,436	2,097,482	2,472,307	4,325,646	6,382,155
	Total	22,552,486	4,979,651	6,710,775	10,862,058	17,016,701

Source: Electricity and gas consumption (DECC)

2.17 The *Districts in South Hampshire* account for 48% of the total consumption of electricity and gas in the *Hampshire Economic Area*, and *North Hampshire* accounts for 22%. However, when analysed on a per meter rate it is apparent that *North Hampshire* has the highest consumption of both electricity (11,663 KWh) and gas (26,272 KWh) – higher than the *Hampshire Economic Area* average – with the *Districts in South Hampshire* having the lowest consumption per meter.

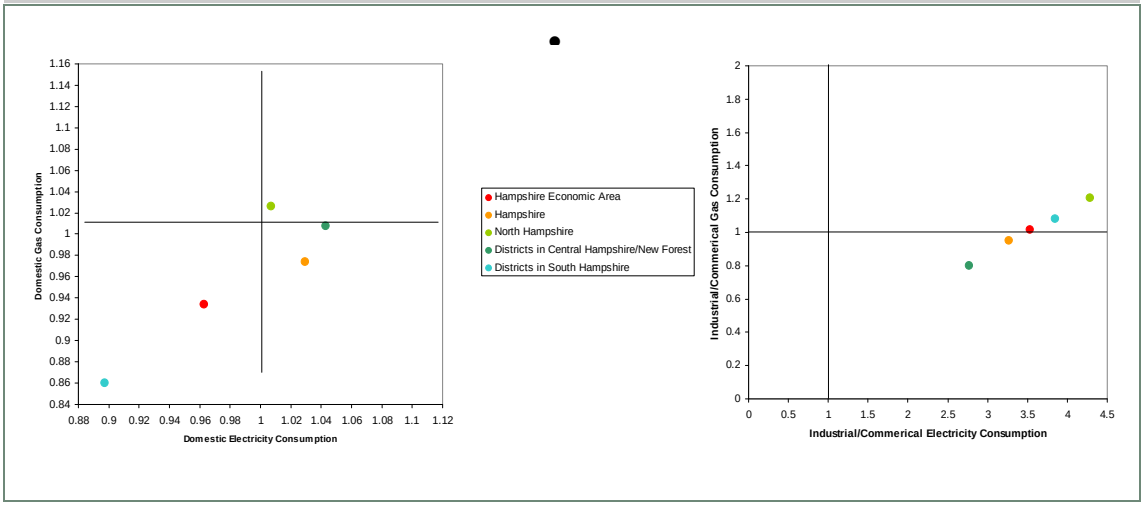
Table 2-4: Average electricity and gas consumption per meter (KWh)

	Electricity			**Gas**		
	Average consumption per meter (KWh)			**Average consumption per meter (KWh)**		
	Domestic	Ind/Com	Total	Domestic	Ind/Com	Total
Hampshire Economic Area	4,566	82,969	10,537	16,625	449,470	22,687
North Hampshire	4,776	100,543	11,663	18,269	534,856	26,272
Districts in Central Hampshire/New Forest	4,947	65,122	10,400	17,933	354,990	23,531
Districts in South Hampshire	4,256	90,467	10,191	15,306	479,009	20,888
Hampshire (County Area)	4,881	76,780	10,883	17,331	420,522	23,048

Source: Electricity and gas consumption (DECC)

2.18 The figure below correlates the ratio of electricity and gas consumption per meter of the *Hampshire Economic Area* and its sub-areas with the South East average. It does this for both domestic and industrial/commercial use. This analysis shows that in terms of domestic consumption per meter, the *Hampshire Economic Area* has a lower ratio than the South East for both electricity and gas consumption. Within the *Hampshire Economic Area*, there are however notable differences, with the *Districts in South Hampshire* well below the South East average for both electricity and gas, and *North Hampshire* higher for both. In terms of industrial and commercial consumption, it is apparent that the *Hampshire Economic Area* and its sub-areas consume significantly more electricity per meter than the South East, but only marginally more gas (with the *Districts in Central Hampshire/New Forest* actually consuming less).

Figure 2-3: Correlation between the ratio of electricity and gas consumption per meter (KWh) and the South East average (1.00)



Source: Electricity and gas consumption (DECC)

Household waste

2.19 The *New Performance Framework for Local Authorities and Local Authority Partnerships*, published by Communities and Local Government in October 2007, provides a single set of

198 national indicators against which Local Strategic Partnerships' performance is reported. Three of these 'National Indicators' directly relate to household waste.

2.20 Table 2-5 presents the most recent (2008/09) estimates of performance against these three indicators produced by Defra's Waste Statistics team. As the data are reported for Local Strategic Partnerships, it is not possible to comment on levels of household waste for the *Hampshire Economic Area*. This sub-section therefore compares *Hampshire (County Area)* and the unitary authority areas of Southampton and Portsmouth with the comparator areas identified. The comparison shows that:

- in terms of residual household waste, *Hampshire (County Area)*, Portsmouth and Southampton are neither the worst or the best performing areas
- in terms of the percentage of household waste recycled and composted, *Hampshire (County Area)* is one of the highest performers – although Southampton and Portsmouth are the two lowest
- in terms of the percentage of municipal waste sent to landfill, *Hampshire (County Area)*, Portsmouth and Southampton are the three best performing areas – considerably outperforming all of the other comparator areas.

2.21 This high level of performance appears to result from the continued prioritisation by Hampshire County Council and its partners in all the districts in developing household waste campaigns and the provision of household waste recycling centres and incineration facilities. In terms of the percentage of household waste recycled, it is highly likely that *Hampshire (County Area)* is performing better than reported as this figure ignores composting at home – the most sustainable route – as it only measures 'collected'; Recycle for Hampshire has specifically encouraged composting at home.

Table 2-5: National Indicators for household waste

	NI191 – Residual[5] household waste per head (Kg)	NI192 - %[6] of household waste recycled and composted	NI193 – %[7] of municipal waste sent to land fill
Hampshire CC	650	41.2	9.4
Portsmouth UA	672	25.1	10.7
Southampton UA	697	27.8	18.8
Dorset CC	550	48.1	50.8
Isle of Wight UA	821	32.0	65.9
Surrey CC	678	40.9	50.4
West Berkshire UA	835	33.8	65.6
West Sussex CC	679	39.9	58.0
Wiltshire CC	666	40.5	56.5

Source: Estimates produced by Defra's waste statistics team (CC – County Council; UA – Unitary Authority)

[5] Household waste collected that is not sent for reuse, recycling or composted
[6] Good performance is typified by a higher percentage
[7] Good performance is typified by a lower percentage

Transport

Commuting distances and modes

2.22 The car is the primary mode of commuting in the *Hampshire Economic Area*. At the time of the 2001 Census, 60.7% of the working population drove themselves to work and a further 6% travelled in a car as a passenger. Using as its source the 2001 Census, Table 2-6 provides a full break down of the different modes of commuting and shows that within the *Hampshire Economic Area* there was some variation: the working population in *North Hampshire* and the *Districts in Central Hampshire/New Forest* was marginally more likely to drive (63.7% and 63.4% respectively) than that in the *Districts in South Hampshire* (57.7%). For all other modes of transport, there was little variation between the *Hampshire Economic Area* and its national, regional and local comparators. Nor was there any notable variation between the three sub-areas.

2.23 There was however some variation between the three sub-areas in terms of the proportion of the working population that works from home, with the largest proportion (11.3%) occurring in the *Districts in Central Hampshire/New Forest* and the smallest in the *Districts in South Hampshire* (7.4%). This variation was further emphasised at the local authority level where the figure ranged from 12% in Winchester to 6.6% in Southampton.

Table 2-6: Mode of commuting

	People who work mainly at or from home (%)	Train (%)	Bus, Mini Bus or Coach (%)	Motor-cycle, Scoot-er or Moped (%)	Driving a Car or Van (%)	Passe-nger in a Car or Van (%)	Bicycle (%)	On foot (%)	Other (%)
England	9.2	4.2	7.5	1.1	54.9	6.1	2.8	10.0	4.3
South East	9.9	5.6	4.4	1.1	59.2	5.7	3.1	9.9	1.3
Hampshire Economic Area	9.0	3.0	4.8	1.3	60.7	6.0	4.0	9.9	1.1
North Hampshire	9.5	4.5	2.8	1.1	63.7	5.9	2.9	8.8	1.0
Districts in Central Hampshire/New Forest	11.3	3.0	2.5	1.2	63.4	5.4	2.9	9.3	0.9
Districts in South Hampshire	7.4	2.3	7.1	1.6	57.7	6.5	5.2	10.8	1.3
Hampshire (County Area)	9.7	3.2	3.2	1.3	63.4	5.9	3.5	8.7	1.0

Source: Census 2001

2.24 The 2001 Census also provides details on the average distance travelled to work. On average, workers resident in the *Hampshire Economic Area* (with an average journey to work of 12.4 km) commuted shorter distances than workers nationally (13.3 km), regionally (14.9 km) and across all of the comparator areas except the Isle of Wight (10.7 km). Table 2-7 provides further details of the distance travelled to work by looking at the distance travelled by both those workers that live in Hampshire and those that work in Hampshire but may live

elsewhere. Table 2-7 focuses on those that commuted shorter distances (less than 10km) and those that commuted longer distances (30 km plus). It shows that in the *Hampshire Economic Area*, the majority of both the resident and workplace populations commuted less than 10 km to work and a small minority commuted over 30 kms. This pattern was similar to the regional picture (although within *Hampshire (County Area)*, the resident and workplace populations in the *Districts in South Hampshire* were more likely to commute less than 10 km).

Table 2-7: Distance travelled to work – resident and workplace population

	Resident population		Workplace population	
	Less than 10 km (%)	30 km plus (%)	Less than 10 km (%)	30 km plus (%)
England	67.5	7.2	72.1	7.3
South East	63.0	11.1	71.3	8.5
Hampshire Economic Area	67.3	9.1	74.2	8.0
North Hampshire	64.1	11.5	68.3	13.9
Districts in Central Hampshire/New Forest	59.5	11.0	68.1	7.7
Districts in South Hampshire	73.6	6.8	80.2	5.6
Hampshire (County Area)	63.9	9.9	71.9	8.8

Source: Census 2001

Traffic congestion

2.25 Hampshire County Council's Local Transport Plan progress report notes that "Hampshire experiences three main types of traffic congestion:

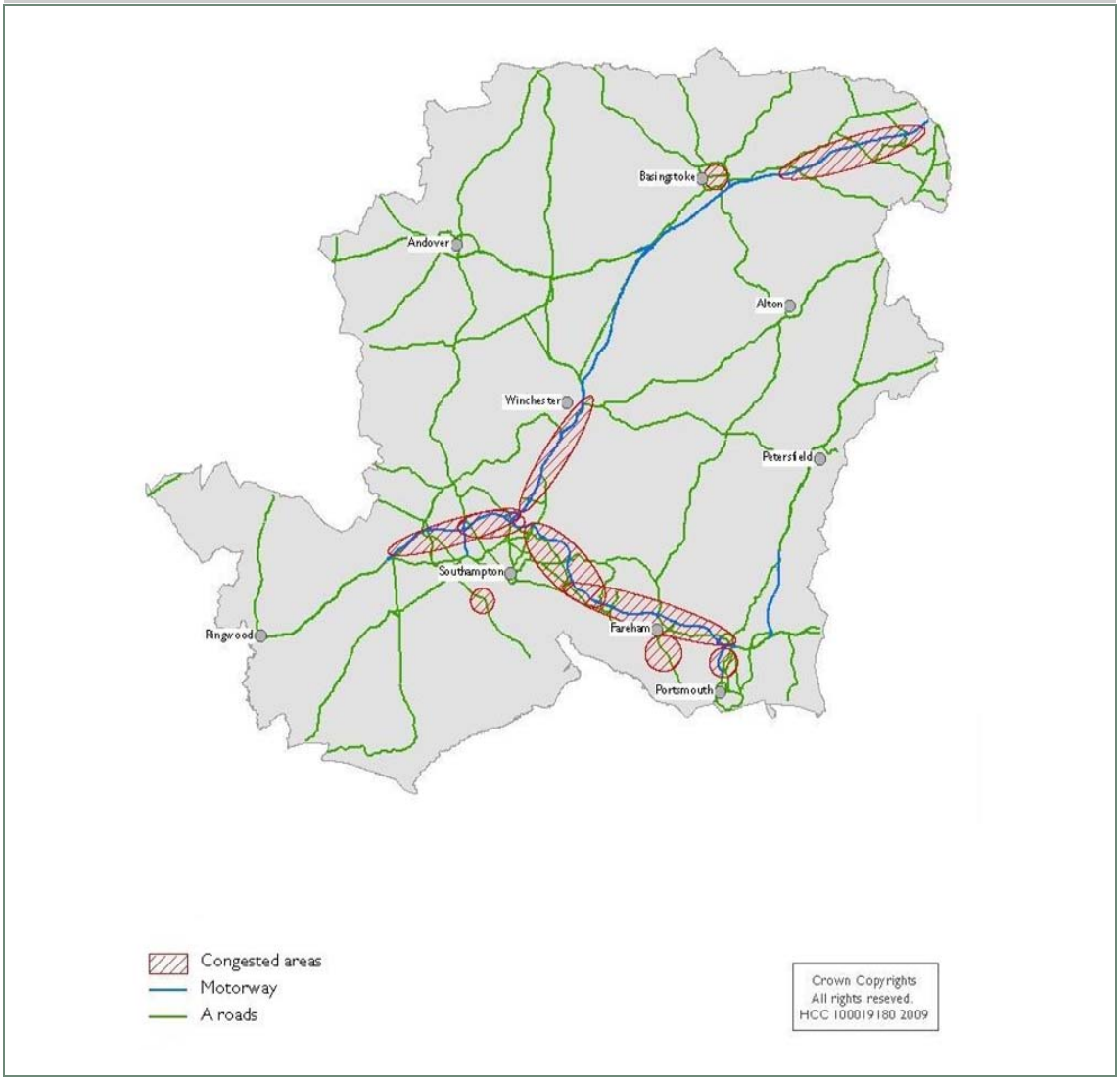
- *congestion on the strategic road network (motorways and trunk roads).*
- *congestion associated with access to the strategic road network.*
- *urban congestion*"[8].

2.26 Figure 2-4 maps Hampshire's most congested routes. This map shows that congestion primarily occurs in the south: at the southern end of the M3, between Winchester and Southampton; the M27 between Southampton and Portsmouth; and the M27 between Southampton and the New Forest National Park. In the North, the key area of congestion is on the M3 between Farnborough and the M25. There are also some smaller congestion hotspots in and around Basingstoke, Portsmouth, Gosport and Hythe.

2.27 The Local Transport Plan states that "while much of this congestion is associated with 'normal' Monday to Friday peak periods, the impact of tourism related traffic means that weekends can be particularly difficult both on trunk roads and in tourist areas like the New Forest".

[8] Hampshire County Council, "Local Transport Plan – Progress Report", 2008

Figure 2-4: Hampshire's most congested routes



Source: Hampshire County Council

Access to major transportation hubs

2.28 The ability to access quickly and efficiently key markets is fundamental to a strong economy and that is made possible in the *Hampshire Economic Area* through its road and rail transportation networks. The presence of two international sea ports (Southampton and Portsmouth), and two airports (Southampton and Farnborough) are key assets in allowing world business and trade markets to be reached. In addition the majority of the *Hampshire Economic Area* is within easy reach of Heathrow Airport (1.5 hours from Southampton by road, 2 ¼ hours by rail[9]), a major world transportation hub.

2.29 Southampton Airport serves a wide area of the south coast. Over 3 million people live within one hour of the airport which has 13 airlines flying to 48 destinations nationally and across Europe with a notable 39%[10] of trips through the airport being for Business reasons. The proximity of the Southampton Airport Parkway railway station to the airport means that

[9] Transportdirect.info
[10] Southampton Airport Masterplan

Southampton has one of the best train-to-plane connections in Europe, an hour from London Waterloo of which there are three trains an hour.

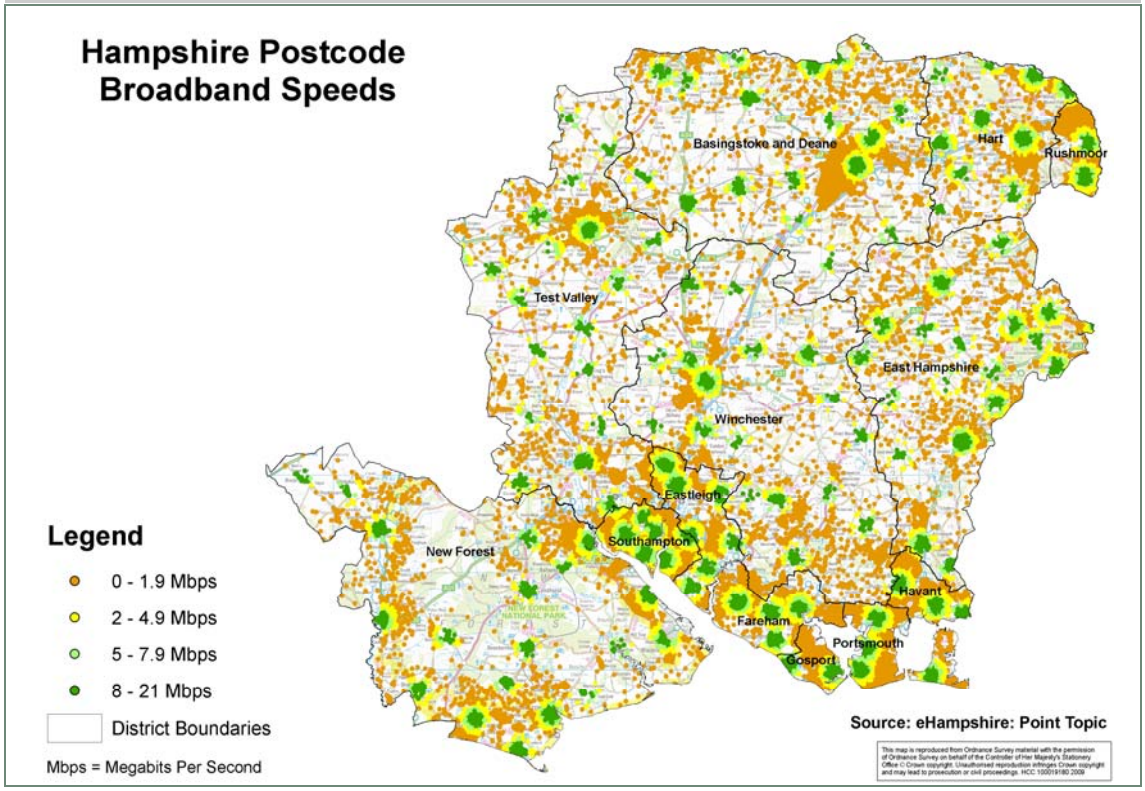
2.30 Southampton Sea Port is another major economic asset and driver of the transport and logistics sector which is recognised as a potential growth sector in the *Districts in South Hampshire*. The port acts as an international transport hub handling one fifth of the UK's trade with non-EU countries and is one of the largest ports in the UK by tonnage, making it the UK's premier international maritime gateway[11]. The Port has access to major World, European and UK markets and enjoys excellent road and rail links being similarly situated to Southampton Airport.

Broadband

2.31 The provision of broadband is often seen as key infrastructure in terms of facilitating working from home and reducing the need to travel – as it can "*shrink distance and make location irrelevant to the ability to do business*". This is particularly the case for more rural areas within the *Hampshire Economic Area* where broadband provision can be "*essential to the social and economic sustainability of rural communities*". Today's modern, knowledge based, business operations are resulting in an ever increasing demand for home working which requires a strong, efficient broadband infrastructure. Figure 2-5 is based on research carried out for the County Council (eHampshire) which found that 51.8% of Hampshire's postcodes cannot achieve the minimum speed laid out in the Digital Britain report of 2Mbps. This map shows that some parts of the *Hampshire Economic Area* are served by very good broadband infrastructure, particularly the urban centres/conurbations in the *Districts in South Hampshire*. There are however clearly a number of gaps in the current supply across the whole *Economic Area* in both urban and rural areas, but particularly in the more rural and town fringe locations in the *Districts in Central Hampshire/New Forest*. One positive implication of this "clustering of under supply" is that it might provide scope for efficient solutions to be applied.

[11] ABP Port of Southampton Master Plan

Figure 2-5: Hampshire postcode broadband speeds



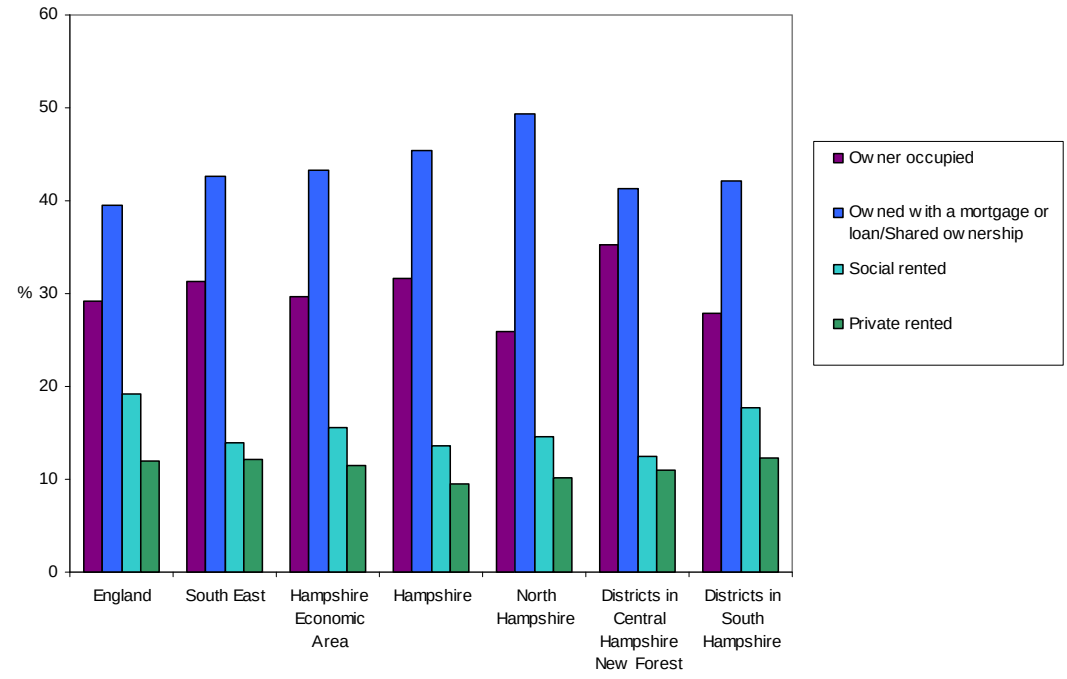
Source: e-Hampshire

Housing

House tenure

2.32 Figure 2-6 uses 2001 Census data to show the breakdown of household tenure in the *Hampshire Economic Area* and constituent sub-areas as well as the breakdown across the South East region and England as a whole. According to the 2001 Census, 73% of all households in the *Hampshire Economic Area* were owner occupiers – over half of which (56%, 42% of all households) owned houses with a mortgage or loan. This pattern largely reflected the regional and national picture. Of the remainder, 16% of housing was socially rented and 12% was privately rented.

Figure 2-6: Household tenure



Source: Census 2001

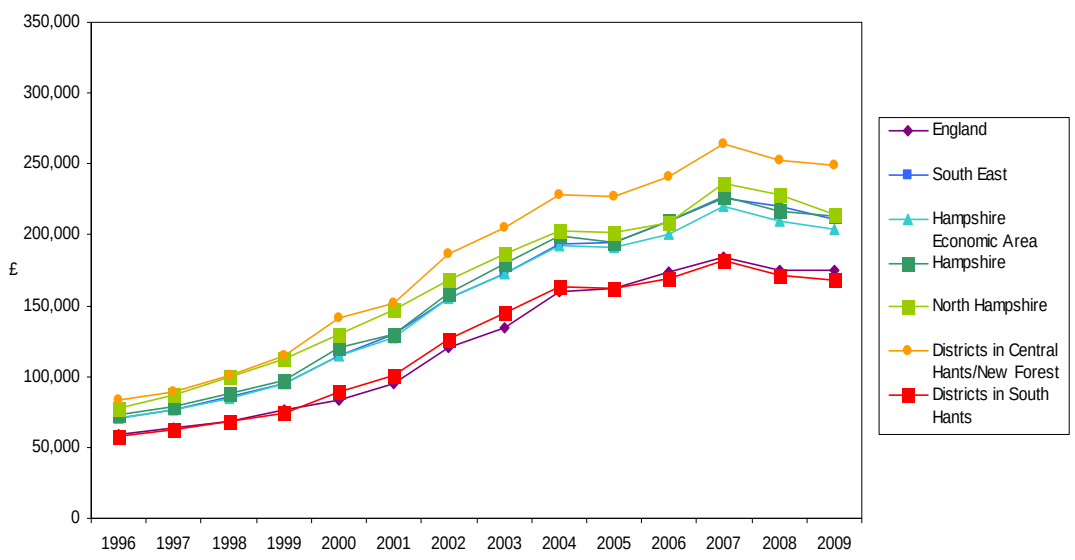
House prices[12]

2.33 Figure 2-7 uses the Land Registry data to examine the median house price change in the *Hampshire Economic Area*, its three sub-areas and the comparator areas of England and the South East over the period 1996 to 2009. The Land Registry produces these data on a quarterly basis and for the purpose of this analysis, Quarter 3 figures have been used as this was the peak point in the year. Median, rather than mean house prices have been used as these provide a better view of affordability and are not skewed upwards by a few very expensive properties.

2.34 In analysing median house price change between 1996 and 2009, four patterns of note emerge. The first is that the *Hampshire Economic Area's* median price is similar to that in the wider South East and has remained so between 1996 and 2006. This is also true for *Hampshire (County Area)* and *North Hampshire*. The second is that median house prices in the *Districts in Central Hampshire/New Forest*, whilst always marginally higher than the *Hampshire Economic Area* and regional average, have grown at a faster rate – particularly since 2001 and peaking at £45,000 higher than the *Hampshire Economic Area* median in 2009. The third is that the median house price in the *Districts in South Hampshire* is closer to the national median than the *Hampshire Economic Area* (where the difference was £38,000 at the peak of the market in 2007/2008). The fourth is that whilst median house prices increased at a broadly similar rate between 1996 and 2008, the fall between 2008 was notably larger in the *North Hampshire* (£21,000) than it was in the *Hampshire Economic Area* (£16,000) or the *Districts in South Hampshire* (where it was £14,000).

[12] There is a related discussion of housing affordability in Theme 4

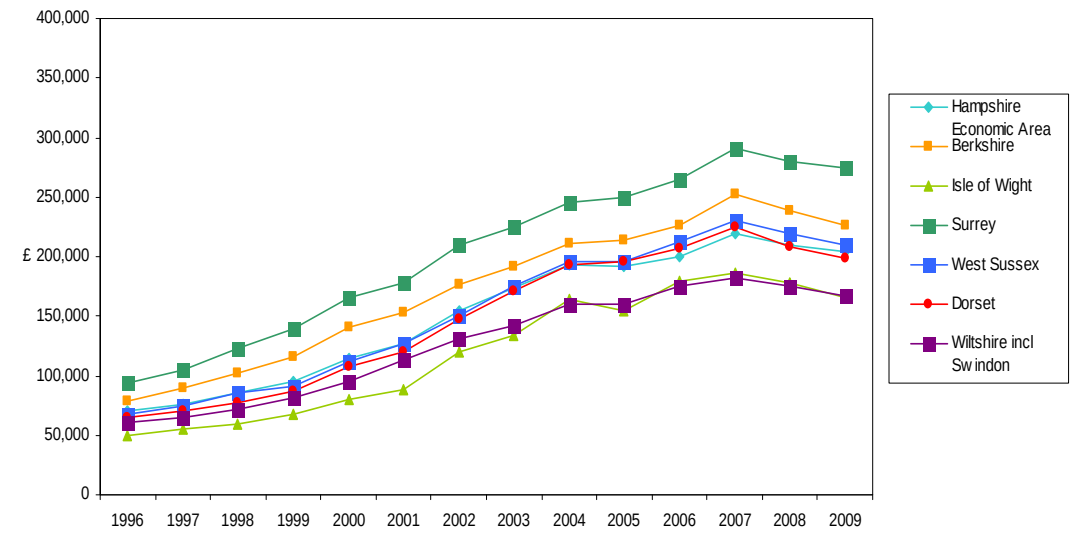
Figure 2-7: Median house price change between 1996 and 2009



Source: Land Registry Data (Quarter 3 figures used)

2.35 Looking at how *Hampshire Economic Area's* median house price compares to the study comparator areas (Figure 2-8) shows that: *Hampshire Economic Area's* median house prices are at a similar level and have grown at a similar rate to West Sussex and Dorset – and marginally behind former Berkshire; Surrey not only has a higher median house price but it has grown at a faster rate; and that whilst Wiltshire (including Swindon) had a similar median house price to the *Hampshire Economic Area* in 1996, it has grown at a slower rate and in 2009 was £36,000 less.

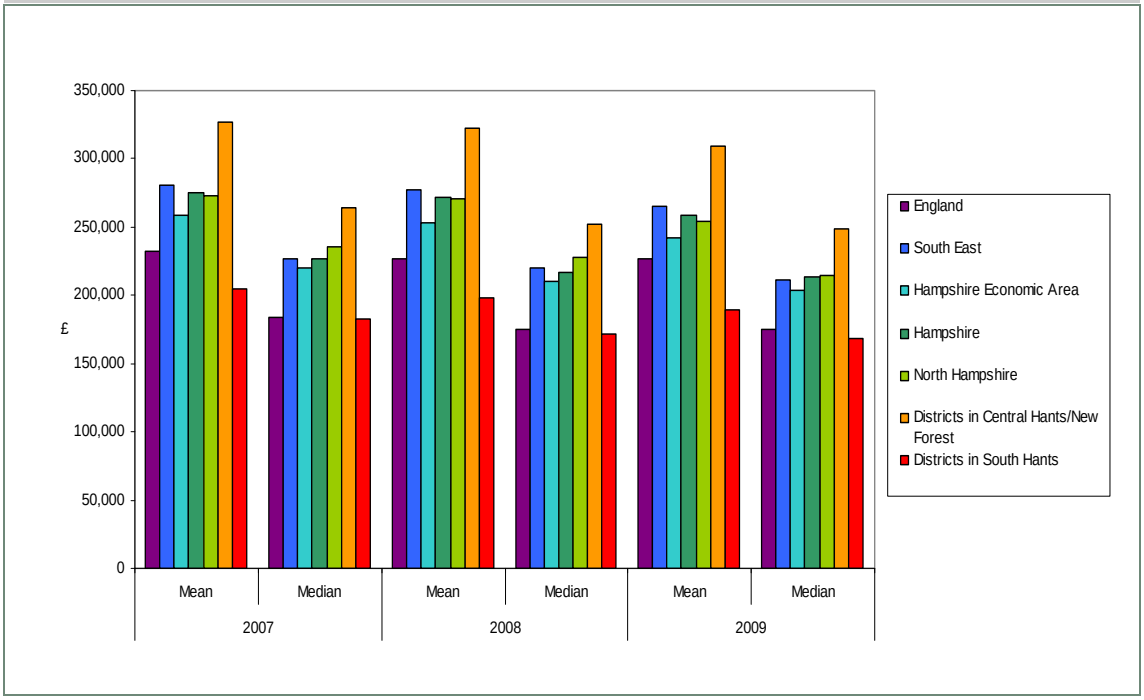
Figure 2-8: Median house price change between 1996 and 2009 (Comparator Areas)



Source: Land Registry Data (Quarter 3 figures used)

2.36 Figure 2-9 shows the mean and median house prices in quarter 3 for 2007, 2008 and 2009. In quarter 3 of 2007, at the peak of the market, the mean house price in the *Hampshire Economic Area* was £258,000. This compared to a median price of £220,000, a difference of £38,000. In quarter 3 of 2009, mean house prices had fallen to £242,000 with the median price falling to £204,000 (a difference of £38,000). This difference between mean and median house prices is at its greatest in the *Districts in Central Hampshire/New Forest* where in 2007 it was £62,000 and in 2009 it was £61,000. It is at its lowest in the *Districts in South Hampshire* where in 2008 it was £23,000 and in 2009, it was £22,000.

Figure 2-9: Comparison of the mean and median house prices (2008 and 2009)

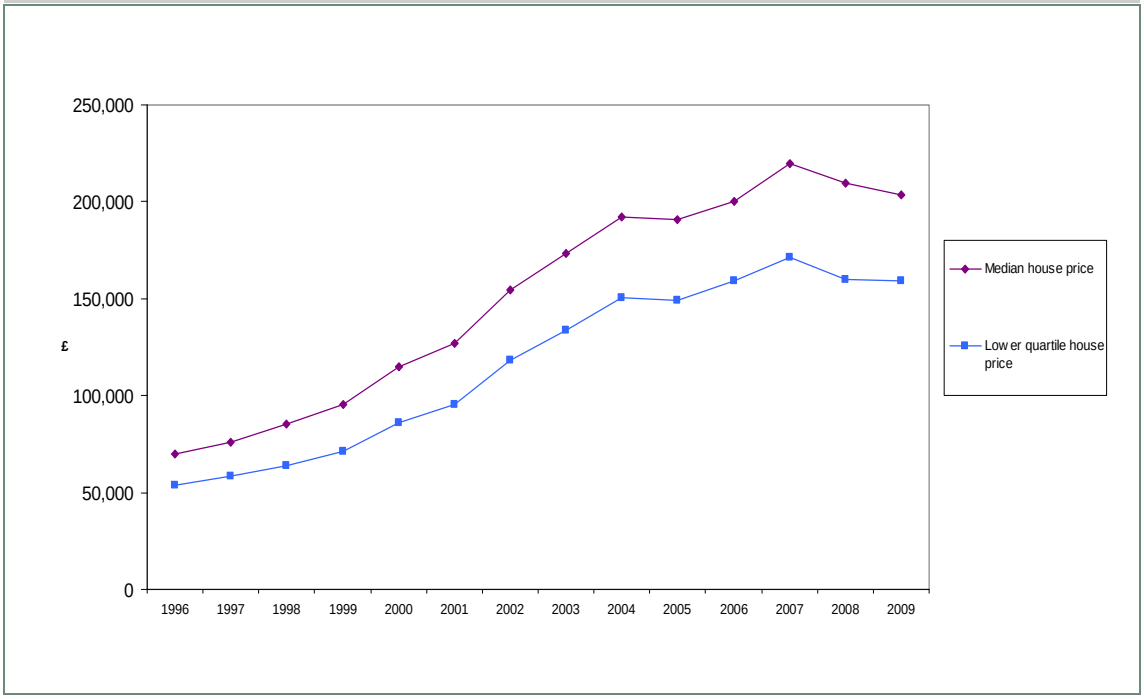


Source: Land Registry Data (Quarter 3 figures used)

2.37 Average house prices are particularly high (generally £20,000 more than the *Hampshire Economic Area*) in Winchester and Hart. Conversely, house prices are around £20,000 less than the *Hampshire Economic Area* average in Gosport, Havant, Portsmouth and Southampton.

2.38 Figure 2-10 provides a comparison of the median house price and the lower quartile house price for the *Hampshire Economic Area* between 1996 and 2009. This figure shows that in monetary terms, the gap between the median house price and the lower quartile house price in the *Hampshire Economic Area* significantly widened between 1996 and 2009. In 1996 it was £16,500, by 2000 it had increased to £28,600 and in 2005 it was £41,800. The gap peaked in 2008 at £49,800, and despite the fall in house prices it remained at £44,500 in 2009. However, proportionately there has been virtually no change as the average lower quartile house price was 76% (three-quarters) of the median house price in 1996, 75% in 2000, 78% in 2005 and then 76% in 2008 (at the peak).

Figure 2-10: Comparison of the median house price and the lower quartile house price between 1996 and 2009 in the *Hampshire Economic Area*

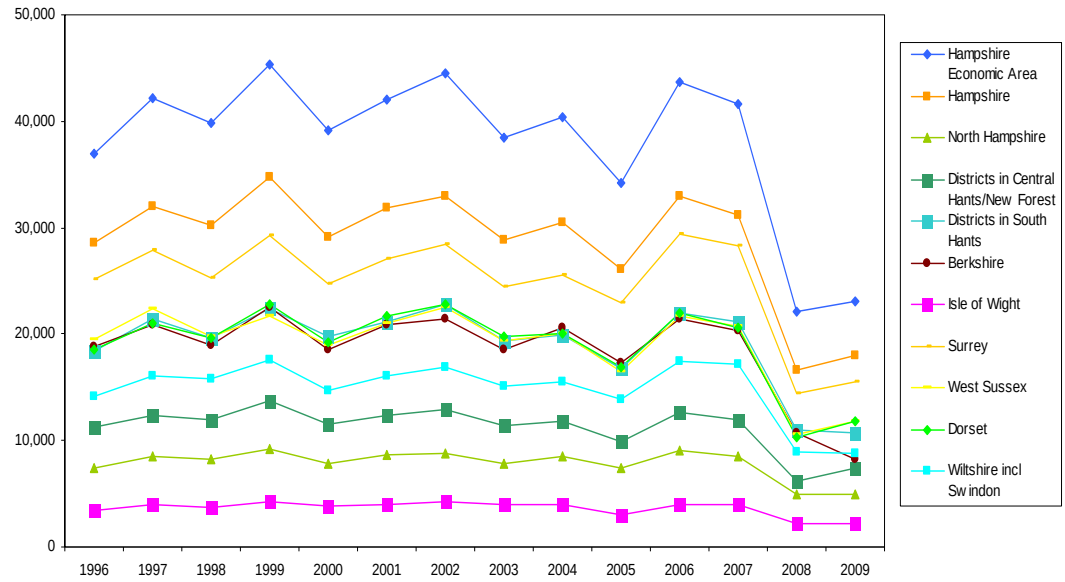


Source: Land Registry Data (Quarter 3 figures used)

House sales

2.39 Figure 2-11 compares the total number of property sales per year in the *Hampshire Economic Area*, and its sub-areas with the study's comparator areas between 1996 and 2009. This analysis highlights three important findings. The first is that over the last 14 years there have been significantly more property sales in the *Hampshire Economic Area* than there have been in the comparator areas. The second finding is that the number of house sales has varied, some times significantly, year on year, and again often more profoundly in the *Hampshire Economic Area* than the comparator areas. The third is the most obvious: between 2007 and 2008, the number of sales fell sharply everywhere.

Figure 2-11: Property sales between 1996 and 2009



Source: Land Registry Data (Quarter 1 figures used)

2.40 Looking within the *Hampshire Economic Area*, it is apparent that the *Districts in South Hampshire* have accounted for half of the property sales, 30% of the sales have been in the *Districts in Central Hampshire/New Forest* and 20% in *North Hampshire*. In the *Districts in South Hampshire*, Portsmouth and Southampton have accounted for around half (between 45% and 53%) of all the sales; in *Central Hampshire/New Forest*, at least half (between 43% and 59%) of all the sales have occurred in the New Forest; and in *North Hampshire*, nearly half (between 42% and 52%) of all sales have occurred in one district – Basingstoke and Deane. As before this pattern is largely dictated by the proportion of private sector housing stock within these areas: in 2009 49% of the private sector housing stock in the *Hampshire Economic Area* was in the *Districts in South Hampshire*, 31% was in the *Districts in Central Hampshire/New Forest* and 19% in *North Hampshire*.

Housing supply

2.41 Using the County Council's Land Availability Monitoring System, Table 2-8 shows the total net dwelling completion between 1998 and 2009 for the *Hampshire Economic Area*, its sub-areas and the 11 district and two unitary authorities. It shows that between 1998 and 2009, there were 68,056 net dwelling completions in the *Hampshire Economic Area*, 47% of which were in the *Districts in South Hampshire*, 28% in the *Districts in Central Hampshire/New Forest* and 25% in *North Hampshire*. At the local authority level, Basingstoke and Deane (14%), Portsmouth (14%) and Southampton (11%) accounted for the largest proportion of net dwelling completions. The smallest proportion was in Havant with 4% of the total net dwelling completions in the *Hampshire Economic Area*.

Table 2-8: Total Net Dwelling Completions 1998-2009

Area	Total Net Dwelling Completions 1998-2009	% of new dwelling completions in the *Hampshire Economic Area*
Hampshire Economic Area	68,056	100%
Hampshire (County Area)	51,384	76%
North Hampshire	16,694	25%
Basingstoke and Deane	9,192	14%
Hart	3,865	6%
Rushmoor	3,637	5%
Districts in Central Hampshire/New Forest	19,117	28%
East Hampshire	4,109	6%
New Forest	5,152	8%
Test Valley	4,670	7%
Winchester	5,186	8%
Districts in South Hampshire	32,245	47%
Eastleigh	5,025	7%
Fareham	4,206	6%
Gosport	3,951	6%
Havant	2,391	4%
Portsmouth	7,211	11%
Southampton	9,461	14%

Source: Hampshire County Council, Land Availability Monitoring System

2.42 Table 2-9 provides details of the net large dwelling stock and estimated future completions of large dwellings between 2009-2015 for the *Hampshire Economic Area*, its sub-areas and the 11 district and two unitary authorities. There are currently 44,791 net large dwellings in the *Hampshire Economic Area* and an estimated 56,898 net future completions planned between 2009 and 2015.

2.43 Of the current stock of large dwellings, half (50%) are in the *Districts in South Hampshire*, a third (32%) are in *North Hampshire* and 18% are in the *Districts in Central Hampshire/New Forest*. At the local authority level, Southampton (17%), Rushmoor (15%) and Basingstoke and Deane (13%) account for the largest proportions of the current net large dwelling stock. Looking at the estimated future completions of large dwellings, a larger proportion (55%) will be provided in the *Districts in South Hampshire* with a slightly smaller proportion (28%) provided in *North Hampshire*. Of the different local authorities, Basingstoke and Deane (16%) and Southampton (15%) will see the largest proportion of future completions between 2009 and 2015.

Table 2-9: Net large dwelling stock and estimated future completions 2009-2015

Area	Net large dwellings currently availability	% of net large dwellings in the *Hampshire Economic Area*	Estimated net future completions of large dwellings 2009-2015	% of estimated net future completions in the *Hampshire Economic Area*
Hampshire Economic Area	44,791	100%	56,898	100%
Hampshire (County Area)	33,474	75%	43,712	77%
North Hampshire	14,262	32%	15,798	28%
Basingstoke and Deane	6,042	13%	9,234	16%
Hart	1,568	4%	2,152	4%
Rushmoor	6,777	15%	4,662	8%
Districts in Central Hampshire/ New Forest	7,997	18%	10,044	18%
East Hampshire	2,624	6%	4,614	8%
New Forest	1,491	3%	2,276	4%
Test Valley	5,148	11%	5,526	10%
Winchester	2,888	6%	3,614	6%
Districts in South Hampshire	22,532	50%	31,056	55%
Eastleigh	2,706	6%	4,324	8%
Fareham	1,739	4%	3,260	6%
Gosport	829	2%	1,278	2%
Havant	1,662	4%	2,772	5%
Portsmouth	3,713	8%	4,726	8%
Southampton	7,604	17%	8,460	15%

Source: Hampshire County Council, Land Availability Monitoring System

Affordable housing

2.44 According to Homes and Communities Agency data, the provision of affordable housing at the local authority level in the *Hampshire Economic Area* increased by 46% over the 10 years from 1998-99 to 2008-09, rising from 1,940 additional (annual new build) affordable dwellings to 2,830; a step change in provision occurred between 2002-03 and 2003-04 where it increased by 40% from 1,530 to 2,140. Over the last decade, approximately half of this provision has been in the *Districts in South Hampshire*, particularly in Portsmouth and Southampton. Across England it increased by 31% over the same 10 year period and in the South East region as a whole, it increased by 25% (in 2008-09 affordable housing provision in the *Hampshire Economic Area* accounted for 27% of all the provision in the South East).

Employment land

2.45 It is a requirement for all planning authorities "*to identify an up to date and balanced portfolio of employment sites in Local Development Frameworks (LDFs)*"[13]. As part of this process, district and unitary authorities have undertaken Employment Land Reviews. The purpose[14] of these reviews has been to:

- assess the future demand for employment land
- assess the future supply of sites for employment
- assess the suitability of individual sites, whether existing, permitted or proposed for future employment uses;
- identify sites which are clearly unlikely to be required by the market or are now unsustainable for employment development;
- develop appropriate future policies and proposals in Regional Spatial Strategies (RSS)[15] and LDFs
- improve systems for monitoring outcomes and reviewing employment policies and programmes.

2.46 Employment Land Reviews have been prepared for 10 of the 11 districts[16] and two unitary authorities in the *Hampshire Economic Area* and Table 2-10 provides a very brief summary of the key findings emerging from these individual reports (although, it must be noted that these individual reports contain a significant amount of detail, particularly about individual sites, that cannot been captured in the Hampshire Economic Assessment). However, looking across the reports, it is possible to identify three over-arching findings:

- Generally it would appear that in the *Hampshire Economic Area* there is a large enough supply of employment land to meet (in quantitative terms) both the existing demand but also the projected demand in the future.
- The issue is perhaps more with the scale, quality and viability of the existing and allocated sites and whether this provision will be attractive to the market – drawing new businesses in and encouraging existing businesses to stay by enabling them to expand and upgrade their premises.
- Employment land provision needs to be safeguarded and actively managed, particularly in terms of phased delivery to ensure that supply meets demand – this is particularly the case in the *Districts in South Hampshire* where higher levels of employment growth are anticipated[17].

[13] ODPM (Now CLG) *"Employment Land Reviews: Guidance Note"*, December 2004 (Link: http://www.communities.gov.uk/documents/planningandbuilding/pdf/147540.pdf)
[14] *Ibid*
[15] The new coalition government is in the process of revoking Regional Spatial Strategies
[16] Hart and Rushmoor have prepared a joint Employment Land Review and Eastleigh's Employment Land Review is currently being drafted
[17] Revised forecasts from Oxford Economics show that a lower level of employment growth is anticipated compared to the original forecasts used in many of these employment land studies, although not radically lower.

Table 2-10: Key Findings from the *Hampshire Economic Area*'s District and Unitary Employment Land Reviews

Local Authority Area	Key Findings
North Hampshire	
Basingstoke and Deane	**Basingstoke and Deane Employment Land Review (2009)** *Roger Tym & Partners* • There could be a need for an additional 156,000 sq m of B1 (offices, studios and laboratories) floorspace between 2006 and 2026. This is likely to be met by the existing allocations – in fact, in view of higher density plot ratios an over-supply is more likely. However public intervention may be needed in some cases to ensure the viability of development. • There is an expected reduction in the need for B2 (general industry) space – although arguments are made to protect allocations particularly for socio-economic reasons. • There is an over-supply of B8 (warehouse and distribution) by as much as 34,900 sq m. • Flexibility in the quantity and quality of provision and in identifying new and recycling redundant land is required.
Hart and Rushmoor	**Employment Land Review for Surrey Heath[18], Hart & Rushmoor (2009)** *Nathaniel Lichfield and Partners* • There is a reasonable amount of permitted floorspace in the development pipeline in the sub-region with a net capacity for some 360,900 sq m the majority of which is for B1 office space. • Future space requirement estimates for the sub-region range from 252,000 to 359,000 sq m – this suggests that there is likely to be a surplus of employment land. • 71% of the existing employment land in Hart and 65% in Rushmoor is rated as 'good quality'. • Rushmoor has the most employment space across the three local authorities (looked at in this review) and it also has more than enough office space to meet future needs – there is however potential for a sizeable shortfall of industrial space (up to 17,000 sq m). • Hart has less employment space than Rushmoor (particularly industrial space). However it has experienced the largest gains in space within the sub-region in recent years. The area has an over-supply of older office space which is unattractive to the market, and industrial provision is limited. It does however have the greatest market for rural employment space. There is enough office space to meet future needs and a small shortfall in industrial space.
Districts in Central Hampshire/New Forest	
Test Valley	**Test Valley Employment Land Review and Andover Employment Floorspace Demand Study (2008)** *DTZ* • In Andover[19] there is a future forecast demand for 130,050 sq m of floorspace: 30% of this demand is for B1 space, 28% is for B2 space; and 38% is for B8 space. In quantitative terms there is sufficient supply to meet this demand for each of the use classes with 234,244 sq m currently in supply. • In Southern Test Valley there is a future forecast demand for 56,100 sq m of floorspace: 36% B1, 13% B2 and 59% B8. There is more than sufficient supply (169,980 sq m) to meet this demand across the three use classes. The scale and quality of office premises is however limited and not suitable to meeting the needs

The detailed employment land implications of the revised economic scenarios were still under development at the time of preparing this report.

[18] Please note that Surrey Heath is not part of the *Hampshire Economic Area* and that the 'sub-region' referred to in the bullets that follow are these three local authority areas and not the sub-areas discussed in this Local Economic Assessment

[19] This study split the Borough into three sub-areas in order to capture the different property market characteristics: Andover, Southern Test Valley and Rural areas

Local Authority Area	Key Findings
	of modern occupiers. • In Rural Test Valley there is a future forecast demand for 13,300 sq m of floorspace: 65% B1, no B2, and 35% B8. This compares to a supply of 20,395 sq m which indicates there is sufficient supply. This supply does however predominantly comprise of a variety of small scale outstanding planning permissions across a number of sites including barn and farm conversions.
Winchester	**Winchester District Economic and Employment Land Study (2007)** *SQW* • Between 2006 and 2026 it is estimated that employment land needs will increase by 439,200 sq m, 93% of which is for B1 office space. The available area of allocated land permitted for future development amounts to around 750,000 sq m which includes around 650,000 sq m in the M27 corridor, 30,000 sq m in Winchester town and 70,000 sq m in rural areas. • 84% of the existing employment sites surveyed were identified as clearly 'fit for purpose'.
East Hampshire	**East Hampshire District Council Assessment of Employment Needs and Floorspace Requirements (2008)** *Roger Tym & Partners with Lambert Smith Hampton* • Based on the 'high' scenario, demand for floorspace is forecast to increase by between 30,540 and 50,946 sq m between 2005 and 2026. In broad terms there is sufficient supply to meet this demand across all use classes with 87,342 sq m of floorspace allocated. • However, if only 'likely viable supply' is considered, whilst there is an overall oversupply of floorspace (67,342 sq m) there is within this an undersupply of office space of 9,279 sq m. Therefore the conclusion is made that if East Hants is to meet the demand for office space it can afford to release some of its industrial/warehousing space capacity for other uses.
New Forest	**New Forest[20] District Employment Land Review (2007)** *New Forest District Council* • The majority of the district's employment sites (76%) were assessed to be 'average quality' or above. Three sites were considered to be 'high quality'. • 89% of the sites assessed (100 of 112) were identified as 'general industrial' employment areas. Nine sites were identified as 'established or potential office locations'. • The review recommended that all but four of the sites assessed should be retained for their current or intended use.
Districts in South Hampshire	
Southampton	**Employment Land Safeguarding Background Paper (2008)** *Southampton City Council* • Southampton has a target to create 419,000 sq m of employment land, split across: offices (77%), industry (4%) and warehousing (19%). • For office space these targets are based on both existing sites and the potential for major additional sites, particularly within the city centre's major development quarter. The industrial/warehouse targets reflect existing planning permissions and allocations and as such there is a need to identify additional warehouse development sites • The study concludes by stating that there is a strong need to safeguard employment land.
Eastleigh	*Employment Land Review not currently available*
Fareham	**Fareham Borough Employment Land Review (2007)**

[20] Review is concerned with the area of New Forest District which lies outside the New Forest National Park so does not consider sites or premises which lie within the National Park

Local Authority Area	Key Findings
	Fareham Borough Council • There is approximately 1,165,927 sq m of floorspace in business use in Fareham which is allocated to B1-B8 uses. • It is estimated that existing permissions with result in 28,337 sq m of new floorspace. • There is just 59,700 sq m of employment land remaining in the Borough that is allocated for B1-B8 uses and not subject to existing permissions – although 57,000 sq m is allocated at one site about which there are serious doubts regarding its developability for B1, B2 or B8 uses.
Gosport	**Draft Employment Land Review (2009)** *Gosport Borough Council* • There is 460,035 sq m of existing employment floorspace in Gosport – 52% is B1, 32% is B2 and 15% is B8. In addition, there is approximately 730,000 sq m of MoD and other defence related employment sites. • The PUSH minimum floorspace target for Gosport is 81,500 sq m – 48% of the target is for B1, 15% for B2 and 37% for B8. It is estimated that approximately 29,500 sq m is needed to be identified in addition to the current permissions and allocations to meet this target (If the PUSH Plus target is used a further 18,500 sq m of employment land will need to be identified). • The appraisal of the existing employment sites indicates that they are well used, provide significant jobs and that most should be protected employment land.
Portsmouth	**Employment Land Review (2010)** *Portsmouth City Council* • Portsmouth's target for new floorspace between 2006 and 2026 is 287,500 sq m – 176,000 sq m in B1, 36,500 sq m in B2 and 75,000 sq m in B8. • Taking account of existing completions, outstanding consents, reviewed local plan sites, draft core strategy allocations and potential sites would result in a potential 225,099 sq m of B1 space being provided (an oversupply of 49,099 sq m); for B2 and B8 space there is a potential supply of 113,000 sq m (an oversupply of 1,500 sq m). • The report concludes that the targets can therefore be met by completions, outstanding planning consents, allocations and the development of new employment floorspace on sites throughout the city.
Havant	**Employment Land Review (2008)** *Havant Borough Council* • There is currently 14,879 sq m of office space available, although there is limited new space and a poor choice of mid-sized and large premises. • There is 20,930 sq m of current industrial – manufacturing and warehouse – space available in the borough, although again there is limited new space and a lack of large units. • The majority of existing sites were assessed to be of 'poor' or 'fair' quality. • In terms of future supply up to 2026 it is estimated that 21,560 sq m of additional floorspace can be found in the borough (9,804 sq m for offices, 5,872 sq m for manufacturing and 5,884 sq m for warehouses). This allocation is further added to through the PUSH requirement which requires an additional 5,500 sq m of manufacturing space and an additional 7,000 sq m of warehouse space – no additional office space is required. This addition takes the requirements for total future supply to 34,060 sq m.

Source: Various documents as referenced in the Table

2.47 It has been very notable however that the recession has taken a significant toll on the completion of new floorspace. As a result, gross employment floorspace completions in the *Hampshire Economic Area* have been steadily declining since 2006. Over the four years since

2006, employment completions have decreased by a significant 59%[21]. This would back the assumption that at the current level of take up, the available supply of employment land should be more than adequate. Whilst employment floorspace development has increased substantially over the last year in a number of districts, there have been significant reductions in others. However, the amount of employment floorspace under construction and new starts (which are indicators of future completions) have both fallen significantly since 2008 meaning that the economic downturn is likely to continue to have a significant impact on employment floorspace completions over the next couple of years.

2.48 Planning permissions for employment floorspace however, slightly increased in the year to 2010. This may indicate that the stock of new employment floorspace in the *Hampshire Economic Area* remains relatively undiminished in readiness for an upturn in the economy. However, it remains too early to speculate on how many of these would be converted into development on the ground or indeed whether the stock of new permissions will hold up in subsequent years. This is partly because the viability of the supply of sites is far from certain. In 2009[22] it was estimated that 23% of the current stock of sites were requiring remedial action to avoid market failure, with a further 8% unlikely to be brought forward for employment development. Whilst those unlikely only account for 3% of the total land area, those requiring remedial action account for 34% of the total available area, a third of the total supply and a significant proportion in light of current financial pressures.

Other Infrastructure

2.49 In addition to Transport and Communications; Housing Provision; and Employment land, a range of other infrastructure areas are likely to have a pivotal role in contributing to/constraining sustainable economic growth. Utility capacity, energy supply, and flood risk are key factors in enabling economic growth, but will also be quickly exposed as inadequate if they are not sufficient in the *Hampshire Economic Area*. These forms of infrastructure have a direct effect on growth, if they are not sufficient, then development will struggle to be delivered in those areas and so understanding their capacity, future improvements required and the likely cost of such improvements all need to be recognised when looking forwards at the wider requirements for economic growth.

Gas and Electricity capacity

2.50 The Gas and Electricity network within the *Hampshire Economic Area* will need increased capacity to deal with increased demand. At least 5 large scale (greater than £1 million) schemes are required in the Gas network and there are several areas where the Electricity network will require capacity increases, most notably to the north of Fareham, should large scale development take place there.

Water Supply and Wastewater capacity

2.51 Of greater note is the capacity status of the wastewater and water supply network within the *Hampshire Economic Area*. All Water companies have a statutory duty to produce Water Resources Management Plans (WRMP). These plans forecast the likely demand for water

[21] Development in Hampshire 2009/10 Monitoring Bulletin
[22] Employment Land in Hampshire – HEP Large Site Assessment Study 2009

over the next 25 years and the available supply of water. If a deficit is forecast then the plan will identify a set of interventions that will maintain the supply/demand balance. The options can either seek to reduce the future demand for water or increase the supply to meet the shortfall. The Company develops the combination of options to achieve an appropriate balance of cost, social and environmental impacts. It is vital that the WRMPs reflect the planned development within an area as this will ensure that companies plan appropriately to meet these requirements. These plans are key factors in guiding growth in an area like Hampshire where there is both Water Stress status and vulnerable groundwater supplies.

2.52 In most cases, the location of new growth (development) is vital to determining the scope of improvements required to existing assets. Additional water related infrastructure will be required in advance of new development, and thus the timing will depend on existing capacity at each development location. Examples from the water companies suggest that where infrastructure is not available, it may require lead in times of 18 months to 3 years for extra capacity, but that where major engineering works are required it could be up to 5 years, with requirements for Water Treatment works taking up to 10 years.

2.53 A number of Water companies have identified in their WRMPs, major capacity requirement schemes that will be required to meet the demands of growth. These include a number of significant schemes in the Portsmouth Water area including the implementation of universal metering between 2015-2030, further reductions in leakage, development of a washwater recovery plant at Farlington Treatment Works and the building of a Winter Storage Reservoir at Havant Thicket between 2025-2034, as well as at least 5 large scale schemes needed in the Southern Water area at a cost estimated between £100 to £130 million. However it should be noted that a significant amount of these upgrade works are to meet European Habitat Regulations rather than solely to facilitate growth.

2.54 The capacity status of the water supply network within the county also needs to be considered. In most cases the location of new growth (development) is vital to determining the scope of improvements required to existing assets. What is known is that additional water related infrastructure will be required in advance of new development, and thus the timing will depend on existing capacity at each development location. Examples from the water companies suggest that where infrastructure is not available, it may require lead in times of 18 months to 3 years for extra capacity, but that where major engineering works are required it could be up to 5 years.

Flood Risk

2.55 The *Hampshire Economic Area* has a significant stretch of coastline that has long provided the opportunity for a blossoming Marine sector. However, this same coastline also presents a significant constraint to economic growth if left unchecked. Flood risk from rising sea levels is a direct risk to areas of significant economic potential. Based on the current Shoreline Management Plan and Coastal Defence Strategies there is likely to be an increase in the number of properties and businesses at risk from flooding in the Solent area. To mitigate against this risk and to fund the defence of existing properties could cost in excess of £250 million for the South Hampshire area alone.

2.56 Elsewhere in the county there are other areas at risk from flooding where additional infrastructure is needed to respond to the threat. These requirements will likely be dealt with at the local level, through Water Cycle Studies and other evidence gathered for each Local Development Framework.

Quality of Life

2.57 The 2008/09 Places Survey for *Hampshire (County Area)* asks residents a number of questions with the primary objective of providing performance indicators across a range of service delivery areas. The questions asked are set by CLG in agreement with the Audit Commission. Through this survey it is possible to identify the proportion of residents that are satisfied with the area as a place to live and the different factors that drive this assessment. Together these findings provide a useful proxy for assessing the 'quality of life' in *Hampshire (County Area)*.

2.58 In 2008/09, 85% of *Hampshire's (County Area)* residents were 'satisfied' with the area as a place to live, 28% of whom were 'very satisfied'. Nearly two-thirds (62%) of the residents felt that the level of crime was the most important issue in making their local area (within 15-20 minutes walking distance) a good place to live. This was followed by health services (49%), clean streets (40%) and education provision (33%). Respondents also identified the importance of green space (including access to parks (27%) and access to nature (26%)) as important in making somewhere a good place to live.

2.59 When asked what needed improving in *Hampshire (County Area)*, 22% of respondents to the survey cited the level of crime, 20% the cleanliness of the streets, 12% the health facilities, 9% the access to parks and open spaces, and 4% identified both the education provision and the access to nature.

3: Conclusions – responding to the propositions

3.1 This concluding section seeks to draw together the findings presented in the previous pages and in turn to comment on each of the four propositions set out in the introduction.

Proposition one – understanding the development and growth of the low carbon economy

3.2 The development and growth of the low carbon economy is primarily concerned with two different aspects of economic activity. The first is the level of resource use and carbon dioxide emissions, and particularly its relationship with economic growth and the extent to which growth in the economy will place ever-increasing demands on resources. The second is the scale of employment and potential within the low carbon and environmental and technology service sectors and the economic significance of this.

3.3 Regarding the first, it is apparent that there are high levels of energy consumption in the *Hampshire Economic Area*. These figures vary locally: the New Forest's consumption is heavily influenced by the Fawley Power Station and refinery site and consumption is greater in the more affluent and rural districts. With regard to carbon dioxide emissions, the *Hampshire Economic Area* has performed well against the regional and national average, although again this average hides a number of important sectoral differences. For example whilst the industry and commercial emissions of the area have been below the regional and national average, both domestic and transport emissions have been at, or above both the national and regional average. This raises questions when looking ahead of the potentially important role that retrofitting domestic properties and focusing on transport infrastructure will play in improving the environmental sustainability of the economy in relative terms compared to regional and national levels.

3.4 Looking beyond resource use to its environmental consequences and the level of carbon emissions per capita, and exploring the relationship with GVA per capita, it is apparent that overall, the performance of the *Hampshire Economic Area* is very similar to the regional average and the comparators of Surrey and West Sussex; although Berkshire, the strongest performing area on GVA per capita, generates notably higher carbon emissions per resident. This apparent correlation between GVA and carbon emissions ought to raise important questions for the *Hampshire Economic Area* about how prosperity and growth can be fostered without adverse impacts on the environment.

3.5 In terms of the economic potential of the low carbon economy it is apparent that there are both drivers and barriers to growth. In terms of drivers there will be a number of opportunities particularly in the environmental and technology service sector which whilst currently modest in scale (1% of all employment in the *Hampshire Economic Area)* does offer significant growth potential with the global market for this sector estimated to be worth £3 trillion. The *Districts in South Hampshire* appear particularly well placed to take advantage of this growth by linking it to its existing strengths in advanced manufacturing,

aerospace and marine. It will be important therefore to ascertain the capacity of the economy to build on the opportunities climate change will create in terms of Low Carbon Environmental and technology service sectors.

3.6 The issue of climate change does however also present some barriers to economic growth. These include physical impacts on socio-economic sectors, and the adaptation measures that need to be employed in response. They also include costs related to controls on greenhouse gas emissions imposed by regulation to mitigate climate change. There will also be cases where infrastructure and other areas will be directly physically affected by climate change in terms of vulnerable sites from flooding, hotter summers and periods of extreme rainfall, etc. Therefore, understanding the need for resilience and adaptation action to protect the economy, enable and encourage further future economic growth and comply with increasing regulations will require a changing approach within the *Hampshire Economic Area*.

Proposition two – maintaining a high quality of life and satisfaction levels alongside economic growth

3.7 It would appear that on the whole *Hampshire (County Area)* residents are satisfied with the area as a place to live, albeit with room for improvement in the number who are 'very satisfied'. It would also seem that for many residents, economic prosperity can be pursued whilst still ensuring high levels of satisfaction, as the key drivers of satisfaction – the level of crime, health services, the cleanliness of streets and education provision – are either not directly related to economic prosperity or likely to be positively impacted upon as economic prosperity increases. Hampshire's 'natural assets', particularly the national parks, also appear to make a positive contribution to the perception of the quality of life within the *Hampshire Economic Area*.

Proposition three – ensuring suitable provision of employment land and transport infrastructure

3.8 Generally, it would appear that in the *Hampshire Economic Area* there is a large enough supply of employment land (recognising that a large and increasing proportion of job growth is not accommodated on formally-allocated employment land (B1-B8 use classes)) to meet both existing and projected demand. This finding is further supported by the declining levels of floorspace completions in the *Hampshire Economic Area* as a result of the recession. The recession has also negatively affected the amount of floorspace under construction and new starts which means that the economic downturn is likely to continue to have a significant impact on employment floorspace over the next couple of years.

3.9 However, regardless of the amount of floorspace, what is much less clear is whether the scale, quality and viability of the existing and allocated sites makes them attractive enough to draw in new businesses and retain, and foster the growth of, existing ones.

3.10 The ability to access – quickly and efficiently – key economic markets is fundamental to a strong economy and within the *Hampshire Economic Area* this is generally possible through its road and rail transportation networks. The presence of two international sea ports (Southampton and Portsmouth), and two airports (Southampton and Farnborough) are key assets in allowing world business and trade markets to be reached. In addition the majority of

the *Hampshire Economic Area* is within commuting distance of Heathrow Airport (1.5 hours from Southampton by road, 2 ¼ hours by rail[23]), a major world transportation hub.

3.11 However, the transport infrastructure – particularly roads – is under pressure with a number of congested routes identified by the Local Transport Plan within the *Districts in South Hampshire*, notably the M27 between Southampton and Portsmouth, and in *North Hampshire*, on the stretch of the M3 between Farnborough and the M25. In addition there are also a number of "congestion hotspots" in and around Basingstoke, Portsmouth, Gosport and Hythe. With much of the congestion associated with the daily commute to work, and the predominance of the car as the primary mode of transport, the pressure on the transport infrastructure is likely to increase as the economic prosperity of the area grows.

3.12 Employment land and transport hubs and routes are however not the only infrastructure that contributes to or constrains sustainable economic growth: utility capacity, energy supply, and flood risk are all important. These forms of infrastructure also have a direct effect on growth: if they are not sufficient, then development will struggle to be delivered. It is therefore important to understand their capacity, future improvements required, and the likely cost of such improvements. Looking briefly at each of these in turn suggests the following:

- the **gas and electricity network** within the *Hampshire Economic Area* will need increased capacity to deal with increased demand
- there is a major capacity requirement for **water supply and wastewater** capacity to meet the demands of growth
- **flood risk** from rising sea levels is a direct risk to areas of significant economic potential.

3.13 Mitigating and managing these risks will require significant investment in a number of major schemes – some of which are planned. These schemes are expensive but without them, there is a real danger that economic growth within the *Hampshire Economic Area* will be constrained.

Proposition four – ensuring the provision and quality of housing to attract higher skilled and better paid workers

3.14 Through the data available for this LEA it is not possible to comment on the quality of the housing available the extent to which it will retain and attract higher skilled and better paid workers. Therefore the response to this proposition is limited solely to a discussion of the provision of housing.

3.15 Between 1998 and 2009, the net housing stock of the *Hampshire Economic Area* increased by over 68,000 dwellings. Within this, all three sub-areas saw substantial growth, but as a proportion of stock, the highest figures were actually recorded in *North Hampshire.* At district level, the greatest *relative* increases in housing stock were seen in Basingstoke and Deane, Gosport, Winchester, and Hart; while the largest *absolute* increases were in Southampton, Portsmouth and Basingstoke and Deane.

[23] Transportdirect.info

3.16 In terms of the current stock of 'large' dwellings, half are in the *Districts in South Hampshire* and a third are in *North Hampshire*. At the district level, Southampton, Rushmoor and Basingstoke and Deane account for the largest proportions of the current net large dwelling stock. Looking at the estimated future completions (between 2009 and 2015) of large dwellings, this pattern is expected to be repeated and reinforced at both the sub-area and the district level (with the exception of Rushmoor) with nearly 57,000 new homes provided – a significant increase that will double the stock or large dwellings in the *Hampshire Economic Area*. The key question therefore is whether these new homes will be of a sufficient quality to attract the highest paid and highest skilled workers.