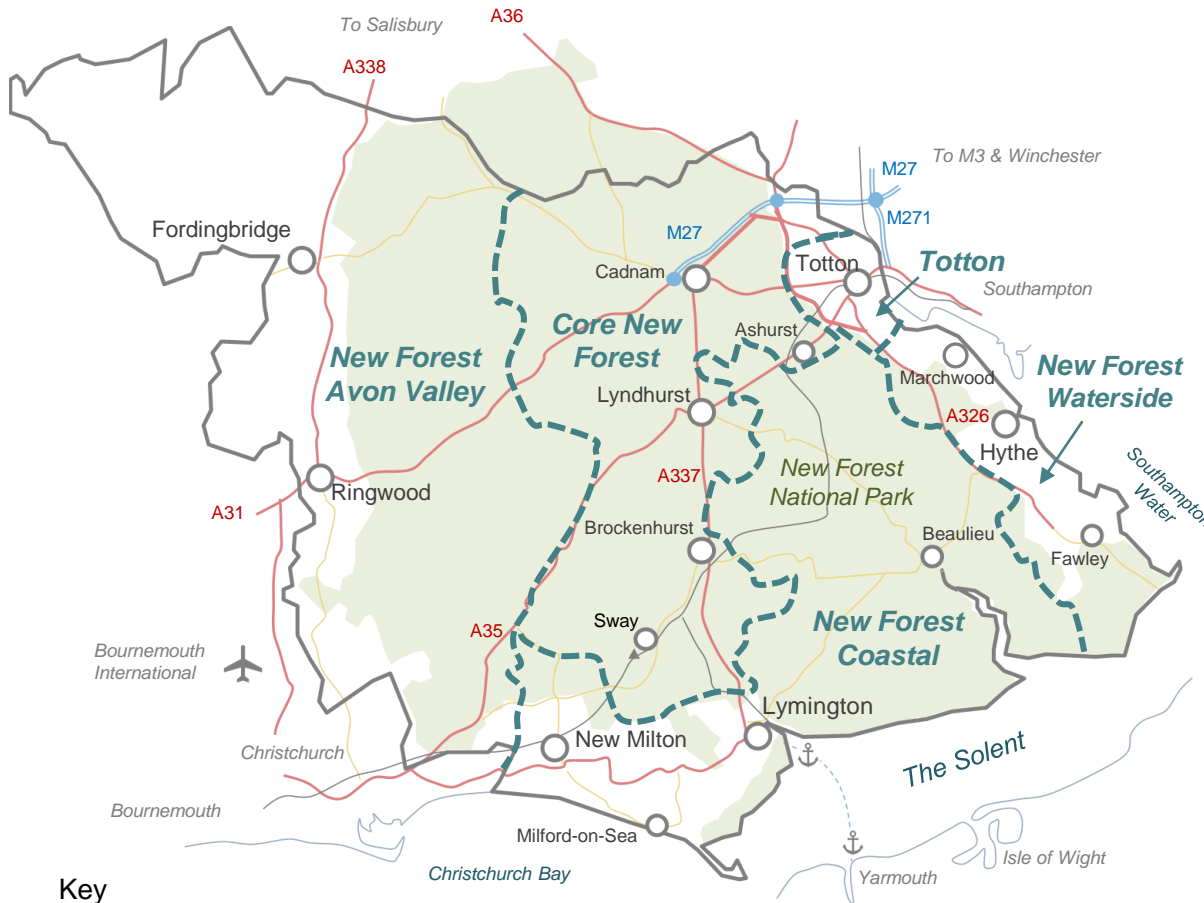




The New Forest Economic Profile 2022



The New Forest and its Economic Sub-Areas



Key			
○	Town	—	Railway
==	Motorway	- -	New Forest sub-area boundary
—	A-road	New Forest Avon Valley	New Forest Economic sub-area
—	B-road		New Forest National Park

- The New Forest District Council area covers over 750km² of south-west Hampshire and is the largest of the 11 local authority districts in Hampshire by area and also by size of population. There is no single major settlement but rather a number of market towns, villages and hamlets. The landscape is dominated by forest and heathland in the New Forest National Park and by more populated coastal areas along Southampton Water, The Solent and Christchurch Bay.
- From an economic perspective the district can be broadly defined by five sub-areas: Core New Forest; New Forest Avon Valley; New Forest Coastal; New Forest Waterside; and Totton.
- The Core New Forest lies almost entirely within the New Forest National Park boundary and includes the villages of Ashurst, Brockenhurst and Lyndhurst.
- New Forest Avon Valley follows the Avon River from the Wiltshire border in the north and south towards Christchurch. Fordingbridge and Ringwood are the primary population and economic centres with significant commuter flows with neighbouring Bournemouth, Christchurch & Poole, and east Dorset.
- The New Forest Coastal sub-area stretches from Beaulieu in the east to Barton-on-Sea in the west and includes the two market towns of Lymington and New Milton and numerous smaller villages.
- New Forest Waterside runs from Marchwood in the north to Fawley in the south and is the most industrialised sub-area with manufacturing and marine activities in Hythe and oil refining and petrochemicals at Fawley.
- Totton is the smallest of the sub-areas by geographic coverage and coterminous with the town and therefore mostly urbanised. The sub-area's close proximity to Southampton sees significant out-commuting to the city

Economy & Business

- **The New Forest is the fourth largest economy in the Hampshire County Council Area.** In 2020 the New Forest economy generated some £4.4bn (GVA). Including VAT and other indirect taxes on products (minus subsidies) this rises to nominal GDP of £5.1 billion to the economy. Thus, in terms of VAT and other indirect taxes on products, the New Forest contributes more to the exchequer than the Hampshire average, although this is in part explained by the presence of Fawley Oil Refinery.
- **According to experimental official estimates from ONS for 2019, the largest sub-area economy is New Forest Waterside,** contributing £1.24bn annually to the New Forest economy or 27% of its total output (Gross Value Added, GVA). The New Forest Coastal contributes some £1.02bn (22%), the New Forest Avon Valley £0.86bn (19%), Totton £0.78bn (17%), while the smallest sub-area economy, Core New Forest, contributes around £0.69bn (15%).
- **The New Forest still lags behind Hampshire on the output per head measure of economic prosperity but is as prosperous as Hampshire on the alternative measure based on average disposable household income per head.** Output (GVA) per head in the New Forest is about 18% below the Hampshire average but comparable to the Solent average. However, this measure of economic prosperity in the New Forest is arguably biased thanks to the large share of an elderly population in the New Forest. The alternative based on household incomes points to similar levels of prosperity as in Hampshire and is around a fifth above the Solent average.
- **The New Forest has a productivity gap with Hampshire average. Based on GVA (output) per hours worked,** productivity will be affected by type of business (capital/knowledge intensive, high value-added and high-paid versus low-value lower paid services), by type of jobs (employed or self-employed, full-time versus part-time), and individuals (skills/qualification levels). The New Forest has a smaller high valued-added sector base and a relatively higher share of workers in lower value occupations, such as local consumer-facing service industries that would lower overall productivity and make it harder for local higher productivity businesses to access local high-skilled workers, or to attract new high-tech businesses to the New Forest. Furthermore, demographics implies the New Forest will have to rely more on productivity growth than other districts in Hampshire.
- **Doing more with less working age people (productivity)** will be key to sustained economic growth over the medium and long term in the New Forest.
- **Local services account for around three fifths (59%, £2.6bn) of economic output (GVA),** a similar share to other benchmark economies. Real estate activities contributes one third of all local services output, but less economically significant, insofar as it is mostly comprised of imputed rents.
- **Primary & secondary industries contribute approximately one third (31%, £1.36bn) of economic output,** larger in relative terms than both Hampshire or UK economies. Manufacturing is the largest component with a concentration in New Forest above the national average. The construction sector is also significant across the New Forest.
- **Higher value-added traded services (HVATS) are under-represented in the New Forest, contributing just 10% of economic output (£0.44bn),** less than half the contributions by HVATS sectors to Hampshire (22%) and UK (23%). Although the professional, scientific & technical subsector share is similar to Hampshire and the UK, information & communication (ICT) and finance & insurance contributions are smaller in the New Forest. **There are significant spatial differences in sectoral concentrations in the five economic sub-areas within the New Forest.**
- **Economic growth was on average subdued in the period leading up to the pandemic (2015-2019),** and growth in real output has on average lagged both Hampshire and the UK. The New Forest experienced an above average impact of the pandemic with economic output (GVA) and overall economy (GDP) down 11% and 12% respectively in 2020.
- **Timelier national data saw the economy rebounding in 2021, with estimated Hampshire growth above the national average and the New Forest possibly even faster thanks to recovery of consumer-facing services sectors.** However, the UK economy is showing signs of stalling in 2022 amidst geopolitical tensions and with rising inflation and low growth (stagflation) there is an increasing likelihood of recession in late 2022 and throughout 2023. Forecast growth is therefore subdued in the short-term.

- **Most broad sectors in the New Forest saw real growth in economic output (GVA) between 2015-2019 (pre-pandemic)**, driven by business & admin support (local services) but also with solid growth in arts, entertainment & recreation, and in accommodation & food. HVATS sector growth was led by professional, scientific & technical, and in ICT, while manufacturing drove growth in primary & secondary industries.
- **The impact of pandemic on the New Forest saw an unprecedented contraction in output across almost all broad sectors in 2020**; the exception being public admin & defence and to a lesser extent in retail.
- **Those sectors more reliant on social contact, including hospitality and leisure, were impacted most by national lockdowns.** As such, the New Forest saw accommodation & food output down 43%, while arts were down by one third. In contrast, essential public services and sectors that could adapt to home working and access IT and broadband were less impacted and generally fared better.
- **The two smaller sub-area economies punched above their weight. Core New Forest and Totton each saw growth above the New Forest sub-area average between 2015-2019.** This can be explained by most industry sectors experiencing varying degrees of growth in output over the pre-pandemic period.
- Perhaps of more concern was **small pre-pandemic negative growth in the two largest sub-area economies – New Forest Waterside and New Forest Coastal.** This is explained by economic output being negative or unchanged across most of its large industrial sectors over the pre-pandemic period. There is no 2020 data for sub-areas but based on the New Forest output the impact would have been higher in those subareas with greater concentrations in customer-facing services sectors such as hospitality & leisure. Sectoral concentrations of employment and growth divergence in the same sectors are factors that help explain the divergence in pre-pandemic economic growth rates.
- **Core New Forest has concentrations in local services, notably accommodation & food but pre-pandemic growth driven by arts & entertainment** (both sectors significantly impacted by pandemic), while contraction in education held back faster growth in economic output.
- **New Forest Avon Valley has a strong industrial base with most primary & secondary industrial sectors showing robust growth and offsetting poorer performance (contractions) in local services.** There are also concentrations in knowledge intensive sectors but growth was only in evident professional services, while overall growth was held back by local services contractions.
- **Retail drove output growth in New Forest Coastal** but overall, growth was held back by contractions in public sector and other local services (arts & entertainment).
- **A contraction in retail and wholesale held back overall growth in New Forest Waterside** but there was pre-pandemic growth in construction, business admin, and professional services.
- **Local services drove growth in Totton**, notably in wholesale, transport & storage, and arts & entertainment but contractions in knowledge intensive HVATS sectors.
- **The New Forest has relatively high business concentrations, but low start-up rates and sluggish business growth.** With a smaller working age population the New Forest has more businesses per head than both Hampshire and the UK, and while its short-term survival rates (1, 3 and 5-years) are higher than the national average, start-up rates are relatively low and business growth generally lags both Hampshire and the UK. Lower start up rates will be influenced by location (rural areas are generally less dynamic than cities) and industrial mix (certain sectors have higher start-up rates than others).
- **The New Forest has over representation in primary & secondary industries (manufacturing) but under-representation with HVATS businesses**, notably ICT. There are significant sub-area variations with Totton especially low for HVATS businesses.
- **Overall, the New Forest had 35 more businesses in 2021 than 2017 but gains made between 2017-2019 were largely lost between 2019-2021.** Businesses were supported through various Covid-19 grants during the pandemic to help mitigate against significant business closures.

- **However, spikes in cost prices (notably energy) in 2022 represents an existential threat to businesses** and entrepreneurship in 2022. Hospitality & leisure businesses, a key New Forest sector, are particularly vulnerable to the dangers of soaring costs and falling discretionary spending.
- **Rising inflation is adding pressure to public services** and according to the Institute for Fiscal Studies, higher inflation could lead to a significant reduction in planned growth in public sector funding to 2025.

Population & Labour Market

- **The New Forest has a stable but an increasingly aging population at the expense of a shrinking working age population that is projected to contract.** This will affect demand and investment over the medium term and beyond. Furthermore, differences in population between the latest Census and estimates may have implications for policy and local government funding formulas.
 - **Overall, labour market participation in the New Forest is similar to the Hampshire average.** Employment and unemployment in the New Forest are similar to the Hampshire average and they compare favourably with the national average, although some ground has been lost due to the **greater relative impact of pandemic on the New Forest's labour market.**
 - **Employment rates remain below, and unemployment above,** on both survey and claimant count measures **compared to pre-pandemic levels.** To mitigate against higher unemployment **unprecedented government job support schemes** provided financial assistance in the summer 2020 to **half of those in employment in the New Forest.**
 - **The pandemic saw workplace employment numbers in the New Forest fall by 4,000 in 2020.** The structure of the economy and jobs (especially customer-facing services) meant the impact of pandemic on the New Forest was greater than for Hampshire or Great Britain.
- **However, timelier 2022 payrolled data for resident employment suggests a near return to pre-pandemic employee levels.** However, self-employment in the New Forest has been recovering at a quicker rate than benchmarks. Demand for labour also saw a sharp uptick from March 2021 onwards as the economy largely reopened with released pent up demand for jobs, especially in transport and hospitality characterised by shortages.
 - **Local services represent two thirds of employment in the New Forest and accordingly account for most of the fall in employment during 2020** – notably in accommodation & food (although food largely held up but tighter restrictions saw hotels mostly closed during 2020), business support (many offices were shut); and wholesale (possibly fewer retail clients and supply chain issues).
 - **Manufacturing growth in the pre-pandemic period was offset by job losses during the pandemic, due to lockdowns, staff absences and possibly down to interrupted supply chains, or mothballing of inventories.** Professional services (HVATS sub-sector) saw strong pre-pandemic growth but resilient during the pandemic with no losses, largely as technology allowed those with access to IT to work from home or adopt hybrid working patterns.
 - **Knowledge Intensive (KI) remains underrepresented in the New Forest despite recent gains in employment.** Around one in 10 employees in the area are 'KI employees' and on this measure the New Forest is underrepresented in the area relative to both Hampshire and the UK average.
 - **However, there are employment concentrations in marine, land-based, hospitality & leisure, advanced manufacturing, and care sector** in the area. There are significant spatial variations in employment between the five economic sub-areas with New Forest Avon Valley the only sub-area with a KI employee concentration.

- **Climate change and commitments to net-zero by 2050 has focused the spotlight on green jobs.** Targeted green jobs in areas such as low carbon heat generation or alternative fuels could see the New Forest have the largest share of green jobs across Hampshire districts based on independent projections to 2030 and 2050. Likewise, the New Forest's concentration in manufacturing and construction will see those sectors become increasingly more in demand to help achieve the transition to net zero.
- **The New Forest remains one of the least deprived districts in the country but its economic inactivity is above the Hampshire average,** and the impact of pandemic was greater for the New Forest than either Hampshire or UK. Furthermore, a shrinking workforce and greater dependency on household spending presents a challenge for recovery and growth.
- **The Pandemic saw a sharp increase in New Forest residents on main out-of-work benefits and those on in-work Universal Credit,** and has yet to see any significant reversal. If economic conditions deteriorate as expected then the New Forest may see further increases in economic disadvantages as the cost-of-living impacts more on lower income households.

Skills & Occupations

- **The gap with Hampshire and UK in advanced skills has narrowed over the medium term but the latest data is less encouraging.** Gains made pre-pandemic slipped back in 2020, possibly as a combination of Brexit and Covid. Nonetheless, the New Forest has a comparatively smaller high-skilled workforce.
- **Almost twice as many people in the New Forest work in low-skilled occupations compared to Hampshire average.** However, the number of low skilled workers in 2021 is lower than in 2016.
- **The New Forest outperforms Hampshire and UK for the provision of on job-the-training.**

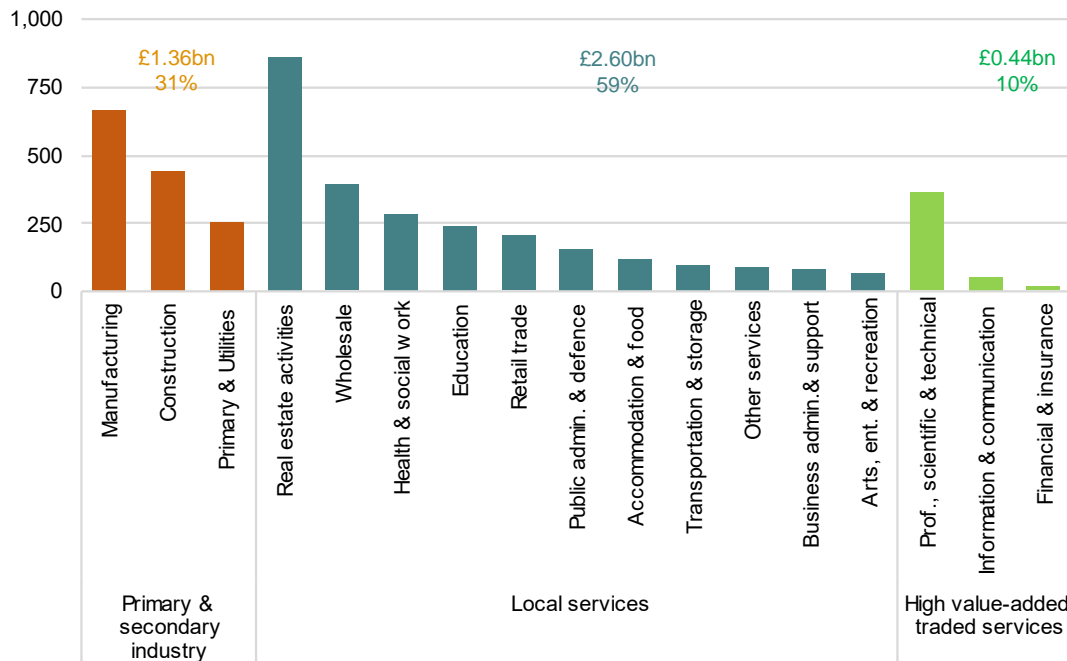
Executive Summary	i
1. Economy and Business	1
Economy	3
Economic prosperity	13
Economic output over the medium term	15
Business	16
2. Population & Labour Market	35
Population	36
Population Projections	39
Commuting	43
Labour Market	47
Economic disadvantage	74
3. Skills & Occupations	79
Advanced Skills & Occupations	80
Intermediate Skills & Occupations	84
Low Skills & Occupations	89
On the Job Training	93
Appendix – Sector definitions –	



New Forest Economy 2020 (£ billions)

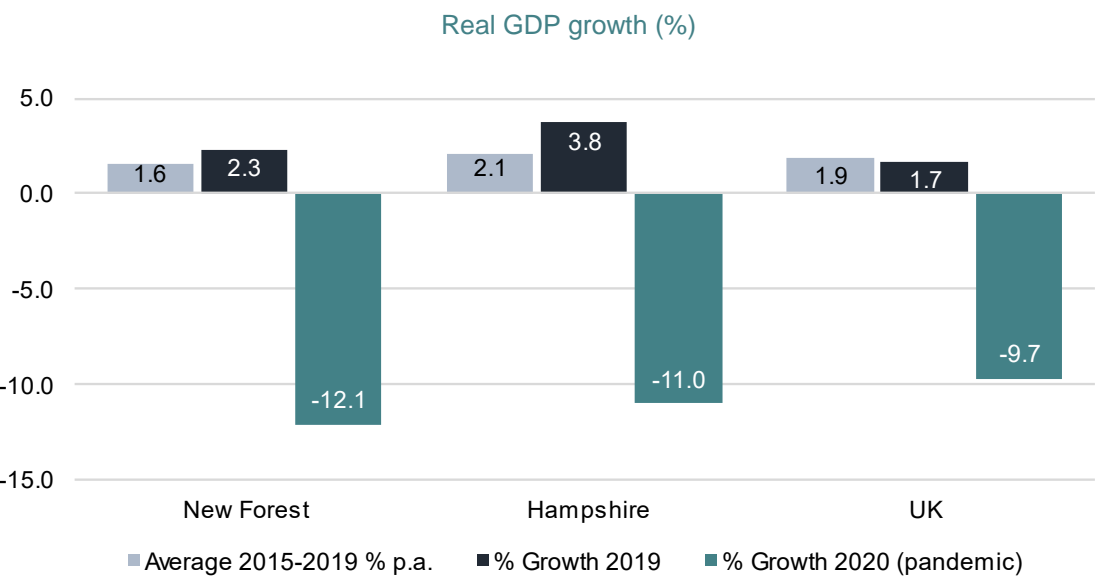
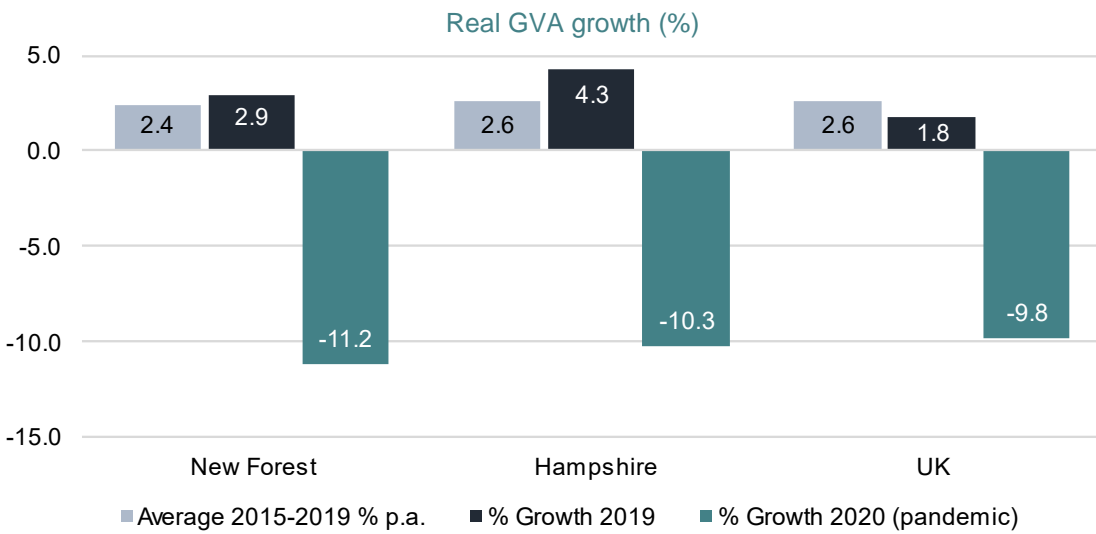


New Forest Economic Output by Broad Industry 2020 (£ millions)



- In 2020, in terms of its economy (GDP) or economic output (GVA), the New Forest has the 4th largest economy in the County area contributing the equivalent of around £1 in every £10 to Hampshire's economy.
- The New Forest's economic output was worth £4.4 billion in nominal terms GVA in 2020. In addition to GVA, by including VAT and other indirect taxes on products (minus subsidies) this rises to nominal GDP of £5.1 billion to the economy. The share of indirect taxes in total GDP in the New Forest is above the average. Thus, in terms of VAT and other indirect taxes on products, the New Forest contributes more to the exchequer than the Hampshire average, and that this is in part explained by the presence of Fawley Oil Refinery.
- Like most services driven economies, sectors broadly described as local services dominate* and account for around three fifths (59%) of New Forest's output but close to UK and Hampshire averages at 58%. Real estate activities had one third of all local services output in the New Forest but not economically significant as mostly from imputed rents.
- The productive primary & secondary industries sector contributed (31%) to New Forest's output and is much higher than UK or Hampshire at 20% – with larger relative contributions to the New Forest from manufacturing and construction compared to UK and Hampshire.
- Offsetting the larger productive sector* are smaller contributions from high-value added traded services (HVATS) in the New Forest (10%), and also much smaller relative to national (23%) and Hampshire (22%) output shares. Whilst contributions to the New Forest economy from professional, scientific & technical is closer to national and Hampshire averages, relative output was much lower for ICT and financial & insurance in the New Forest. However, with the acceleration of digital and modal shifts in hybrid and remote working patterns, both ICT and professional services have the potential to grow and contribute more to New Forest's output.

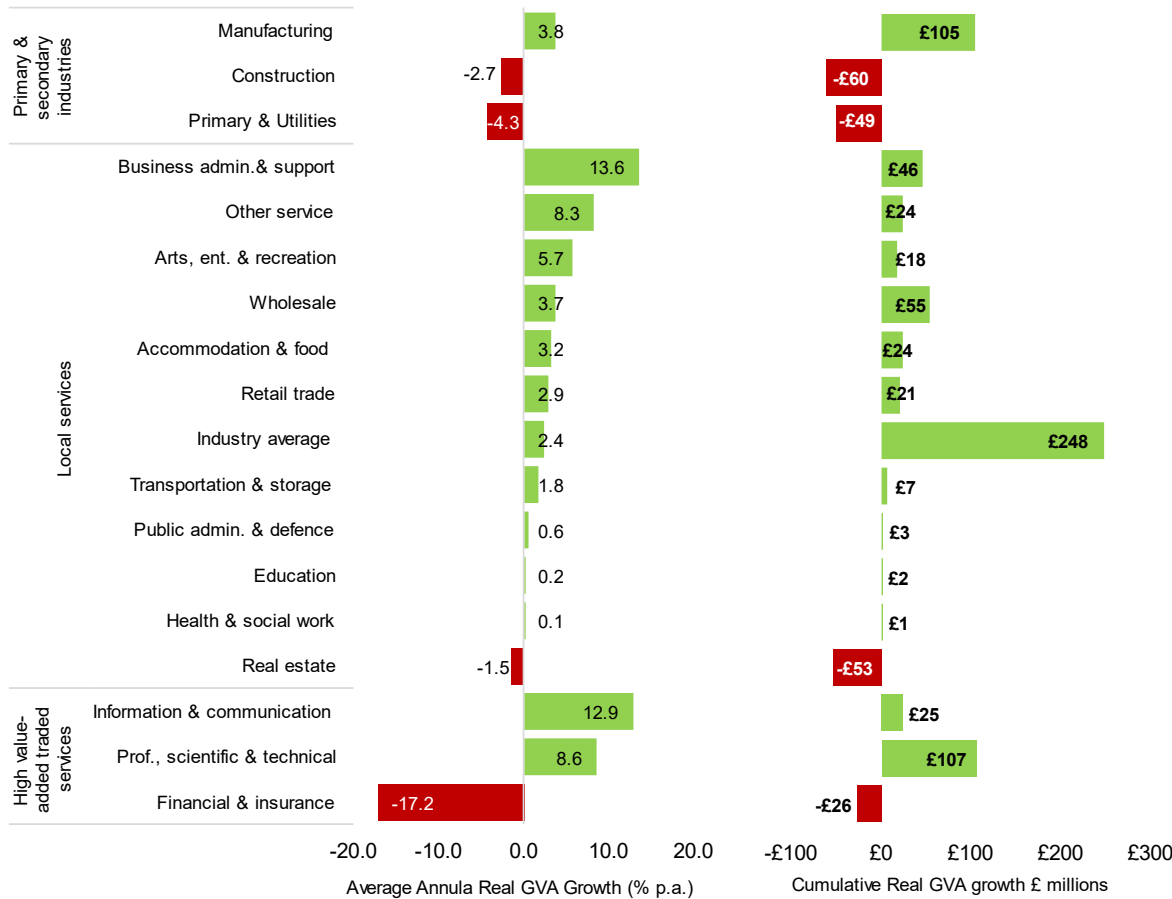
Source: ONS 2022. * See p5 for fuller description of local services and HVATS.



- The New Forest on average saw slower rates of annual output growth in the five year period prior to the pandemic than was the case against national and Hampshire averages on both the real (adjusted for inflation) GVA and GDP measures, although the New Forest outperformed UK growth in 2019. Nonetheless, the impact of the pandemic on the New Forest economy was deeper in 2020 than for the UK and Hampshire.
- Between 2015 and the year prior to pandemic (2019) New Forest’s economic output (real GVA) grew on average by 2.4% per annum, 0.2 percentage points (ppts) slower than both the national and Hampshire averages. Using real GDP the trend is the same for the economy as a whole but growth is slower at 1.6% per annum in the New Forest, and with a wider growth gap with Hampshire (0.5 ppts) than output growth (GVA).
- The year prior to pandemic (2019) saw a small annual uptick in the national economy. Locally, the uptick saw the New Forest with growth of 2.9% (GVA) or 2.3% (GDP). Both were above national growth rates but lagging behind Hampshire averages of 4.3% and 3.8% respectively.
- The impact of the pandemic severely restricted activity for large sections of the economy leading to an unprecedented fall in economic output in 2020.
- The New Forest’s output and the overall economy fell by 11% and 12% respectively in 2020 on both measures and was deeper than Hampshire and national averages. The New Forest’s output decreased by £529 million and the overall economy by around £660 million.
- On the back of strong tailwinds the UK economy rebounded in 2021 with a 7.5% growth rate; the fastest annual growth rate since the second world war. There is no local data for 2021, but estimated growth in Hampshire economy was above the national average, and the New Forest was possibly even faster thanks to the recovery of its consumer-facing and tourism sectors. Increasing headwinds from geopolitical uncertainty in 2022 has since stalled growth, and with rising inflation coupled with low growth has led to fears of stagflation and prolonged recession in late 2022 and 2023.

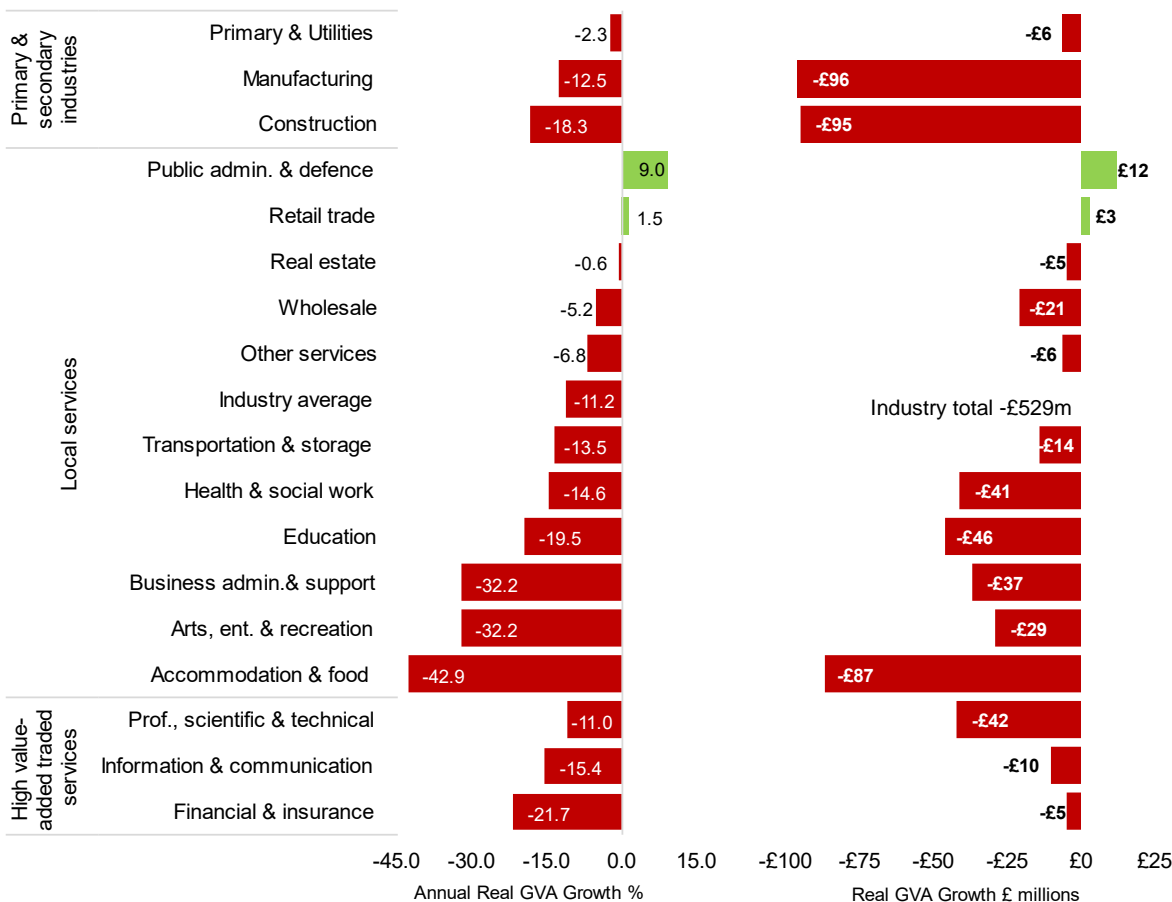
Source: ONS 2022

Broad Sector Real GVA Growth 2015-2019 (pre-pandemic)
Average Annual % and Cumulative Value (£ 2019 prices)



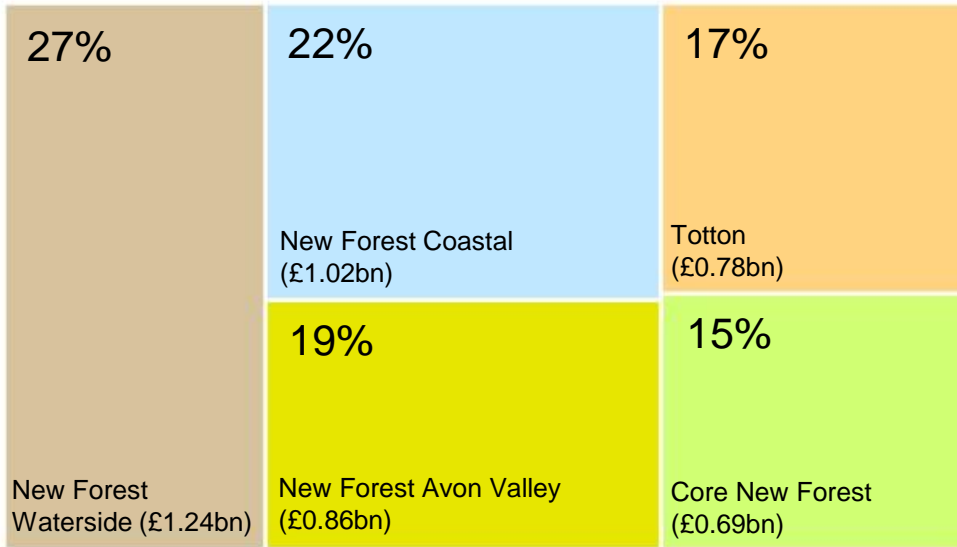
- Most broad industry sectors in the New Forest saw real growth in economic output between 2015-2019.
- Across almost all local services there was growth of varying rates (%). Local services are those activities predominantly focused on servicing local private sector markets (largely consumer facing) but can also include the delivery of public sector services to residents.
- Local services that saw robust growth was evident for business & admin support in both relative and absolute terms, and in absolute terms for wholesale. There was also solid growth in sectors associated with hospitality and leisure (arts, entertainment & recreation, and accommodation & food). The only local services to see a contraction was in real estate (-1.5% per annum).
- High value-add traded services (HVATS) are on average less dependent on local demand and generally deliver higher productivity and exports (services), both crucial drivers for economic growth.
- For HVATS sectors there was robust annual growth and strong cumulative output growth in professional, scientific & technical, and in ICT. However, financial & insurance output contracted, although this sector is a small overall contributor to the New Forest economy, and the £26 million contraction is more than offset by £132 million gains in professional, scientific & technical services, and ICT.
- Output growth in primary & secondary industries were equally mixed, with strong growth in manufacturing contributions contrasting with contractions in primary & utilities (agriculture & energy), and in construction. When combined these two sectors saw a contraction of £109 million, which is marginally more than the output gains made by manufacturing (£105 million).

Broad Sector Real GVA Growth 2020
Average Annual % and Cumulative Value (£ 2019 prices)

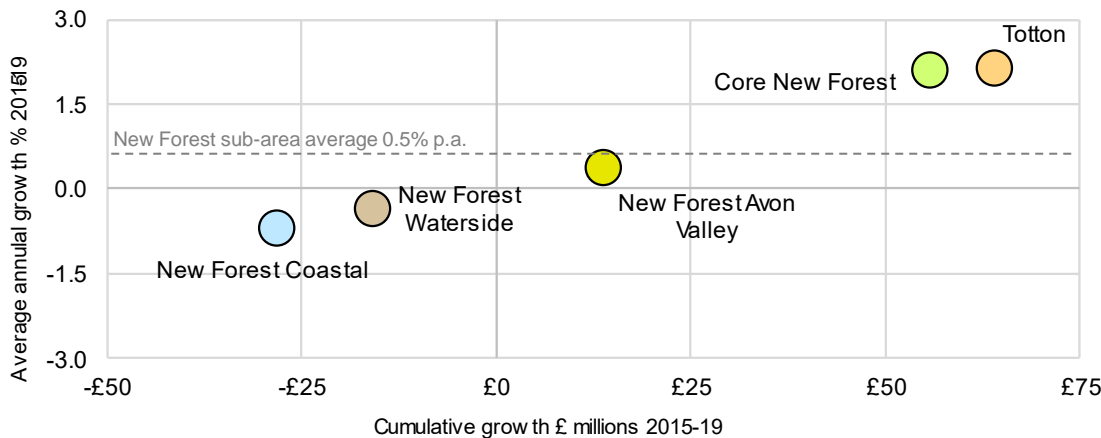


- The New Forest saw a contraction in output across almost all broad industry sectors in 2020 compared to 2019, the exception being public admin & defence and to a lesser extent in retail.
- From lockdown restrictions closing down many businesses and limiting movements in 2020, the impact on the UK economy from the pandemic was severe with growth contracting by the largest amount on record.
- Overall, those sectors more reliant on social contact, including hospitality and leisure, were impacted the most. In contrast, essential public services and sectors that could adapt to home working and/or access IT/online generally fared better.
- Unsurprisingly the largest relative contractions in growth rates in 2020 were in local services, notably those sectors heavily linked to hospitality and leisure that were effectively closed to in-person activity for much of 2020. As such, accommodation & food was down 43% (-£87 million), while arts were down by one third, as was business support (many offices were closed or access restricted). Education was down 20% as school provision largely closed to in-person attendance which is how education output is largely measured. However, as activity shifted to online remote learning the economic impact was probably lower, although the true social effects are probably greater once the long term impact on learning is factored in.
- All three HVATS sectors were impacted, notably professional services in absolute terms (-£42 million). This could be down to businesses delaying projects and reduced earnings from furlough, but equally the sector likely experienced a strong rebound during the 2021 recovery stage.
- The productive primary & secondary industries had the largest absolute contractions in output with manufacturing and construction each both approaching falls of £100m. Both sectors suffered from global supply chain disruptions leading to reduced production and outputs, but in relative (%) terms manufacturing was more resilient than most sectors.

Estimated output and % share of New Forest GVA 2019 (£ billions)



Percentage per annum growth and cumulative growth (£) 2015-2019 (pre-pandemic)

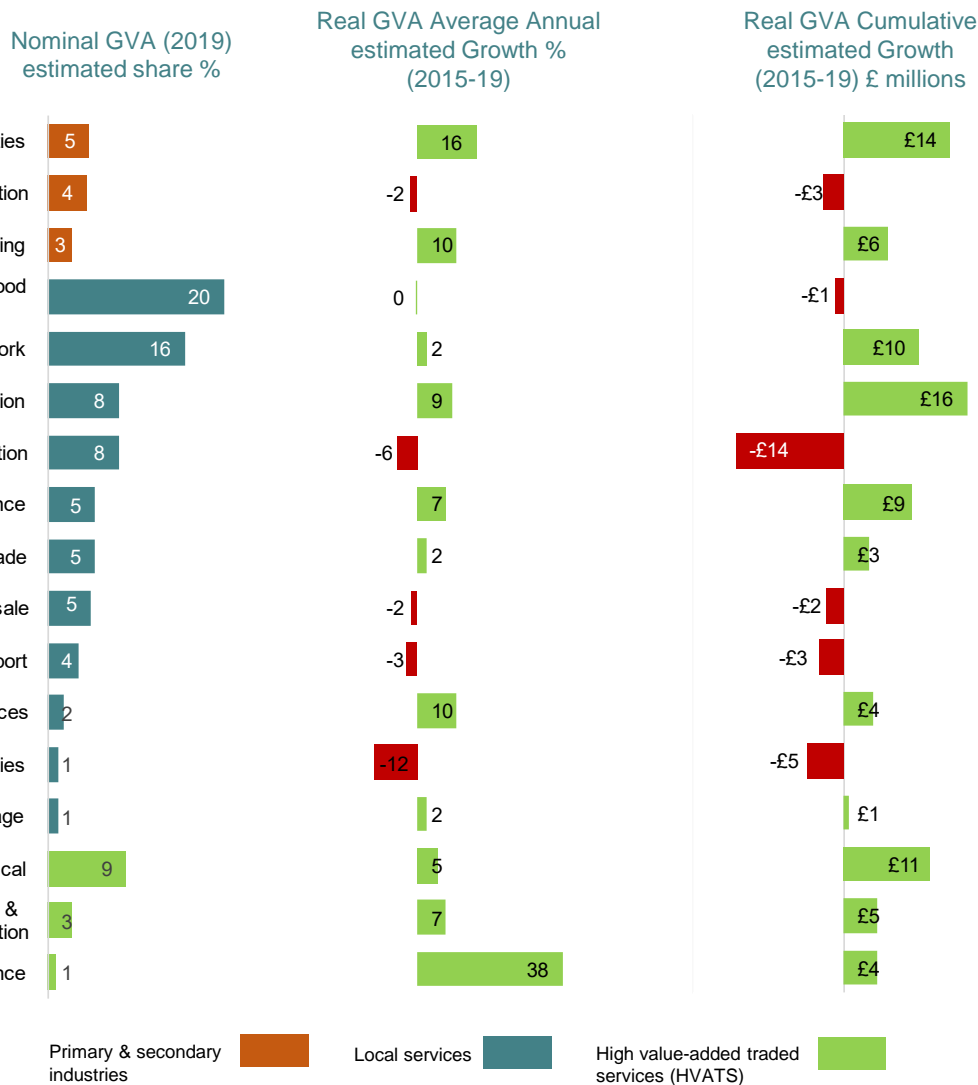


Source: ONS (2021)

- In terms of economic output the New Forest Waterside sub-area is the largest contributor to the New Forest as a whole, followed by New Forest Coastal; both contributing around half of New Forest’s output (GVA) at over one billion pounds each. This is to be expected as both sub-areas are the primary locations for businesses. The other three sub-areas account for the remaining half of economic output in the New Forest.
- Unlike the 2018 New Forest Economic Profile that relied on district apportionment, newer ONS experimental small area GVA to 2019 was available. Published to the middle super output area allows sub-area aggregation, although the data is not directly comparable to official district estimates and currently there is no data for 2020 to measure the impacts of the pandemic; suffice to say all sub-areas would have been impacted in 2020 but Core New Forest was probably impacted the most due to its reliance on consumer facing services, such as hospitality and leisure.
- New Forest Waterside (27%, £1.24bn) contributed just over one quarter of the New Forest’s output in 2019 and close to twice the size of the Core New Forest output (15%, £0.69bn). The New Forest Waterside sub-area has a large manufacturing base relative to other areas.
- However, in terms of economic performance since 2015 it is the two smallest sub-areas by output (Totton, Core New Forest) that experienced the largest cumulative growth rates (%) and cumulative output (£). Perhaps of more concern is smaller pre-pandemic negative growth for the two main sub-areas – New Forest Waterside and New Forest Coastal.
- Totton saw an average annual growth rate of 2.2% per annum (p.a.) and cumulative growth of £64 million, and Core New Forest growth rate of 2.1% p.a. (£55m). New Forest Avon Valley (0.4% p.a., £14m) was close to the sub-area average. New Forest Waterside contracted by -0.3% p.a. (-£16m) and New Forest Coastal by -0.7% p.a. (-£28m).

Economy – robust pre-pandemic growth in knowledge intensive services but no growth in accommodation & food in Core New Forest

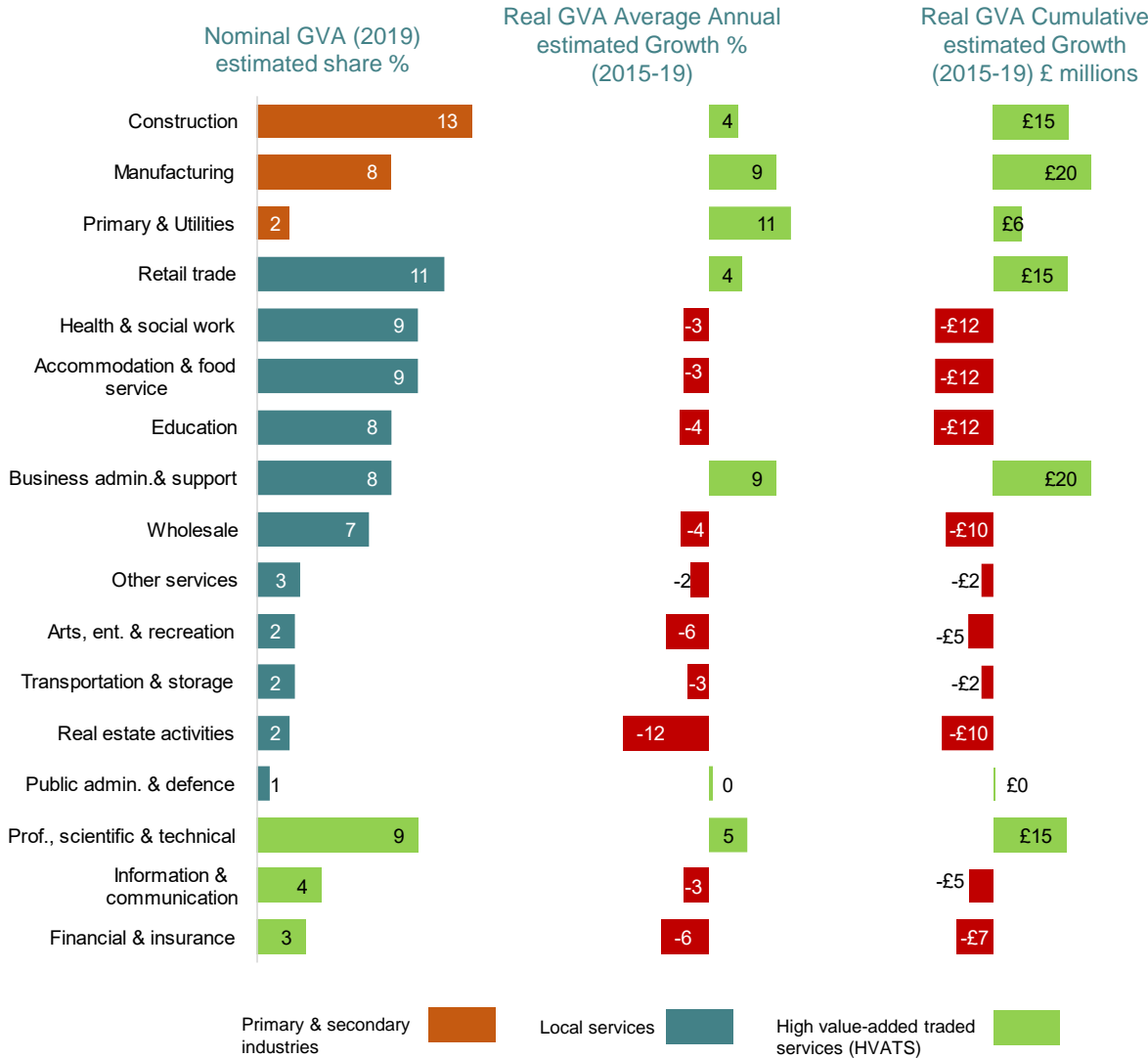
Core New Forest Estimated GVA (2019) and Real GVA Growth (2019 prices)



- Sub-area GVA by sector are local estimates derived from sub-area sectoral employment data and therefore indicative of sector output and growth.
- Sub-area economic output (nominal GVA) for Core New Forest was worth £0.69 billion in 2019. Located at the heart of the New Forest National Park and a recognised tourist hotspot, the largest contributor to output in the Core New Forest sub-area in 2019 was accommodation & food with an estimated 20% share of GVA – representing £1 in every £5 of Core New Forest output. However, the employment based proxy GVA estimate suggests that there was little to no growth in this sector between 2015 and 2019.
- The other broad sector closely linked to hospitality and leisure is arts, entertainment & recreation, and while this a much smaller contributor to overall output compared to accommodation and food, the sector nonetheless saw the second largest estimated average annual growth in economic output (9% p.a.) over the period.
- Other local services such as health & social work performed well, as might be expected given the sub-area’s demographics and ageing population with increasingly multiple and complex health and care needs. In contrast, education contracted by on average 6% per annum, possibly in part to a reduced FE funding nationally (Brockenhurst College is the largest post-16 education provider in the New Forest), and from demographics also weighing down on output.
- All HVATS sectors performed well, notably professional, scientific & technical, as did financial and insurance on per annum growth rates (albeit from a very small base).
- Primary & secondary industries (production) saw robust average annual growth in primary & utilities (16% p.a.), but with reasonable growth in manufacturing. However, the construction sector has struggled with output being down over the period.

Economy – New Forest Avon Valley economy saw strong pre-pandemic growth in manufacturing, business support, and professional services

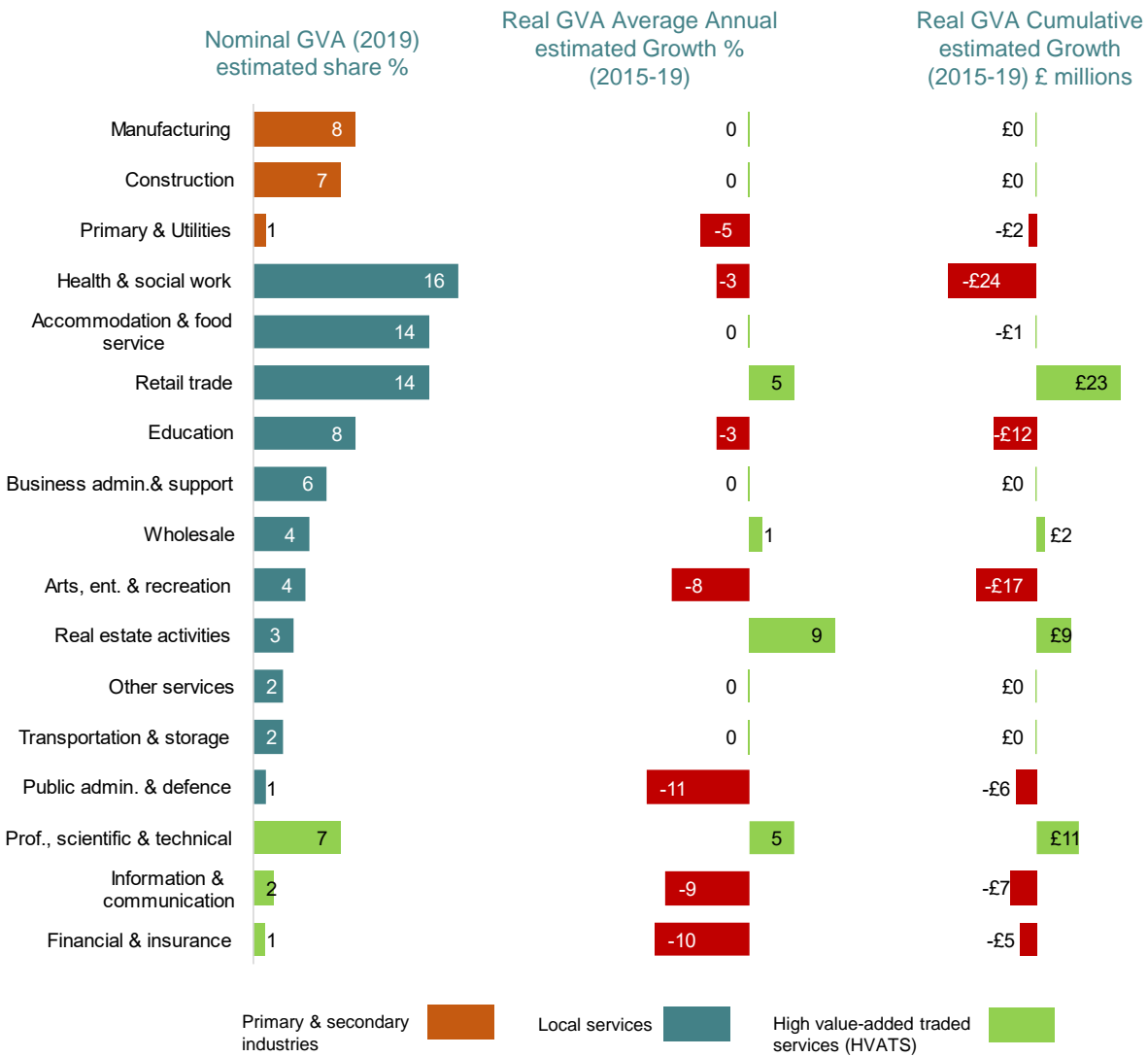
New Forest Avon Valley Estimated Nominal GVA (2019) and Real GVA Growth (2019 prices)



- The New Forest Avon Valley sub-area economic output (GVA) was worth £0.86 billion in 2019.
- The sub-area has a strong presence in construction with larger regional companies such as Knight Brown and numerous smaller operators, and also two market towns.
- As such, the largest contributors to output in the New Forest Avon Valley sub-area in 2019 were construction with estimated share of GVA of 13%, and retail with 11%. When combined they would represent roughly £1 in every £4 of the New Forest Avon Valley’s economic output. Both sectors also saw solid growth between 2015 and 2019.
- Other than retail, other local services that are large contributors to economic output are health & social work, accommodation & food, education and business admin, that combined account for around an estimated one third (34%) of economic output. However, proxy estimates suggests that only business admin has seen growth between 2015-2019 (9% p.a.), while the other three have seen similar negative growth (-3-4% p.a.).
- For HVATS, only the professional, scientific & technical sector saw output growth (5% p.a.) which marginally offsets cumulative negative growth in finance and ICT.
- Productive primary & secondary industries saw robust growth in construction as previously mentioned. Manufacturing also saw solid growth and saw the joint highest growth over the period (9% p.a.). The smaller primary & utilities sector also performed well with healthy average growth rates (11% p.a.), albeit from a small base.

Economy – New Forest Coastal economy saw robust pre-pandemic growth in retail but contraction in health & social work

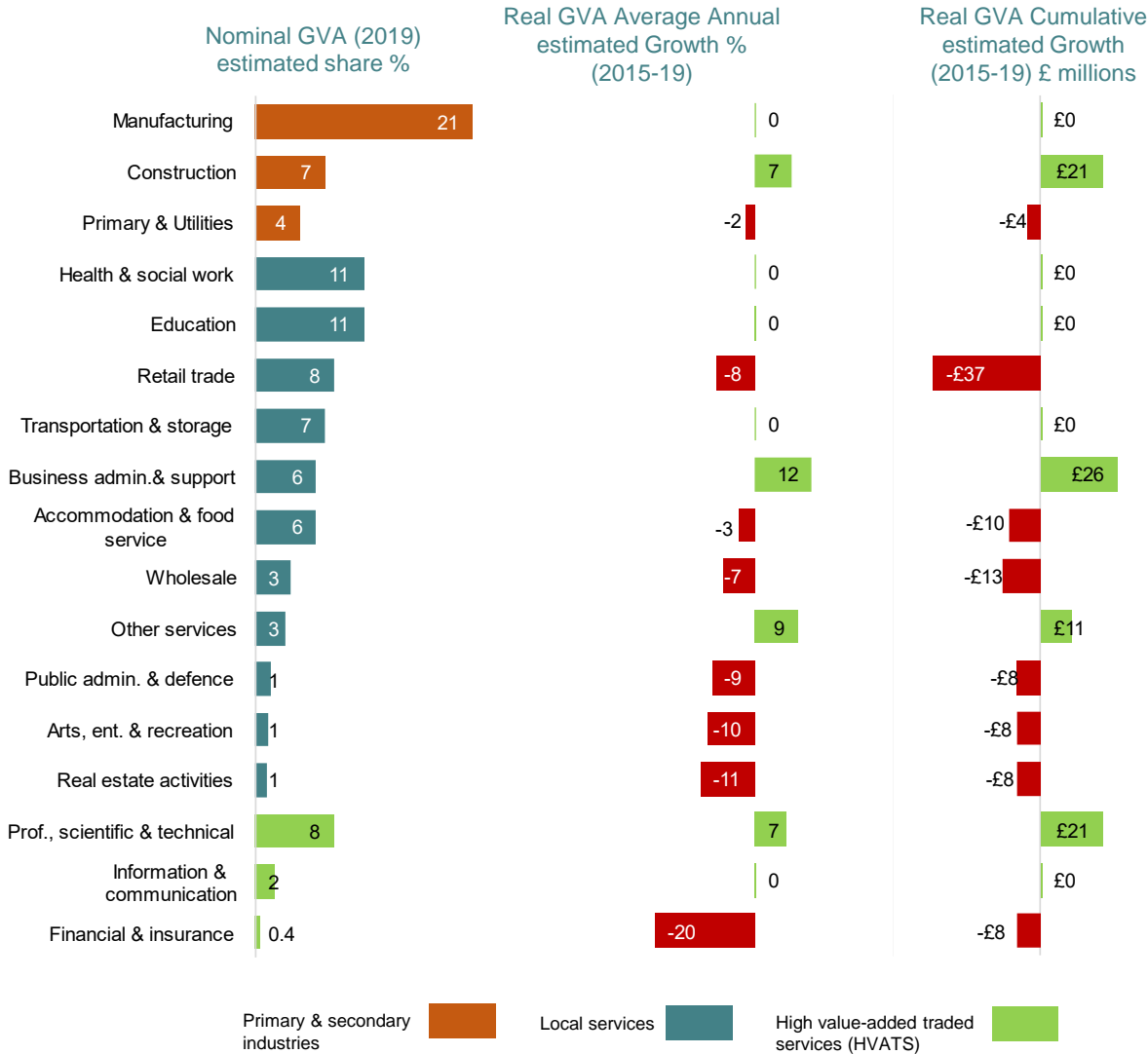
New Forest Coastal Estimated Nominal GVA (2019) and Real GVA Growth (2019 prices)



- The New Forest Coastal sub-area economic output (GVA) was worth £1.02 billion in 2019.
- The New Forest's coastline has long been a highly desirable retirement and leisure destination. As such, it is not surprising that health & social work was the largest contributor to the New Forest Coastal sub-area in 2019 with an estimated share of GVA of 16% followed by accommodation and food, and retail and each accounting for an estimated 14% of output. Combined, the three sectors account for over two fifths of sub-area output.
- Local services dominate the New Forest Coastal economy by representing three quarters of all economic output, and notably by health & social work, accommodation & food, and retail. However, only retail saw growth (5% p.a.), with effectively no change in accommodation & food but a decline in health & social work (-3% p.a.).
- Although the retail sector experienced growth, other consumer-facing services saw little or no growth, while art, entertainment & recreations saw an estimate negative growth rate of 8% p.a. . The only other local services sector to see growth was real estate.
- Professional, scientific & technical was the only HVATS sectors to experience growth between 2015-2019, and while there were small contractions in ICT and finance, output for the two sectors contributed less than 3% of output in 2019.
- Productive primary & secondary industries largely remained unchanged with effectively no growth in manufacturing and construction, and a small decrease in cumulative terms in primary and utilities.

Economy – strong pre-pandemic growth in business support, professional services, and construction in New Forest Waterside economy

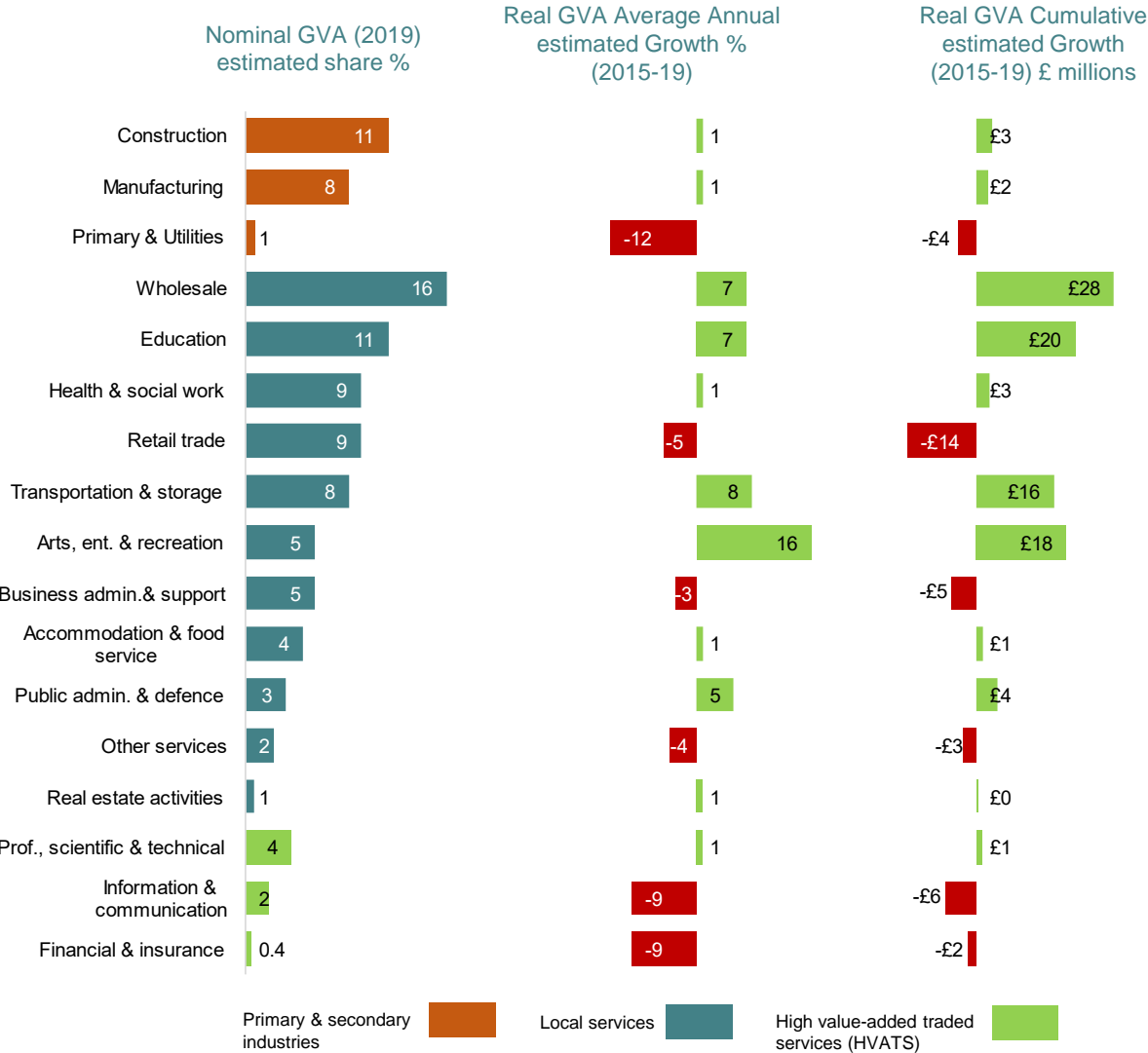
New Forest Waterside Estimated Nominal GVA (2019) and Real GVA Growth (2019 prices)



- The New Forest Waterside sub-area economic output (GVA) was worth £1.24 billion in 2019.
- New Forest Waterside's economic output is dominated by manufacturing with an estimated share of GVA of 21%, nearly two times that of the next largest sector and representing £1 in every £5 of the New Forest Waterside's output. However there has been little to no growth between 2015 and 2019.
- Those local services more associated with public sector delivery such as health and education when combined accounted for just over 20% of economic output, but like manufacturing saw no growth.
- However, business services grew on average by 12% per annum (p.a.), more than any other sector, while other services grew by 9% p.a. on average between 2015-2019.
- Professional, scientific & technical (7% p.a.) was the only HVATS to experience growth between 2015-2019, and while the small financial & insurance sector shrunk further, there was no growth in ICT.
- Primary & secondary industries (production) saw solid growth in construction (7% p.a.) while primary & utilities saw a minor contraction -2% p.a.). In terms of the impact of the pandemic, relatively large share of manufacturing, health, retail, transport and professional implies that the impact of the pandemic on New Forest Waterside was most likely below the New Forest average in 2020.

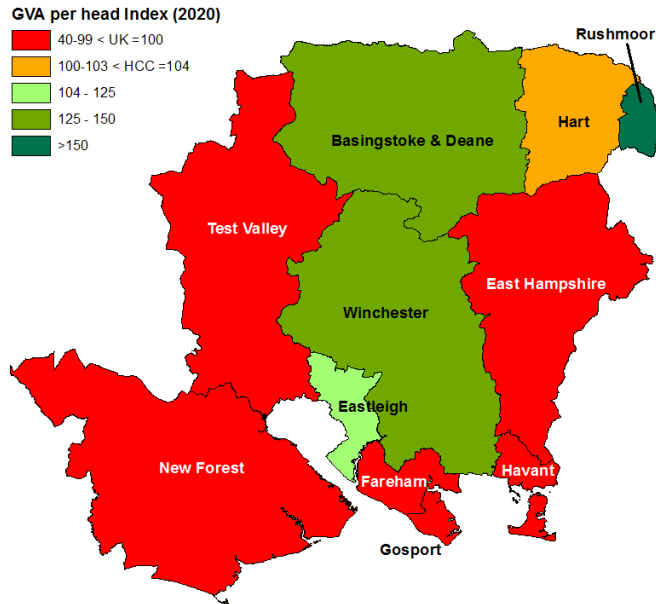
Economy – Totton economy saw pre-pandemic growth in local services, notably Arts & entertainment and wholesale but retail contracted

Totton Estimated Nominal GVA (2019) and Real GVA Growth (2019 prices)

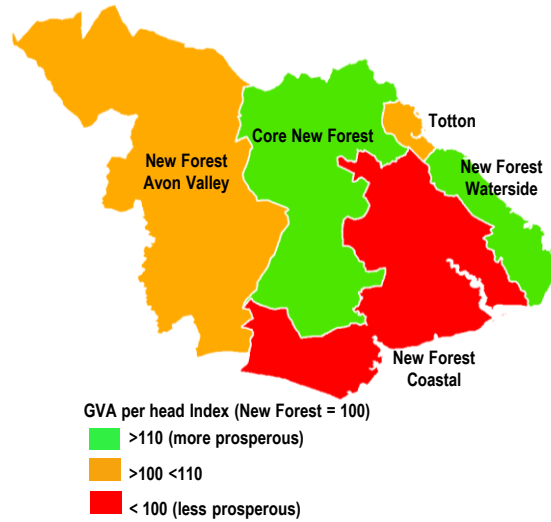


- Totton’s sub-area economic output (GVA) was worth £0.78 billion in 2019. Adjacent to Southampton and close to major road transport networks, the largest contributor to output in the Totton sub-area in 2019 was wholesale with an estimated 16% share GVA – representing £1 in every £6 of Totton output. The sector has seen robust growth between 2015 and 2019.
- Overall, the sectoral breakdown suggests that the Totton sub-area was slightly more resilient to the impact of the pandemic than New Forest average
- Local services dominate the Totton economy by representing three quarters of all economic output, and is dominated by wholesale, health & social work, retail, and transport and storage. With the exception of retail the other three sectors saw growth on average between 2015-2019.
- Transportation and storage experienced strong growth. Logistics as a sector has grown with the expansion of trade and online shopping. Totton’s proximity to Southampton also supports local freight forwarder firms and activities i.e. arrangement of cargo on behalf of shippers.
- Growth was strong locally in arts, entertainment & recreation (16% p.a.), although this sector was impacted during 2020 and like the New Forest as a whole, is likely to have seen a sharp contraction, although some recovery might be expected in 2021-2022.
- Professional, scientific & technical saw little change between 2015-2019, and while there were small contractions in ICT and finance, output for the two sectors only contributed around 1% of total output in 2019.
- Productive primary & secondary industries saw small growth in construction and manufacturing but a decrease in primary and utilities offset any growth in the two other HVATS sectors.

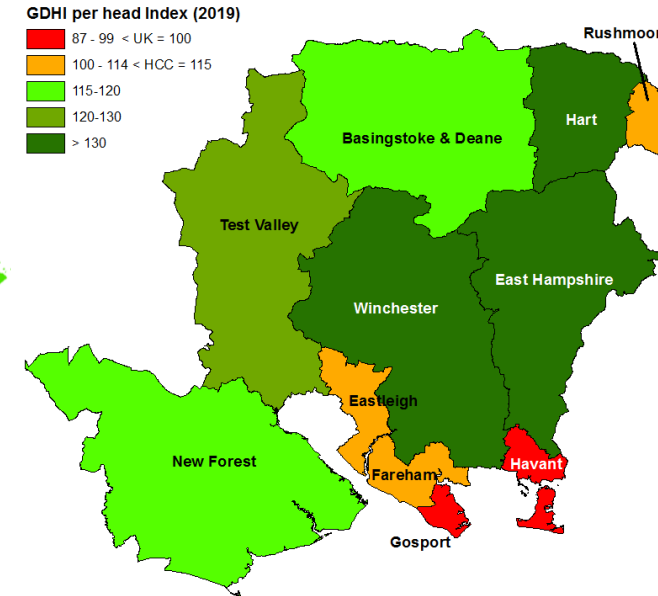
GVA per head relative to UK average (2020)



Sub-area GVA per head relative to New Forest average (2019)



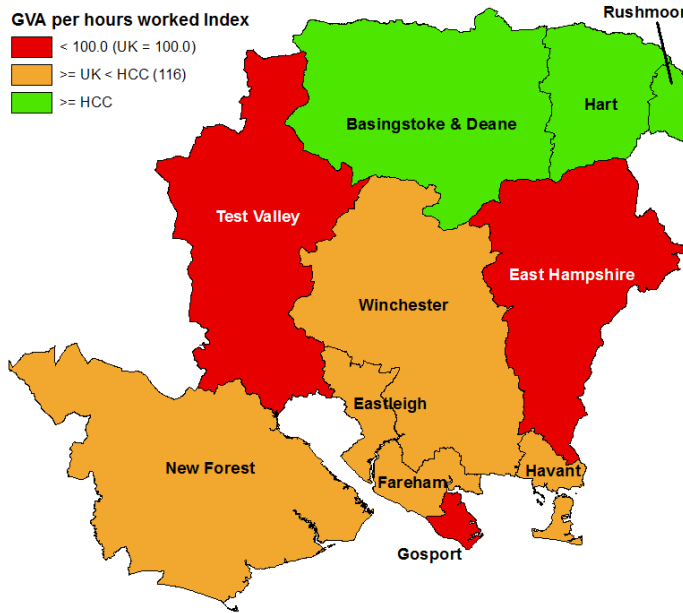
GDHI per head relative to UK average (2019)



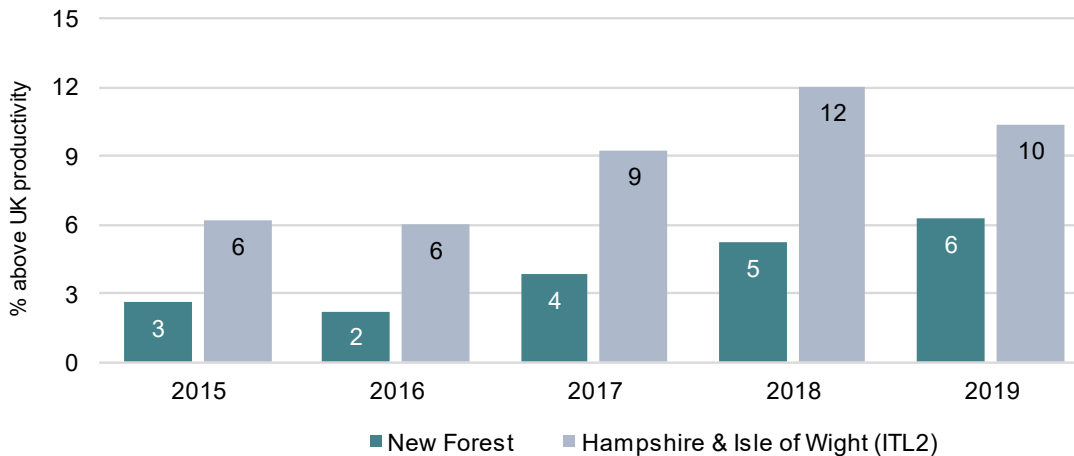
Source: ONS (2021-2022)

- Economic prosperity can be measured in a number of ways but GVA per head is the most widely used measure of economic prosperity at sub-national level in the UK. The exclusion of commuter income, differences in labour market participation and differences in economic activity at local level suggests that its use at sub-area level is somewhat misleading (see GDHI).
- With GVA per head of around £24,600 in 2020 the New Forest was about 15% less economically prosperous than the UK average, and about 18% less prosperous than the Hampshire average, but comparable to the Solent average. This is partly explained by GVA per head estimates in the New Forest heavily skewed by the large share of its economically inactive (older population), but also from lower productivity.
- Local estimates of GVA per head need to be treated with a high degree of caution.
- Nonetheless, indicative estimates at the sub-area level suggest that GVA per head in Core New Forest is about two fifths higher than the New Forest average, partly down to a much smaller population.
- New Forest Waterside is about one fifth above the New Forest average.
- New Forest Avon Valley and Totton are about 3% more prosperous than the average, while New Forest Coastal is close to one third below – in part due to a much larger population relative to GVA.
- The alternative measure of economic prosperity is Gross Disposable Household Income (GDHI) per head, which allocates income to the place of residence and includes other income. This suggests that with GDHI per head of around £24,800 (2019) the New Forest was around 16% more prosperous than the UK average and similar to the Hampshire average and about a fifth more prosperous than the Solent average.
- GDHI estimates at this level are not available at sub-area level but it is likely that the real levels of economic prosperity in most sub-areas are much higher than indicated by proxy GVA per head estimates.

Nominal GVA (2019) per Hours Worked Index



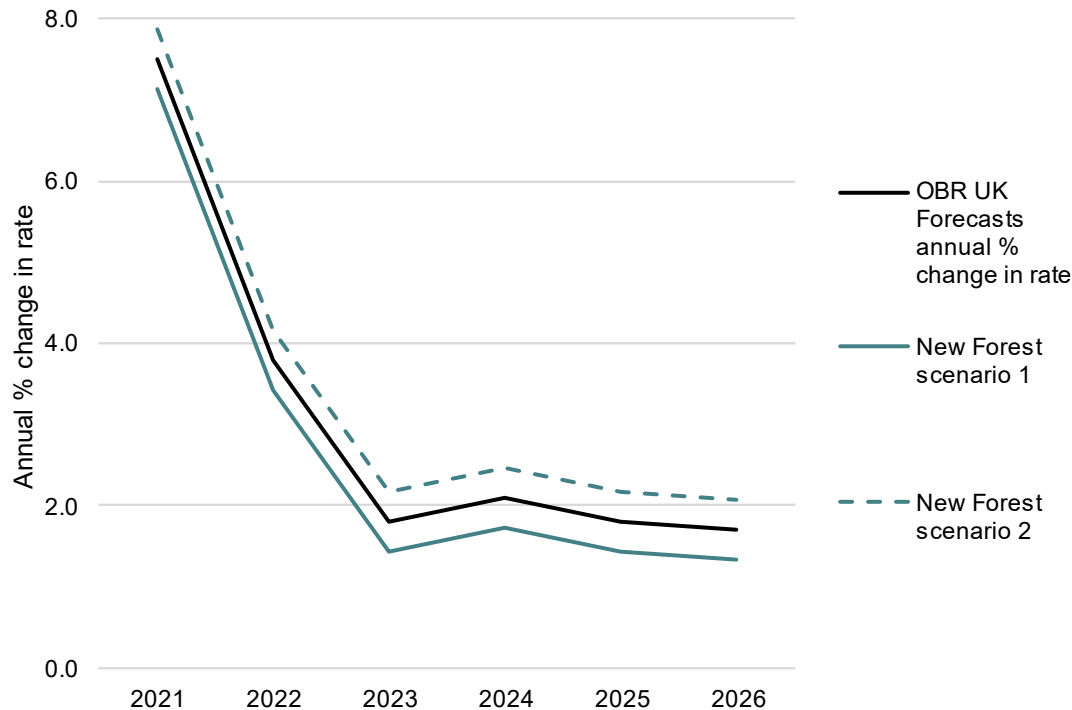
Percentage above UK productivity (GVA per Hour Worked)



- Over the long-run productivity is the main driver of competitiveness and economic growth. Productivity growth is driven by investment, innovation, skills, enterprise, and competition. Innovation and technological progress is often seen as the single most important factor for long-run growth. Weak productivity growth erodes economic competitiveness against neighbouring economies that have stronger productivity growth.
- In 2019 and on the preferred measure of labour productivity (GVA per hours worked), the New Forest (£37.4) has productivity levels above the UK (£35.2) but lower than the Hampshire & Isle of Wight* average (£39.0).
- Nominal productivity (per hours worked) in the New Forest has been higher relative to the UK between 2015-2019 but with the gap getting wider since 2017 (4%) and up to 6% higher in 2019. However, the New Forest has a productivity gap with the Hampshire average. After widening to 7 points in 2018 the gap with Hampshire & Isle of Wight has narrowed again to 4 points.
- Nationally, productivity growth has been consistently slower since the 2008 economic downturn. Quarter productivity (per hour worked) was volatile during pandemic but by Q4 2021 labour productivity measures had returned to pre-coronavirus pandemic levels. However, the New Forest's demographics implies that the district will have to rely more on productivity growth than other districts in Hampshire. As such, doing more with less working age people (productivity) will be key to sustained economic growth over the medium and long term in the New Forest.

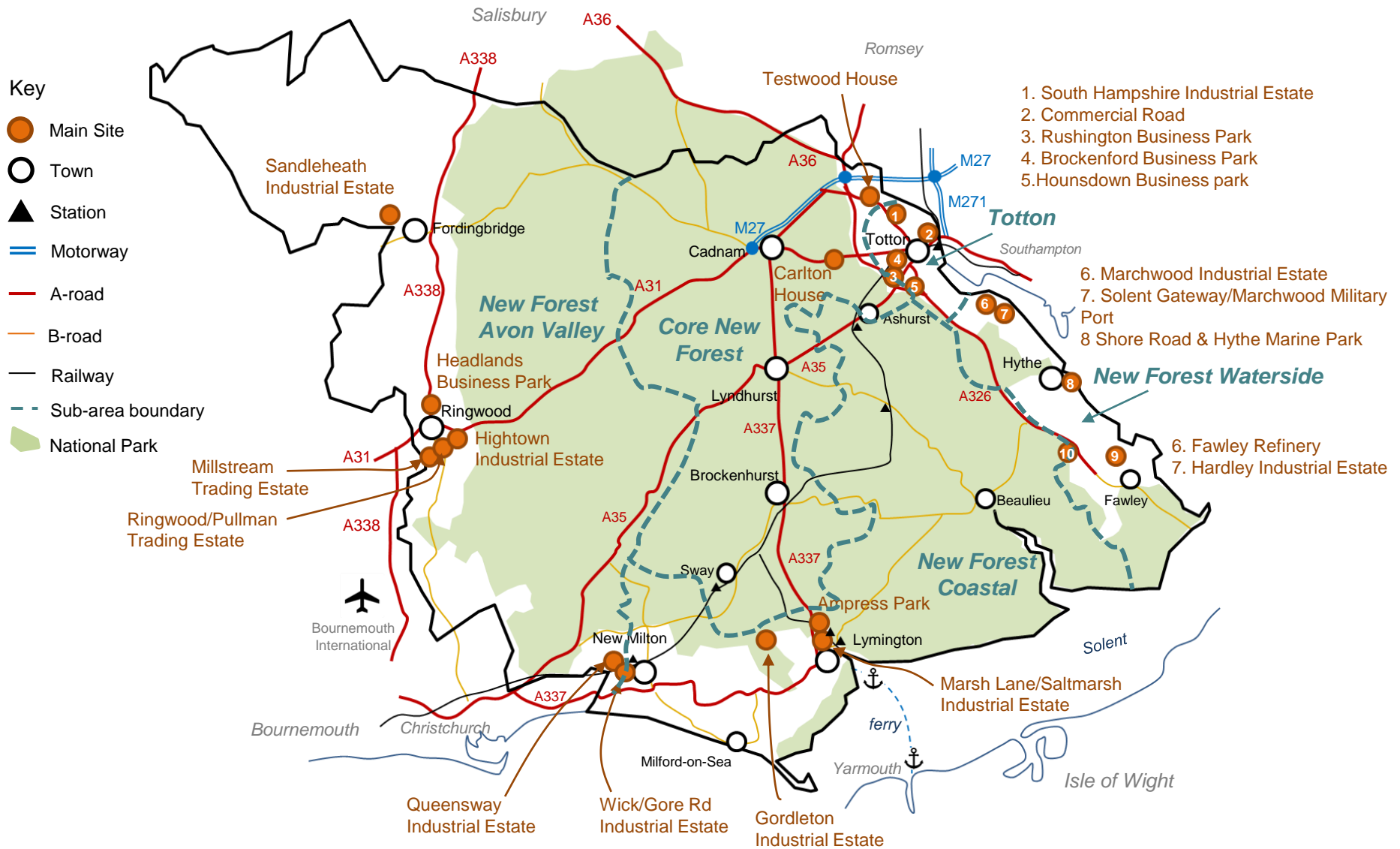
Source: ONS (2021). *GVA per Hours Worked not published by County area.

New Forest Projected GVA Growth 2021-2026



- The economy was already impacted substantially by the pandemic as shown in previous sections but economic output was expected to return to pre-pandemic normality in 2022.
- However rising geopolitical tensions such as Ukraine, sky rocketing energy prices and inflation, and the emergence of the cost-of-living crisis are pushing the UK, and therefore the New Forest economy, into a very sharp slowdown. The Bank of England has warned of recession later this year with forecast calendar year GDP growth broadly flat in 2023.
- The cost-of-living crisis is expected to constrain growth in consumer spending, the main driver of economic growth. Consumer-facing services that provide significant employment opportunities for New Forest residents are still recovering from the impact of the pandemic. Furthermore, these consumer spending activities are more exposed to any downturn in the economy than production or business-to-business services.
- Based on past growth trends relative to UK, New Forest scenario 1 (see chart on the left) would see the New Forest experiencing slower growth rates against OBR (March 2021) UK forecasts. However, New Forest Scenario 2 assumes growth gets boosted from higher labour market participation and some productivity improvement in the New Forest.
- Both scenarios for the New Forest are indicative and whilst scenario 2 may be more plausible for the medium term this is less likely for the short term. In its latest inflation report the BoE now expects the UK economy to contract in 2023 and this is not reflected in the spring OBR forecast. International Monetary Fund (IMF) forecasts downgraded UK growth rates in 2022 to 3.2% and just 0.5% in 2023, or even zero growth according to the Bank of England.
- From an economic perspective businesses will only invest in the New Forest if there is confidence in the investment framework, that infrastructure will be built, that the skilled workforce will be accessible, flexible and in place, that homes will be affordable and schools, colleges and places of leisure, culture and sport, will prosper.

Sources: EBIS using ONS (2022).
 Office for Budget Responsibility (2022) March 2022 Forecasts.
 IMF (July 2022). Economic Outlook International Monetary Fund: Gloomy and More Uncertain.
 Bank Of England Monetary Policy Report (May 2022).

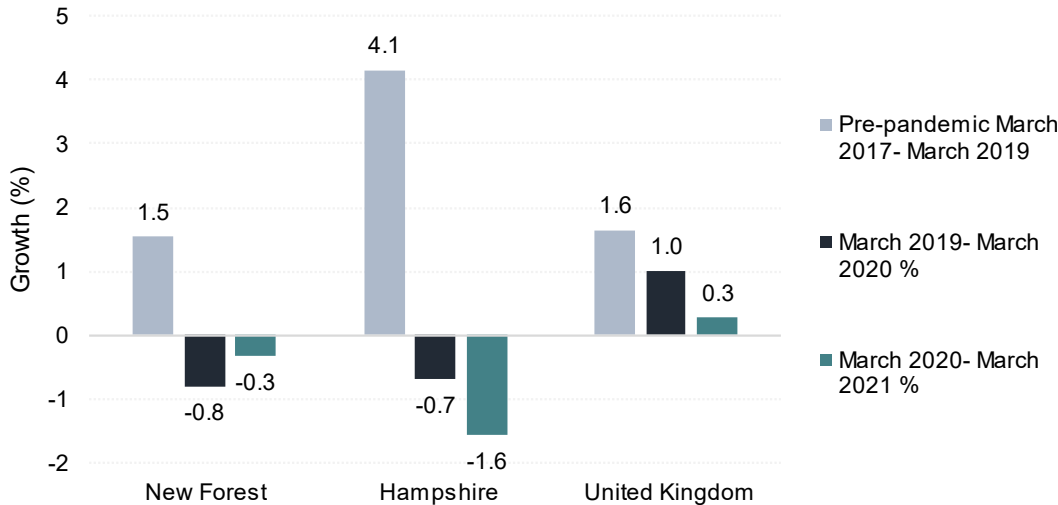


Business stock – relatively muted impact of the pandemic in business stock to date

New Forest Businesses Numbers (2021), Business Density, and Business Change since 2017

Businesses March 2021 Local units*	Business Density March 2021**	Growth %			
		Pre-pandemic March 2017- March 2019)	March 2019- March 2020	March 2020- March 2021	March 2017- March 2021
9,110	93	140	-75	-30	35

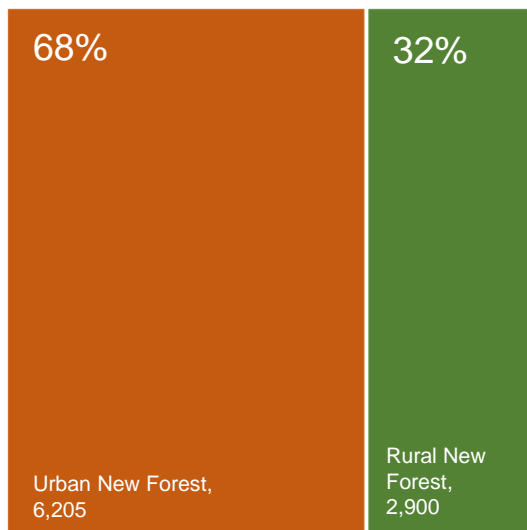
Business Growth (2017-2021)



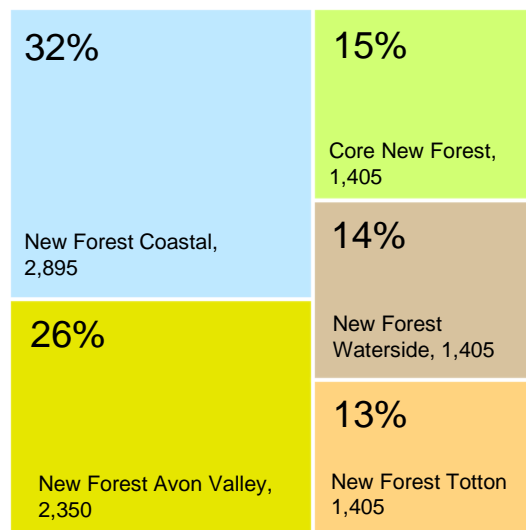
Source: ONS 2021. *Business numbers based on local units that are greater in number than reporting units (enterprises). A local unit can be a branch or sub-workshop and as such, are not directly comparable to Business Demography active business stocks based on enterprises. **Business density is defined as the number of businesses per 1,000 persons of working age (16-64 years old).

- Enterprises, through entrepreneurship and scaling-up and growth of existing businesses, are an important driver of productivity, innovation and competition.
- Business data is snapshot in time captured in March of each year, so 2020 data covers the beginning of the lock down and 2021 data the early rebound period. Overall, the data suggest the impact on business stock was far more muted than on GVA, but the impact was significant in terms of business sales and business investment.
- In March 2021, the New Forest had around 7,970 enterprises representing close to one in eight Hampshire enterprises. However, using the alternative sub-regional local units measure, the New Forest has 9,110 businesses in March 2021, 13% of all businesses in Hampshire. Local units are a better small area measure and as such used in the report.
- The New Forest's business density in March 2021 was 93 businesses per 1,000 persons of working age, a significantly higher business density than the Hampshire (85) and UK (77) averages. A smaller working age population in the New Forest relative to the number of businesses is the primary reason for the higher business density.
- In terms of business growth between March 2017 and March 2019, the New Forest saw cumulative growth of 1.5%, close to UK growth rates (1.6%) but much slower than Hampshire (4.1%) – most likely down to poorer growth in local services that is overrepresented in the New Forest (see p23 and p25).
- In March 2020, the Government imposed health-related restrictions causing widespread business closures and restrictions but offset by unprecedented government intervention with business and job support schemes.
- Growth between March 2019 and 2020 was negative in the New Forest with 75 fewer businesses (-0.8%) and broadly in line with Hampshire (0.7%) but contrasts to UK growth (1.0%).
- The economy was only just re-opening in March 2021 so the data will only partially capture the rebound in the UK economy. As such, growth is still sluggish (-30 businesses or -0.3%), outperforming Hampshire (-1.6%) but behind the UK. However, annual growth rates are volatile and often subject to large data revisions. Overall, the New Forest had 35 more businesses than in 2017.

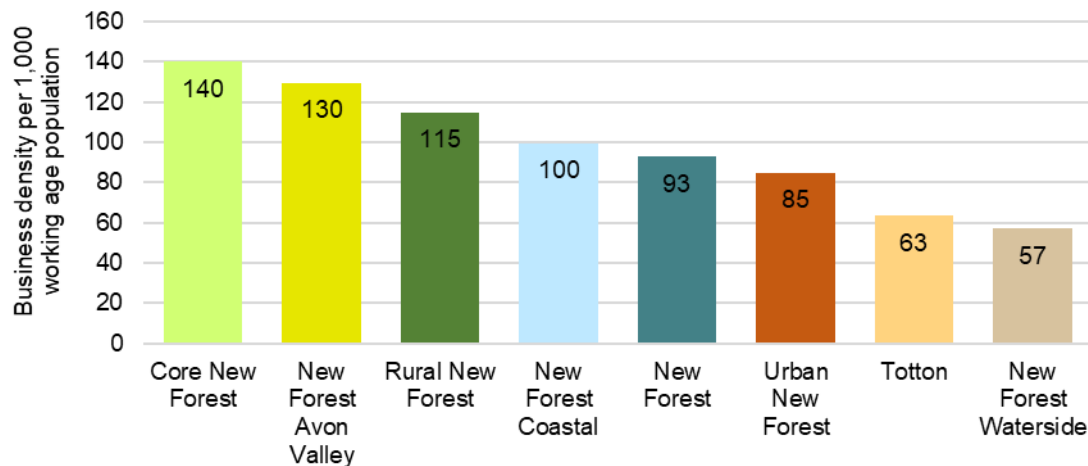
Rural-Urban Business Number and Share 2021



Sub-Area Business Number and Share 2021



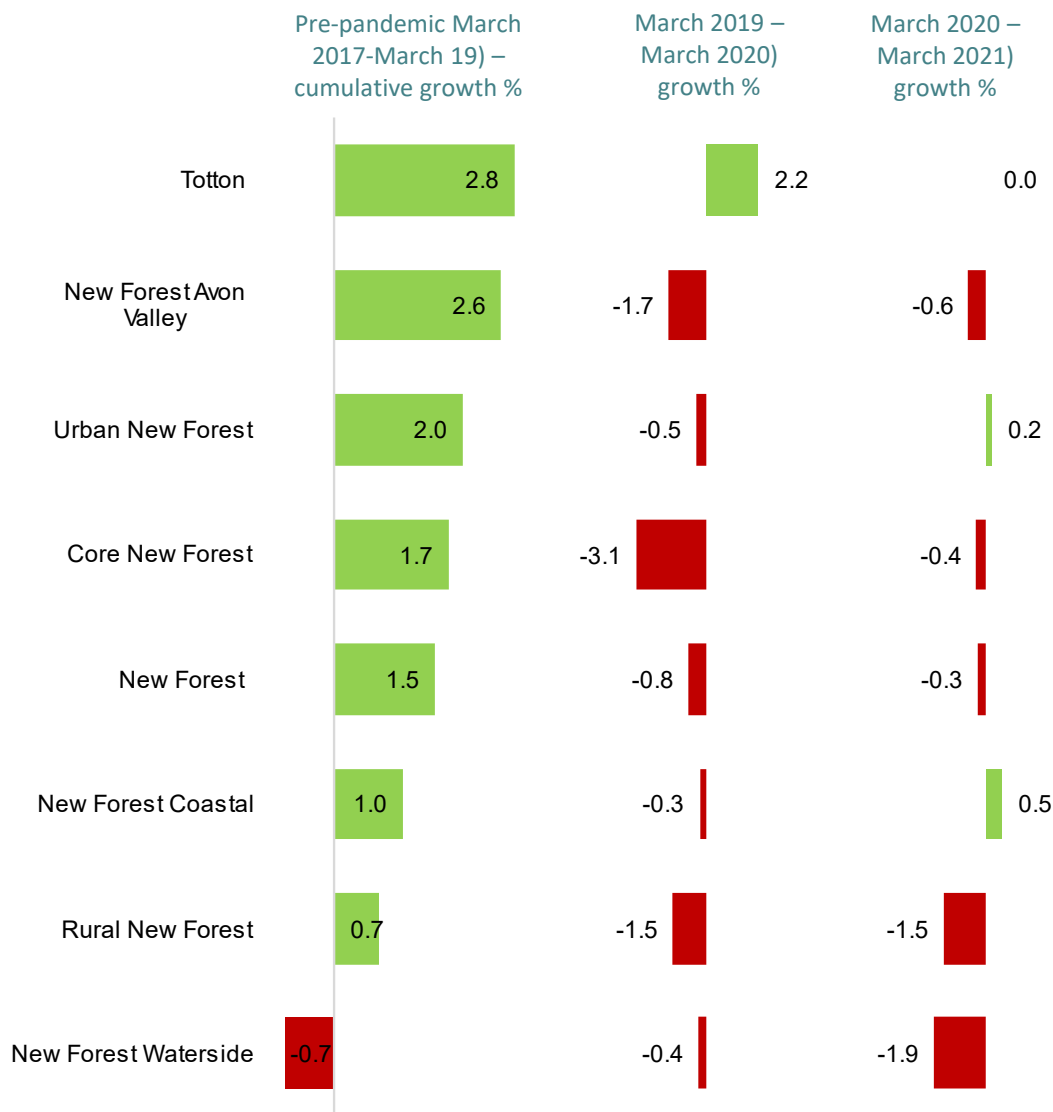
Business Density by sub-areas - 2021



- Of the 9,110 businesses (local units) in the New Forest, just over two thirds (68%) of businesses (6,205) are broadly located in urban areas* but close to one third in rural areas (32%, 2,900).
- The two larger sub-areas of New Forest Coastal and New Forest Avon Valley account for almost three fifths (58%) of all businesses in the New Forest, with the remaining three smaller sub-areas each with similar business shares.
- At the sub-area level, close to one third (32%, 2,895) of businesses have premises in the New Forest Coastal sub-area which will reflect the presence of two market towns (Lymington & New Milton) and several business/industrial parks.
- Just over one quarter (26%, 2,350) of businesses are located within New Forest Avon Valley, again reflecting the market towns of Fordingbridge and Ringwood and several business/industrial parks.
- The Core New Forest sub-area has few business or industrial parks compared to other sub-areas but has the third largest share, although business size distributions are similar which suggests density is largely down to a relatively smaller working age population. Conversely, Totton and New Forest Waterside have relatively larger working age populations but proportionately more medium and large businesses.
- This is reflected in business density figures with business density in Core New Forest (140 businesses per 1,000 working age residents) more than twice that of Totton (63) or New Forest Waterside (57), and significantly above the New Forest average (93). The higher density values in more rural sub-areas could be symptomatic of a lack of available larger businesses premises to allow businesses to scale-up operations. Equally a low business density in urban areas might suggest a lack of start-up/incubators such as the BASE or IncuHive sites in neighbouring districts to encourage local entrepreneurialism.

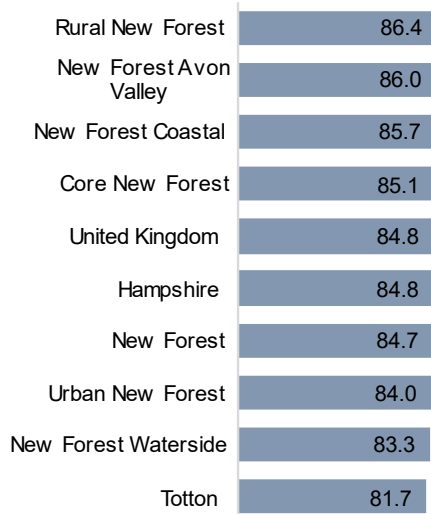
Source: ONS 2021. *Based on the ONS/DEFRA urban-rural classification so treat with degree of caution. Due to rounding by ONS sub-area totals may not sum to the New Forest total.

Business growth by sub-area

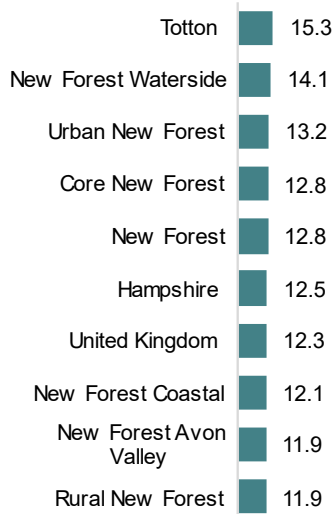


- Between March 2017 and March 2019, the cumulative growth rate in relative terms was over twice as fast in Urban New Forest (2.0%, +120) than in Rural New Forest (0.7%, +20).
- By sub-area, Totton experienced the fastest cumulative growth in relative terms with an increase of 2.8%, or 30 more businesses, followed closely by New Forest Avon (2.6%, +60 business). Totton is 1.3 percentage points (ppts) above the New Forest average and New Forest Avon Valley 1.1ppts above. In contrast, New Forest Waterside saw negative growth of 0.7% with 10 fewer businesses and was 2.2ppts below the New Forest average.
- Growth between March 2019 and March 2020 was negative across all sub-areas except for Totton which saw growth of 2.2% (25 more businesses). Core New Forest (-3.1%, -45 businesses), New Forest Avon (-1.7%, -40) and Rural New Forest (-1.5%, -45) were impacted more than the New Forest average (-0.8%).
- Between March 2020 and March 2021, business growth saw sluggish signs of recovery in New Forest Coastal (+0.5%, +15 businesses) and Urban New Forest (0.2%, +10 businesses). Following earlier growth Totton saw no change in early 2021.
- Negative growth in New Forest Waterside increased to -1.9% in March 2021 which suggests less resilient businesses were unable to survive despite the availability of government Covid grants and loans, while some weaker businesses were possibly being propped up by government loans in 2020. There were an estimated 25 fewer businesses in 2021, more than twice the number lost between 2017-2019.
- Rural New Forest saw a decrease of 1.5% in 2021, with 45 fewer businesses.

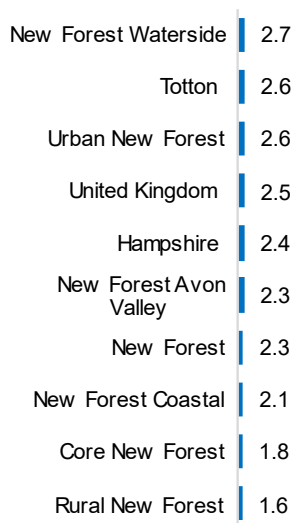
Micro-business (0-9) share by size 2021 (%)



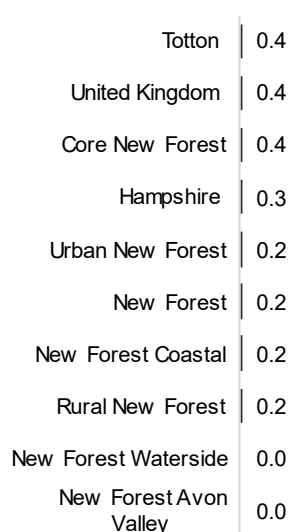
Small -business (10-49) share by size 2021 (%)



Medium-business (50-249) share by size 2021 (%)



Large -business (250+) share by size 2021 (%)



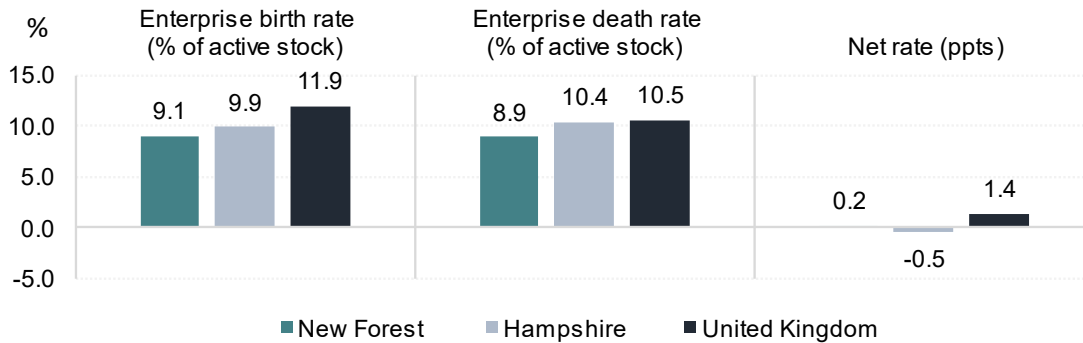
- Business size is important, as medium to larger firms tend to account for much of the growth in jobs, turnover, and productivity and offer more job opportunities, job stability and higher wages. Nonetheless, small businesses are often seen as the backbone of the economy by creating new job opportunities and innovation.
- The distribution of businesses (local units) in the New Forest by the four classifications is broadly similar with the Hampshire and UK averages, except for large businesses which are proportionately half the UK average.
- Micro-businesses employing fewer than 10 workers are skewed more to rural sub-areas, with Totton in particular much lower than the New Forest and benchmark averages.
- Small businesses (10-49 employees) have a higher proportion in Urban New Forest, notably Totton, but less so in rural areas where businesses are less likely to have access to scale-up premises.
- This is also the case, and for similar reasons, for medium-sized businesses which employ between 50 and 249 workers. The New Forest Waterside and Totton both have above the New Forest and benchmark proportions.
- Finally, large businesses that employ 250 or more workers is more mixed insofar as urban Totton and the more rural Core New Forest have distributions aligned to the national average (0.4%) but twice that of the New Forest as a whole (0.2%). ONS rounding to the nearest five businesses means Fawley refinery, with an estimated 2,500 staff and contractors*, is excluded as a large company in the data for New Forest Waterside which shows zero large companies.
- The data suggests growth in the New Forest between March 2017-19 for micro (1.3%) and small (3.9%) businesses, but no growth for medium or large businesses and that perhaps partly explains the relatively sluggish growth in output.
- Between March 2019-2020 there was a decrease across the board by size except for large businesses which remained unchanged. The same negative trend (i.e., except for large businesses) was also evident between March 2020 and March 2021 although the New Forest saw a larger decrease in small businesses (-2.1% compared to -0.4% between March 2019-March 2020).

Business demography – lower net new business formation than UK but stronger than Hampshire average

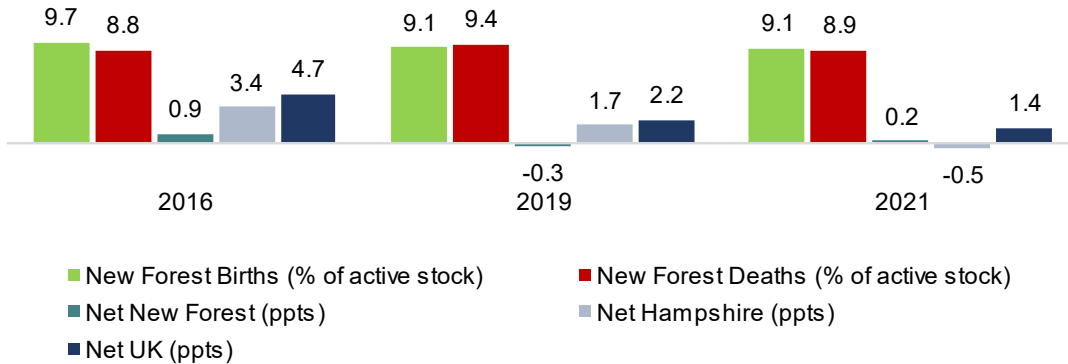
New Forest Business Demographics - 2020

Active Business Stock (enterprises)	Births (start-ups/registrations)	Deaths (closures/cease trading)	Net (Births – Deaths)
8,500	770 (9.1%)	755 (8.9%)	15 (0.2 ppts)

Enterprise Births and Death rates (%) and Net Rate (ppts) 2020



Enterprise Births and Death rates (%) and Net Rate (ppts) 2016- 2021



- New business registrations often stimulate innovation and facilitate the adoption of new technologies. In addition to providing employment opportunities, start-ups may increase an economy’s competitiveness that can in turn boost productivity growth and economic performance.
- Business demography* data records the number of active businesses (enterprises), new registrations and businesses (enterprises) that ceased trading over a period of one year, and is a valuable indicator of the health of the local business population, although it does not measure the size of the business. The Business Demography data has a different methodology and is not comparable to the business counts (local units) data.

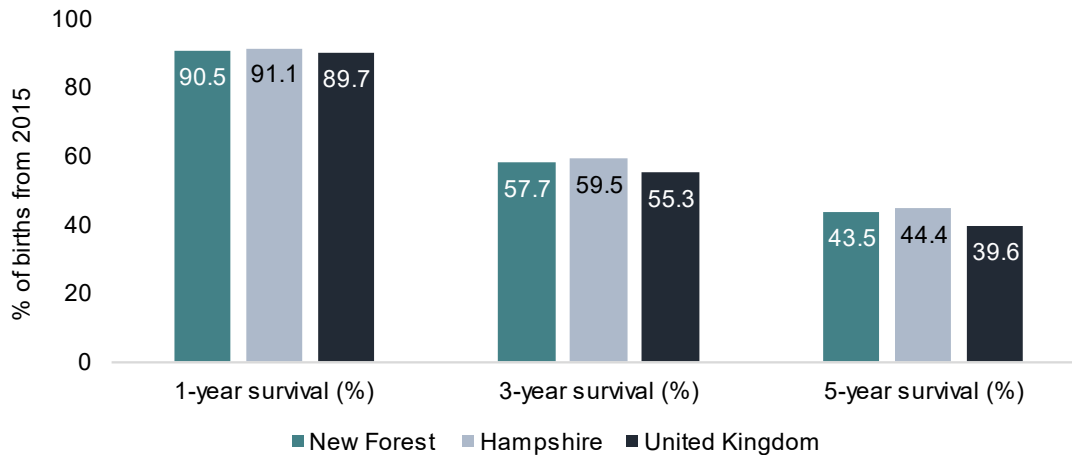
- In 2020 there were some 8,500 active enterprises in the New Forest, a period that largely covers the pandemic in 2020.
- During 2020 there were 770 business births (start-ups), which equates to 9.1% of active stock. This is lower than both the Hampshire (9.9%) and UK (11.9%) averages and will largely reflect the absence of major employment centres in the New Forest. The impact of the pandemic may also have potentially stifled new business start-ups (SMEs established prior to 31 March 2020) that were unable to access the initial government Bounce Back Loan Scheme.

- Over the same period there were 755 business deaths (ceased trading), which equates to 8.9% of active stock. This means the New Forest had net business growth of 0.2 percentage points or 15 additional businesses in 2020. This outperformed Hampshire (-0.5ppts) but was behind the UK (+1.4ppts).

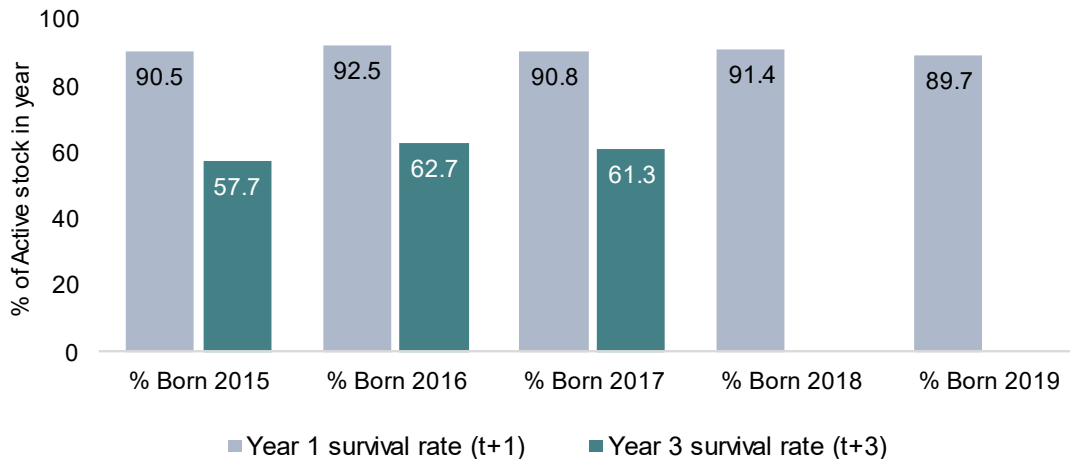
- The New Forest birth rate in 2021 (9.1%) was lower than in 2016 (9.7%), but the 2021 death rate (8.9%) was marginally higher. The New Forest lagged behind both Hampshire and UK in 2016 on net new businesses and underperformed in 2019 when there was a small net in business closures (-0.3ppts) compared to business growth for Hampshire (1.7ppts) and UK (2.2ppts), which suggests the New Forest was underperforming prior to the pandemic, although a degree of caution is required due to volatility in the data.

Source: ONS 2021. *Business Demography is designed to measure start-ups, closures and survival rates over the year. Business Demography numbers will not equal the business counts because of a different reporting unit (enterprises rather than local units), collection period and time lag.

Survival Rate Trend for Start-ups in 2015 (ranked by year 1)



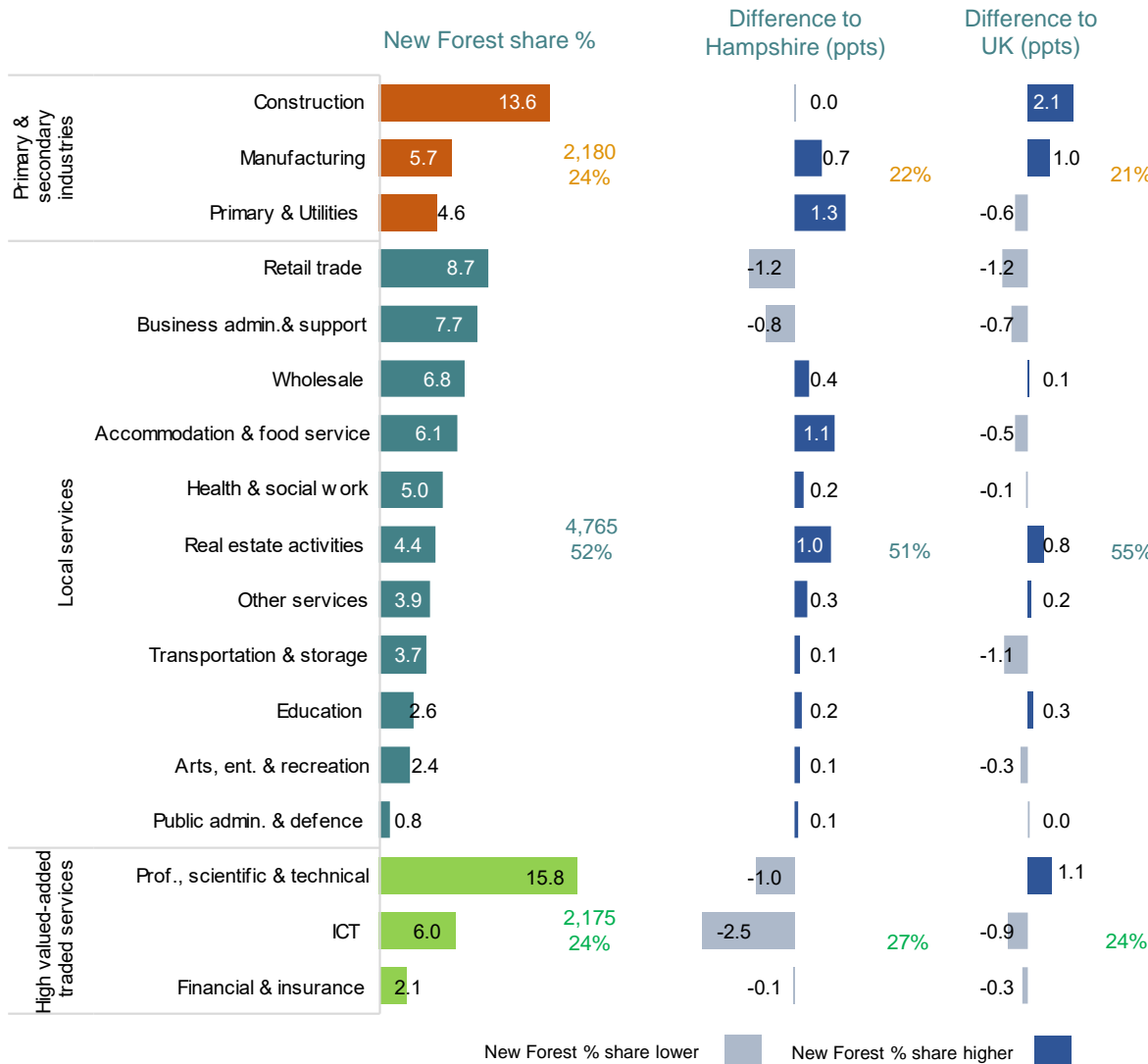
New Forest Survival Rate Trends for Start-ups Born in Subsequent Birth cohorts



- While business birth rates provide useful information on the economy’s dynamism, the ability to survive and grow for up to five years after creation matters more to the economy. Most economically prosperous economies across the UK tend to have above average five-year business survival rates.
- The New Forest has survival rates above the national averages on several survival cycles (1, 3 and 5-years) for start-ups (births). However, the New Forest is equally below Hampshire on all three survival cycles, although the New Forest narrows the gap again by year five (-0.9ppts).
- Nine out of ten New Forest businesses survived one year of trading from start-up in 2015, but by 2018 and after three years of trading less than three fifths (57.7%) of New Forest businesses were still trading, and by 2020 after five years of trading only around two fifths (43.5%) of the 2015 cohort were still in business. In effect, the New Forest’s survival rates decreased by one third (33 percentage points) by year three and by around half that amount again by year five (14 percentage points).
- Year one survival rates for consecutive New Forest start-up cohorts fluctuates yearly but overall averages out at around 91%. There was a peak at 92.5% in 2016 but for the latest year (2019), which was just prior to the pandemic, this was the lowest over the period at 89.7% (as discussed under business demography p21).
- Three-year survival rates in the New Forest for the 2016 cohort also reflects stronger start-up rates (business demography) in 2016, but businesses born in 2017 points to a slowing down in survival rates going into 2020 (2017+3 years).

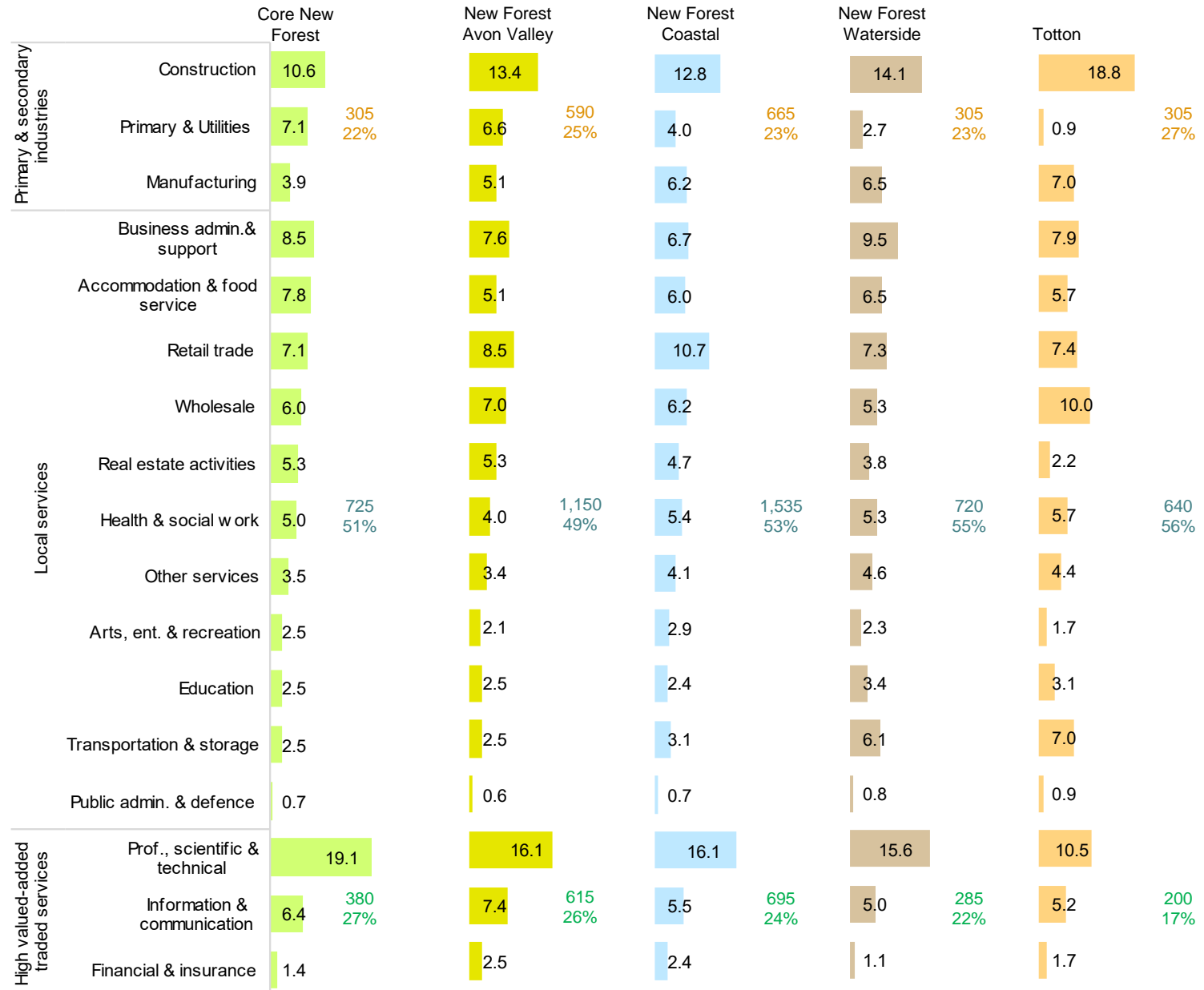
Businesses by sector – greater concentration in production based primary & secondary industries but lower for HVATS

New Forest Business by Broad sector share 2021 (%) and relative to Hampshire and UK (ppts)



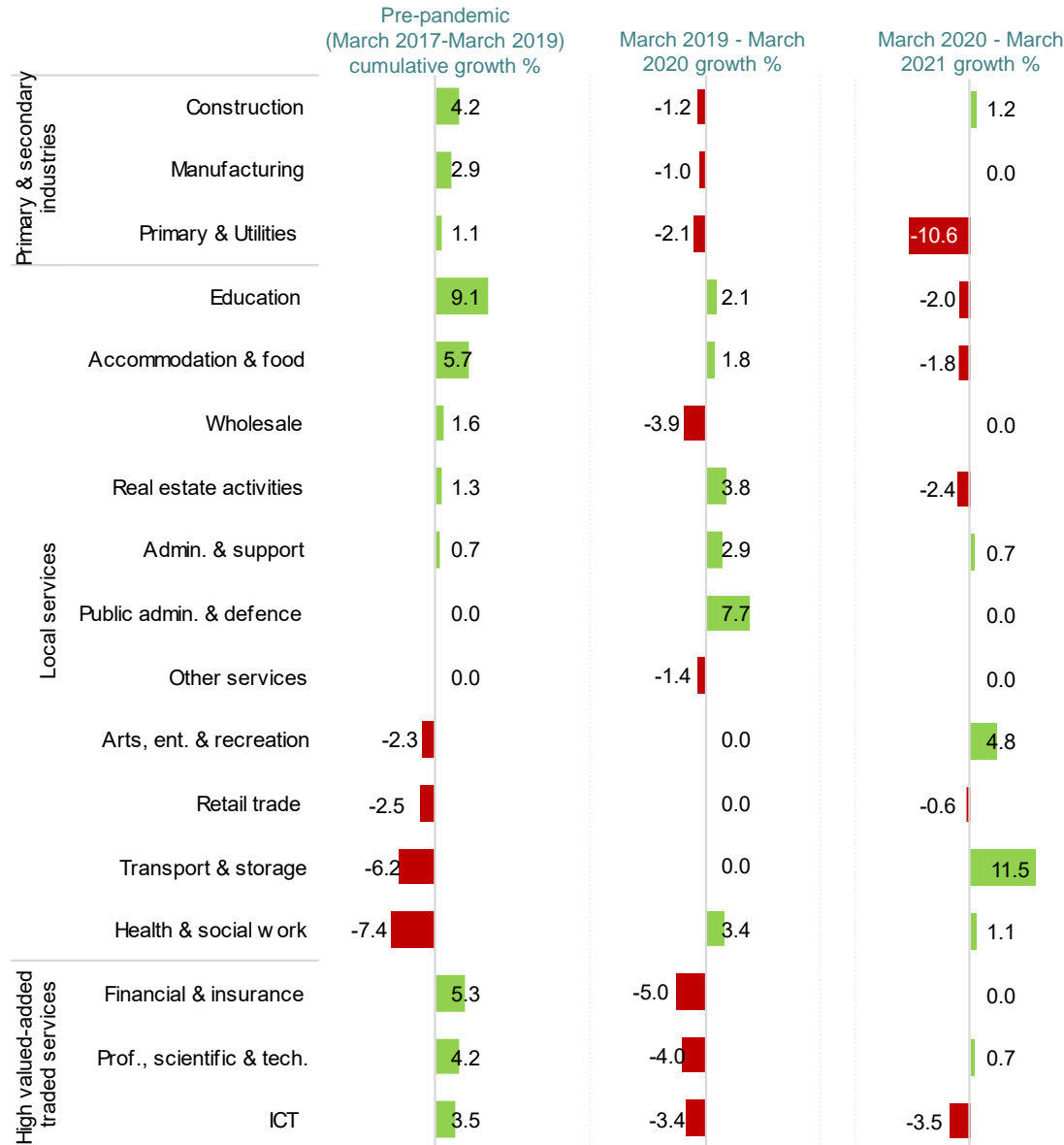
- By broad sector there are some notable variations in the New Forest's business shares in 2021, with over representation in primary & secondary industries when compared to the UK or Hampshire averages, but under-representation in the New Forest against Hampshire for high valued-added traded services (HVATS).
- In March 2021, local services made up just over half (52%, 4,765) of all New Forest businesses, close to Hampshire (52%) but lower than the UK average (55%).
- Real estate is overrepresented in the New Forest against both benchmarks, while accommodation & food only has a greater share when compared to Hampshire. In contrast, retail and business support both have a lower share in New Forest than against both Hampshire and the UK.
- Primary & secondary industries (2,180) and HVATS (2,175) each account for around 1 in 4 (24%) businesses in the New Forest.
- The New Forest has proportionately fewer HVATS (24%) sector businesses compared to Hampshire (27%), and notably in ICT (-2.5ppts), but also professional, scientific & technical (-1.0ppts), although the New Forest has relatively more businesses (+1.1ppts) than the UK average. Expanding the relative share of HVATS sector businesses would potentially allow the New Forest to boost productivity levels and economic growth.
- The New Forest has a higher relative share of primary & secondary industries (24%) compared to Hampshire (22%) and UK (21%). Manufacturing is higher in the New Forest against both benchmarks, while the New Forest's business share in construction is 2.1ppts higher against the UK, and 1.3ppts higher on primary & utilities against Hampshire.
- There are also significant New Forest sub-area variations (see page 24).

Businesses by sector – significant variations in business concentrations by sector across the New Forest sub-areas



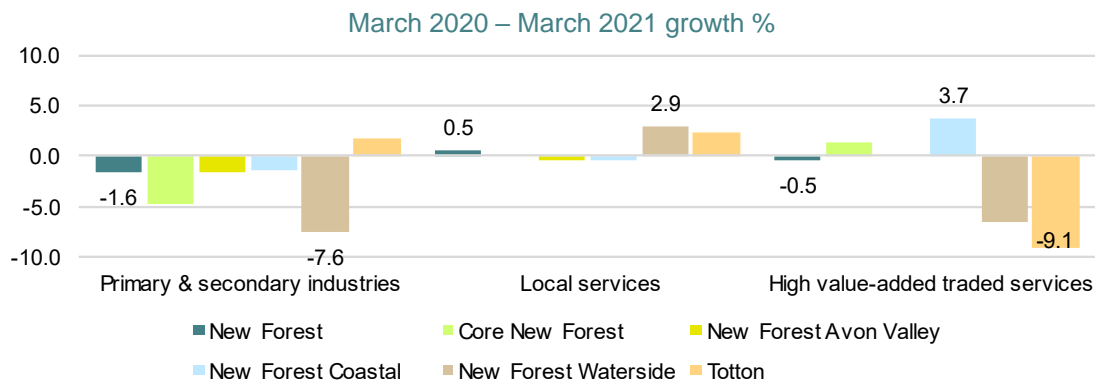
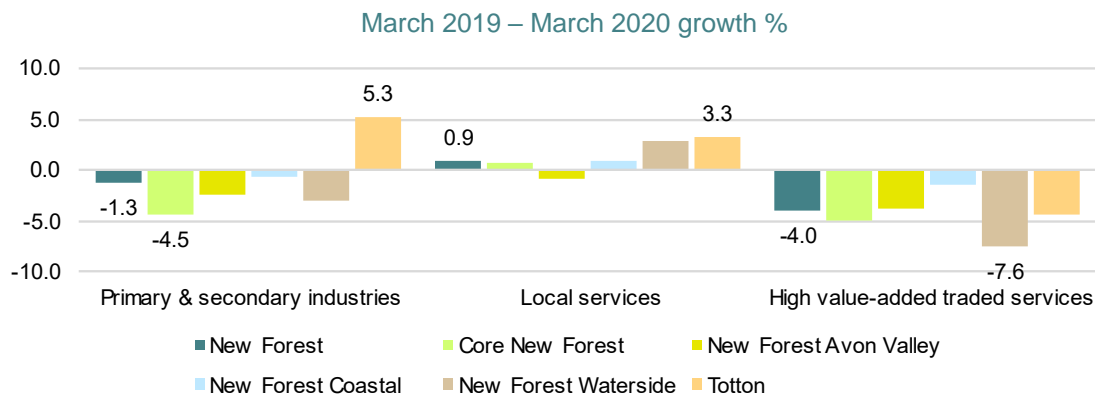
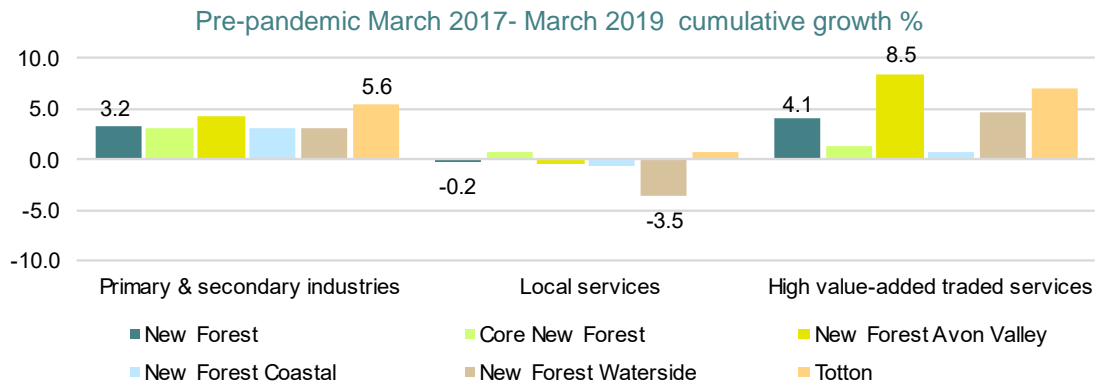
Businesses by sector growth – local services see subdued growth in the number of business units/enterprises before March 2020 but more resilient during pandemic

New Forest growth in business units by Broad Sectors



- Overall, local services saw a small decrease in businesses (-10) between 2017-2019 but that was more than offset by robust growth from businesses in the primary & secondary (+70) and HVATS (+90) sectors. However, local services proved to be more resilient from March 2020 onwards with growth over the two-year period (+65 businesses), although offset by larger losses in the primary & secondary (-65) and HVATS (-100) sectors.
- All broad sectors, except for four local services, saw business numbers expand in the New Forest between 2017-2019. In relative terms, business growth was highest in education (9.1%) and accommodation & food (5.7%), but absolute contributions to business growth came from professional, technical & scientific with 60 more businesses, and accounting for 40% of all growth, followed by construction (+50, 33% of all growth). In contrast, health & social work accounted for the largest relative (7.4%) and absolute (-35) decline in business numbers in the New Forest.
- Overall, March 2020 saw 75 fewer businesses on 2019 levels, primarily down to HVATS sectors with 90 fewer businesses, and largely in professional, technical & scientific, but also fewer business across all primary & secondary industries. Growth was limited to local services (+40), driven in absolute terms by business admin & support (+20) and health & social work (+15).
- Overall, March 2021 saw 35 fewer businesses on 2020 levels, primarily down to primary & secondary industries sectors with 50 fewer businesses, and largely for primary & utilities businesses (-35, -10.6%). In terms of growth, transport and storage saw the largest relative growth rate (11.5%) but also the highest absolute increase in businesses with 35 more in March 2021 than in March 2020 – which probably reflects the increase in online shopping resulting from the three national lockdowns over the same period.

Businesses by broad sector group and sub-area - pre-pandemic growth followed by resilience of local services across sub-areas



- Totton with 5.6% saw the highest cumulative business growth rate in primary & secondary industries* between March 2017 and March 2019 (pre-pandemic), and was mostly down to construction. Local services saw little growth but New Forest Waterside saw a contraction of 3.5%, mostly down to transport & storage and in health. New Forest Avon Valley saw robust growth in HVATS businesses (twice the New Forest average) and largely in professional, scientific & technical and to a lesser extent in ICT. Totton and New Forest Waterside also saw HVATS growth above the New Forest average.

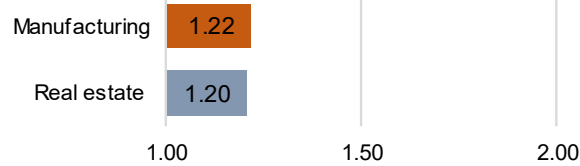
- Totton (5.3%) was the only sub-area to see any business growth in primary & secondary industries between March 2019 and March 2020 – mostly in construction but also some manufacturing growth. Local services saw growth in Totton (3.3%) largely in transport & storage, followed by New Forest Waterside but elsewhere was subdued. All sub-areas experienced a contraction in HVATS businesses between March 2020 and March 2021, but more in relative terms in New Forest Waterside (-7.6%) and in businesses in professional, scientific & technical.

- Totton was again more resilient between March 2020 and March 2021 in primary and secondary industries, however, New Forest Waterside saw the largest relative decrease (-7.6%), and also across all sub-sectors but largely construction businesses. Mostly subdued growth in local services but New Forest Waterside (2.9%) and Totton saw above average growth; the New Forest Waterside in transport & storage, and Totton in business support. There was HVATS business growth in New Forest Coastal (3.7%) – in ICT and professional, scientific & technical. However, Totton saw the largest contraction (-9.1%) and all in professional, scientific & technical.

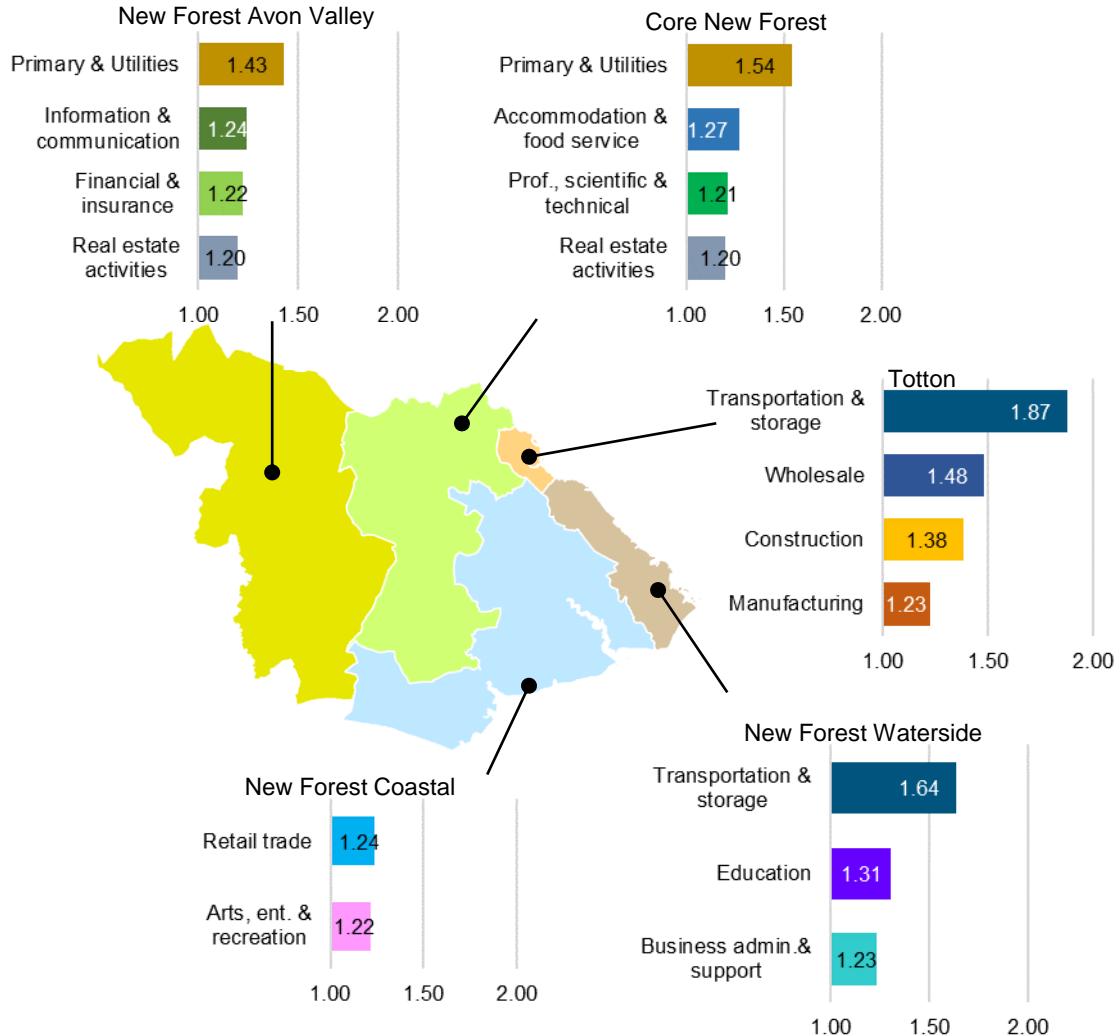
Source: ONS 2021. *industries in primary industries (agriculture, mining * forestry) and secondary industries – manufacturing and construction.

Business – spatial concentrations of business activity in manufacturing and real estate but significant sub-area differences

New Forest business concentration (where 1.00 = UK average)



New Forest sub-area business concentration (where 1.00 = New Forest average)



- For the purposes of the economic profile significant business concentrations are any sector that has 20% (1.20) or more local businesses than the comparison area and potentially an indicator of agglomeration, or the concept of the economic benefit of clustering related activities to boost the productivity of firms located within them – for example, through knowledge spillover effects.
- Relative to the UK (1.00) the New Forest has significant business concentrations in manufacturing and in real estate, both are around 20% above the national average.
- Sub-area concentrations are measured relative to the New Forest average (1.00). All five sub-areas have business concentrations in more than one broad sector but largely dependent on industry composition in each sub-area.
- The Core New Forest has four significant sector concentrations reflecting the rural landscape, and has business concentrations in primary & utilities (includes forestry and farming) and in accommodation & food relative to the New Forest average – but also one HVATS sector in professional, scientific & technical.
- The New Forest Avon Valley has significant concentrations in four sectors, two in HVATS sectors (ICT and Finance) although both are small sectors. Reflecting rural areas, the sub-area has a higher concentration in primary & utilities.
- The New Forest Coastal has two significant business sector concentrations; retail, and in arts, entertainment & recreation.
- The New Forest Waterside has three significant business concentrations, notably in transport & storage, but also in local services (education and business admin & support).
- Totton has four significant business concentration relative to the New Forest average, notably in transport & storage and wholesale, but also in productive sectors construction and manufacturing.

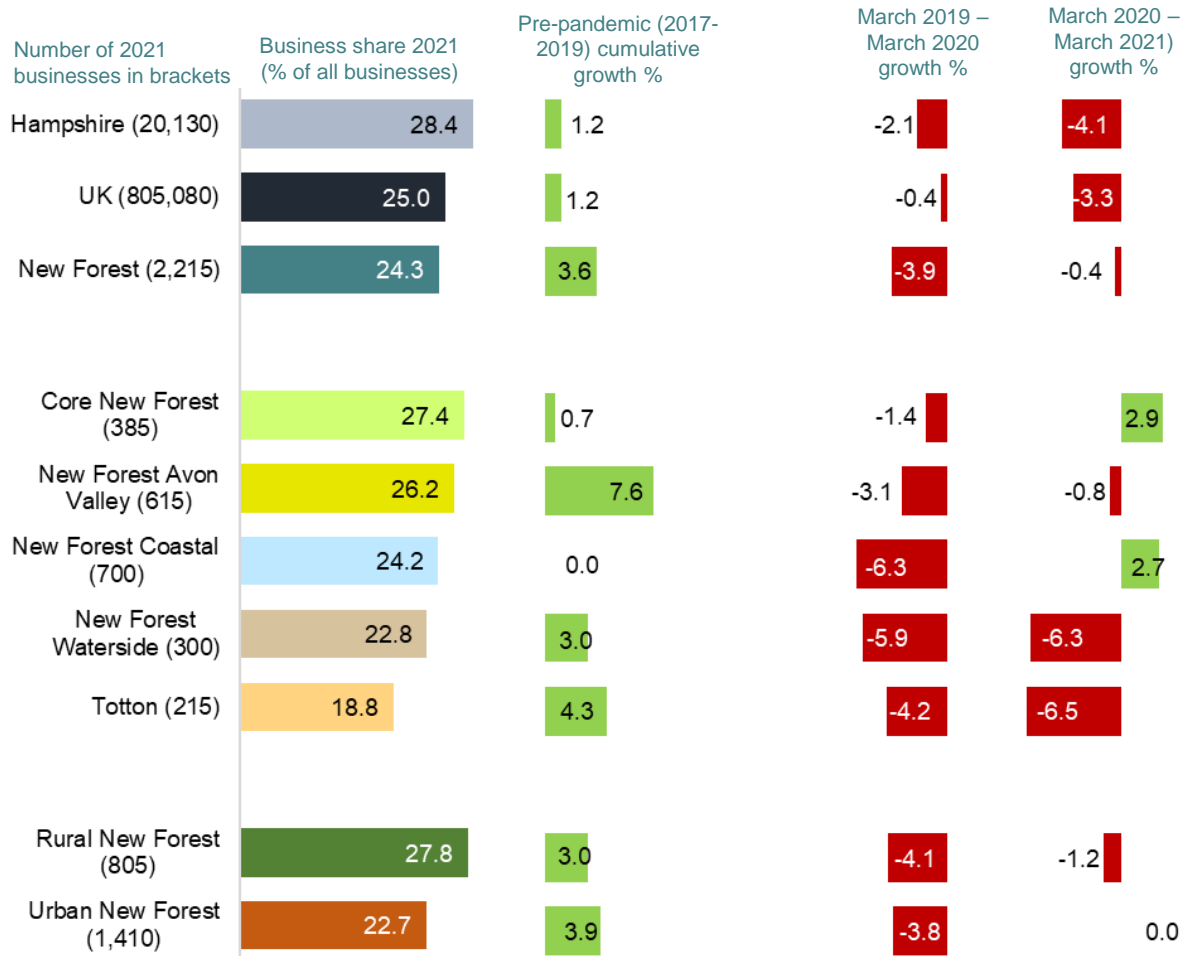
Business – knowledge intensive business under-represented with pre-pandemic growth undone by pandemic



2,215
business in
2021

24.3%
Share of business
in 2021

21
Fewer business in
2021 than 2017



- Knowledge intensive (KI) industries are broadly those areas of the economy where knowledge and technologies are used extensively to add value to production or services and tend to see higher productivity.
- In March 2021, the New Forest had 2,215 businesses (local units) in the KI industries or close to a quarter (24.3%) of all businesses. However, the business share in the New Forest was lower than in Hampshire and marginally below the UK.
- Nonetheless, 2021 figure for the New Forest is initially built upon strong cumulative business growth of 3.6% between 2017-2019 (pre-pandemic), three times the growth rate for Hampshire and UK. The New Forest saw 80 additional KI businesses over the two-years.
- However, some of those relative gains were lost between March 2019 and March 2020, with 90 fewer KI businesses and the New Forest experiencing a larger relative contraction in KI industries compared to Hampshire or UK.
- The following year (March 2020- March 2021) saw little change (-0.4%) with 10 fewer businesses but Hampshire and UK saw greater relative contractions than the New Forest and overall, 21 fewer than in 2017.
- Although two thirds of KI businesses are urban based the rural KI share (27.8%) of all businesses in 2021 is greater, possibly due to higher KI proportion of micro-businesses (96%) against the all- industry average (84%) allowing such firms to locate in smaller rural premises or using tech to work from home.
- As a percentage share of all businesses by sub-area, Core New Forest (385 businesses) in March 2021 has the highest proportion of KI industries (27.4%), although New Forest Coastal has the largest absolute number (700 – around one third of all KI business in New Forest). Totton has the lowest share and absolute number. There was growth across most sub-areas between 2017-2019, and contractions across the board in 2019-2020, with growth in 2021 limited to two sub-areas.

Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

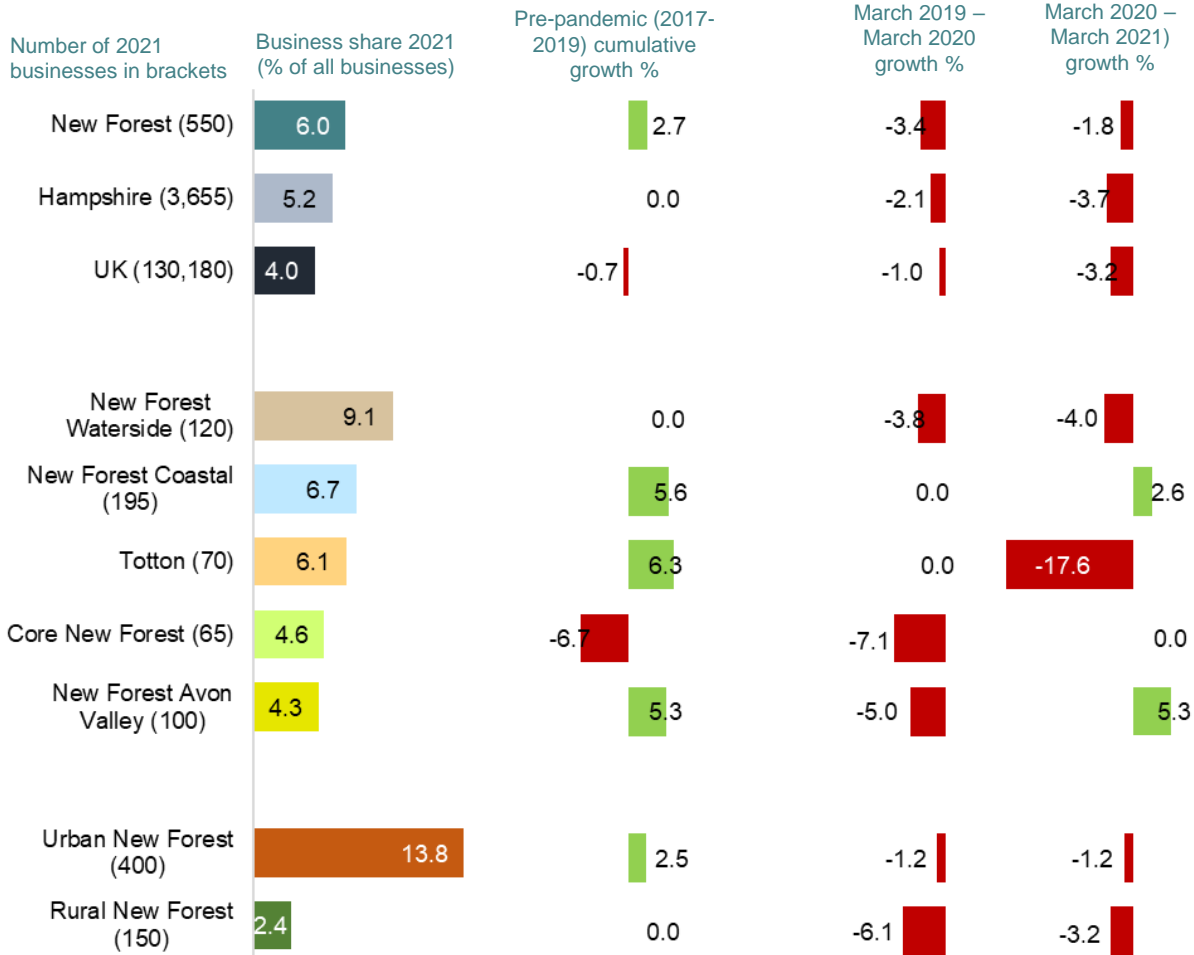
Business – a strong manufacturing base with solid pre-pandemic growth but gains offset by the pandemic



550
business in
2021

6%
Share of business
in 2021

15
Fewer business in
2021 than 2017



- Advanced manufacturing are broadly those areas of the economy that use innovative technologies and more versatile operating processes to add value to production and tend to see higher productivity. There is some overlap with knowledge intensive industries and the marine sector.
- In March 2021, the New Forest had 500 businesses (local units) in advanced manufacturing or 6% of all businesses. The business share in the New Forest is marginally above Hampshire and UK shares.
- The 2021 figure for the New Forest initially built upon cumulative business growth (2.7%) between 2017-2019 (pre-pandemic), in contrast to zero growth for Hampshire and a minor UK contraction. The New Forest saw 15 additional advanced manufacturing businesses during this two-year period.
- However, relative gains were lost between March 2019 and March 2020, with 20 fewer advanced manufacturing businesses and the New Forest experiencing a larger relative contraction compared to Hampshire or UK.
- The following year (March 2020- March 2021) saw further losses (-1.8%) with 10 fewer businesses but Hampshire and UK saw greater relative contractions than the New Forest. Overall, the New Forest has 15 fewer businesses than in 2017.
- Urban New Forest areas have the larger share (13.8%) of advanced manufacturing businesses in 2021 compared to the Rural New Forest with just 2.4%, although around 1 in four located in rural areas.
- As a percentage share of all businesses by sub-area, New Forest Waterside (120 businesses) in March 2021 has the highest proportion of advanced manufacturers (9.1%), although New Forest Coastal has the largest absolute number (195 – just over one third of all advanced manufacturers in the New Forest). New Forest Avon Valley has the lowest share but third highest absolute number.
- Growth across most sub-areas between 2017-2019, and contractions across the board in 2019-2020, with growth in 2021 limited to two sub-areas.

Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

Business – Marine business concentration in the New Forest but sector impacted by the pandemic



340

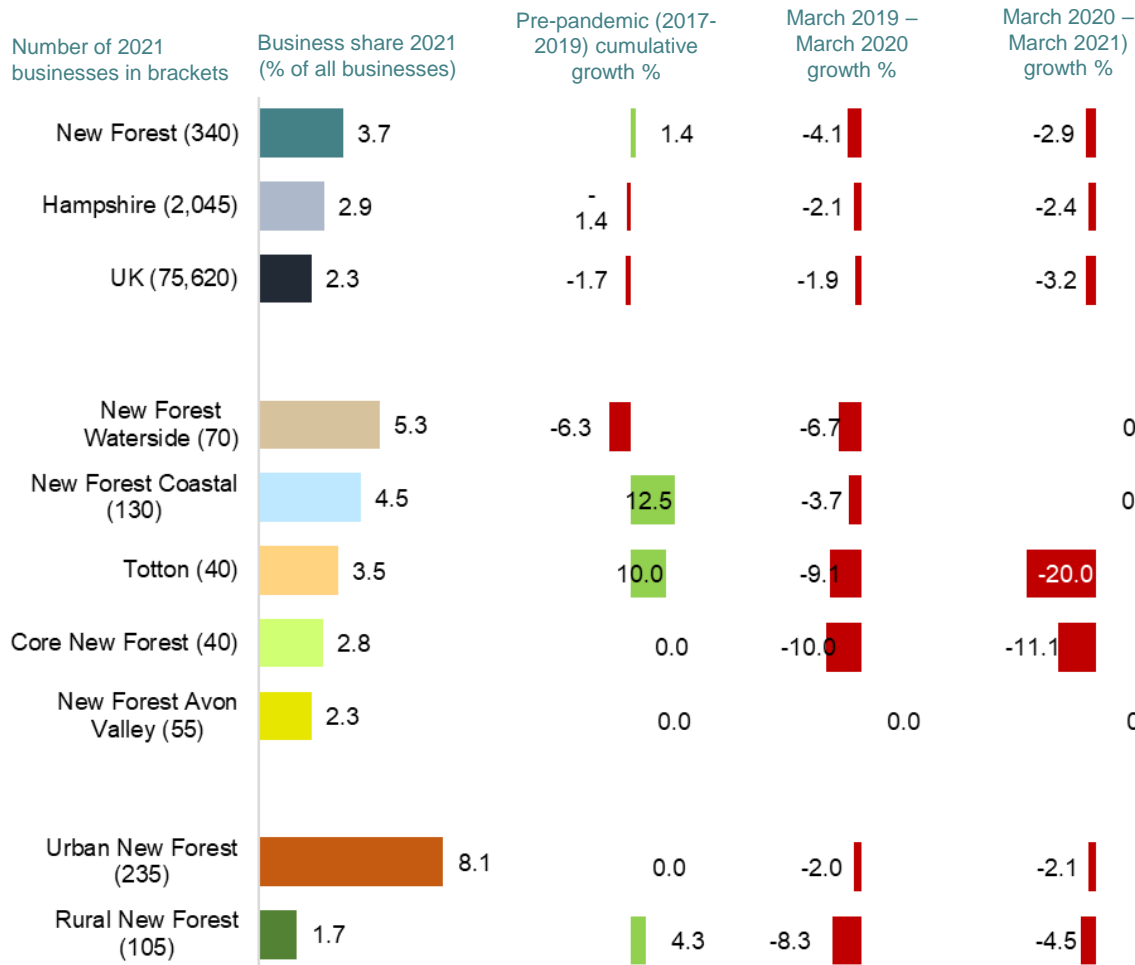
business in 2021

3.7%

Share of business in 2021

20

Fewer business in 2021 than 2017



- Marine sector can cover a wide array of industries, especially in emerging automotive and green technologies that cannot be easily defined using standard industry classifications. As such the definition covers a core but narrower number of primarily traditional maritime related industries.

- In March 2021, the New Forest had 340 businesses (local units) in the small marine sector accounting for 3.7% of all businesses. However, the business share in the New Forest was marginally above Hampshire and the UK.

- There was little cumulative business growth (1.4%) between 2017-2019 (pre-pandemic), but contrasts with contractions in Hampshire and UK. There were just five additional marine businesses during this two-year period.

- Marginal gains were lost between March 2019 and March 2020, with 15 fewer marine businesses and the New Forest experiencing a larger relative contraction in marine compared to Hampshire or UK.

- The following year (March 2020- March 2021) saw further loses (-2.9%) with 10 fewer businesses and greater relative contractions compared to Hampshire and UK – overall there are around 20 fewer marine businesses in 2021 compared to 2017 – see emerging trends in marine employment section (see p65).

- Urban New Forest areas had a larger share (8.1%) of marine business in 2021 compared to the Rural New Forest (1.7%). For example, marina/boatyards in the New Forest are mostly located in urban coastal locations, nonetheless just under one third are rural based.

- As a percentage share of all businesses by sub-area, New Forest Waterside (70 businesses) in March 2021 has the highest proportion of marine businesses (5.3%), although New Forest Coastal has the largest absolute number (130 – nearly two fifths of all marine business in New Forest). Land-locked New Forest Avon Valley and Core New Forest have the lowest shares.

- Growth across most sub-areas between 2017-2019, and contractions across the board in 2019-2020, and with no apparent growth in 2021.

Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

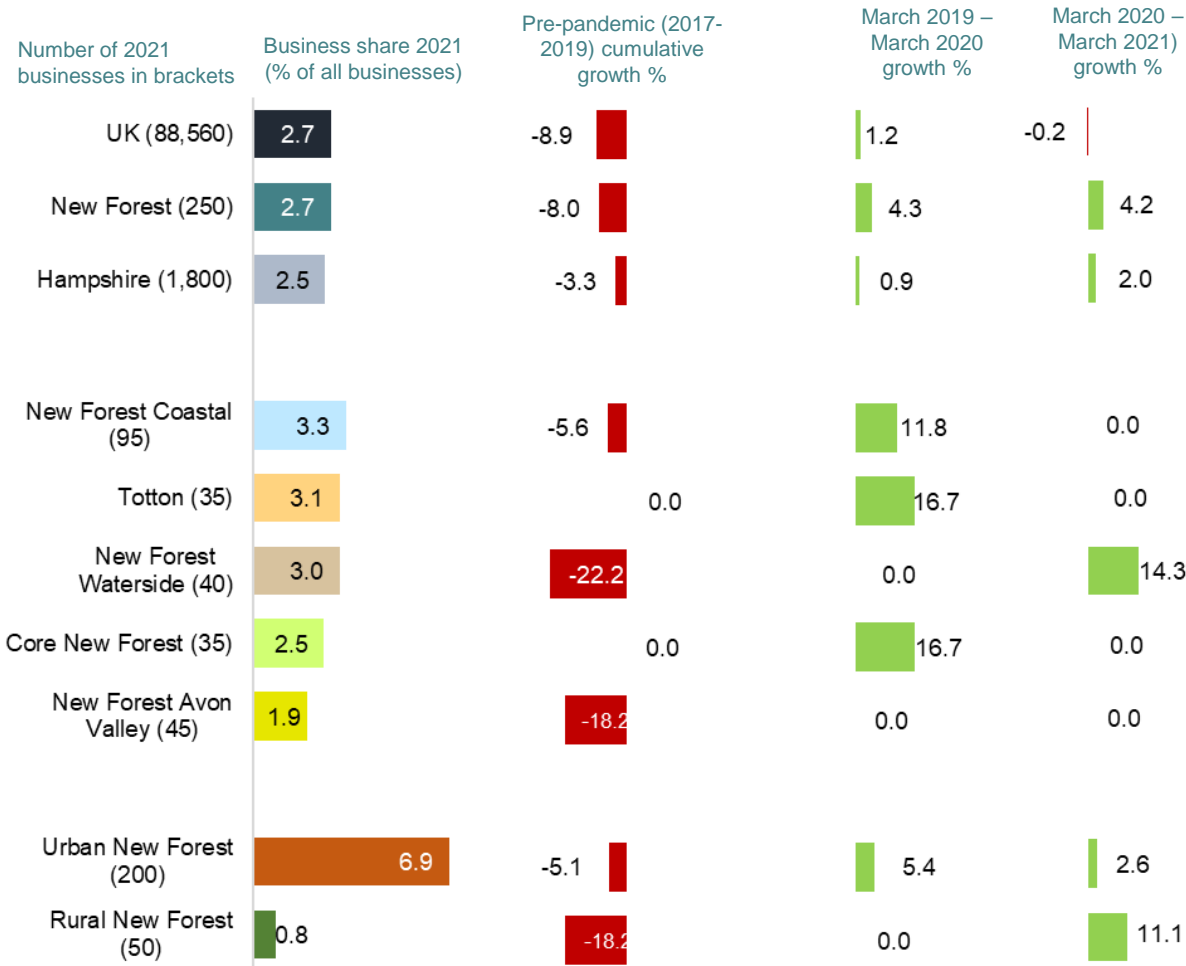
Business – Care sector saw contraction pre-pandemic but above average growth from 2019 onward



250
businesses in
2021

2.7%
Share of business
in 2021

0
No change in businesses in
2021 than 2017



- The Care sector are broadly those areas of the economy concerned with personal care who may need specialised assistance, or to provide care for vulnerable residents, whether children, young people, adults or the elderly.
- In March 2021, the New Forest had 250 businesses (local units) in the care sector or 2.7% of all businesses. The share in the New Forest is comparable to the UK average and marginally above Hampshire. The smaller number reflects proportionately more small-to-medium sized businesses (56%) than the all-industry average (15%).
- Nonetheless, 2021 figure for the New Forest is built upon more recent post 2019 growth with a contraction of 8% between 2017-2019 (pre-pandemic), over two times the contraction in Hampshire but marginally lower than UK. The New Forest saw 20 fewer care businesses during this two-year period.
- However, some gains were made between March 2019 and March 2020, with 10 additional care businesses and the New Forest experiencing stronger relative growth compared to Hampshire or UK.
- The following year (March 2020- March 2021) saw similar growth with 10 additional businesses and stronger growth than Hampshire or UK, likely to be from growing demand due to the pandemic but overall, the New Forest saw no change in business numbers between 2017 and 2021.
- Most care businesses in the Urban New Forest with care provision are located predominantly in towns, but 1 in 5 care businesses are rural-based.
- As a percentage share of the business base by sub-area, New Forest Coastal (95 businesses) in March 2021 has the highest proportion of care businesses (3.3%), and the largest absolute number (95 – around two fifths of all care business in New Forest). New Forest Avon Valley has the lowest share.
- Contractions across most sub-areas between 2017-2019, and growth or no change across in 2019-2020, but growth in 2021 limited to New Forest Waterside.

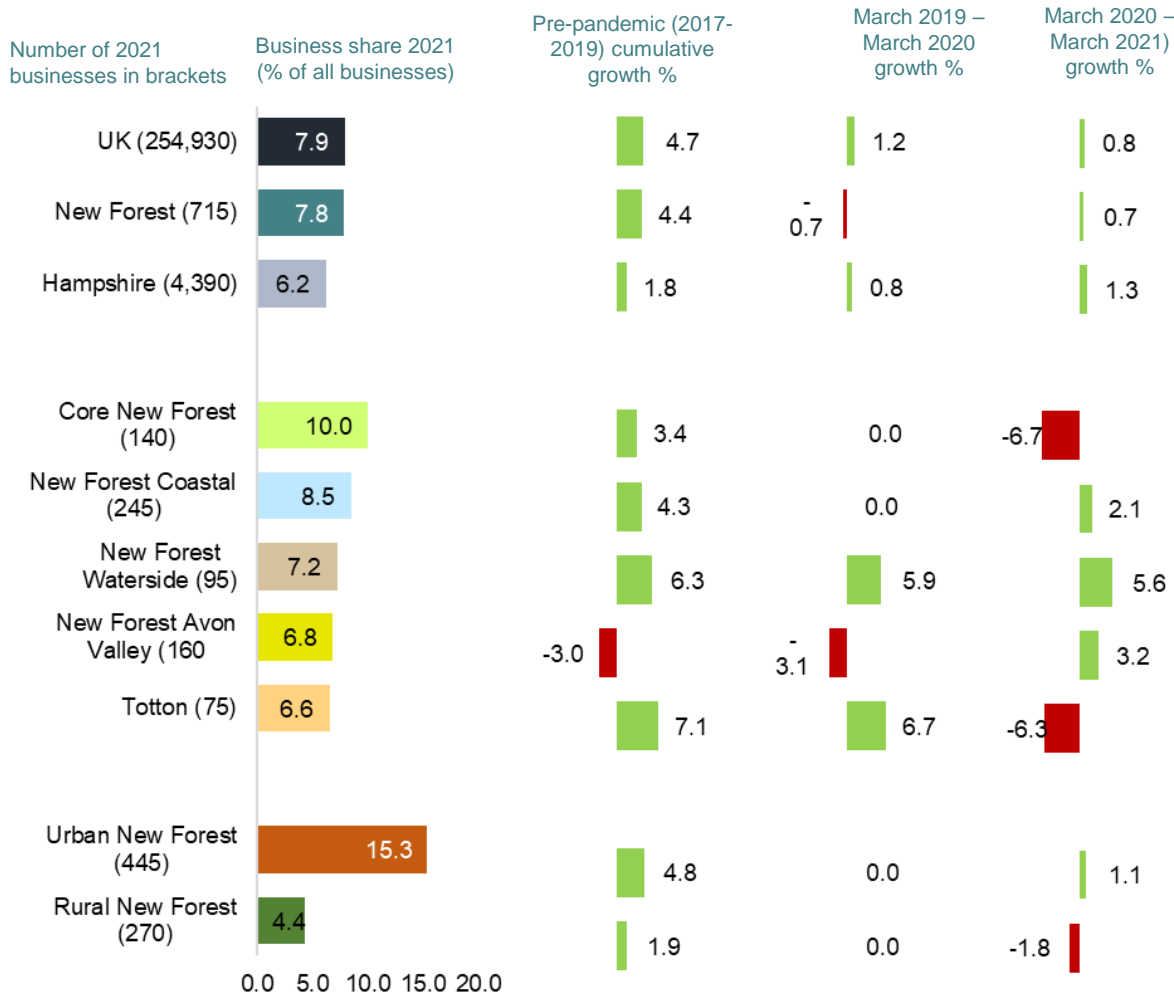
Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.



715
business in
2021

7.8%
Share of business
in 2021

30
More businesses in 2021
than 2017



- Hospitality and leisure covers a broad category of fields within the services industry related to the provision of accommodation, food & beverage activities, the experience economy and travel, and is a core local service, but more sensitive to economic and competitive market conditions and seasonal fluctuations than other sectors.

- In March 2021, the New Forest had 715 businesses (local units) in the hospitality & leisure or 7.8% of all businesses. The business share in the New Forest is comparable to the UK average but higher than Hampshire. The sector in the New Forest is above average for small-to-medium sized businesses (27%) compared to the all-industry average (15%).

- The 2021 figure for the New Forest is built upon strong cumulative business growth of 4.4% between 2017-2019 (pre-pandemic), faster than Hampshire but although slower than UK. The New Forest saw 30 additional businesses during this two-year period.

- However, a small contraction between March 2019 and March 2020 was cancelled out by the same magnitude of growth in 2021 – so 30 more businesses in 2021 than in 2017. Hospitality saw additional Covid-business grants in 2020 and 2021 to help keep them solvent. Additional Omicron support to businesses given in early 2022.

- Urban New Forest business base had a larger share (15.3%) of hospitality & leisure businesses compared to rural areas (4.4%), although the Rural New Forest accounted for almost two fifths of hospitality & leisure businesses.

- As a percentage share of all businesses by sub-area, Core New Forest (140 businesses) in March 2021 has the highest share of all industries (10%), although New Forest Coastal has the largest absolute number (245 – around one third of all hospitality & leisure businesses in New Forest). Totton has the lowest share and absolute number.

- Growth across most sub-areas between 2017-2019, and but mixed growth in 2019-2020 and 2020- 2021.

Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

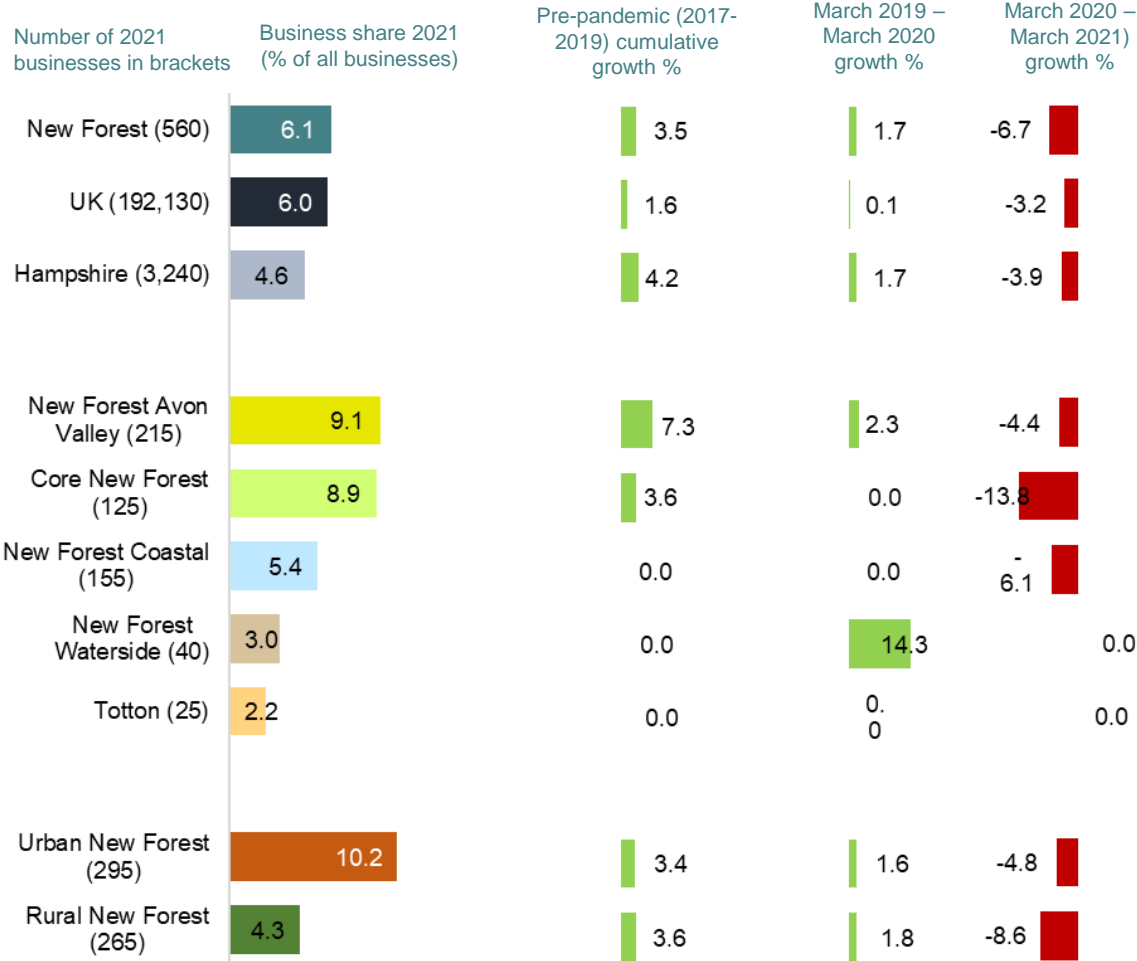
Business – Land-based business concentration but impact above national and Hampshire averages



560
business in
2021

6.1%
Share of business
in 2021

10
Fewer business in
2021 than 2017

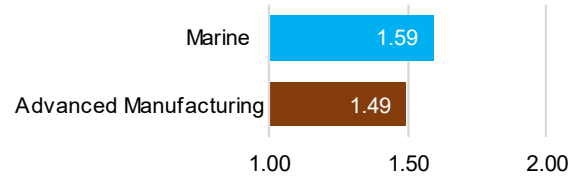


- Land-based definition includes the traditional farming sector but also industries connected to the land and environment, including horticulture, food production, forestry, conservation, landscaping, botanical and veterinary practices with businesses located in both rural and urban locations.
- In March 2021, the New Forest had 560 businesses (local units) in the land-based or 6.1% of all businesses. The business share in the New Forest is comparable to the UK average but higher than Hampshire. The sector in the New Forest is above average for micro-businesses (90%) compared to the all-industry average (85%).
- The 2021 figure for the New Forest was initially built upon strong cumulative business growth of 3.5% between 2017-2019 (pre-pandemic), faster than UK but slower than Hampshire. The New Forest saw 20 additional businesses during this two-year period.
- Growth of 1.7% between March 2019 and March 2020 saw 10 additional land-based businesses but contractions of 6.7% between March 2020 and March 2021 wiped out any business gains, and the New Forest has 10 fewer land-based businesses in 2021 than in 2017.
- Urban New Forest had a larger relative land-based share (10.2%) of the urban business base compared to rural areas (4.3%), although unsurprisingly Rural New Forest accounted for close to half of all land-based businesses in the New Forest.
- As a percentage share of the March 2021 business base by sub-area, New Forest Avon Valley has the highest share of all industries (9.1%), and largest absolute number with 215, which is 38% all land-based businesses in the New Forest). Unsurprisingly, Totton has the lowest share and absolute number.
- There was growth across two sub-areas and no growth for the remaining sub-areas between 2017-2019, and similarly mixed picture of growth in 2019-2020 but 2020-2021 saw contractions in the three sub-areas with the most land-based businesses i.e., New Forests Avon Valley, Core and Coastal.

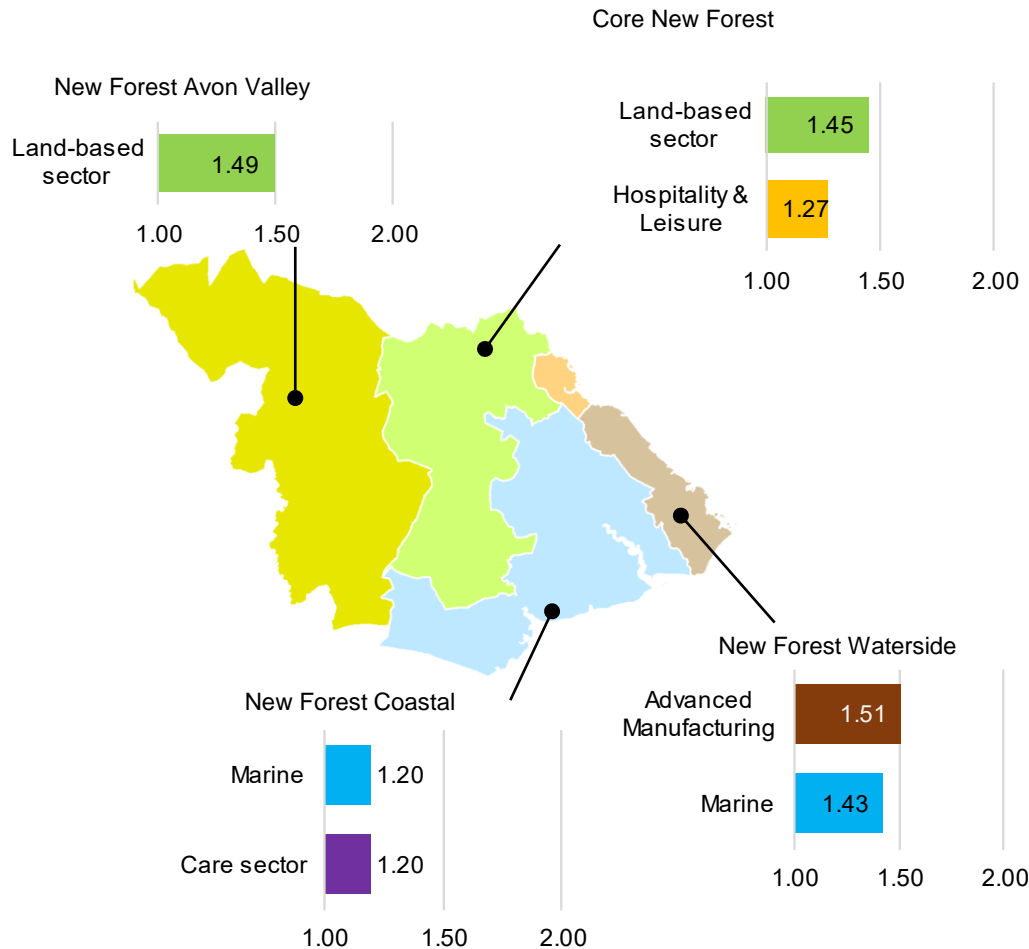
Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

Business – the New Forest has concentration in manufacturing and marine, but significant sub-area variations

New Forest business concentration (where 1.00 = UK average)



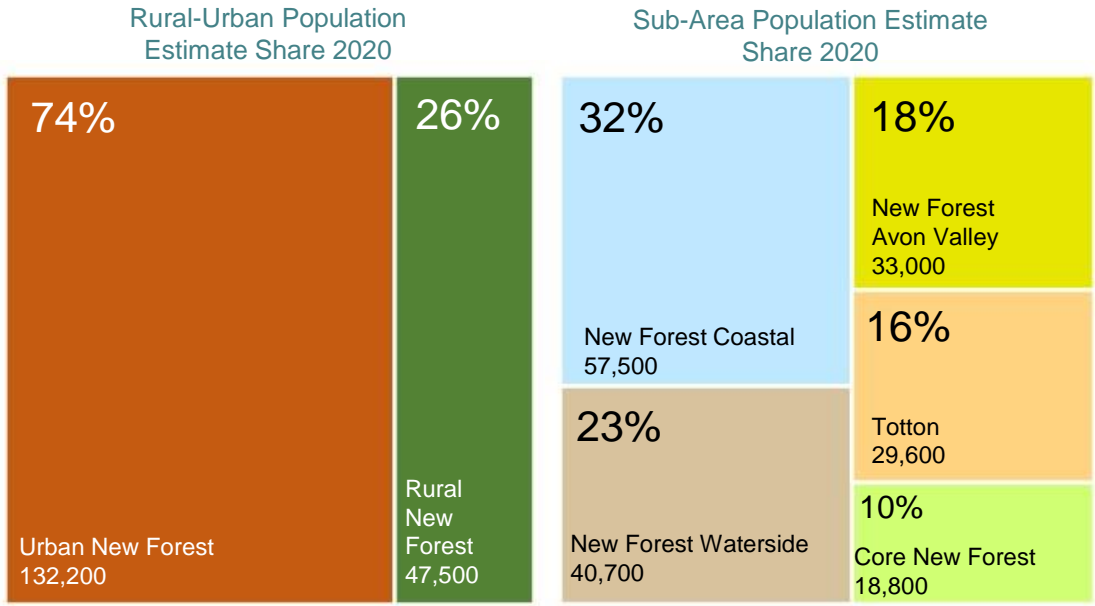
New Forest sub-area business concentration (where 1.00 = New Forest average)



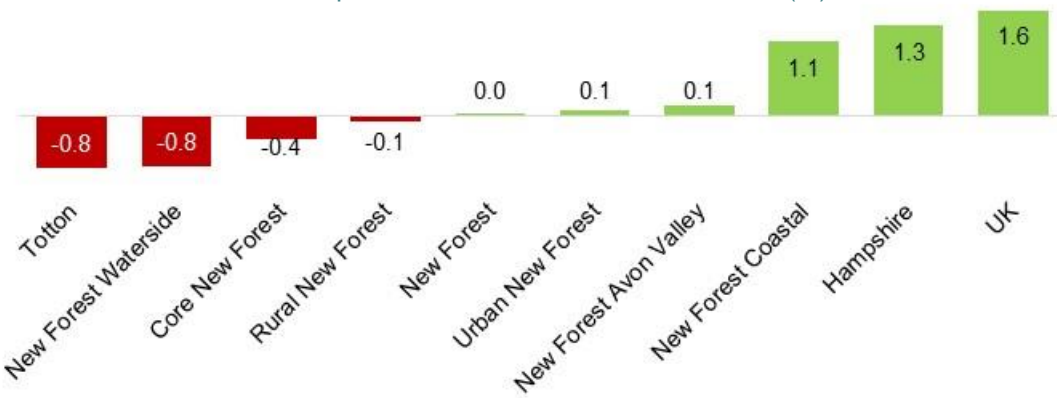
- For the purposes of the economic profile, business concentrations are any sector that has 20% (1.20) or more local businesses than the comparison area and potentially an indicator of agglomeration, or the concept of the economic benefit of clustering related activities to boost the productivity of firms located within them – for example, through knowledge spillover effects.
- Relative to the UK (1.00) the New Forest has key business concentrations in marine and in advanced manufacturing, at nearly 60% and 50% respectively above the national average.
- Sub-area concentrations are measured relative to the New Forest average (1.00). Four of the five sub-areas have key business concentrations in at least one key sector, that can be explained largely by the industry composition in each sub-area.
- The Core New Forest sub-area has two sector concentrations reflecting its rural landscape and has business concentrations in land-based and in hospitality and leisure relative to the New Forest average.
- The New Forest Avon Valley sub-area has a business concentration in the key land-based sector that is close to 50% above the New Forest average.
- The New Forest Coastal sub-area has two key business sector concentrations; marine, and the care sector – the latter possibly reflecting the high number of retirement communities along the coast.
- The New Forest Waterside sub-area has two key business concentrations; advanced manufacturing, and in marine.
- Unlike the broad sectors (p27), Totton has no business concentrations relative to the New Forest average against the six key sectors identified by New Forest District Council i.e. Totton has a concentration in manufacturing but not in advanced manufacturing.

Population – current population fairly stable for now but increasingly aging population

The New Forest Total Population: 180,800 estimated residents in 2021 but 175,800 according to Census 2021



Population Estimates Growth 2017-2020 (%)



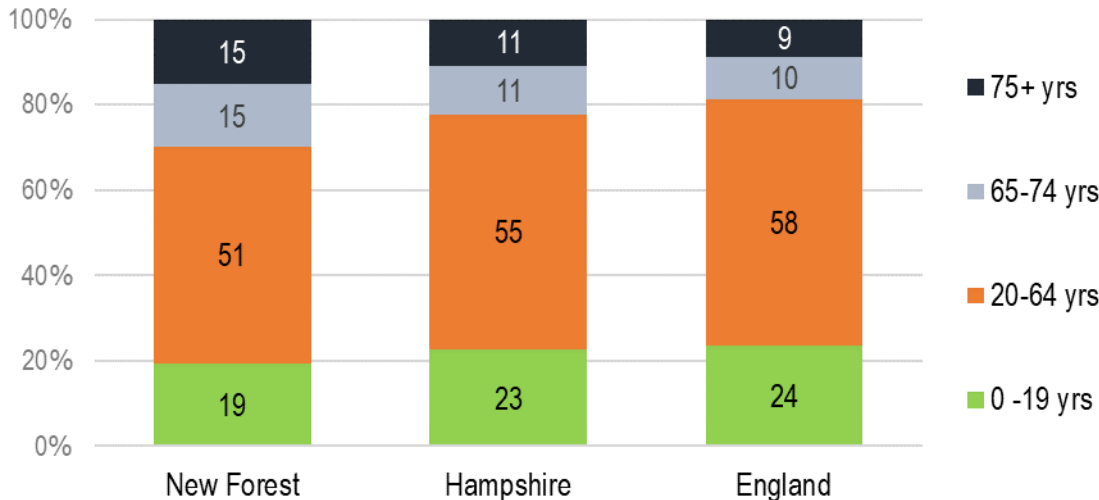
- Population is a major supply-side driver of economic development and economic prosperity and growth over the long-term. However, its role in economic development at local level is somewhat more complex since it can act as a major driver of growth but, it could equally constrain growth in some areas, depending on the composition of the labour market and participation rates.
- According to latest ONS 2020 population estimates, the New Forest had a population of 179,700, rising to estimated 180,800 in 2021 according to ONS sub-national projections. However, Census 2021 estimates place the 2021 population at 175,800; around 5,000 fewer residents than current projections. Furthermore, the New Forest was only one of two South East local authorities that saw a small decrease on 2011 Census levels with 700 fewer residents.
- The gap between the estimates and 2021 Census will be a mix of degradation in population estimate accuracy over time which is normal, but the unexpected fall is possibly down to larger than expected out-migration prior to Census (possibly from pandemic/Brexit), second-home owners out of area at time of Census collection, fewer housing developments built-out, and an actual natural population decline from falling fertility. A degree of caution is therefore required.
- Based on 2020 estimates, three quarters of residents reside in urban areas (74%, 132,200), with over half (55%) of residents living in the two coastal sub-areas. New Forest Coastal has the largest population (32%, 57,500) and Core New Forest the smallest (10%, 18,800).
- Nonetheless, recent population growth (2017-2020) in the New Forest using estimates has been effectively static and with relatively little change between the 2011-2021 Census over the decade also suggests a relatively stable population, albeit one getting disproportionately older. Based on the estimates New Forest coastal saw the largest relative increase and Totton and New Forest Waterside a decrease.

Sources: ONS 2021 (estimates and projections), ONS 2022 (Census)

Broad Age Group Distribution Census 2021 (%)

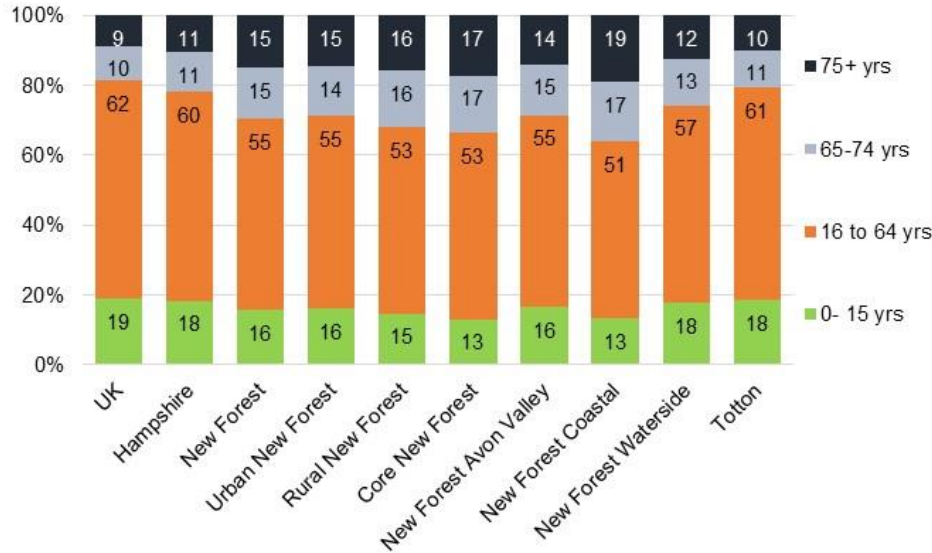


Broad Age Group Distribution Sub-national Population Projection 2021 (%)

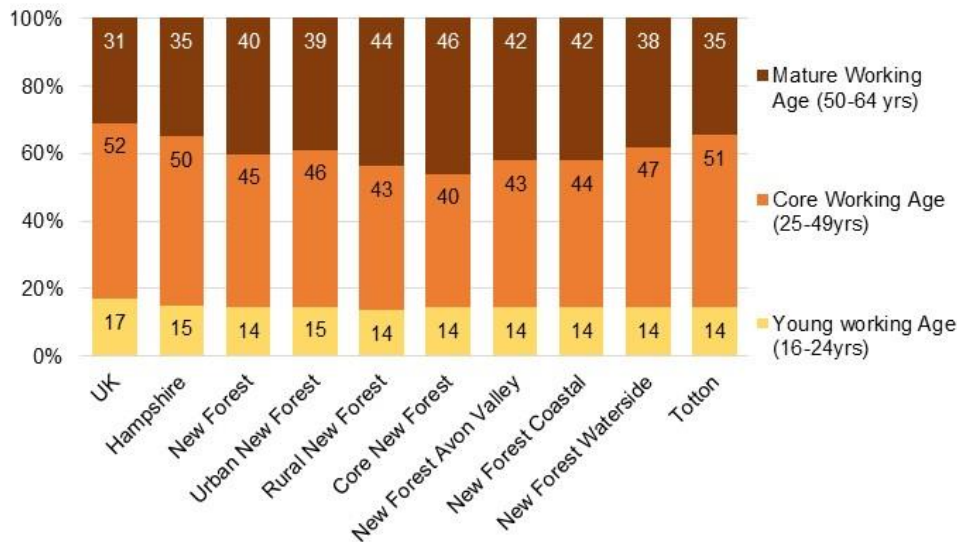


- Based on available data at time of writing the Census 2021 the latest sub-national projections for 2021 (2018-based) and Census 2021 can be broadly compared.
- By broad age group there is little difference in the New Forest between the latest ONS projections (2018-based) and Census 2021 population shares. Likewise, the shares for Hampshire and England are both relatively close between both sources.
- However, the actual estimated numbers between the projection and Census are quite different (see p36), which may have implications for policy and local government funding.
- If Census 2021 population shares are taken as the new baseline in funding formulas then the New Forest (30%) still has a significantly older population distribution compared to Hampshire (21%) and England (19%). On both measures the New Forest has 11 percentage points (ppts) gap with England and 9 ppts with Hampshire. In absolute terms Census 2021 has 2,700 fewer older residents than 2021 population projections.
- Taking Census 2021 on working age, the New Forest (52%) has a smaller relative population compared to Hampshire (56%) and England (58%), with the New Forest 6ppts lower than England and 4ppts lower than Hampshire. In absolute terms Census 2021 has 1,000 fewer working age residents than 2021 population projections.
- Based on Census 2021, the under 20's distribution in the New Forest (19%) has a smaller relative population compared to Hampshire (22%) and England (23%), with the New Forest 4ppts lower than England and 3ppts lower than Hampshire. In absolute terms Census 2021 has 1,500 fewer young residents than 2021 population projections.

Broad Age Group Distribution 2020 (%)



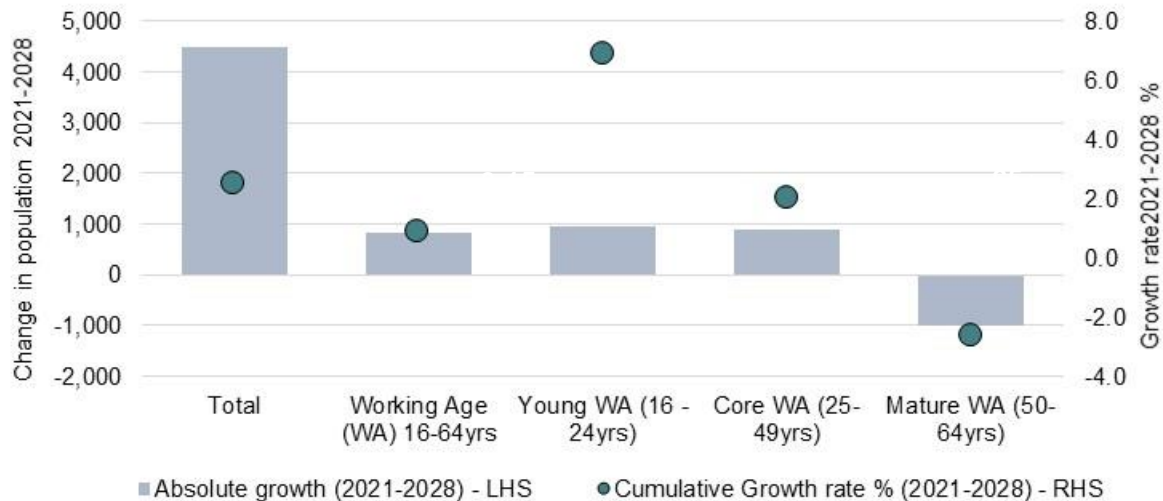
Working Age Groups Distribution 2020 (%)



- In the absence of small area Census data latest ONS population estimates (2020) are used to show population distribution by broad age group. As already highlighted the New Forest has smaller working age (55%) and younger (16%) populations and a much larger older population aged over 65 years (30%) when compared to Hampshire and UK averages.
- Overall, only Totton has a similar age distribution to Hampshire and UK while Core New Forest, New Forest Coastal, and Rural New Forest both have larger older and smaller younger populations respectively. Almost one in five New Forest Coastal residents is aged 75 or over, twice the national average.
- Working age (16-64yrs) can more usefully be broken down into young (16-24yrs), core (25-49yrs), and mature (50-64yrs) working age.
- The Young working age population will be those starting out in the labour market, either from school/college or as graduates. Although the New Forest has a lower proportion relative to the UK and marginally lower than Hampshire (except for Urban New Forest) differences are not significant. The largest gaps are in the core and mature working age.
- The New Forest has a smaller core working age population compared to Hampshire and UK which suggests that local demand and the cost of living (housing in particular) have constrained growth. This is acute in rural and Core New Forest which has proportionately larger mature than core working age populations.
- Two fifths of working age residents in the New Forest are of mature working age. In Core New Forest approaching half of all working age residents are of mature working age, compared to around one third nationally and in Hampshire. The older working age resident population is likely to be down to a mix of more affluent older workers moving to the New Forest and older local residents who were able to buy housing when it was relatively more affordable.

Source: ONS 2021. Percentages are rounded and may not sum to 100%.

New Forest Population Projected Growth (2021-2028)



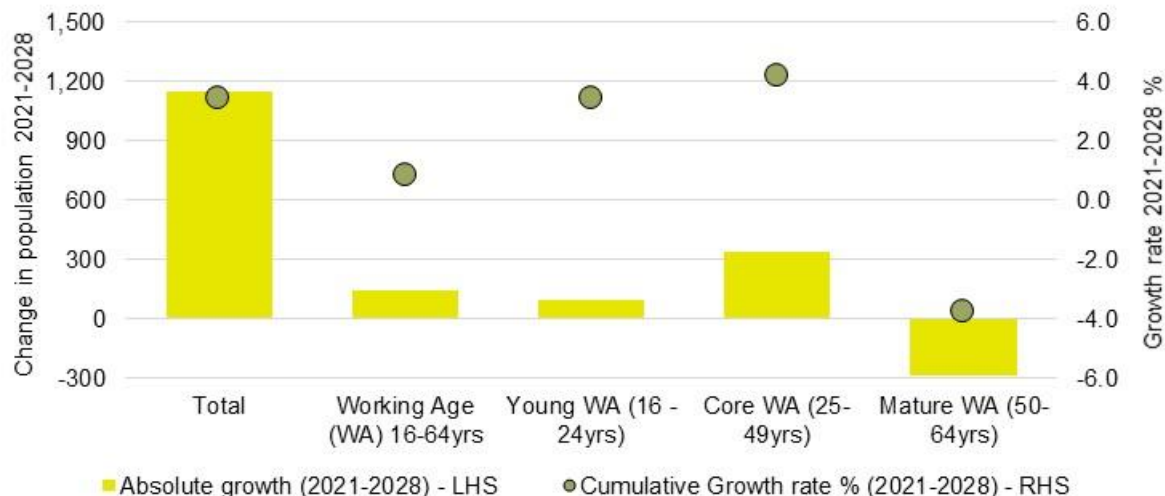
Core New Forest Population Forecast Growth (2021-2028)



- Future sub-national projections will be re-based on Census 2021 but in lieu of such data, current projections (2018-based) suggest the New Forest may grow by 1.1% (+2,100) between 2021 and 2028, much slower than UK 2.8% and Hampshire 2.3%, but the ONS projections only partly take into account planned housing developments from past trends and can be taken as a lower threshold.
- Hampshire forecasts factor in indicative future dwellings supply* for the period 2021 to 2028 and can provide an upper population estimate. On this source the New Forest may grow by a faster 2.5% (+4,500) over the period, but still half the forecast rate for Hampshire (5.9%), and the second lowest in Hampshire – not least down to dwelling forecasts being among the lowest in Hampshire, despite one of the lowest population densities. This suggests a lack of available land and planning barriers such as the national park, although data will not include any recently released additional development not included in HCC forecasts.
- Working age growth (0.9%) is forecast to come from young (6.9%) and core (2.0%) age groups while mature working age population is forecast to shrink 2.6% by 2028.
- Core New Forest is forecast to grow by 7.3% (1,400) between 2021-2028, accounting for about one third of all the New Forest's population growth. Sub-area growth is above the New Forest (2.5%) and Hampshire (5.9%) averages.
- Working age population forecast to grow by 7.1% or by approximately 700 residents. The working age population is estimated to contribute around 50% of total sub-area population growth. The working age population growth is more notable in core age group (12.4%, 600) and in relative terms from young age group (12%, 200). In contrast, the mature working age group is forecast to remain effectively static over the period.

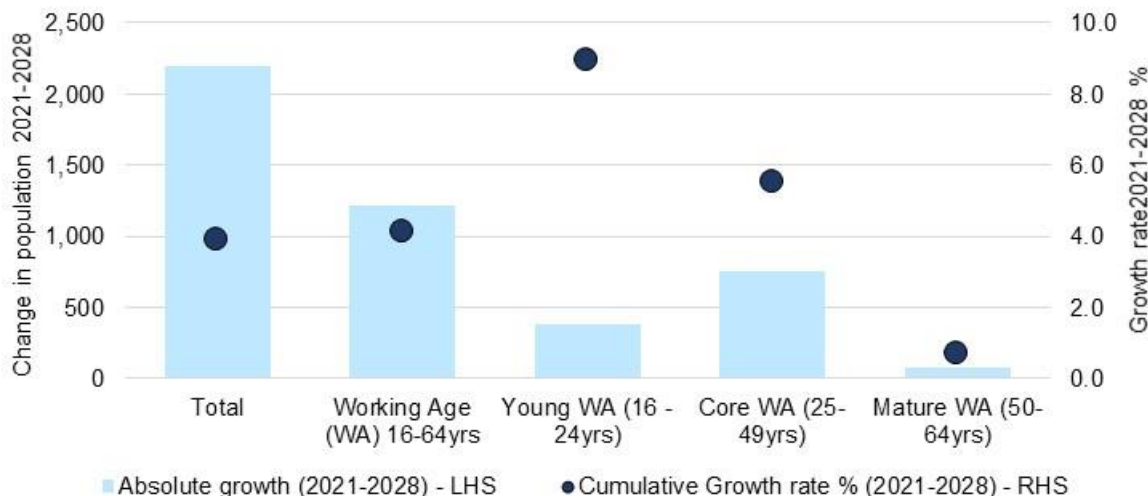
Source: ONS 2021, HCC 2022. Numbers and rounded any may not sum to totals. *Be aware that in the current economic climate forecasting future dwelling supply continues to be particularly difficult.

New Forest Avon Valley Population Forecast Growth (2021-2028)



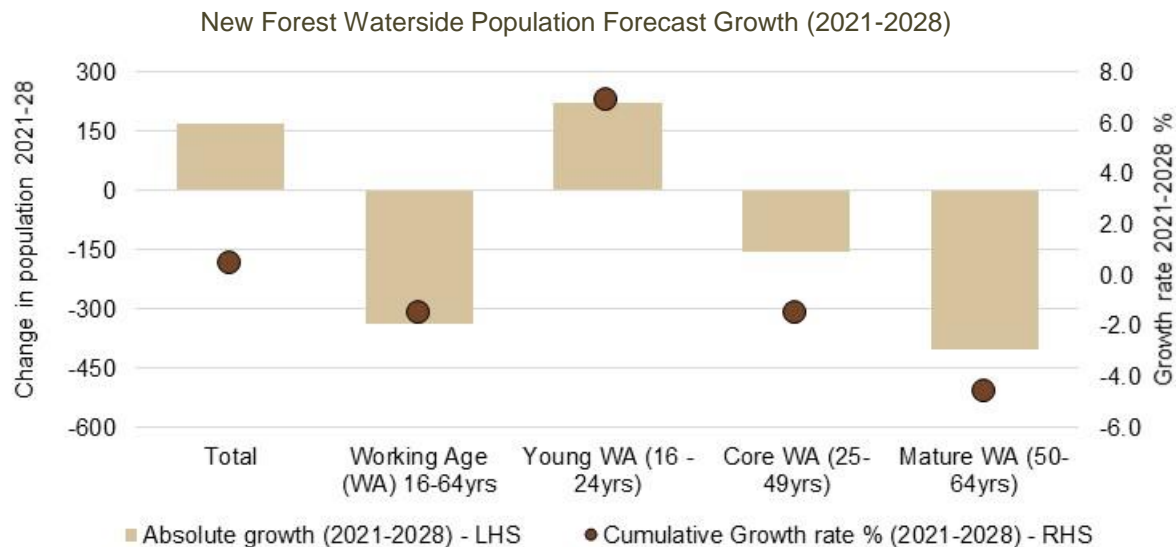
- New Forest Avon is forecast to grow by 3.4% (1,200) between 2021-2028, accounting for about one quarter of the New Forest’s overall population growth. Sub-area growth is above the New Forest (2.5%) average but lower than Hampshire (5.9%).
- Working age population forecast to grow by only 0.8% or by approximately 100 residents. Working age population is estimated to contribute around 10% of total sub-area population growth. What little working age growth is forecast is concentrated in the core age group (4.2%, 300) and in relative terms from young age group (3.4%, 100), but gains partly offset by shrinking mature working age group forecast decrease by 3.8% (-300).

New Forest Coastal Population Forecast Growth (2021-2028)

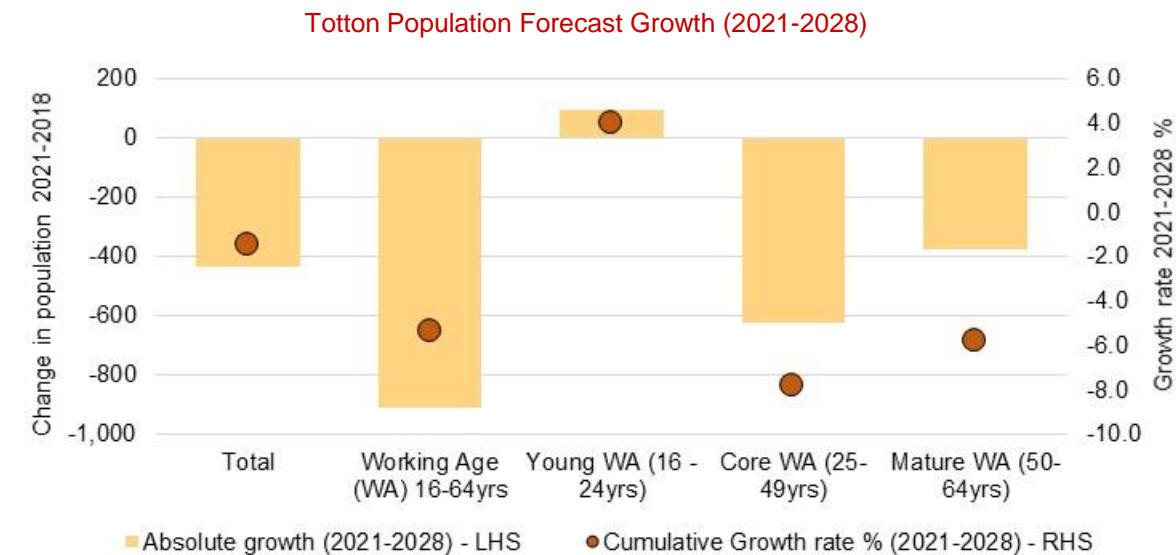


- New Forest Coastal is forecast to grow by 3.9% (2,200) between 2021-2028, accounting for just under half of the New Forest’s overall population growth. Sub-area growth is above the New Forest (2.5%) average but lower than Hampshire (5.9%).
- The working age population is forecast to grow by 4.1% or by approximately 1,200 residents. The working age population is estimated to contribute around 55% of total sub-area population growth. Absolute working age population growth is more notable in core age group (9%, 800) but in relative terms from young age group (12%, 400). In contrast, the mature working age group is forecast to remain effectively static over the period.

Source: ONS 2021, HCC 2022. Numbers and rounded any may not sum to totals. *Be aware that in the current economic climate forecasting future dwelling supply continues to be particularly difficult.



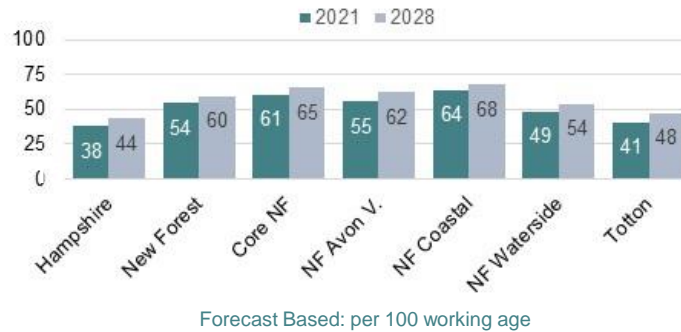
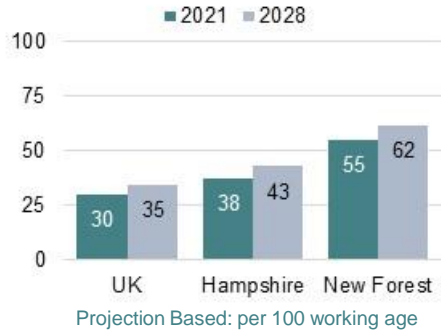
- New Forest Waterside is forecast to grow by just 0.4% (approx. 200 residents) between 2021-2028, accounting for less than 4% of the New Forest's overall population growth. Sub-area growth is well below the New Forest (2.5%) and Hampshire (5.9%) averages. There are several large developments in the planning pipeline (Fawley Waterside) or allocated (land South of Bury Road, Marchwood), but estimated development phasing means most housing will not be built-out until after the current forecast period and will not be reflected in the current growth figures.
- The working age population is forecast to decrease by 1.5% or by approximately 300 residents. What little working age growth is forecast is concentrated in the young age group (6.9%, 200) but offset by larger decreases in the core age (-1.5%, -100) and more so in the mature working age group (-4.6% (-400)).



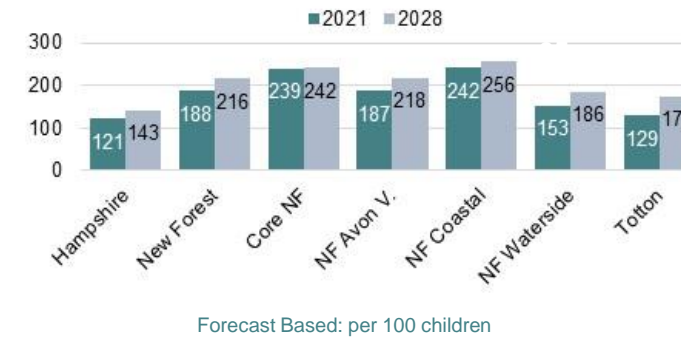
- Totton is the only sub-area forecast to decrease between 2021-2028, with growth down by 1.5% (-400), and naturally not contributing to the New Forest's overall population growth. Sub-area growth is well below the New Forest (2.5%) average but lower than Hampshire (5.9%). Development land identified in New Forest District Local Plan 2016-2036 falls mostly in the Core New Forest sub-area though effectively Totton, and this may help partly explain the low forecast growth and also contribute to Core New Forest growth rates.
- The Working age population is forecast to decline by 5.4% or by approximately 900 residents. What little working age growth is forecast is concentrated in the young age group (3.9%, 100) but offset by larger decreases in core age (-7.9%, -600) and in the mature working age group (-5.9% (-400)).

Source: ONS 2021, HCC 2022. Numbers and rounded any may not sum to totals. *Be aware that in the current economic climate forecasting future dwelling supply continues to be particularly difficult.

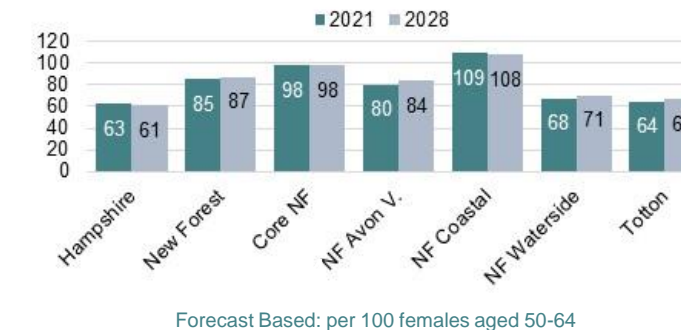
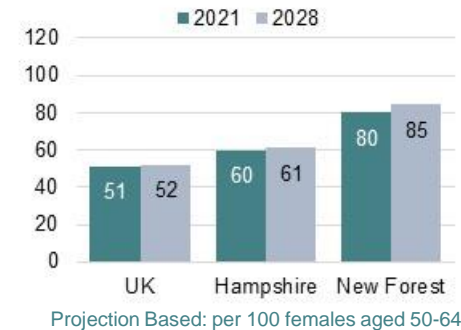
Old Aged Dependency Ratio (Working Age 16:64yrs : Aged 65+yrs)



Ageing Index (Aged 65+yrs : Children 0-15yrs)



Care Ratio (Elderly 80+yrs : Female 50-64yrs)



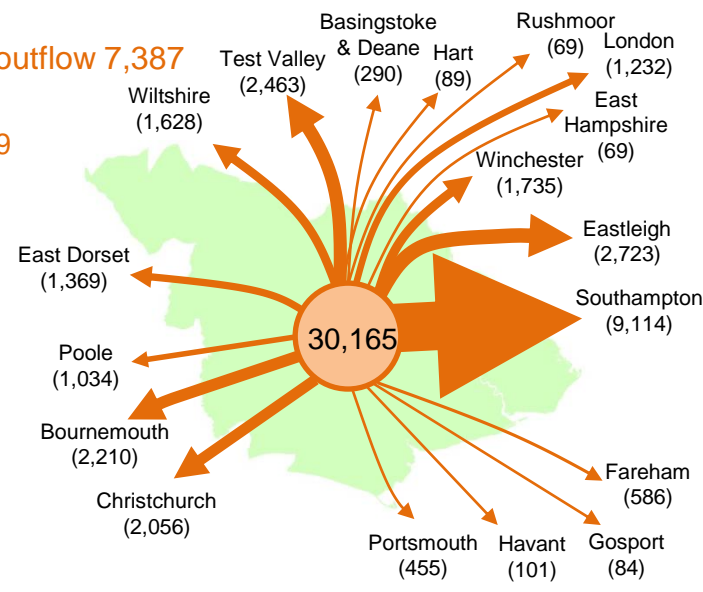
- The UK, and the New Forest especially, are becoming older societies which has implications for the economy, housing and for health and social care. For the labour market mature worker numbers have fallen since the pandemic, primarily due to long-term health conditions. Equally, as workers get older they will need to re-train in different industries to work for longer (especially those in manual employment). This is more pertinent for the New Forest with its industrial structure and higher proportion of mature workers.
- On all three dependency measures (Old Aged Ratio; Ageing Index; and Care Ratio), the New Forest is well above both the national and Hampshire averages. All New Forest sub-areas are above the Hampshire average, notably New Forest Coastal. Furthermore, in all cases older dependency will continue increase this decade and at a faster rate in the New Forest.
- There are currently 55 older residents to every 100 working age in the New Forest, rising to 62 by 2028. New Forest Coastal has already surpassed this with 64 in 2021. The old age dependency ratio has real economic implications nationally, not least in terms of tax receipts, pension and welfare provision. At a local level it affects expenditure and investment as well as demand on local services. Rising dependency ratio tends to constrain growth in GVA per head, one of the measures of economic prosperity.
- The Ageing Index gives a sense of direction in the way the population is likely to age locally in the future, and in the New Forest it will age more and quickly compared to UK and Hampshire, especially in New Forest Coastal and Core New Forest.
- The 50-64 year old female population are more likely to undertake informal carer roles for elderly relatives. On the care ratio this burden falls more heavily on mature female residents in the New Forest compared to UK and Hampshire averages, however, number of people in mid and later life who live alone has increased which will likely put more strain on the adult social care system.

Out-commute

Resident Worker Population: 83,749

Live & Work Locally: 46,038
 No fixed place: 7,546
 Out-commute: 30,165
 Resident Self-Containment Ratio: 0.64

Key:
 The map shows out-commuter flows to Hampshire districts, sub-areas and to other destinations with 400+ Out-commuters. The sum of destinations shown accounts for 27,307 out-commuters (90% of the total).

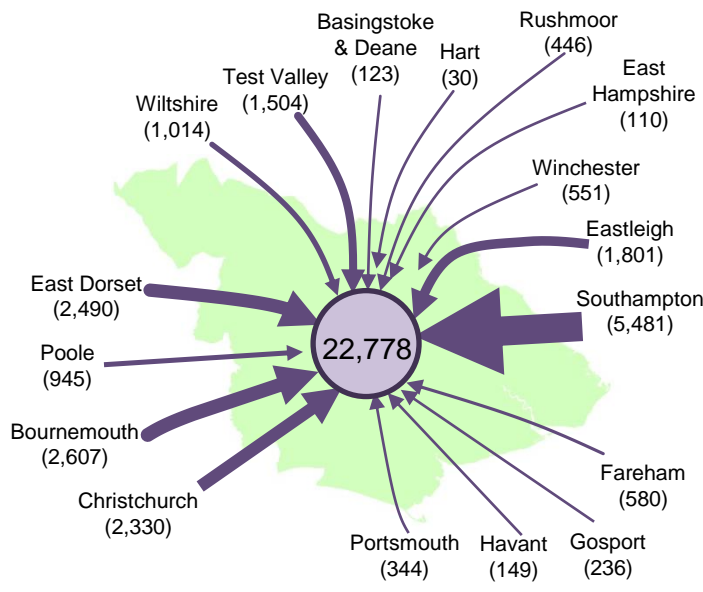


In-commute

Workplace Population: 76,382

Live & Work Locally: 46,038
 No fixed place: 7,546
 In-commute: 22,778
 Workplace Self-Containment Ratio: 0.70

Key:
 The map shows in-commuter flows from Hampshire districts, sub-areas and other origins with 400+ in-commuters. The sum of origins shown accounts for 20,741 in-commuters (91% of the total).



- The majority of workers in the New Forest are local residents employed in the main centres of employment (Hythe, Lymington, New Milton, Ringwood and Totton) and this is reflected in reasonably high self-containment ratios; often used as a proxy to define Functional Economic Market Areas (FEMAs).¹
- The New Forest has a resident worker population of close to 84,000 and a workplace population of over 76,000.
- Larger commercial developments are constrained by the rural swathes (National Park) and coastal areas that combined with transport links may present barriers to development. Sandwiched between major employment centres in Bournemouth to the west and Southampton and lower M3 to the east, the New Forest unsurprisingly experiences a net outflow of almost 7,400 resident workers, with the higher skilled more likely to out-commute.
- The primary destination of New Forest commuters are to adjacent areas in Southampton and Eastleigh to the east and to Dorset authorities in the west. The New Forest sees significant reciprocal inflows from the same areas (origins).
- The main method of travel to work is by car, which has seen car occupancy grow but mostly down to population growth, except in the Totton & Waterside area that has seen significant growth beyond a rising population. Working from home has seen the largest growth with technology and changes in working patterns being the main drivers but recession may have skewed the data on the self-employed. The pandemic will have seen significant shifts in working patterns with a significant increase in working from home (WFH) and hybrid working. This should be reflected in Census 2021, but the extent of WFH may have fallen and hybrid increase as 'normality' returns.

¹ The TTWA threshold can be lowered from 75% to 67% for larger urban areas, or areas with over 25,000 resident and workplace workers who live and work in the area.

New Forest District



83,749*
Resident Worker
Population



76,382*
Workplace Worker
population



-7,387*
Net Deficit Worker
population

Urban New Forest



61,108*
Urban Resident
Population



56,317
Urban Workplace
Worker population



-4,791*
Urban Net Deficit
Worker population

Rural New Forest



22,580*
Rural Resident
Population



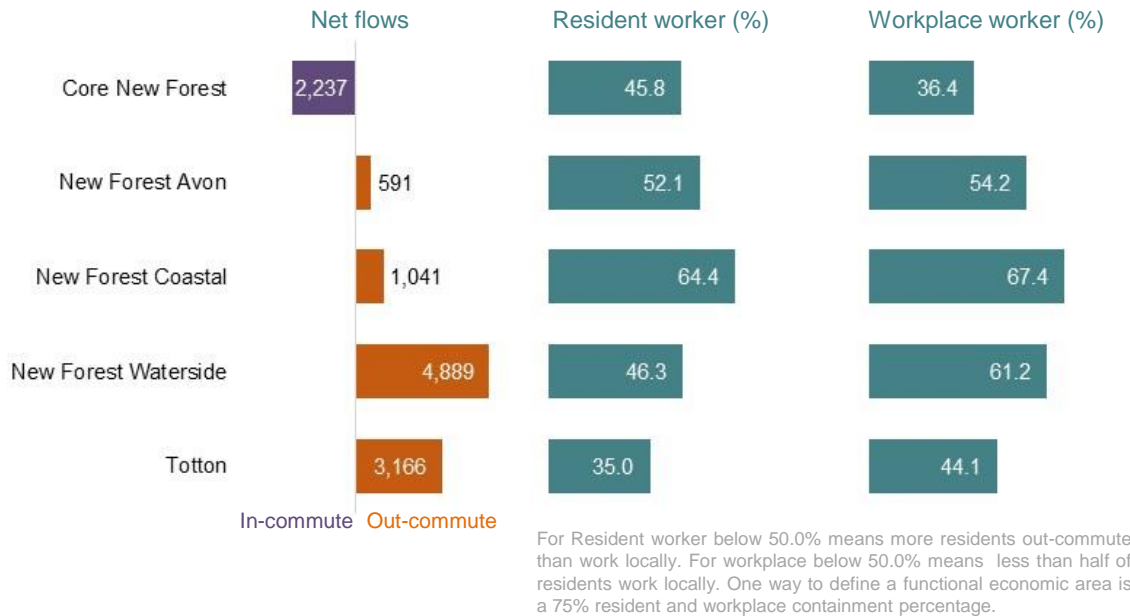
20,011
Rural Workplace
Worker population



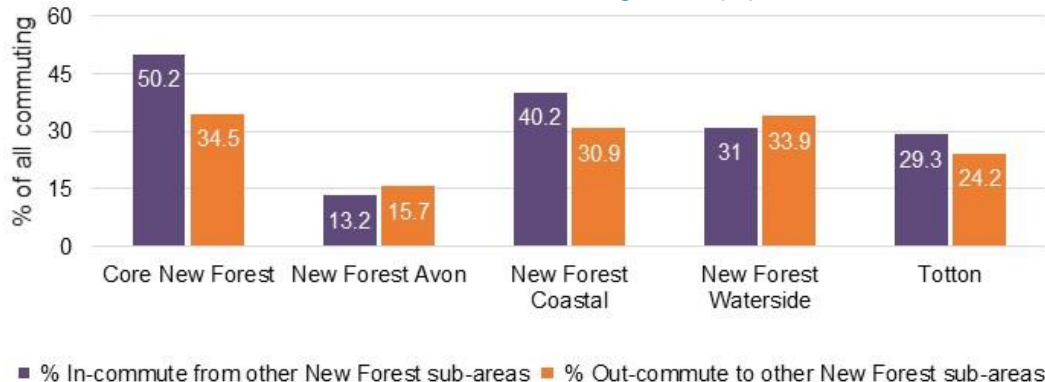
-2,569*
Rural Net Deficit
Worker population

- Almost three quarters of all resident (61,100) and workplace (56,300) populations are urban based*. In contrast only one in four New Forest workers (resident and workplace) are rural based. The Urban New Forest population may have the larger overall net commuter out-flow, but the rural area proportionately experiences a larger net commuter out-flow, as would be expected given the relatively high concentration of employment opportunities in urban areas.
- Less than half of the rural resident based workforce live and work locally, while half of the rural workplace population are local. The main destination and origin of rural commuting is to urban areas in the New Forest. Just over half of the urban resident workforce population live and work locally, while almost two thirds of the urban workplace population are local. The main destination and origin of urban commuting is to Southampton.
- Although the figures are indicative the data suggests a greater propensity for home working in rural areas (19%) compared to urban areas (12%). New Forest residents in higher skilled occupations are proportionately concentrated more in rural areas. Earnings and housing affordability will be the main factors that contribute to rural-urban occupational distributions.
- *The ONS/DEFRA 2011 rural urban classification (RUC) is based on equal areas of population rather than land-use, and as such, sparsely populated areas of the New Forest recognised as topographically rural have merged with urban areas. The rural-urban flows should be viewed as indicative of commuter flows.

Commuter Net Flows and Worker Self-containment Percentage



Local Commuting Flows (%)



- With the exception of Core New Forest, all of the New Forest sub-areas saw a net out flow of workers. This can be partly explained by a larger public sector and education employment in Core New Forest, but with less affordable housing.
- New Forest Waterside and Totton have the largest commuter out-flows, which is not surprising given their closer proximity to Southampton as a major employment centre.
- None of the New Forest sub-areas can be defined as functional economic market areas using the travel to work criteria – New Forest Coastal is the closest, possibly in large part due to greater commutes to neighbouring major employment centres in Bournemouth-Christchurch-Poole (BCP) or Southampton.
- In terms of the New Forest’s local labour supply, Core New Forest is more reliant on local workers with around half of all in-commutes from the other New Forest sub-areas, but also contributes in relative terms more workers to the other sub-areas. In contrast New Forest Avon has a low reliance on local workers or contributes to other sub-areas.
- Core New Forest has a strong commuter relationship with New Forest Coastal and Southampton which reflects good access to road and rail links (p46).
- New Forest Avon Valley has greater labour market connections with BCP, Dorset and Wiltshire with good road access to A31/A338 (p46).
- New Forest Coastal is more mixed with flows north and east (Core New Forest, Southampton) and to the west where it borders BCP (p46).
- New Forest Waterside and Totton both have strong flows with Southampton, and between the two sub-areas. There are also connections with Eastleigh (p46).

Source: ONS 2011 Census. *The sum of the sub-areas and rural/urban will differ to the district due to changes made by ONS disclosure procedures that randomly alters small area data.

Commuting – proximity to places of work drives destinations and origins of commuters

Top Five Origins (in-commutes): percentage of all in-commutes and in-commute number†



Top Five Destinations (out-commutes): percentage of all out-commutes and out-commute number †



Source: ONS 2011 Census. *The sum of the sub-areas and rural/urban will differ to the district due to changes made by ONS disclosure procedures that randomly alters small area data. † Census commuter numbers rounded to nearest 10.

Labour market – pandemic impact on employment among the New Forest residents more pronounced than nationally

New Forest Resident Working Age (16-64) Employment

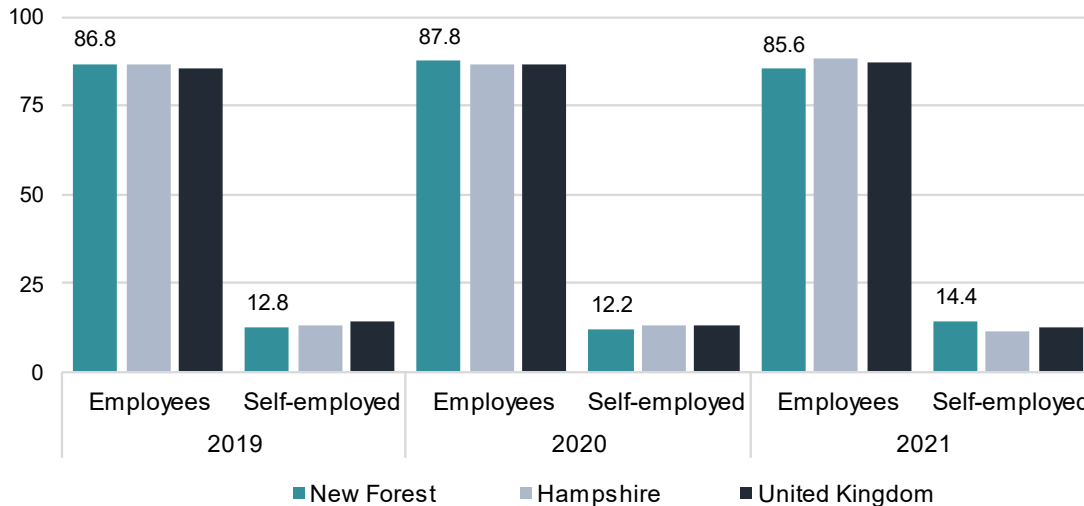
81,300	80,200	76,900	73,400	7,900 fewer on 2017, 6,800 fewer pre-pandemic (2019)
2017	2019	2020	2021	
	-1,100	-3,300	-3,500	→

Working Age (16-64) Rates and Percentage Point (ppts) Change in Rates

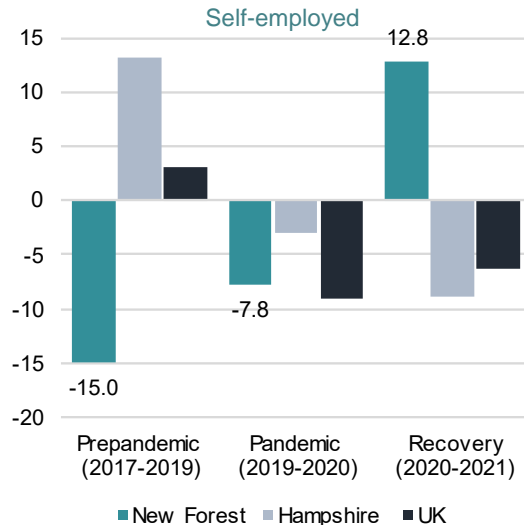
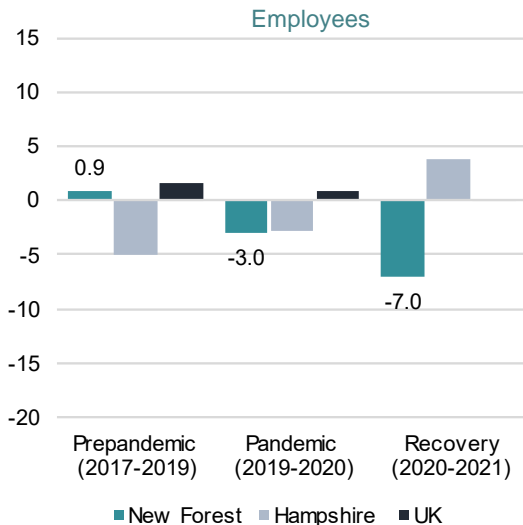


- In 2021 the New Forest had an estimated 73,400 working age residents in employment, representing 76.2% of the working age population and relatively high employment rate, and 1.5ppts above the UK average but lower than Hampshire (-3.4ppts).
- The employment gap between the New Forest and Hampshire has widened since 2017; mostly down to the New Forest impacted more during the pandemic and a poorer recovery. Likewise, the gap with UK has narrowed since 2021 - UK rate was unchanged but 'caught up' due to negative growth in the New Forest.
- In the pre-pandemic period (2017-2019) the New Forest saw the number employed fall by 1,100. However, the rate improved by 2.1ppts due to a larger fall in the working age population uplifting the rate.
- During the pandemic (2020) employment levels fell by a further 3,300 while the rate decreased by 5.1ppts, greater than both benchmarks. This is despite nationwide job and business support schemes introduced to protect employment.
- In the 'recovery' period (2021) employment levels fell by a further 3,500 and the rate by 1.3ppts, a greater margin than both UK and Hampshire, with the latter seeing growth in employment rates.
- Sub-area data should be viewed with caution due to much smaller sample populations, with the focus on the broad direction of travel rather than specific rates. Nonetheless, the sub-area data suggests employment rates in both 2017 and 2021 are highest in New Forest Avon Valley, Totton, and Core New Forest – although New Forest Avon Valley slipped to second highest in 2021. New Forest Waterside and New Forest Coastal consistently have the lowest employment rates, and New Forest Coastal below the district average in both 2017 and 2018. However, the data also suggests that Totton and New Forest Waterside both had higher working age employment rates in 2017 compared to 2021, suggesting recovery. Employment rates are lower in 2021 in both Urban and Rural New Forest, but the Urban sub-area was less impacted with growth in 2021.

Working Age in Employment by Employee/Self-employed (2021) %



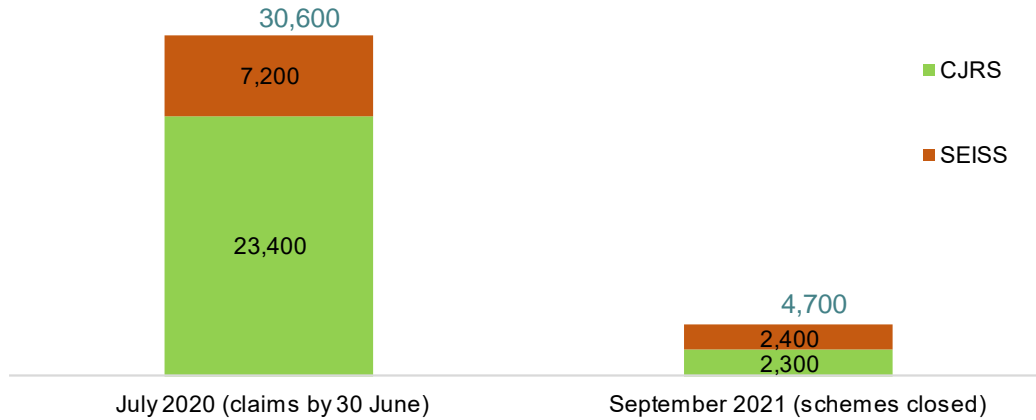
Employee/Self-employed growth rates (%)



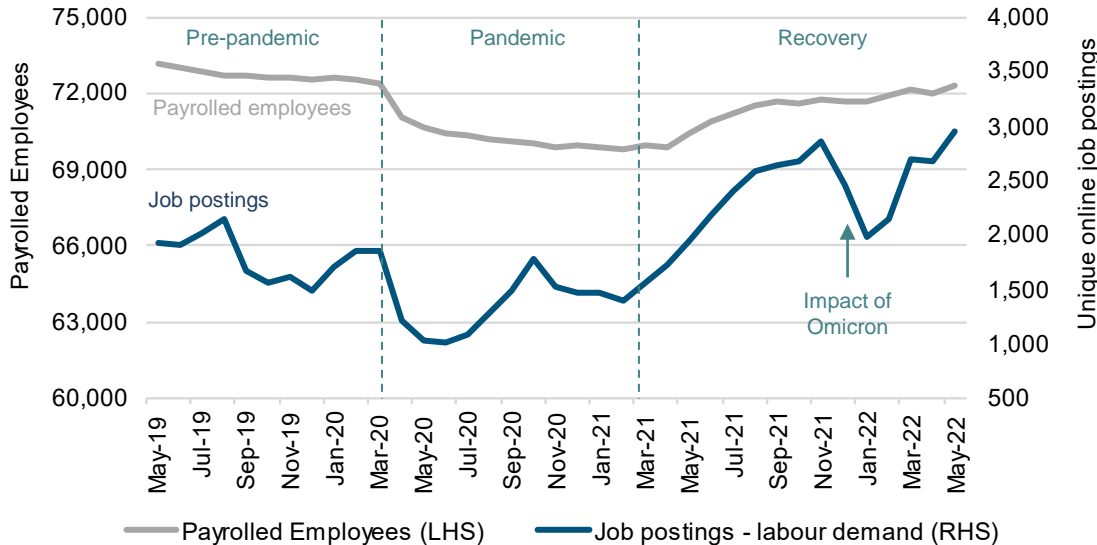
- There were around 62,800 employees in the New Forest in 2021. As a percentage of the New Forest’s working age residents in employment, the percentage share who were employees has been consistently in the mid-high eighties, and in 2019 and 2020 was above the Hampshire and UK averages. This changed in 2021 with a decrease in the share of employees and a rise in self-employed relative to the two benchmarks.
- There was little employee growth pre-pandemic (slower than UK) and larger falls during the pandemic (-3.0%), but also during the ‘recovery’ period (-7.0%). There are 6,800 fewer resident employees in 2021 compared to pre-pandemic levels.
- Self-employment was in decline in the pre-pandemic period (-15%) with 1,800 fewer self-employed (only partially offset by rising employee numbers). During the pandemic period self employment continued to fall in line with national and county trends - research suggests the self-employed were hit harder than employees during pandemic despite SEISS scheme (see p49), primarily by limiting the extent many self-employed workers could work.
- However, the data suggests the New Forest bucked the trend in 2021 with robust growth in self-employed resident workers.
- Growth in the New Forest was 12.8% compared to negative growth for Hampshire and UK. The New Forest saw 1,200 more self-employed residents in 2021 compared to 2020. As such, self-employment levels (10,600) were above 2019 pre-pandemic levels (10,200) but below 2017 (12,900). Both UK and Hampshire have yet to see self-employment return to pre-pandemic levels.
- A possible lack of employee opportunities in the New Forest might be driving more residents into self-employment, trends last seen in the years following the global financial crisis of 2008/09.

Source: ONS 2022. Annual Population Survey 12 mths to December for 2017, 2019, 2020 & 2021. * The % share of the number is the percentage of the sum of the individual employment status figures and not the rate.

New Forest Residents accessing government job support schemes 2020-2021



New Forest resident payrolled employees and labour demand (job postings) May 2019 – May 2022



- In response to the emerging pandemic in 2020, the government introduced unprecedented job support schemes for employees (CJRS - furlough) and for self-employed (SEISS). By July 2020, around 30,600 New Forest residents were being supported by both schemes, around half of those in employment. As the economy largely re-opened in March 2021, and the economy rebounded, the number supported in September 2021 with the closure of both schemes was 4,700. Fears of an uptick in unemployment did not materialise and most furloughed workers appear to have returned to employment, although not necessarily in the same job or sector, thereby exacerbating a skills shortage for some industries, particularly those previously reliant on EU workers.

- Using timelier employee* payroll data, pre-pandemic employment levels in the New Forest were stable but the first national lockdown saw a sharp fall in employee numbers before levelling off as job support schemes came into play. The re-opening of large parts of the economy in March 2021 onwards saw a rise in employee jobs with demand for labour increasing. Growth slowed in the second half of 2021 before seeing an uptick in early 2022. The increase in employees is down to a surge in labour demand following the three national lockdowns, although Omicron dented demand for labour, particularly in hospitality. The New Forest employee levels had nearly returned to pre-pandemic levels by May 2022.

- Using online job postings as a proxy for labour demand the New Forest saw the usual seasonal peaks and troughs pre-pandemic, but the expected spring surge for summer in 2020 was replaced by a significant fall with pandemic lockdowns. Partial easing of restrictions saw a rebound in summer 2020 before subsequent waves saw reduced demand.

- Demand for labour in May 2022 is 60% above pre-pandemic levels in the New Forest leading to shortages, notably in hospitality and care, with workers able to get higher wages premiums and better terms and conditions in other sectors, such as retail and logistics.

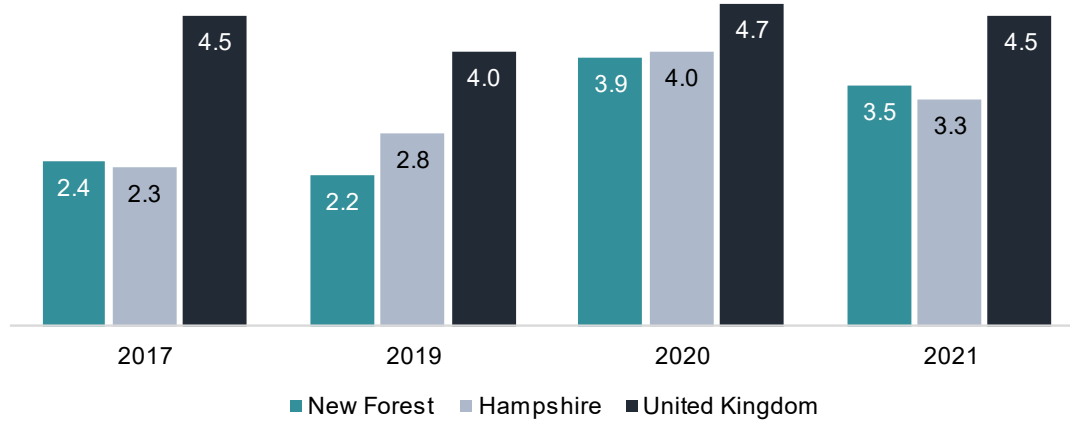
Source: ONS/HMRC 2022, Lightcast 2022.*Tax definition so not comparable to headline ONS employee data. Also, evidence to suggest self-employed re-classed themselves as employees to access furlough.

Labour market – unemployment rose more sharply in the New Forest during pandemic but falling

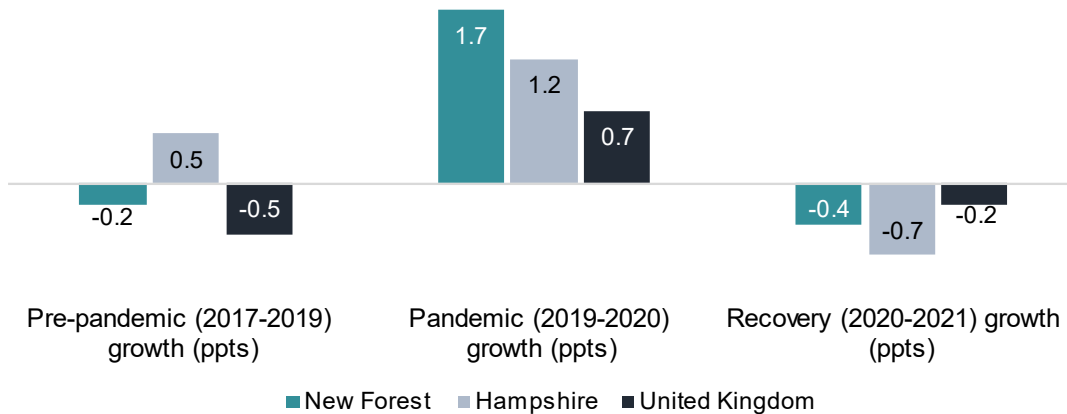
New Forest Resident Working Age (16-64) Unemployment

2,100 2017
 2,000 2019
 3,400 2020
 2,800 2021
 700 more on 2017, 800 more pre-pandemic (2019)
 -100 +1,400 -600 →

Working Age (16-64) Unemployment Rates (%)

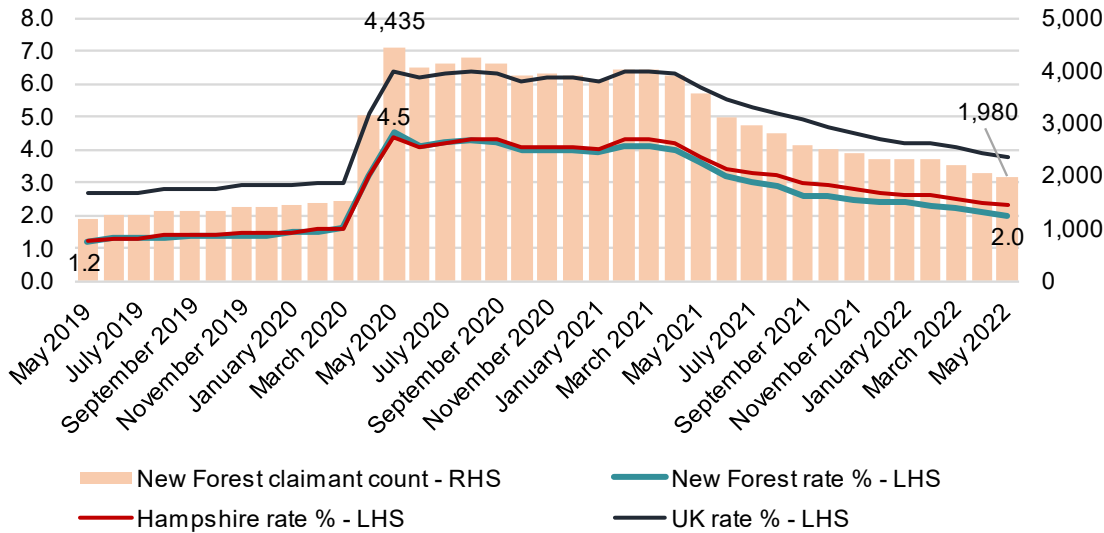


Working Age (16-64) Unemployment Growth Rate (percentage points)

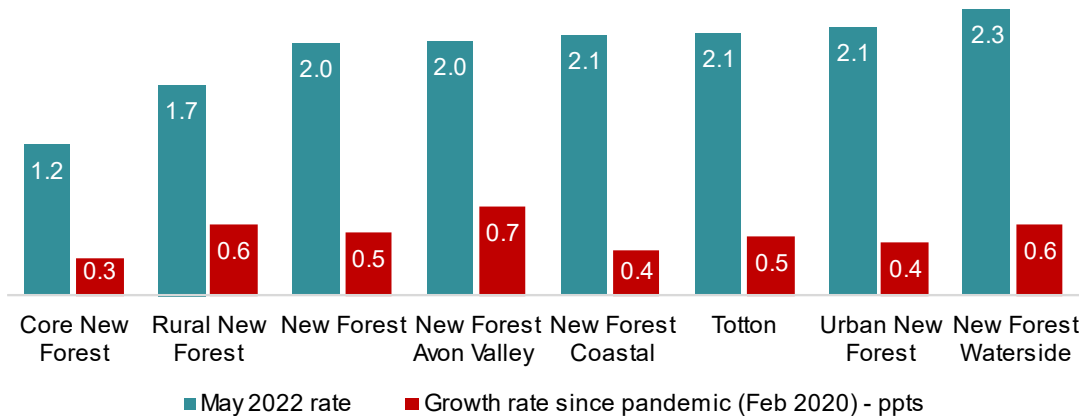


- The New Forest has relatively low unemployment rates and levels, although in 2021 the rate at 3.5% was marginally above the Hampshire average (3.3%), although one percentage point (ppts) below the UK. The number of working age unemployed was 2,800 in 2021, down by 600 on 2020 but still above pre-pandemic levels (+800). Participation rate is more of an issue for the New Forest (see Economic Inactivity p74).
- Pre-pandemic, the New Forest saw the unemployment rate decrease by 0.2ppts, better than Hampshire (+0.5ppts) but slower than the UK negative growth (-0.5ppts). As such, the rate gap narrowed against the UK between 2017 and 2019 but widened in a positive direction against Hampshire as the county saw increased unemployment.
- However, any gains made by the New Forest in the immediate period prior to the pandemic were lost during 2020. The New Forest unemployment rate increased by 1.7ppts to 3.9% (+1,400), much larger rate rise than Hampshire and UK, and although the New Forest rate in 2020 was lower than both Hampshire and UK rates, the gap with both benchmarks narrowed due to this variation in negative growth.
- The recovery period in 2021 saw a decline in unemployment but a slower change in rates saw the New Forest overtake the unemployment rate in Hampshire, and only marginally widen the gap with the UK rate from 0.8ppts in 2020 to 1ppts in 2021. However, 2022 claimant count data showed unemployment continuing to fall (p51).
- Nonetheless, strong demand for labour and good employee growth (p49) implies that unemployment could be lower than it currently is and suggests a skills mismatch that alongside economic inactivity is leading to many employers continuing to face staffing gaps amid a tight labour market.
- However, the combination of rising inflation, the increase in Bank of England base rates, and low economic growth (stagflation) has increased the likelihood of recession in late 2022 and 2023, and that will inevitably lead to a rise in unemployment.

Working Age (16-64) Unemployment Claimant Rates (%) and New Forest Claimants



New Forest Sub-area Working Age (16-64) Unemployment Claimant Rates (%)



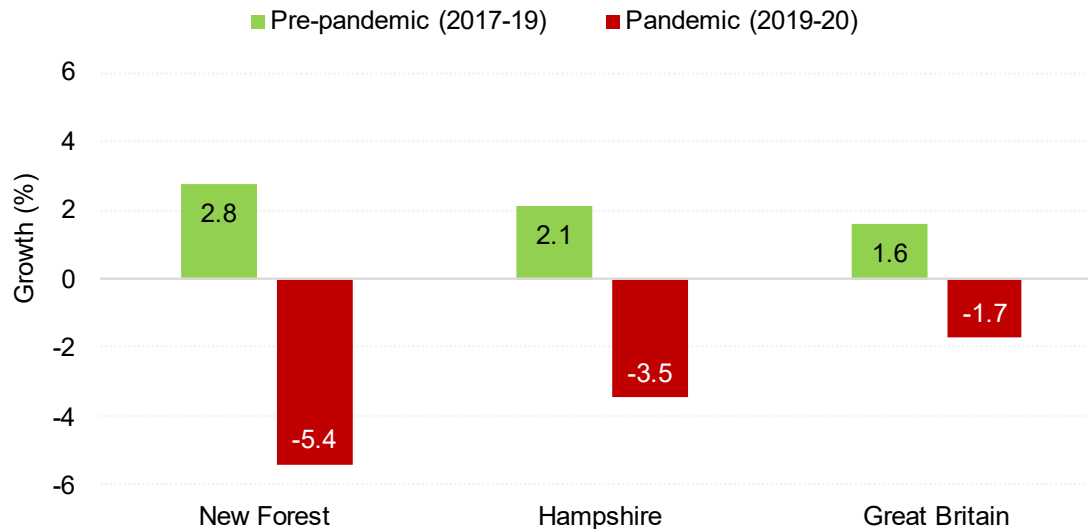
- Headline (survey-based) unemployment is a lagging indicator but using the timelier but narrower* definition of unemployment, the seasonally unadjusted claimant counts, can provide a more up-to-date picture.
- On this measure in May 2022, just under 2,000 New Forest working age residents were claiming unemployment benefits, representing 2.0% of the working age population. In May 2022 the New Forest rate was 1.8ppts below the UK rate (3.8%) and marginally lower than Hampshire (2.3%).
- Between May 2019 and January 2021 New Forest and Hampshire rates were closely aligned although diverging thereafter with the New Forest slightly outperforming the Hampshire average.
- Pre-pandemic rates in the New Forest from May 2019 to March 2020 rose by 0.3 ppts but doubled from 1.6% (March) to 3.2% in April 2020 as lockdown was introduced and peaked at 4.5% in May 2020 with over 4,400 unemployed claimants.
- The re-opening of large parts of the economy in March 2021 has seen a steady fall in unemployment although above pre-pandemic levels by 0.4ppts and nearly 500 claimants.
- By New Forest sub-area, unemployed claimant rates in May 2022 are highest in New Forest Waterside (2.3%) and Totton (2.1%), which is reflected in higher urban unemployment rates (2.1%) compared to rural areas (1.7%). The lowest rate in Core New Forest (1.2%) is almost half that of New Forest Waterside. However, in relative terms New Forest Avon with +0.7ppts saw the largest increase in unemployment rates since the pandemic (February 2020) and Core New Forest the lowest.
- As young people are more vulnerable to unemployment during an economic shock, youth unemployment (aged 16-24 years) initially saw a larger increase following the lockdown. Rates peaked in the New Forest at 6.1% (Jun-Sep 2020) but down to 2.1% by May 2022 and rates only 0.3ppts above pre-pandemic levels.

Source: ONS 2022. *claimant count is an administrative measure of residents who are both eligible and successfully applied for Universal Credit (out of work), although may also include some legacy JSA claimants. The headline unemployment uses the wider ILO definition of unemployment.

Latest workplace employment (2020), job density and change since 2017

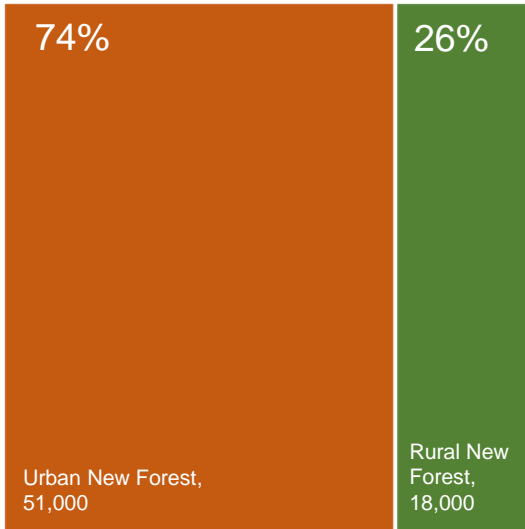
Area	Workplace Employment September 2020	Job Density (where 1.00 = 1 job per working age resident)	Absolute Growth	
			Pre-pandemic (2017-2019)	Pandemic (2019-20)
New Forest	70,000	0.80	2,000	-4,000

Workplace employment growth (%)

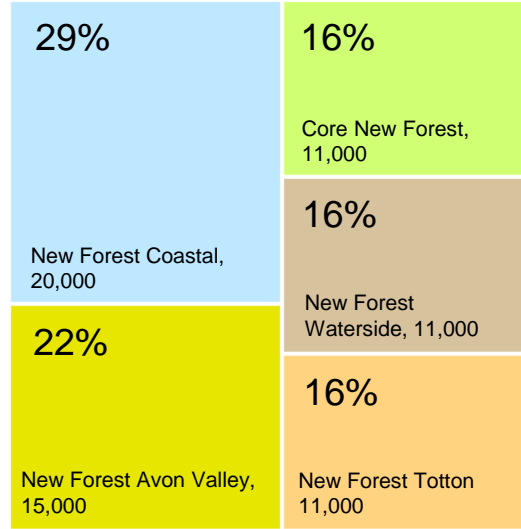


- The workplace data is also a measure of local labour demand as opposed to demand from outside the New Forest that is measured by headline employment data. The data is captured in September each year and is an estimate of the local workforce (excluding most self-employed and armed forces personnel) irrespective of residence.
- However, the data has a longer time lag than the resident headline survey data. The current data is a snapshot in time for September 2020 and just as the economy was emerging from the first lockdown but predates the second and third lockdowns.
- In (September) 2020, there were 70,000 people employed in the New Forest, accounting for around one in every 10 Hampshire workers.
- In 2020 the New Forest had a job density of 0.80 (or there are jobs for 80% of residents) and lower than the 0.84 job densities for both Hampshire and Great Britain. The New Forest job density is 4 pts lower than in 2019 that suggests fewer job opportunities in 2020.
- In the pre-pandemic period (2017-2019) the New Forest saw workplace employment increase by 2,000, or cumulative growth of 2.8%. The growth rate was higher than Hampshire (2.1%) and approaching twice that of the national average (1.6%).
- However, in March 2020, the Government imposed health-related restrictions that led to an increase in job losses, although large scale redundancies were prevented by furlough.
- Between September 2019 and September 2020, the New Forest saw 4,000 fewer workers, or negative growth of 5.4%. The rate of worker contraction was greater in the New Forest than Hampshire (-3.5%) and around three times the decrease nationally (-1.7%).
- Slower business growth (page 17) suggests any recovery in the New Forest workplace employment could be slower than Hampshire or national average.

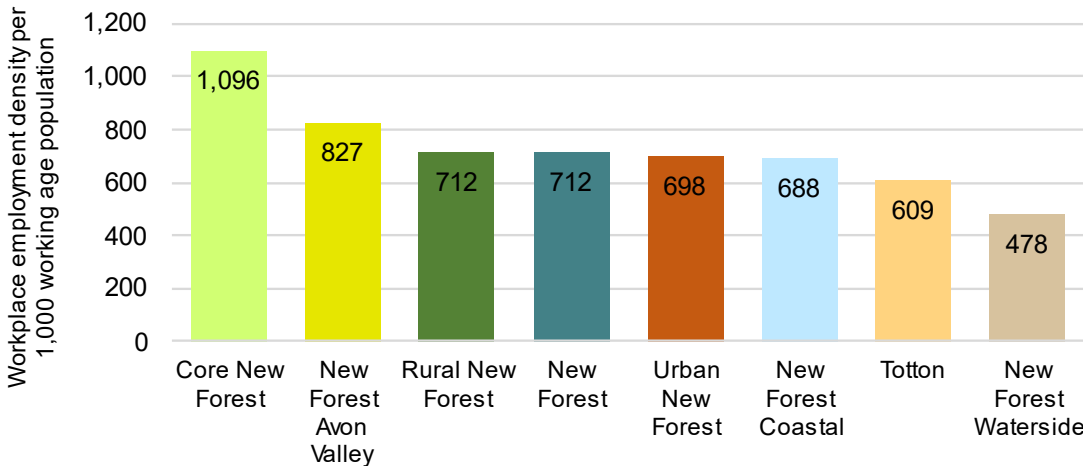
Rural-Urban Workplace Employment Number and Share 2020



Sub-Area Workplace Employment Number and Share 2020



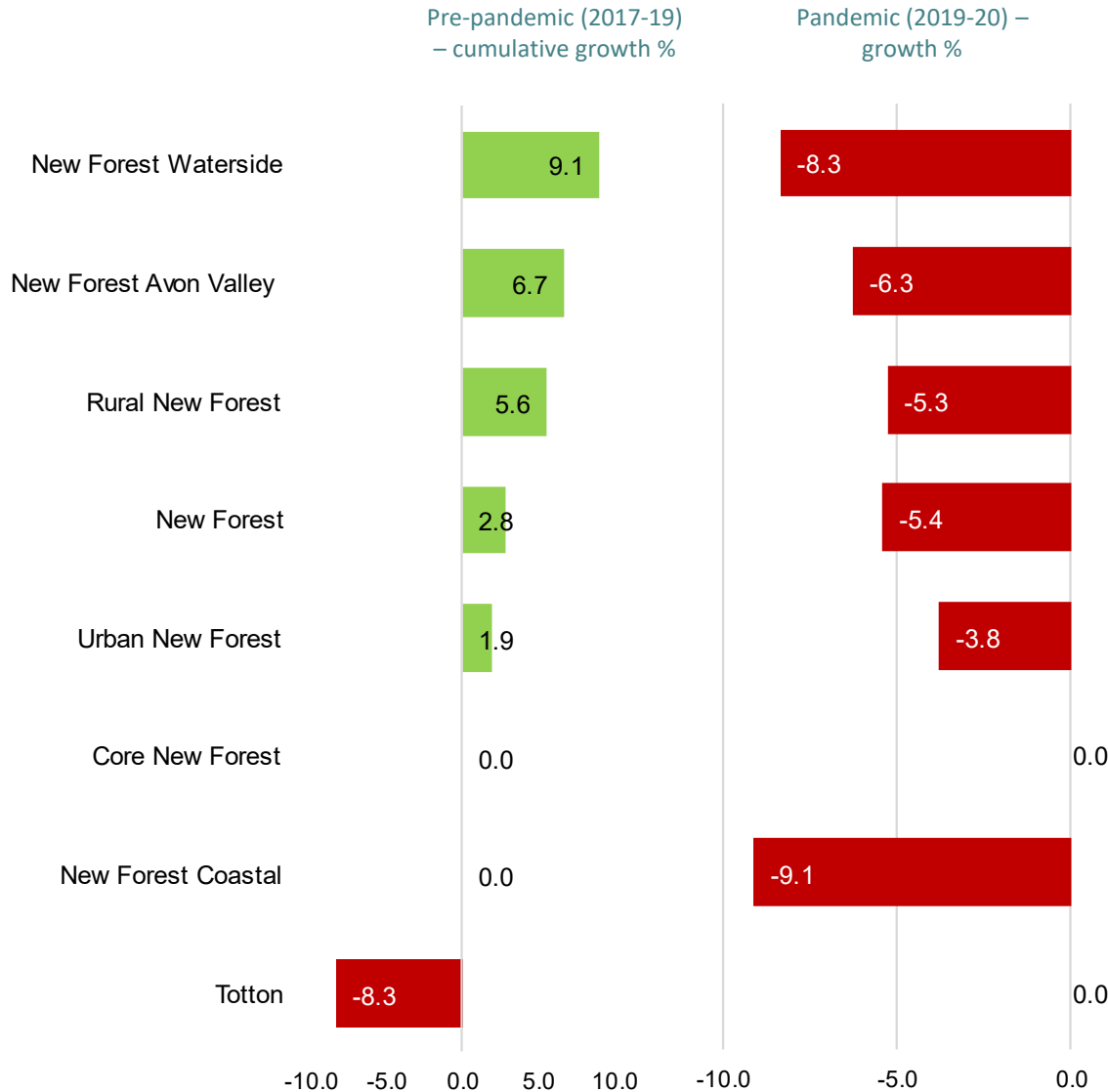
Workplace Employment Density* by sub-areas – 2020



- Of the 70,000 people employed in the New Forest, close to three quarters (74%) of workers (51,000) are broadly located in urban areas* but around one in four are employed in rural New Forest (26%, 18,000).
- The two larger sub-areas of New Forest Coastal and New Forest Avon Valley account around half (51%) of all workplace employments in New Forest, with the remaining three smaller sub-areas each with similar employment shares.
- At the sub-area level, approaching 30% (20,000) of workers are employed in New Forest Coastal reflecting the sub-area size and the presence of two primary New Forest employment centres (Lyminster & New Milton).
- Just under one quarter (22%, 15,000) workers are employed in New Forest Avon Valley again reflecting employment centres in Fordingbridge and Ringwood.
- Core New Forest, New Forest Waterside, and Totton each has 11,000 workers, representing roughly one in every six workplace employments (16%). The main employment centres in Core New Forest will be Lyndhurst and Brockenhurst. For New Forest Waterside they are Hythe, Marchwood, and individually Fawley Oil Refinery.
- There is no equivalent sub-area job density data but substituting total jobs with workplace employment an alternative density is possible. On this measure Core New Forest (1,096 workers per 1,000 working age residents) are more than twice that of Totton (478) and significantly above the New Forest average (712). The higher density values in more rural sub-areas denote both smaller working age populations but equally higher employment rates but fewer larger employers. Equally, a low workplace density in urban areas will be a mix of relatively larger working age populations and generally higher unemployment rates.

Source: ONS 2021. Due to rounding, sums might not add up to area totals. Employment figures more volatile at sub-area level. *Due to different methodology and sources not directly comparable to job density.

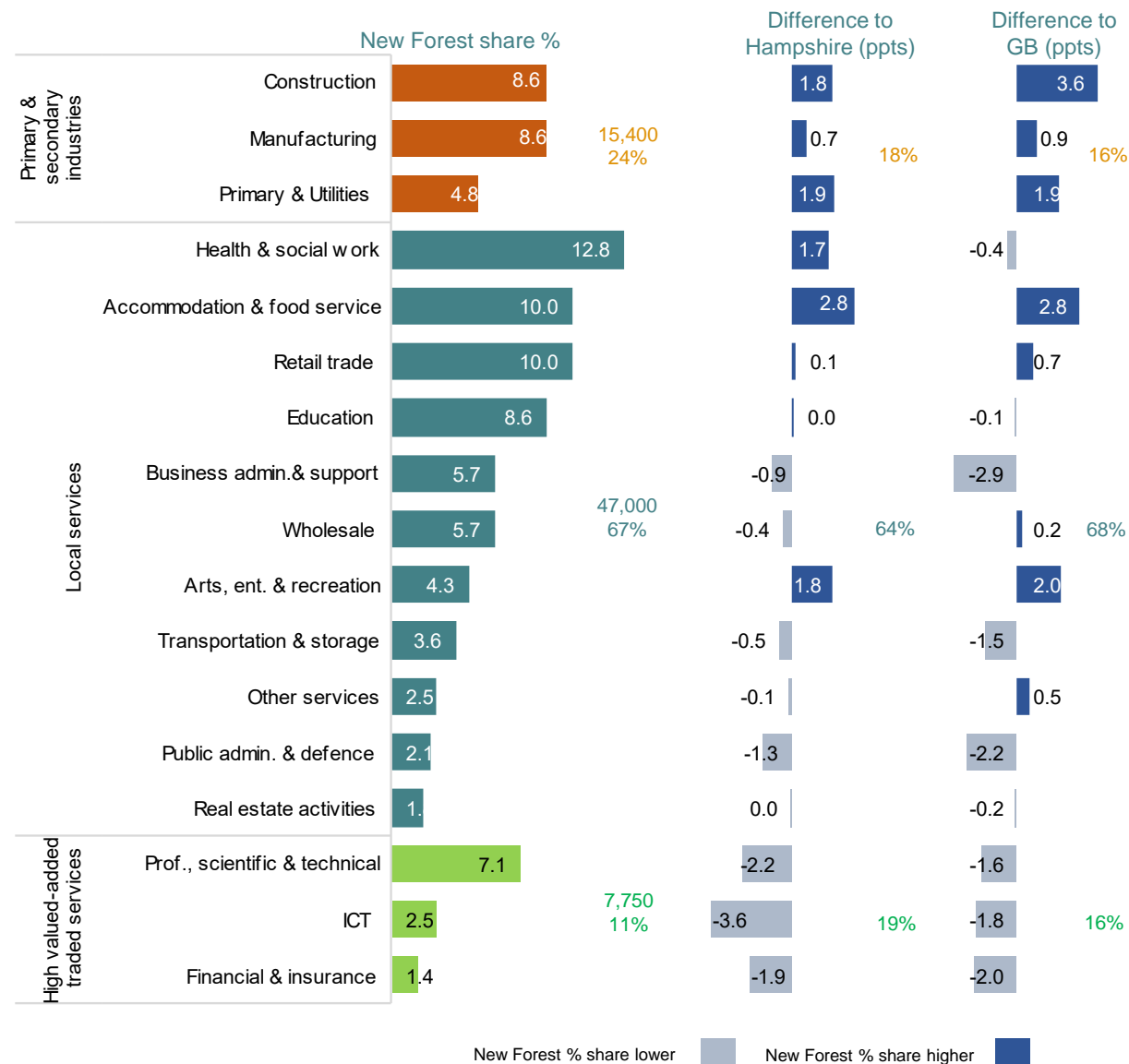
New Forest Sub-Area Workplace Employment Growth



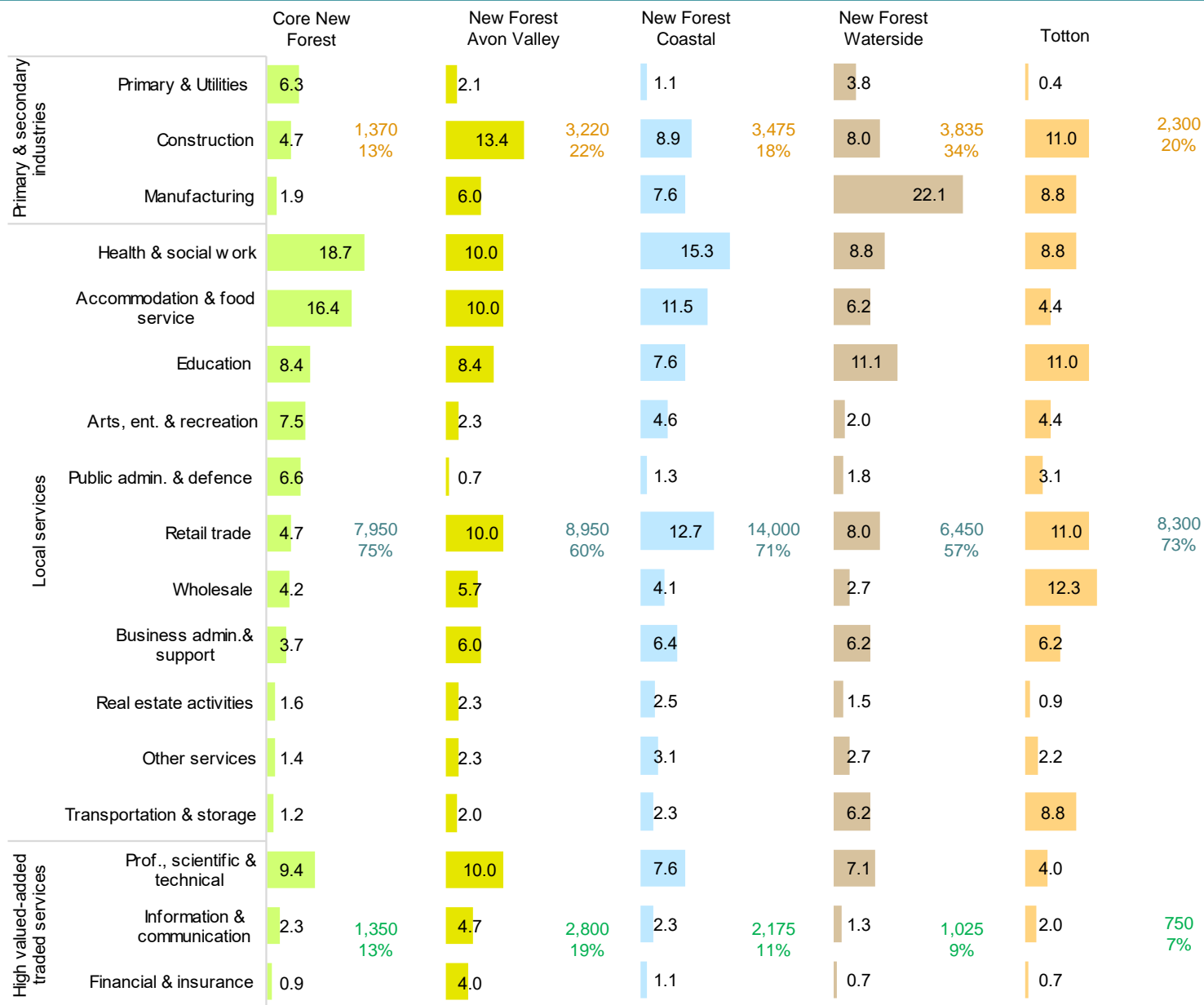
- Pre-pandemic (2017-2019) the cumulative workplace employment growth rate, in relative terms, was almost three times as fast in Rural New Forest (5.6%, +1,000) than in Urban New Forest (1.9%, +1,000).
- By sub-area, New Forest Waterside experienced the fastest cumulative growth in relative terms with an increase of 9.1%, or an estimated 1,000 more workplace employments, followed closely by New Forest Avon (6.7%, +1,000 estimated workplace employments).
- Totton was the only sub-area to see negative cumulative growth -8.3%, with an estimated 1,000 fewer workplace employments. The data suggests New Forest Coastal and Core New Forest saw no change over the period with growth in some sectors offset by equivalent losses elsewhere.
- The pandemic impacted on most sub-areas between September 2019 and September 2020, the exceptions are Totton and Core New Forest with the data showing no change in workplace employment.
- Most of the pandemic employment losses across the sub-sectors were in hospitality or retail.
- Rural New Forest (-5.3%, -1,000) was impacted more in relative terms than Urban New Forest (-3.8%, -2,000).
- New Forest Coastal with -9.1% saw the largest relative contraction in workplace employment between March 2020 and March 2021, and an estimated 2,000 fewer workers.

Source: ONS 2021. Due to rounding, sums might not add up precisely to totals.

New Forest Workplace Employment by Broad sector share 2020 (%) and relative to Hampshire and UK (ppts)



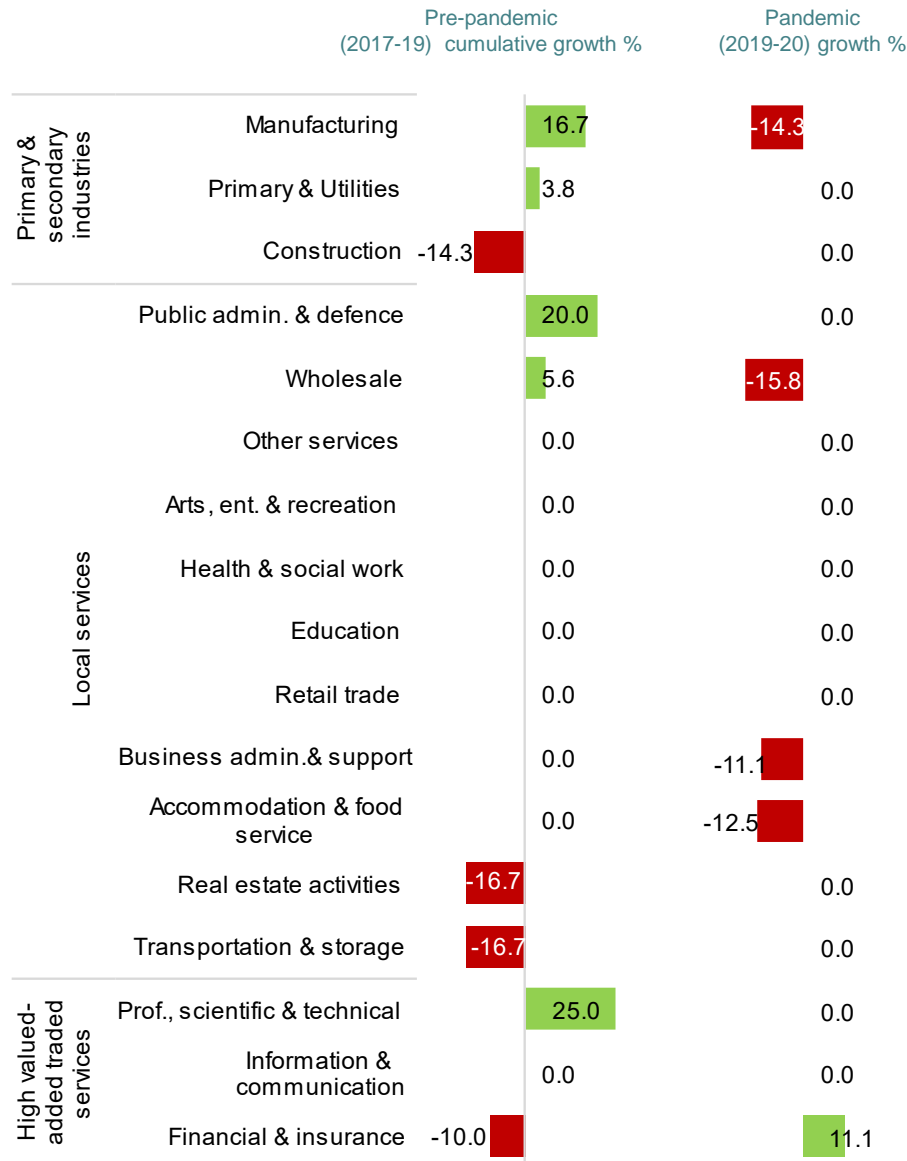
- By broad sector, there are some notable variations in the New Forest's employment shares in 2020 that are analogous to business shares (page 23), with over representation in primary & secondary industries when compared to GB or Hampshire, but underrepresentation in the New Forest against Hampshire for high valued-added traded services (HVATS).
- In September 2020, local services made up two thirds (67%, 47,000) of all the New Forest's workplace employment, close to national (68%) but above Hampshire average (64%).
- The largest local services employers, health & social work, is overrepresented in the New Forest against Hampshire, while accommodation & food is overrepresented when compared to both benchmarks. In contrast, public admin & defence and business support both have a lower shares in the New Forest than both Hampshire and GB.
- Primary & secondary industries (15,400) account for 1 in 4 workplace employments (24%), a larger relative share against Hampshire (18%) and nationally (16%).
- The New Forest is overrepresented in all three primary & secondary industries but notably in construction. Primary & utilities share maybe being uplifted by employees at Fawley oil refinery.
- HVATS (11%) sector employment (7,750) is under-represented compared to Hampshire (19%) and nationally (16%).
- Relative HVATS employment is under-represented across all three HVATS industries on both benchmarks but notably against Hampshire for ICT, and professional, scientific & technical.
- Under workplace employment in HVATS sectors will make it harder for the New Forest to boost productivity and economic growth, while overrepresentation in consumer-facing sectors risks exposure in economic downturns.
- There are significant sub-area variations (p56).



Source: ONS 2021. Ranked by Core New Forest

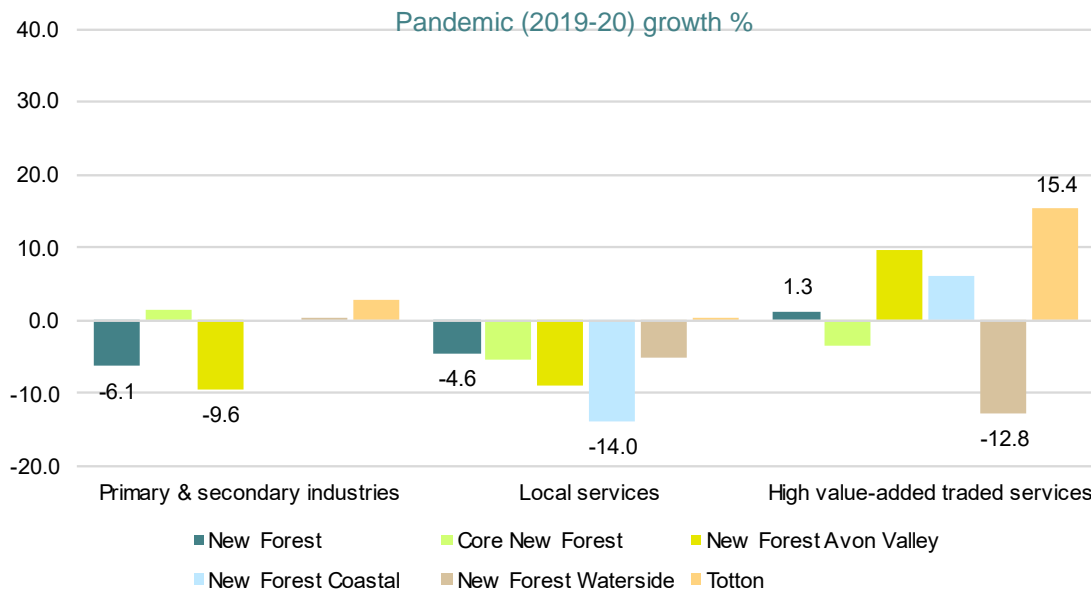
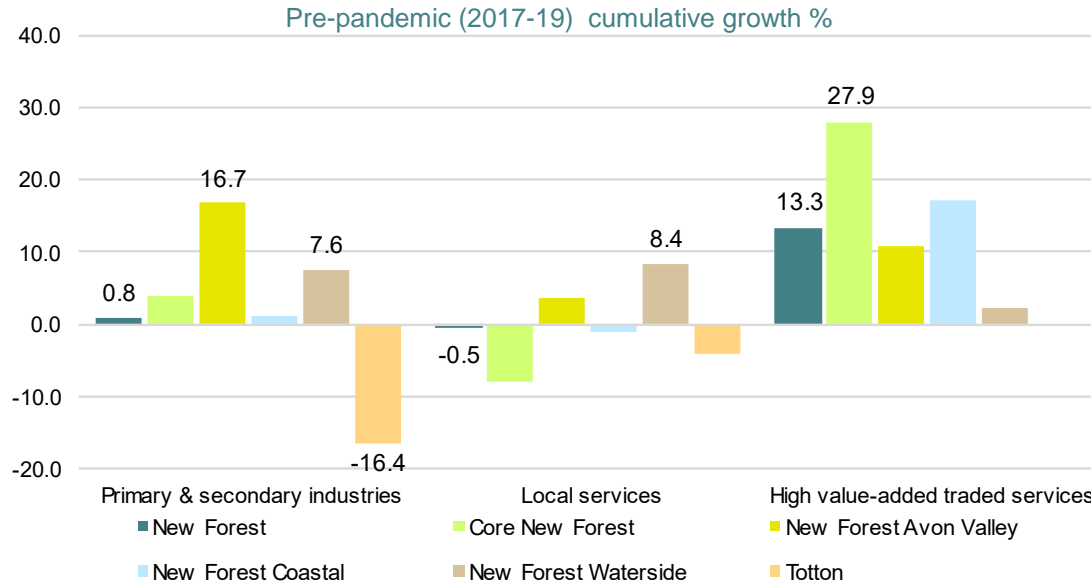
Workplace Employment – strong growth in manufacturing, public admin, and professional services before 2019 but little to no growth or decreases in 2020

New Forest Business Growth by Broad Sectors



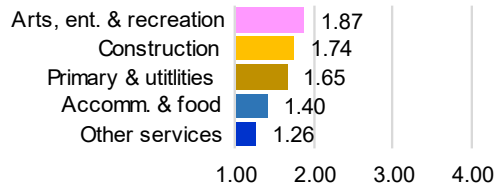
- Overall, local services in the New Forest were impacted most by the pandemic, while HVATS employment was far more resilient.
- Pre-pandemic (2017-2019) saw an overall decrease in workplace employment (-0.5%, -250 workers) although localised to construction (-1,000) and real estate (-500), whilst growth from public admin & defence (+250), and wholesale (+250) helped to soften the overall contraction in local services. Most local services saw no change in employment.
- Growth in HVATS workplace employment pre-pandemic (13%, +900) was down solely to robust expansion for professional, scientific & technical workers (25%, +1,000) – mostly in technical (engineering/architecture) and in management consultancy. Although financial & insurance saw a 10% contraction (-100 workers) this is a small sector with little impact on overall workplace employment.
- Primary & secondary industries saw marginal growth of 0.8% (+125 workers) driven by manufacturing (16.7%, +1,000) and marginal growth in primary & utilities (3.8%, +125) but overall, largely offset by decrease in construction (-14.3%, -1,000).
- The pandemic impact on employment was quite localised with most sectors seeing no apparent change in workplace employment. This will largely be down to furlough schemes protecting jobs, although other sectors such as manufacturing potentially hit by interruptions to supply chains brought about by global lockdowns in commodities and parts.
- Manufacturing was largely impacted by losses in the manufacture of chemical products and other transport equipment linked to building of pleasure and sporting boats possibly down to supply interruptions or mothballing inventories.
- Job losses in business admin & support were mostly down to office services (e.g., cleaning) curtailed by office closures and travel agencies due to global and local travel restrictions.
- Accommodation and food job losses concentrated in hotel (or similar accommodation) rather than food that could adapt earlier under lockdown (e.g., takeaways, online), while health restrictions on accommodation was tighter and lifted later. Growth in financial & insurance employment is simply a reversal of pre-pandemic losses and of little overall significance to the New Forest.

Workplace Employment – sectoral variations but knowledge intensive (HVATS) traded services more resilient during pandemic

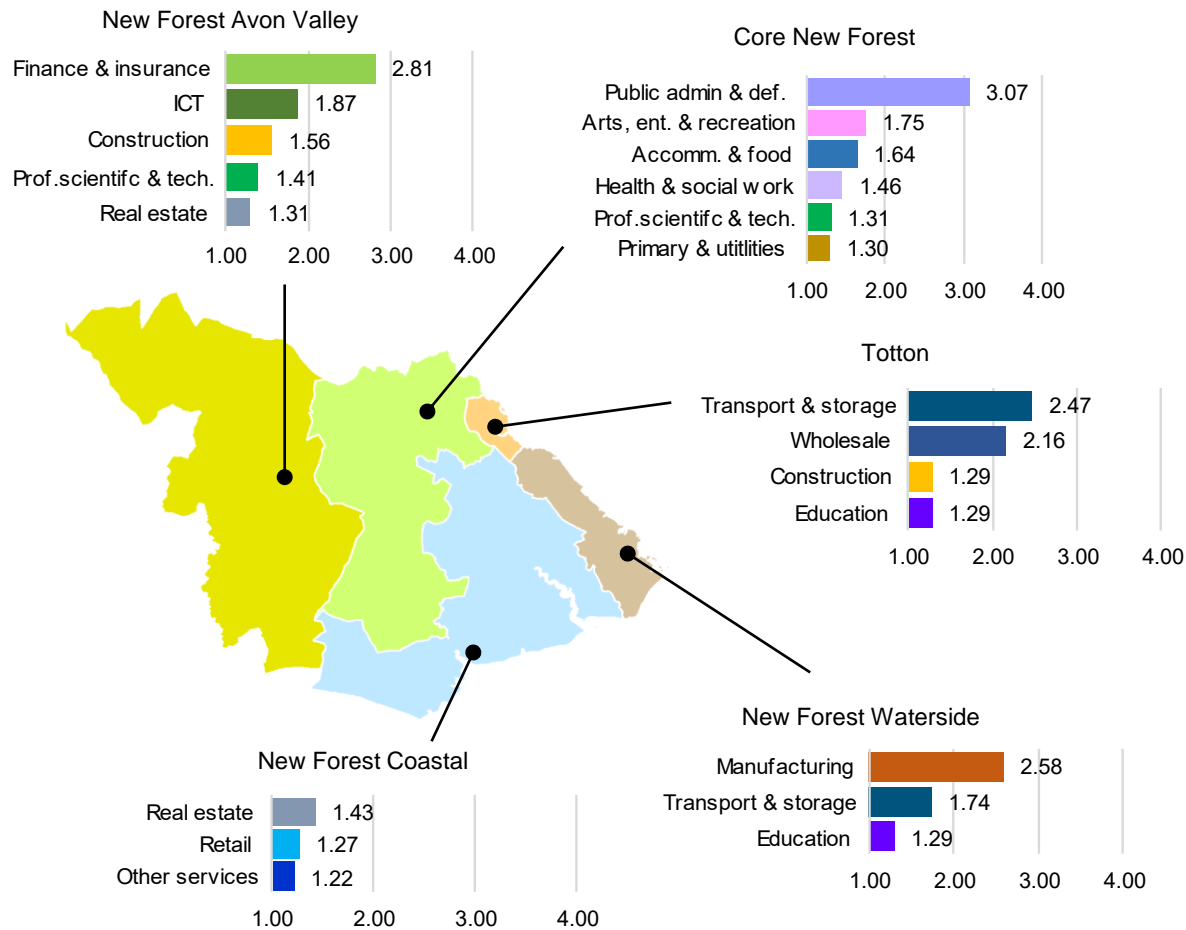


- New Forest Avon Valley with 16.7% saw the highest cumulative workplace employment growth rate in primary & secondary industries between September 2017 and September 2019 (pre-pandemic) and this is down to manufacturing and construction. In contrast Totton saw a large decrease driven by construction.
- Local services saw a small decline overall but New Forest Waterside saw cumulative growth of 8.4%, mostly down to health and education.
- HVATS saw strong pre-pandemic growth overall, and all sub-areas saw growth to varying degrees but notably in Core New Forest, mostly in professional, scientific & technical.
- Overall, primary & secondary industries contracted (-6.1%) during the pandemic (September 2019-September 2020), although this would appear to be limited to New Forest Avon Valley with cumulative negative growth of -9.6%, and attributable largely to manufacturing job losses.
- Local services saw an overall contraction during the pandemic (-4.6%), with employment losses of varying degrees across most sub-areas. There were general losses in wholesale in all sub-areas, and depending on industry composition losses in retail, and accommodation & food. In relative terms New Forest Coastal (-14%) saw the largest fall in local services jobs, with losses in the sectors mentioned, notably retail, but in addition a decrease in real estate, and health employment.
- HVATS employment saw marginal growth overall (1.3%) but growth was mixed across the sub-areas. Totton has the highest growth rate (15.4%), although the absolute numbers are small and across all three sub-sectors. In contrast, New Forest Waterside saw a 12.8% decrease in HVATs employment driven by workplace employment losses in professional, scientific & technical, and in ICT.

New Forest business concentration (where 1.00 = GB average)



New Forest sub-area broad sector employment concentration (where 1.00 = New Forest average)



- For the purposes of the economic profile workplace employment concentrations are any sector that has 20% (1.20) more local employment than the comparison area.
- Relative to the GB (1.00), the New Forest has a workplace employment concentration in five sectors across local services (linked to hospitality & leisure) and primary & secondary industries (except manufacturing) but none in HVATS sectors. Employment by sub-area should be read as indicative due to small numbers and size of sub-area workplace populations.
- Sub-area concentrations are measured relative to the New Forest average (1.00). All five sub-areas have workplace employment concentrations in more than one broad sector but largely dependent on the industry composition in each sub-area.
- Core New Forest has six sector concentrations reflecting public sector and hospitality & leisure– but also one HVATS sector in professional, scientific & technical.
- New Forest Avon Valley has concentrations in five sectors, including all three HVATS sectors.
- New Forest Coastal has three workplace employment sector concentrations and all in local services – real estate, retail, and other services entertainment & recreation.
- New Forest Waterside has three workplace employment sector concentration relative to New Forest average, notably in manufacturing but also in transport & storage.
- Totton has four workplace employment concentrations and mostly in local services, notably in transport & storage, and wholesale.

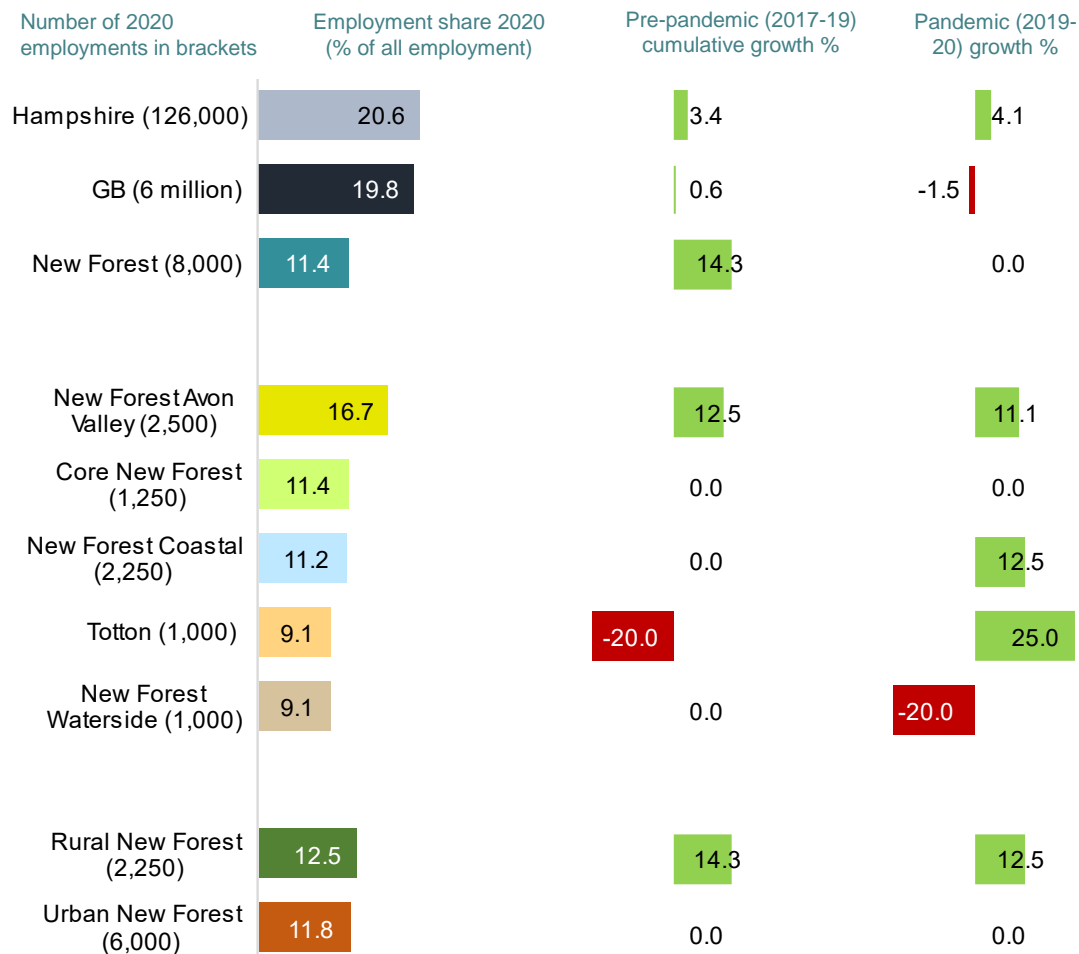
Workplace Employment – significant under-representation in Knowledge-Intensive employment but has improved since 2017



8,000
employed in
2020

11.4%
Share of employment
in 2020

1,000
More employments in
2020 than 2017



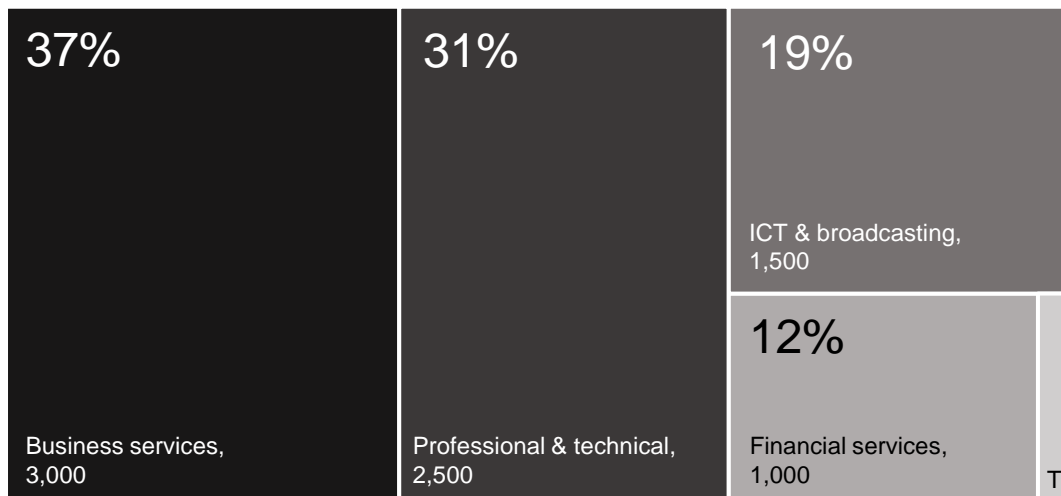
- The availability of a highly educated and skilled workforce (human capital) has led to an increasing share of employment in the knowledge economy since the 1990s with the knowledge economy a crucial driver of productivity and economic growth over the long run.
- In September 2020, the New Forest had 8,000 workplace employments in the Knowledge Intensive (KI) industries, or around 1-in-10 (11.4%) of the New Forest workforce.
- This is almost half of the Hampshire share (20.6%) and well below the national share (19.9%), this underrepresentation will likely present a challenge for the New Forest in raising productivity in the short-to-medium term.
- Nonetheless, the 2020 figure for the New Forest was built upon strong cumulative growth of 14.3% between 2017-2019, significantly outperforming Hampshire and GB. The New Forest saw 1,000 additional KI employments during this period.
- There were no apparent job losses or growth in KI employment during pandemic (2020). High skilled jobs were more immune to lockdowns with KI workers able to work from home using technology or by adoption of hybrid working, while furlough also protected jobs.
- Although around three quarters (73%, 6,000) of KI employment is urban based the rural KI share (12.5%, 2,250) of all workplace employment is greater, possibly due to a higher KI proportion of micro-businesses. Possibly allowing such firms to locate in smaller, rural premises or by using tech to work from home.
- As a percentage share of all workplace employment by sub-area, New Forest Avon Valley (16.7%, 2,500) has the highest proportion of KI employment in 2020, while the sub-area accounted for 31% of KI employment in the New Forest. With a similar share to Core New Forest, the New Forest Coastal sub-area has the larger absolute number (2,250), and over one quarter of all KI employment in the New Forest. New Forest Waterside and Totton have the lowest KI employment presence in 2020.

Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

- Growth was limited to New Forest Avon Valley between 2017-2019, but growth more widespread in 2019-2020, although New Forest Waterside saw a contraction.

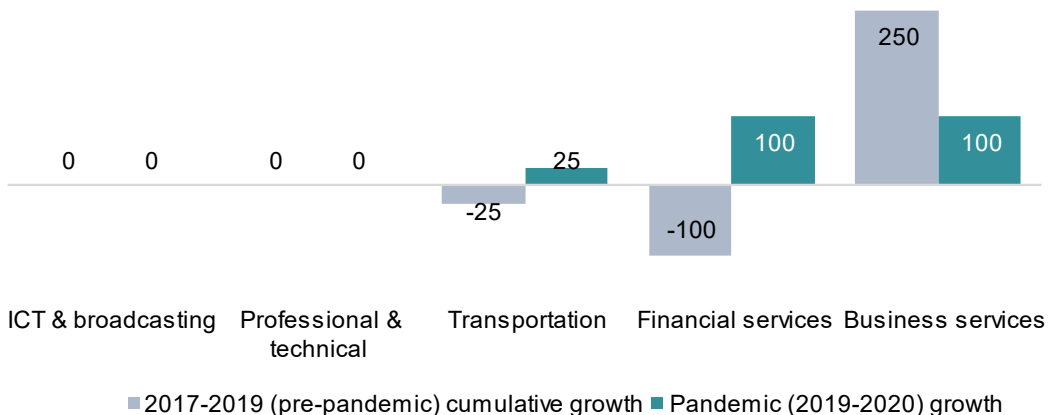
Workplace Employment – Knowledge Intensive business services largest in size and by growth

Knowledge Intensive Industries sub-sector share (%) and number employed 2020



Note: sub-sector will not necessarily sum to key sector total due to rounding
T = transportation (100, 1%)

Knowledge Intensive industries sub-sector employment growth (number employed)



- Knowledge Intensive (KI) industries covers a wide range of activities and can be broadly sub-divided into six further sub-areas of KI employment.
- The largest KI employer in the New Forest relates to business services with a workforce of 3,000 (37%). Activities are largely legal, accounting and consultancy. This is followed by professional & technical (2,500, 31%), but only one in five KI employments is in ICT and just 1% in KI transport (most likely related to marine).
- Sub-area growth is indicative due to disclosure rounding, but business services appear to have largely driven KI growth in the New Forest.

Emerging and future trends/sectors

- Knowledge Intensive is wide ranging when it comes to future trends but knowledge production as a commodity is accelerating an increasingly data-driven economy, but one the New Forest is currently under-represented in employment terms.
- An area likely to influence how businesses operate over the next decade will be the expansion of the metaverse and Web3. The metaverse is a reimagining of the internet and will require designing and building new platforms and smart objects to support immersive 3D virtual business and industry environments. For example, supporting augmented reality and simulations for global interactions across industries*. In terms of applications this will find its way into a wide range of industries, from marine through to care sectors which are large in the New Forest.
- KI will see more consumer products and applications based on personalisation (control, customization and automation).
- Industry, research** highlights future trends and investment in environmental protection, transport (electric, autonomous vehicles – see advanced manufacturing p64), space applications, and infrastructure (smart cities, towns and urban analytics).
- This will need investment in lifelong learning and for more advanced skills, but where currently the New Forest has more residents rather than workplace-based occupations (p81).

Source: ONS 2021.*Accenture (2022). Meet me in the metaverse. **Grigorescu, A., Zamfir, A.M., Mocanu, C. (2020), "Management & Marketing. Challenges for the Knowledge Society", Vol. 15, No. 2.

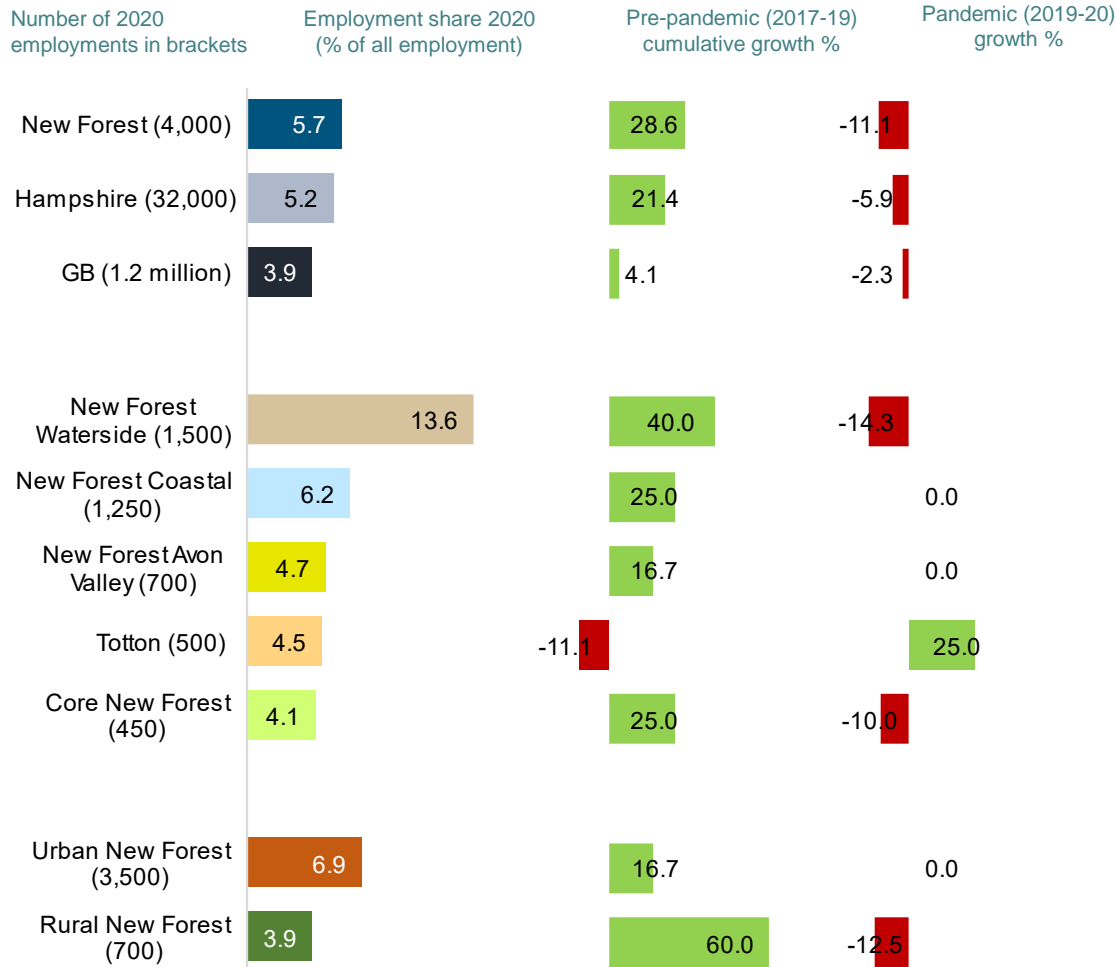
Workplace Employment – concentration in advanced manufacturing employment but employment growth impacted by pandemic



4,000
employed in
2020

5.7%
Share of employment
in 2020

500
More employments in
2020 than 2017



Advanced manufacturing can help drive an economy with its high-wage and productive jobs, although employment in the future may stall with productivity gains becoming more reliant on technology and automation than increases in jobs. Nonetheless, advanced manufacturing jobs are highly tradable across sectors allowing workers to take advantage of emerging sectors in green economy (p72).

In September 2020, the New Forest had 4,000 workplace employments in advanced manufacturing or 5.7% of the New Forest workforce. This is above the Hampshire (5.2%) and national shares (3.9%).

The New Forest saw strong cumulative growth of 28.6% between 2017-2019 (pre-pandemic) and outperforming Hampshire and especially GB (4.1%). The New Forest saw 1,000 additional employments during this this period but with negative growth between 2019-2020 (-11.1%) the New Forest workforce has 500 fewer workers in advanced manufacturing than in 2017.

As a share of all workplace employment New Forest Waterside sub-area has by far the largest share (13.6%) and accounts for nearly two fifths (38%) of all advanced manufacturing employments in the New Forest – while Core New Forest has the lowest share by both all employment (4.1%) and by sub-area share of advanced manufacturing (11%).

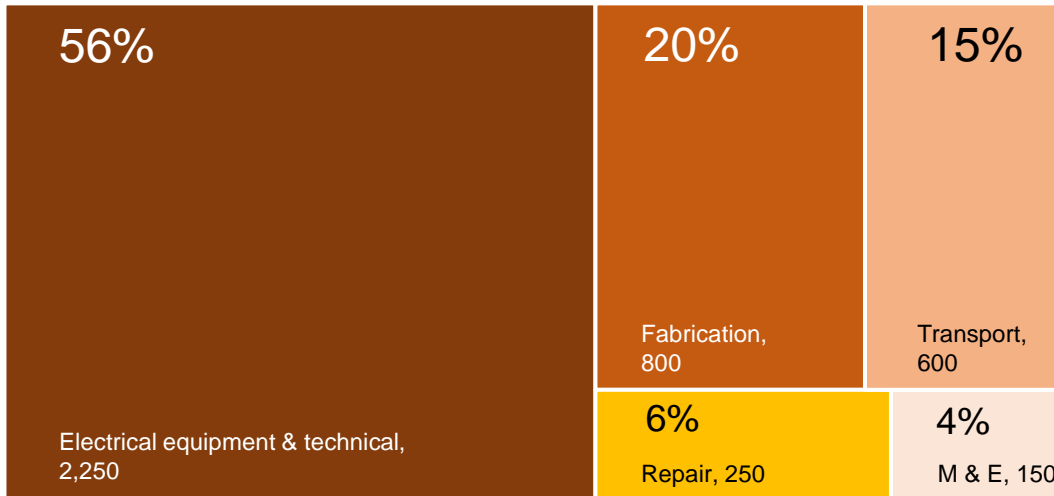
The data points to strong pre-pandemic growth in most sub-areas, with Totton being the exception, although the decrease in worker numbers was not significant. New Forest Waterside saw an estimated increase of 500 workers between 2017-2019, representing 50% of all growth in the pre-pandemic period. In relative terms, Rural New Forest saw significant growth with an estimated 300 more workers and 60% above 2017 levels, although Urban New Forest accounted for most of the absolute growth (circa +500 workers).

There was no overall growth during the pandemic (2019-2020) in the New Forest and by sub-area growth was limited to Totton with an estimated 100 additional workers. The decrease was largely down to fewer employments in New Forest Waterside, and to a lesser degree Core New Forest.

Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

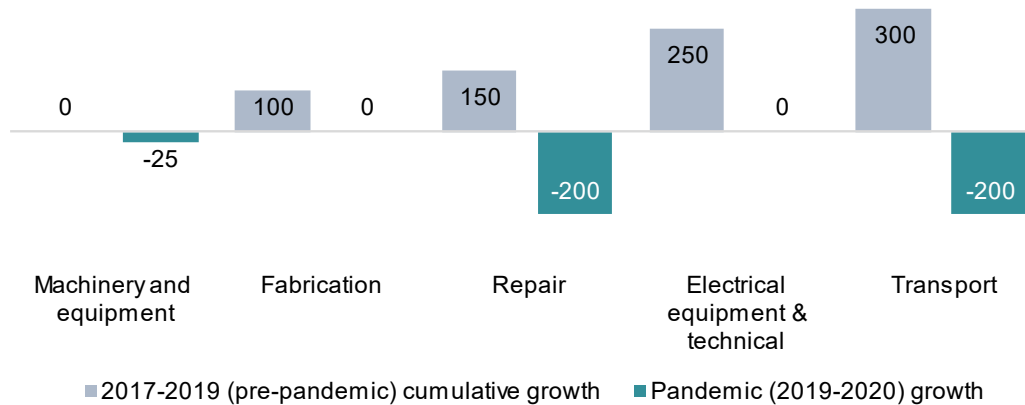
Workplace Employment – Advanced manufacturing employment dominated by electrical equipment & technical but growth stalled during pandemic

Advanced Manufacturing sub-sector share (%) and number employed 2020



Note: sub-sector will not necessarily sum to key sector total due to rounding
M & E = Machinery & Equipment

Advanced Manufacturing sub-sector employment growth (number employed)



- Advanced manufacturing covers a wide range of activities and can be broadly sub-divided into five further sub-areas of employment.
- By far the largest advanced manufacturing employer in the New Forest relates to electrical & technical equipment with an estimated 2,250 workers (56%). This largely covers electronic components, optical, machining, instruments for measuring & testing, and technical consultancy. Transport in the New Forest relates more to the marine sector (building of boats) but has a small presence across other transport related manufacture.
- Sub-area growth is indicative due to disclosure rounding, but electrical equipment & technical and transport drove pre-pandemic growth, while repair and transport were potentially impacted more during pandemic.

Emerging and future trends/sectors

- The fourth industrial revolution will be both a disrupter and creator of employment opportunities in manufacturing and the sector will see further shifts and developments towards robotics, smart manufacturing, and artificial intelligence. The New Forest has concentrations in this sector (p73) and already has some businesses operating in emerging trends such as advanced composite materials in yacht designs.
- Robotics will continue to grow in manufacturing and will see some jobs disappear, although the full automation of manufacturing is unlikely and will still require some co-existence, for example with the growth in cobots (robots working with humans).
- Innovations in the development of intelligent materials (e.g., graphene, nano-technology materials); composites used in marine and aerospace; new applications for additive manufacturing (3D printing) for prototype R&D (e.g., lattice structures difficult to manufacture traditionally); and customisation will all grow, while small flexible production runs will benefit entrepreneurial start-ups and SMEs.
- Environment protection, such as growth in battery technology will be key to transitioning away from fossil fuel dependence, as will alternative fuels such as hydrogen to power vehicles, or for industrial manufacturing processes.

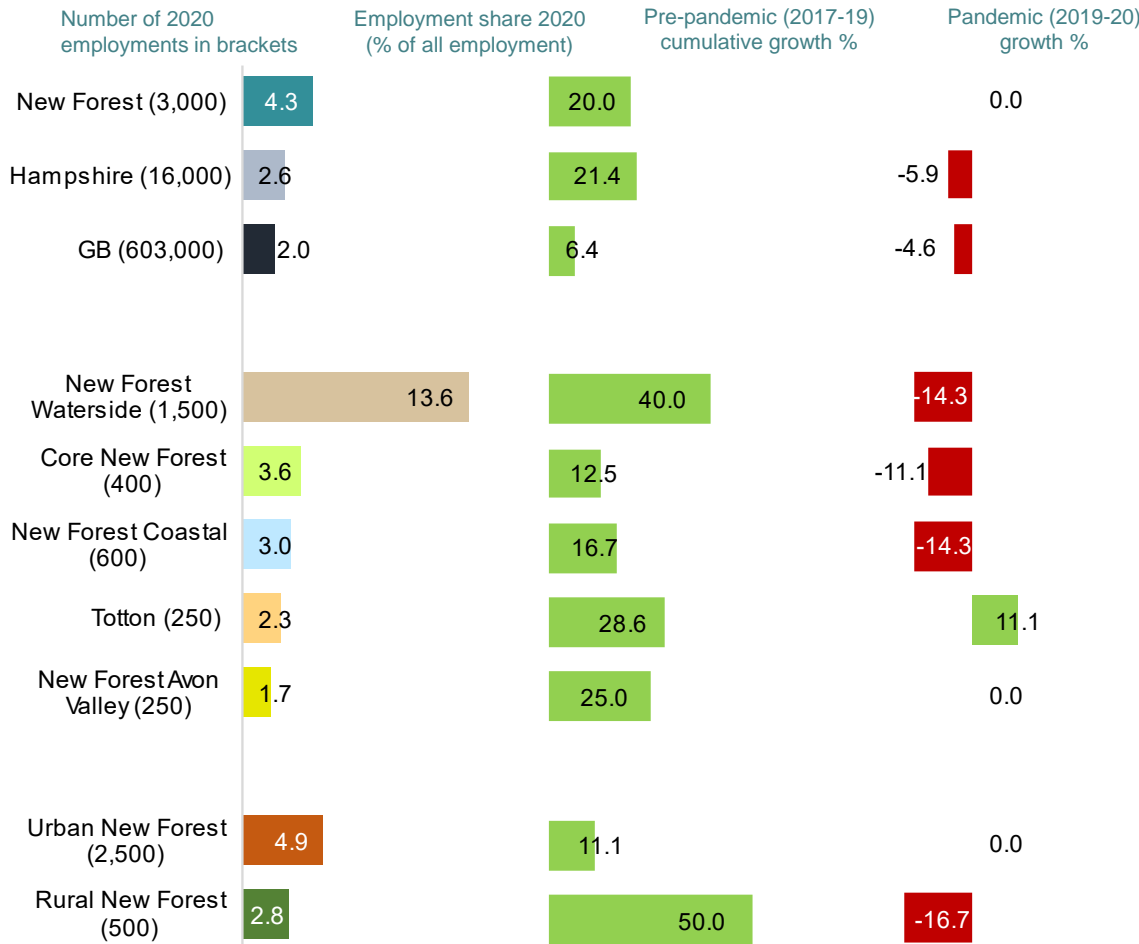
Workplace Employment – concentration in marine employment with robust pre-pandemic employment growth and relative resilience during pandemic



3,000
employed in
2020

4.3%
Share of employment
in 2020

500
More employments in
2020 than 2017



- The New Forest has a long history of marine & maritime employment, particularly in Lymington, Buckler's Hard, and Hythe, notably in boatbuilding, manufacture of composite yachts, engineering, boat repairs, brokerage services and visitor berths for local and international visitors. Lymington also provides one of the main tourist and commuter ferry routes to the Isle of Wight.

- In size and share, the marine is a relatively small but specialised employer. In September 2020, the New Forest had 3,000 workplace employments, or 4.3% of the New Forest workforce. This is above Hampshire (2.6%) and twice the national share (2.0%).

- The New Forest saw strong cumulative growth of 20% between 2017-2019 (pre-pandemic) that outperformed the national average (6.4%) but marginally below Hampshire (21.4%).

- The New Forest saw 500 additional employments during this pre-pandemic period, but data suggests this was unchanged during the pandemic. This means the New Forest had 500 more workers in marine than in 2017.

- The lack of any decrease in employment may possibly reflect reports of strong demand for boats during 2020*, despite the pandemic, particularly in brokerage services for second-hand boats, although for Hampshire and nationally there was a decline in employment.

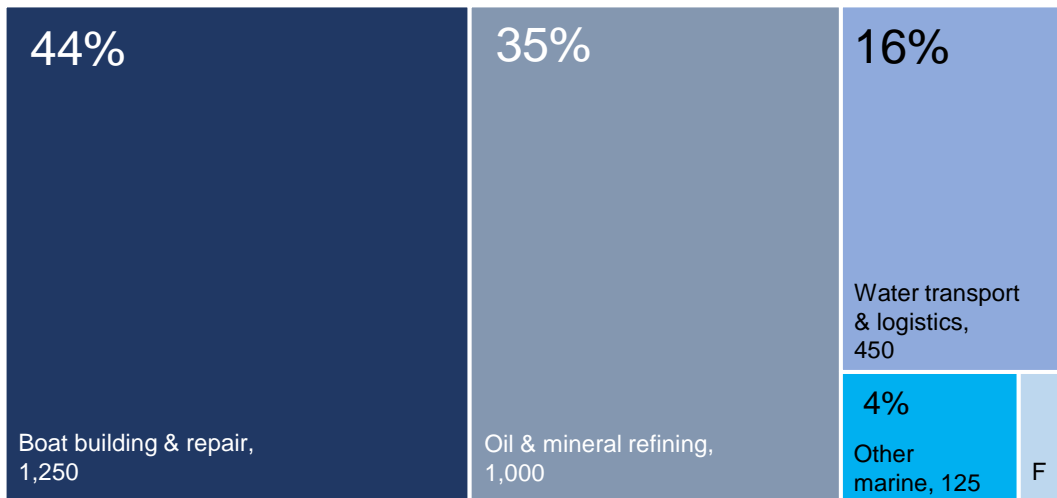
- As a share of all workplace employment New Forest Waterside sub-area has by far the largest share (13.6%) and accounts for half of all marine employment in the New Forest.

- The data points to strong growth in all the New Forest sub-areas in the pre-pandemic period. Although there was no overall growth during the pandemic (2019-2020) in the New Forest, for some sub-areas there is a suggestion of employment decreasing. However, sub-area data needs to be viewed with caution. Further analysis (p66) infers that any decreases were likely to be in boatbuilding subsector.

Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes. * British Marine.

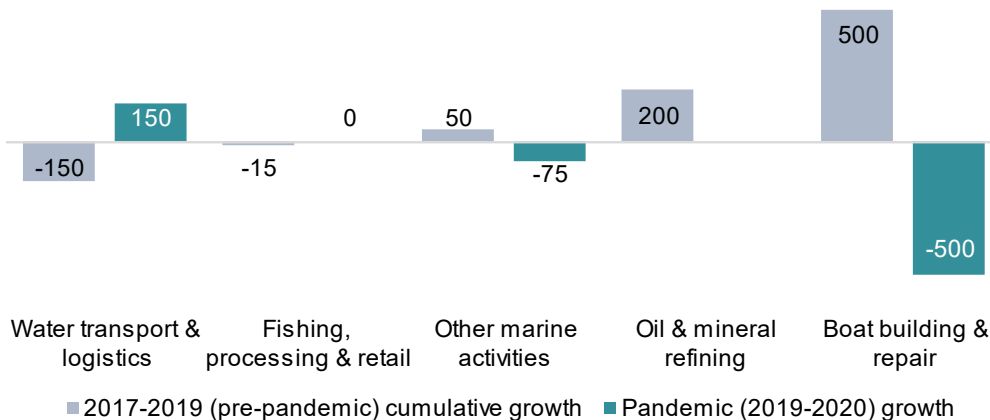
Workplace Employment – Marine employment dominated by boat building & repair but employment gains curtailed during pandemic

Marine sub-sector share (%) and number employed 2020



Note: sub-sector will not necessarily sum to key sector total due to rounding
 F= Fishing, processing & retail (35, 1%)

Marine sub-sector employment growth (number employed)



- Marine covers a range of activities and can be broadly sub-divided into five further sub-areas of employment.
- By far the largest marine employer in the New Forest relates to boat building & repair with an estimated 1,250 workers (44%). The sector is largely the building of pleasure & sporting boats, manufacture of engines, cordage and ropes/netting.
- The Fawley site mean oil refining is second (35%) but based on ExxonMobil figures the figure may be higher¹. Maritime activities (transport, other & fishing) account for around one in five employments.
- Sub-area growth is indicative due to disclosure rounding, but boat building & repair both drove pre-pandemic growth, but likewise potentially impacted more during pandemic.

Emerging and future trends/sectors

- The proposed Solent Freeport that include various custom and tax sites in the New Forest Waterside sub-area presents investment opportunities.
- Research² identifies future trends in the marine sector including AI and digital sensing (monitoring ship operations & performance), greener shipping (low carbon fuels, efficient structures – engines, hull coatings), and solar (cell technology) and wind power (turbines for commercial shipping).
- Growth in marine autonomy – for example, crewless vessels, or Underwater Autonomous Vehicles (UAV) and robotics used in ocean science, naval and surveying and exploration³.
- Environmental demands for low carbon-energy will likely see more growth opportunities in offshore wind energy, but also wave energy, tidal energy, and ocean current energy.
- Development in marine composites (aromatic polyamide, carbon fibre, core foam ‘sandwiching’) and applications, especially for superyachts, is shifting away from labour intensive open moulding to closed moulding techniques (various vacuum methods). Therefore, risks and opportunities exist for marine workers in the New Forest.

Source: ONS 2021. ¹ ExxonMobil (2022) Fawley facts at a glance, cites 2,500 staff and contractors. ² HM Government, Marine-i. ³ Global Marine Technology Trends 2030 — Autonomous Maritime Systems (Lloyd’s Register Group Ltd, QinetiQ and University of Southampton)

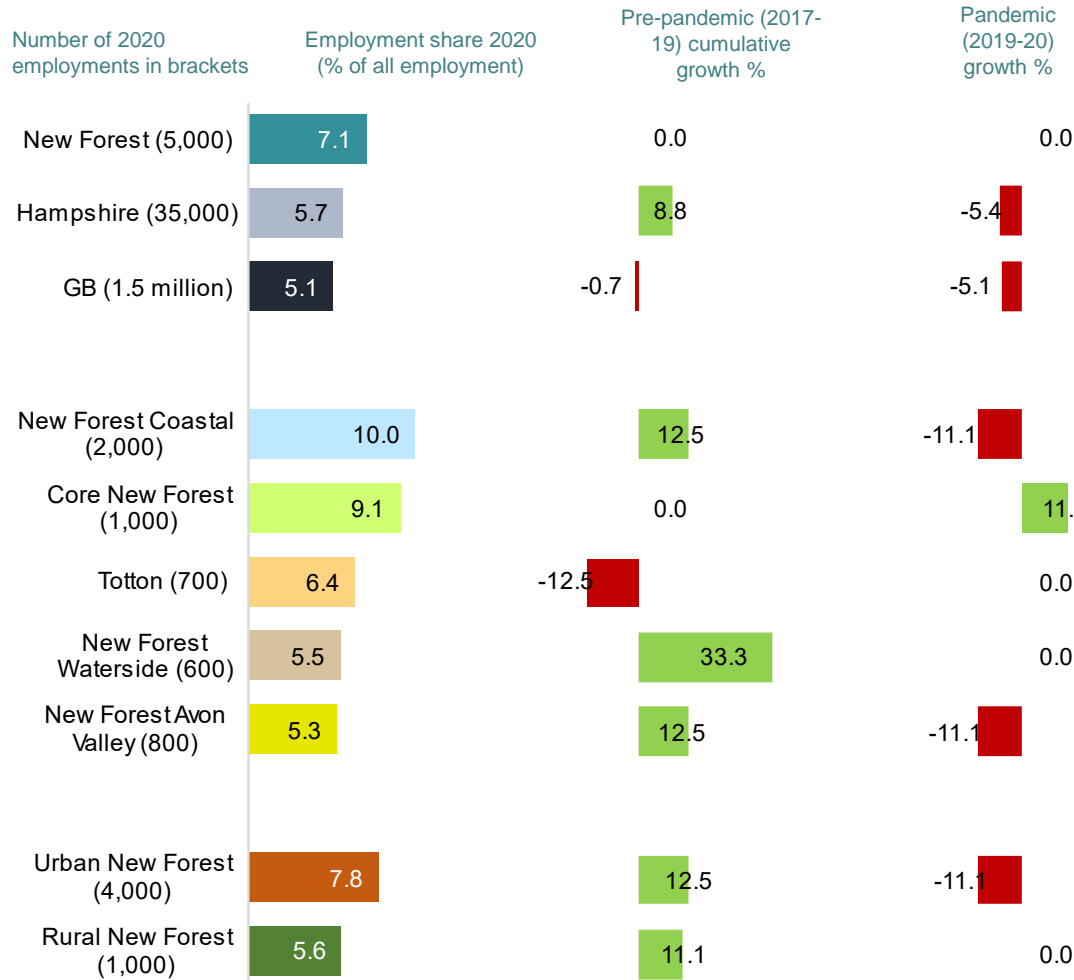
Workplace Employment – concentration in care employment but no overall growth between 2017-2020



5,000
employed in
2020

7.1%
Share of employment
in 2020

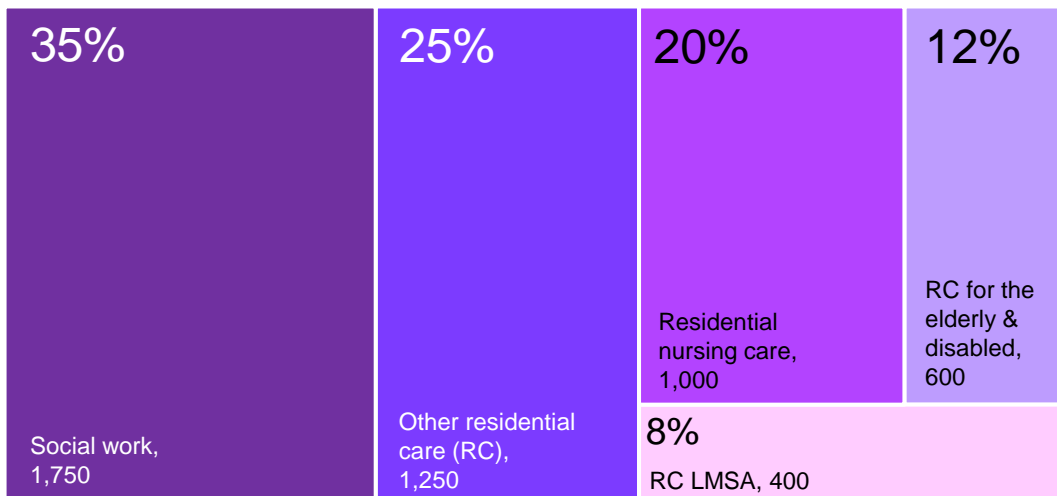
No change*
in employments between
2017 and 2020



- Health and social care underpins the economy by allowing healthier workers to be more economically active and productive.
- The New Forest’s population is ageing and that will inevitably lead to an increase in demand for residential care, home care, and day centres. While the younger population is forecast to shrink there are increasing numbers of children and young adults being referred for mental illness, a trend that was only exacerbated by the pandemic.
- In September 2020, the New Forest had 5,000 workplace employments in the care sector, or 7.1% of the New Forest workforce. This is above Hampshire (5.7%) and national (5.1%) shares.
- The New Forest saw no cumulative growth between 2017-2019 (pre-pandemic), which contrasts to 8.8% growth for Hampshire.
- Overall, the New Forest saw no additional employments during this pre-pandemic period. There was no apparent growth between 2019-2020 and the New Forest has the same employment levels as 2017 – although demand for services is likely to have grown.
- By sub-area, New Forest Coastal and Core New Forest each had around one in ten workers employed in care in 2020, and between them accounted for 60% of all care jobs in the New Forest.
- Urban areas in the New Forest accounted for 4,000 workers, or 7.8% of all employment but 80% of the care sector workforce.
- The data suggest a decrease in New Forest Coastal and New Forest Avon Valley sub-areas during pandemic, and growth in Core New Forest, which allowing for rounding appear to cancel each other out.
- However, the sector has a structural shortage of workers and faces problems with recruitment and retention that could present the New Forest with future employment challenges, National forecasts hint at workforce growth of 55% over the next decade to meet demand for social care*, and that when applied to the New Forest would equate to needing over 2,700 additional workers by 2031.

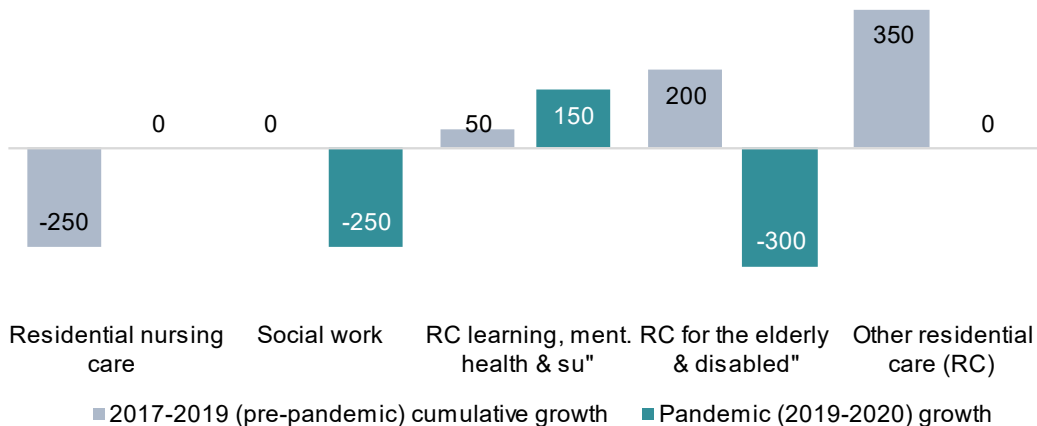
Source: ONS 2021. Sub-area figures and changes over time should be read as indicative rather than as precise values due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes. *The Health Foundation (2021)

Care sub-sector share (%) and number employed 2020



Note: sub-sector will not necessarily sum to key sector total due to rounding
 RC LMSA= Residential Care Learning, Mental health & Substance Abuse

Care sub-sector employment growth (number employed)



- Care covers a wide range of activities and can be broadly sub-divided into five further sub-areas of employment.
- By far the largest care employer in the New Forest relates to social work with an estimated 1,750 workers (35%) and covers social work whether with or without accommodation.
- However, residential care overall would account for two thirds of employment but split across four sub-areas, with the two largest being other residential care (services for persons, except the elderly and disabled, who are unable to fully care for themselves or who do not desire to live independently) and residential nursing care e.g., care homes.
- Sub-area growth is indicative due to disclosure rounding, and growth is mixed although any gains pre-pandemic appear to have been nullified by the pandemic.

Emerging and future trends/sectors

- In the short-to-medium term a shortage of workers with skills is likely to persist against rising demand for residential nursing care from an increasingly ageing population with complex multiple health needs. The pandemic highlighted just how essential home caregivers were but also the risks to their personal health.
- To alleviate persistent skills-shortages, the government announced an extension of the Workforce Development Fund for the provision of adult social care training opportunities but in the short-term the sector will increasingly need to rely on recruiting overseas workers to fill gaps. Despite announcement on caps for care costs, most residents will still have to self-fund care.
- One area of focus will be extending personalised care, not just through proposed legislation* to embed personalised services, but through applied use of AI, smart medical devices and Smartphone apps. The latter are being more widely used for mental health, although technology may disadvantage the elderly and those living in digital deprivation. Although based more in healthcare than social care, augmented reality solutions will be further developed for remote assistance and that will require new skillsets.

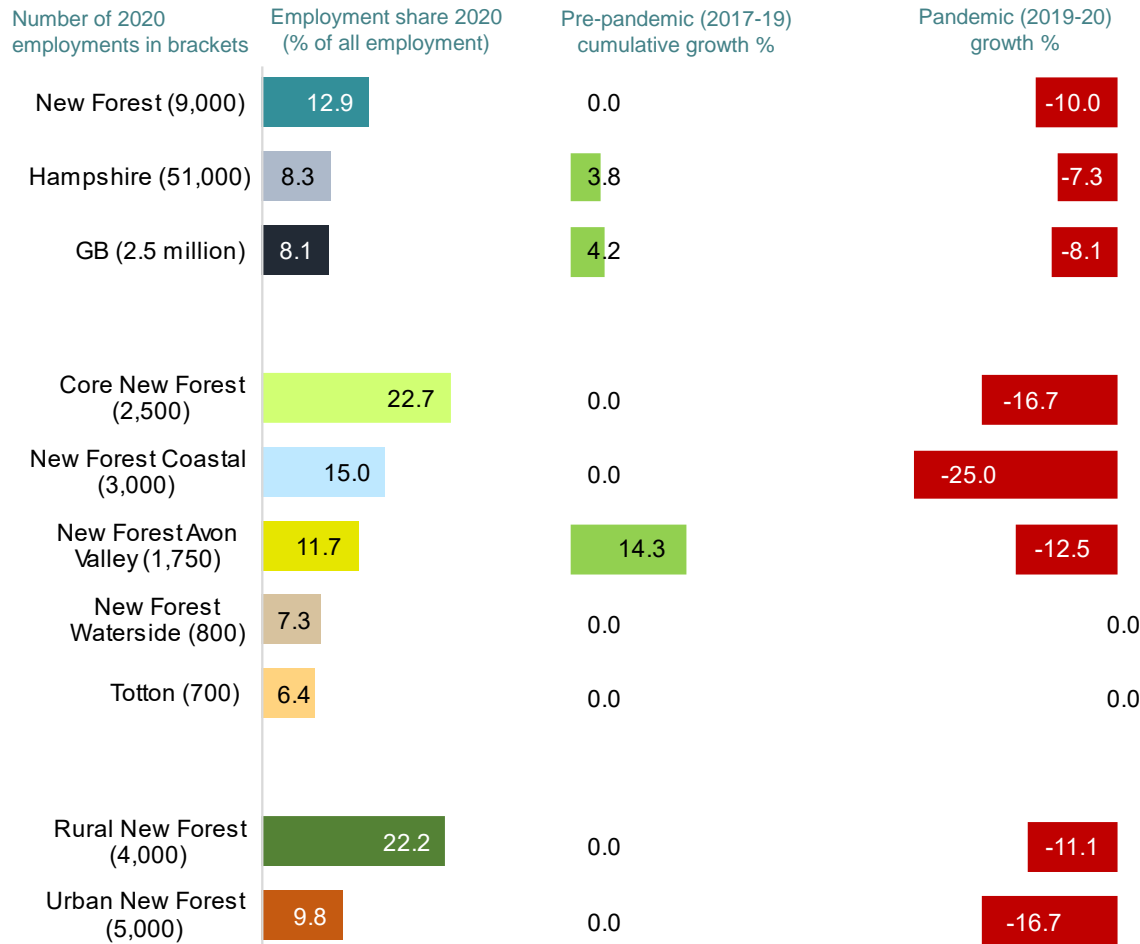
Workplace Employment – concentration in hospitality & leisure but significant exposure to health induced shocks and household incomes



9,000
employed in
2020

12.9%
Share of employment
in 2020

1,000
fewer employments in
2020 than 2017

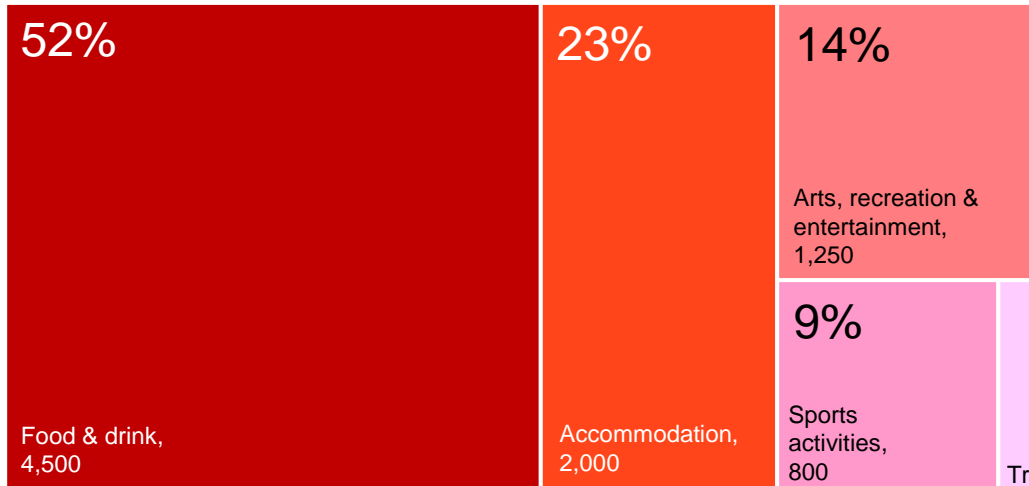


- The New Forest is visited by millions of people every year to the National Park, the coastline and sailing facilities, and several major themed attractions such as the Beaulieu Motor Museum and Paultons Park, as well as the numerous market towns. However, the sector was hit hard during the pandemic because of health led social distancing restrictions.
- In September 2020, the New Forest had 9,000 workplace employments in the hospitality & leisure (H&L) sector, or 12.9% of the New Forest workforce. This is well above Hampshire (8.3%) and national (8.1%) shares.
- The New Forest saw no cumulative employment growth in H&L between 2017-2019 (pre-pandemic). This contrasts to growth of 4.2% nationally and 3.8% in Hampshire.
- However, with negative growth of 10% (-1,000) between 2019-2020 (pandemic), this means that the New Forest workforce has 1,000 fewer workers in H&L than in 2017.
- The workforce in 2020 in absolute terms is not dissimilar between urban (5,000) and rural (4,000) areas in the New Forest, although as a share of all workplace employment around one in five rural workers are employed in H&L, twice that of urban areas.
- Likewise, H&L employment makes up a large share of the Core New Forest workforce, followed by New Forest Coastal, and when combined the two sub-areas account for 60% of all H&L employment in the New Forest.
- The data points to no pre-pandemic growth in most sub-areas; New Forest Avon appears to be the exception, although any grow was offset by a decrease during pandemic (2019-2020).
- Sub-areas with a strong H&L presence and more exposed saw a decrease, while Totton and New Forest Waterside with comparatively little H&L employment saw no change.

Source: ONS 2021. *Sub-area figures and changes over time should be read as indicative due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes.

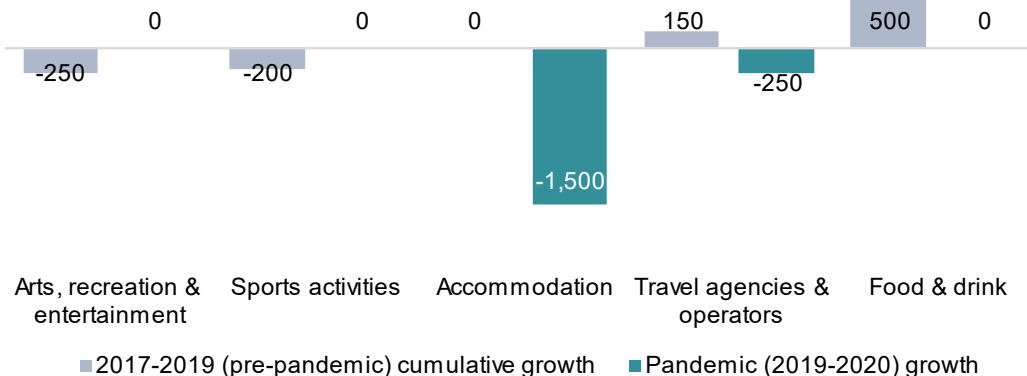
Workplace Employment – Hospitality & leisure employment dominated by food & drink but strong growth stalls in 2020 while accommodation levels plummet

Hospitality & Leisure sub-sector share (%) and number employed 2020



Note: sub-sector will not necessarily sum to key sector total due to rounding
Tr = Travel agencies & operators 150 (2%)

Hospitality & Leisure sub-sector employment growth (number employed)



- Hospitality & leisure covers a wide range of activities and can be broadly sub-divided into five further sub-areas of employment.
- By far the largest employer in the New Forest relates to food & drink with an estimated 4,500 workers (52%). The sector covers both restaurants and mobile food services and serving of beverages.
- Accommodation (hotels, short-stay accommodation, camping) employees accounted for an estimated one in four hospitality & leisure workers, while arts and recreation a further quarter.
- Sub-area growth is indicative due to disclosure rounding, but pre-pandemic growth was largely limited to food and drink while accommodation was impacted harder by the pandemic. Restrictions on accommodation were stricter (unlike food and drink which could more easily adapt to other trading options). Accommodation has been more reliant on EU workers who are likely to have returned due to a combination of Covid and Brexit.

Emerging and future trends/sectors

- During the pandemic, above average numbers of employees in the sector lost their jobs despite furlough, and post-pandemic the sector has struggled to fill positions with many leaving the sector.
- However, there is considerable pent-up demand for leisure activities and accommodation and with the pandemic hangover still impacting aviation, the sector in the short-term will continue to see an increase in local tourism, although the corporate market (including conferences and exhibitions) may take longer to recover with the hybrid model or in person and online option remaining.
- Growth in the 'experience economy' is expected to continue, with hospitality & leisure and those businesses able to deliver customised, personal experiences to gain customer loyalty having the competitive advantage. The New Forest has an abundance of natural and cultural capital to further exploit this market.
- Technology has become more prevalent with contactless payments, mobile check-ins and digital menus becoming increasingly the norm. The pandemic helped to exponentially grow Q-Commerce (short turnaround time between order and delivery) in food and drink, with more chain and independent outlets using Uber, Lyft, Deliveroo and so on, as the pandemic acted as a tailwind. However, the sector is exposed to downturns and facing rising cost pressures from high inflation.

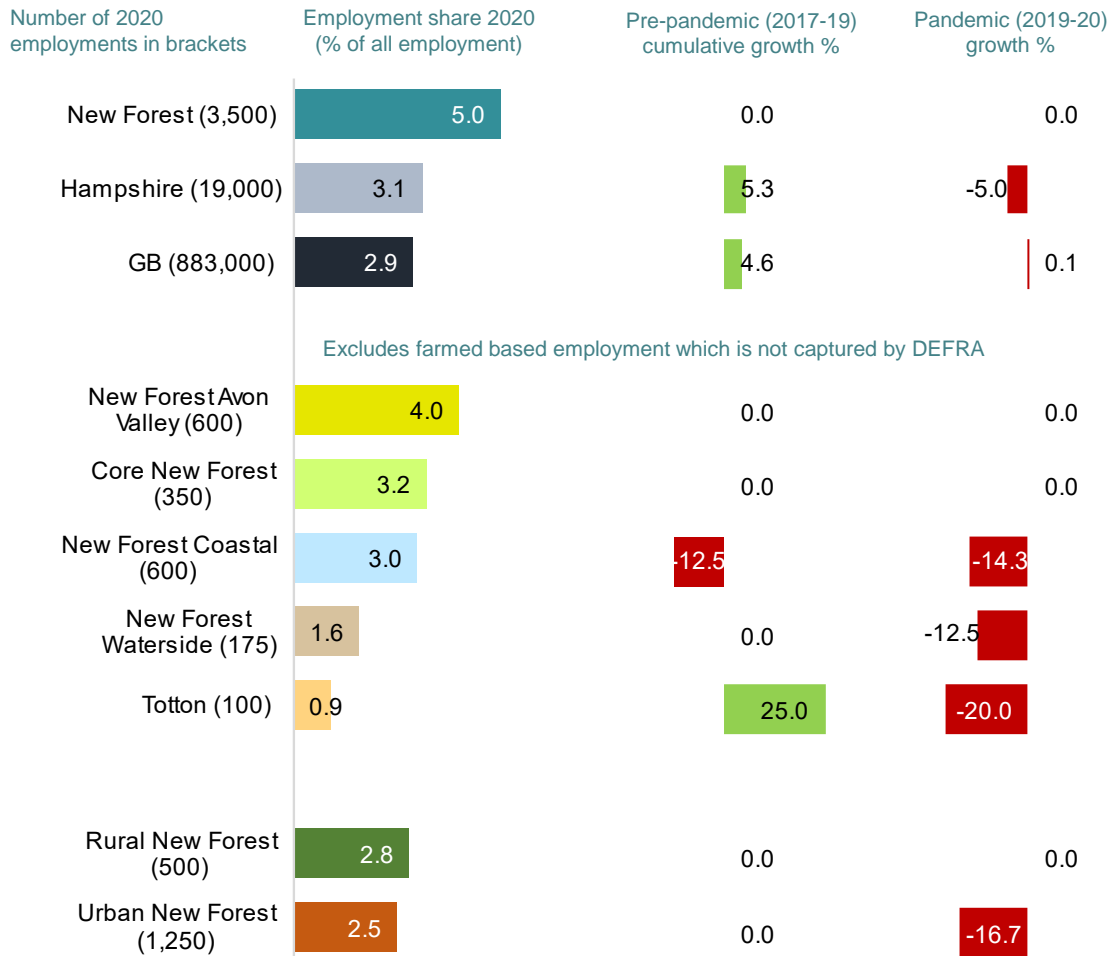
Workplace Employment – concentration in land-based employment but zero employment growth between 2017-2020



3,500
employed in
2020

5%
Share of employment
in 2020

No change*
in employments between
2017 and 2020

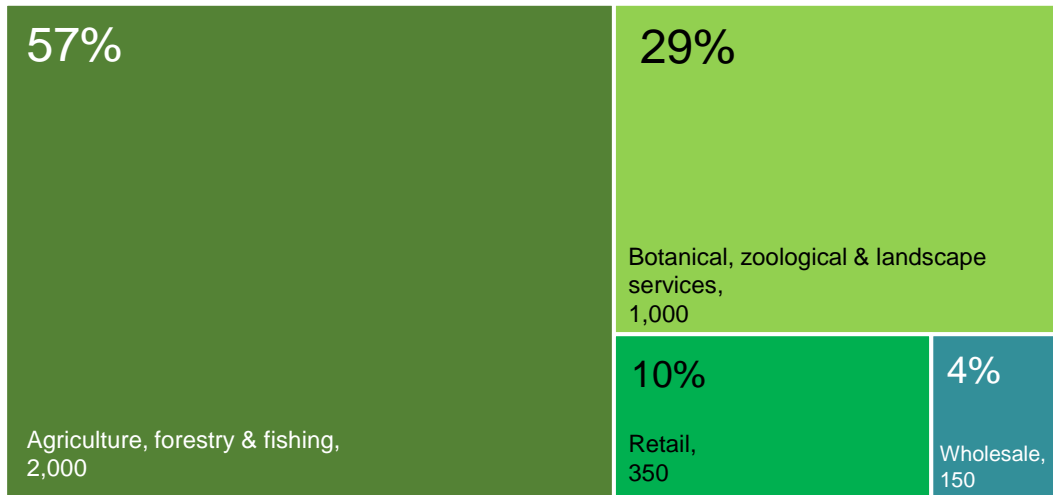


- Although the largest local authority district in Hampshire by area and mostly rural, the New Forest is only the fifth largest Hampshire district in terms of hectares farmed. Over half of ‘farmed’ land in the New Forest was grassland¹. Plantations (forestry) also cover large swathes of land. Land-based employment has been shifting from more traditional farming activities in response to environmental and climate change concerns and more to recreational uses, although as research² suggests the need for food security, sustainable demand for food, and changing commodity prices may also influence the amount of land kept or brought into future food production.
- Land-based is a relatively small employer in the New Forest. In September 2020, the New Forest had a land-based workforce of 3,500, or 5% of the New Forest all workplace-based employment. This is above Hampshire (3.1%) and national (2.9%) shares.
- The New Forest saw no cumulative growth between 2017-2019 (pre-pandemic). In contrast to 5.3% growth for Hampshire and GB (4.6%). Overall, the New Forest saw no additional employment during this period and with no apparent growth between 2019-2020 (pandemic) the New Forest has the same land-based workforce as 2017.
- Sub-area workplace employment data for farm labourers is excluded below the district level,. However, according to DEFRA there were around 1,400 farm workers in 2021.
- By sub-area, all land-based data excludes farm labour. On that basis, New Forest Avon Valley had the largest land-based employment share (4.0%) and when combined with New Forest Coastal accounted for two thirds (66%, 1,200) of employment (excluding farm labour) in 2020.
- Urban areas accounted for two thirds of land-based employment. However, on the assumption that all farm labour is undertaken in rural areas land-based employment could be approaching 2,000 and account for the majority of land-based workers in the New Forest.
- The pandemic period either saw negative, or no growth, for land-based employment across the sub-areas although this excludes farm labour.

Source: ONS 2021. *Sub-area figures and changes over time should be read as indicative due to disclosure rounding by ONS. Furthermore, minor changes to small employee populations can give the impression of large changes. ¹ DEFRA 2022 ² Government Office for Science (2021).

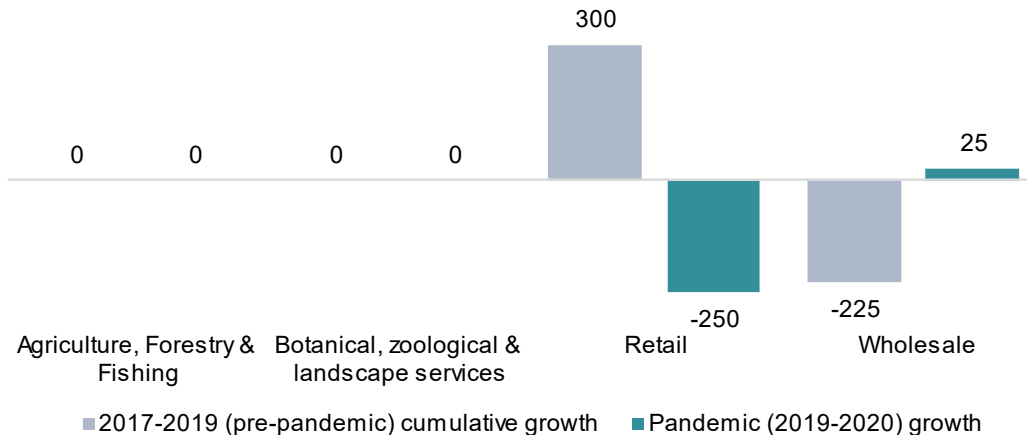
Workplace Employment – Land-based employment dominated by traditional farming & forestry but with no growth while retail gains offset by pandemic

Land-based sub-sector share (%) and number employed 2020



Note: sub-sector will not necessarily sum to key sector total due to rounding

Land-based* sub-sector employment growth (number employed)



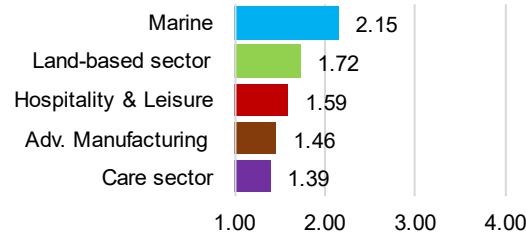
- Land-based covers a wide range of activities and can be broadly sub-divided into four further sub-areas of employment.
- By far the largest employer in the New Forest relates to agriculture, forestry & fishing (mostly farm related) with an estimated 2,000 workers (57%). The sector covers crops & animal production, forestry, and aquaculture. The next largest relates to employment in veterinary services, botanical and landscape services, while retail and wholesale of land-based goods a further 14%.
- Sub-area growth excludes farm labour and indicative due to disclosure rounding, but pre-pandemic growth largely limited but likewise impacted by the pandemic.

Emerging and future trends/sectors

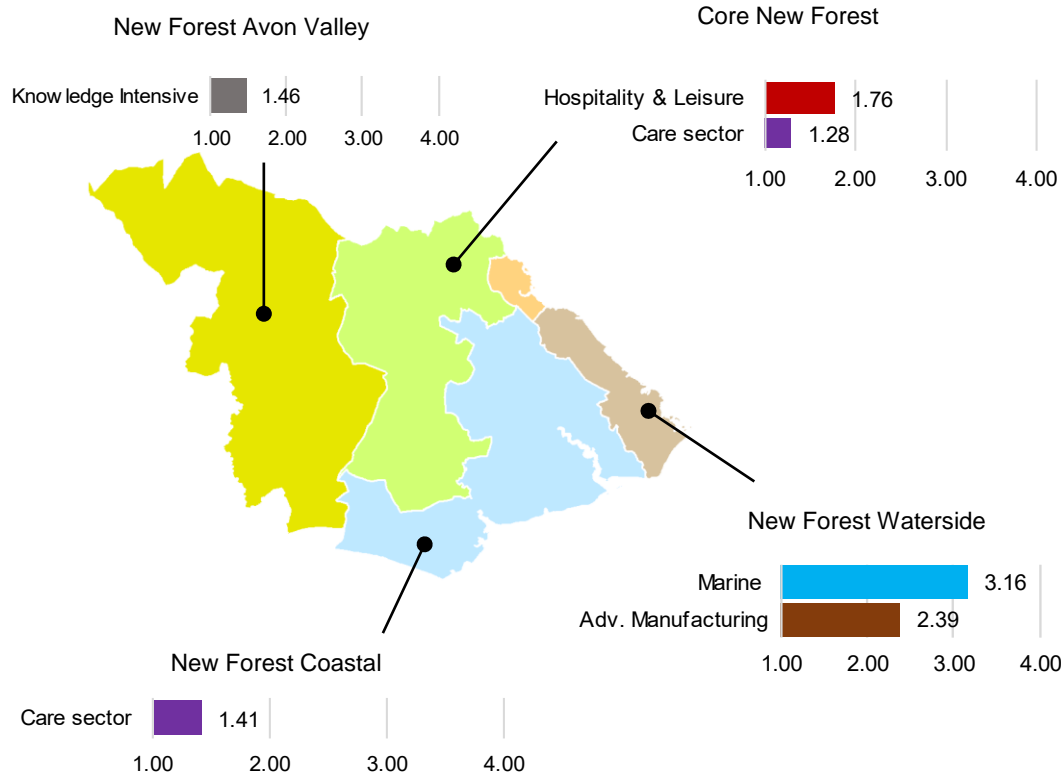
- Long-term the increased demand on energy, land and water within the context of climate change will affect food production, especially as extreme weather (drought and floods) becomes more frequent, likely reducing yields and increasing the need for sustainable farming and fishing.
- The war in Ukraine exposed global food security with disruptions to supply chains which has led to inflationary effects on food, fertilizer, and feed. However, this also creates opportunities to establish new local supply chains for New Forest producers.
- As part of the fourth industrial revolution, land-based will see a greater reliance on technology¹ in emerging areas such as hydroponics and agrivoltaics²; new methods of mechanization (precision farming) using GPS, drone technology and remote sensing; nanotechnologies (nano-fertilizers, pesticides); and genomics (laboratory produced meat).The sector will become more skilled.
- Landscaping is expected to grow as demand increases and following lockdown pent-up demand caused supply-chain problems but also an expanded programme of tree planting in urban areas part of government policy³.
- Like agriculture, landscape services will not be immune to technology with smartphones, drones, tablets and apps enhancing design (living walls) and virtual interactions increasingly used with clients.

Source: ONS 2021. *excludes farm labour. ¹ M. de Clercq, A., Vats, A., Biel (2018) Agriculture 4.0 The Future of Farming Technology. ² Growing crops beneath solar panels. ³ UK Government England Trees Action Plan 2021-2024 (2021)

New Forest employment concentration (where 1.00 = GB average)



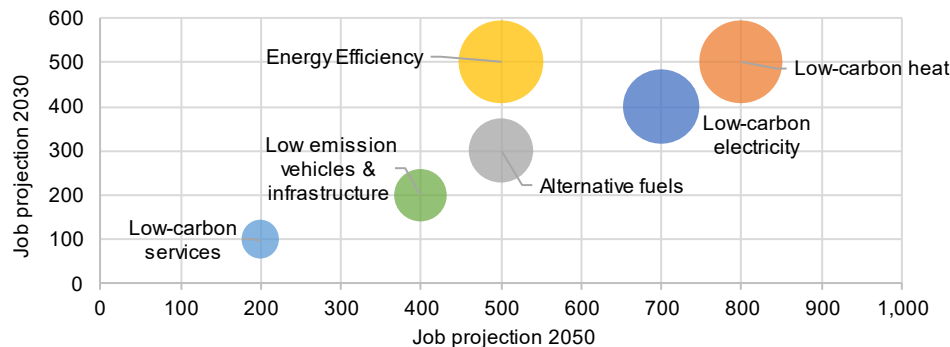
New Forest sub-area employment concentration (where 1.00 = New Forest average)



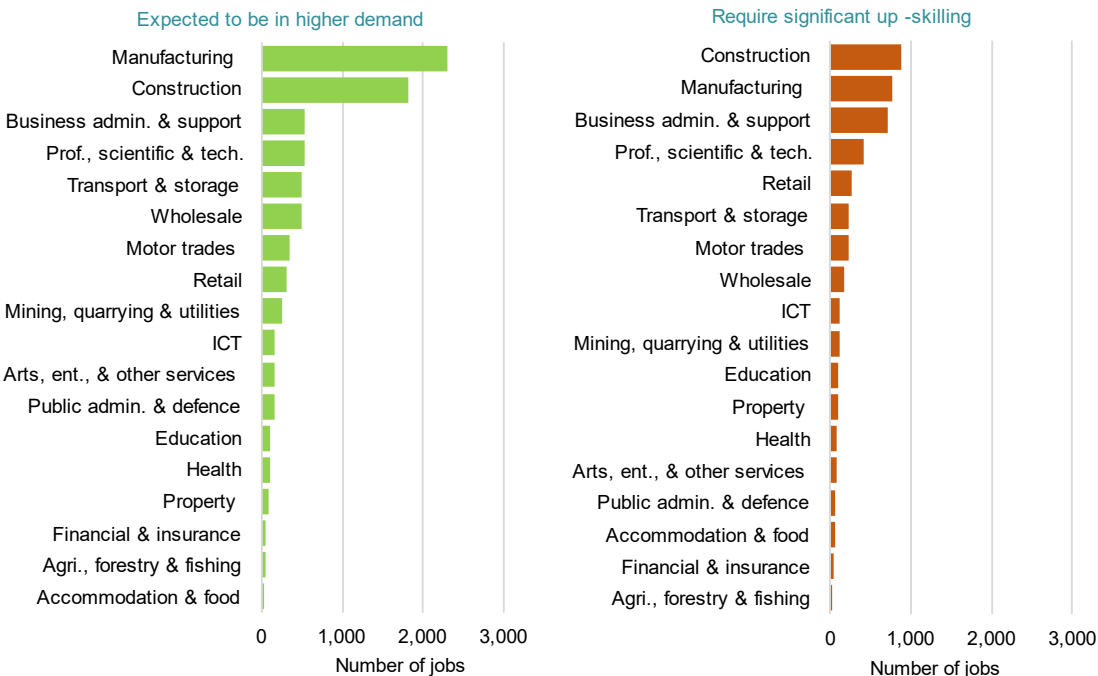
- For the purposes of the economic profile workplace employment concentrations are any sector that has 20% (1.20) more local employment than the comparison area.
- Relative to the GB (1.00) the New Forest has key workplace-based employment concentrations in five of the six key sectors.
- Marine has an employment concentration over twice the national average while the other remaining key sectors are at around at least 40% above.
- Knowledge Intensive is the only key sector at district level not to have either business or workplace-based employment concentrations. Nonetheless it is a key sector for raising productivity and for long-run economic growth; it simply has similar concentrations to the national average.
- Sub-area concentrations are measured relative to the New Forest average (1.00). Four of the five sub-areas have key workplace-based employment concentrations in at least one key sector, and that can be explained largely by the industry composition in each sub-area.
- Core New Forest has two sector concentrations; hospitality & leisure and the care sector.
- New Forest Avon Valley does have workplace-based employment concentrations in the key knowledge intensive sector close to 50% above the New Forest average.
- New Forest Coastal has one key workplace-based sector concentration in care that will reflect retirement communities along the coast.
- New Forest Waterside has two key business concentrations, advanced manufacturing, and marine – same as business concentrations.
- Unlike broad sectors, Totton has no key workplace-based concentrations relative to the New Forest average.

Green jobs – independent 2030 and 2050 projections give the New Forest largest share of green jobs in Hampshire

Projected New Forest Green Direct Jobs (number) 2030 and 2050



New Forest net zero transition sector jobs in-demand & require upskilling



- Many of the emerging trends in key New Forest sectors can also be linked to the expanding green economy to meet national and local government net zero targets. There is no official definition of a green sector¹, although several sources provide some means of quantifying the future size of the sector, and the sectors most exposed to the transition to a low carbon economy.
- According to the UK Government's Green Jobs Taskforce, part of the Green Industrial Revolution, "every job has the potential to become 'green'".
- More locally, is the Green and Blue Horizons from city to forest scheme to bringing investment for sustainability projects to the New Forest between 2021-2023.

Green Jobs

- Based on independent green direct job projections² the New Forest could have close to 2,000 direct jobs in green industries by 2030. This would represent 15% of all green direct jobs in Hampshire, the largest share in the county (influenced by New Forest's industrial base) and could rise to nearly 3,000 direct jobs by 2050 according to model forecasts as demand of low carbon jobs increases to meet net-zero.
- In 2030 the sub-sector with the largest projected number of green jobs is low carbon heat (500) and this will remain the case in 2050 (800) and includes heat pumps, hydrogen boilers and renewable combined heat & power which makes sense from both new builds and retrofits, although doubts over viability of hydrogen boilers while heat pump installations are currently prohibitively expensive.
- The largest projected increases will be low carbon heat and low carbon electricity (generation), each with around 300 more green jobs.
- According to just transition data³ the New Forest currently has around 7,900 jobs that are likely to require significant changes in skills and knowledge to transition, while 7,950 jobs are expected to be in high demand due to their important role in the net-zero economy. This means potentially around 20% of jobs will be significantly affected by the transition to net zero. Manufacturing and construction both have a high proportion of jobs affected by the transition relative to most local services and HVATS sectors, but notably for in-demand jobs.

¹ ONS are consulting on a green definition. ² LGA/ Ecuity Consulting (2021) Local green jobs –accelerating a sustainable economic recovery. ³ PCAN - Just Transition Jobs Tracker (JTJT) – aim to investors in the UK see a strategic opportunity to connect climate action with positive social impact across the country

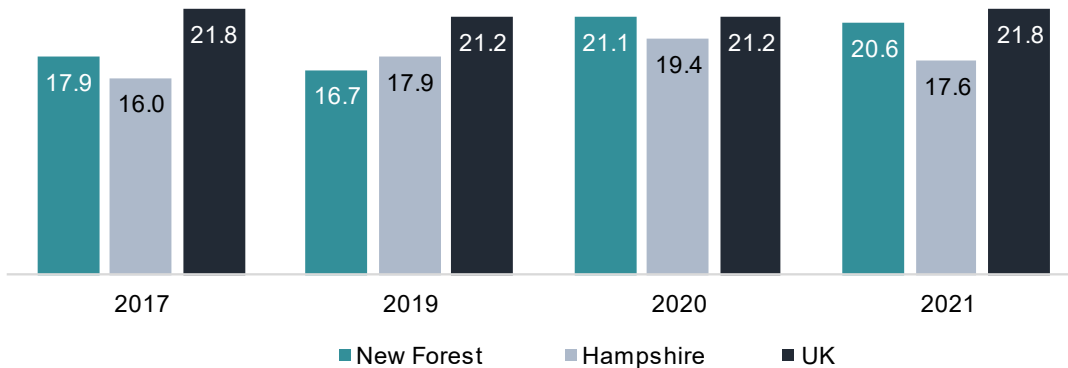
Economic Disadvantage – higher economic inactivity putting further pressure on shrinking workforce

New Forest Resident Working Age (16-64) Economic Inactivity

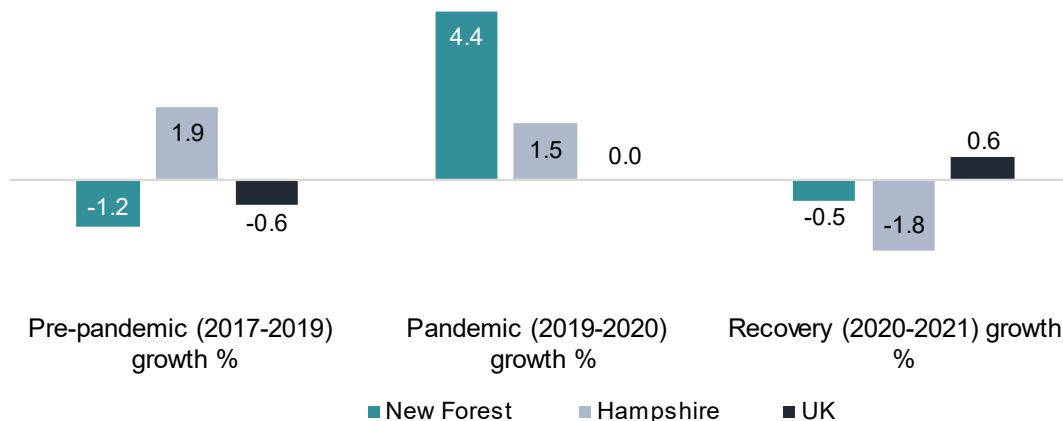
18,100	16,200	21,000	19,800
2017	2019	2020	2021
	-1,900	+4,800	-1,200

1,700 more on 2017, 1,200 fewer pre-pandemic (2019)

Working Age (16-64) Economic Inactivity Rates



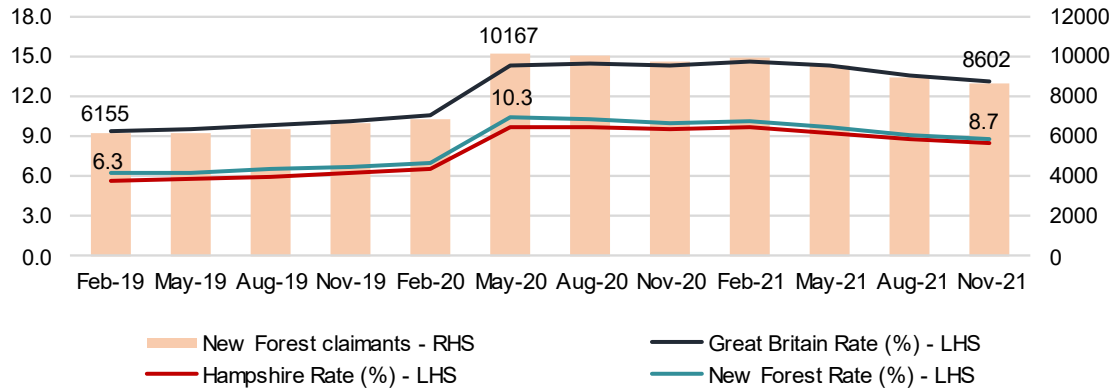
Working Age (16-64) Growth in economic inactivity rates (percentage points)



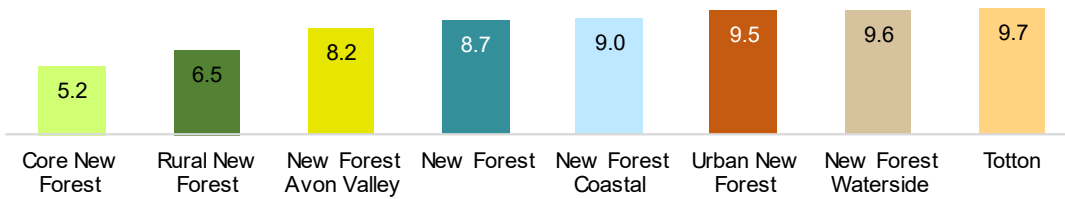
- Economic exclusion has a cost for individuals in terms of health, deprivation and unfulfilled potential, and collectively on the economy by narrowing the tax base and increasing health and social services spending. Economic inactivity is a measure of those out of work but not looking and/or not being available for work.
- In 2021, the New Forest had 19,800 working age residents who were economically inactive or around one in five (20.6%) of the working age population – which is 2.2 percentage points (ppts) below the national average (21.8%) but 3ppts above Hampshire (17.6%). The New Forest has consistently been below the national average on inactivity but more often above Hampshire. Combined with a shrinking working age population but a growing older population presents the New Forest with a challenge for future labour market supply and greater reliance on raising productivity.
- Pre-pandemic, a stronger economy meant economic inactivity declined, but the health-induced economic shock in 2020 saw a large increase in inactivity (+4,800, +4.4ppts), higher than Hampshire and UK.
- With the economy rebounding in 2021, and demand for labour increasing, the number of economically inactive decreased by 1,200 (-0.5ppts), although levels were still higher than in 2017.
- Like national trends, New Forest’s young people (16-24yrs) saw a disproportionate increase in economic inactivity during 2020 with 6,300 more inactive as job opportunities temporarily dried up, many staying in education as students (+5,800 in 2020). A national trend for older workers retiring early was not evident from the data for the New Forest. Whether through necessity or increased availability of flexible working during the pandemic (either from home or hybrid working), there was a decrease (-1,200) for inactivity due to looking after the family in 2020, although this returned to pre-pandemic levels in 2021 which suggests any flexibility, especially benefiting women and who are more likely to look after the home/family, may have been temporary. Of concern is the rising number of inactive residents because of long-term illness in 2021 (+2,600), with implications for labour supply.

Economic Disadvantage – Out-of-work benefit claimant and those on in-work benefits remain above pre-pandemic levels

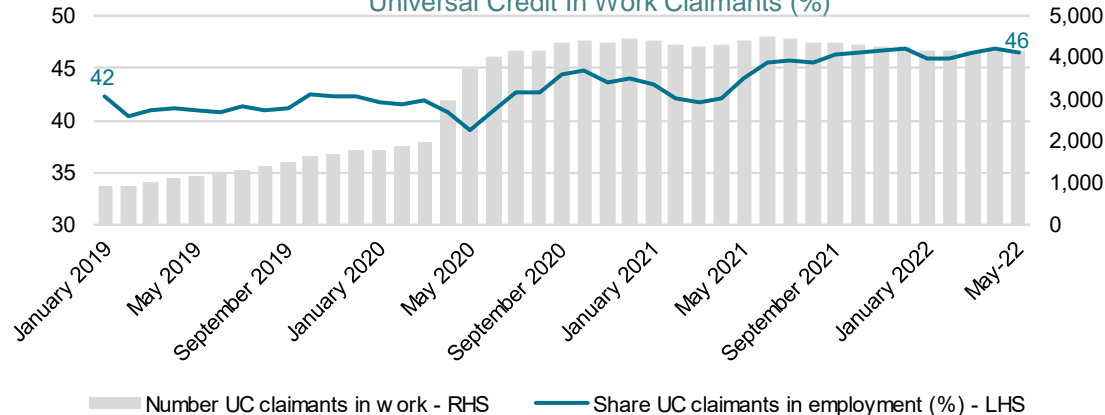
Main out of work benefit rates (% 16-64yrs) & New Forest Claimants



Sub-area main out of work benefit rate (%)

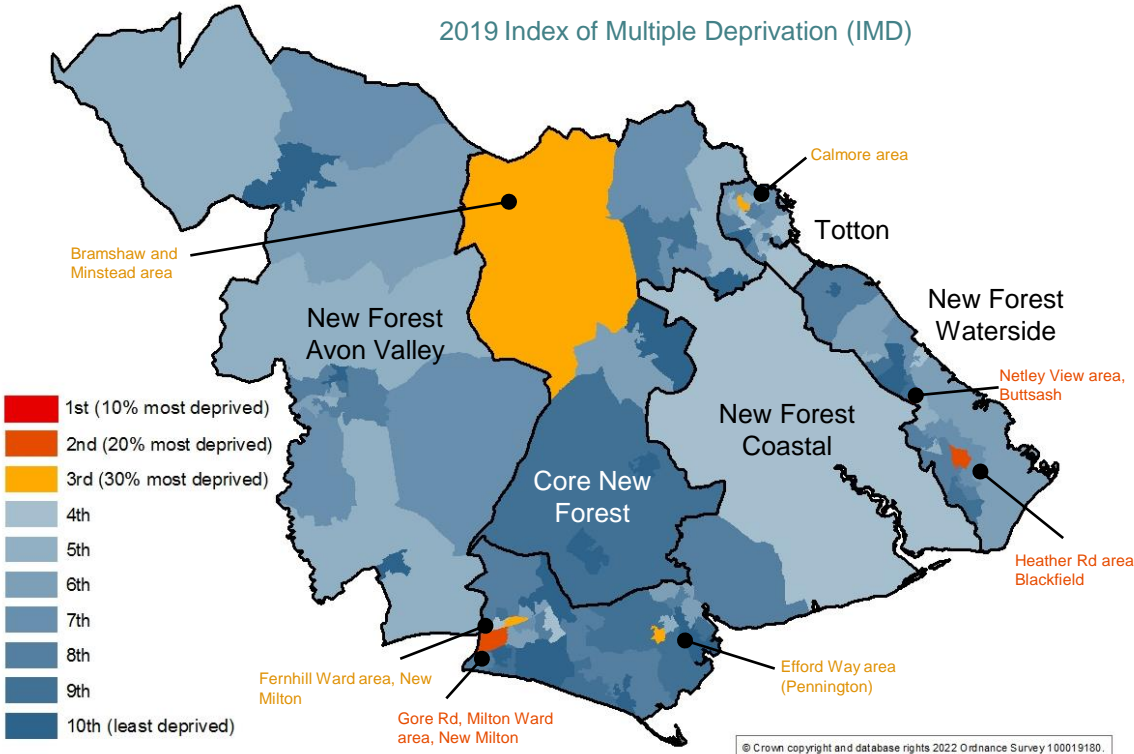


Universal Credit In Work Claimants (%)

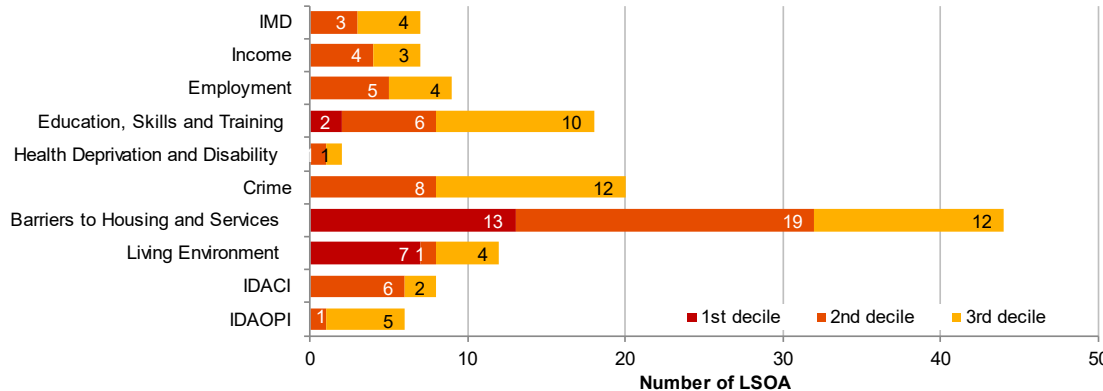


- Another measure of economic disadvantage is the main out of work benefits combination (MOWB).
- In November 2021, the New Forest had around 8,600 MOWB claimants representing 8.7% of the working age population, well below the UK rate (13.1%) and only marginally above Hampshire (8.5%) – indeed the New Forest largely mirrors the Hampshire rate. The first lockdown saw a spike in claimants to peak at over 10,100 in May 2020 before slowly falling back, although levels and rates had not returned to pre-pandemic levels by November 2021, with the rate 2.3ppts higher than February 2020 and the number of claimants around 2,400 higher.
- By sub-area, Totton with 9.7% had the highest November 2021 MOWB rate and is followed closely by New Forest Waterside (9.6%), while Core New Forest had the lowest rate at 5.2%, close to half the Totton rate. Unsurprisingly, the urban rate (9.7%) is much higher than rural rate (6.5%).
- All sub-areas have lower MOWB rates than the May 2020 peak, but November 2021 rates remain above pre-pandemic levels.
- Another indicator of economic disadvantage is Universal Credit (UC) claimants who are in work and acting as a proxy for low income. UC is available to those who are in work but on low incomes and adjusts as earnings change.
- Prior to the pandemic, on average 41% of the New Forest's resident claimants on UC were in employment, above the national average of 35% but lower than Hampshire (43%). The pandemic saw a sudden uplift in UC claimants for those in or out of work – partly due to lockdown impacts but also down to temporary policy and operational changes during the pandemic to ease access, such as suspending conditionality. The dip in work claimant shares in the chart (left) are down to larger relative increases in unemployed UC claimants.
- The share of UC claimants in work has not returned to pre-pandemic levels and the latest May 2022 figures has 46% of all UC claimants in work, while the May 2022 count at 4,150 is nearly 2,300 claimants above February 2020 (pre-pandemic). The cost-of-living crisis could keep levels high, or even higher and for longer.

2019 Index of Multiple Deprivation (IMD)



2019 Indices of Deprivation



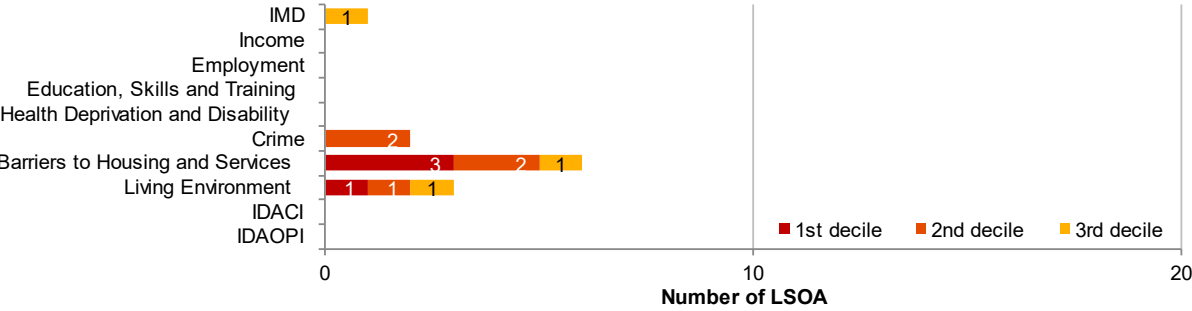
- On the latest 2019 Index of Multiple Deprivation, the governments preferred measure of overall deprivation, the New Forest is one of the least deprived local authorities in England. The New Forest is ranked 241* out of 317 England districts and unitary authorities (where 1 is the most deprived authority). This places the New Forest within the 7th (least deprived) decile overall. However, the district summary masks a few localised hotspots of neighbourhood deprivation.
- The 2019 IMD captures multiple and weighted measures of deprivation from a period prior to the pandemic and more recent cost of living crisis, both of which will disproportionately impact neighbourhoods in the bottom three deciles. This is simply because residents in deprived areas were more likely to be low-paid workers unable to stay at home during COVID, and with less disposable income, are more vulnerable to rising inflation and fuel and food poverty.
- Looking at the IMD map left, six urban neighbourhoods and one larger rural area with scattered villages/hamlets can be identified. Most areas highlighted have been in the 30% most deprived across different indices over time and across most types of deprivation, therefore providing a focus for policy interventions.
- Using the top three deciles (30% most deprived relative to England), the New Forest has deprivation across all seven separate types of deprivation although subject to varying deprivation distributions.
- The most prevalent type of deprivation in the New Forest with 44 LSOA** is unsurprisingly barriers to housing & services deprivation, which is mostly down to the geographical barriers sub-domain that uses average distances to key services as the measure of deprivation and naturally skews to rural areas. Crime has the next highest number of LSOAs (20), although crime is a volatile measure that should be viewed with caution. Education & Skills has 18 LSOA, while Living environment (housing and air quality) has seven LSOA in the most deprived areas nationally, and mostly in rural areas along the A31 and land west of Fawley.

Source: MHCLG 2019.*District summary average rank of score. ** Lower Super Output Area.

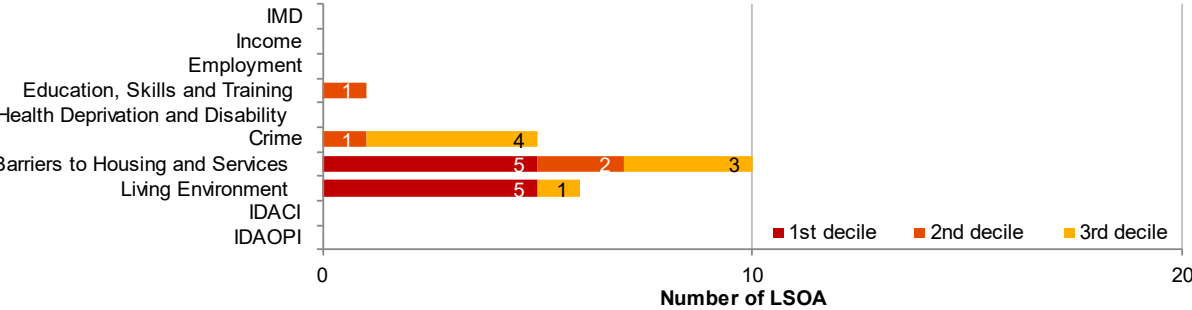
Economic disadvantage – deprivation levels and types vary by sub-area, but New Forest Coastal only sub-area where all types of deprivation present

Sub-Area 2019 Indices of Deprivation

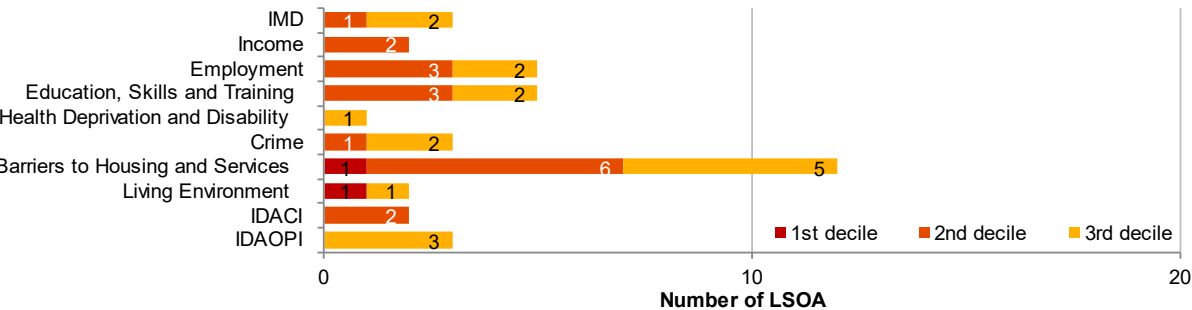
Core New Forest



New Forest Avon Valley



New Forest Coastal

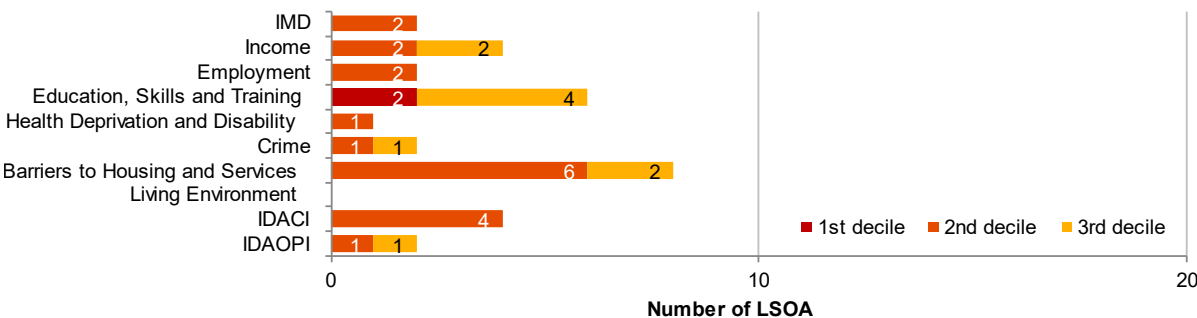


- There is a single LSOA in Core New Forest that falls within the 3rd decile. This is a large rural LSOA that covers Bramshaw, Minstead and other disparate hamlets and so it is difficult to pinpoint specific localised concentrations. Overall, there is little evidence of any significant deprivation across any of the seven individual types of deprivation but the usual rural concentrated barriers to housing and services is the most prevalent in Core New Forest.
- There is no evidence of multiple deprivation in New Forest Avon Valley, with no neighbourhoods falling within the 30% most deprived areas in England. On individual measures of deprivation, the barriers to housing and services and living environment are more prevalent. This will partly be down to rurality and distance to services outside the two main towns, but air quality could possibly be down to proximity to the A31, although the two market town areas themselves do not score highly on this measure.
- The New Forest Coastal sub-area has three neighbourhoods in 2019 that fall within the 30% most multiple deprived areas in England, and all three were highlighted in the 2015 IMD. Two are in New Milton and one in Pennington (Lymington). The sub-area is a mix of larger market towns, villages and smaller hamlets, perhaps more so than other sub-areas, and as such is the only sub-area represented by all seven individual types of deprivation and two income sub-domains. Barriers to housing and services mostly impacts the rural areas, whereas the presence of the income sub-domains for older people (IDAOPi) and children (IDACI) are found in urban areas (New Milton & Pennington), where benefit claimants are generally more concentrated.

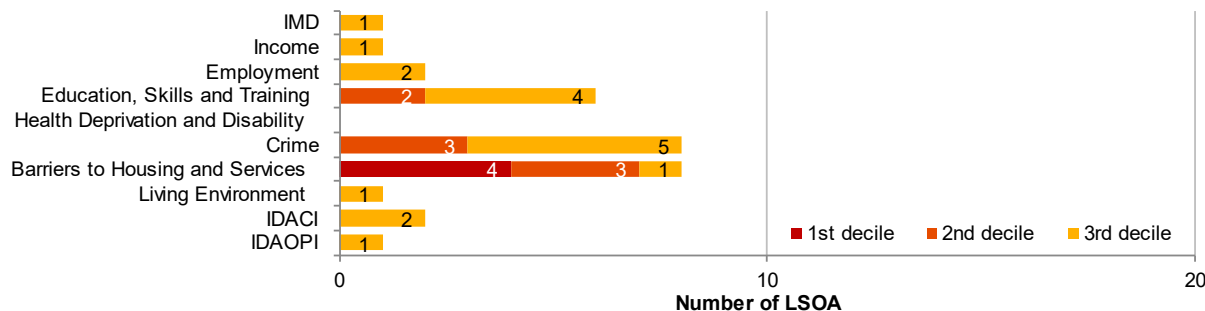
Source: MCHLG 2019

Sub-Area 2019 Indices of Deprivation

New Forest Waterside



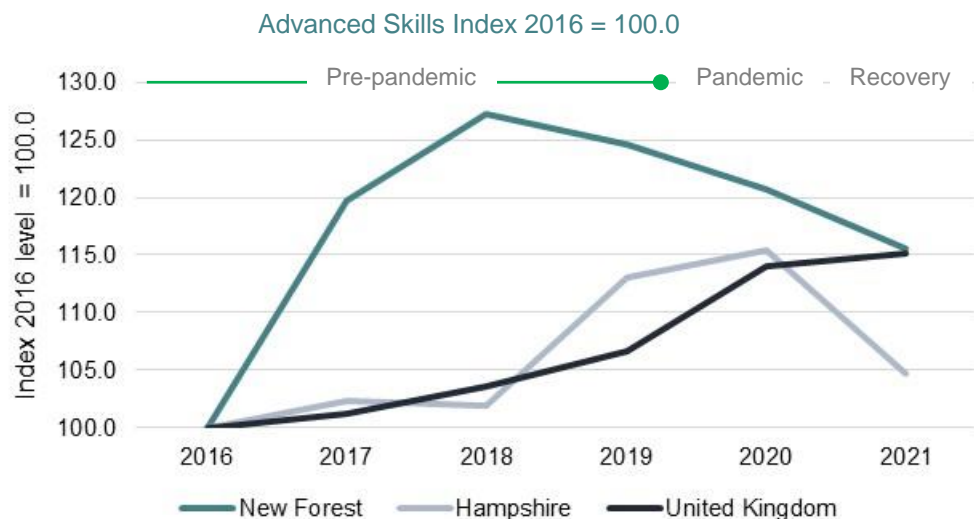
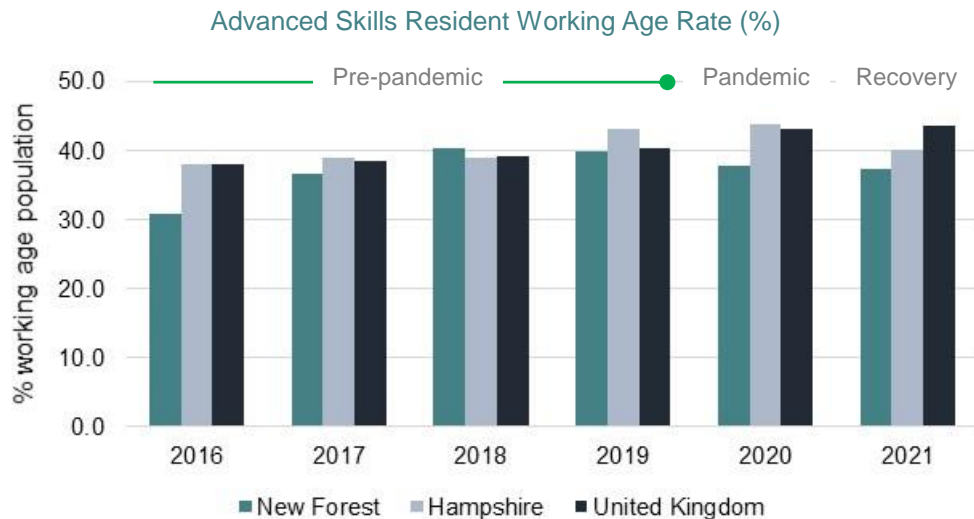
Totton



- The New Forest Waterside sub-area has two neighbourhoods that fall within the 2nd decile and therefore within the 20% most multiple deprived areas in England. These are in Blackfield (Heather Rd area) and Netley View/Buttsash. These two areas were also highlighted in the 2015 IMD although back then the Heather Rd area in Blackfield was within the 10% most multiple deprived areas in England
- The New Forest Waterside sub-area has most types of deprivation (30% most deprived) except for living environment.
- Like New Forest Coastal and Totton, the sub-area also has income deprivation for older people and children. New Forest Waterside is also the only sub-area with evidence of education, skills and training deprivation in the 10% most deprived areas in England, both located in the same two LSOA as the IMD.
- Totton has one neighbourhood in the 3rd decile that falls within the most multiple deprived neighbourhoods in England. This single LSOA broadly covers part of the Calmore area of Totton and is new as a ‘multiple deprived’ area in 2019. It effectively replaces the sole multiple deprived area in Totton in 2015 found in the Hounslow, Eling area.
- Totton has areas of deprivation across most types of deprivation (30% most deprived) but none for health deprivation & disability.
- As with New Forest Coastal and New Forest Waterside it is one of three sub-areas with evidence of older people and children living in income deprivation. However, the most prevalent type of deprivation is barriers to housing and services with four areas in the 10% most deprived and a further four in the 2nd and 3rd deciles.

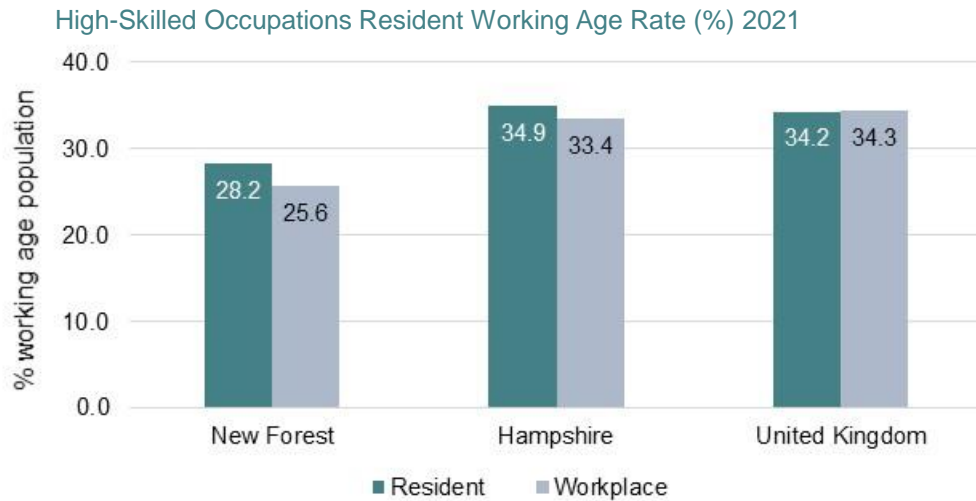


Advanced Skills - the gap in the rates has narrowed over the medium term but the latest data is less encouraging



- Having a sufficiently skilled workforce is critical to economic success in the New Forest especially as labour markets and skills evolve, but also for achieving wider social mobility through greater equality of opportunity.
- Advanced skills* (above A-level and up to doctorate/PhD) and skills, in particular, enhance employment opportunities for the individual and are a key driver of productivity growth, competitiveness and economic prosperity of a local economy.
- The New Forest had 35,700 residents in 2021 with an advanced skill. This equates to 37% of the working age population, which is below both the national (43.5%) and Hampshire (40.1%) averages.
- With the exception of peak rates in 2018 (40.4%) the New Forest has consistently lagged behind Hampshire and UK working age rates.
- The New Forest saw robust cumulative growth rate of 24% (+7,600) between 2016 and 2019, much faster than Hampshire (13%) and UK (6%), although falling back in 2019 (-800). As such, there was already a downward growth trend pre-pandemic in contrast to Hampshire and UK which both saw growth in 2019.
- Although some care needed interpreting data captured during the pandemic, the data suggests the New Forest saw its advanced skills rate slip further in 2020 (-3.1%), which is in contrast to resident working age growth rates in Hampshire and UK.
- The latest recovery period (2021) shows a further decrease of 4.3% for New Forest's working age residents, which is slower than Hampshire (-9.3%) but contrasts to slower growth nationally (0.9%). However, overall, the New Forest has 4,800 more working age residents with advanced qualifications in 2021 than in 2016. As such, the gap with Hampshire and UK has narrowed over the medium terms since 2016.
- The decline from 2018 to 2021 (-3,600 residents) could possibly be Brexit and Covid related. Stricter post-Brexit controls saw highly skilled EU residents returning to the EU and either unable or not willing to return.

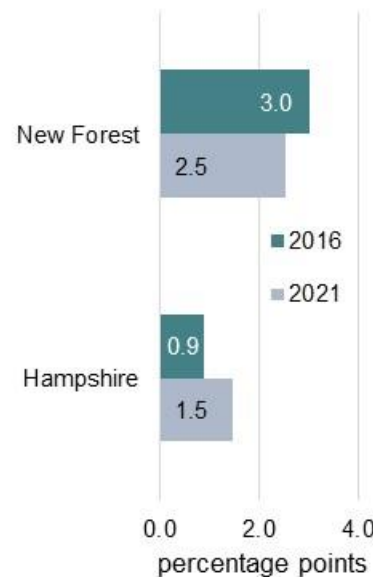
Source: ONS 2022. Notes: *Advanced Qualification **Level 4+ (levels 4-8)**: Certificate of Education, Diplomas/Degrees, Postgraduate qualifications such as masters and doctorates (PhD).



High-Skilled Occupations Growth Rates

	2016-2019 Pre-pandemic (av. % per annum)	Pandemic % (2019-2020)	Recovery % (2020-2021)	2016-2021 (av. % per annum)
Resident				
New Forest	9.4	-16.7	-9.6	-0.3
Hampshire	2.2	-1.4	-2.3	0.5
UK	3.1	3.2	0.1	2.5
Workplace				
New Forest	8.5	-5.0	-18.6	-0.2
Hampshire	1.6	-10.5	7.8	0.2
UK	3.1	3.3	0.1	2.5

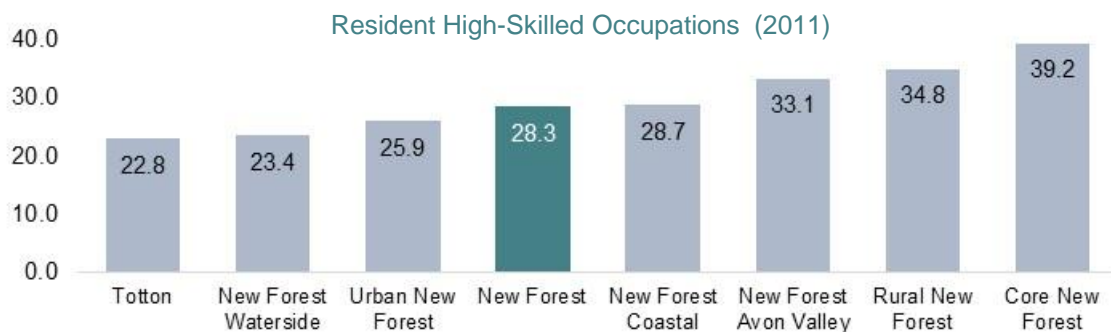
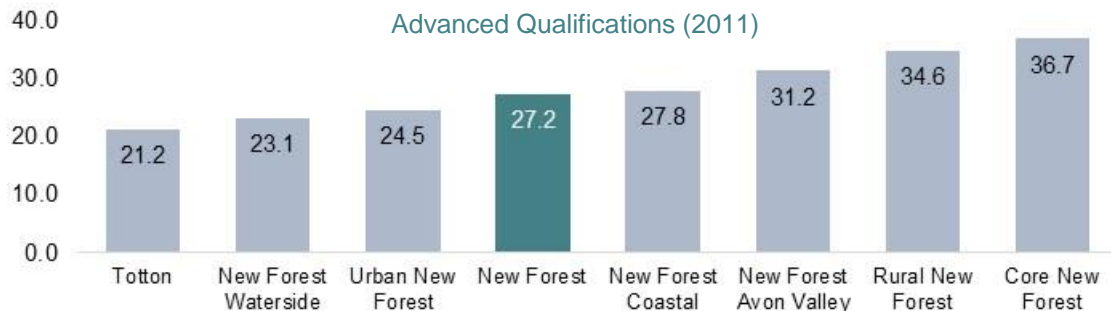
Resident-Workplace Mismatch



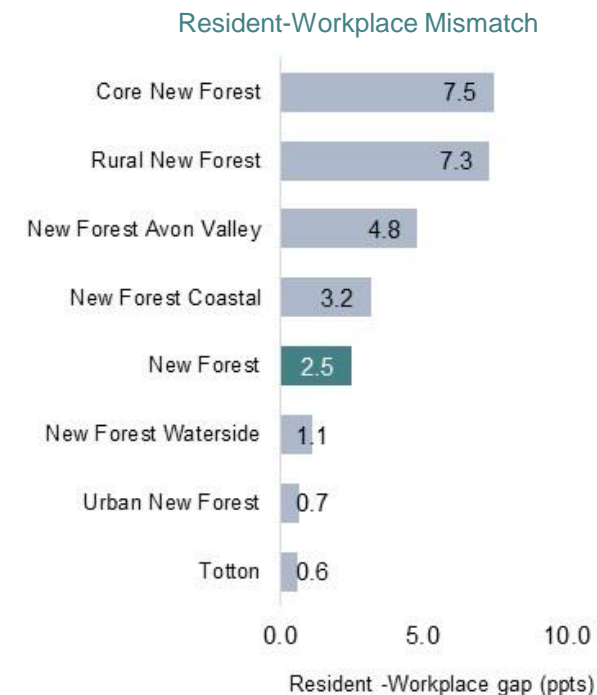
- High-skilled occupations* are important for the same reasons as advanced skills, with a large degree of overlap between the two data sources. In addition, there is a suggestion** that local business growth in high-skilled tech sectors can have a multiplier effect on lower skilled local services jobs i.e., to meet the needs of the high-skilled workers the highly skilled spend more of their income where they live and that in turn creates demand in local service industries.
- On the latest estimates the New Forest has 21,600 residents employed in high-skilled occupations, just over one quarter (28.2%) of the working age population – much lower than Hampshire and UK.
- For those who are employed in the New Forest there were fewer workers in high-skilled occupations (17,600), which points to more high-skilled employment opportunities outside the New Forest.
- As with resident workers, the New Forest (25.6%) has a relatively smaller high-skilled workforce compared to Hampshire (33.4%) and the UK (34.3%). The gaps between resident and workplace high-skilled employment is also wider in the New Forest (3.0 percentage points) and widening when compared to 2016, whereas the opposite is true for Hampshire and partly explained by the structure of its economy.
- As with advanced skills, the New Forest saw robust growth in the number of working age people employed in high-skilled occupations pre-pandemic (2016-2019) on both resident (9.4% per annum) and workplace (8.5%) measures, and outperformed Hampshire and the UK.
- However, New Forest growth rates during the core pandemic period (2020) and early recovery stage (2021) were negative, and the New Forest performed more poorly when compared to either Hampshire or UK.
- Overall 2021 levels of the New Forest's employment in high-skilled occupations is lower than 2016, with the district seeing 300 fewer residents and 200 fewer workers who are employed in the New Forest.

Source: ONS 2022. *Notes: **High skilled occupations-1**: managers, directors and senior officials and 2: professional occupations (SOC 2010) **What works centre for local growth, Multiplier Toolkit.

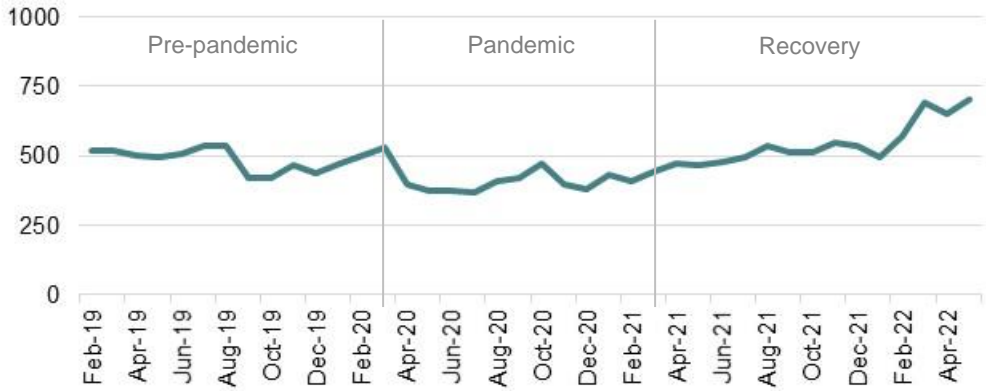
Advanced Skills & High-Skilled Occupations – significant differences between sub-areas and resident-workplace mismatches



- In lieu of Census 2021 data the Census 2011 provides some sub-area trends, albeit dated.
- According to the 2011 data the more rural sub-areas (Core and Avon Valley) have more residents with advanced qualifications and a higher skilled workforce (resident & workplace) – the opposite is true for urban sub-areas.
- In terms of occupations the mismatch between resident and workplace is likewise greatest in the more rural sub-areas, although across all sub-areas there are proportionately more high-skilled residents than high-skilled local workforce.

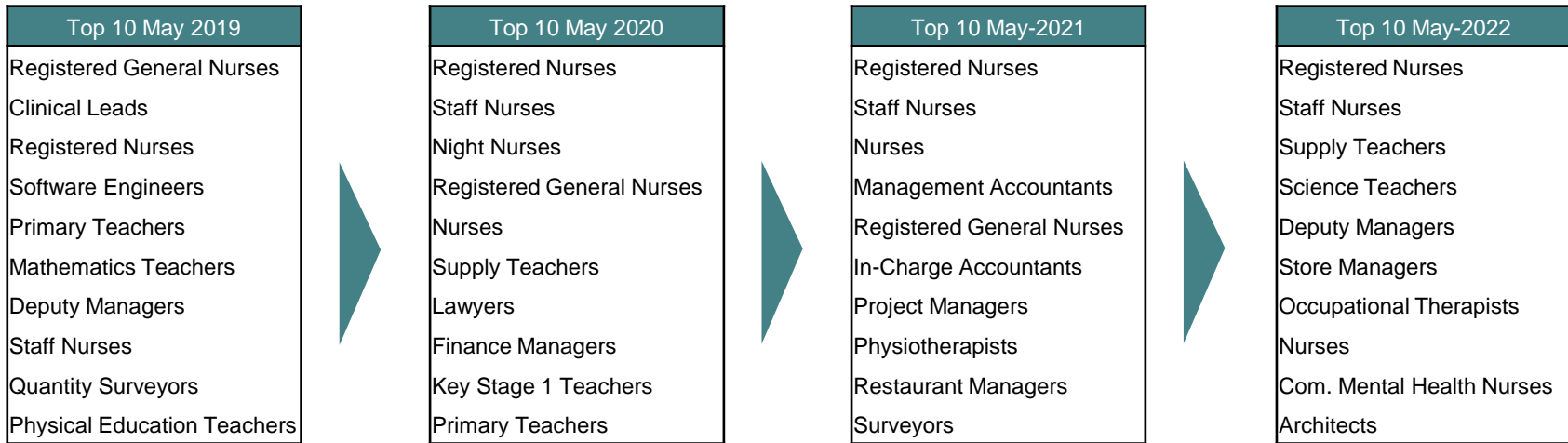


Demand for High-Skilled Occupations

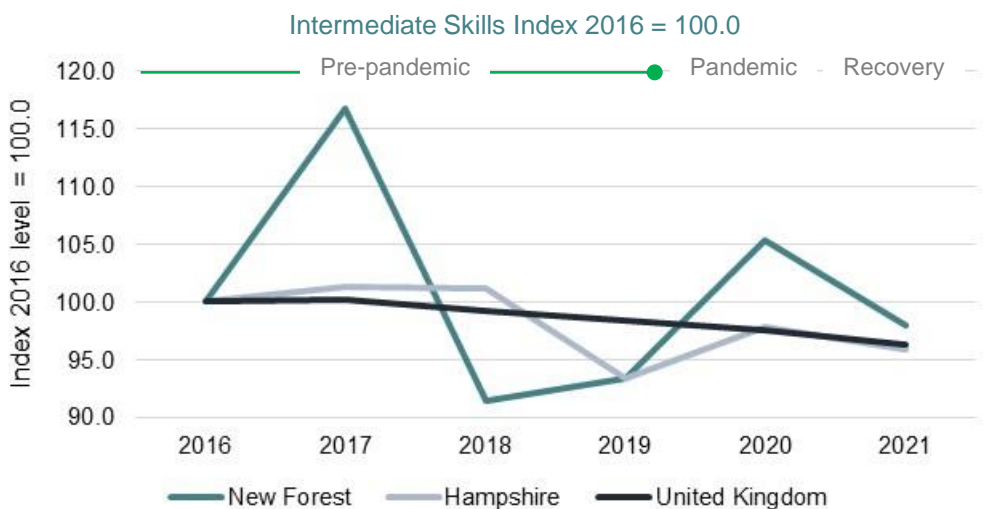
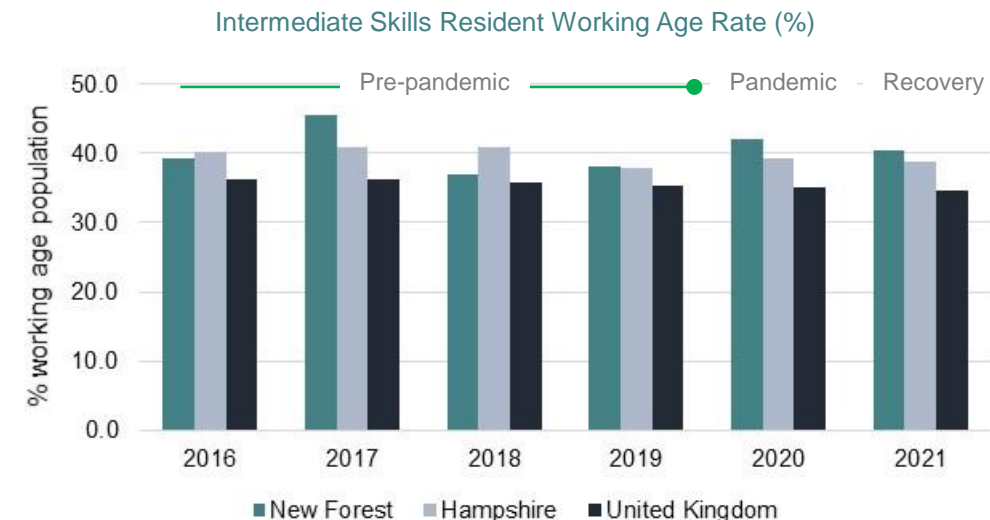


- Using unique online job postings as a proxy for demand for labour, the New Forest has seen a recovery on the pandemic dip with the first and subsequent lockdowns. Current recovery levels are above pre-pandemic figures reflecting the reopening of the economy in 2021 and demand in 2022 as businesses struggle to find workers.
- Reflecting pre-existing structural shortages in health care and education, demand for nurses was high before the pandemic but noticeably increased in 2020-2021 to cope with Covid-19 and various vaccination programmes. There is also a growing demand in 2022 for occupational and mental health professions reflecting the impact the pandemic has had on peoples wellbeing. There is also an increase in managerial roles as businesses return to growth.

Top 10 In-Demand High-Skilled Occupations 2019-2022



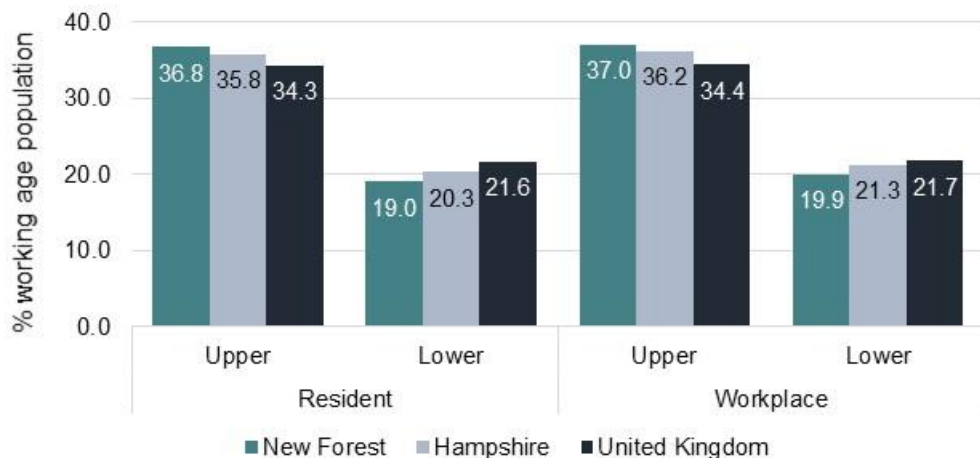
Source: Lightcast 2022. Notes: **High skilled** -1: managers, directors and senior officials and 2: professional occupations (SOC 2010)



- A good supply of residents with intermediate skills (GCSE grade 4-9 up to A-level or equivalents) will support several key sectors in the New Forest such as tourism and parts of manufacturing. Furthermore, many new entrants to the labour market will also begin their careers with intermediate qualifications, and through further learning progress to more advanced qualifications.
- The New Forest had 38,600 residents in 2021 with intermediate skills. This equates to 40.3% of the working age population, which is above both the national (34.6%) and Hampshire (38.9%) averages. This is in large part explained by the structure of its economy as well as demographics.
- Although peaking in 2017 (45.5%) the New Forest has consistently had higher working age rates from 2019 onwards against Hampshire and UK rates.
- The New Forest has seen a mixed picture on growth since 2016 with several peaks and troughs. The New Forest saw cumulative negative growth rates of -6% (-2,600) between 2016 and 2019, the same as Hampshire but faster than UK (-1.6%), although a smaller increase in 2019 (+800). As such, there was already a broadly downward growth trend pre-pandemic, as was the case for Hampshire and UK.
- A degree of caution is required with data collected in -2020-2021. However, the data suggests that in 2020, New Forest saw intermediate skills growth of 12.8%, compared to much slower growth in Hampshire (4.8%) and negative growth nationally (-0.8%).
- The latest 2021 data shows a decrease in rates of 7% for the New Forest, which is faster than Hampshire (-2%) and UK (-1.2%). Overall, the New Forest has 800 fewer working age residents with intermediate skills in 2021 than in 2016. However, there was little to no change over the medium term, and taking the view that a widening of intermediate skills against the UK and Hampshire is not necessarily a negative outcome, the gap in intermediate qualification rates with Hampshire and UK has widened (positively) since 2016, and with higher rates in 2021 for the New Forest.

Intermediate-Skilled Occupations – above average representation in upper intermediate skills but under for lower intermediate

Intermediate-Skilled Occupations Resident Working Age Rate (%) 2021

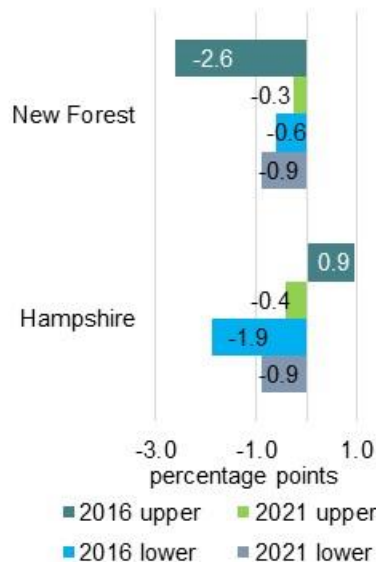


- Intermediate-skilled occupations can be further split into upper (technical, administrative and skilled trade) and lower (services, customer services and machine/plant operatives).
- On the latest estimates the New Forest has 28,200 residents employed in upper intermediate (UI) occupations and 14,600 in lower intermediate (LI) occupations. At 36.8% the New Forest has a higher UI working age rate than Hampshire and UK, but the New Forest has lower LI rate (19%).
- The New Forest also had fewer UI (24,700) and LI (13,300) workers employed in the New Forest that points to more employment opportunities outside the New Forest, such as Southampton's services industry. As with resident workers, the New Forest (37%) has a relatively larger UI workforce compared to Hampshire and UK, but a smaller New Forest workforce for LI. The gaps between resident and workplace for both UI and LI has narrowed with Hampshire since 2016 and not dissimilar in 2021.

Intermediate-Skilled Occupations Growth Rates

	2016-2019 Pre-pandemic (av. % per annum)		Pandemic % (2019-2020)		Recovery % (2020-2021)		2016-2021 (av. % per annum)	
	U	L	U	L	U	L	U	L
Resident								
New Forest	6.6	-8.9	12.7	-4.2	-22.3	-8.8	1.2	-8.0
Hampshire	-0.9	0.1	0.2	-1.2	1.0	1.5	-0.3	0.1
UK	0.5	0.1	1.0	-4.4	-2.2	-1.0	0.0	-1.0
Workplace								
New Forest	7.0	-8.6	5.4	-5.2	-25.6	-8.9	-0.8	-8.0
Hampshire	0.4	-1.5	-2.4	-2.7	3.6	3.5	0.5	-0.8
UK	0.4	0.1	1.2	-4.3	-2.2	-1.1	0.1	-1.0

Resident-Workplace Mismatch

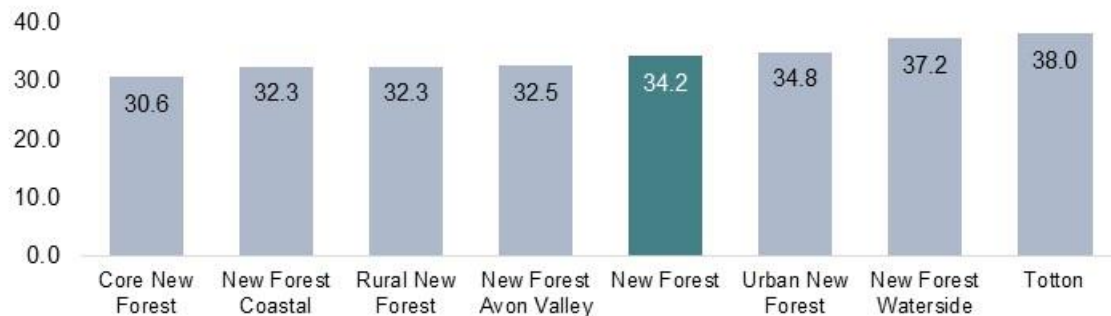


- As with advanced skills, the New Forest saw robust growth in intermediate-skilled occupations pre-pandemic on both resident (6.6% per annum) and workplace (7.0%) rates that both outperformed Hampshire and UK.
- Pre-pandemic, for both resident and workplace workers, growth for UI was greater for the New Forest compared to Hampshire and UK, but the New Forest saw worse LI growth - although this may be seen as a positive if this resulted from upskilling to UI occupations or from gains in knowledge from work experience over time. The New Forest and both benchmarks saw a decrease during the core pandemic period but unlike Hampshire, the New Forest has shown few signs of recovery in 2021.
- Overall, in 2021 the New Forest has more UI (+1,600) but fewer LI (-7,500) resident workers, but fewer UI (-1,000) and fewer LI (-6,900) workplace workers compared to 2016. This is not detrimental so long as intermediate supply still meets demand.

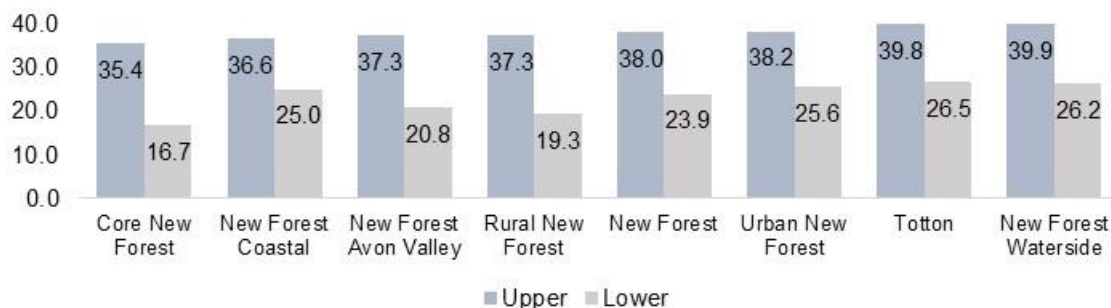
Source: ONS 2022. Notes: **Intermediate occupations (Upper)** -3: associate prof & tech, 4: administrative and secretarial, and 5: skilled trades; **Intermediate (Lower)** 6: caring, leisure and other service, 7: sales and customer service, and 8: process, plant and machine operatives (SOC 2010)

- According to the 2011 data the more urban sub-areas (Totton and Waterside) have more residents with intermediate qualifications and a more intermediate skilled workforce (resident & workplace) – the opposite is true for rural sub-areas, although less pronounced as high-skilled.
- In terms of occupations, upper intermediate mismatch is larger in urban sub-areas and lower in rural, with mostly more residents than workplace. However, there are proportionately more lower intermediate workplace workers than resident workers – possibly as such workers lack access to transport, or cannot afford to commute.

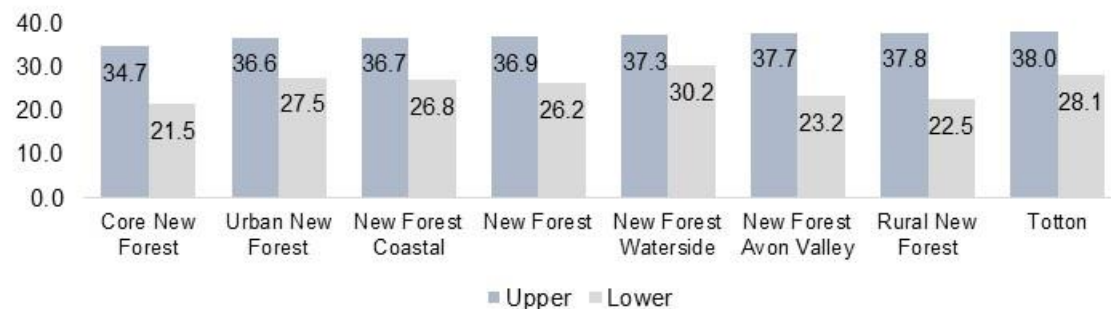
Intermediate Qualifications (2011)



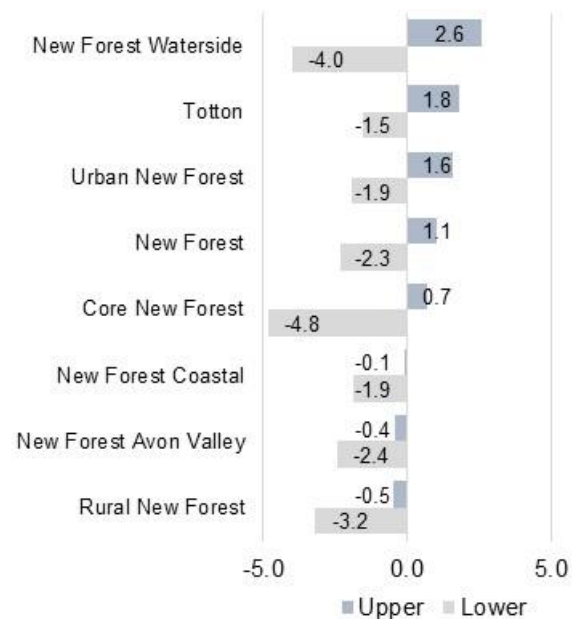
Resident Upper & Lower Intermediate-Skilled Occupations (2011)



Workplace Upper & Lower Intermediate-Skilled Occupations (2011)

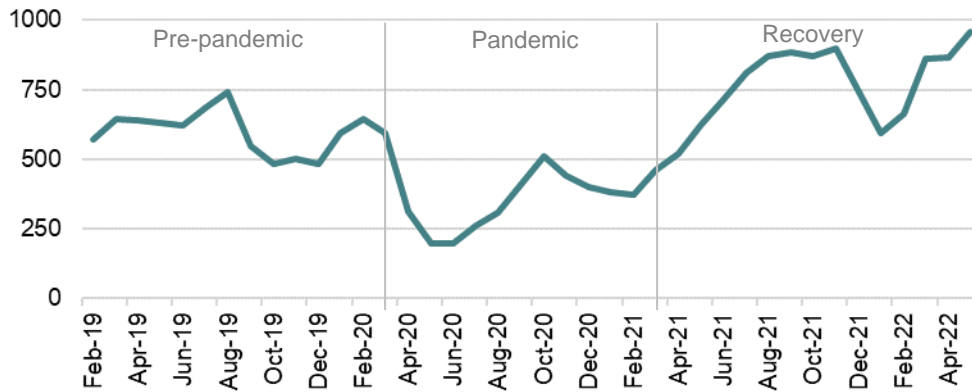


Resident-Workplace Skills Mismatch



Upper Intermediate Skills - reopening of the economy saw increased demand for upper intermediate occupations

Demand for Upper Intermediate Skilled Occupations



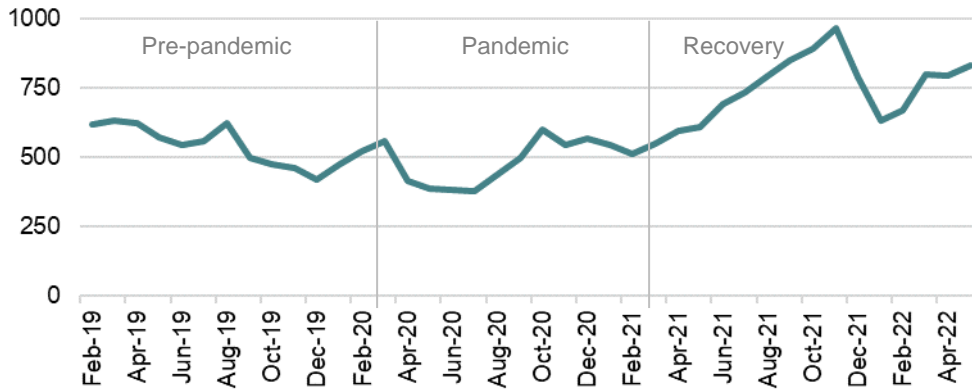
- Using unique online job postings as a proxy for demand for labour the New Forest has seen a strong recovery on the pandemic. There was a dip in the recovery due to Omicron impacting on customer facing services which disproportionately include upper intermediate occupations, but 2022 has seen a strong rebound and well above pre-pandemic levels as businesses struggle to find workers.
- Reflecting a strong presence in hospitality and leisure in the New Forest, there was strong demand for kitchen staff pre-pandemic that largely disappeared during pandemic, with demand shifting more to business administration and support. However, demand for kitchen staff began to recover in 2021 and strong demand in 2022, although proportionately lower than 2019.

Top 10 In-Demand Upper Intermediate Skilled Occupations 2019-2022



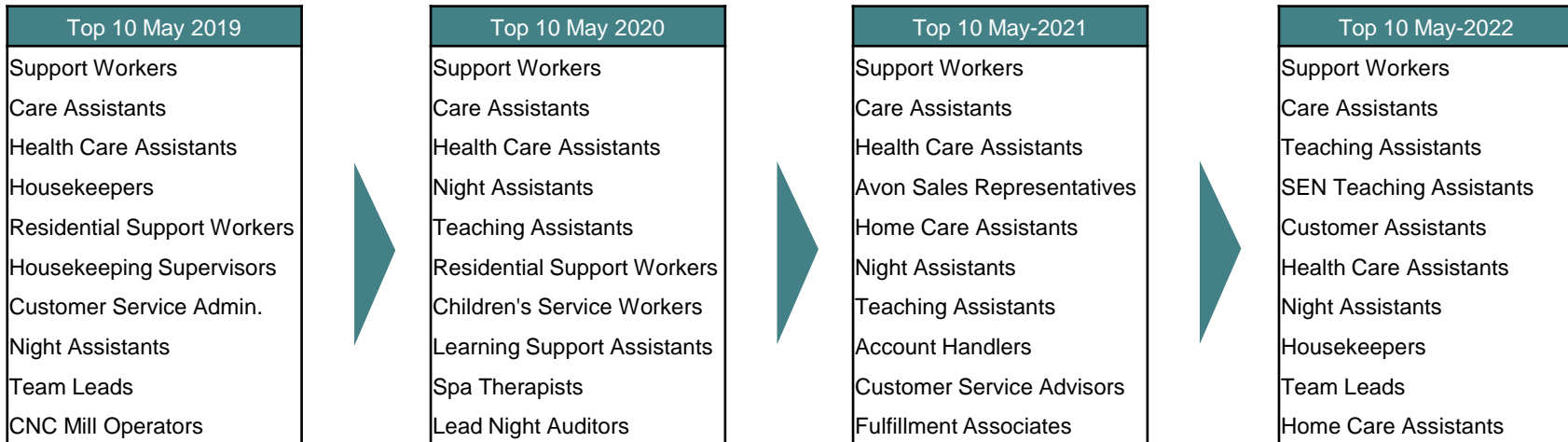
Lower Intermediate Skills - reopening of the economy saw increased demand for lower intermediate occupations but harder hit by Omicron

Demand for Lower Intermediate-Skilled Occupations

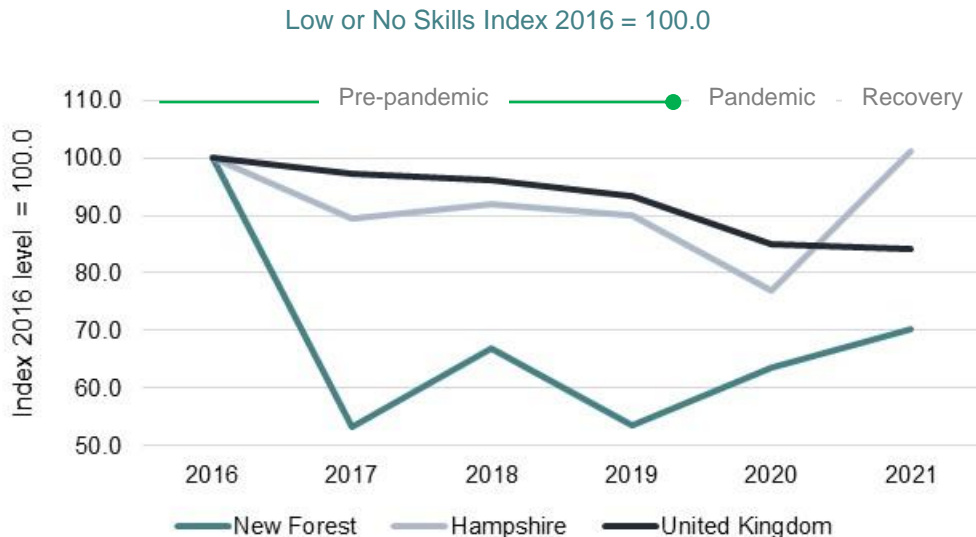
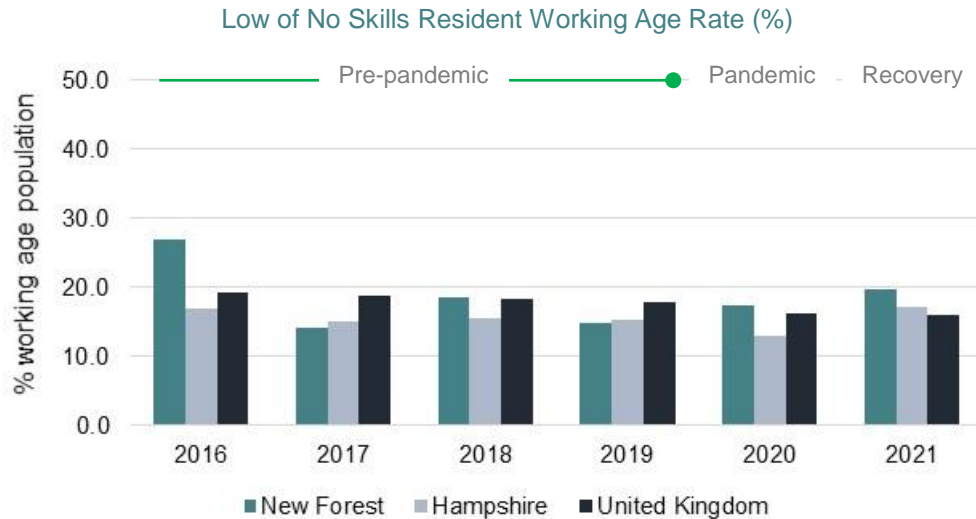


- Using unique online job postings as a proxy for demand for labour the New Forest has seen a strong recovery on the pandemic. There was a dip in the recovery due to Omicron impacting on customer facing services which disproportionately include upper intermediate occupations, but 2022 has seen a strong rebound and well above pre-pandemic levels as businesses struggle to find workers.
- Reflecting a strong presence in the care sector in New the Forest, there was strong demand for health care workers pre-pandemic as the sector struggled to fulfil shortages, and this only grew during pandemic, most likely due to increased demand but also from high staff turnover and low retention rates. During recovery demand still remains high in the care sector but is closer to pre-pandemic proportions. Since pandemic there has also been demand for teaching assistants.

Top 10 In-Demand Lower Intermediate Skilled Occupations 2019-2022



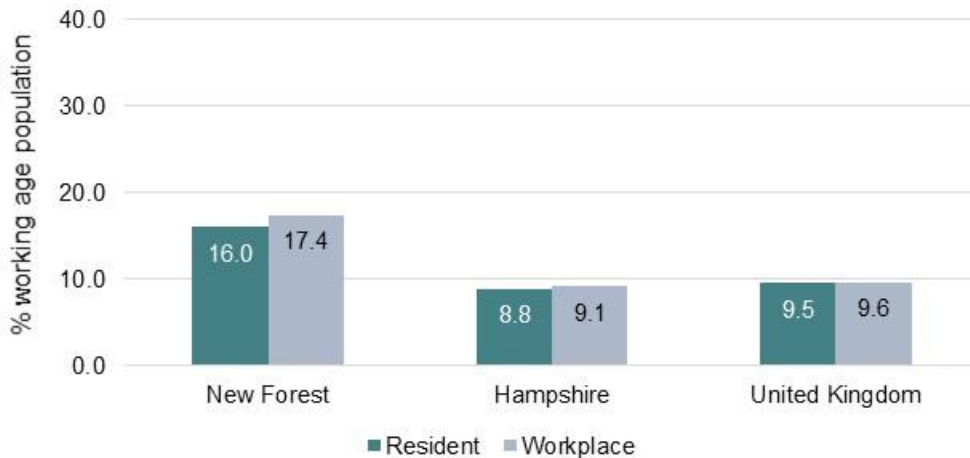
Source: Lightcast (2022). Notes: **Intermediate (Lower)** 6: caring, leisure and other service, 7: sales and customer service, and 8: process, plant and machine operatives (SOC 2010)



- Residents with low skills are more likely to be unemployed than those with higher skills. There is also evidence that disability is disproportionate among low-skilled adults. Overall, relatively large numbers of people with low or no skills can act as a drag on productivity, given that the proficiency of workers and how their skills are utilised is critical to raising productivity.
- The New Forest had 18,900 working age residents in 2021 with low or no skills*. This equates to 19.7% of the working age population, which is above both the UK (16.1%) and Hampshire (17.1%) working age rates.
- Although peaking in 2016 (26.8%) the New Forest has since been consistently below 20%, and mostly lower than Hampshire, although on occasions shifted position with UK rates.
- The New Forest has seen a mixed picture on low-skilled growth since 2016 with peaks and troughs. The New Forest saw cumulative negative growth rates of -46% (-12,600) between 2016 and 2019, much faster than UK (-6.7%) and Hampshire (-10.0%) growth, although increasing in 2018 (+3,700). As such, there was already a broadly downward growth trend pre-pandemic, as was the case for Hampshire and UK.
- Data captured in 2020-2021 should be interpreted with some caution. However, the data suggests that during core pandemic (2020), the New Forest saw low or no skill rates improve, with sharp growth of 18.8%, in contrast to decreases in Hampshire (-14.5%) and nationally (-8.9%).
- The latest period (2021) shows a further rise in rates of 2.4% for the New Forest, which is slower than Hampshire (+4.2%) but faster than UK (-0.1%). Overall, New Forest has 8,000 fewer working age residents with low or no skills in 2021 than in 2016.
- The gap between the New Forest and the two benchmarks from 2016 to 2021 has significantly narrowed, although the New Forest still has higher working age residents rates with low or no skills in 2021.

Source: ONS 2022. *Notes: Low or No – No formal qualification or Level 1 (equivalent to GCSE (1-3) or equivalent NVQ1)

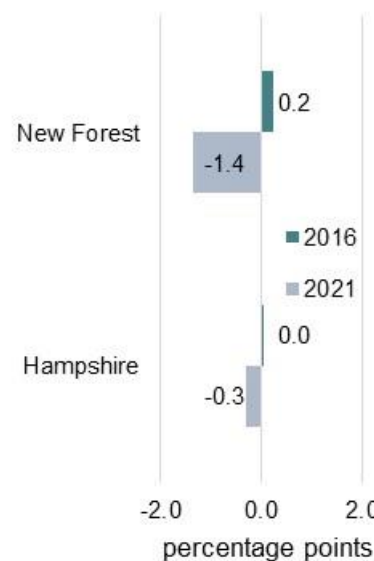
Low-Skilled Occupations Resident Working Age Rate (%) 2021



Low-Skilled Occupations Growth Rates

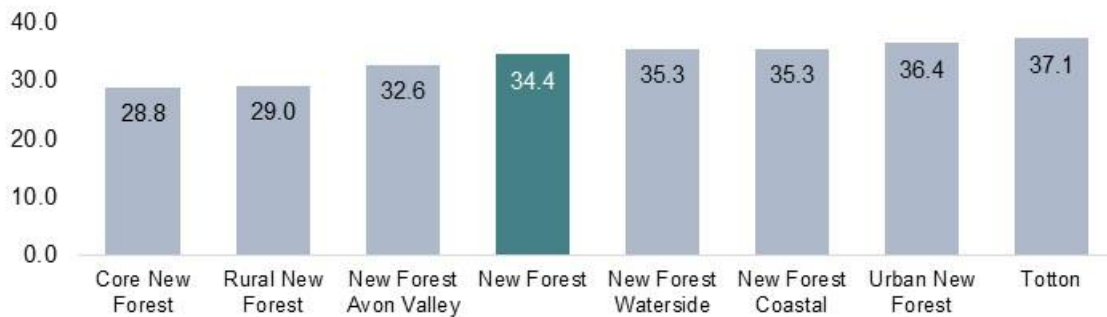
	2016-2019 Pre-pandemic (av. % per annum)	Pandemic % (2019-2020)	Recovery % (2020-2021)	2016-2021 (av. % per annum)
Resident				
New Forest	-8.5	-27.5	66.2	-1.6
Hampshire	-4.5	-18.4	27.3	-2.0
UK	-0.4	-9.2	1.0	-1.9
Workplace				
New Forest	-7.0	-41.5	110.9	-0.2
Hampshire	-2.6	-19.7	26.2	-1.3
UK	-0.5	-8.9	1.0	-2.0

Resident-Workplace Mismatch

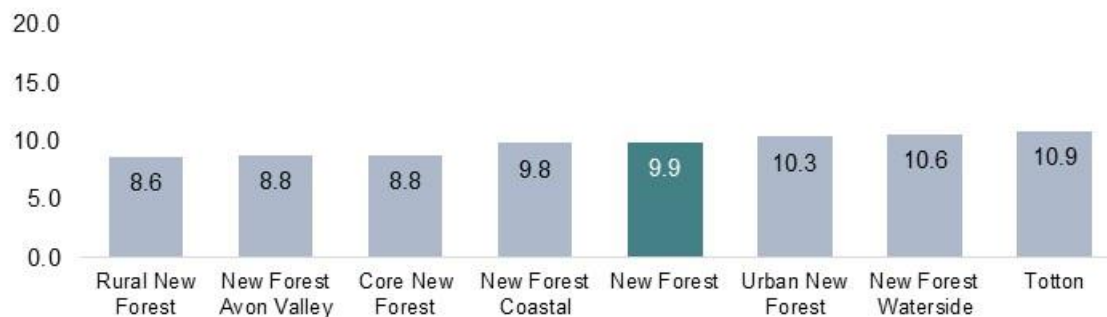


- Although generally more vulnerable in economic downturns, as highlighted under high-skilled, workers with less education can nonetheless still be in high demand as a by-product of growth in high-tech well paid jobs. Furthermore, government policy post-Brexit to curb low-skilled EU workers may also boost resident demand.
- On the latest estimates the New Forest has 12,300 residents employed in low-skilled occupations, around one in six (16%) of working age residents – much higher than Hampshire (8.8%) and UK (9.5%).
- The New Forest had fewer workers employed in the New Forest (11,600) that work in low-skilled occupations, which points to more low-skilled employment opportunities outside the New Forest.
- In relative terms, there are more workplace than resident low-skilled occupations in the New Forest, more so than Hampshire or the UK.
- The New Forest has a relatively larger low-skilled workforce (17.4%) compared to Hampshire (9.1%) and UK (9.6%). The gaps between resident and workplace employment is also wider in the New Forest (-1.4 percentage points) and also widening with Hampshire compared to 2016.
- The New Forest saw a significant decrease in low-skilled occupations pre-pandemic on both resident (-8.5% per annum) and workplace (-7.0%) employment that outperformed Hampshire and UK.
- Growth rates during the pandemic were negative across the board but more so in the New Forest which performed more poorly than either Hampshire or UK. However, the recovery in the New Forest has been stronger.
- Overall, in 2021 the New Forest has far fewer residents (-1,000) and marginally fewer workplace workers (-100) employed in low-skilled occupations compared to 2016.

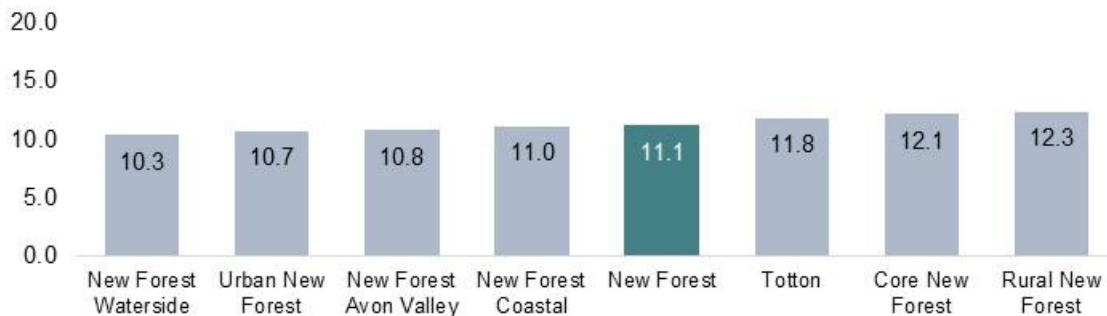
Low or No Qualifications (2011)



Resident Low-Skilled Occupations (2011)

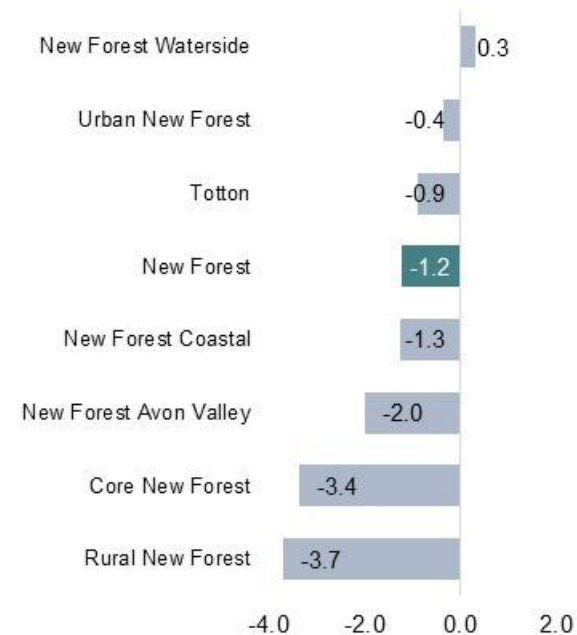


Workplace Low-Skilled Occupations (2011)



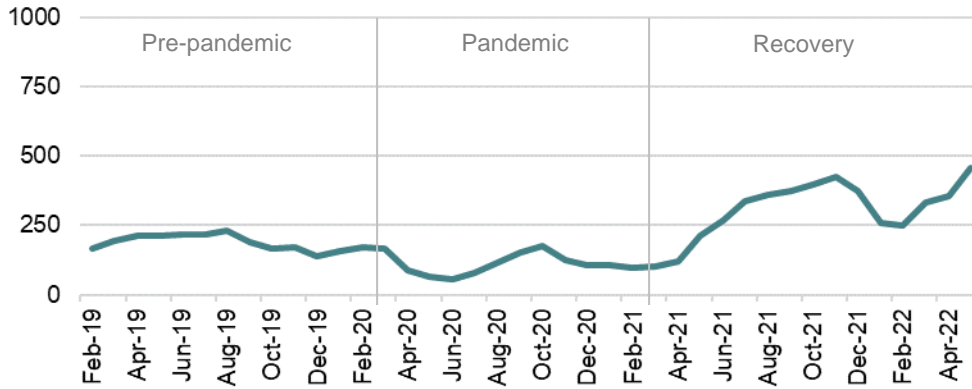
- According to the 2011 data the more urban sub-areas (Totton and Waterside) have more residents with low or no qualifications and more low-skilled residents – but for workplace rural has a higher proportion of low skilled – most likely in hospitality.
- In terms of occupations, the mismatch is larger in rural sub-areas with the local workforce having proportionately more local workers in low skilled occupations than residents. This suggest both industrial sector concentrations and possibly as such workers lack access to transport, or cannot afford to commute.

Resident-Workplace Mismatch



Low-Skilled Occupations – demand picks up post-pandemic for low skilled, notably in hospitality jobs

Demand for Low-Skilled Occupations



- Using unique online job postings as a proxy for demand for labour the New Forest has seen a strong growth post-pandemic. There was a dip in the recovery due to Omicron impacting on customer facing services that disproportionately include low-skilled occupations who are often unable to work from home, but 2022 has seen a strong rebound and postings well above pre-pandemic levels as businesses struggle to find workers. Research* suggests there has also been a systematic shift towards vacancies in lower-skilled and lower-paid occupation vacancies which means that job market opportunities have generally improved most for low-skilled workers.
- Reflecting a strong presence in hospitality in New Forest, there was strong demand for front-of house staff pre-pandemic and remained surprisingly steady during the pandemic and increased during the recovery. As did demand for warehouse occupations from 2021 onwards, most likely to service the increasing demand in online shopping.

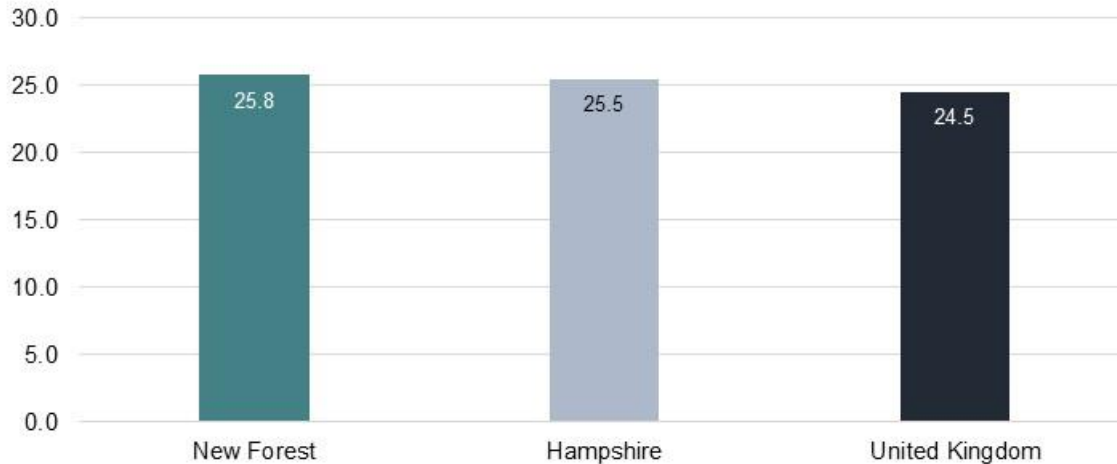
Top 10 In-Demand Low-Skilled Occupations 2019-2022



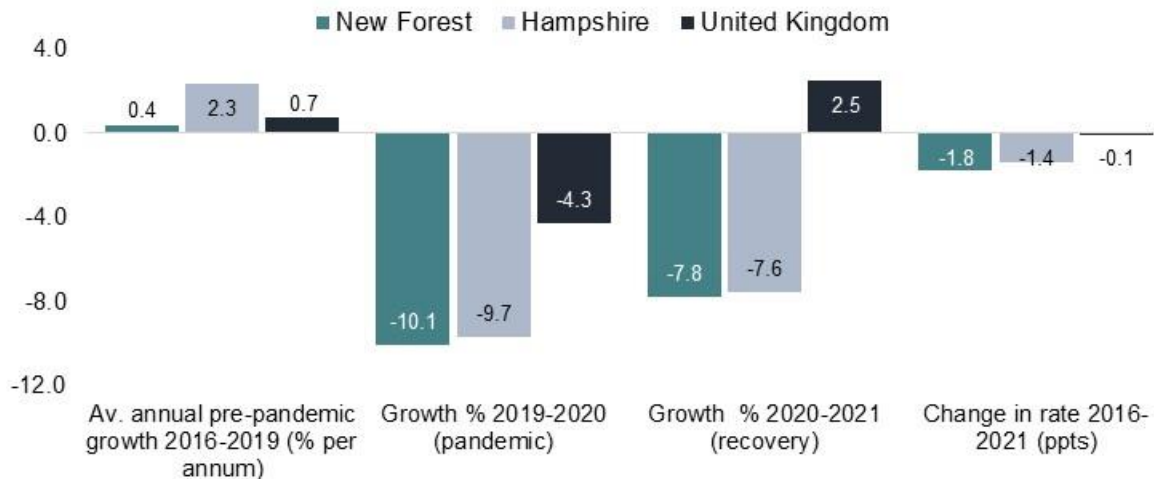
Source: Lightcast 2022. Notes: **Low Skilled** – (9) Elementary occupations (SOC 2010).

*Institute for Fiscal Studies (2022)

Employees & self employed aged 16-64 received job related training in last 13 weeks (2021)



Job-related training growth rates



- With the realisation of Brexit there has been a reduced supply in EU labour, notably in hospitality, construction, and manufacturing – all important sectors for the New Forest. With restricted access to EU labour UK employers will increasingly need to invest more in training UK workers.
- However, according to research* there has been a 11% real-terms fall in employers’ spending on workforce training per employee over the last decade with lack of spare staff time and limited funds commonly cited for why training was not undertaken by employers.
- According to the data, in 2021 around one in four New Forest workers (25.8%, 19,000) received on job related training in the last 13 weeks, marginally above the Hampshire and UK averages.
- Although, average annual growth (0.4% per annum) was slower in the New Forest in the pre-pandemic period, the New Forest was also hit harder during the pandemic (-10.1%), when compared to Hampshire and UK.
- The full or part closure of many commercial premises during the pandemic lockdowns led to increased working from home, or workers being furloughed, both naturally reduced opportunities for businesses to train workers.
- With a concentration in the New Forest for consumer-facing services occupations, such as hospitality, may partly explain why the New Forest was impacted more than Hampshire and UK with job related training.
- Although improving on 2020, job related training in 2021 was nonetheless negative for the New Forest (-7.8%) and Hampshire, although there was some growth nationally.
- Overall, the New Forest outperforms Hampshire and national averages but the gap between 2016 and 2021 (-1.8ppts) has narrowed, and mostly down to the pandemic during 2020, but also a slower recovery in 2021.

Source: ONS 2022. *NAO/DfE (2022)

Appendix – Sector Definitions

BROAD SECTORS (that can be described collectively as three top level classifications)

- (PSI) Primary & Utilities **(ABDE)**.
- (PSI) Manufacturing **(C)**
- (PSI) Construction **(F)**
- (LS) Wholesale **(part G)**
- (LS) Retail (part G)
- (LS) Transport & storage **(H)**
- (LS) Accommodation & food services **(I)**
- (HVATS) Information and communication – **ICT (J)**
- (HVATS) Financial and insurance activities **(K)**
- (LS) Real estate activities **(L)**
- (HVATS) Professional, scientific, and technical **(M)**
- (LS) Business administration & support **(N)**
- (LS) Public administration and defence **(O)**
- (LS) Education **(P)**;
- (LS) Health **(Q)**
- (LS) Arts, entertainment & recreation **(R)**
- (LS) Other services activities **(S)**
- (PSI) – Primary and Secondary Industries
- (LS) – (mainly) Local Services
- (HVATS) – High Value-Added Traded Services

BROAD SECTOR DESCRIPTION:

- **(A) Agriculture, Forestry and Fishing:** Crop, animal production, hunting, forestry, logging, fishing and aquaculture.
- **(B) Mining and Quarrying:** Mining of coal, lignite and metal ores. Extraction of crude petroleum and natural gas.
- **(D) Electricity, Gas, Steam and Air Conditioning Supply:** Electric power generation, manufacture of gas and distribution.
- **(E) Water Supply; Sewerage, Waste Management and Remediation Activities.** Water collection, treatment and supply. Waste collection.
- **(C) Manufacturing:** Manufacture of products (i.e. textiles, wood, paper, chemicals, rubber, plastic, metal, computer, food/beverages, etc.), motor vehicles and furniture. Printing and reproduction of recorded media. Repair and installation of machinery and equipment.
- **(F) Construction:** Construction of buildings, civil engineering and specialised construction activities.
- **(G PART) Wholesale, Repair of Motor Vehicles and Motorcycles**
- **(G PART)Retail Trade.**
- **(H) Transportation and Storage** - including land transport and transport via pipelines, water transport, air transport, warehousing and support activities for transportation, postal and courier activities.
- **(I) Accommodation and Food Service Activities** - including Hotels and similar accommodation. Holiday and other short stay accommodation, Other accommodation, Restaurants and mobile food service activities, Beverage serving activities
- **(J) Information and Communication (ICT):** Publishing ,motion picture, video/television programme production, sound recording, programming, broadcasting, telecommunications, consultancy and information service activities.
- **(K) Financial and Insurance Activities:** Financial service activities; Insurance, reinsurance and pension funding.
- **(L) Real Estate Activities** - including buying and selling of own real estate, Renting and operating of own or leased real estate.
- **(M) Professional, Scientific and Technical Activities:** Legal and accounting, management consultancy, head offices, architectural and engineering, veterinary activities. Technical testing and analysis. Scientific research and development. Advertising and market research.
- **(N) Administrative Activities:** Rental and leasing, employment, travel agency, tour operator, security, services to buildings and landscape activities.
- **(O) Public Administration and Defence; Compulsory Social Security.**
- **(P) Education.** Primary, secondary, higher and other education. Educational support activities.
- **(Q) Human Health and Social Work Activities.**
- **(R) Arts, Entertainment and Recreation – including** arts facilities, museum activities, historical sites and buildings and similar visitor attractions
- **(S) Other Service Activities:** Membership organisations activities. Repair of computers and personal and household goods. Hairdressing and other beauty treatment. Washing and (dry-)cleaning of textile. Physical well-being activities.



- **Knowledge Intensive:** Water transport. Air transport. Motion picture, video and television programme production, sound recording and music publishing activities. Programming and broadcasting activities. Telecommunications. Computer programming, consultancy and related activities. Information service activities. Financial service activities, except insurance and pension funding. Insurance, reinsurance and pension funding, except compulsory social security. Activities auxiliary to financial services and insurance activities. Legal and accounting activities. Activities of head offices; management consultancy activities. Architectural and engineering activities; technical testing and analysis. Scientific research and development. Advertising and market research. Other professional, scientific and technical activities. Employment activities. Security and investigation activities.



- **Advanced Manufacturing:** Manufacture of plastics in primary forms; Manufacture of synthetic rubber in primary forms; Manufacture of man-made fibres; Manufacture of glass fibres; Manufacture of refractory products; Cold forming or folding; Manufacture of metal structures and parts of structures; Forging, pressing, stamping and roll-forming of metal; powder metallurgy; Treatment and coating of metals; Machining; Manufacture of electronic components; Manufacture of instruments and appliances for measuring, testing and navigation; Manufacture of optical instruments and photographic equipment; Manufacture of electric motors, generators and transformers; Manufacture of batteries and accumulators; Manufacture of other electronic and electric wires and cables; Manufacture of wiring devices; Manufacture of electric lighting equipment; Manufacture of other electrical equipment; Manufacture of motor vehicles; Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers; Manufacture of electrical and electronic equipment for motor vehicles; Manufacture of other parts and accessories for motor vehicles; Engineering activities and related technical consultancy; Technical testing and analysis; Building of ships and floating structures; Building of pleasure and sporting boats; Manufacture of railway locomotives and rolling stock; Manufacture of motorcycles; Manufacture of other transport equipment n.e.c.; Sea and coastal passenger water transport; Sea and coastal freight water transport; Inland passenger water transport; Inland freight water transport; Service activities incidental to water transportation; Manufacture of engines and turbines, except aircraft, vehicle and cycle engines; Manufacture of fluid power equipment; Manufacture of other pumps and compressors; Manufacture of bearings, gears, gearing and driving elements; Manufacture of lifting and handling equipment; Manufacture of non-domestic cooling and ventilation equipment; Manufacture of other general-purpose machinery n.e.c.; Repair of machinery; Repair of electrical equipment; Repair and maintenance of ships and boats; Repair and maintenance of transport equipment n.e.c.; Repair of other equipment.



- **Marine:** Marine fishing. Marine aquaculture. Extraction of crude petroleum. Support activities for petroleum and natural gas extraction. Extraction of salt. Processing and preserving of fish, crustaceans and molluscs. Manufacture of oils and fats. Manufacture of cordage, rope, twine and netting. Mineral oil refining. Manufacture of engines and turbines, except aircraft, vehicle and cycle engines. Building of ships and floating structures. Building of pleasure and sporting boats. Repair and maintenance of ships and boats. Repair of other equipment. Construction of water projects. Wholesale of other food, including fish, crustaceans and molluscs. Wholesale of fuels and related products (other than petroleum and petroleum products). Retail sale of fish, crustaceans and molluscs in specialised stores. Sea and coastal passenger water transport. Sea and coastal freight water transport. Inland passenger water transport. Inland freight water transport. Operation of warehousing and storage facilities for water transport activities of division. Service activities incidental to water transportation. Cargo handling for water transport activities of division. Other transportation support activities. Other engineering activities (not including engineering design for industrial process and production or engineering related scientific and technical consulting activities). Renting and leasing of passenger water transport equipment. Travel agency activities. Defence activities.



- **Care: Residential nursing care activities.** Residential care activities for learning disabilities, mental health and substance abuse. Residential care activities for the elderly and disabled. Other residential care activities. Social work activities without accommodation for the elderly and disabled. Other social work activities without accommodation.



- **Hospitality & Leisure:** Hotels and similar accommodation. Holiday and other short stay accommodation. Camping grounds, recreational vehicle parks and trailer parks. Other accommodation. Restaurants and mobile food service activities. Beverage serving activities. Renting and leasing of recreational and sports goods. Travel agency activities. Tour operator activities. Other reservation service and related activities. Performing arts. Support activities to performing arts. Artistic creation. Operation of arts facilities. Library and archive activities. Museum activities. Operation of historical sites and buildings and similar visitor attractions. Botanical and zoological gardens and nature reserve activities. Gambling and betting activities. Operation of sports facilities. Other sports activities. Activities of amusement parks and theme parks. Other amusement and recreation.



- **Land-based:** Crop and animal production, hunting and related service activities, Forestry and logging, Freshwater aquaculture, Manufacture of agricultural and forestry machinery, Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores, Veterinary activities, Botanical and zoological gardens and nature reserve activities, Landscape service activities; Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods; Agents involved in the sale of timber and building materials; Wholesale of grain, unmanufactured tobacco, seeds and animal feed; Wholesale of flowers and plan; Wholesale of live animals; Wholesale of fruit and vegetables; Wholesale of meat and meat products; Wholesale of dairy products, eggs and edible oils and fats; Wholesale of agricultural machinery, equipment and supplies.

n.e.c. (not elsewhere classified).

About this evidence base

This profile was commissioned by New Forest District Council as an update to the 2018 profile and to form part of an evidence base that will be used by the Council to inform strategies, plans and help shape priorities for the District.

The evidence base (Economic Profile) focusses on the New Forest District and its five sub areas. It covers a number of important policy areas in some detail grouped under three broad themes: economy & business, population & labour market, and skills & occupations. There are no New Forest economic projections.

For more information contact the Economic Development team on 023 8028 5735 or email BusinessSupport@NFDC.GOV.UK

Data sources & further information

Most data comes from the UK Office for National Statistics – Regional Accounts, Annual Population Survey (APS), Business Register and Employment Survey (BRES), RTI Payrolled Employment, Claimant Counts, UK Business Counts, Mid-year Population Estimates and Census 2021 and 2011. Sub-area GVA from ONS experimental MSOA estimates.

Additional information comes from commercial sources such as Lightcast.

Population projections come from Hampshire County Council's Small Area Population Model. Existing and future commercial sites come from Hampshire County Council land supply database.

Strategically important sectors (knowledge intensive, marine, advanced manufacturing, care, and hospitality and leisure, and land-based) are highlighted given their present and future importance to the local economy in terms of jobs and business growth.



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Hampshire County Council 2017

