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Councillor Seán D T Woodward

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The Rt Hon Ruth Kelly MP  
Secretary of State for Communities and Local Government  
6<sup>th</sup> Floor  
Eland House  
Bressenden Place  
London  
SW1E 5DU

9 March 2007

Dear Miss Kelly

#### MOD NAVAL BASE REVIEW

I am writing as Chairman of the Partnership for Urban South Hampshire (PUSH), a sub-regional partnership comprising all eleven councils that are partly or wholly within South Hampshire: East Hampshire District Council, Eastleigh Borough Council, Fareham Borough Council, Gosport Borough Council, Hampshire County Council, Havant Borough Council, New Forest District Council, Portsmouth City Council, Southampton City Council, Test Valley Borough Council and Winchester City Council.

As you know, PUSH is one of CLG's 29 New Growth Point partnerships. PUSH is pursuing a strategy of sustainable economic-led growth as a means of increasing prosperity for residents, particularly in the cities of Portsmouth and Southampton which have some of the most deprived wards in England. Our aim is to achieve 3.5% per annum growth in GVA across the sub-region by 2026, bringing it into line with the rest of the South East. This future growth is largely dependent upon growing and strengthening the business services sector and advanced manufacturing, particularly such sectors as electronics, aerospace, defence and IT.

You will be aware that the MOD is currently carrying out a review of its Naval Bases. The options under consideration include closure or minimisation of Portsmouth or Devonport. PUSH and its partners have been closely involved in the review process. Nevertheless we remain concerned that the socio-economic implications of the options are receiving insufficient weight in the review's impact assessment and indeed are to be noted only. I am writing to draw your attention to these implications and to urge Communities and Local Government's continued active engagement to ensure that these wider considerations are given due attention.

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A report from the University of Portsmouth, commissioned by SEEDA and Portsmouth City Council, has examined the potential socio-economic impacts of closure or minimisation of Portsmouth Naval Base. This research estimates the value of the Naval Base and associated high tech defence related industries at around £680m per annum, which represents a significant proportion of the existing South Hampshire economy of just under £14 billion. Closure or relocation of these businesses away from South Hampshire would be a severe set-back to the sub-regional economy and its future growth plans.

This would also have a serious impact on the livelihood of local residents. Around 35,000 people are directly employed in defence-dependent jobs, significant numbers of them living in Portsmouth, Havant, Gosport and Fareham as well as other parts of South Hampshire. These include areas which have higher unemployment than the national average and where average wages are relatively low compared with the South-East. But the impact on local income would be felt across the sub-region, through different tiers of the supply chain.

The impact on Portsmouth and Southampton is likely to affect their combined performance as regional drivers of investment and growth, as one of the 'South-East Diamonds' identified by SEEDA's Regional Economic Strategy. More explicitly, from the perspective of CLG's policy interests, minimisation or closure of Portsmouth's Naval Base would seriously jeopardise delivery of PUSH's growth strategy, including the provision of 80,000 new homes by 2026.

We have consistently maintained that our strategy is economic rather than housing-led: provision of new homes is conditional upon growth in the economy and the securing of supporting infrastructure. An economic setback such as closure or minimisation of the Naval Base would be bound to impact upon delivery of new homes and the growth ambitions recognised by CLG in designating PUSH as a New Growth Point.

Sustainable growth also depends upon improving the quality of life and life chances of our residents, particularly by raising skills and levels of economic activity and continuing to tackle the pockets of serious deprivation that exist in our two cities as well as parts of Gosport and Havant. For instance, in Portsmouth alone, 22% of residents (just under 42,000 people) live in areas classified as in the worst 20% of deprived areas nationally, compared to the SE average of 5.1%. Closing the gap between the most disadvantaged and the rest remains core business for our authorities but that challenge is likely to grow both in scale and difficulty were the Naval Base to be closed or minimised.

History has shown us how profoundly damaging large-scale military closures can be. In a previous round of MOD cuts in 1984, Portsmouth lost in the region of 12,000 uniformed personnel. Unemployment city-wide subsequently rose to over 15% - indeed to over 90% in parts of Portsea. The city found itself unable to attract anything other than low skill jobs such as call centres, accelerating the slide into deprivation. Significant investment was mobilised to try and mitigate the situation – for instance EU KONVER II funding, which is defence-dependent, and all around the Harbour and Hampshire all 6 Rounds of SRB, etc. One of the lessons is that whatever savings might arise for MOD from restructuring its bases, the costs and burden of mitigation appear to fall elsewhere. There are cross-cutting issues here that require a rounded response from Government.

On behalf of the PUSH authorities I therefore call upon CLG's support to retain the Portsmouth Naval Base both as a centre of excellence in its own right but also for its key significance to the sub-regional and regional economy. I attach a short briefing paper prepared by SEEDA and Portsmouth City Council setting out the issues in more detail, together with a summary of the research by the University of Portsmouth.

I would welcome a meeting to discuss these matters in more detail.

I am copying this to South Hampshire MPs, the leaders of PUSH partner authorities, Pam Alexander at SEEDA and to Peter Housden at CLG.

Yours sincerely

A handwritten signature in black ink that reads "Seán Woodward". The signature is written in a cursive style with a long, sweeping underline.

**Councillor Seán Woodward**  
**Chairman of the Partnership for Urban South Hampshire**