Swindon & Wiltshire LEP Local Economic Assessment: Presentation to the LEP Board

Thursday 24th March

HATCH

Presentation Structure

Background & Context

Approach & Coverage

Key Takeaways

Questions

Background & Context

Timelines

- Hatch commissioned in February
- Work carried out in Feb/March
- Report completed in March

LEA objectives

- Updated understanding of the area
- Support sustainable & inclusive growth
- Underpin investment & funding decisions

Approach & Coverage

1. **Developed a Data Framework**
   To set out and agree the data coverage of the LEA

2. **Data Analysis**
   Analysed the data to understand key trends

3. **Workshop**
   To refine our understanding, gather feedback and qualitative input

4. **Draft & Final Report**
   Generate report of findings and key policy insights

Part 1

Introducing Swindon and Wiltshire

Policy Review

Part 2

Output and productivity:
1. Headline economic performance
2. productivity

Business and Sectors:
1. Business base
2. Employment
3. Trade and investment
4. Travel patterns

People and labour market:
1. Demographics
2. Unemployment
3. Impact of COVID-19
4. Earnings
5. Skills and qualifications

Socio-economic issues:
1. Child poverty
2. Deprivation
3. Social mobility
4. Disposable Income

Infrastructure and environment:
1. Housing and commercial property
2. Digital connectivity
3. Environment

Policy focus: A look at possible implications of future policy from key findings.

Part 3

Future Trends:
1. Population change
2. Employment forecasts
3. COVID-19 recovery
4. Low carbon
5. Automation
6. Brexit
7. Housing need
8. Employment land

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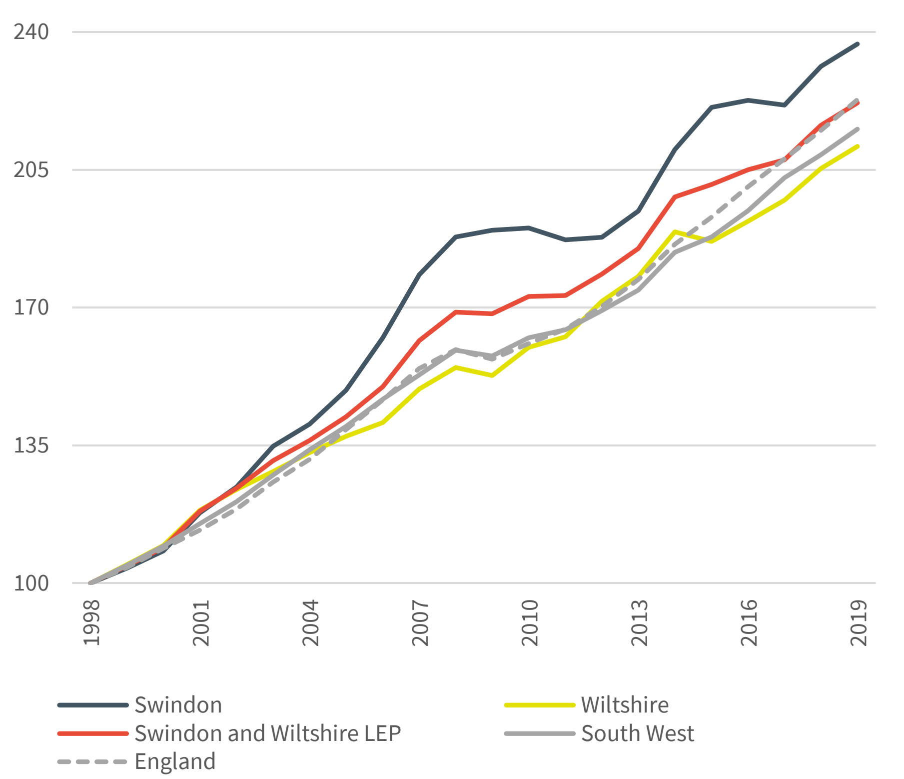
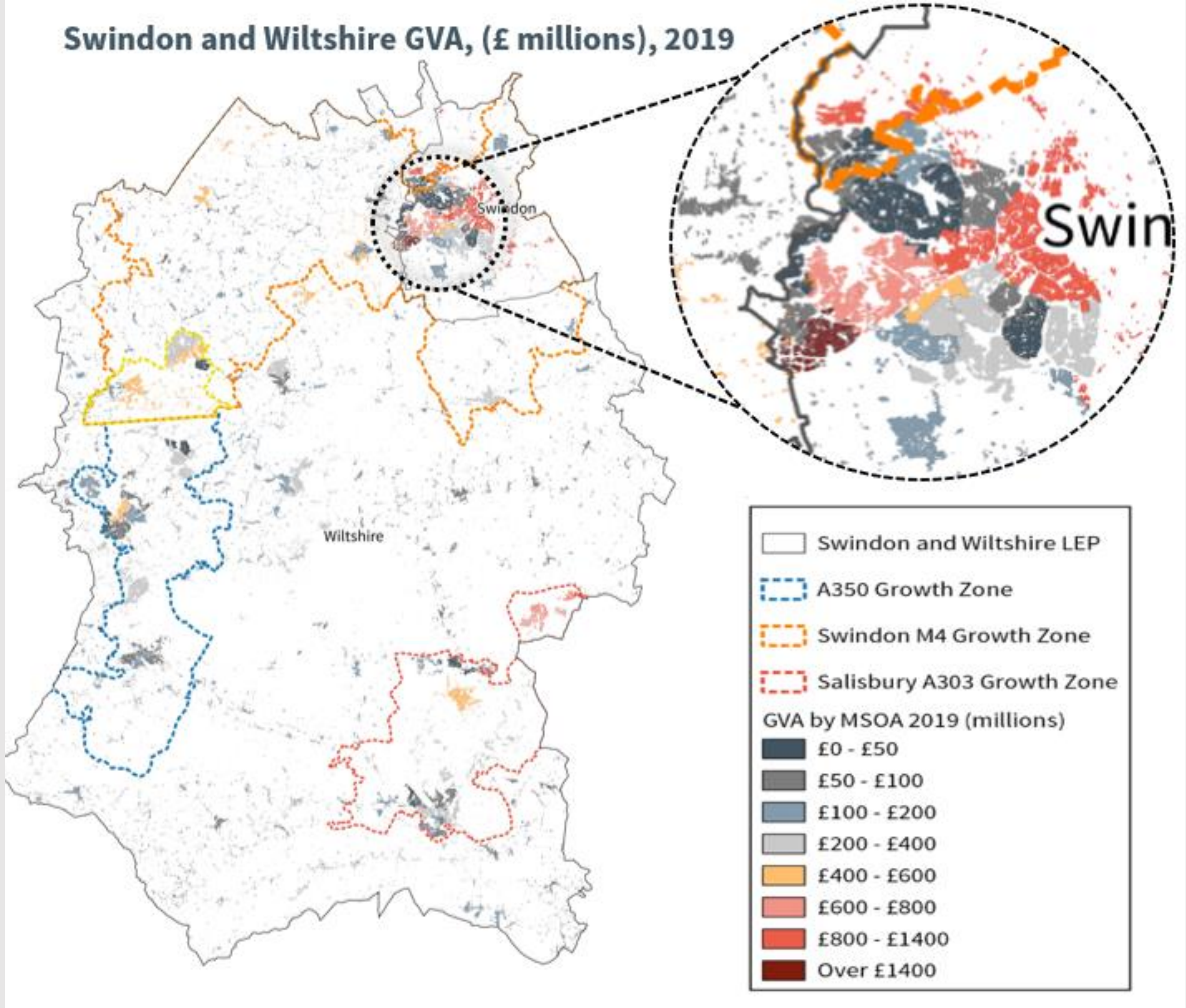
Output & Productivity

Indexed GVA growth (1998-2019), 1998=100



Growth Zone GVA, 2019

A350	Salisbury A303	Swindon M4	Non-growth Zone
£3.1bn	£2.8bn	£13.0bn	£3.6bn



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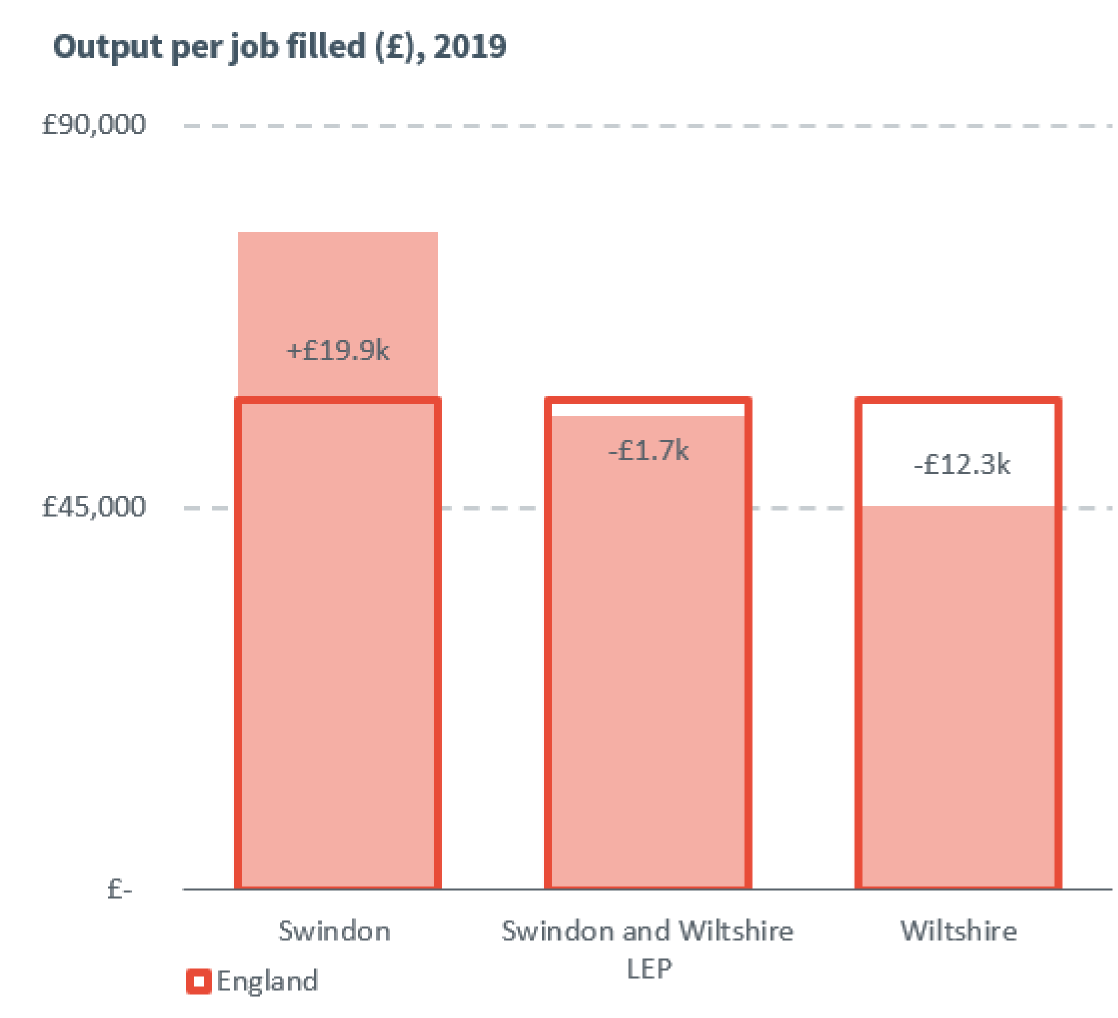
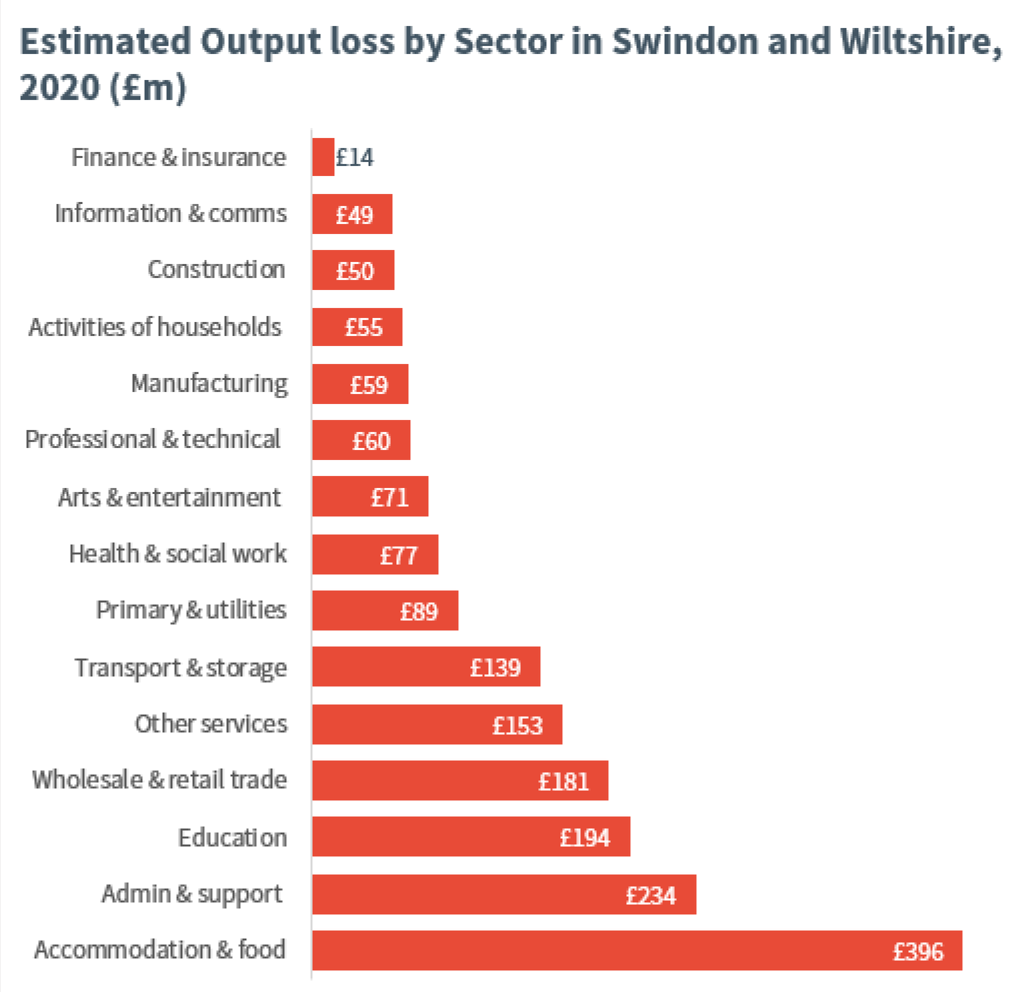
Output & Productivity





Key Takeaways: Output & Productivity

Key statistics

Output of **£21bn** in 2019
- 1/3 from Manufacturing, Real Estate & Wholesale
- Significant contribution from Growth Zones, esp. Swindon M4

Slower output growth than neighbouring LEP areas

Small **productivity gap** with national
- Positive gap in Swindon
- Significant negative gap in Wiltshire

Productivity in Financial Services, Manufacturing and Construction is high in Swindon and Wiltshire

Estimated loss of output of **£1.7bn** in 2020 due to pandemic
- Accommodation & Food sector particularly hard hit

Policy insights

Productivity growth underpins growth in wages & living standards

Nurture growth in productive sectors and support business productivity across the board to become more productive

Growth should be sustainable and inclusive

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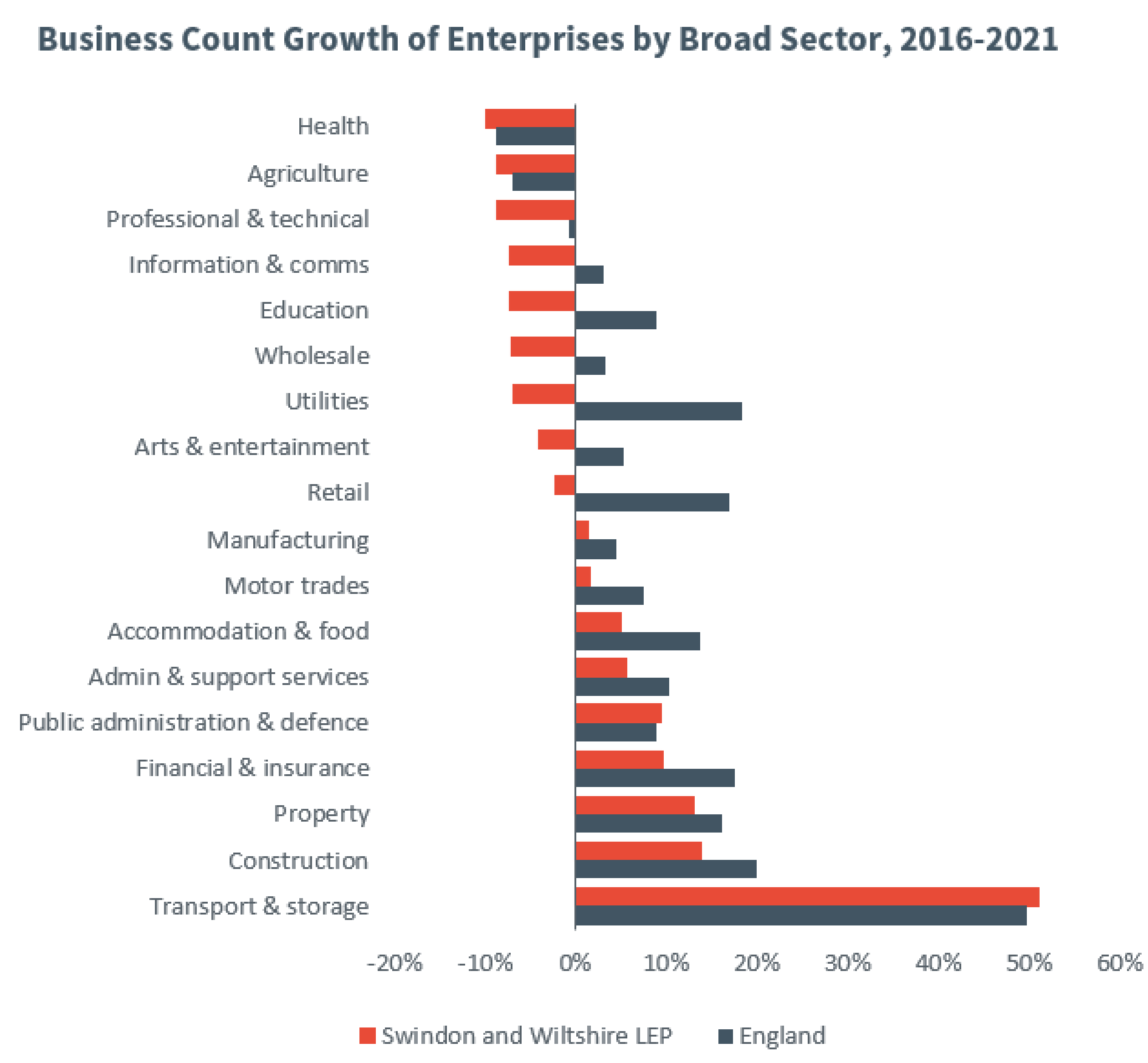
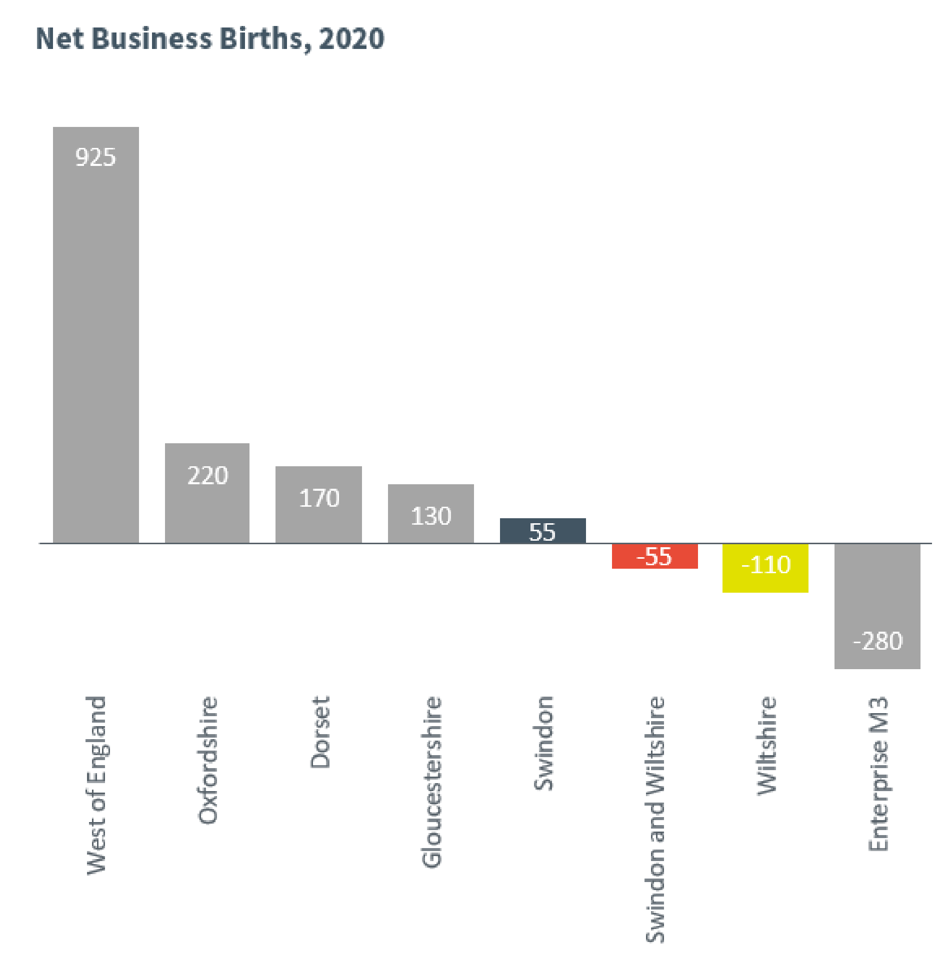
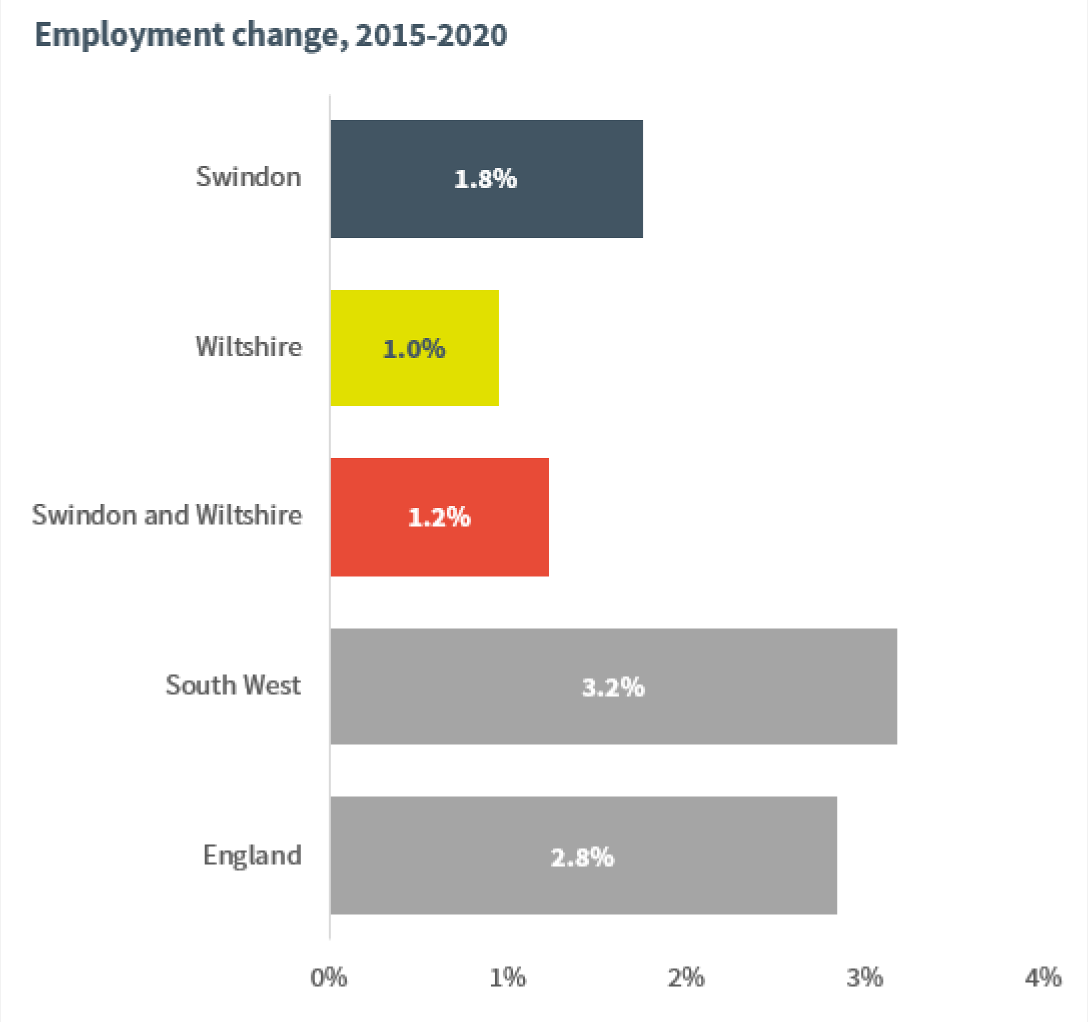
Business and Sectors





Business and Sectors



Priority Sector Employment in Swindon & Wiltshire

	Employment 2020	5-year change (2015-2020)	LQ[1] 2020	Share of zone's employment
Professional Business Services	44,000	-1%	1.0	13%
Creative Industries	18,000	4%	0.9	5%
Low Carbon	15,000	0%	1.5	5%
Life Sciences	10,000	7%	4.5	3%
Advanced Manufacturing and Engineering	34,000	1%	1.4	10%
ICT/Cyber Security	9,000	2%	1.1	3%

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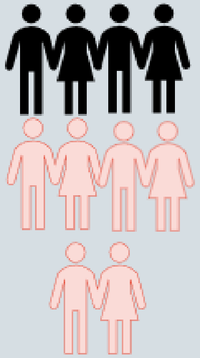
Business & Sectors

Absolute jobs	Professional Business Services	Creative Industries	Low Carbon	Life Sciences	Adv. Manufacturing and Engineering	ICT/Cyber Security
Highest Rank 1	Swindon-M4 *(26,000 jobs)*	Swindon-M4 *(10,000 jobs)*	Swindon-M4 *(8,000 jobs)*	Salisbury-A303 *(10,000 jobs)*	Swindon-M4 *(17,000 jobs)*	Swindon-M4 *(5,000 jobs)*
2	Salisbury-A303 *(6,000 jobs)*	Non-growth zone *(3,500 jobs)*	Salisbury-A303 *(5,000 jobs)*	Swindon-M4 *(8,000 jobs)*	Salisbury-A303 *(7,000 jobs)*	Non-growth zone *(2,000 jobs)*
3	A350 *(6,000 jobs)*	Salisbury-A303 *(2,000 jobs)*	A350 *(1,500 jobs)*	Non-growth zone *(250 jobs)*	A350 *(5,000 jobs)*	A350 (1,000 jobs)
Lowest Rank 4	Non-growth zone *(3,500 jobs)*	A350 *(2,000 jobs)*	Non-growth zone *(1,500 jobs)*	A350 *(225 jobs)*	Non-growth zone *(4,500 jobs)*	Salisbury-A303 *(700 jobs)*



Priority Sectors account for **4 in 10** Jobs in Swindon and Wiltshire

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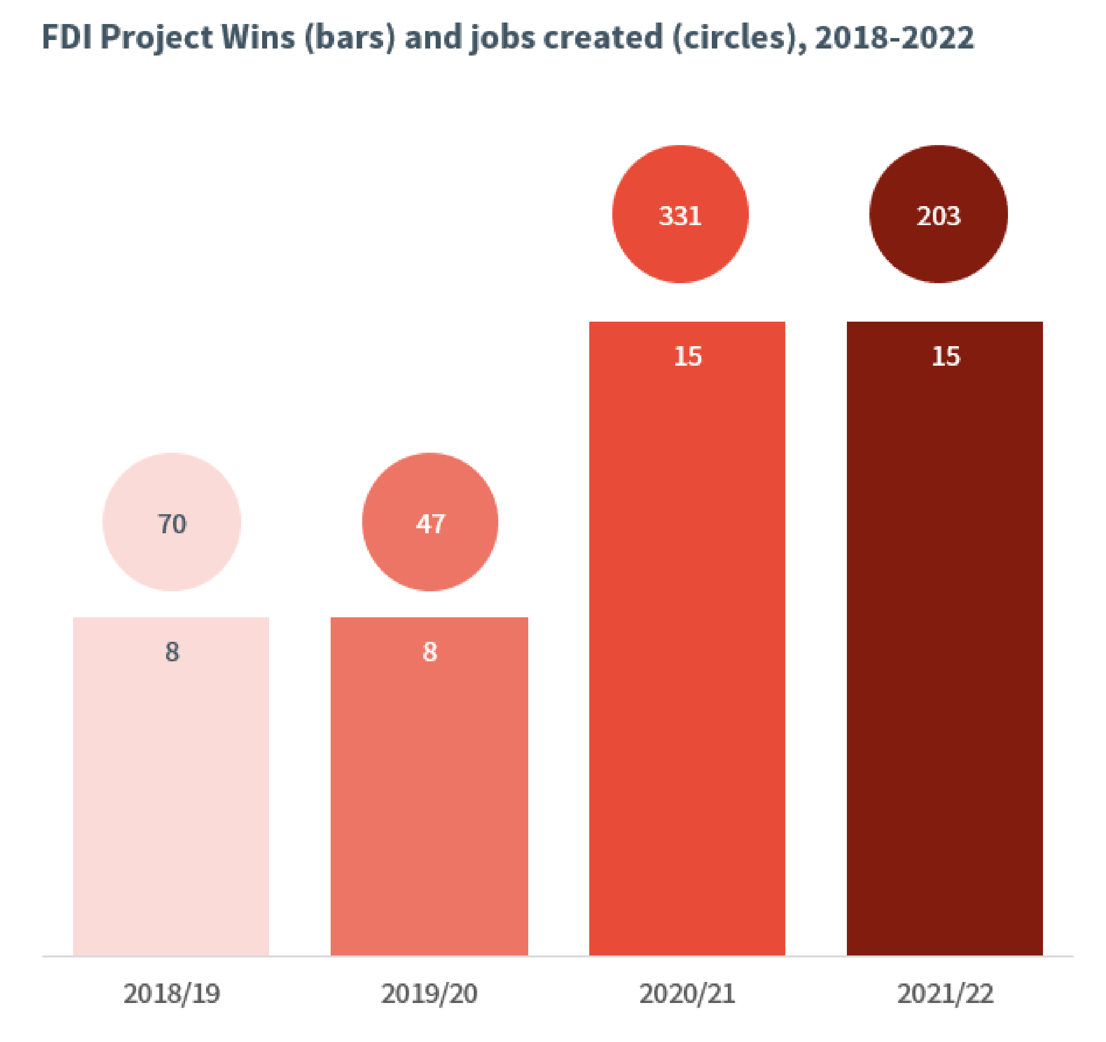
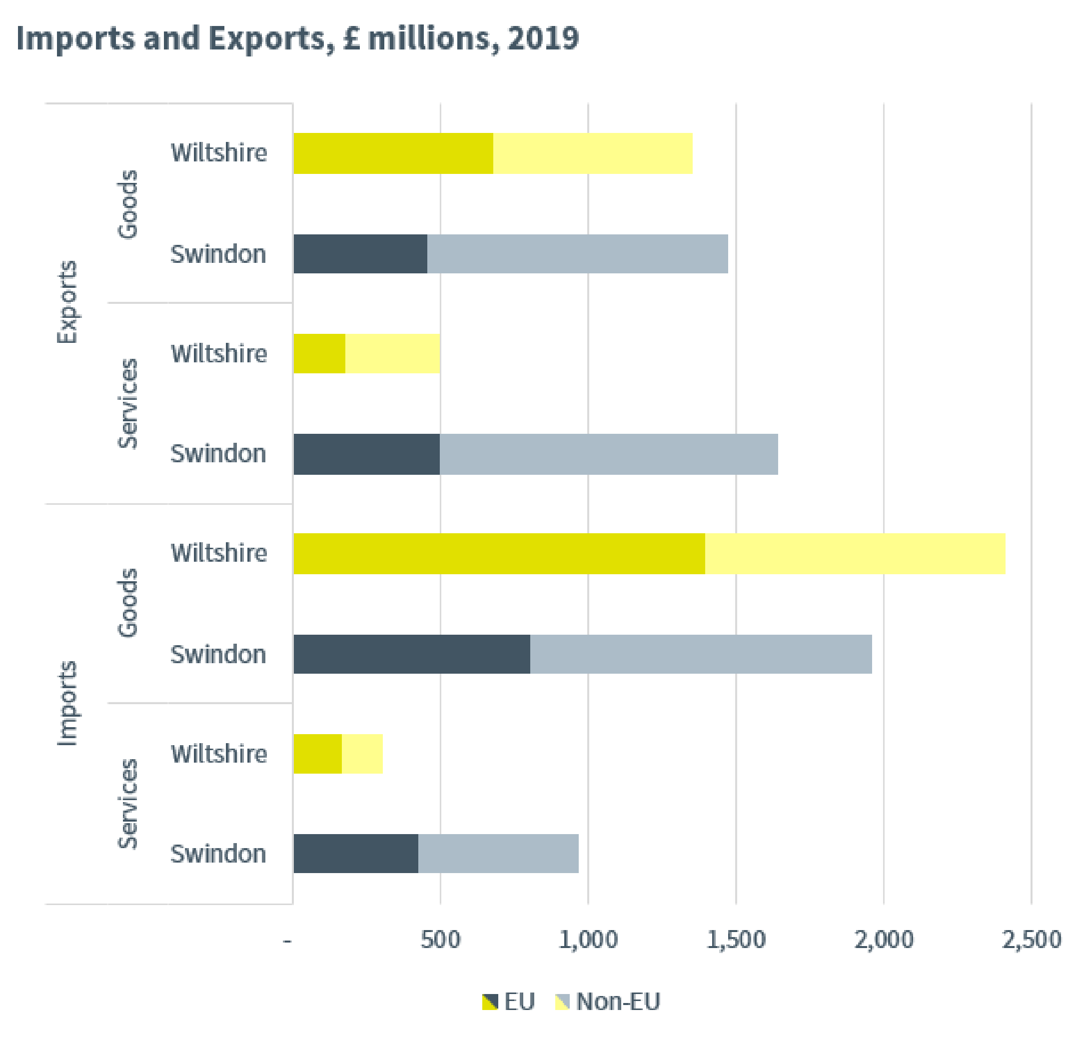
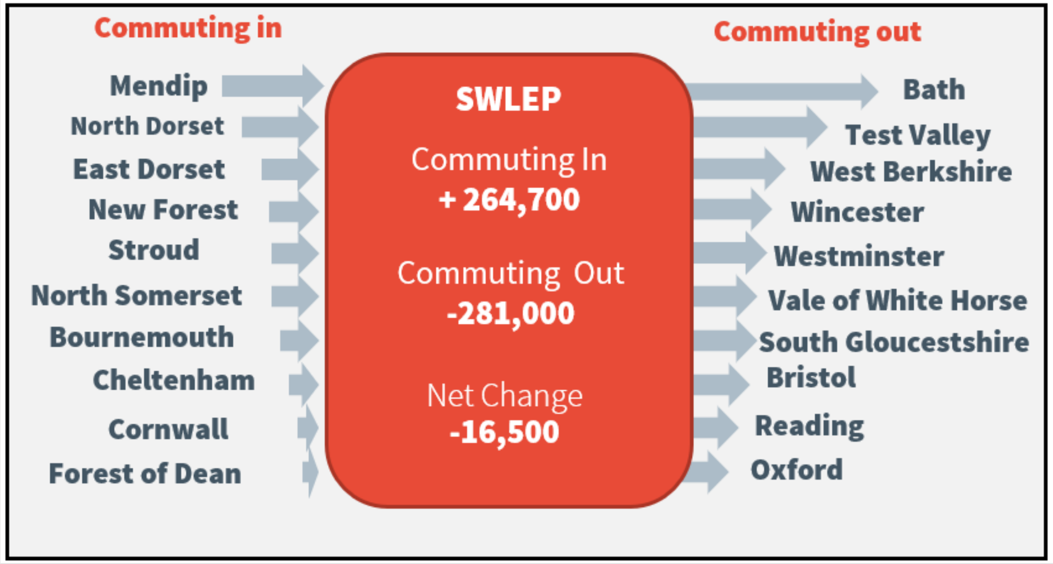
Business and Sectors

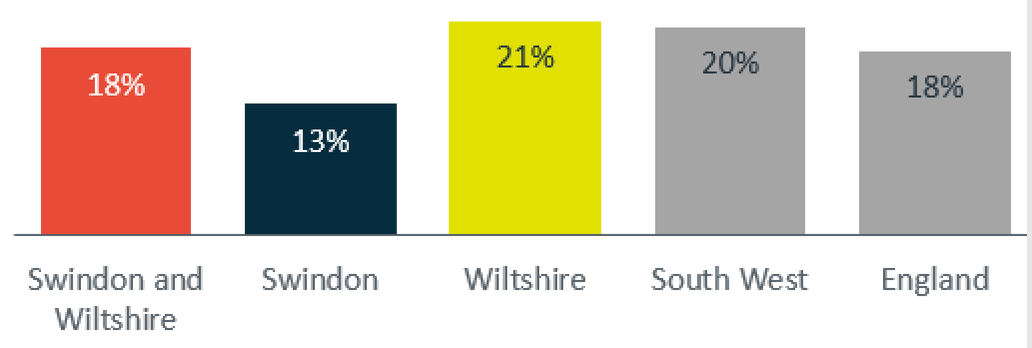


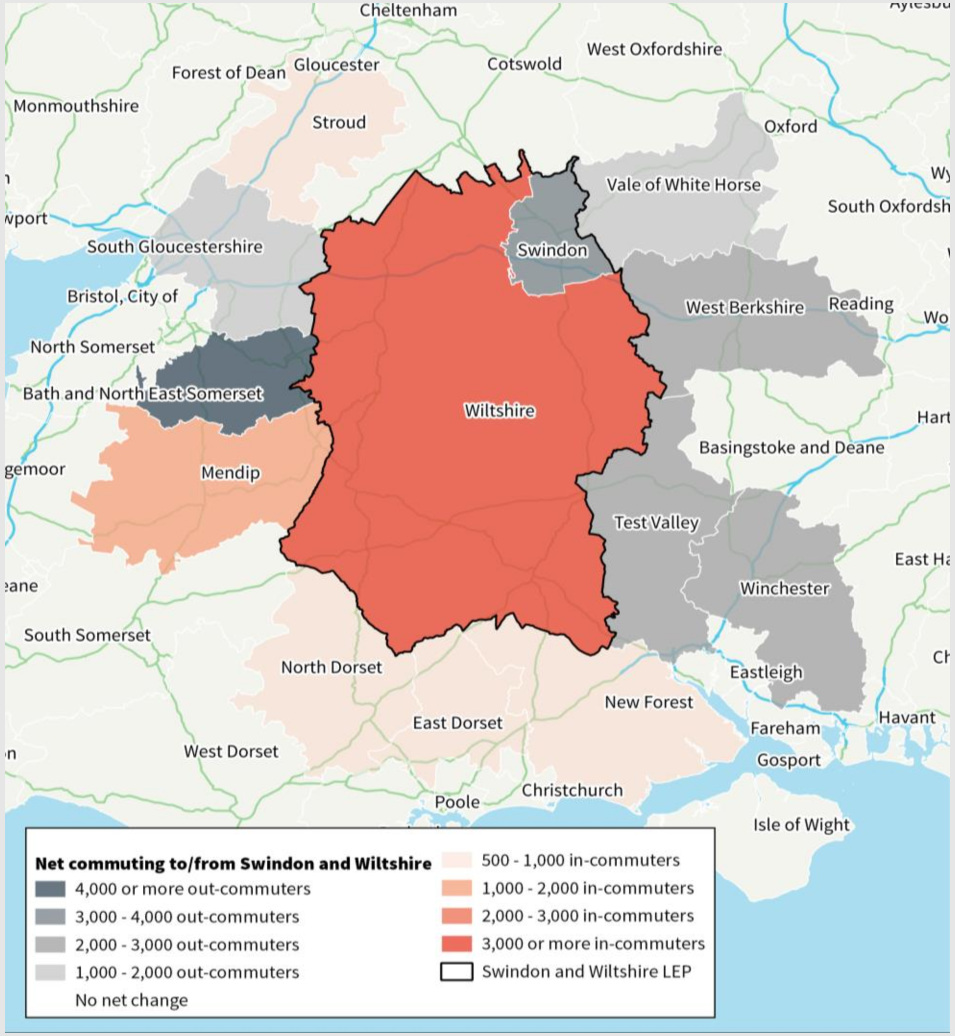


Business and Sectors



Proportion of Employees Working Mainly from Home* (2020)





Key Takeaways: Business & Sectors

Key statistics

Overall **business count growth has been low**
- Although there has been growth in some sectors (Transport & Storage, Construction, Property and Financial)

Employment has fallen since 2016 (contrasting with growth nationally)

4 in 10 jobs are in the **Priority Sectors,** which are heavily concentrated in the Growth Zones
- Non-growth zone looks to be taking an increasingly important role

Success in securing **FDI** with strong growth in jobs created & **net importer** of goods and services
- Large values of trade with the EU, particularly Wiltshire

High job density but a net exporter of workers

Policy insights

Support entrepreneurialism and business growth

Continued focus on providing an attractive environment for foreign investors

Continue to support priority sectors across both growth and non-growth zones

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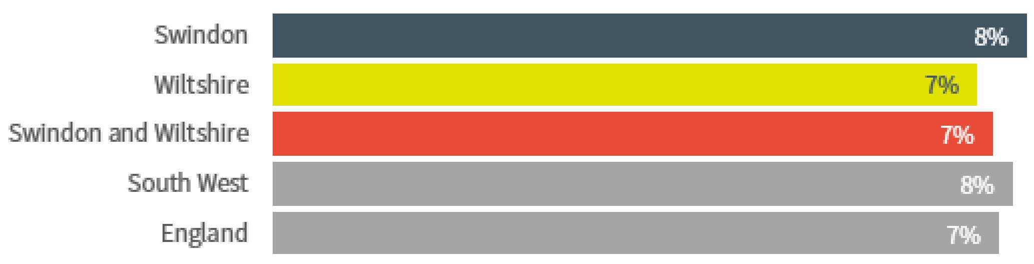
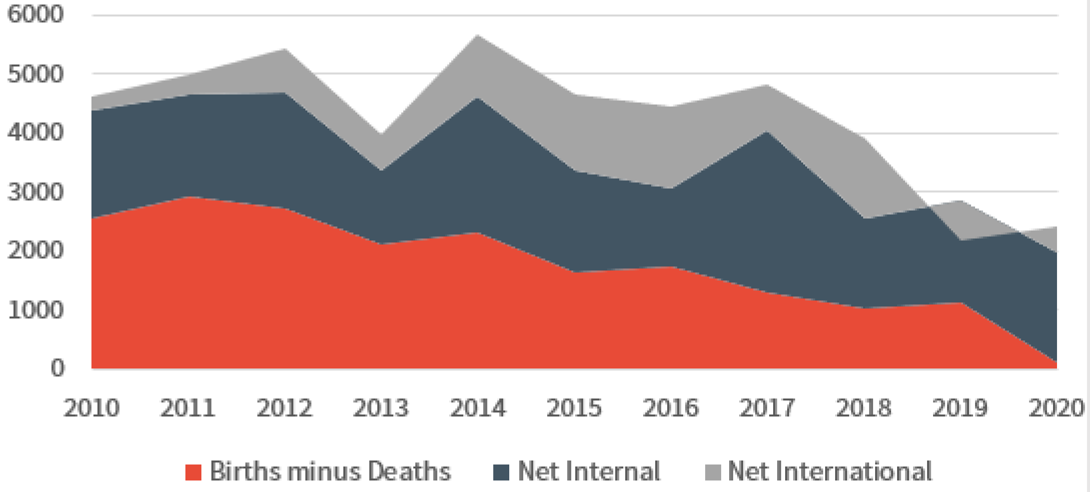
People & Labour Market

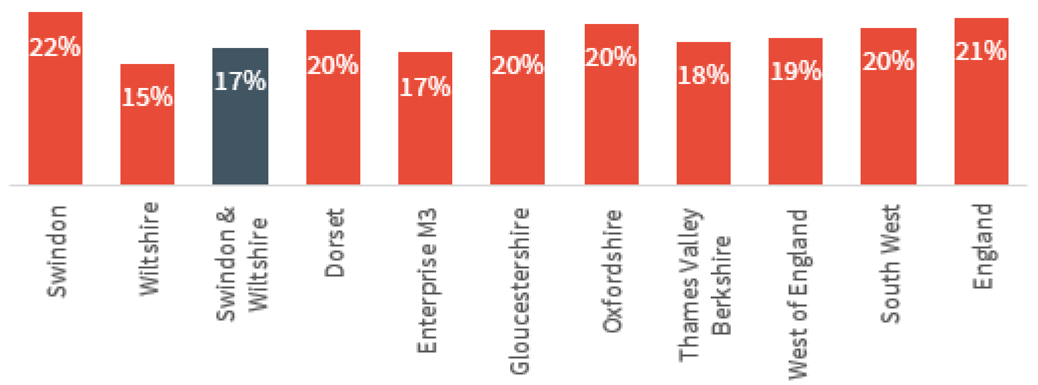
Population growth 2010-2020, 2010 = 100



Population change by source, 2010 – 2020*



Economically inactive as proportion of working age population, 2021



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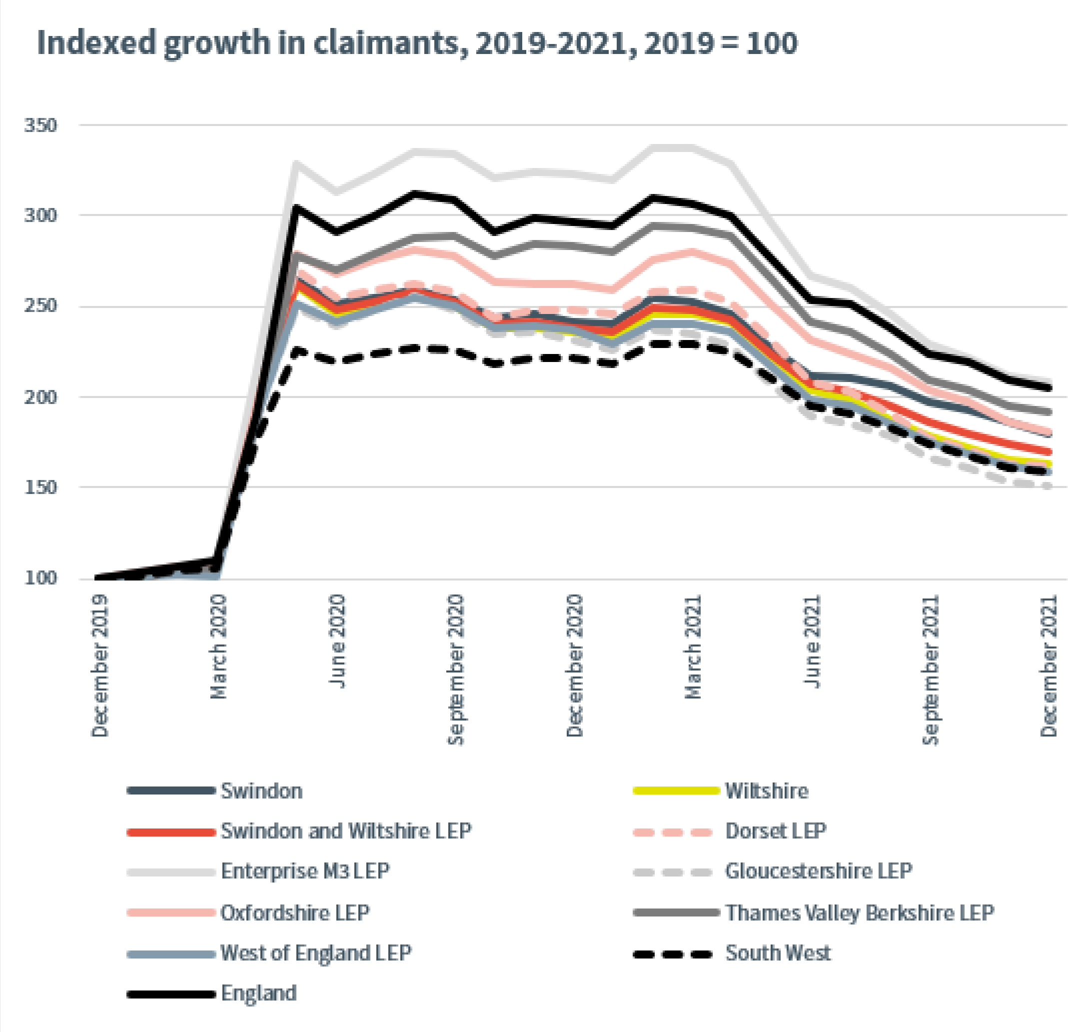
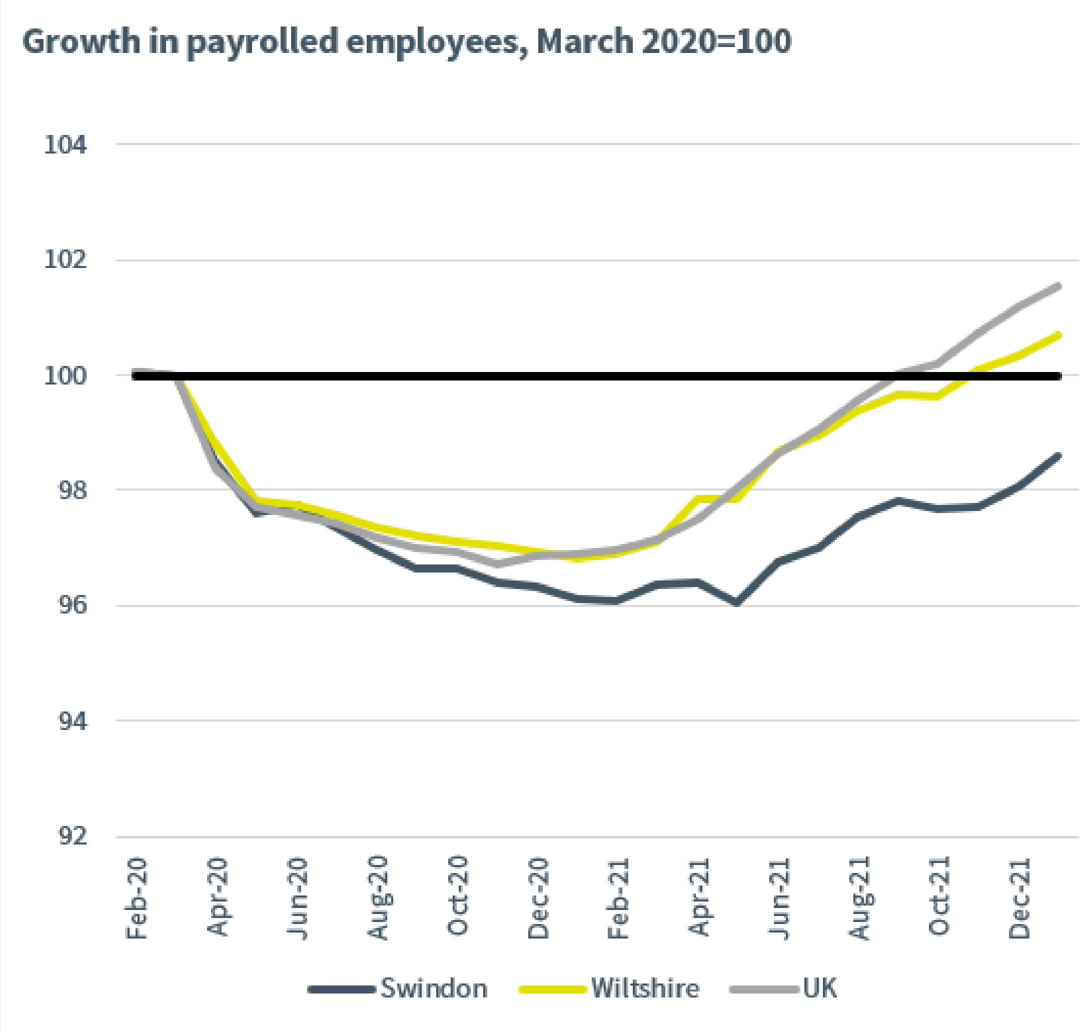
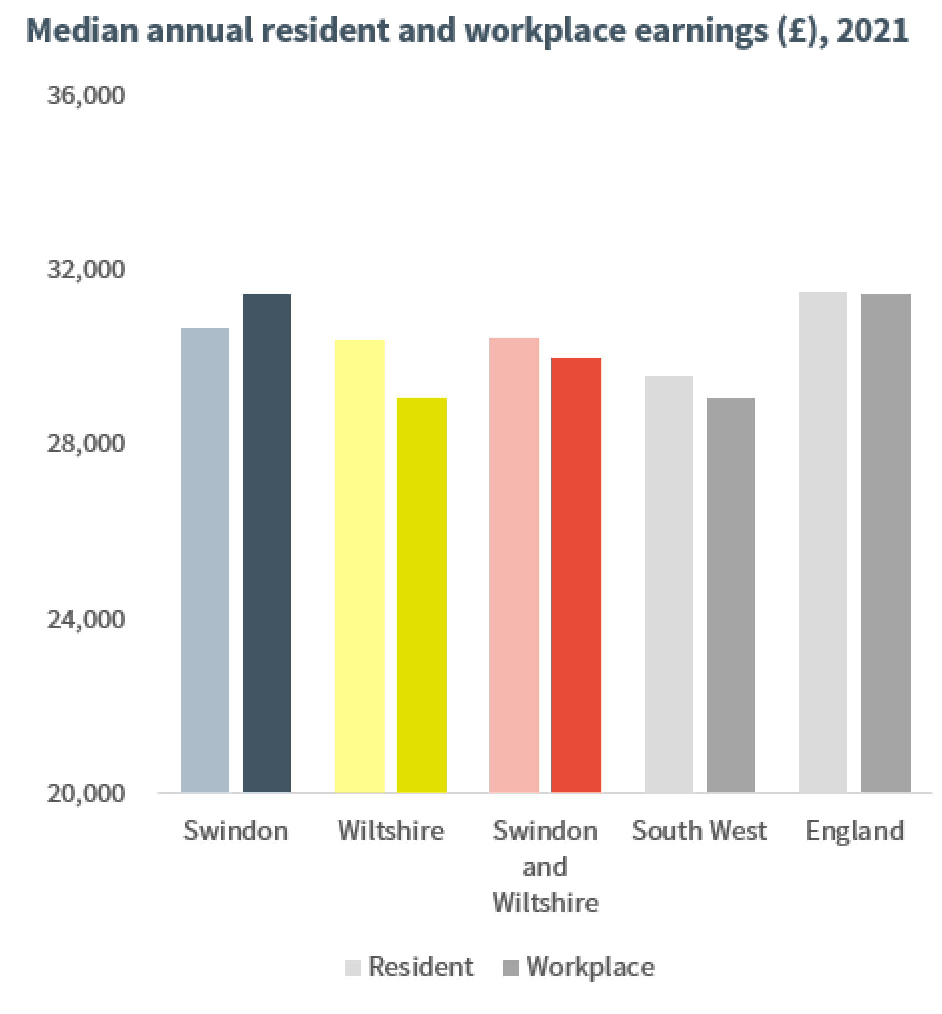
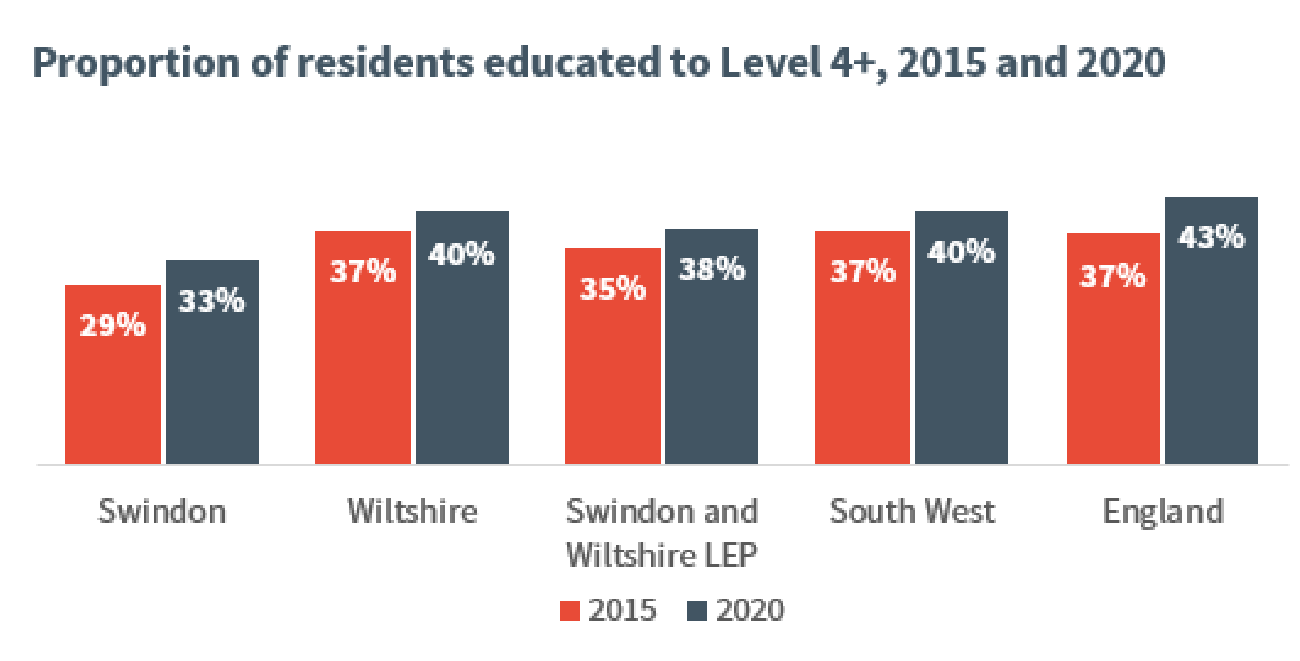
People & Labour Market

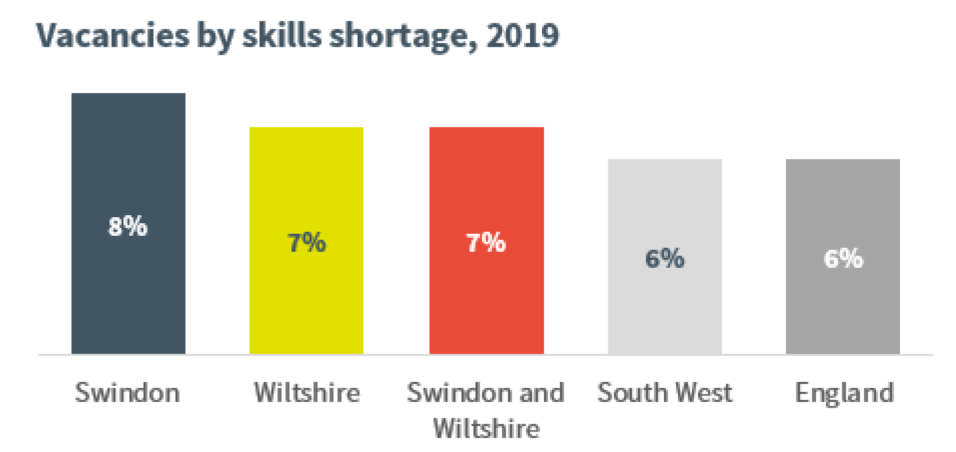




People & Labour Market







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Key Takeaways: People & Labour Market

Key statistics

Population growth similar to national rates
- Driven by internal migration
- High share of non-UK born in Swindon
- Ageing population

High rates of **economic activity**, esp. in Wiltshire, and low rates of **unemployment**

Clear **impact of COVID** on the labour market, with claimant numbers still high and payrolled employees still below pre-pandemic numbers in Swindon

People living in Swindon and Wiltshire **earn** more than people who work in the LEP area, indicating that residents may be out-commuting to access higher value opportunities outside the area

Relatively low skills (esp. in Swindon) and evidence of skills mismatch

Policy insights

Support lifelong learning

Address potential labour shortages driven by ageing and declining international migrant population

Mitigate long-term labour scarring from the impacts of the pandemic

Focus on high level apprenticeships to address existing skills gaps and encourage more business to offer apprenticeships

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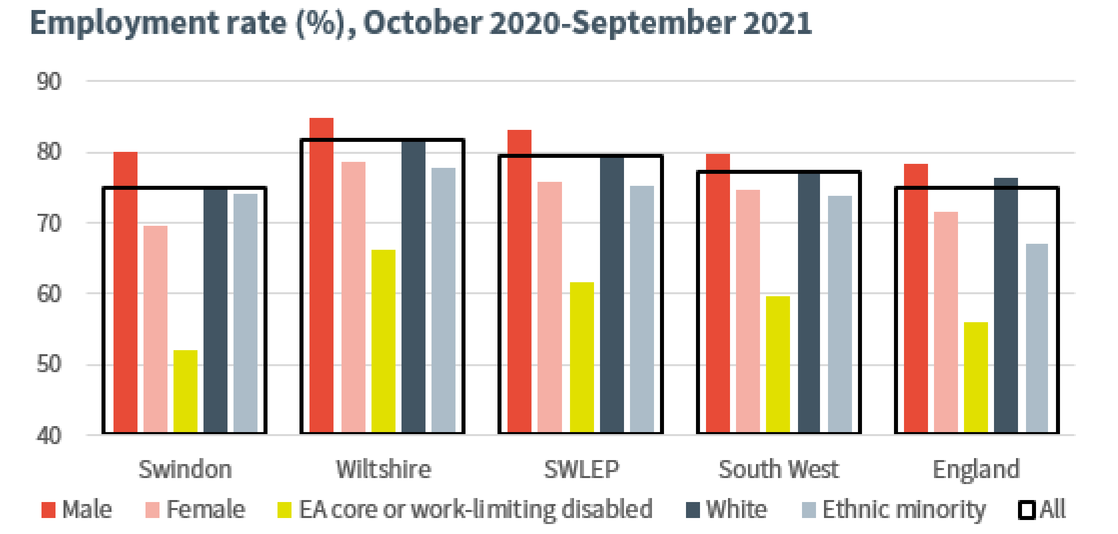
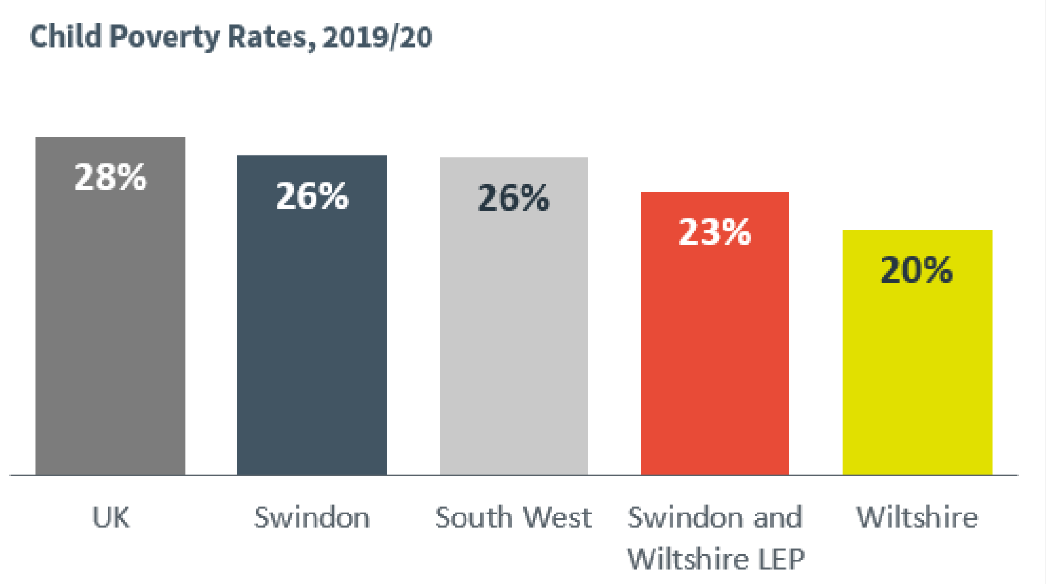
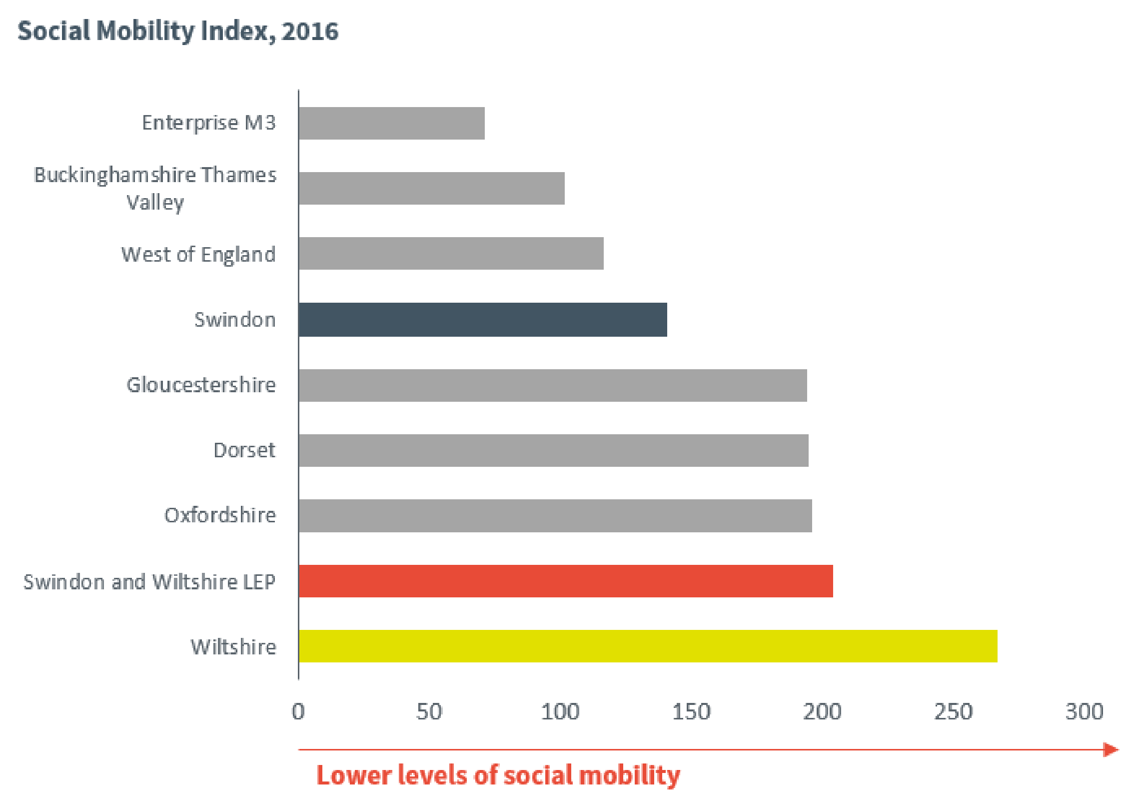
Socio-Economic Issues







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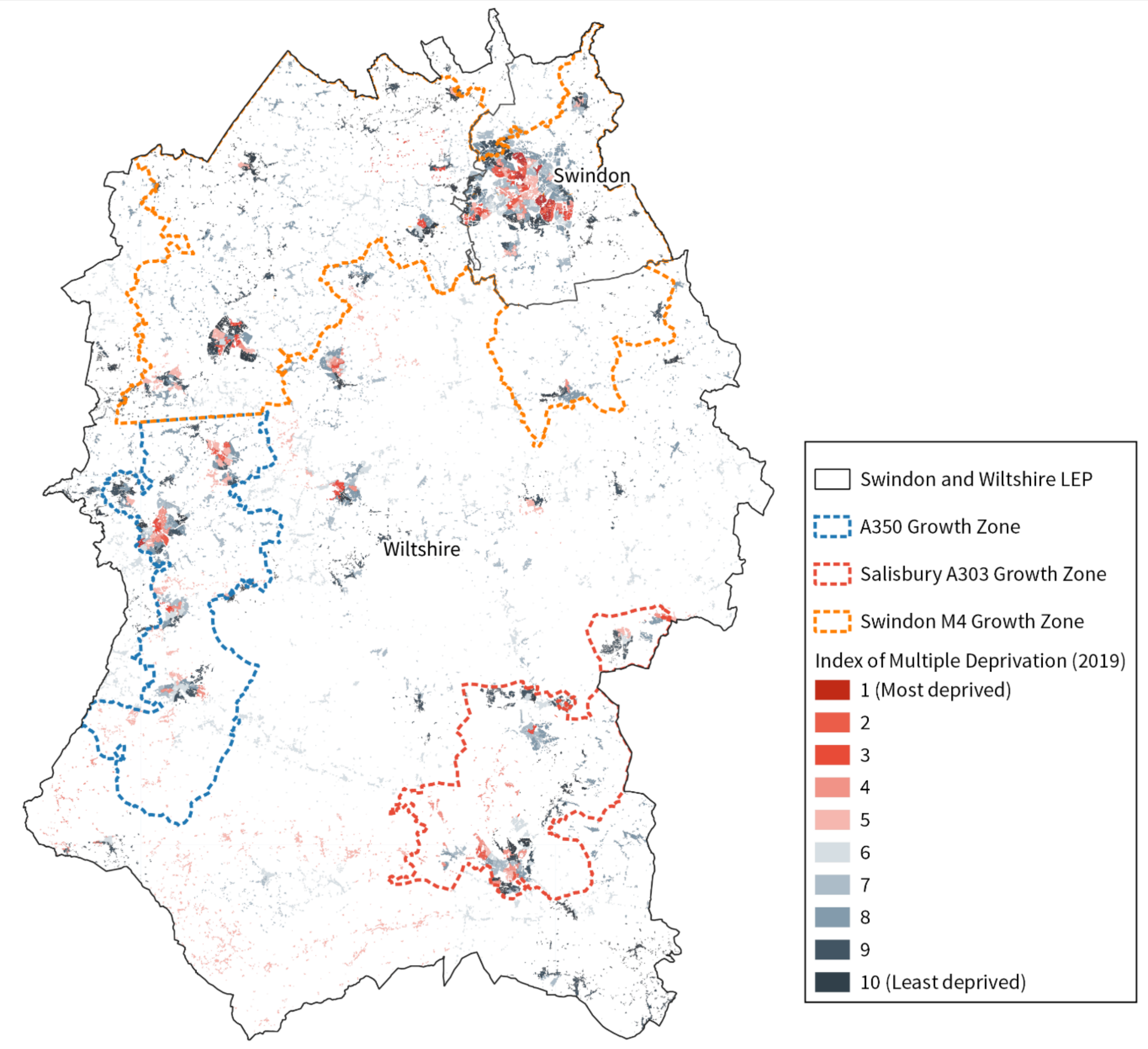
Socio-Economic Issues



Income	Employment	Education and skills	Health	Crime	Housing and services	Living environment
7% (28)	9% (34)	15% (58)	6% (25)	10% (40)	22% (87)	11% (41)

% (number) of LSOAs in area that are in bottom 20% of category nationally

Key Takeaways: Socio-Economic Issues

Key statistics

Poor **labour market** outcomes for some groups:
- Low employment rates for disabled (Swindon and Wiltshire) and females (Swindon)
- High unemployment for ethnic minorities (Wiltshire)

Lower **child poverty** rates than nationally but still 1 in 4 are in poverty

Poor **social mobility**, esp. in Wiltshire, particularly for early years and young people

Deprivation is concentrated in Swindon town centre, Trowbridge, and rural areas such as Devizes and Calne

Relatively low skills (esp. in Swindon) and evidence of skills mismatch

Policy insights

Support labour market outcomes for disadvantaged groups

Focus on children and young people

Address areas of deprivation, particularly in regards to housing and housing services

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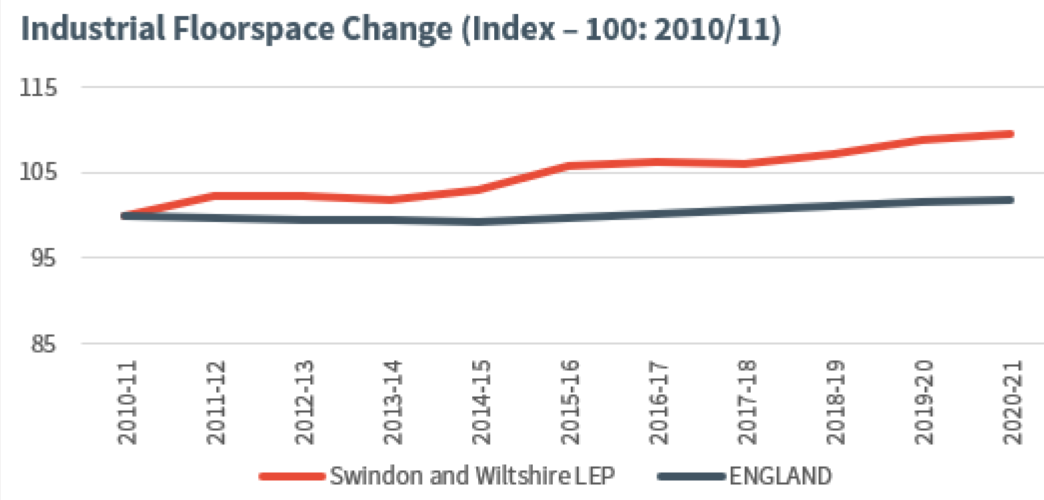
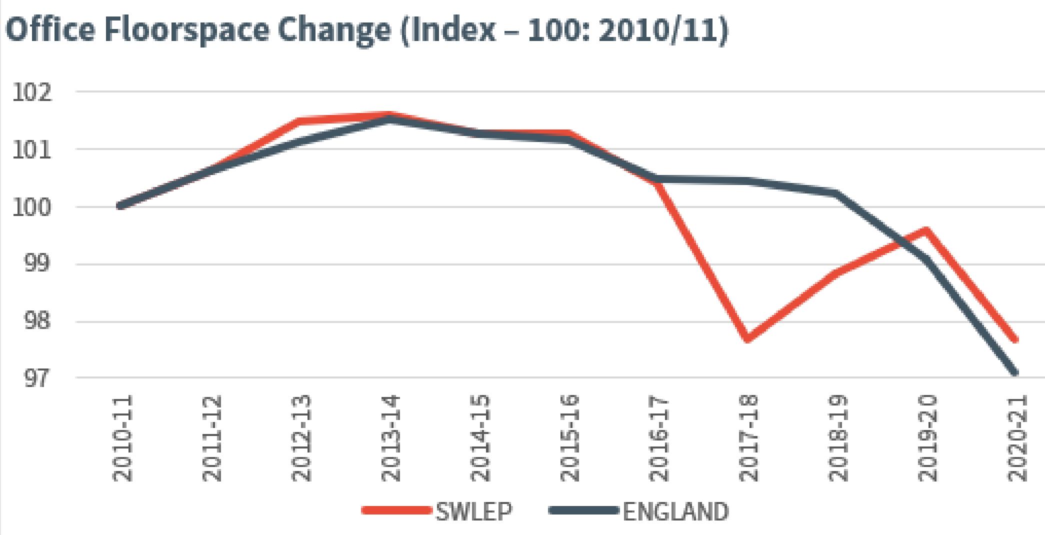
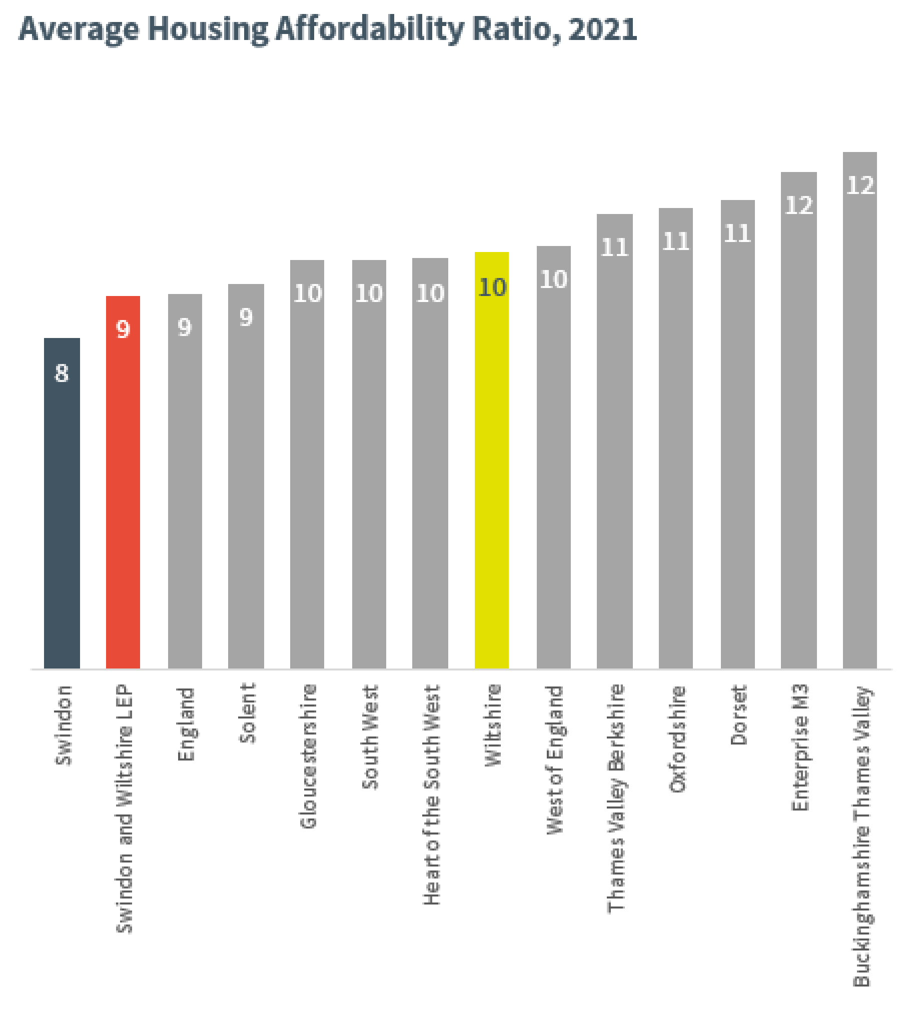
Infrastructure & Environment







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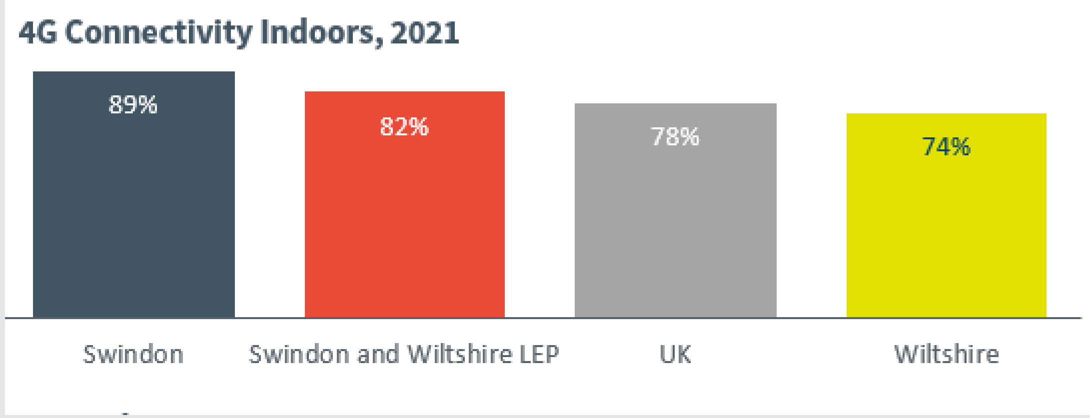
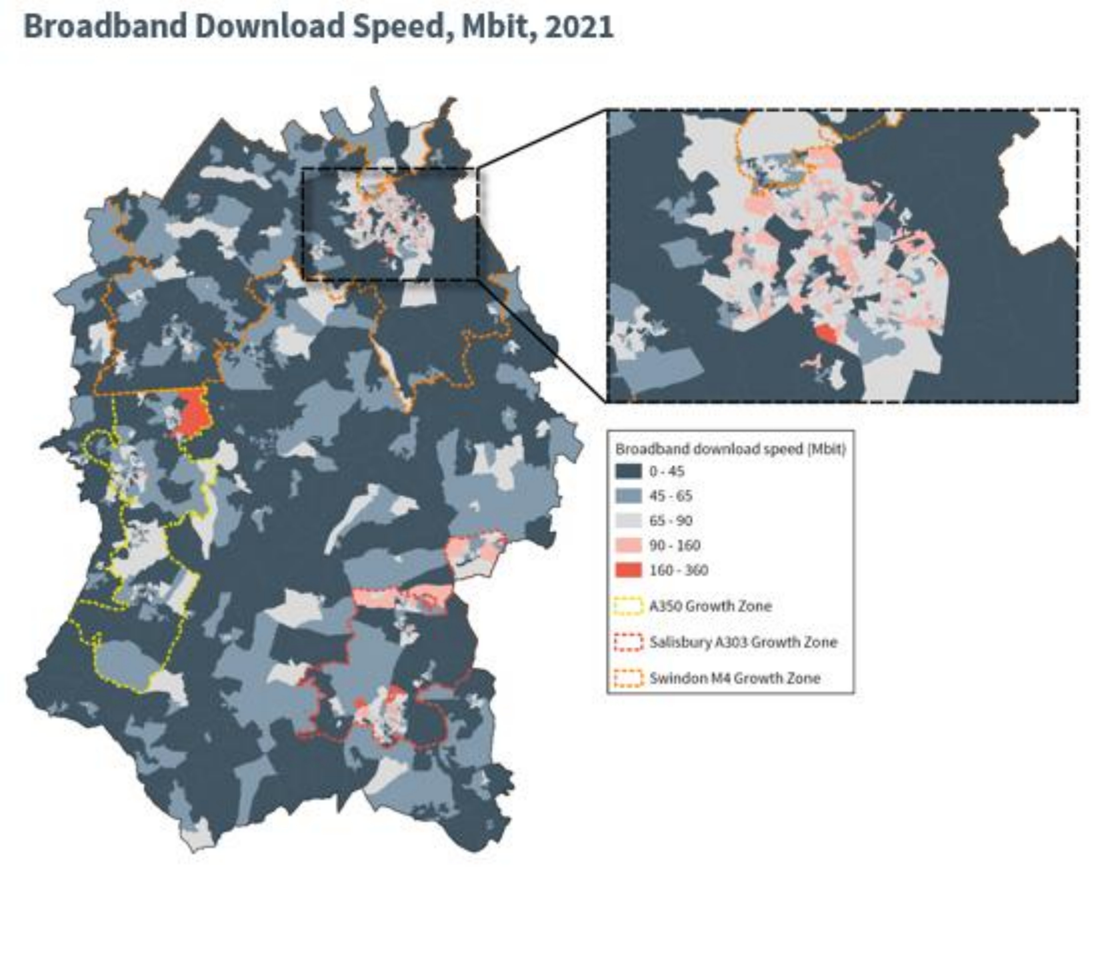
Infrastructure & Environment





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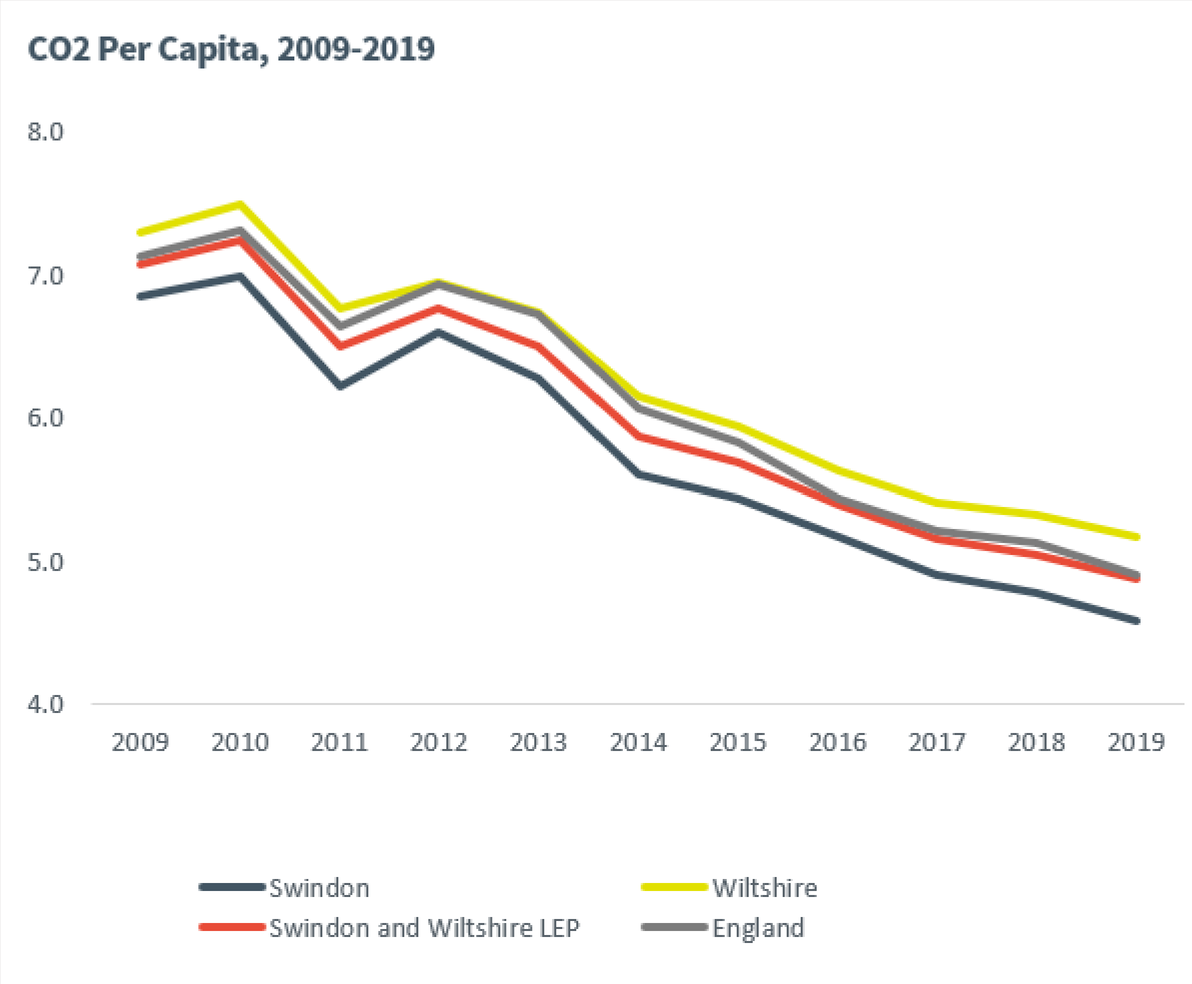

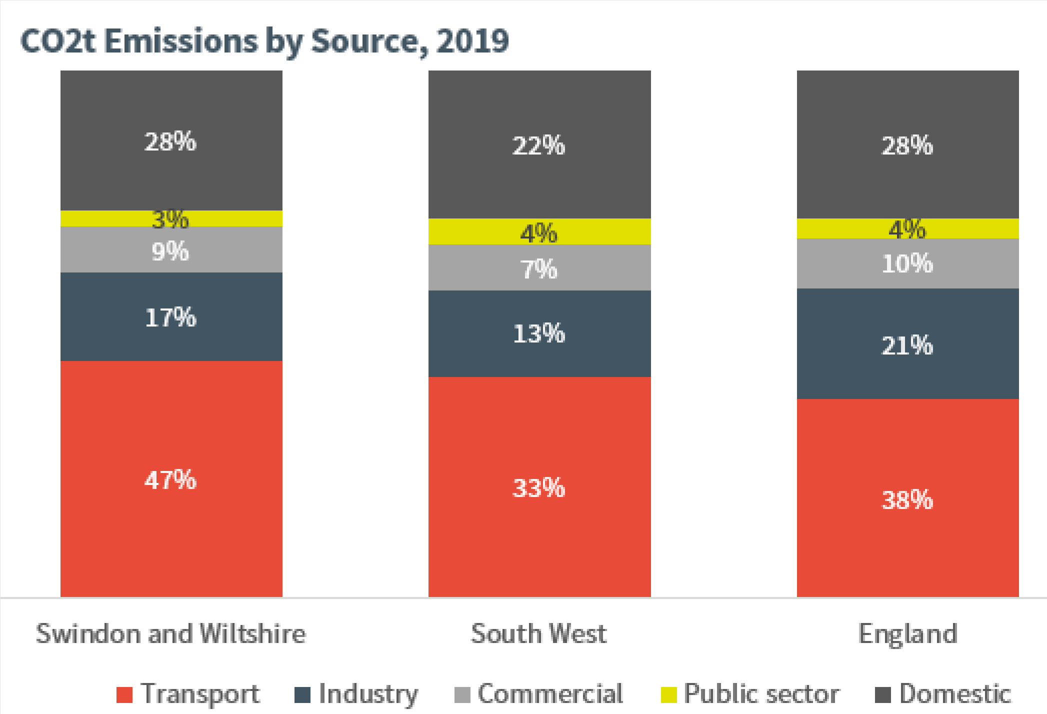

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Key Takeaways: Infrastructure & Environment

Key statistics

- Growth in **industrial floorspace** with high demand and rising rents (although still competitive rates).
  Declining **office floorspace** with rents rising. Average price of office space much higher than nationally
- Good **digital infrastructure** although there are cold spots
- In 2020, the **LEP area generated a total of 891,000 MWh of green energy**, the majority of which (82%) was from photovoltaics
- Nearly half of **carbon emissions** are from transport. Overall carbon emissions have been declining in line with national average.
- **Noise pollution** is largely experienced around motorways and artillery roads

Policy insights

- Ensure appropriate mix of commercial floorspace to support growth in priority sectors and highly productive industries
- Focus on decarbonised transport and deliver initiatives that promote low carbon transit
- Focus on improving digital speeds across the area and resolve any "not spots"

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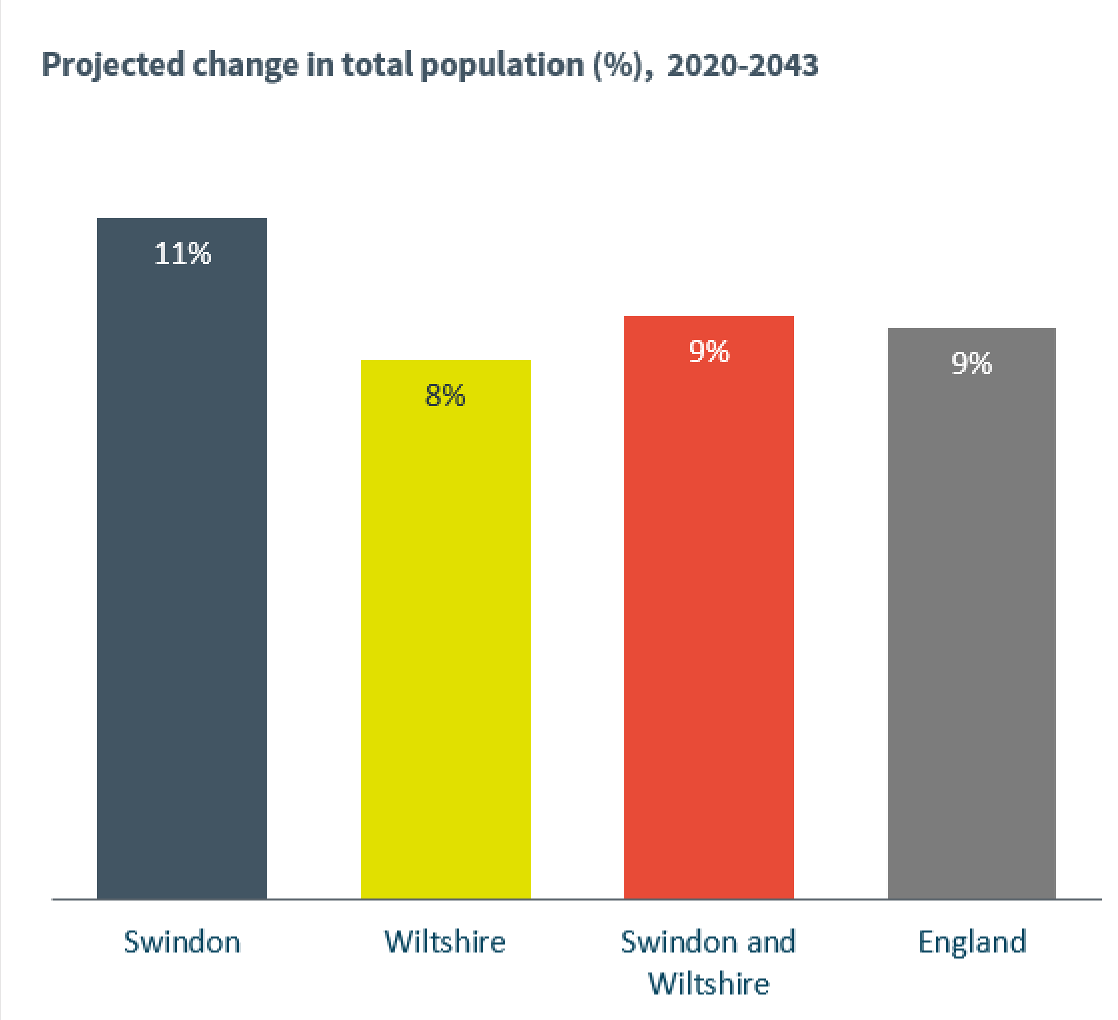
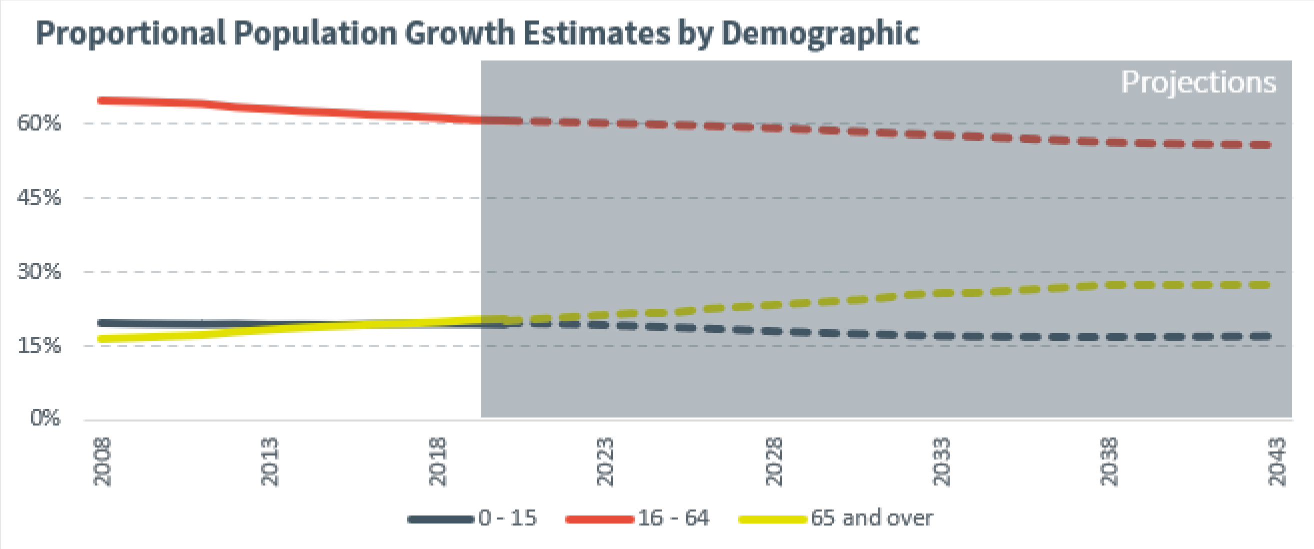
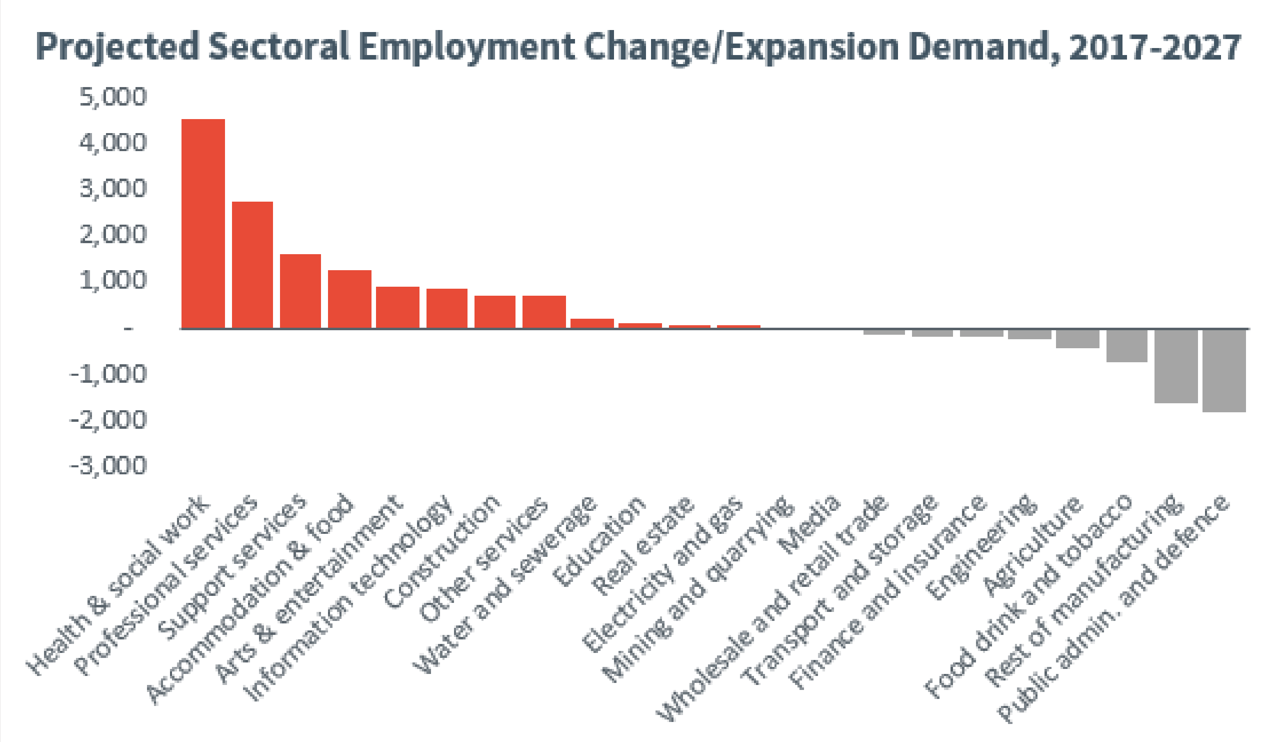
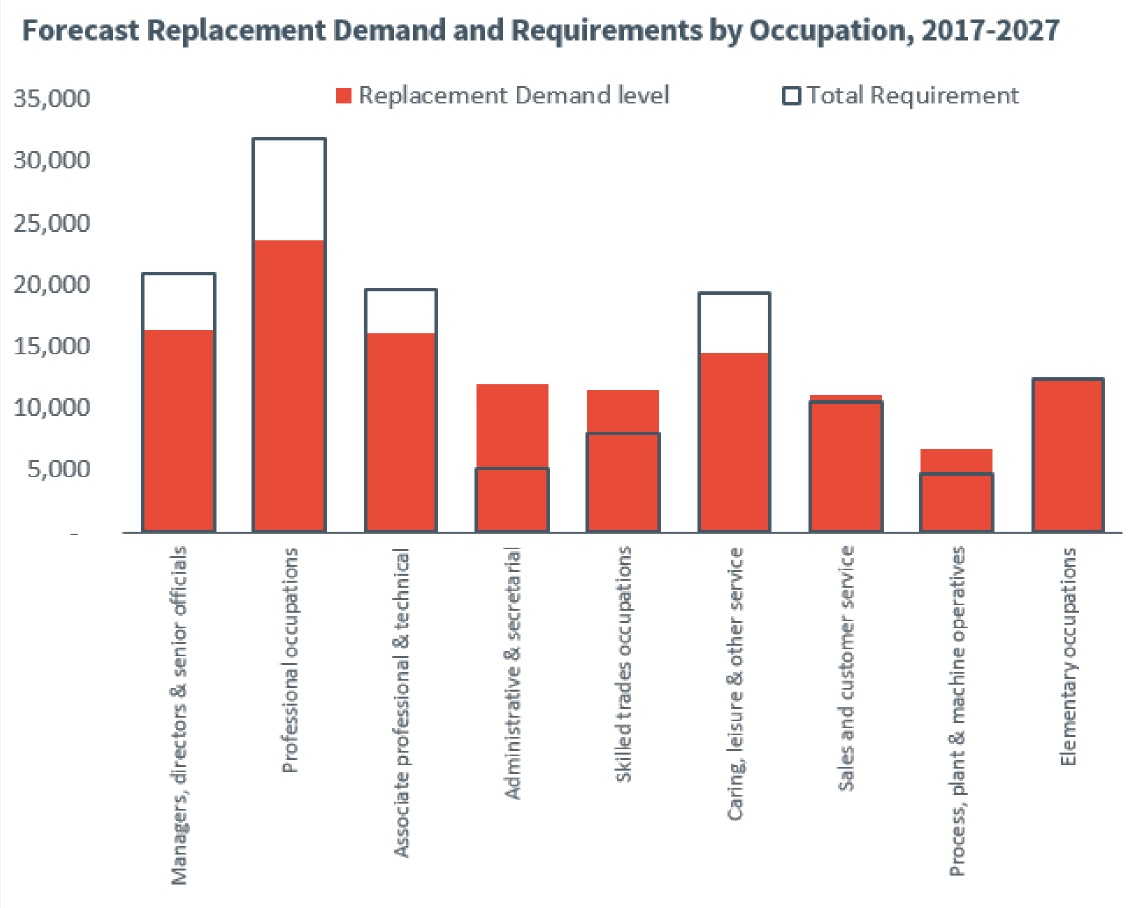
Future Trends





Future Trends





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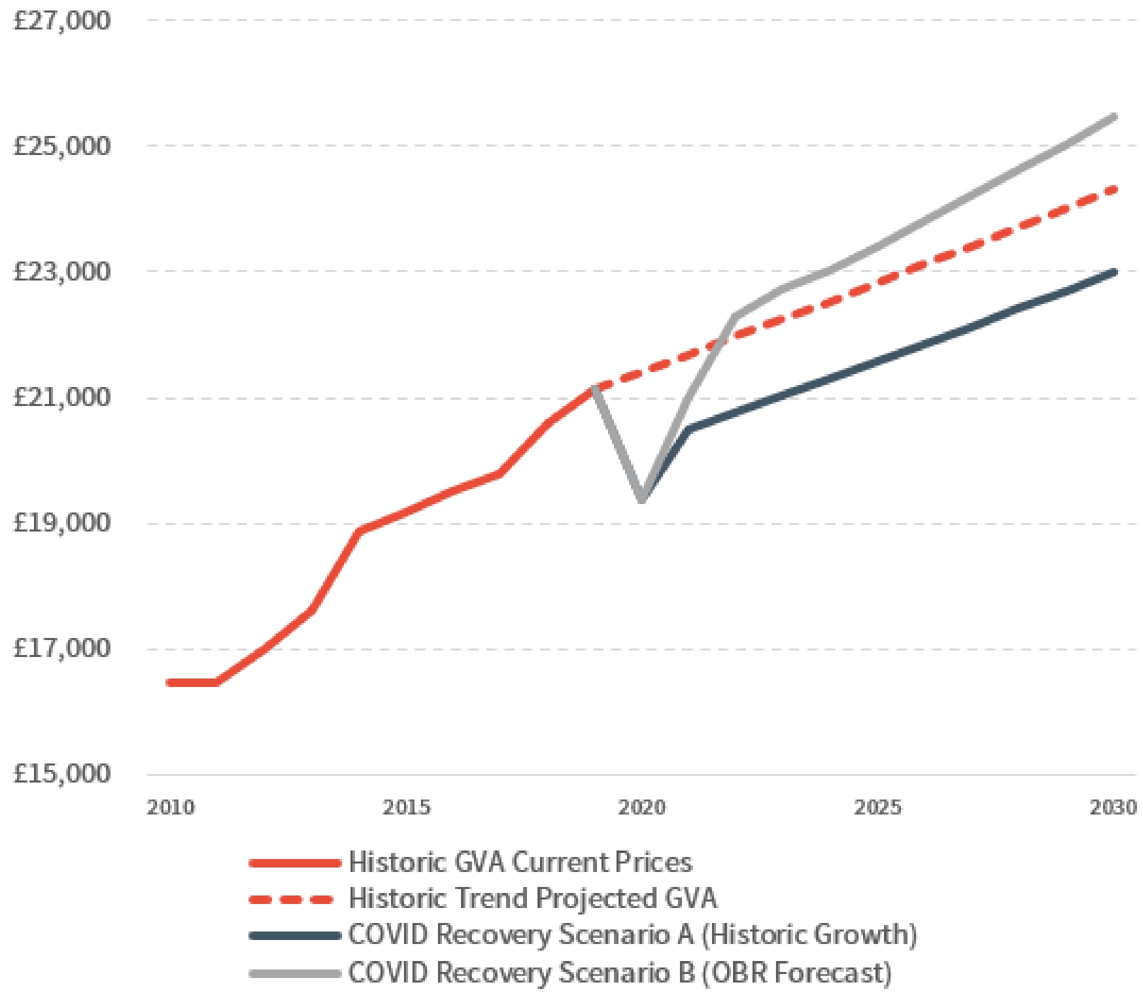
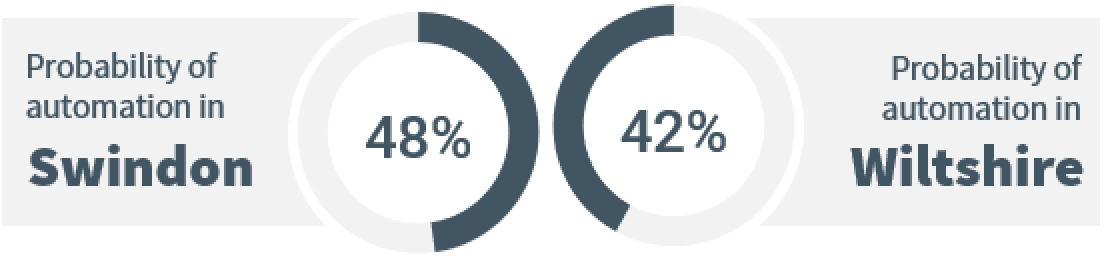
Future Trends

COVID-19 Recovery Scenarios OBR (£m)





Swindon and Wiltshire Balance of Payments in Goods and Services (£m), 2019

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Key Takeaways: Future

Key statistics

- Forecast increase of 67,000 **people** (+9%), with Swindon absorbing much of this
  - Majority expected in 65+ age group
- **Employment** growth expected in Health and Social , Professional Services, Support Services and Accommodation & Food
- Optimistic scenario sees Swindon and Wiltshire economy return to and surpass its pre-COVID **growth trajectory** in 2023
- Expected that 1 in 5 of all jobs will be impacted by climate change and **decarbonization**.
  277,000 jobs in the LEP area are exposed to **automation** risks.
- **EU exit** is expected to continue to create labour market challenges and affect supply chains and trade

Policy insights

- Several macroeconomic shifts occurring, presenting significant uncertainty
- Focus on mitigating impacts on groups that will be disproportionately affected
  Support business and people to leverage strengths and capitalize on the opportunities
- Provide adequate infrastructure to support sustainable growth

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Questions?