

HATCH

Swindon and Wiltshire Local Economic Assessment

LEP Public Board Meeting

25th May 2023



Overview

Introductions

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Macroeconomic Challenges

Output and Productivity

Business and Sectors

Swindon and Wiltshire Local
Economic Assessment 2023

Socio-economic Issues

People and Labour Market

Infrastructure and Environment

Future Trends

Macro-economic challenges



Post Covid-19 - Where are we now?

1

Government
Change(s)



2

Levelling Up



3

UK
withdrawal
from the EU



4

War in
Ukraine



5

Inflation



Inflationary Pressure

April 2021 - 1.6%

April 2022 - 7.8%

March 2023 - 10.1% (April 2023 8.7%)

UK Interest Rates

April 2021 - 0.1%

April 2022 - 0.75%

April 2023 - 4.75%

War in Ukraine

129% Gas

76% Electricity

Supply Chain Disruption

Wheat / Cereals ('The breadbasket of Europe')

Vegetable Oil / Sugar

Agriculture products

Construction products

Labour market constraints

Average Pay rises

Private sector 7%

Public sector 5.6%

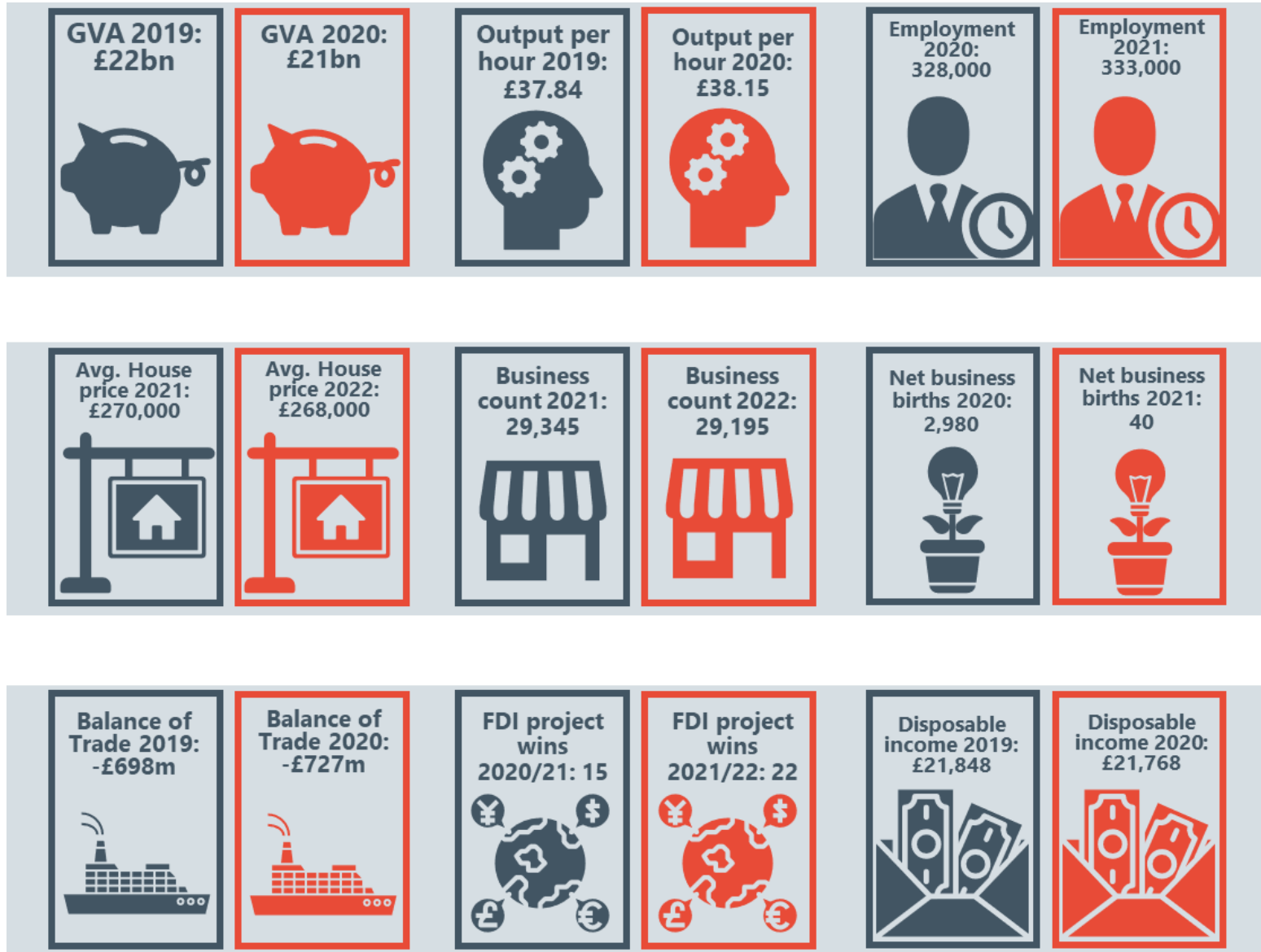
People in work/unemployed

April 2021 - 75.02% / 4.7m

April 2022 - 75.5% / 3.7m

April 2022 - 75.9% / 3.8m

Summary of economic position



Outputs and Productivity



Swindon and Wiltshire's economy has been **adversely impacted** by COVID-19

Swindon and Wiltshire economy

contracted by **4.5%**
between 2019-2020

LEP Economy,
2019:
£22bn

LEP Economy,
2020:
£21bn

Source: ONS, 2020

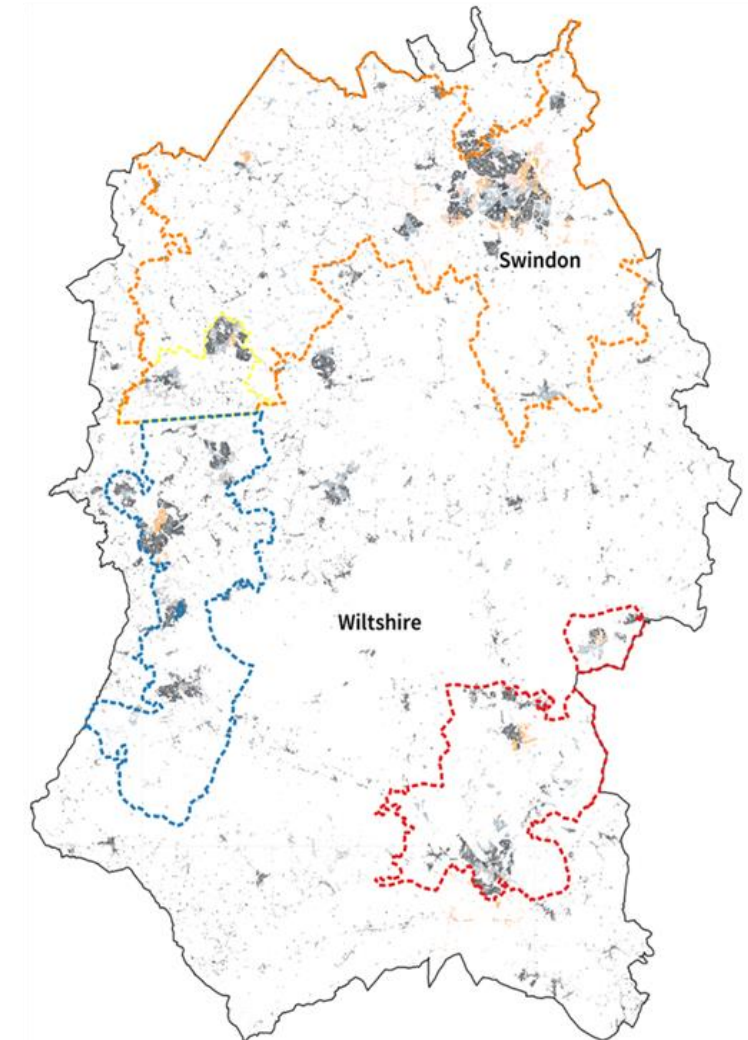
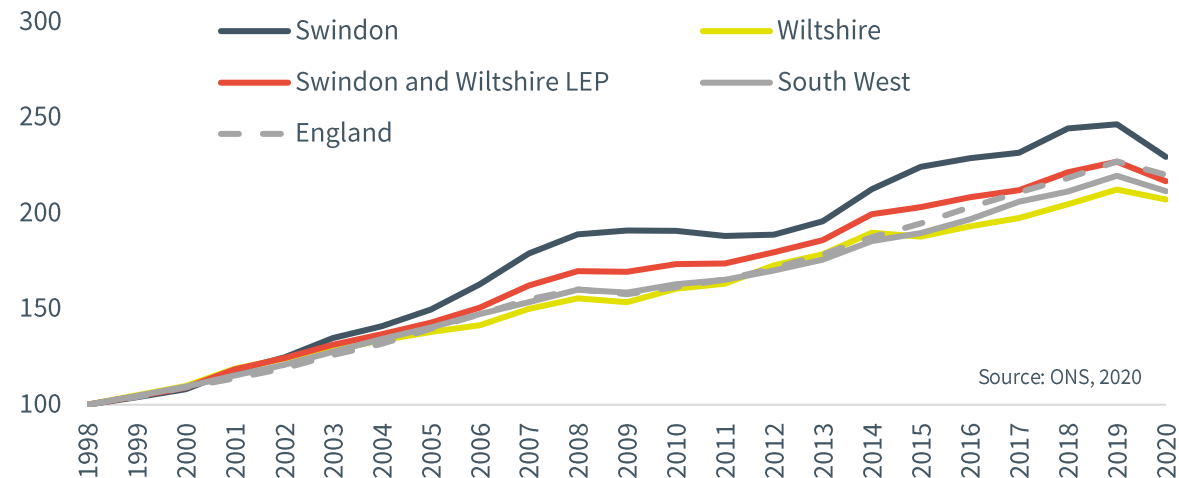
Swindon

45% (£9.5B)
of LEP GVA (2020)

Wiltshire

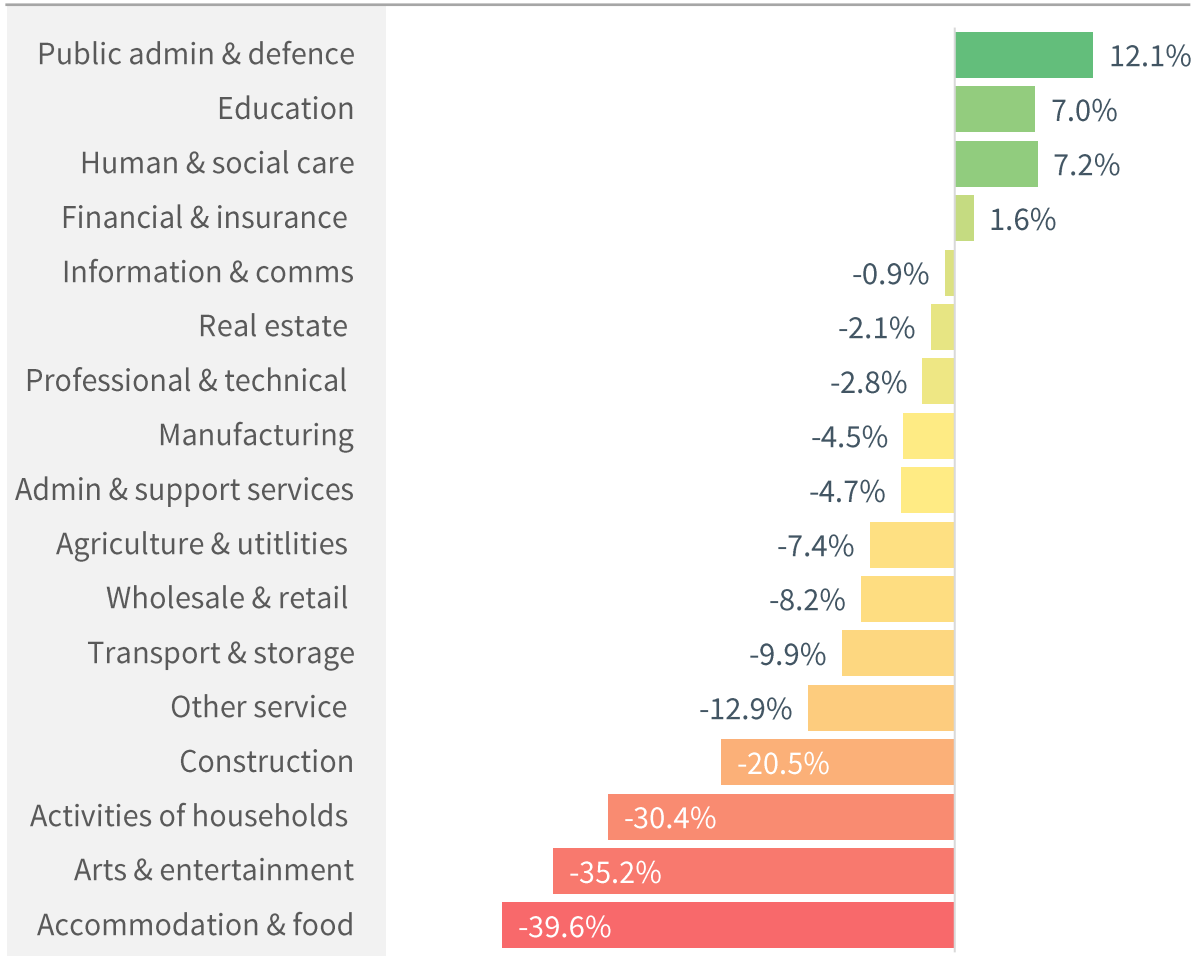
55% (£11.5B)
of LEP GVA (2020)

Indexed GVA Growth 1998-2020 1998=100



The visitor and leisure economy has taken a significant economic shock

Sectoral Impacts of COVID-19 (GVA 2019-2020)



	(%) GVA Change	GVA Change (£m)	
Accommodation & food	-39.6%	£	2,780
Arts & entertainment	-35.2%	£	929
Activities of households	-30.4%	£	2,050
Construction	-20.5%	£	572
Other service	-12.9%	£	361
Transport & storage	-9.9%	£	694
Wholesale & retail	-8.2%	£	1,837
Agriculture & utilities	-7.4%	£	2,699
Admin & support services	-4.7%	£	1,849
Manufacturing	-4.5%	£	1,260
Professional & technical	-2.8%	£	1,018
Real estate	-2.1%	£	1,220
Information & comms	0.9%	£	1,393
Financial & insurance	1.6%	£	105
Human & social care	7.2%	£	331
Education	7.0%	£	55
Public admin & defence	12.1%	£	1,479

Source: ONS, 2020

Key Takeaways: Output & Productivity

Key statistics



Output of £20bn in 2020



£1bn smaller than in 2019 a contraction of 4.5%
Output contraction greater than national levels of 3.1%



Losses most significant in the visitor and leisure economy



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



Small productivity gap with national

- Positive gap in Swindon
- Significant negative gap in Wiltshire

Policy insights



Productivity growth underpins growth in wages & living standards. Without innovation and new ways of working, Swindon and Wiltshire will face growth challenges.



Growth is highly sector specific and some sectors should see a relatively strong return following the end of Covid-19 restrictions and return 'new normal'.



Lags in data may be hiding issues that emerged later in the post-pandemic period, as well as not accounting for new impacts e.g. inflation, wages challenges.

Business and Sectors



Swindon and Wiltshire experienced **a business base contraction** between 2018-2022

Swindon and Wiltshire

29,000 businesses in 2022

-2% change since 2018

Swindon

7,390

0% change since 2018

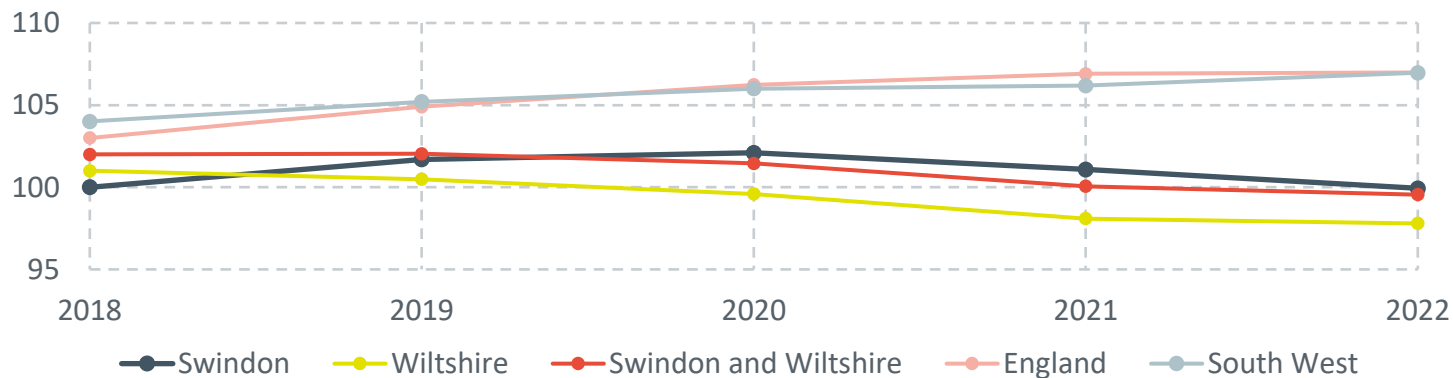
Wiltshire

21,805

-3% change since 2018

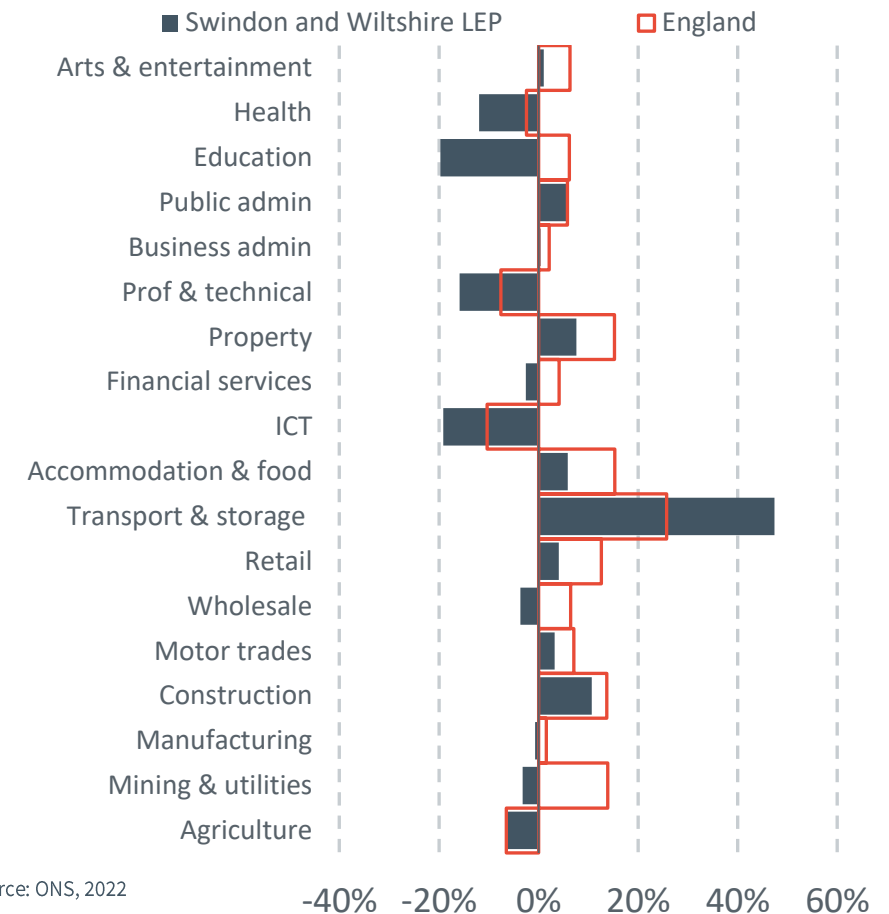
Indexed Business Base 2016-2022

2016=100



Source: ONS, 2020

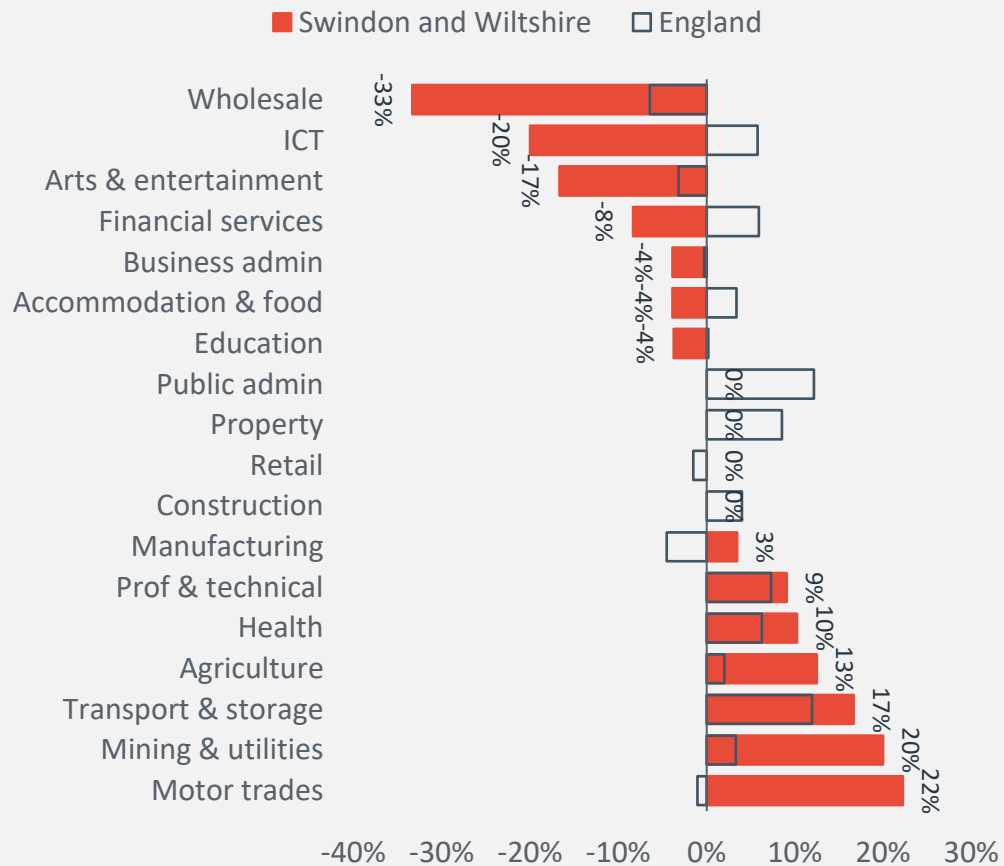
Business Count Growth of Enterprises by Broad Sector, 2018-2022



Source: ONS, 2022

The employment base is **diverse but growing slowly** in Swindon and Wiltshire

Employment Growth by Broad Sector, 2017-2021



Source: ONS, 2020

Swindon and Wiltshire

333,000 people employed in 2021

1% change since 2017

Swindon

115,000

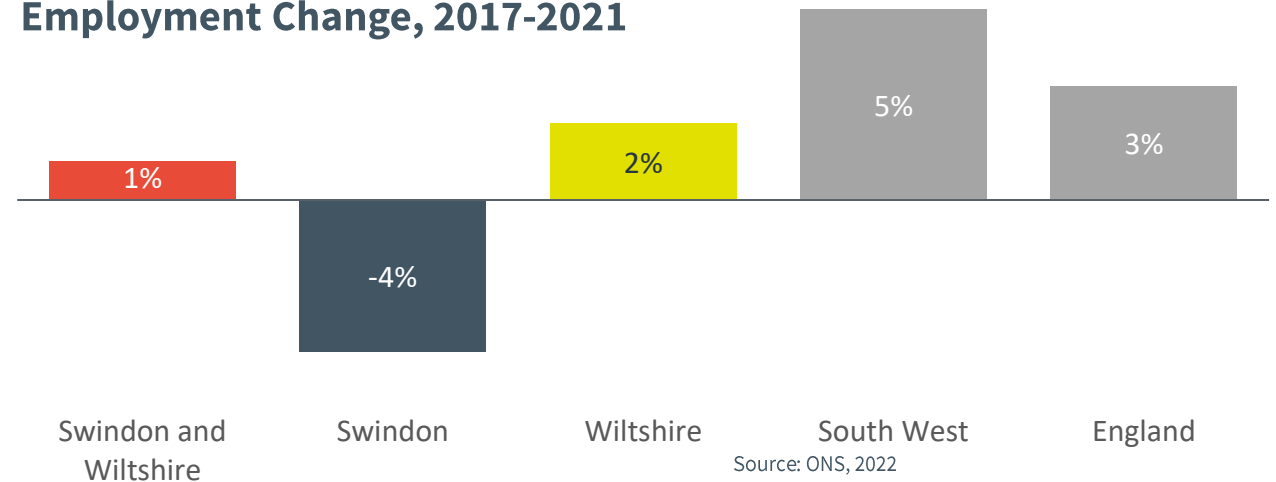
-4% change since 2017

Wiltshire

214,000

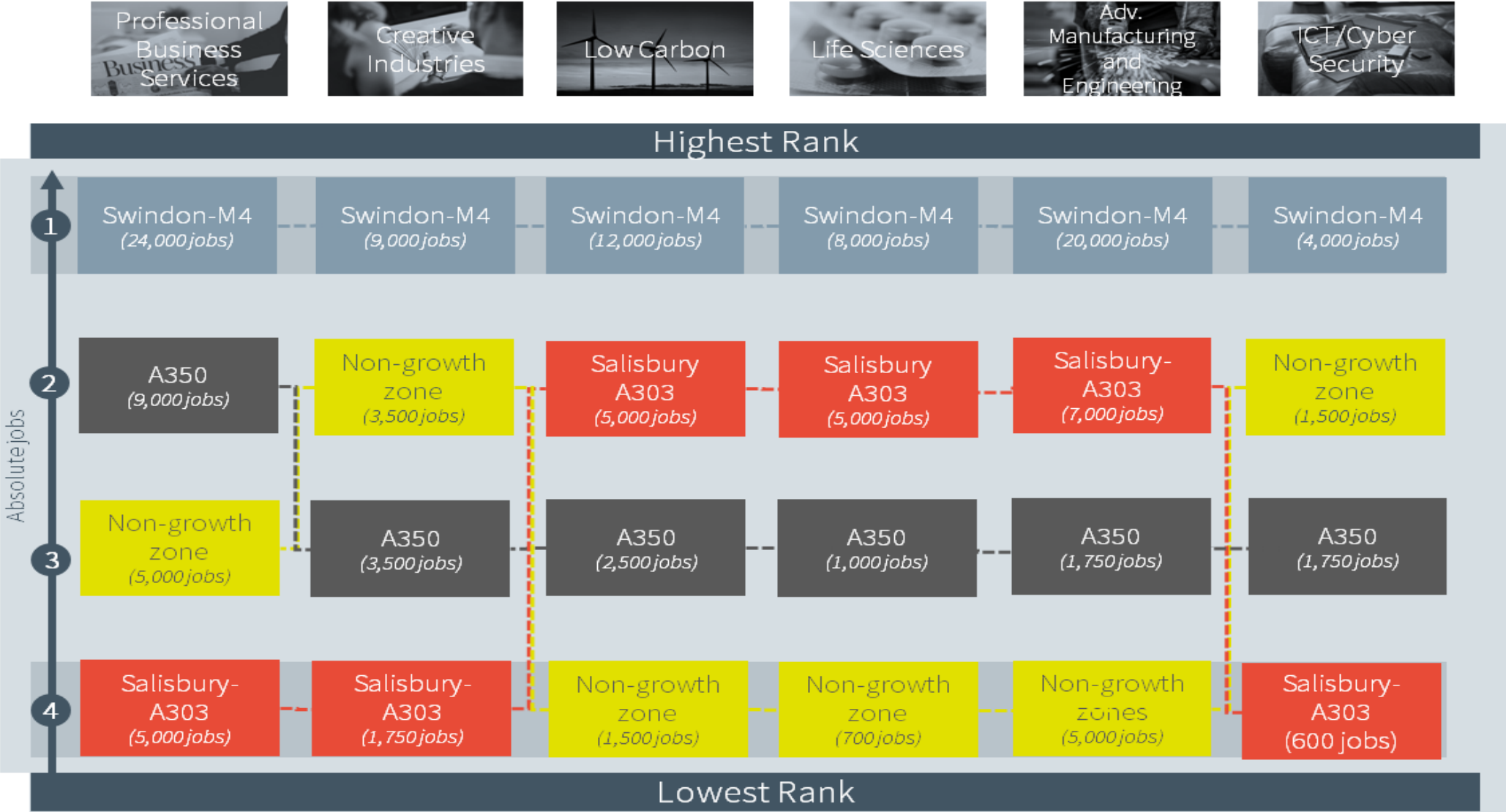
2% change since 2017

Employment Change, 2017-2021



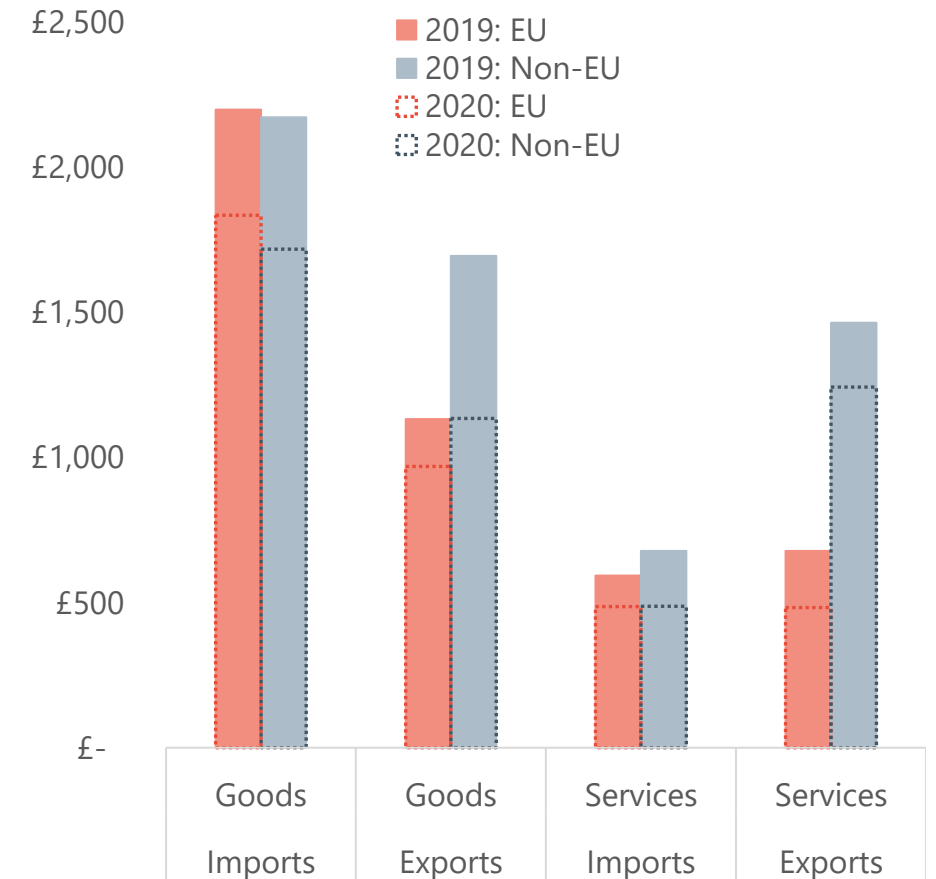
Source: ONS, 2022

Employment Specialisation – Growth Zone Analysis



Opportunities to trade and do business **beyond the EU are already emerging**

Swindon and Wiltshire Trade, (£m), 2019-2020



Key Takeaways: Business & Sectors

Key statistics



Overall business count growth has fallen

- Although there has been growth in some sectors, notably in transport and storage



Employment has risen since 2017 (contrasting contraction in business base)



Swindon and Wiltshire are reliant on the EU for imports, but Swindon's exports are more internationally diverse

Policy insights



Maintain support for entrepreneurialism and business support. Growth in sectors that will provide longer terms growth, such as low carbon, have the ability to create growth in other sectors e.g. green construction, green financing, green distribution etc



Continued focus on providing an attractive environment for foreign investors and support businesses seeking to trade internationally



Continue to support priority sectors for consistency and continuity. Allow expertise and local eco-systems to develop. Opportunity to link with UK government growth hub 'philosophy', and finally encourage the debate on how society will change (e.g. age) and what that will mean in terms of service provision.

People and Labour Markets

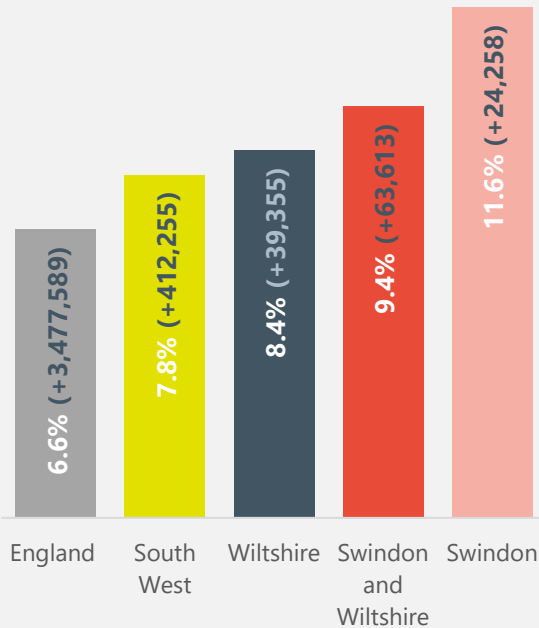


Swindon and Wiltshire's population currently stands at 743,000 people

Swindon and Wiltshire

has experienced high population growth

Population Change, 2011-21



Source: ONS, 2011, 2021

Swindon

233,000 people

31% of LEP POPULATION

Wiltshire

510,000 people

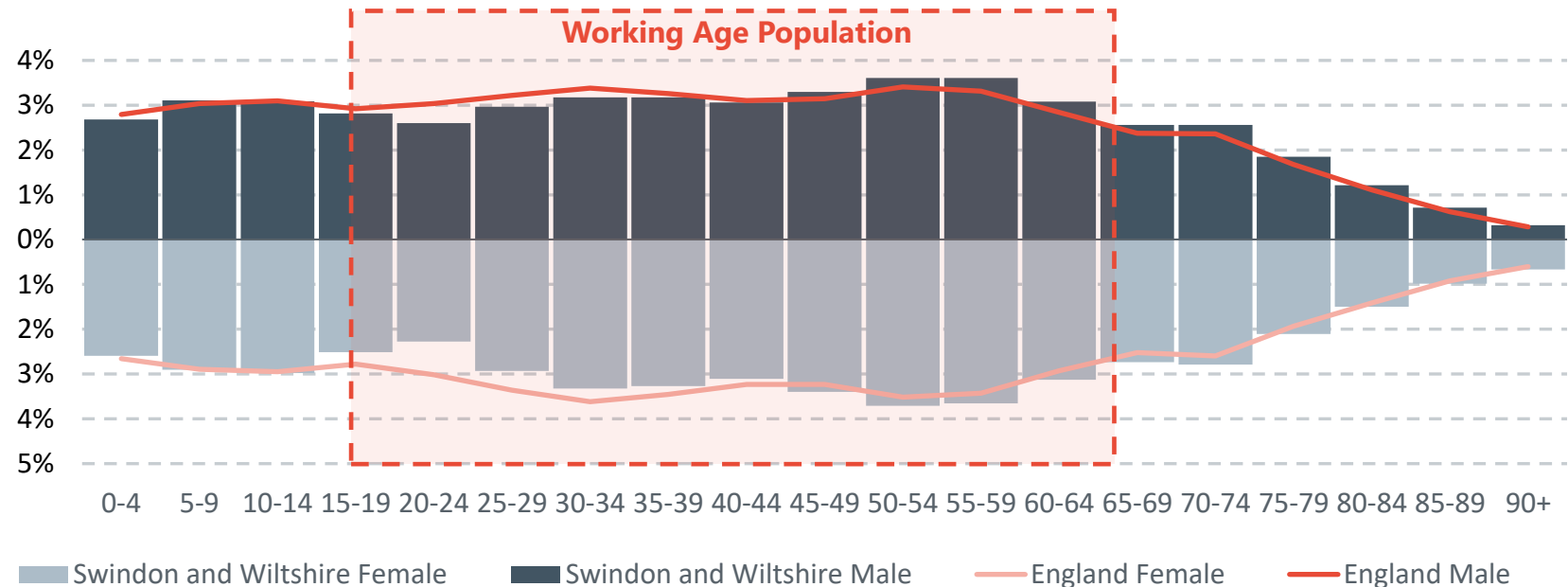
69% of LEP POPULATION

Number of people economically active, 2022

Swindon,
121,867

Wiltshire,
251,914

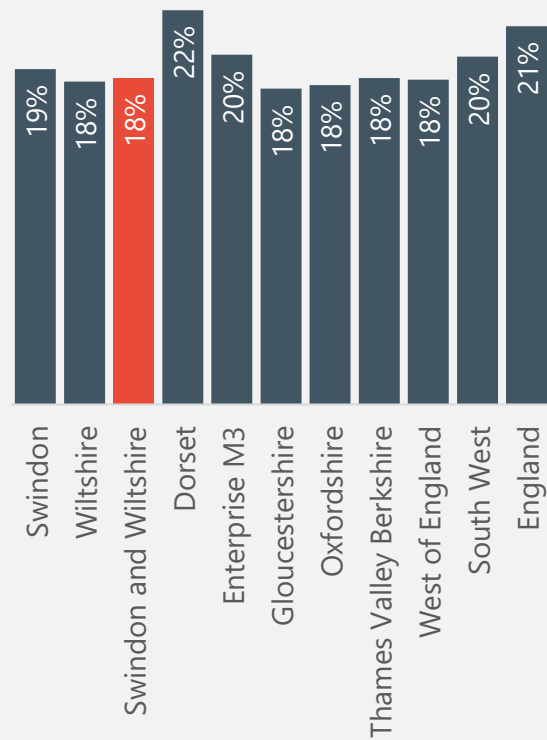
Age Profile, 2021



Source: ONS, 2020

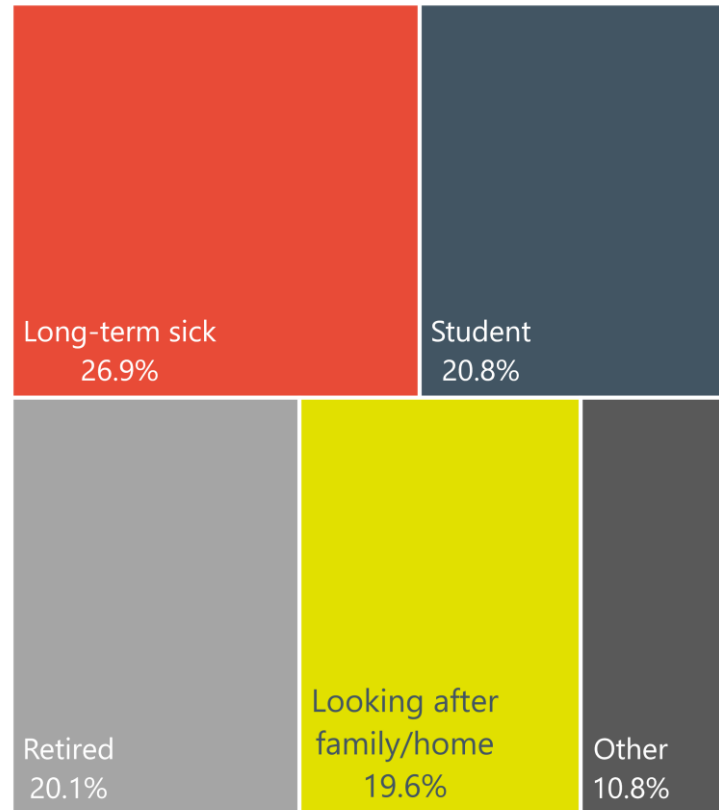
An economic inactivity rate **lower than national and regional averages**

Economically inactive as proportion of the working age population, 2021



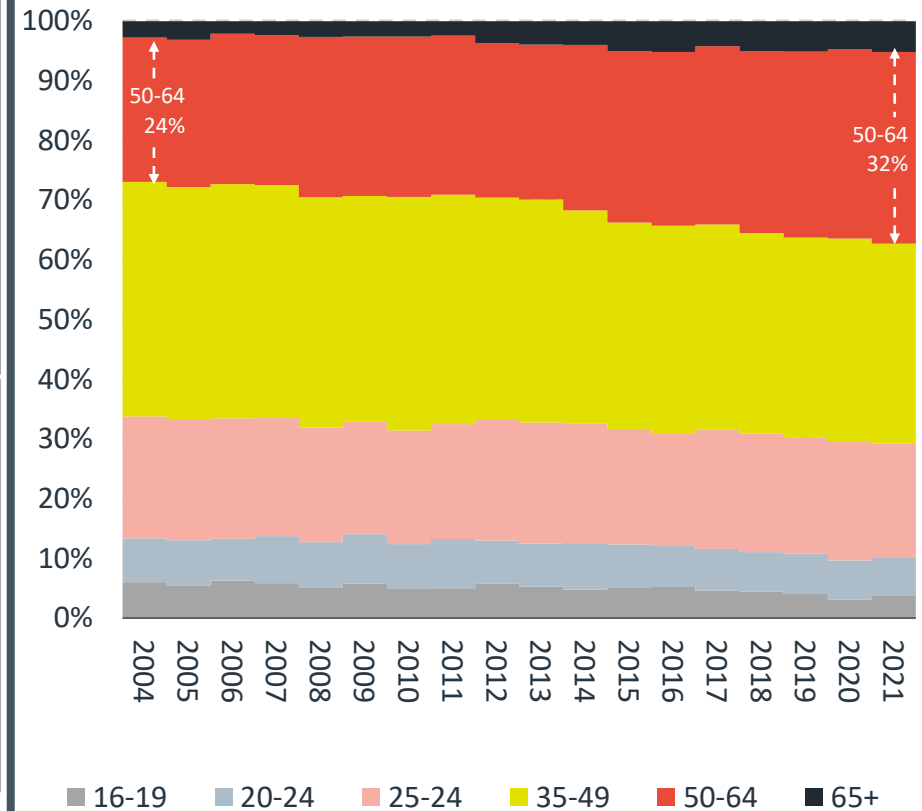
Source: ONS, 2011, 2021

Reasons for economic inactivity in Swindon and Wiltshire are varied

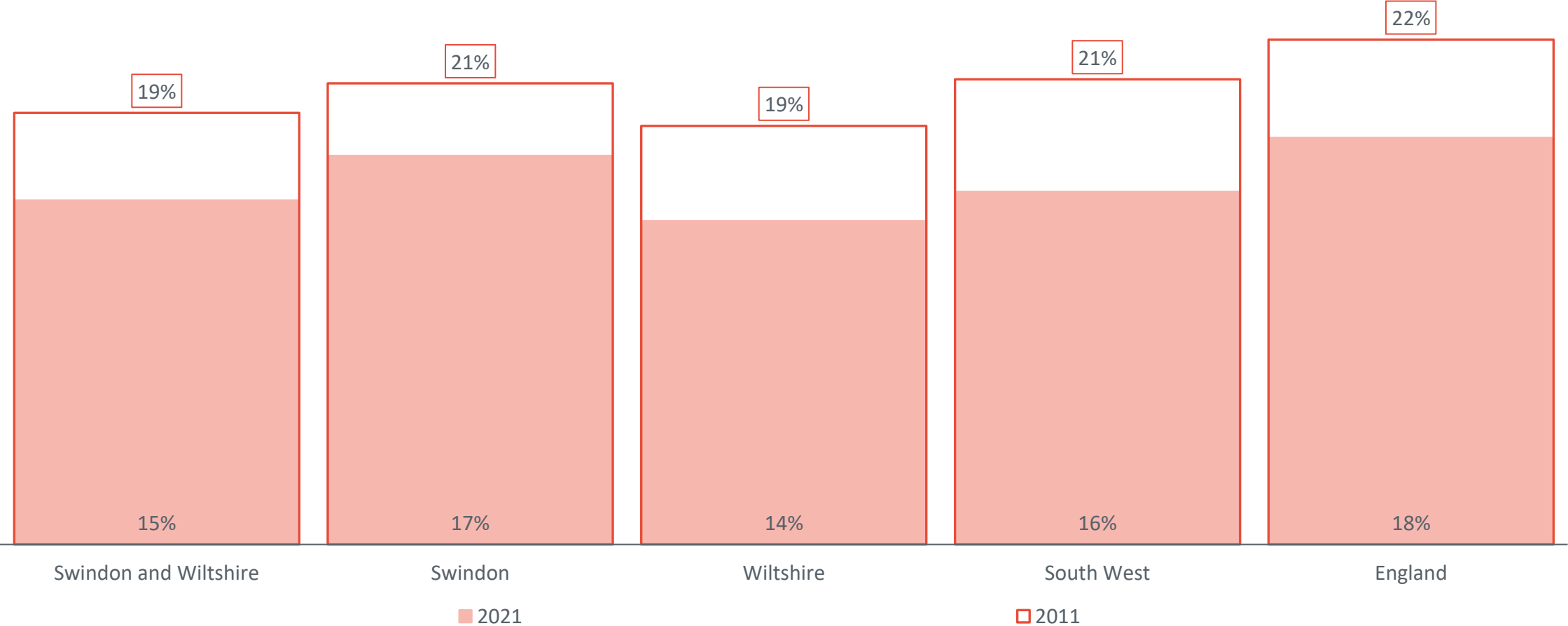


Source: ONS, 2020

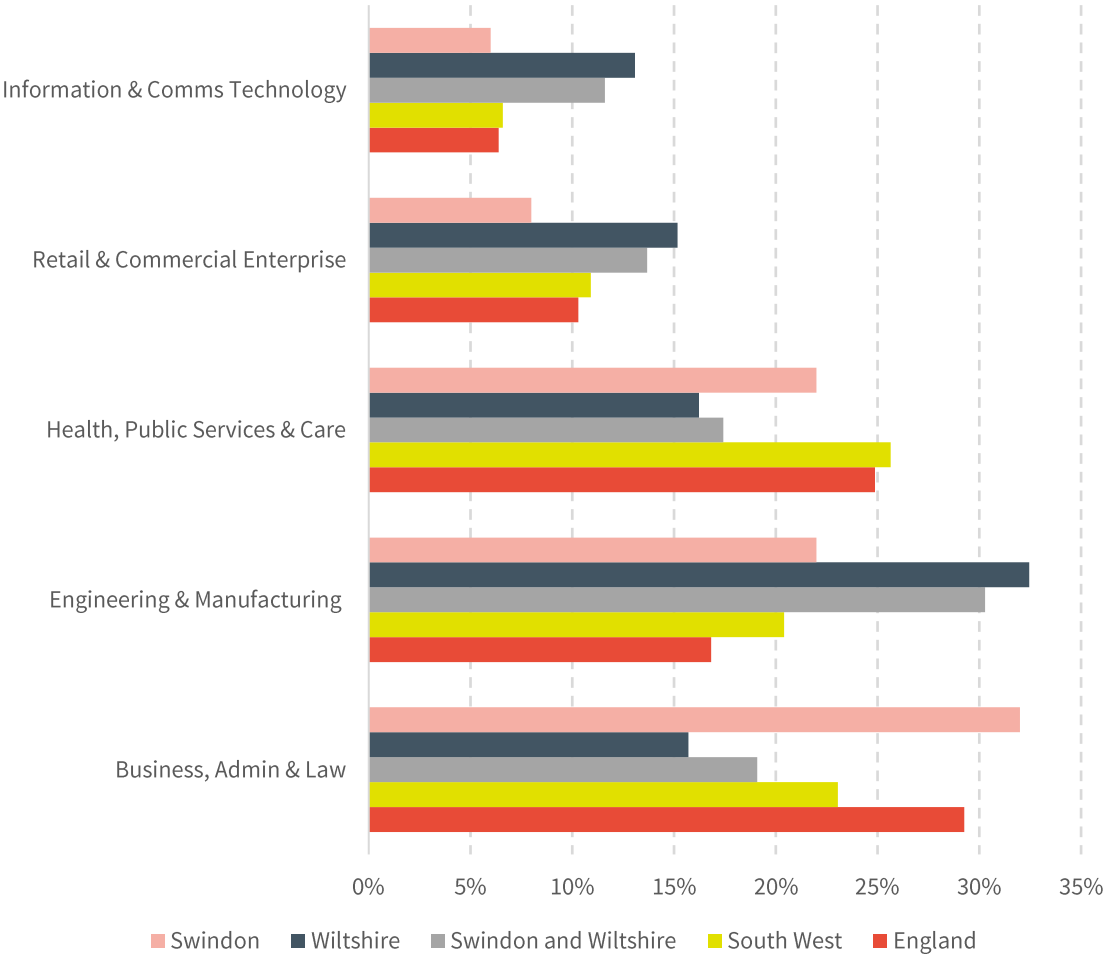
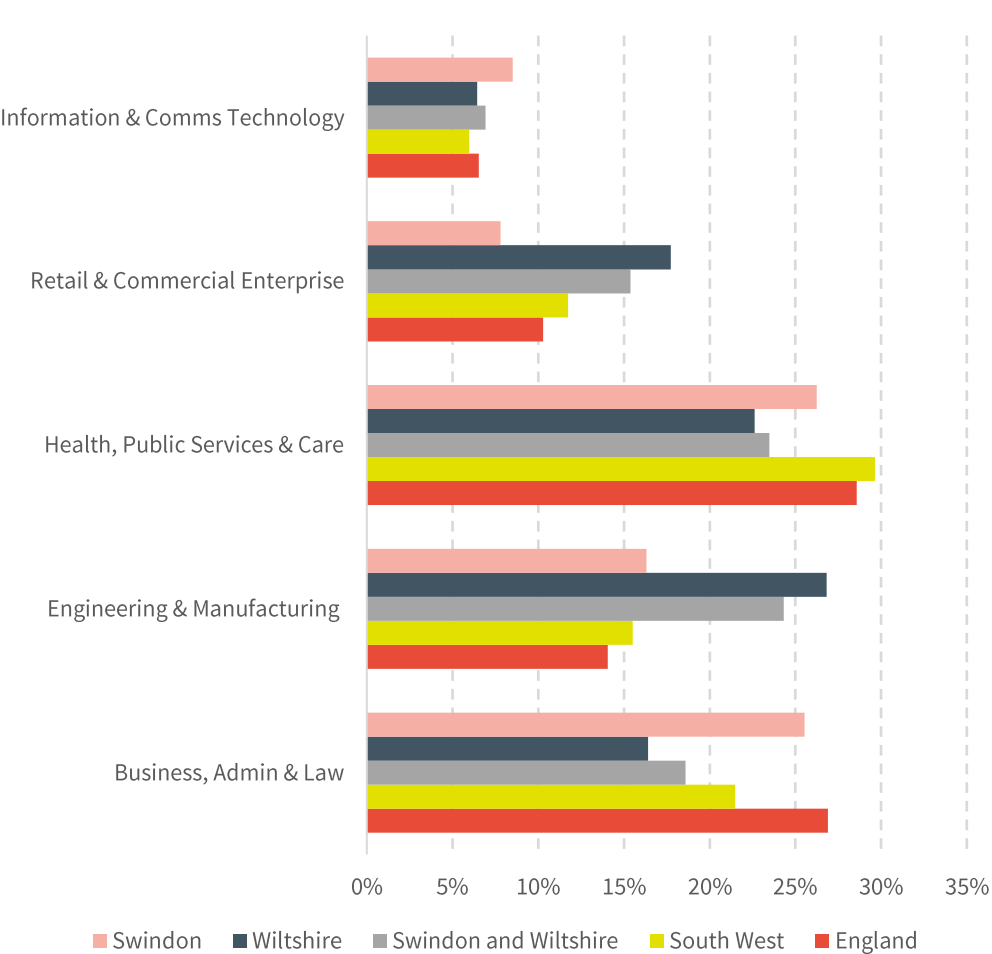
The older working age population are becoming a larger proportion of the economically inactive population in Swindon and Wiltshire



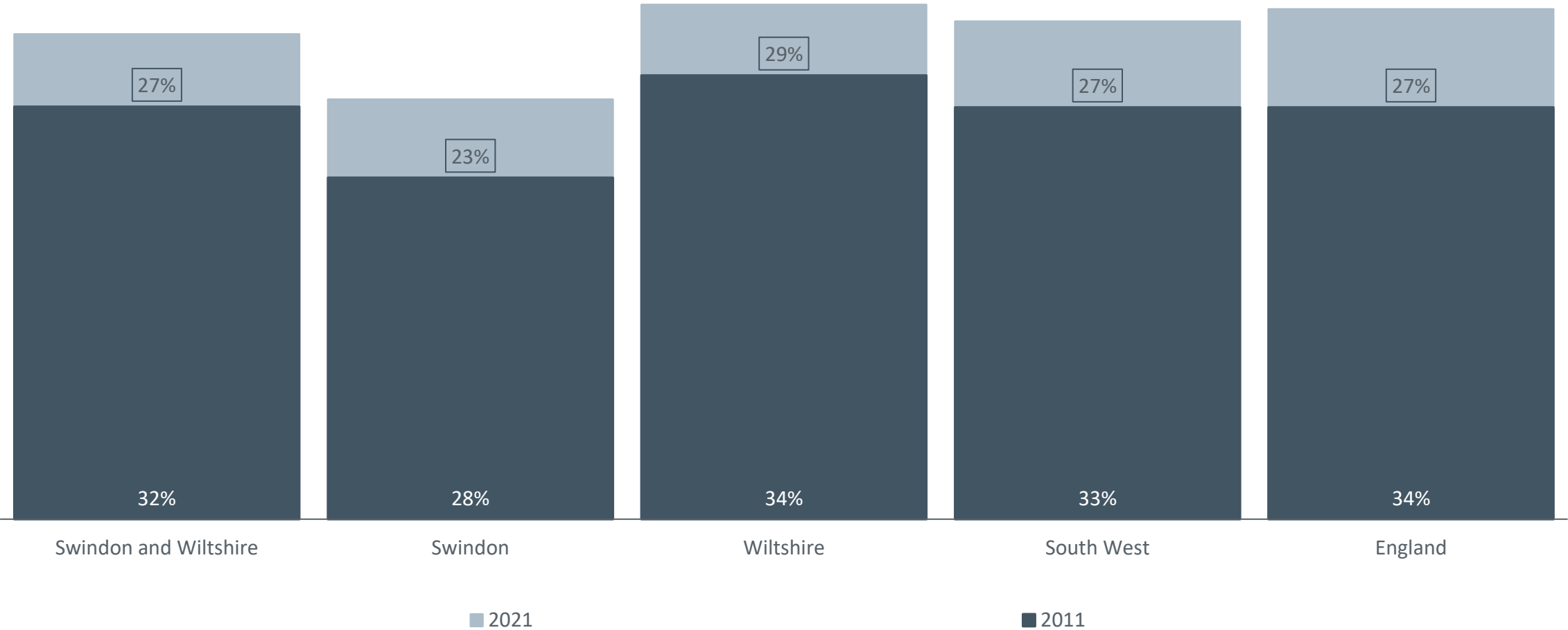
Proportion of residents with no qualifications, 2011 and 2021



Top 5 Apprenticeship starts by subject area



Proportion of residents educated to Level 4+, 2011 and 2021



Key Takeaways: People & Labour Market

Key statistics



Population growth similar to national rates, the population is aging, and the skills levels are improving over the longer term.



Economic inactivity is causing a tightening in the labour market, particularly amongst older workers (50-64)



Economic inactivity causes are diverse, but a large proportion of economic inactivity is caused by long term sickness

Policy insights



Support for lifelong learning, upskilling and reskilling throughout working life, not just focussed on young people / early entry to work



Address potential labour shortages by tempting older workers back to work, flexibility and part time working for those with care responsibilities, encouraging inward migration of younger people



Better understanding of the longer-term labour scarring from the impacts of the pandemic and the subsequent changes to the local economies and differing types of intervention needed

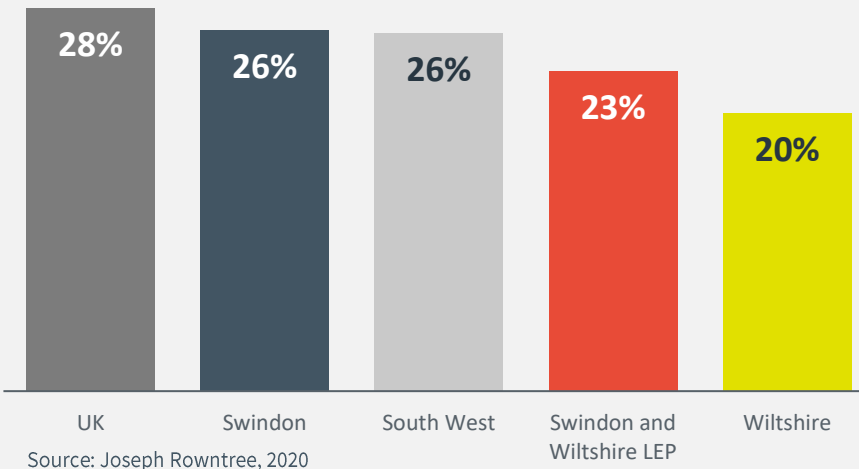
Socio-Economic Issues



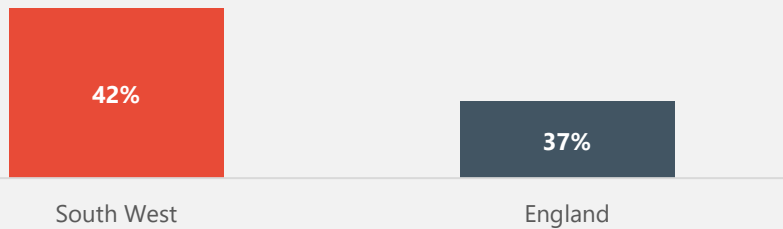
The cost-of-living crisis will be **a challenge for many residents in Swindon and Wiltshire**

Rates of child poverty are lower than national levels, though issues are prevalent in Swindon

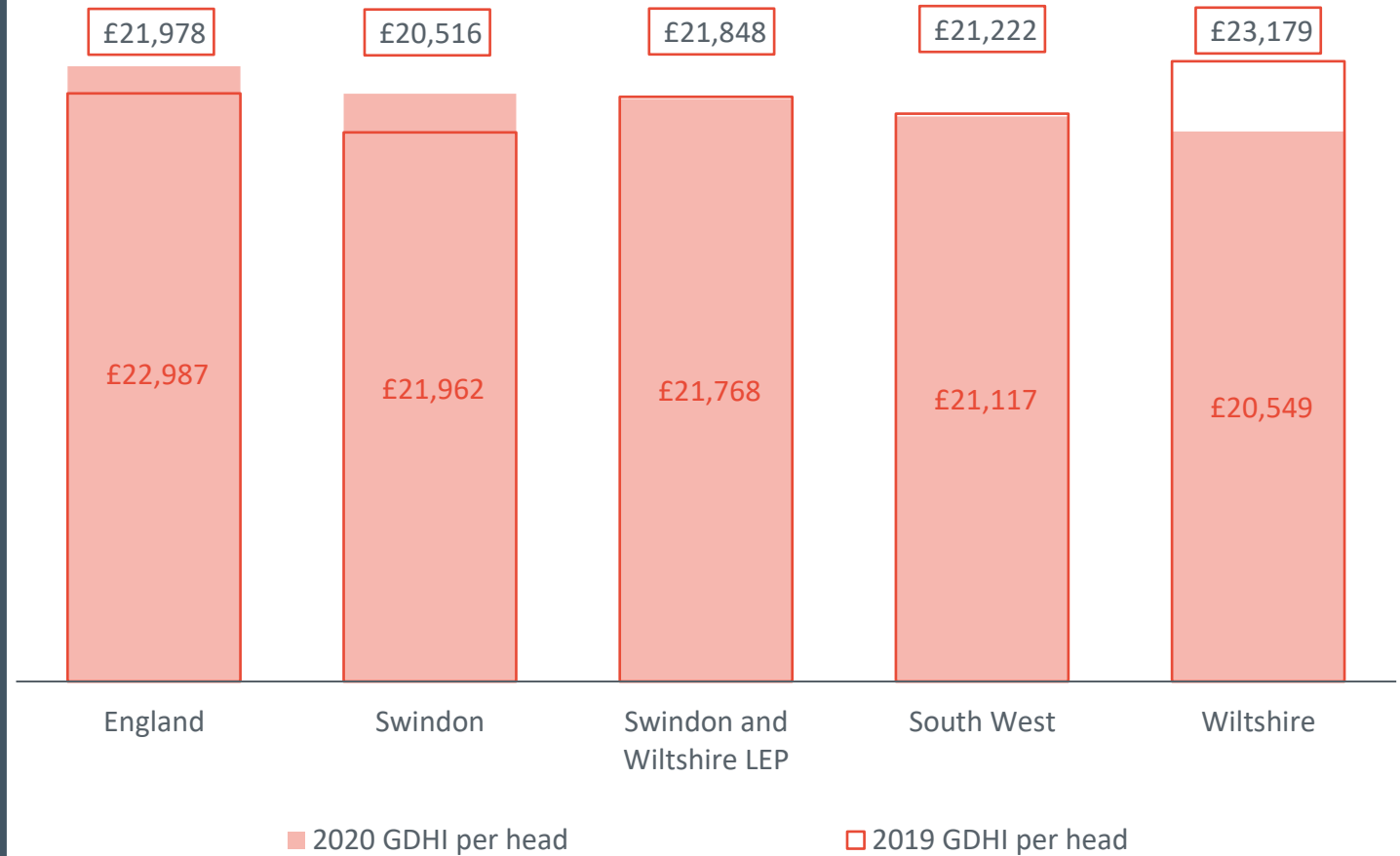
Child Poverty Rates, 2019/20



Increase in Emergency Food Parcels, 2022-2023

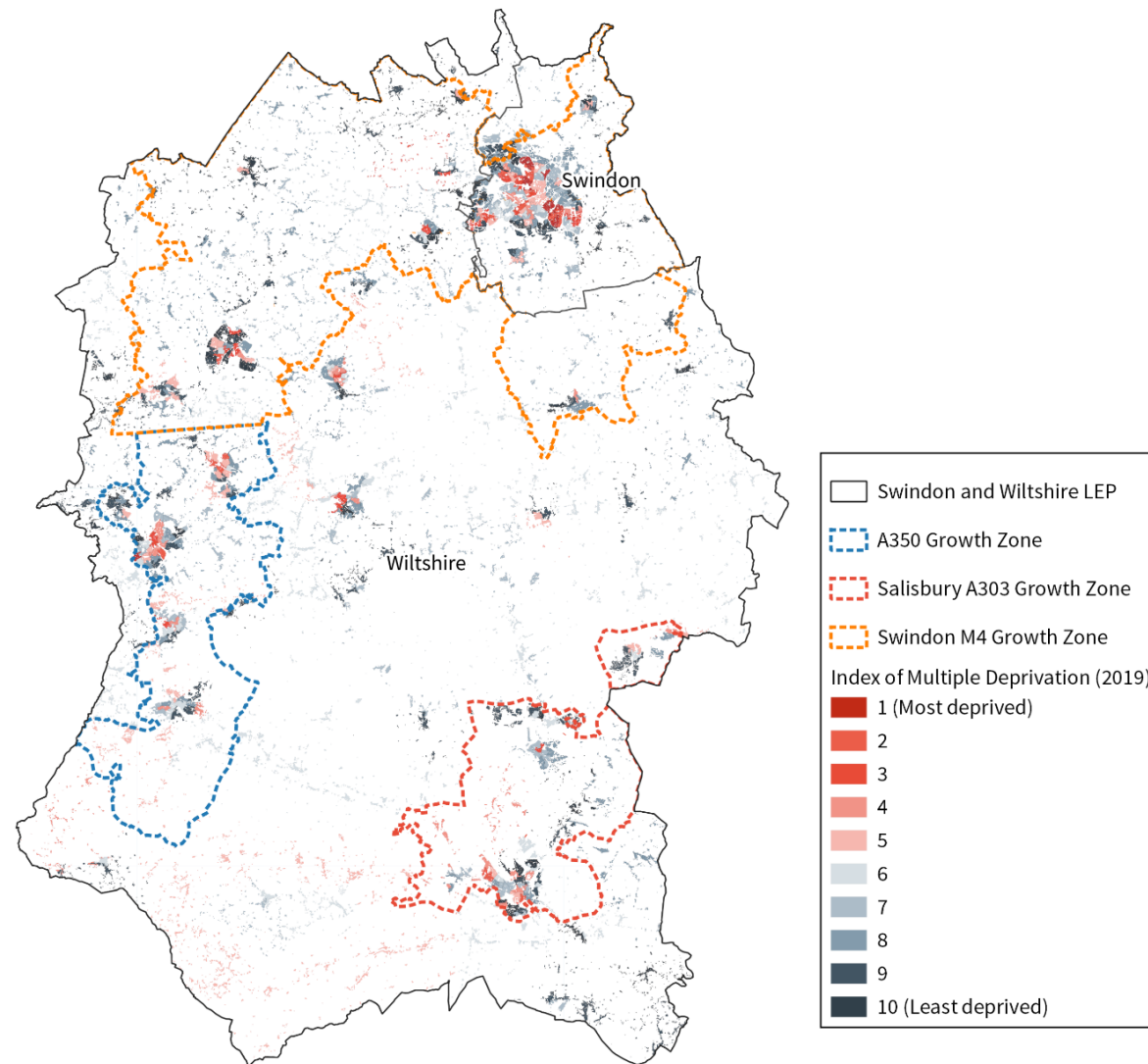


Data prior to the current cost of living crisis around disposable income presents a **concerning picture**



Social challenges in Swindon and Wiltshire **are acute in urban areas**

Index of Multiple Deprivation (IMD), 2019, shows a challenge in some of the LEP's main towns



Source: ONS, 2019

Key Takeaways: Socio-Economic Issues

Key statistics



Challenges of hidden poverty in areas often perceived as "well off", particularly acute in Wiltshire where rural poverty is often overlooked



Lower child poverty rates than nationally but still 1 in 4 are in poverty, with the onset of a cost of living crisis this will more than likely have worsened



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

Policy insights



Ensure that SPF is targeted on areas of greatest need rather than trying for equitable distribution and understand what effect it is having.

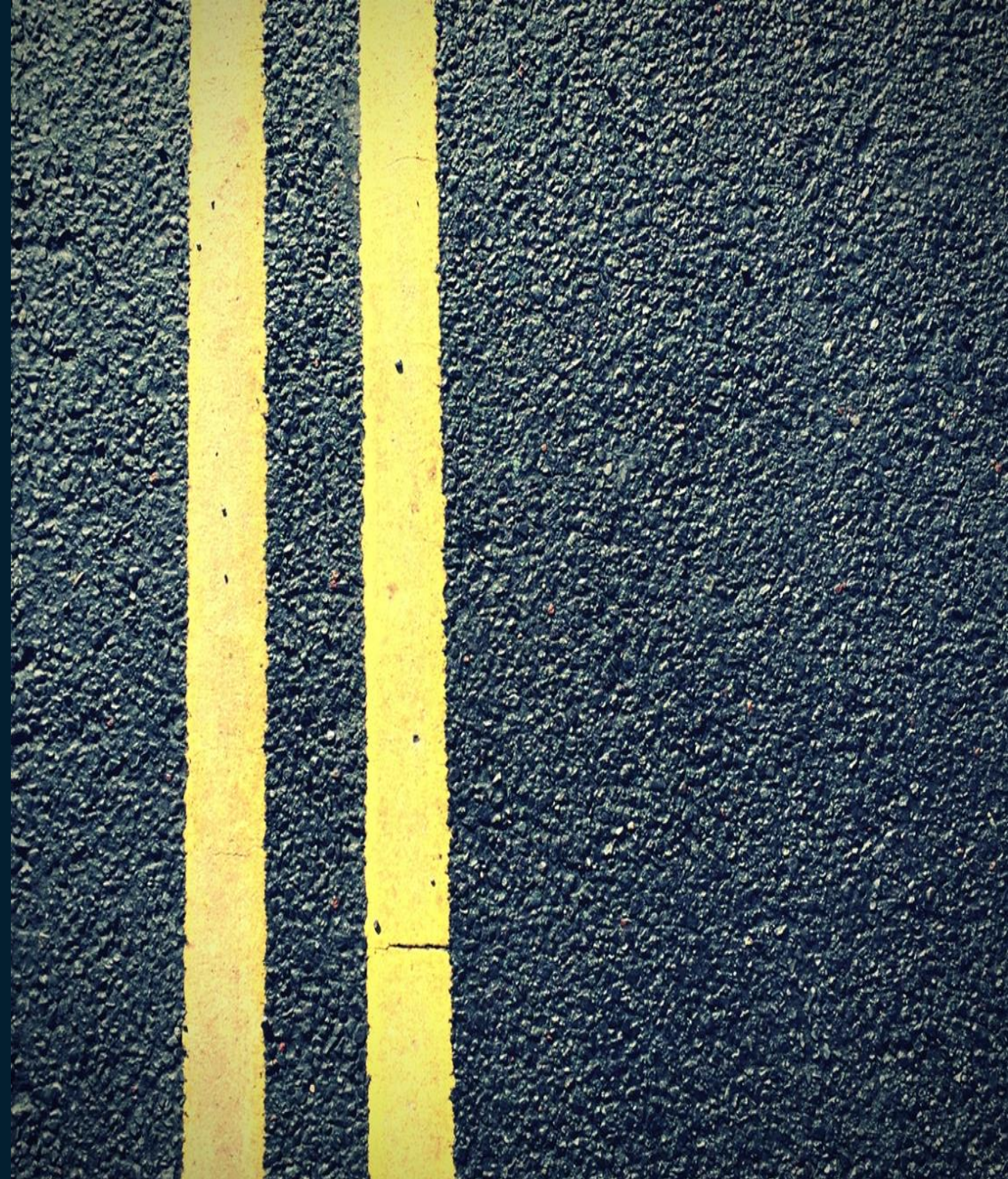


Develop a more nuanced understanding of those being affected by the cost-of-living crisis, in particular the awareness of those children, young people and families who have recently moved into this group.



Continue with targeted policies that address deprivation, by specific geographical location and by characteristic type age, gender, ethnicity etc.

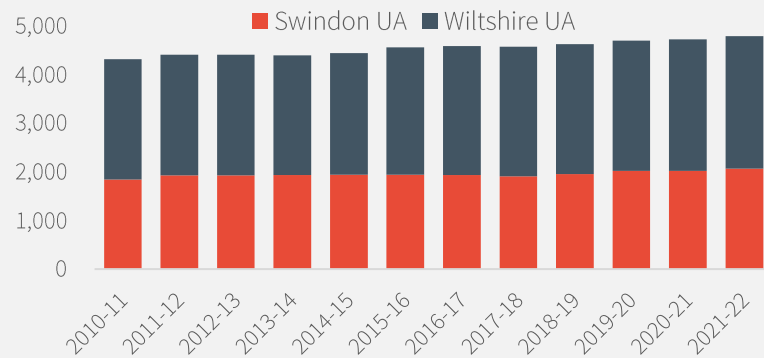
Infrastructure and Environment



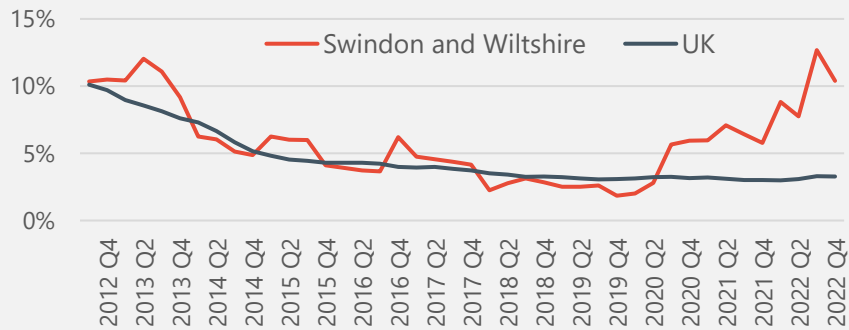
The Covid-19 pandemic has created **additional challenges** for the commercial market as well as **new opportunities through planning and development**

Rise in industrial floorspace likely reflects a growth in sectors such as logistics with rental values remaining high reflecting high demand

Total industrial floorspace (sqm, thousands) 2010-2022



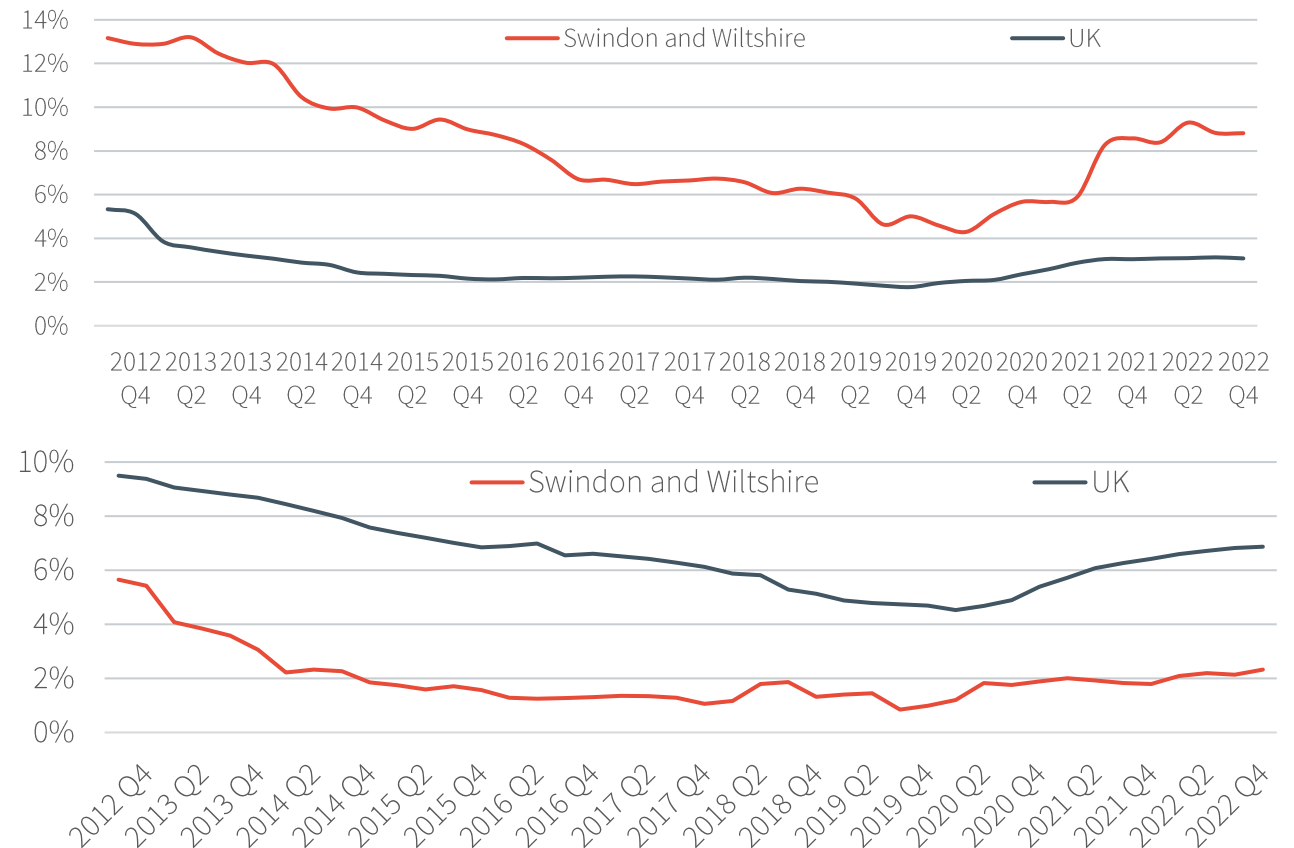
Industrial Property Vacancy Rates, 2012-2022



Source: CoStar, 2023

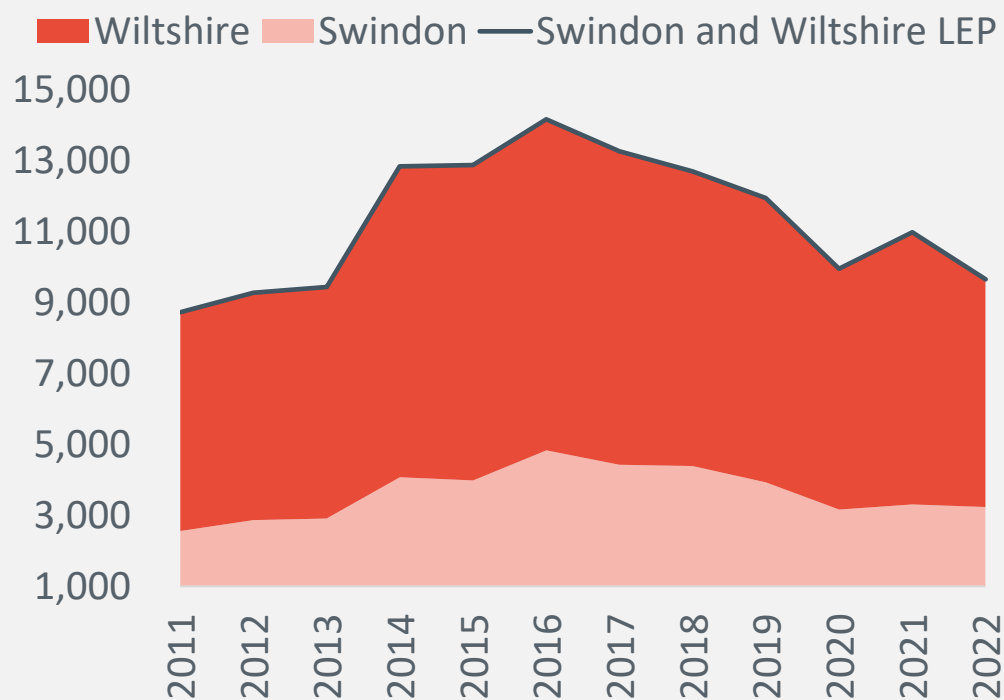
The pandemic led to an increase in vacancy rates across the commercial market with the **office market particularly affected**

Office (top) and Retail (bottom) Property Vacancy Rates, 2012-2022



House prices have been **rising in recent years while sales have fallen since 2016**

Number of Residential Property Sales, Year Ending June 2011-2022



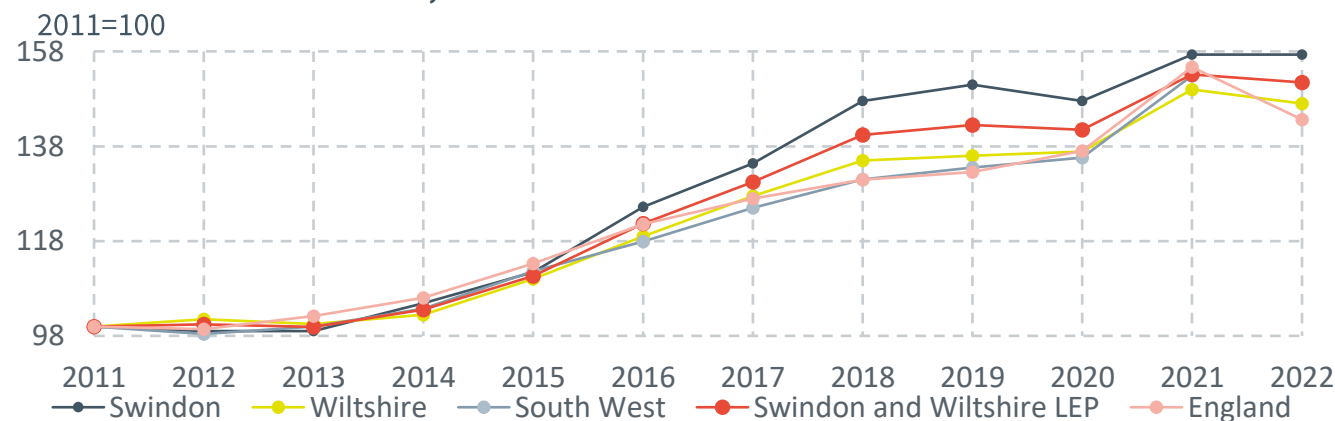
Source: ONS, 2020

Swindon and Wiltshire

Average House price, 2022
£270,000

Housing affordability ratio, 2022
9.6

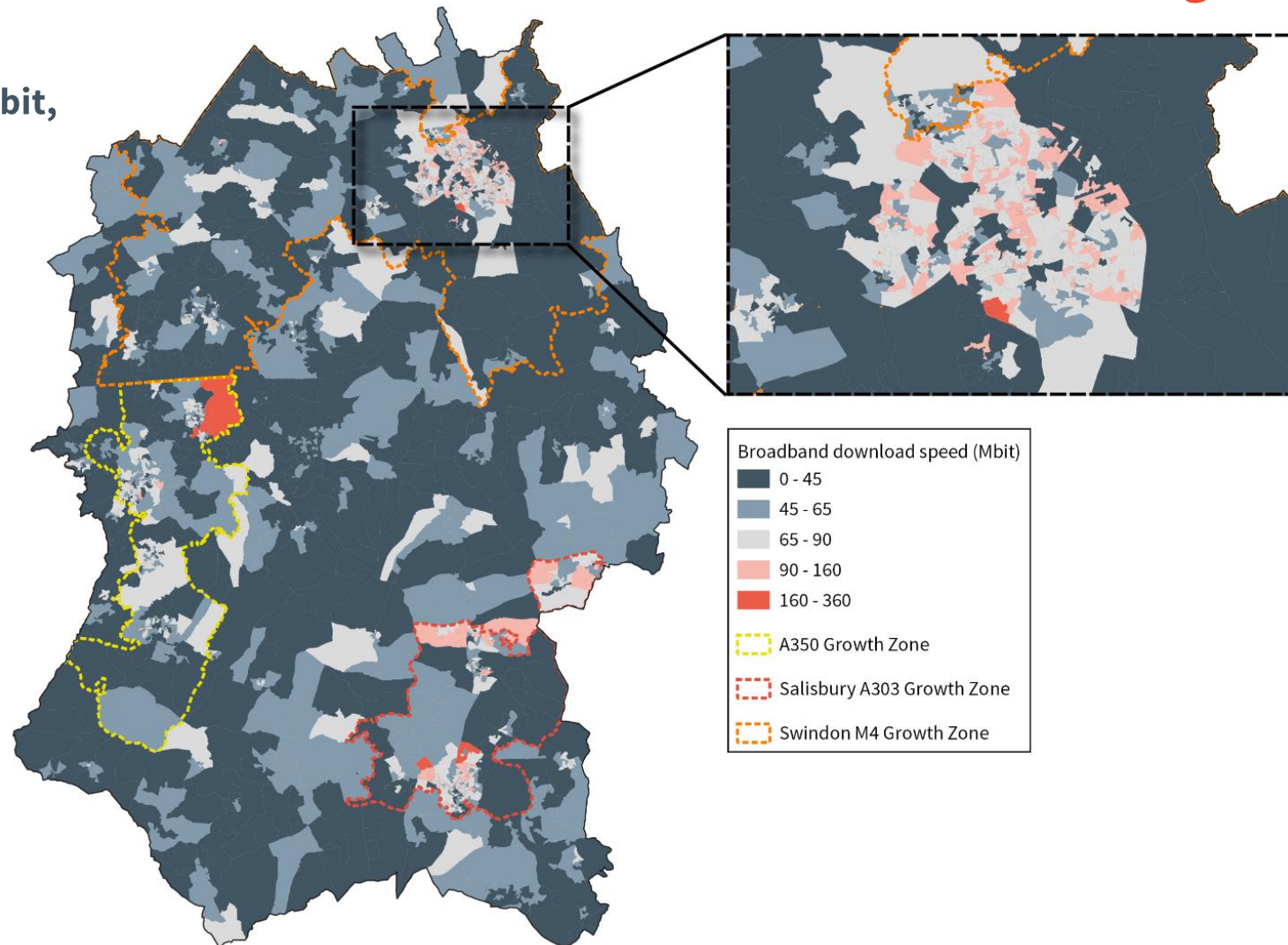
Indexed Median House Price, 2011-2022



Source: ONS, 2022

Digital connectivity issues are **low across Swindon but Wiltshire is below average**

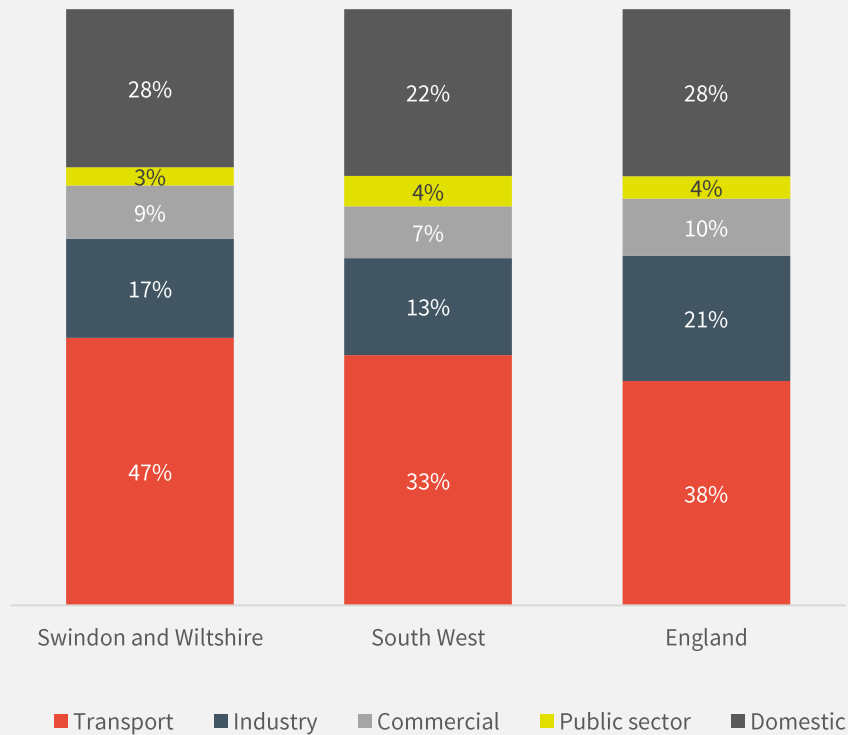
Broadband Download Speed, Mbit, 2021



Source: OFCOM

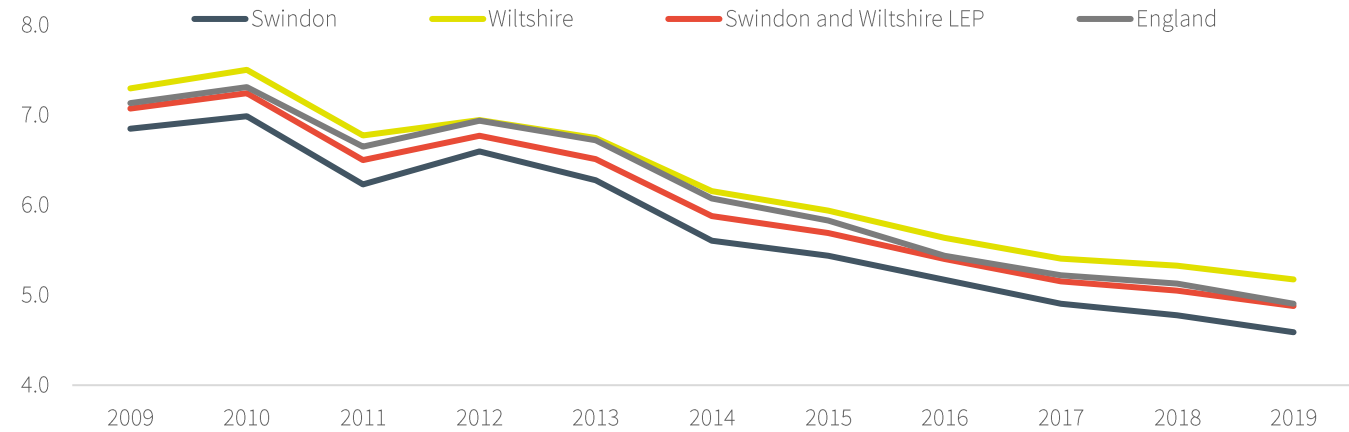
Supporting the transition to net zero will help **decarbonise the economy** and **reduce reliance on carbon**

Transport and industry dominate CO2 emissions in Swindon and Wiltshire

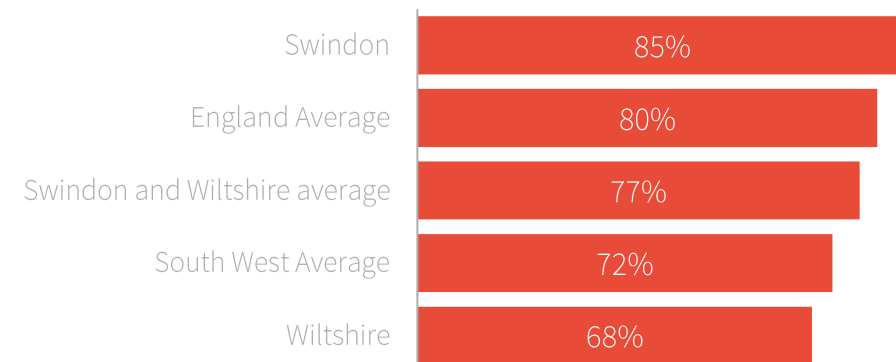


Source: BEIS, 2019

CO2 Per Capita, 2009-2019



Dwellings with Natural Gas as the Main Fuel Type for central heating, 2022



Source: BEIS, 2022

Key Takeaways: Infrastructure & Environment

Key statistics



Demand for houses in Wiltshire rose during the COVID-19 pandemic



Whilst there is a good digital infrastructure via 4g in Swindon, there is noticeable difference across Wiltshire. In terms of download speeds, high speed downloads is not as universal.



Housing costs, on average 9.6 times average annual resident earnings

Policy insights



Ensure the demand for housing is able to accommodate a wide ranging demographic and can meet the needs of current and future residents



Target areas with poor quality digital infrastructure, for example capitalise on the UK government broadband gigabit programme, recognizing that it is barrier for addressing poverty



Maintain the momentum on development opportunities associated with increased industrial demand (especially storage & distribution) and consider how changes in the office and retail market can be adapted to post Covid-19 needs and help maintain town centre vitality

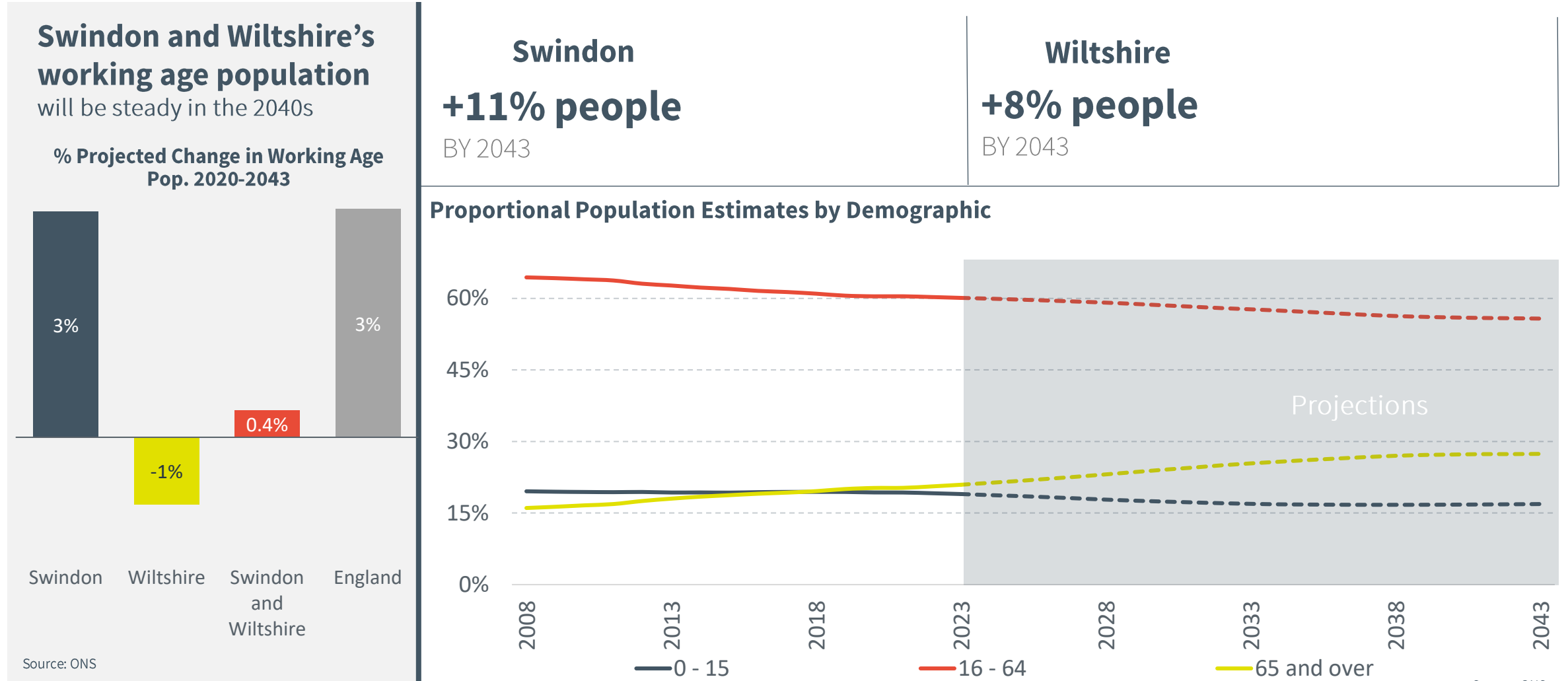


Net zero poses an opportunity to reduce reliance on carbon, particularly in light of geopolitical conflict, and will offer employment growth as high value sectors emerge from climate change

Future Trends



Swindon and Wiltshire's **population will grow and age in the 2040s**



Key Takeaways: Future Trends

Key drivers



Demographic: The twenty-year population growth will see nearly 60,000 people added to the area, with the 65+ age group growing by 49%. This will lead to a shrinking local labour pool and need for a growth in health, care and other service provision.



Jobs of tomorrow: Employment forecasts are positive with over 50,000 new jobs added by 2027, as well as significant replacement demand and an increase in professional / managerial roles. However, 277,000 jobs in the LEP area are exposed to automation risks which can also be an opportunity for more high-skilled / knowledge-based employment opportunities.



Climate change and achieving Net-Zero Carbon: Transport and industry dominate CO2 emissions in Swindon and Wiltshire but every sector will be affected by the need to adapt and change to meet the climate crisis. For construction alone an estimated 29m buildings will need to be retro fitted by 2050. New innovations and new ideas will create both local and global markets.

Questions and Discussion

