

Economic Outlook for Swindon and Wiltshire

27 February 2023

Business Intelligence Network Group



UK Economic Context

Inflation – overall reducing now but remains high in some sectors

Debt as % GDP currently reduces scope for investment

Low unemployment but labour supply issues

Low growth in UK for many years, but differences in methods of calculation

Investors have low confidence in UK prospects of growth

Macroeconomic Prospects in the UK

The prospects for the economies of Swindon and Wiltshire are tied to that of the rest of the UK. The main changes recently are as follows:

Due to high inflation, that is likely to persist into the medium term, interest rates are likely to remain historically high, at between 3.5% and 4%. This will particularly affect the property sector.

This is likely to lead to a recession in 2023 (Bank of England) and falls in employment.

Energy prices, especially gas prices are historically high, but should fall in the medium term.

Long-term interest rates (10 yr Government bond rate) are also historically high at about 3.7%. This affects mortgage rates, which in turn impacts on the property sector.

UK and Local Labour Markets

Unemployment across the UK is relatively low, despite the difficult economic conditions. Labour markets are likely to remain competitive, especially in high skilled areas.

Unemployment in the UK is about 3.8%, this is below what is considered the natural rate of unemployment (Usually 4-5%). However, it has risen slightly recently.

The unemployment rate is ranging from between 2.3% in Wiltshire and 3.2% in Swindon during 2022.

The main difference between Swindon and Wiltshire: Swindon is dominated by the financial services sector, whereas in Wiltshire property development is the strongest sector currently.

Swindon and Wiltshire key economic facts

Output

	Swindon	Wiltshire
2019	£9.575bn	£11.571bn
2020	£9.275bn	£11.357bn
	-£0.300bn	- £0.214m

Productivity – GVA per filled job

	Swindon	Wiltshire
2019	£77,400	£45,200
2020	£79,802	£44,978
	+£2,402	- £222



2022 - £268,000



Export

£3.8bn

Import

£4.5bn

Balance of trade **-£700m**

Business Count 2022 – 29,195



Net Business Births 2021 – 40



M4

320 000 residents £13bn output
42% of SWLEP businesses

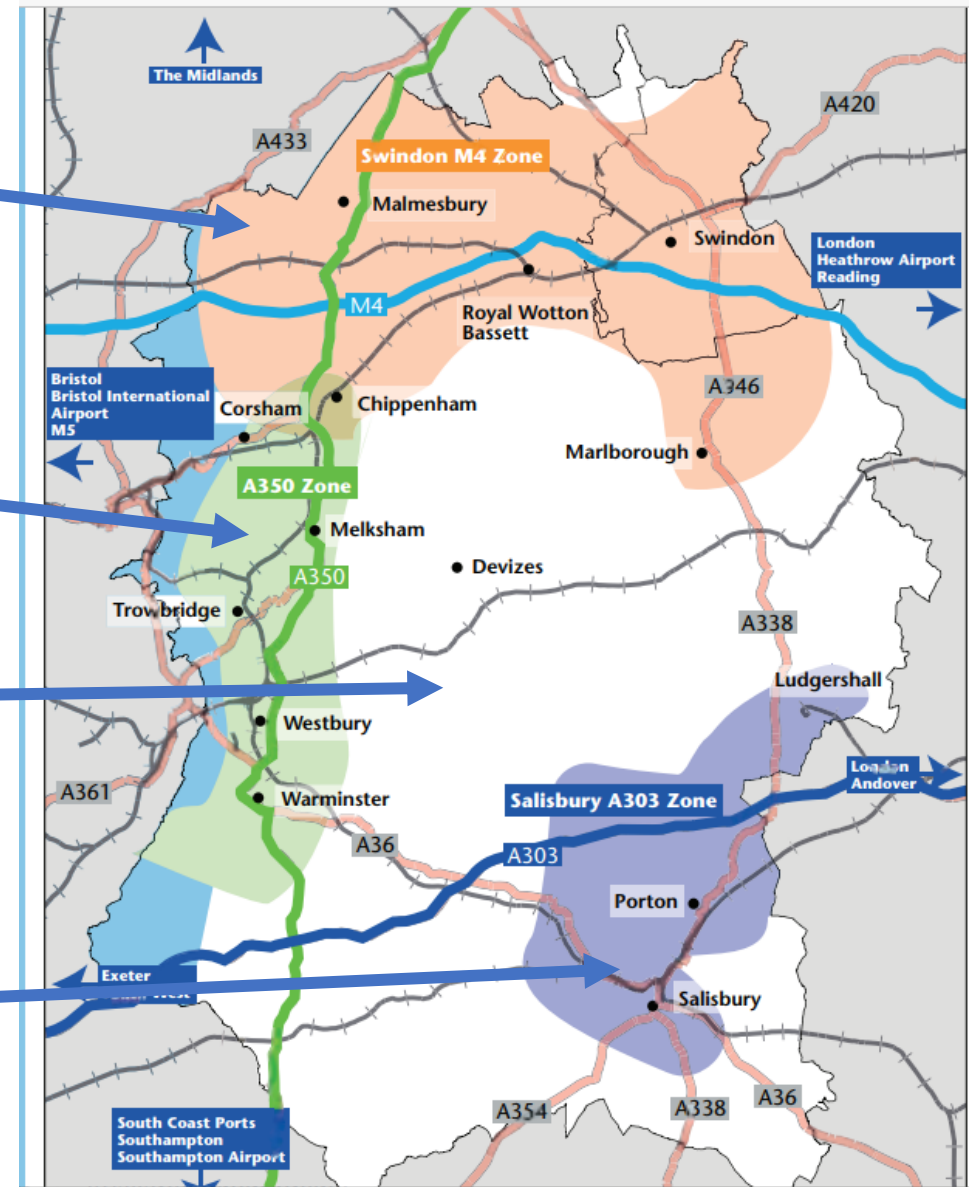
A350

16% of SWLEP's employment and population
£3bn output

Remaining rural Wiltshire
Over a third of SWLEP employment
£3.6bn output

A303

100,000 residents £3bn output
13% SWLEP's employment



Swindon & Wiltshire

LOCAL ENTERPRISE PARTNERSHIP

Clusters

- The main areas of opportunity and strength in the tradeable sector for Wiltshire are in hazardous materials and waste, logistics and e-commerce as well as professional services and digital industries. Swindon is slightly different as along with the logistics and e-commerce, business services are also a strength.
- Currently for Swindon financial services are slightly more of a risk than a strength.
- This suggests a mix of high technology and more traditional skills are required across the area in the short-run and the sustained development of employment in future-oriented sectors like the Digital cluster



Average Wages

- Average wages across Swindon and Wiltshire are similar, the main difference being the dominant financial services effect in Swindon.
- The sectors in Wiltshire with the highest average wages are: utility (£43,500), air transport (£42,700), hazardous materials and Waste (£40,000)
- In Swindon the highest wages are in: financial services (£46,500), utility (£47,800) and air transport (£44,700)
- In Wiltshire the lowest wages are in: Food and Beverages (£15,300), Retail (£16,200), Sports and Leisure (£16,400)
- In Swindon the lowest wages are retail (£15,100), food and beverages (£15,200) and sports and leisure (£16,900)

Strengths and Weaknesses

Historically Wiltshire has been dominated by agriculture and defence, whereas Swindon has been dominated by transport.

The emphasis on defence could explain the high wages in hazardous materials and air transport.

The sectors with the lowest pay have all experienced declines over 2021/22, partially explained by the pandemic restrictions.

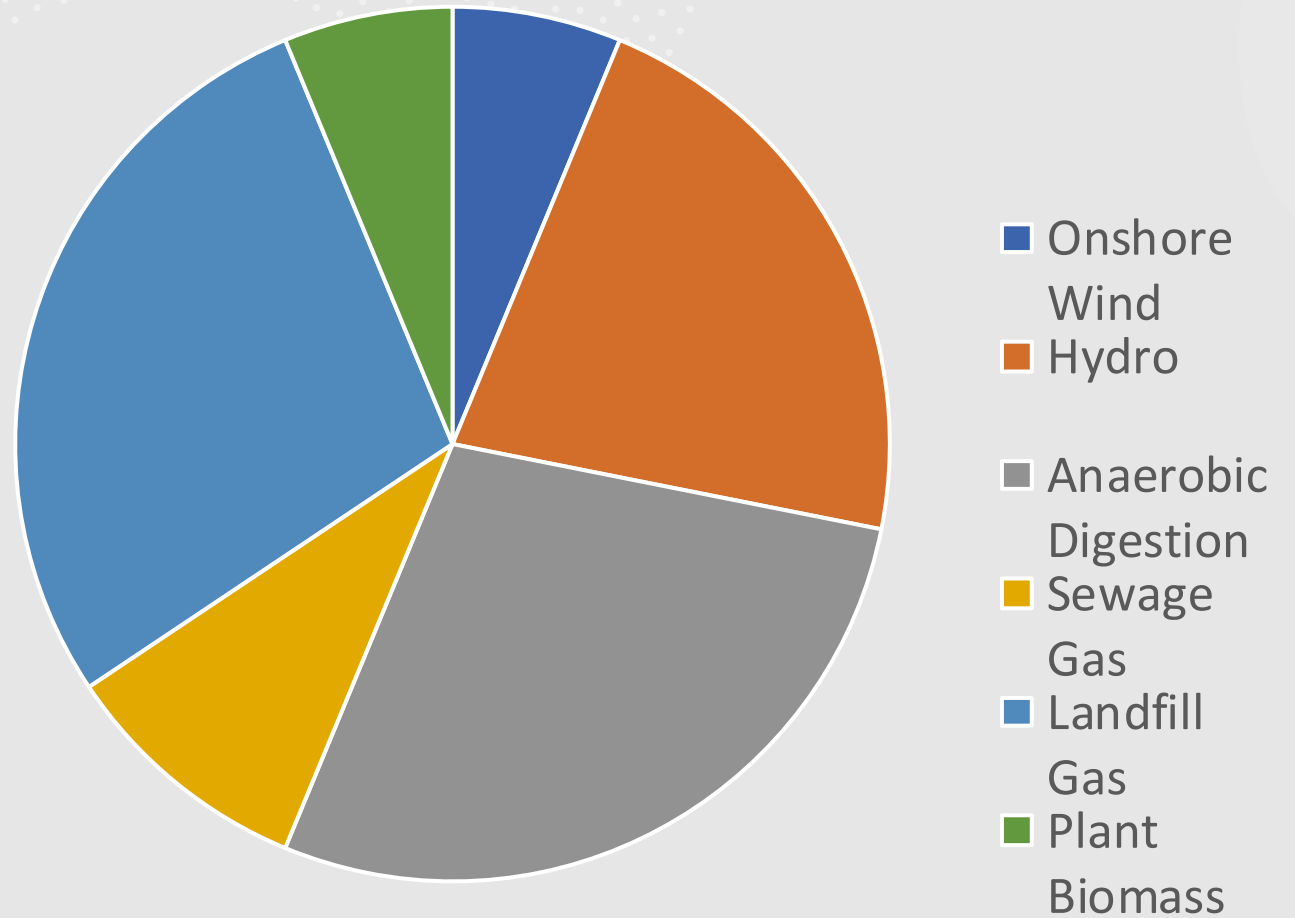
The main difference between Swindon and Wiltshire is that Swindon has an important financial services sector, accounting for over 9% of GVA in the SWLEP area.

Renewable energy and environment.

In Wiltshire the renewable energy sector is dominated by photovoltaics (solar energy), with almost 10,000 installations across Wiltshire. Swindon has less at 2500. This has implications for the wider environment and planning in the area.

There have been developments in other renewable energy sectors as charted in the next slide. However unlike the solar energy sector (since 2014 solar energy sites across both areas have increased from 8700 to about 10,300), there has been little change in the other renewable energy sectors.

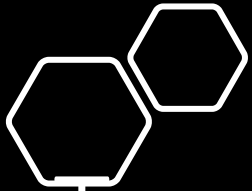
Share of renewable energy in Swindon and Wiltshire (excluding solar)



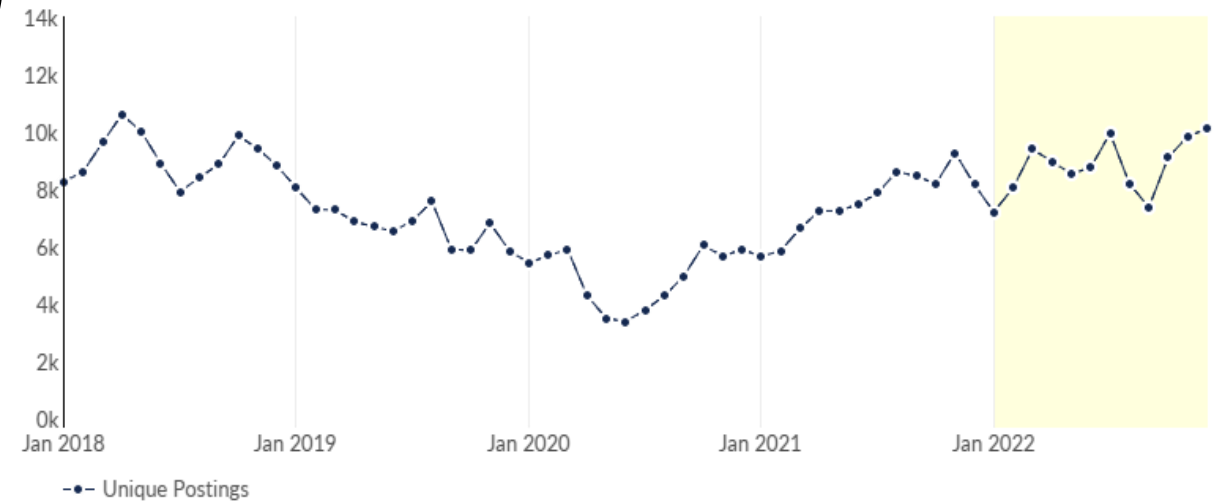
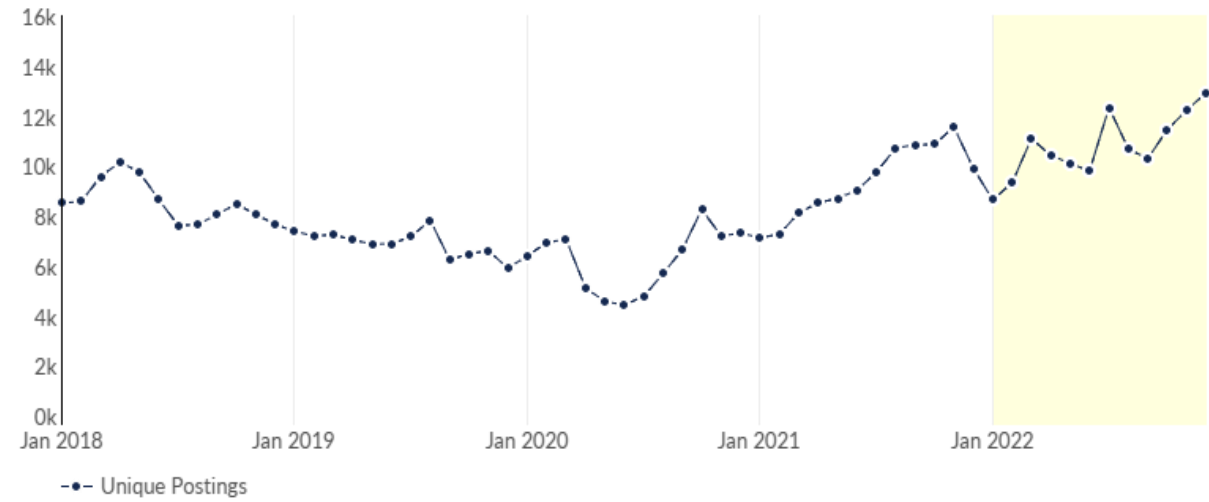
Job Prospects

- Job postings across Wiltshire and Swindon tend to not require specific educational achievements (83% Wiltshire, 81% Swindon)), with just 6% (8% Swindon) requiring a degree.
- The median posting duration is about 32 days, with nursing having the highest posting days at 36 days and cleaners the lowest at 27 days. Nursing also has the highest posting intensity.
- Technology postings are also relatively low with 28 days for the posting for IT/ software occupations.
- Care workers and nursing are the top posted occupations in Wiltshire.





Trend in postings for Wiltshire (top) and Swindon



Strengths, Opportunities, and Risks

Strengths: Industries that are growing nationally, and in which a region has a comparative advantage over other areas of the country, meaning that an area is well placed to benefit.

Opportunities: Industries that are growing nationally, and in which a region has a healthy presence rather than a comparative advantage, so presenting you with opportunities to try to grow them.

Risks: Industries in which a region enjoys a comparative advantage over other areas, but which are set to decline nationally in the coming years, indicating that they may be under threat.

Swindon versus Wiltshire: Strengths

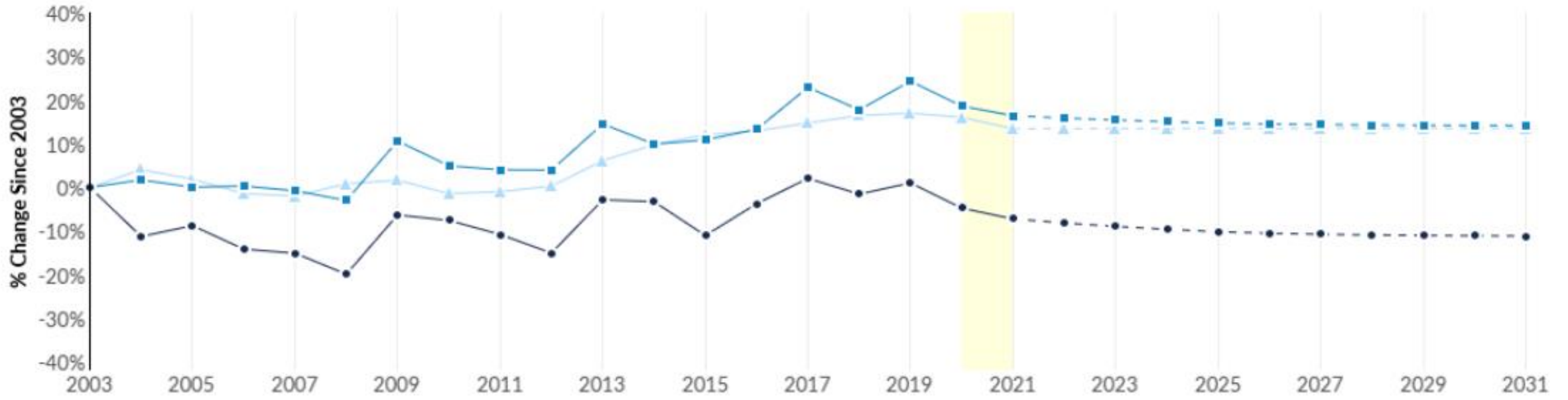
Separating the two regions shows a more heterogenous pattern in some cases

Swindon & Wiltshire (Strengths)	Swindon	Wiltshire
Education and Childcare	Opportunity	Strength
Logistics and Ecommerce	Strength	Opportunity
Digital	Opportunity	Strength
Agricultural Inputs and Services	Opportunity (weak)	Strength
Passenger Transport	Strength	Opportunity

Jobs Financial and Legal Services Cluster



Jobs Food and Beverage Cluster



● Region

■ South West

▲ Nation



Thank you

Paddy Bradley, CEO Swindon and
Wiltshire LEP

paddy.bradley@swlep.co.uk