

Employment, Wages, and Economic Inactivity in Swindon, Wiltshire and UK

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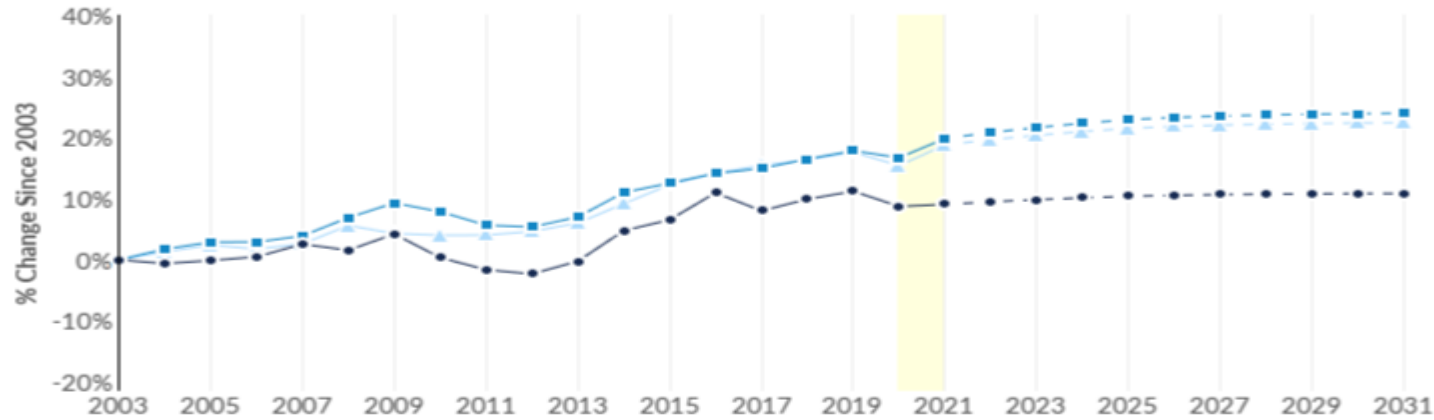


Figure 1. Job postings in Swindon & Wiltshire



Figure 2. Evolution of Jobs

Regional Trends



- Swindon and Wiltshire do currently not follow the regional and national trend
- Between 2020 and 2021
 - Wiltshire: increase by 1%
 - Swindon: decline by 0.9%

Region	2020 Jobs	2021 Jobs	Change	% Change
● Region	317,497	318,472	975	0.3%
■ South West	2,479,964	2,547,133	67,169	2.7%
▲ Nation	30,319,982	31,210,115	890,133	2.9%

Occupation Table (Top-10 increase)

Description	2020 Jobs	2021 Jobs	2020 - 2021 Change	2020 - 2021 % Change	2021 Employment Concentration
Natural and Social Science Professionals	3,159	4,181	1,022	32%	2.04
Building Finishing Trades	675	875	200	30%	1.36
Research and Development Managers	703	880	177	25%	1.81
Conservation and Environment Professionals	682	767	85	12%	1.47
Managers and Proprietors in Health and Care Services	813	905	91	11%	1.15
Managers and Proprietors in Agriculture Related Services	395	437	42	11%	1.63
Construction and Building Trades Supervisors	541	596	55	10%	1.20
Elementary Agricultural Occupations	1,554	1,694	140	9%	1.50
Elementary Sales Occupations	1,601	1,744	144	9%	1.20
Public Services and Other Associate Professionals	5,233	5,702	469	9%	0.95

Occupation Table (Bottom-10 decline)

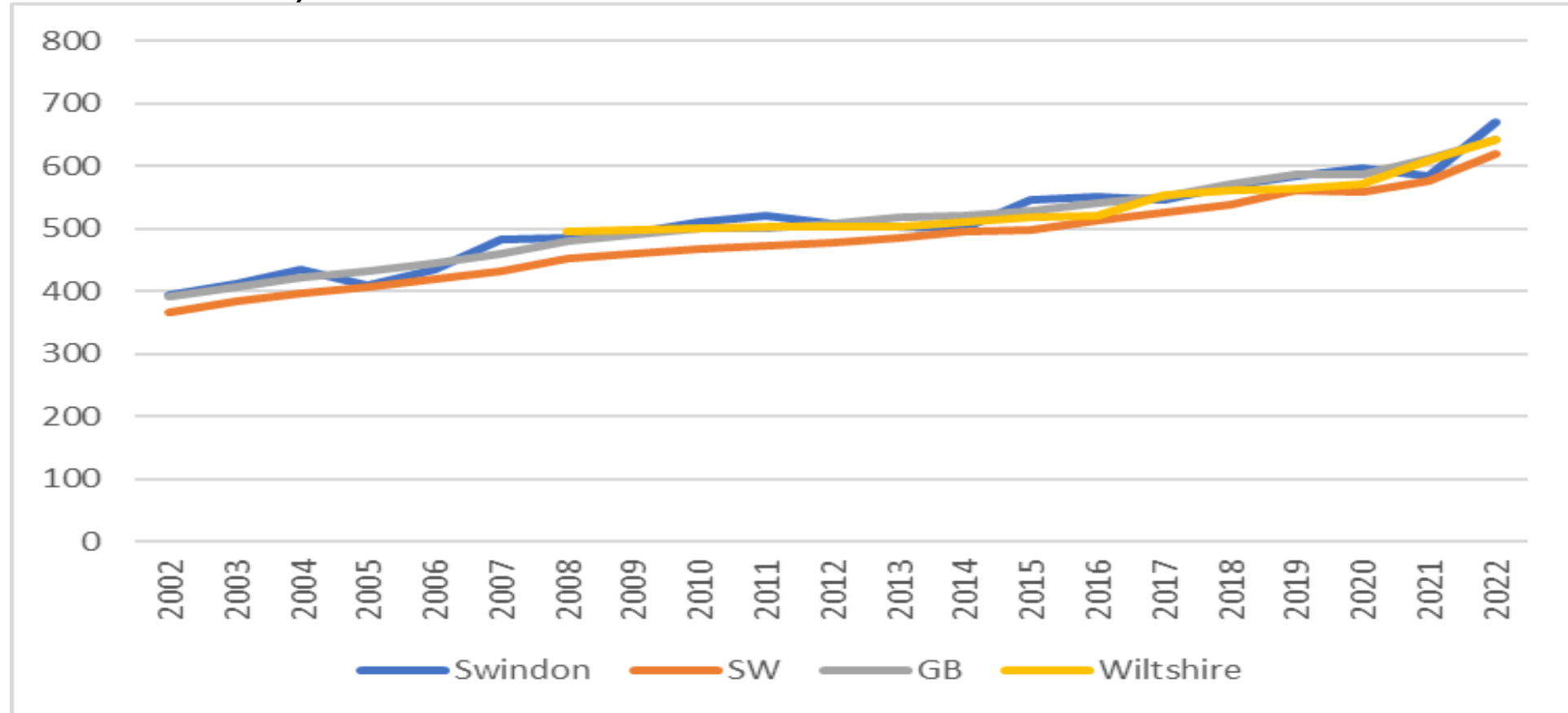
Description	2020 Jobs	2021 Jobs	2020 - 2021 Change	2020 - 2021 % Change	2021 Employment Concentration
Administrative Occupations: Finance	9,781	9,071	(709)	(7%)	0.98
Mobile Machine Drivers and Operatives	1,909	1,771	(139)	(7%)	0.96
Electrical and Electronic Trades	4,575	4,180	(395)	(9%)	1.03
Managers and Directors in Transport and Logistics	2,754	2,505	(249)	(9%)	1.15
Assemblers and Routine Operatives	4,002	3,635	(367)	(9%)	1.39
Legal Associate Professionals	644	578	(67)	(10%)	0.64
Skilled Metal, Electrical and Electronic Trades Supervisors	438	384	(54)	(12%)	1.05
Textiles and Garments Trades	297	258	(39)	(13%)	0.73
Legal Professionals	1,031	879	(153)	(15%)	0.49
Printing Trades	546	456	(90)	(17%)	0.92

Wages in Swindon and Wiltshire

- As is evident from Figure 3. the wages in Swindon and Wiltshire are following the national trend overall, with slightly lower rises in Wiltshire.
- There has been a sharp rise in the wage rate in Swindon and Wiltshire since the end of the pandemic in 2021.
- Based on the ONS data, between 2021 and 2022, wages increased by 14.8%, 5.5%, 7.5% and 4.9% in Swindon, Wiltshire, SW, and GB respectively.
- Figure 4. shows that in 2022 on average male workers earns about 30% more in weekly (also hourly) pay than females across Swindon, in Wiltshire it is about 11%, compared to about 18% nationally. This may well reflect a town/ country divide.

Figure 3. Average weekly wages in GB, SW, Swindon and Wiltshire

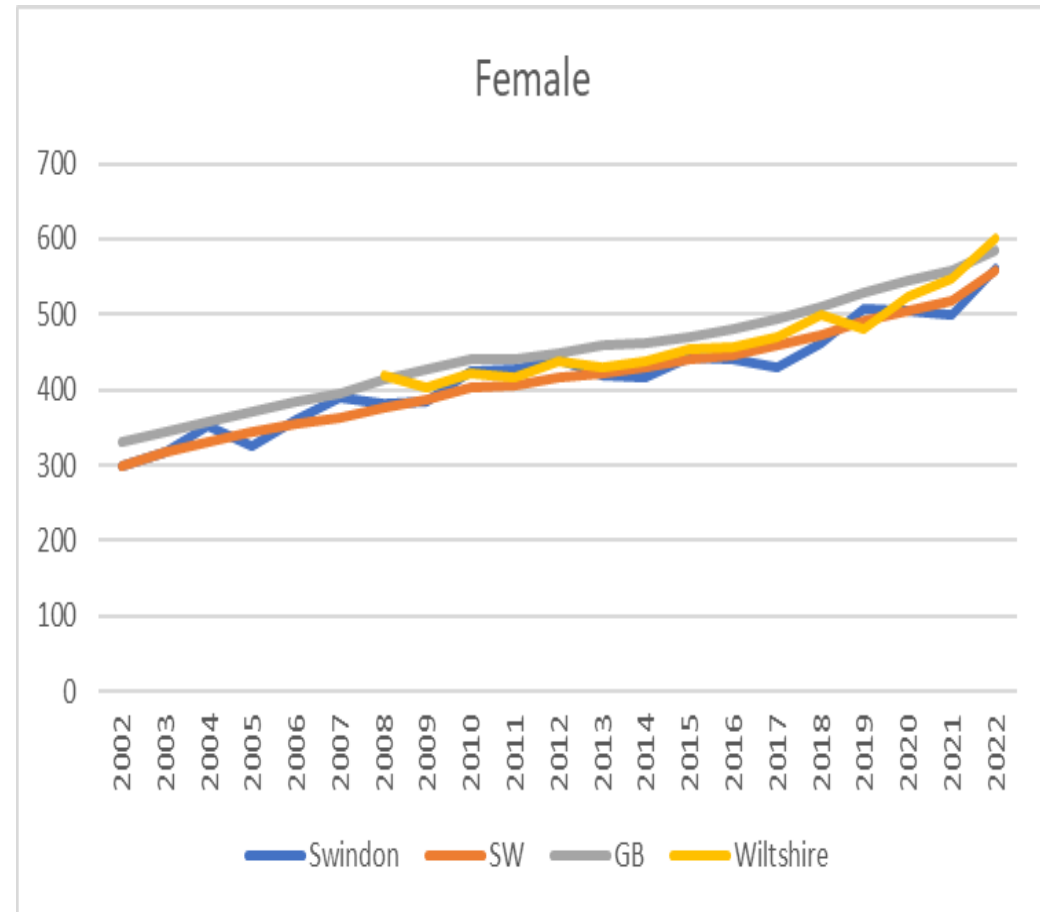
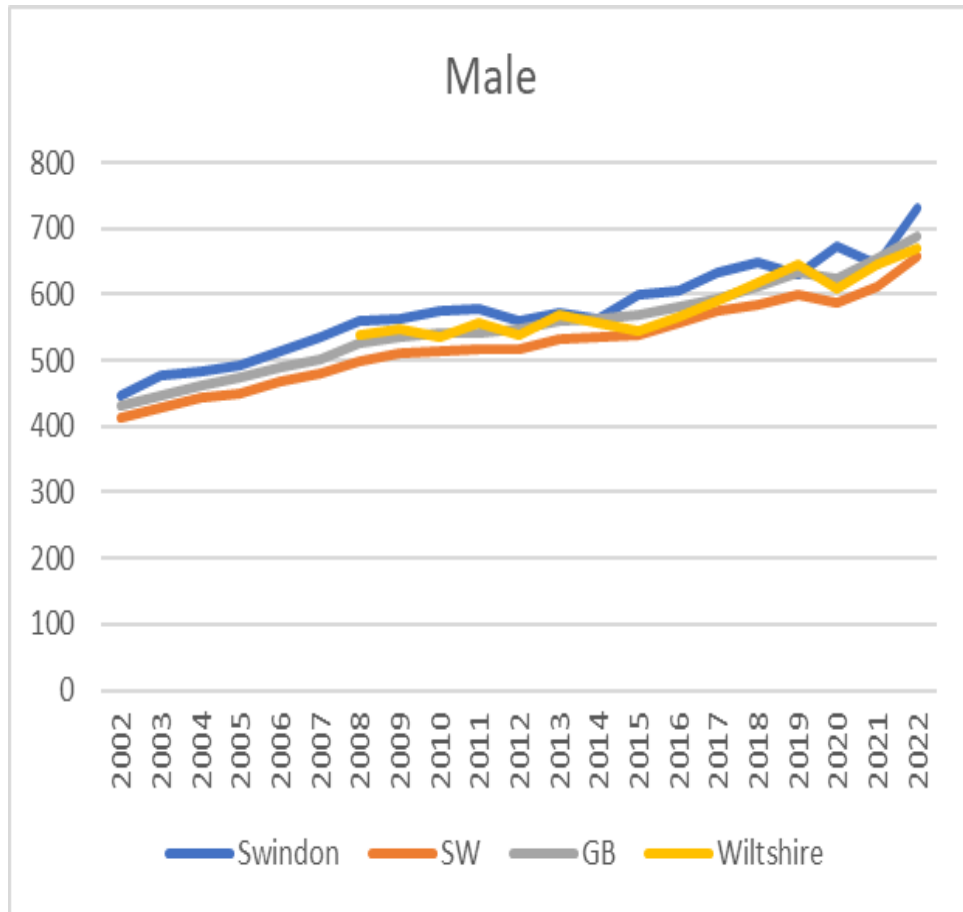
(Data from ONS)



Swindon & Wiltshire

LOCAL ENTERPRISE PARTNERSHIP

Figure 4. Male and Female gross weekly pay 2002 to 2022
 (Data from ONS)



Wage trends across the UK and SW

- In Figure 5. the sharpest rise in wages since the pandemic has been in the hospitality sector, as this has recovered following the end of lockdown.
- Wages have remained relatively stable in many sectors such as finance, IT and real estate, important industries in Swindon and Wiltshire.
- In Figure 6. across the UK, since the pandemic, earnings have grown fastest in the South West.

Figure 5. Growth in gross weekly full-time earnings by industry for 2021 to 2022 and 2019 to 2022 (annualised), UK

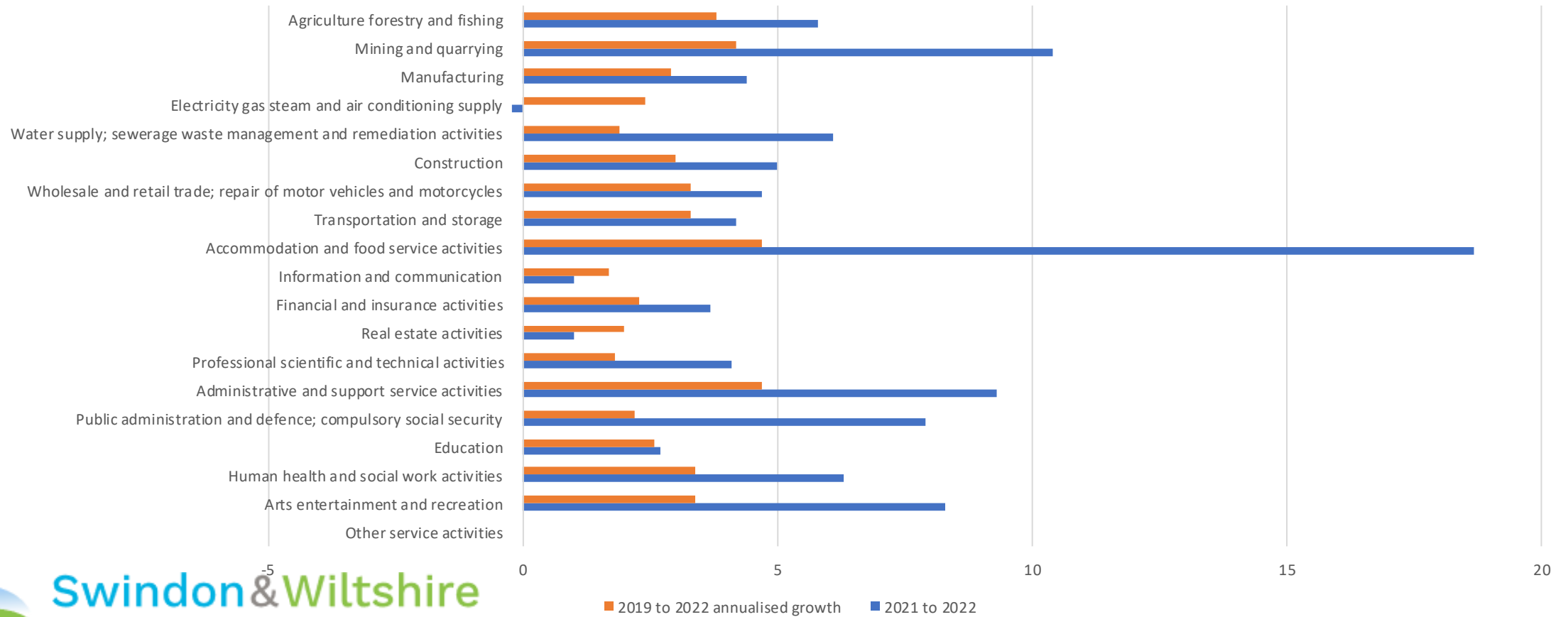


Figure 6. Annual percentage change to median gross weekly earnings for full-time employees, by workplace regions and countries, UK, April 2021 to April 2022 and April 2019 to April 2022 (annualised)

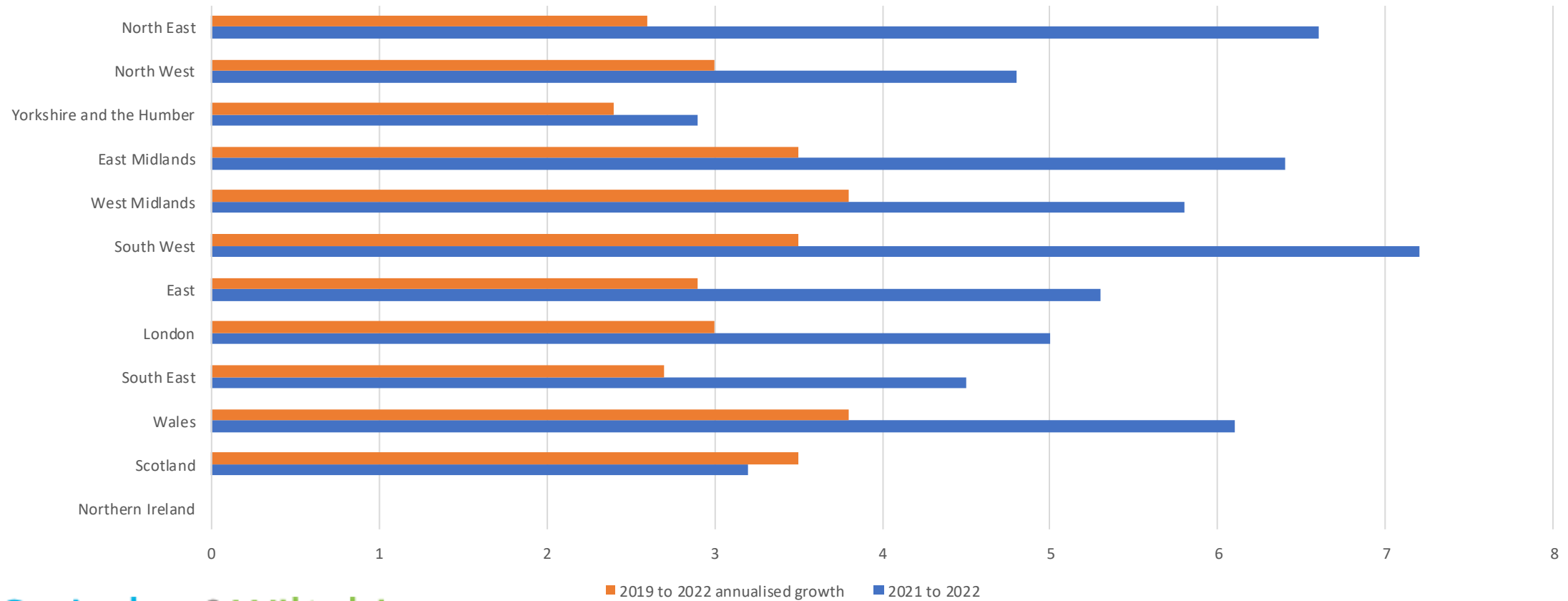
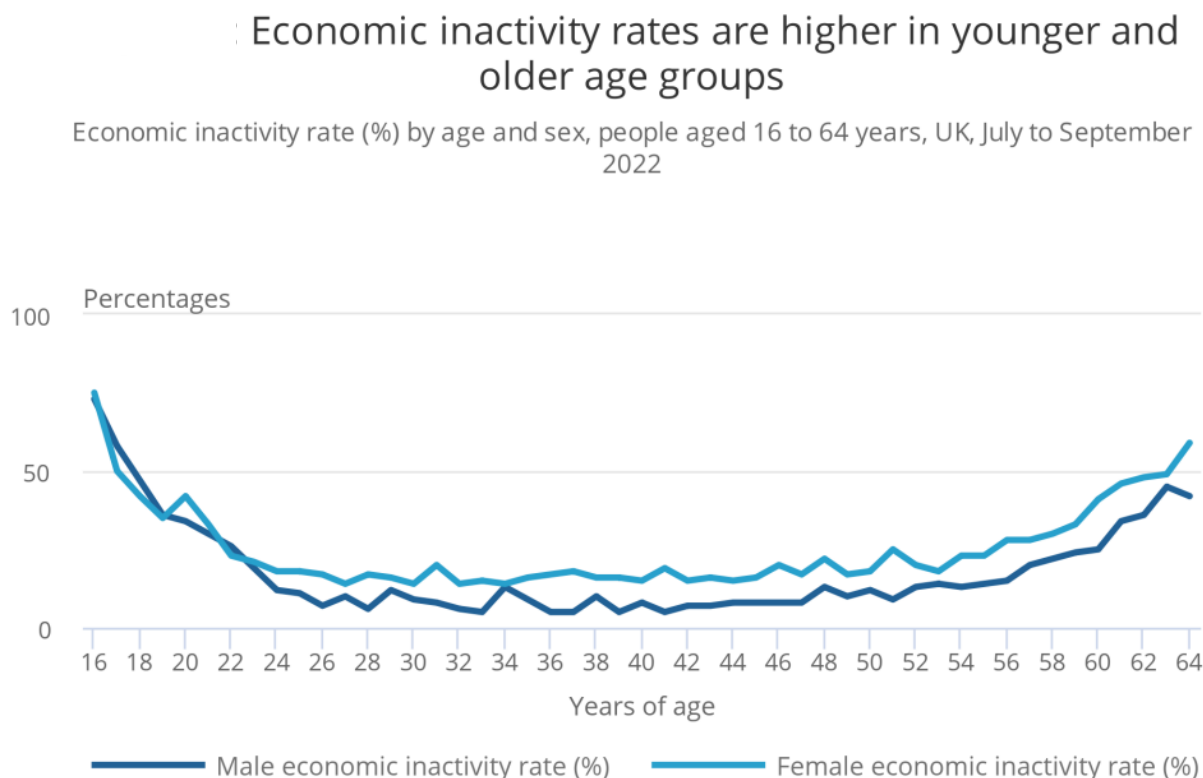


Figure 7. Economic inactivity varies over the lifecycle



- Inactivity rates are sensitive to **demographic change**, i.e. changes in the age profile of the working-age population
- Moreover, inactivity may be explained by
 - **behavioural changes**
 - **changes in health**
- Between 2019 and 2022
 - Age group 16-20: increase by 110,000
 - Age group 21-59: increase by 42,000
 - Age group 60-64: increase by 329,000

Impact of demography on economic inactivity

- **Assumption:** constant likelihood of becoming economically inactive since 2019
 - Observed changes are then driven by changes in the age and sex distribution between 2019 and 2022
- **Results:**
 - 59% of the overall increase in economic inactivity is driven by changes in the demographic composition of the working-age population
 - Nearly 100% of the increase in economic inactivity of the youngest and the oldest population group can be explained by an increase in these population groups
- **However:**
 - Around 40% cannot be explained by demographic factors and must be explained by other changes

Impact of demography on economic inactivity

- In 2022 the **age group 45-59** shrank compared to 2019
 - This change would (everything else equal) imply a reduction of economic inactivity by 5,000
 - however, **inactivity increased by 200,000** people
 - This increase is **mainly attributed to long-term sickness**
- Similar for the **age group 18 to 24**:
 - expected decrease of 18,000 compared to an observed increase by 29,000
 - This increase is explained by an **increase in the number of male students and long-term sickness**

Main drivers of economic inactivity

- Between 2019 and 2022, rise in economic inactivity because of increase in **long-term illness or disability** by 412,000 compared to an expected increase of 41,000
- **Younger age groups** suffer mostly from **mental illness and nervous disorder**
- **Older age groups** report an increase in **other health problems or disabilities** as well as **problems connected with back or neck**. Many of these older working-age people retired early

Figure 8. Change in number of people economically inactive

Actual and expected changes in economic inactivity by main reason for economic inactivity, UK, July to September 2019 to July to September 2022

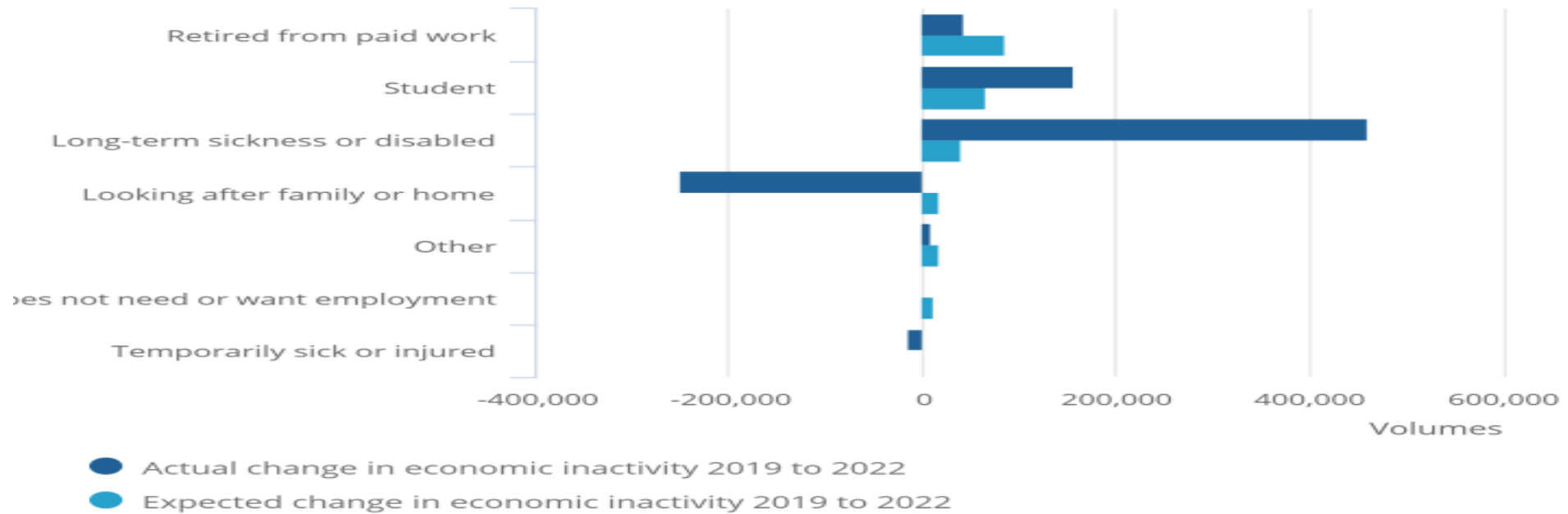
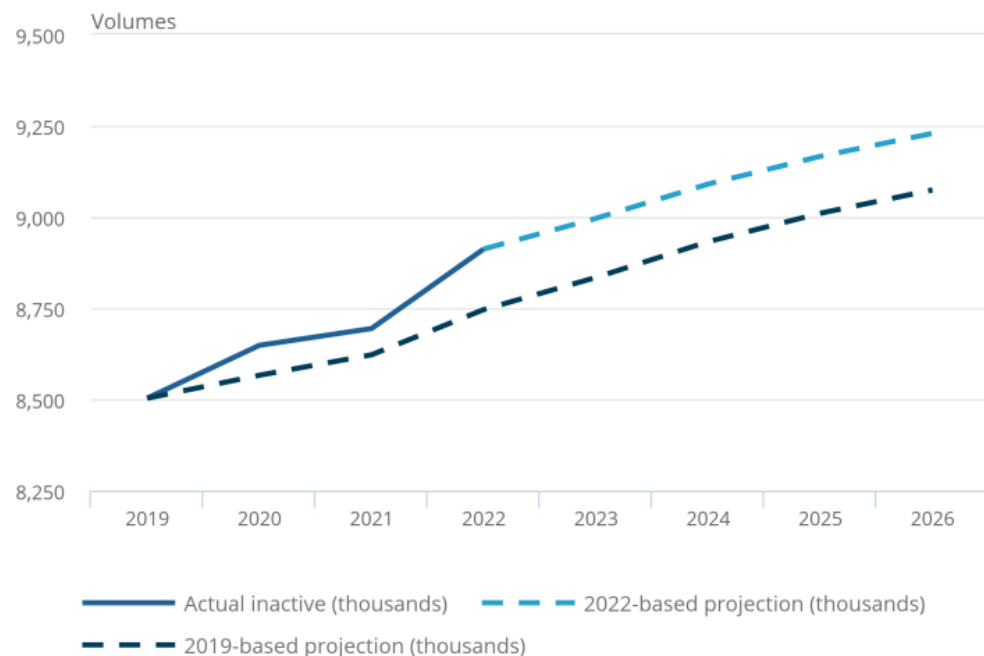


Figure 9. Projections of economic inactivity



- Aging is likely to increase economic inactivity
- Age group 60 to 64 will increase by 391,000
- Age group 16 to 20 will increase by 410,000
- These age groups exhibit the highest inactivity rates
- Overall it is estimated that an additional 317,000 between 16 and 64 would be outside the labour market by 2026
- However Q4 2022 showed a reduction of economic inactivity compared to Q4 2021 by 113,000
- Reason: cost-of-living crisis, labour market was recovering from COVID-19

Figure 10. Evolution of unemployment and inactivity rates

Unemployment rate (aged 16+)

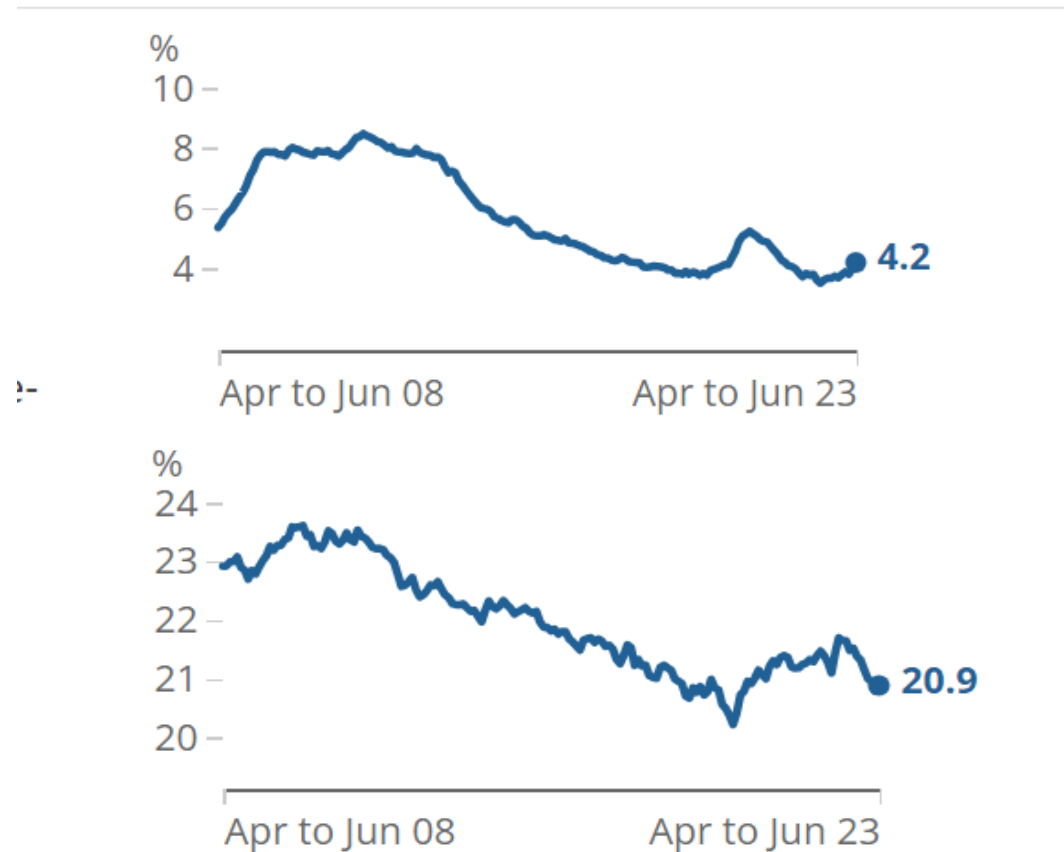
Quarterly change: +0.3pps

Unemployment rate is up on the quarter and on the year and above pre-pandemic levels

Inactivity rate (aged 16 to 64)

Quarterly change: -0.1pps

Economic inactivity rate decreased on the quarter and on the year, but is still above pre-pandemic levels



Source: ONS

Figure 11. Evolution of Nominal and real earnings

Nominal Earnings

Average weekly earnings annual growth rates – nominal pay

Highest annual growth rate since records began

Real Earnings

Average weekly earnings annual growth rates – real pay using CPIH

Shows a small positive annual growth rate

Source: ONS

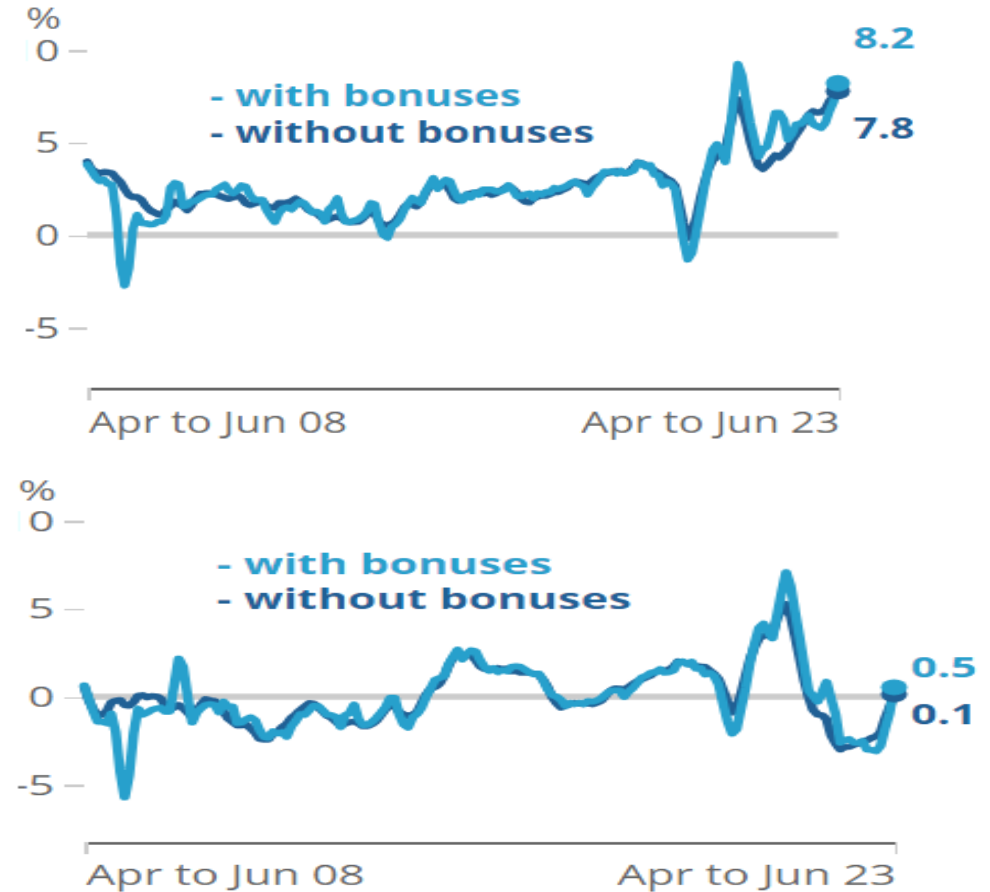


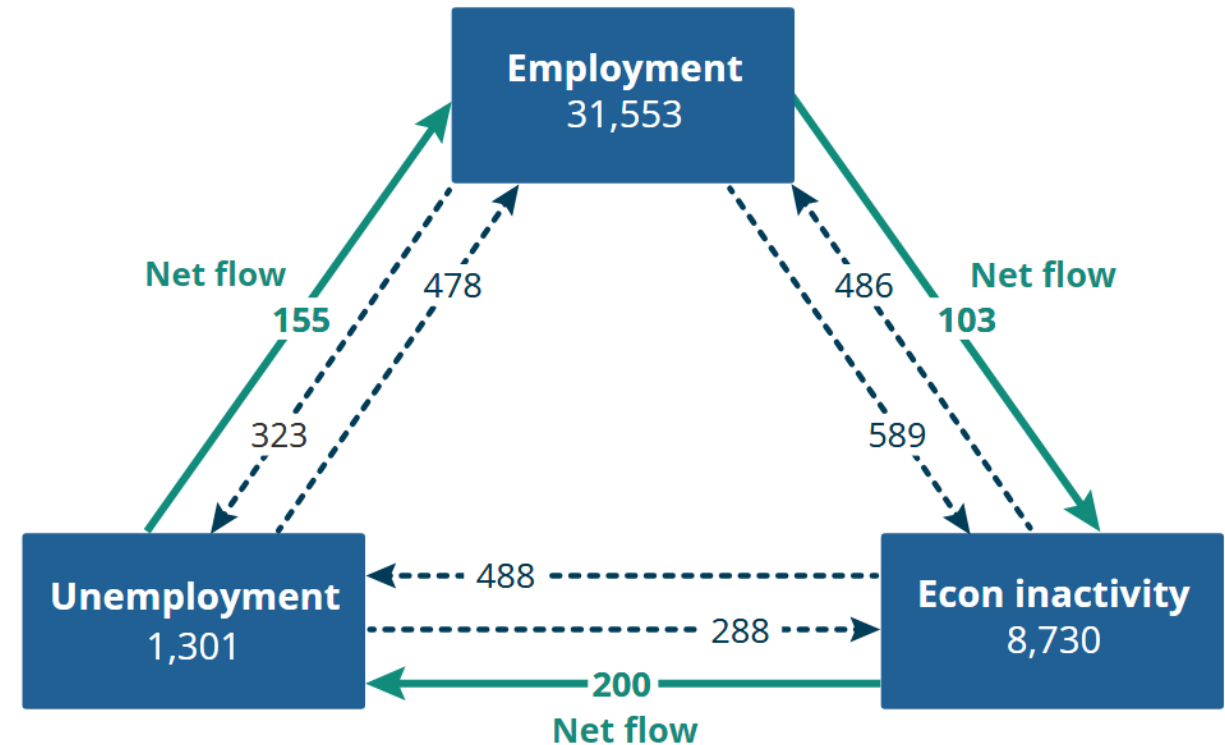
Figure 12. Labour force dynamics – UK

Jan-March and April-June 2023

Taken together it is very unlikely that the recent pattern of economic inactivity has had a significant impact on wage inflation

As real wages are fairly constant, the increase in nominal changes should not have affected employment

Number of people aged 16 to 64 years (thousands)



Source: Labour Force Survey from the Office for National Statistics

Figure 13. Economic inactivity – total & students

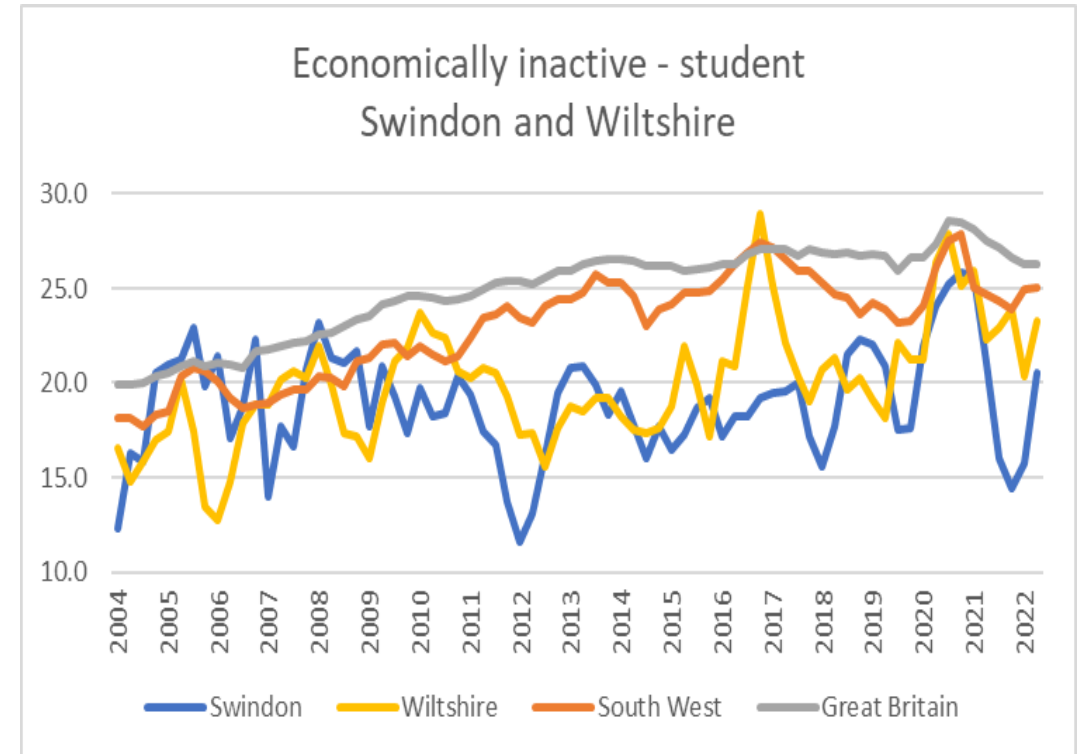
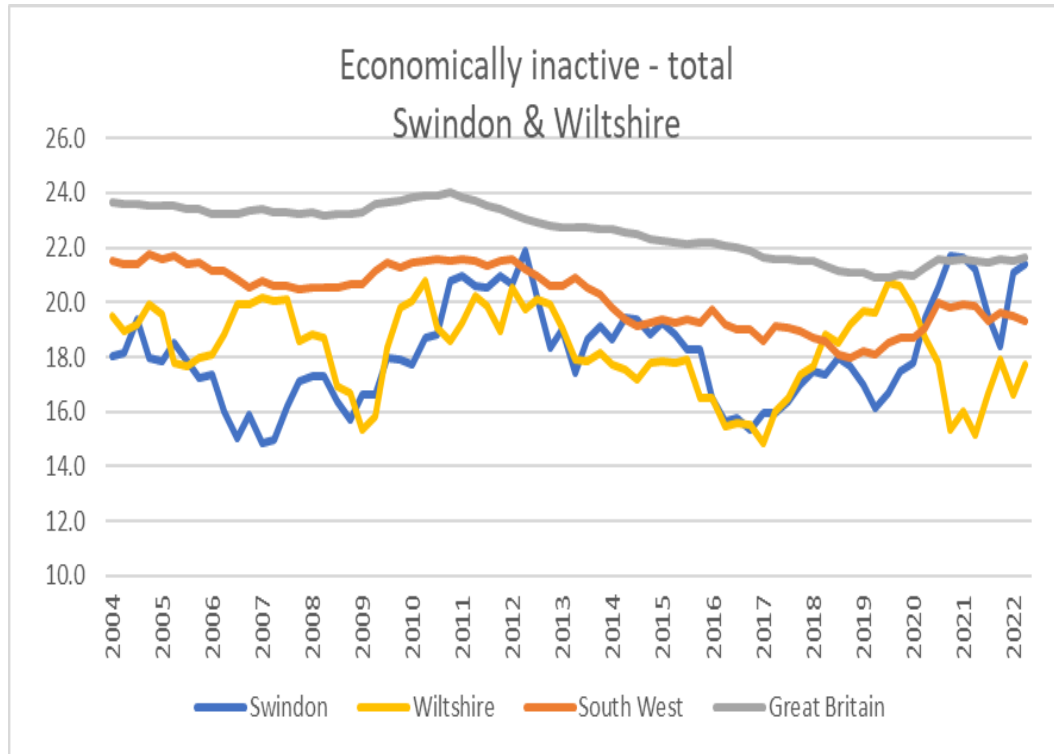


Figure 14. Economic inactivity (family & sickness)

