

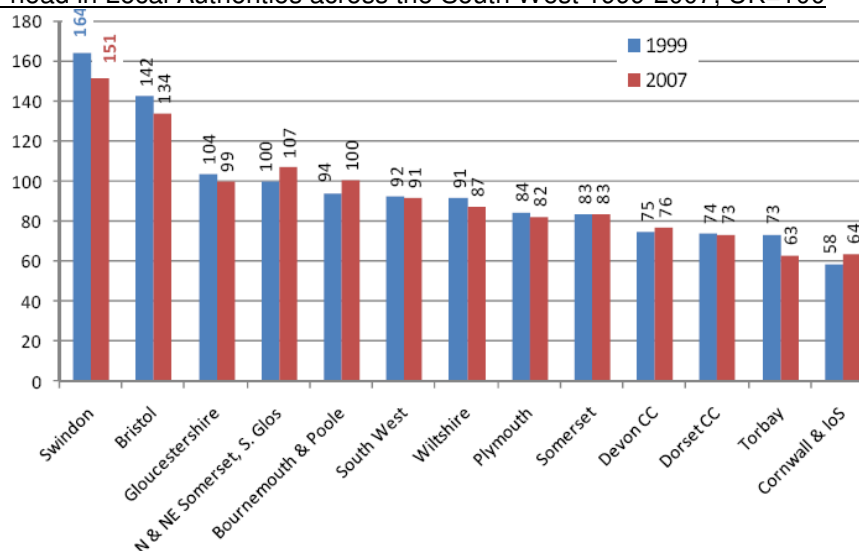
## GWE Business West Briefing Note Swindon Economic summary

### Background

A snapshot of some of the key economic features of Swindon :

- The latest productivity data for Swindon was released in December 2009. Whilst the data does not provide evidence of the impact of the recession, it does provide information about the underlying economic performance of Swindon in the run up to the recession. Based on these figures (see table 1), Gross Value Added (GVA) per head in Swindon was 151% of the UK average in 2007, making it one of only three local authority areas in the South West with a GVA above the national average.

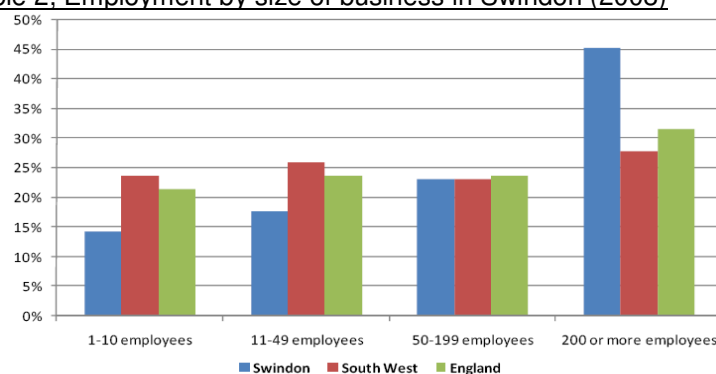
Table 1; GVA per head in Local Authorities across the South West 1999-2007, UK=100



(Source; <http://www.swslim.org.uk/downloads/lesbs/swindon.pdf>)

- Between July 2008 and June 2009, 80% of Swindon's working age population were in employment, compared to a national and regional average of 73%.
- Between November 2008 and January 2010 however, 3,453 redundancies were notified by employers located in Swindon.
- Indeed, throughout the recent recession, Swindon has been the most severely affected sub-region within the South West, with regard to redundancies per 1000 population. (Average of 29 redundancies per 1,000 population).
- Private sector jobs accounted for 80.3% of Swindon's population in 2009. (UK average; 73.1%).
- Swindon is in the bottom 10 for private sector jobs growth in large UK urban areas.
- Currently, around half of the labour force in Swindon are in their 30s and 40s, with around a fifth each in their 20s and 50s.
- According to projections 30% of the working age population in Swindon will be aged 50 and over in 2028.
- Average house prices in Swindon dropped by 15% between January 2008 and February 2009. This was significantly lower than the South West region (- 19.7%) and England and Wales (-18.5%) figures.

Table 2; Employment by size of business in Swindon (2008)



- Most people (68%) who work in Swindon work in businesses or organisations with 50 or more staff (see table 2). This comprises 45% who work for the largest employers (with 200 or more staff) and 23% who work for employers with between 50 and 199 employees.
- Average house prices in Swindon dropped by 15% between January 2008 and February 2009. This was significantly lower than the South West region (- 19.7%) and England and Wales (-18.5%) figures.

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### GENERAL COMMENTS

- It's been tough for business in Swindon and Wiltshire over the last 18-20 months. And still to come are the implications of cuts in public sector spending. But it is also the case that people are viewing the challenging situation in Swindon as an opportunity to start their own business.
- There is thus evidence of a strong entrepreneurial culture in Swindon; however availability of start up funding has been a particular constraining issue during the current economic climate.
- Overall there is a resilient economic foundation in Swindon, which reflects its ability to 'bounce back' from past economic downturns. Indeed, the performance indicators for the town are still strong.
- Lower residential property prices in Swindon have been seen as beneficial in attracting investment to the town. Despite the decline in house prices and the glut in availability of commercial property there is seen to be scope for growth in industrial property and adequate availability of land for further development.
- Swindon has been exposed to the downturn in key transport and distribution sectors.
- For the first time since the recession started, the claimant rate is now lower than a year ago in Swindon.

### AREAS OF GROWTH

Over recent months there has been a large growth in the demand for flexible office space enquiries in Swindon. Indeed for one business in the town, there has been a 75 per cent rise in enquiries, which is significantly above the UK national average of 20 per cent. This increase has been attributed principally to the burgeoning enterprise community in the city, demonstrating how the economic climate can actually have a motivating effect for people considering to 'go it alone'.

Indeed, companies of 200 or more employees represent only 1.5% of the total companies and 40% of the total employees in Swindon. This highlights the diversity of the economy, with SMES and start-ups representing 60% of the workforce.

- The number of enterprise 'births' and 'deaths' as a proportion of the active enterprise population was 13.1 % in mid 2009, compared to 11.85 nationally.

There does however, remain a dependence in the town on a number of large employers with a background typically in manufacturing, public administration and financial services.

Table 3; The 10 largest employers in Swindon (2007)

Company Name	Location	Business Description	Employees	Sector
1. Swindon Borough Council	Euclid Street	Local Authority	7000	Government Services
2. Honda	South Marston	Car Assembly	5000	Manufacturing
3. Swindon pressings (BMW)	Stratton St Margaret	Car Manufacturing	3000	Manufacturing
4. Swindon and Marlborough NHS trust	Great Western Hospital	NHS Trust	3000	Health and welfare
5. Nationwide	Pipers Way	Building Society	2500	Financial services
6. Swindon College	Regent Circus	College	2000	Further education
7. Cardinal Health	Frankland Road	Pharmaceutical manufacturing	1500	Pharmaceuticals
8. Tyco electricals	Dorcan	Materials engineering	1250	Materials engineering
9. Zurich Financial services	Station Road	Life Assurance/pensions	1000	Financial services
10. RWE nPower plc	Windmill Hill	Electricity distribution	1000	Electrical distribution

(Source; [http://www.swindon.gov.uk/major\\_employers2007-2.pdf](http://www.swindon.gov.uk/major_employers2007-2.pdf))

Between 2007 and 2008, whilst most other sectors were seeing a reduction in employment numbers, employment within the public administration, education & health sector rose by 13%. Equally, there was an increase in 'other sector' employment over this period of 41% reflecting the rise of SME's in the town.

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### CASE STUDIES OF ECONOMIC ACTIVITY IN THE TOWN

Despite the predicted slow return to growth in construction, the Swindon-based Beard group, is seeing a return to economic stability and is cautiously optimistic, with a current order book of over £6.5m. In summing up the current state of the Swindon economy they state;

*“Conditions are clearly still difficult but the start to the year has been better than expected. We see good opportunities in a number of sectors with the housing and commercial areas moving in the right direction”.* (Beard group)

Indeed economic circumstances have seemingly not affected the process of large developments in the town coming forward, including;

- A £3.9 million refurbishment programme of improved landscaping and outdoor facilities at Canal Walk – one of Swindon’s busiest shopping areas.
- Plans are also progressing for a long awaited development on Swindon’s Old College site.
- A major refurbishment programme at Swindon’s railway station forecourt will also begin this year.
- Plans continue to pick up pace for the Union Square site development.

However it is recognised that the University of the West of England’s, decision to pull out of plans for locating facilities to Swindon has recently knocked the process of regeneration in the town centre.

### EMPLOYMENT SECTORS

The industries of major significance to Swindon’s economy in terms of employees and contribution to GVA are;

Table 4; Employment distribution by sector in Swindon

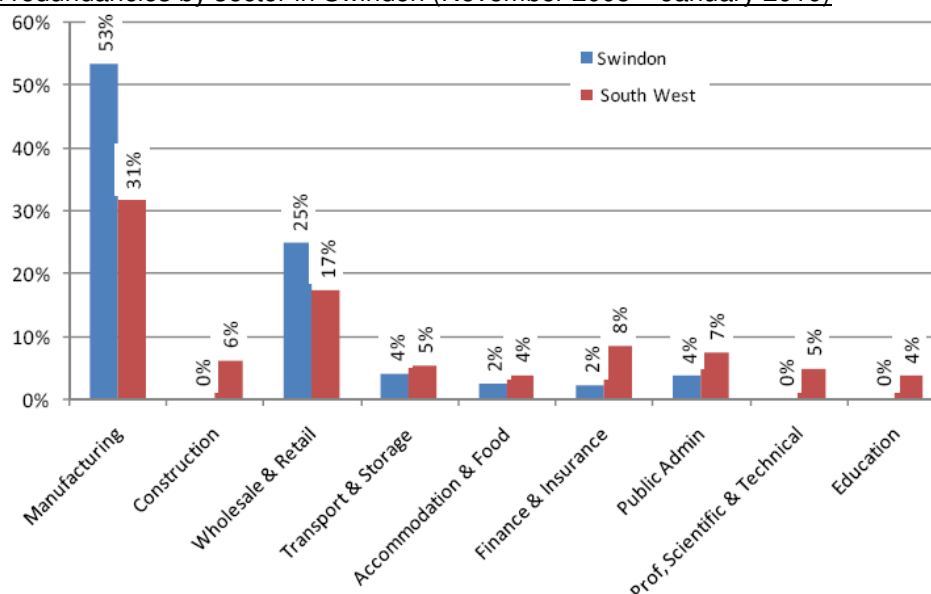
	GVA			% of Total Employment		
	2004 £m	2005 £m	2006 £m	Jul 05 – Jun 06	Jul 06 – Jun 07	Jul 07 – Jun 08
<b>Manufacturing</b>	1156	1154	1354	18.17%	16.85%	13.30%
<b>Construction</b>	173	182	233	7.31%	7.57%	7.21%
<b>Distribution, Hotels etc</b>	1223	1217	1123	19.14%	19.58%	19.39%
<b>Transport, Communications</b>				9.68%	10.60%	11.27%
<b>Banking, Finance etc</b>	1571	1671	1919	17.85%	17.76%	23.45%
<b>Public Admin etc</b>	637	709	710	19.87%	19.88%	19.09%

(Source; Swindon Economic Profile Assessment 2009)

- Banking, finance and business service industries have consistently provided the highest GVA as well as the largest percentage of employees within Swindon.
- Public admin, education and the health sector is relatively small at 19.6% (SW: 28.5% Eng:26.3%).
- Whilst manufacturing continues to remain significant to Swindon’s economy, both the towns manufacturing and wholesale industry sectors saw a considerably greater share of redundancies in Swindon (78% of all redundancies Nov 08-Jan 10 –See table 5) when compared against the South West average (48% of all redundancies ).
- Vacancy levels in Swindon were lower in 2009 than in 2007 in every sector except public administration, health & education and transport & communication.
- Employment in most sectors in Swindon fell between 2007 and 2008 with the largest contractions recorded in the sectors of energy & water (-26%), transport & communication (-18%), construction (-10%) and manufacturing (-8%).
- At 55%, the proportion of the population in Swindon employed in Knowledge Intensive Sectors is just above the national average of 53%.
- However, only 37% of Swindon’s employed residents are managers & senior officials, professions or associate professionals & technicians compared to 44% nationally. This reflects a situation in Swindon which sees a large number of employees with higher level occupations commute into the borough for work from dwellings situated outside of Swindon.

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Table 5; Notified redundancies by sector in Swindon (November 2008 – January 2010)

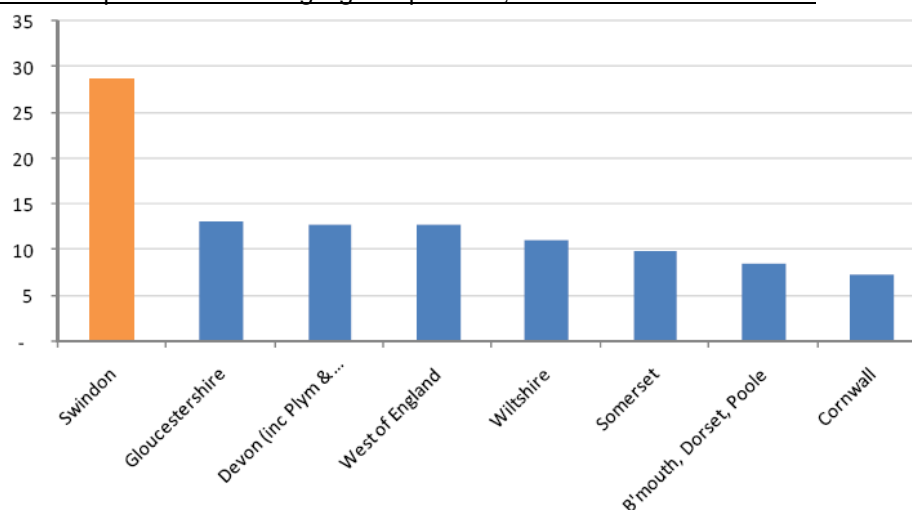


### UNEMPLOYMENT

Recorded unemployment levels in Swindon have historically been consistently below the national figure but above the SW regional figures. However since the recession claimant rates have been above the UK average.

During the recent recession, Swindon has been the most severely affected sub-region within the South West, with regard to redundancies per 1000 population (see table 6). Indeed Swindon had 29 redundancies per 1,000 people of working age between Nov 2008 and Jan 2010 - this was more than twice the regional average.

Table 6; Redundancies per 1000 Working Age Population, Nov 2008 to 08 Jan 2010



It appears that while relatively large numbers of redundancies were notified by Swindon's employers during the early months of the recession, with numbers falling during most of 2009. Redundancies rose rapidly again in December 2009 however.

Indeed, in the South West Region, only Swindon, Torbay and Gloucester continue to have unemployment claimant rates above the national average, with claimant rates in Swindon substantially higher than the regional average during most of 2009. Recently however, the figure has returned to a level close to that of the regional average of 4.1%.

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Official figures showed that 5,601 people in the town claimed Jobseeker's Allowance in February 2010 - down 1.4% on January 2010. The rest of Wiltshire also recorded a fall, with the number of claimants down 2.1% to 7,196.

Long term unemployment – defined here as unemployment over a duration of 6 months or more – is higher in Swindon (38%) than any other local authority area in the South West. Indeed in Swindon, the share of the long-term unemployed among the claimant count increased by 14 percentage points between August 2008 and December 2009, compared to a regional average of 10%.

Since the beginning of the recession, Swindon's claimant count has risen to 5.4 percent - passing the UK average for the first time in 30 years. A possible explanation for this increase lies in the recent release of 1,300 jobs from the towns Honda manufactory plant in 2009, and the closure of Woolworths' main distribution warehouse in the town with the associated loss of 500 jobs in late 2008.

### February 2008 – April 2010

City	Percentage point change In claimant count rate	Change in the number of claimants
Hull	3.8%	6,479
Swindon	2.5%	3,081
Bristol	1.8%	8,213
Reading	1.7%	4,726
Oxford	1.3%	1,421
Cambridge	0.7%	654

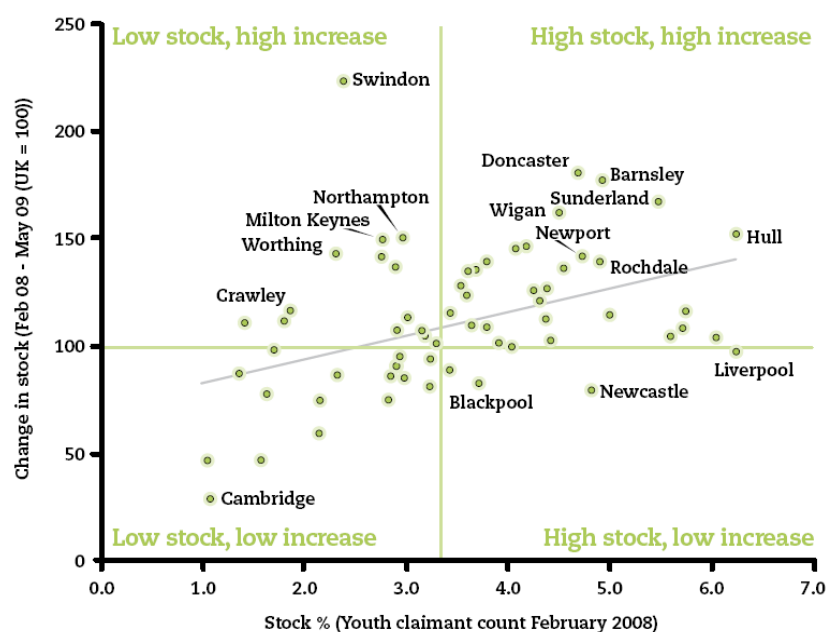
### Youth unemployment

The Future Jobs Fund which creates real jobs for young people has helped over 400 18-24 year olds in Swindon so far.

During the recession youth unemployment rose much more sharply in Swindon (4.3%), compared against the Great Britain average.

Over recent months, however youth unemployment has also continued to fall.

Graph 1; The change in youth claimant count, Feb 08-May 09



(Source; <http://www.centreforcities.org/assets/files/09-06-23%20Youth%20unemployment.pdf>)

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### PREDICTIONS

The Government has warned that further increases in unemployment are expected before the summer (2010), with further falls anticipated in the second half of the year. It is thus projected that cities in which the public sector makes up a large proportion of total employment will be hit hard by recession-related public sector redundancies.

Public sector job losses are expected to start shortly, particularly in local government, and accelerate after 2011. Based on previous trends these may continue until 2016.

However it is put forward that the relative 'low-value' of the public sector in Swindon will mean that public spending cuts will put the town at less vulnerability compared to cities like Swansea and Ipswich

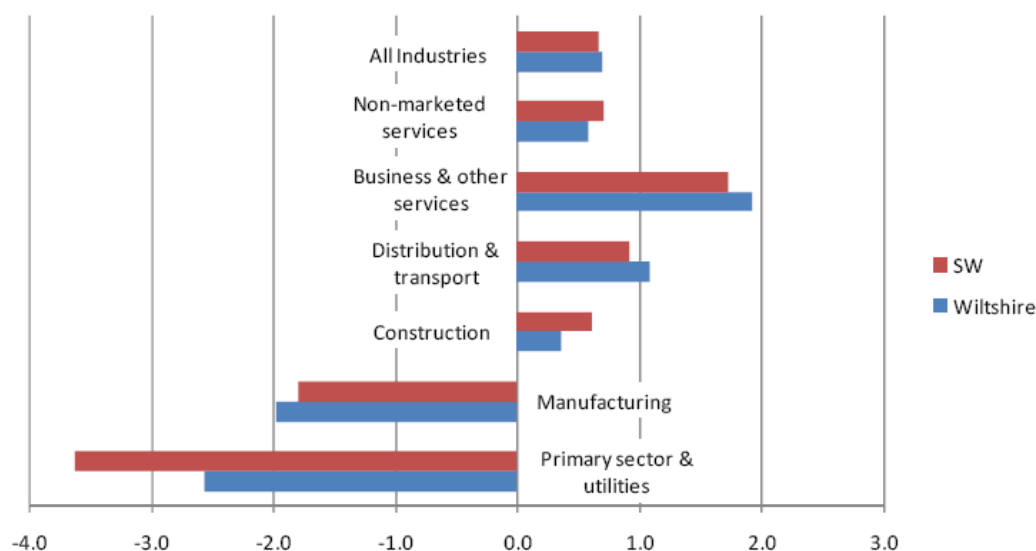
In the longer term, it is anticipated that there will be a decline in the advanced engineering economy of the town, resulting in re-skilling issues for older workers.

The Council through its LAA, is hoping to reduce the % of people claiming out of work benefit in the worst performing neighbourhoods to 27.4% by 2010/11. Down from 28.1% in 2008/09.

Employment growth in Wiltshire (inc. Swindon) is forecast to increase in line with that for the South West, by 0.7% per annum, amounting to 25,000 jobs over a 10 year period. However it is envisaged that within Wiltshire (inc Swindon), employment in the manufacturing sector will fall by around 2.0% per annum, amounting to 8,000 jobs over the 10 year period to 2017 (see table 7). A significant fall in employment is also forecast for the Primary & Utilities sector, -2.6% per annum, or around 3,000 jobs in total.

Conversely employment within other sectors in Wiltshire is forecast to increase, with growth in Business and other services particularly strong (+1.9% per annum, amounting to around 20,000 jobs over 10 years).

Table 7; Projected employment change by sector, 2007-2017 (% per annum), Wiltshire (inc. Swindon) vs South West



There are projected to be big declines within the Wiltshire area within skilled trades (-5,000 jobs) and administrative/secretarial occupations (-3,000 jobs) to 2017. Equally it is anticipated that there will be a significant increase within Wiltshire amongst Managers and Senior Officials and amongst professional/technical occupations.