

# **Economic Summary**

## **2008**

by

Lizzie Watson

Forward Planning

Swindon Borough Council

## Population

The population of Swindon Borough has doubled in the last fifty years, whereas the population of England has increased by 20%. In Swindon, working age people constitute 63.8%<sup>1</sup> of the population, a higher proportion than the national average of 62.2%<sup>2</sup>. The current economy is highly competitive, and continued expansion in terms of population, employment and housing is anticipated

### Gross Value Added (GVA) per head

GVA represents the income generated by businesses, out of which is paid wages, salaries, capital investments, and financial charges, before arriving at a figure for profit. A high GVA indicates a buoyant economy. Although Swindon's levels have remained consistently above the national average, the removal of one or two of the large multinationals in the Borough could have a dramatic effect on the GVA. Employees living outside the borough also contribute to GVA levels, but not necessarily to the local economy.

GVA per head 2005 <sup>3</sup>	
Swindon	27,354
Great Britain	18,205

### Economic Activity Rate

Economic activity figures include people in employment, people seeking work, and students who have a job. High rates make a positive statement about the economy, indicating a willingness and ability to participate in employment, and that suitable opportunities are available to match skills to demand. The high rate in Swindon can be attributed to the array of employment opportunities available to local people, as well as the relatively young age structure of the labour force. Tertiary education facilities lower the rate however, so the lack of tertiary education in Swindon may inflate its figure. Swindon has seen a 2.4% increase in the economic activity rate since 2005/06<sup>5</sup>, which is more pronounced than the average change for both the South West (0.7%) and comes after a period of decline in economic activity since 2000.

Working age people who are economically active 2006-07 (%) <sup>4</sup>	
Swindon	86.1
South West	81.4
Great Britain	78.5

### Unemployment

Unemployment is a key headline indicator; more people in employment equates to increased spending power and tax revenue, and less spent on benefits. Swindon has remained consistently below the national rate, but the gap has narrowed considerably in recent years. The level has remained steady since 1999 however, the rate in March 2007 was 2.2% compared to 2.5% nationally<sup>6</sup>. This may be an indication that Swindon's economy is beginning to stall, or that employers are unable to find suitably qualified workers in the local population.

<sup>1</sup> 2006 Mid Year Estimate, Office for National Statistics

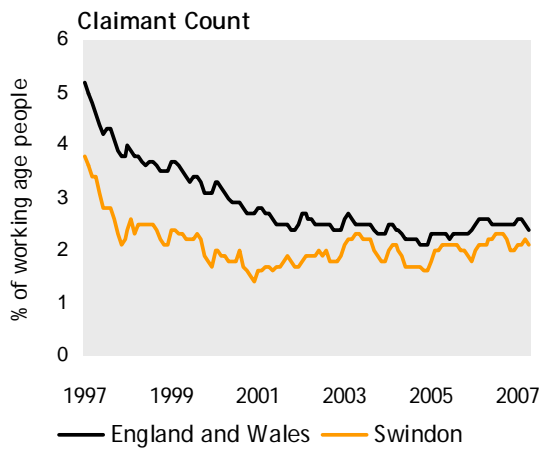
<sup>2</sup> *Ibid*

<sup>3</sup> Regional Gross Value Added, Office for National Statistics

<sup>4</sup> Office for National Statistics Annual Population Survey, via Nomisweb

<sup>5</sup> *Ibid*

<sup>6</sup> Claimant Count, via Nomisweb



### Average Earnings

Earnings can reflect the success of an economy, as a high value added economy commands higher labour costs. Alternatively, high labour costs may be indicative of a constrained labour market, with elevated competition for employees. The average weekly earnings for residents of Swindon are lower than that for people who work in Swindon, but live elsewhere. However both of these figures are above the average for the South West and the UK.

Average weekly earnings (£) <sup>7</sup>		
	Resident population	Workplace population
Swindon	455.9	496.1
South West	414.5	408.2
UK	452.0	452.0

### Gross Disposable Household Income

Gross Disposable Household Income (GDHI) is the total household income less certain cost items such as tax payments and social security contributions. In essence, this is the value of resources that the household sector has available to spend or save. The figures offer a useful guide to the relative wealth of residents within different areas. Although close to the national average, the GDHI of Swindon is lower than the surrounding counties.

Gross Disposable Household Income (per head Index) <sup>8</sup>	
Oxfordshire	114
Wiltshire	109
Gloucestershire	103
Swindon	104
United Kingdom	100
Bristol	94

### Qualifications

The greater the skills level of the workforce, the greater the ability of individuals to gain employment and adapt to change. Swindon's workforce has below the national average level of qualifications. Increasing the proportion of skilled workers is especially important in high technology and knowledge based economies.

% Of working age people <sup>9</sup>		
	NVQ 4+	NVQ 3+
Swindon	22.5	41.6
Great Britain	27.4	45.3

### Industrial Property and Office Costs

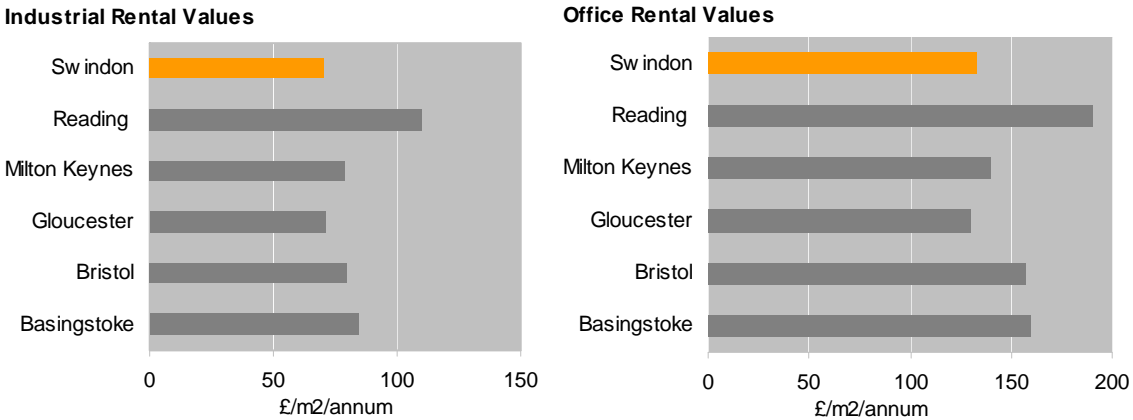
Rental values reflect the market's perception of economic viability. Capital and rental values for industrial property compare well with the surrounding towns, indicating

<sup>7</sup> 2007 Annual Survey of Hours and Earnings, Office for National Statistics

<sup>8</sup> Annual Regional Household Incomes (2005), Office for National Statistics

<sup>9</sup> Office for National Statistics Annual Population Survey, via Nomisweb

there is still a demand for industrial property. Rental values for office property are comparatively low however, possibly reflecting an over supply of office space in the town centre, offices of not the right type or quality, lack of facilities, or lack of desirability in Swindon as a location.



10

**Jobs Density**

Jobs density is an indicator of labour demand, and is defined as the total number of filled jobs in an area divided by the resident working age population in that area. Swindon has a high jobs density (1.05<sup>11</sup>), which indicates that labour demand exceeds labour supply, and as a result inward commuting must satisfy the imbalance. The workers travelling in from surrounding districts typically fill the higher skilled occupations. This may be the result of recruitment difficulties experienced by employers within the Borough, or the reluctance of people to live in Swindon. In comparison, the South West region has a jobs density of 0.86, and the national figure is 0.84<sup>12</sup>.

**Number of Businesses**

New business formation is an indication of a healthy economy, one that is correctly positioned within emerging growth market sectors. Between 1998 and 2006 the increase in new businesses in Swindon was slightly lower than the national average. This overall increase in businesses in Swindon has been largely due to an increase in very small (1-10 employees), and small businesses (11-49 employees).

Change in number of businesses 1998 – 2006 (%) <sup>13</sup>	
Bristol	7
Swindon	13
South West	18
Great Britain	14

**Business Survival Rate**

3 year survival rate (% still trading) <sup>14</sup>	
UK	71
South West	74
Swindon	72
Bristol	71

<sup>10</sup> Property Market Report, June 2007, Valuation Office Agency  
<sup>11</sup> Jobs Density 2005, Office for National Statistics, via Nomisweb  
<sup>12</sup> Ibid  
<sup>13</sup> Annual Business Survey 2006, Office for National Statistics, via Nomisweb

Between 2003 and 2006 the number of VAT registered businesses in Swindon rose by 10.8%, higher than the national average increase of 6%<sup>15</sup>. Business survival rates show the percentage of businesses that are still trading a certain number of years after they first started. Those that are no longer trading should not be presumed to be failures. Some will have closed for other reasons - the owner may have retired; the business may have been taken over, it might simply have fully exploited the available market; or it may have completed a time-limited task (for example a company formed by the organisers of an exhibition or a trade fair). The three-year survival rate for businesses in is slightly higher than the national average, and on a par with neighbouring counties.

Whilst every effort is made to ensure the accuracy of the data, neither the Borough Council nor its officers can be held responsible for any errors contained in this report. Nevertheless, any comments concerning errors or omissions will be welcome.

© Swindon Borough Council, 2008

---

<sup>14</sup> Business Survival Rates at 2002, Department for Business, Enterprise and Regulatory Reform

<sup>15</sup> VAT Registered Business Stock, DTI Business Survey via Nomisweb