The Wiltshire and Swindon Economic Assessment 2005/2006

Executive Summary

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The Economic Research & Intelligence Unit
Wiltshire County Council
For
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Jackie Guinness
Economic Research & Intelligence Unit
Environmental Services
Wiltshire County Council
County Hall
Bythesea Road
Trowbridge
Wiltshire BA14 8JN

Tel: 01225 756165
Email: jackieguinness@wiltshire.gov.uk

Wiltshire and Swindon Economic Partnership

To find out more about the Wiltshire and Swindon Economic Partnership, please contact:

Caroline Lewis
Partnership Manager
c/o Wiltshire County Council
County Hall
Bythesea Road
Trowbridge
Wiltshire BA14 8JN
Tel: 01225 713280
Fax: 01225 713400
Email: clewis@wsep.org

INTRODUCTION

This document provides an executive summary of the Wiltshire and Swindon Economic Assessment 2005/2006. More detailed information can be found in the main economic assessment which also contains statistics on each of the Local Authority Districts in Wiltshire.

A. WILTSHIRE AND SWINDON: ECONOMY OVERVIEW

Swindon

In broad terms Swindon's workplace economy can be described as being high value, broadly based and service oriented. Swindon has high economic output per head (as measured by Gross Value Added) and was ranked 51st out of the 1,214 European Union NUTS[1] 3 areas in terms of Gross Domestic Product (GDP) in 2003. This sub-region is highly competitive, being in the top 25% of Britain's local authority areas for productivity, knowledge economy, high value industry, enterprise and housing affordability[2].

Swindon's business start-ups (per 10,000 population) are on a par with the national average. Manufacturing, Transport & Communication, Real Estate, Renting & Business Activities and Wholesale & Retail are currently driving Swindon's economy (in terms of output). Wholesale & Retail and Real Estate/Renting & Business Activities have the largest shares of total workplace employment.

The area has attracted substantial inward investment, playing host to several large national and multinational companies. Although the area has enjoyed great relative prosperity, the last five years has seen some large scale redundancies. Saturation, overcapacity and global competition in sectors such as IT and telecommunication have led several major employers to make some rationalisation and consolidation decisions which have resulted in job losses, mainly in manufacturing. However, the strength of Swindon's high value activity has ensured that these job losses have not had a significant impact on economic output and this sub-region is still one of the South West's strongest performers in terms of GVA. Nevertheless, the South West RDA's report on productivity in the South West [3] reported that although Swindon did maintain the highest level of productivity in the South West throughout the 1998 to 2003 period, it has seen a relative decline since the high point of 1998.

Swindon's labour market has high levels of economic activity and employment. However, it has a lower proportion of its working age population qualified to NVQ (or equivalent) level 3

[1] Nomenclature of Units for Territorial Statistics
[2] Swindon Economic Development Vision and Framework.
[3] 'Meeting the Productivity Challenge', April 2005 and 'Meeting the Productivity Challenge 2: Update, July 2006, University of the West of England and University of Bath.

and 4 than the national average. It has a high job density ratio and fulfils its requirements for higher level jobs by drawing in commuters (e.g. managers and professionals) from its neighbouring authorities e.g. Wiltshire. Earnings in this sub-region by workplace are higher than the national average, as well as its own residence based earnings.

Swindon has a prosperous workplace economy but its residents have not always benefited from this success. Although, Gross Disposable Income per head in Swindon is higher than the regional and national averages, there are concentrations of economic inactivity, low household incomes and deprivation.

The current challenges for this sub-region will be to:

1. Increase the benefits that residents derive from the success of the local economy.

2. Ensure that it maintains its current competitive standing and high productivity levels, in an increasingly competitive global environment.

Wiltshire

Wiltshire's workplace economy can be described as steady and successful with many key economic indicators performing better than the regional and national averages. Wiltshire's labour market has high economic activity and employment rates, and has a higher proportion of its resident working age population with degree level qualifications than the South West and Great Britain. Moreover, Wiltshire has the highest level of Gross Disposable Household Income of all the South West NUTS 3 areas.[4] Business dynamism is also healthy; the total stock of VAT registered businesses has increased year on year and the annualised growth rate of VAT registered businesses is one of the highest in the region.

Wiltshire has a fairly diverse economic base, although Wholesale & Retail and Real Estate, Renting & Business Activities have the largest shares of total workplace employment. In terms of output, Manufacturing, Real Estate/Renting & Business Activities, Wholesale & Retail, and Public Administration & Defence are currently driving Wiltshire's economy

This sub-region outperforms the national and regional averages on many key indicators; however, the economy is showing signs of slowdown. Wiltshire's average GVA growth rate (1995-2004) is below the regional and national averages, ranking the area fourth from the bottom out of the South West NUTS 3 areas. The County was also ranked 360th out of 1,214 European Unions NUTS 3 areas in terms of GDP (2003). Moreover, Wiltshire was one of the

[4] Although Wiltshire is considered to be relatively prosperous there areas of deprivation; however, deprivation in many parts of Wiltshire County is so highly dispersed or concentrated in such small spatial scales that 'pockets' quite often remain hidden and therefore overlooked by official statistics.

South West sub-regions whose productivity growth from 1996-2003 was slower, relative to the UK. Workplace based earnings (both mean and median) in the sub-region are below the national average, as well as its own residence based earnings.

It has been suggested that the Wiltshire economy is showing signs of 'maturing' with output growth and employment growth levelling off[5]. Industrial activity may not have restructured in a way to enable it to remain competitive and this is partly reflected in its lower than average (relative to Great Britain) concentration of high value added industry. Wiltshire may have reached a 'low skills equilibrium' which is where high employment is achieved through the creation of low skilled jobs. The demand and supply constraints which are likely to be contributing to Wiltshire's economic slowdown include: a labour market which is operating at near its full capacity; skills shortages and skills gaps in some sectors; and the fact that the area has become a more unaffordable place in which to live (in 2006 average house prices were nearly seven and a half times the average annual earnings of residents); and land use pressures which may be causing companies to consider growing elsewhere.

The Regional Spatial Strategy 2006-2026 has placed an emphasis on the development of Strategically Significant Cities and Towns (which includes Trowbridge, Salisbury and Chippenham). In light of this it will be necessary to ensure that Wiltshire's other market towns are also able to meet the future needs of its residents and enterprises.

Currently, the main challenges are to ensure that:

1. The demand and supply constraints do not combine to push the economy towards a 'tipping point' where investment in the area becomes hindered and disinvestment is stimulated.

2. The economy is re-structured in a way (i.e. movement up the value chain) that will enable it to remain competitive. This will be necessary in order to offer it some protection from low cost overseas competition.

The Future: Opportunities and Threats

A major challenge to the Wiltshire and Swindon economies of the future will be global competition. Some of the wealth generating activities of the developed economies (e.g. Information Communications Technology and Manufacturing) are set to face increasing global competitive pressures. Developed countries will be driven by 'higher value', knowledge based sectors, however, even these sectors (e.g. Biotechnology), will have to compete with low cost overseas producers/service providers such as India and China. "While every year Britain adds

[5] Economics Review Issue , South West RDA, November 2005

75,000 engineers and computer scientists, India and China add half a million; and while annually Britain turns out a quarter of a million graduates, India and China now graduate four million" (Gordon Brown's pre-budget speech, December 2006). However, this globalisation 'threat' - with its increasing liberalisation of trade and foreign direct investment - also presents new opportunities for established countries. The economies of Wiltshire and Swindon will need to be as efficient and flexible as possible in order to seize the opportunities that will arise in the future through this globalisation process. The emphasis is likely to be on education, skills, new technology, niche market production (including the farming sector), and research and development.

Other significant future trends[6] to consider are:

1. The UK economy's dependence on the financial markets (financial & business services and the housing market) which makes it especially vulnerable to financial market crashes.

2. Declining fertility rates and ageing population.

3. The need for long term environmental sustainability which will require an emphasis on new, less resource intensive production methods.

4. Multi employer career patterns, home-working, and better work/life balance.

5. The emphasis on knowledge based, high level (therefore well paid) employment and the continuing need for unskilled labour (low skilled and low paid) in various sectors which may well contribute towards a rise in income inequality and the creation of a society of 'haves' and 'have nots'. The challenge will to ameliorate the effects of this 'social polarisation' by ensuring equitable access to health provision, education, employment, and affordable housing.

[6] The Economist; BBC Business; Joseph Rowntree Foundation; and 'South West Scenarios 2026', Foresight Study, South West RDA and the South West RA, May 2004, Centre for Future Studies.

B. MACRO-ECONOMIC CONTEXT[7]

- Towards the end of 2005 the global economic picture was mixed; the US economy was still strong and there were signs of a slight pick-up in Europe. However, the Japanese and the UK economies appeared to weaken. Economic growth in the UK was below trend in 2005 and consumer demand, which had been so strong, showed signs of easing. There were signs of a slowdown in consumer expenditure, retail sales, and house price growth. In spite of the wider economic slowdown, the UK labour market remained strong in 2005. There were also some signs that the labour market was beginning to 'loosen' because although employment remained historically high, the claimant count rose slightly.

- The deceleration of economic growth witnessed in 2005 was followed by recovery in 2006. By December 2006, economic output (GDP) had increased by 0.8% in the fourth quarter compared with 0.7% in the third quarter. The main contribution in growth came from services. HM Treasury's latest forecasts show an expected economic growth of 2.75%-3.25% in 2007. The engine of the UK economy is still the service sector. Services growth remained robust in 2006 whilst manufacturing output was relatively flat.

- In 2006 consumer spending seemed to regain some of the momentum lost during the 2004/2005 slowdown although household spending fluctuated. Retail sales growth was depressed at the start of 2006 but rebounded strongly in the second quarter mainly due to the hike in spending on household goods. It has been suggested that the summer's world cup (e.g. purchases of flat screen televisions!) was partly responsible for this surge. Investment expenditure grew in the year to quarter three, supported by gains in business investment. Government final consumption expenditure increased 1% in quarter three to a level 2.5% higher than in the same quarter a year earlier.

- In 2006 the trend in the working age employment rate was fairly flat whilst the upward trend in the unemployment rate finally levelled off in the last quarter of 2006. This can be explained by the combination of lagged economic slowdown in 2005, reduced economic inactivity and the rise in inward migration from the European Union Accession States (A8 countries). The sectoral composition of jobs from the workforce series shows that the service sector continues to dominate jobs growth (in absolute terms). In the three months to June 2006 overall employment rose by around 65,000 and the largest rises were seen in Education, Heath & Public Services (27,000), and Other Services (23,000). Construction also recorded strong growth with 21,000 jobs. Employment in Manufacturing and Distribution, Hotels and Catering contracted by 7,000 and 6,000 jobs each.

[7] Source of data is the Office for National Statistics www.statistics.gov.uk

- Net migration to the UK has risen strongly since 1998 especially since the accession of the new EU member states in May 2004. In 2005, Polish citizens were the largest single national group within total inward migration, with an estimated 49,000 persons. This increase in net migration has had economic implications mainly for the supply of labour, especially in the 18 to 34 age group from A8 countries.

- Consumer Price Index inflation (CPI) has been on an upward trend in the last two years although this is a global trend and not UK specific. At the root of this trend is the conjunction of higher energy prices and the strength of global demand from the emerging economies. Upward contributions came from transport costs, furniture and household goods and recreation & culture. Large downward contributions came from changes in the prices of vegetables, clothing and footwear. Wage inflation has been dampened by the substantial rise in the size of the UK workforce in the past year due to higher migration and lower economic growth.

C. WILTSHIRE AND SWINDON ECONOMIC PERFORMANCE

- Wiltshire's workplace based economic output was worth £6,858 million in 2004. Swindon's workplace based output was £4,882 million. In terms of economic output per head, Swindon was the strongest performer in the South West with a figure of £26,795 whilst Wiltshire was ranked in fifth place with £15,425, below the regional and national averages. Between 1995 and 2004 Swindon's average output growth rate[8] was 6.5%, above the regional and national averages whilst Wiltshire's output growth rate was lower, with 5.2%. In fact, Wiltshire was ranked fourth from the bottom out of the South West NUTS 3 areas.

- A South West RDA's report on productivity in the South West [9] reported that in relative terms, Swindon had the highest level of productivity throughout the 1998-2003 period but had seen a continuous decline since the high point of 1998. Wiltshire was named as one of the South West sub-regions whose productivity growth from 1996-2003 was slower relative to the UK.

- In 2004 Manufacturing and Real Estate, Renting & Business Activity were the largest contributors to economic output in both Wiltshire and Swindon. The sectors with the highest labour productivity were: Manufacturing; Construction; Transport, Storage and Communication; and Real Estate, Renting & Business Activity. Amongst those with low productivity rates were: Hotels & Restaurants; Education; and Health & Social Work. Manufacturing labour productivity rates in both Wiltshire and Swindon were higher than the national average.

[8] Based on 'current basic prices'
[9]'Meeting the Productivity Challenge', April 2005 and 'Meeting the Productivity Challenge 2: Update, July 2006, University of the West of England and University of Bath.

- By 2020 the top contributors to Wiltshire's economic output have been estimated to be Government & Other Services and Financial & Business Services. In Swindon, Financial & Business Services and Manufacturing are estimated to make the largest contributions.

- In 2004, Gross Disposable Household Income (GDHI) per head in Swindon was estimated at £13,233, higher than the regional and national averages. Wiltshire's GDHI per head was £13,907, the highest of all South West NUTS 3 areas, and significantly higher than the national average. In the 2003 to 2004 period, Swindon moved from 8th to 4th position in the South West rankings in terms of GDHI per head.

- In 2005, the top sectors in both Wiltshire and Swindon in terms of employment size were: Wholesale & Retail, Repair of Motor Vehicles & Personal & Household Goods and Real Estate, Renting & Business Activities. Compared to the Great Britain average, Wiltshire had a comparatively larger share of employment in sectors such as: Manufacturing; Hotels & Restaurants; and Public Administration & Defence, and was under represented in Construction, Transport, Storage & Communication and Financial Intermediation. Swindon had a higher then average representation in: Manufacturing; Wholesale & Retail; Transport, Storage & Communication; Financial Intermediation and Real Estate, Renting and Business Activities and a lower representation in Hotels & Restaurants and various public sector activities. Wiltshire is under-represented in High Value Added sectors whilst Swindon has a higher representation than the regional and national averages.

- Employment growth (net) from 1995 to 2005 in both Wiltshire and Swindon was lower than the Great Britain average of 17%; Wiltshire's workplace employment increased by 15% and Swindon's increased by 12%. Swindon's comparatively low employment growth contradicts its position as the South West's strongest performer in terms of GVA. This is probably due to the fact that its high value added activity (which contributes disproportionately to economic growth) has ameliorated the impact of its job losses on total economic output.

- The greatest net increase in volume of employees in Wiltshire was in the Real Estate, Renting & Business Activities sector group (9,500 jobs). Swindon's greatest net gains were made in: Transport, Storage & Communications (6,000 jobs); Real Estate, Renting & Business Activities (5,700 jobs); and Education (4,800 jobs). The greatest net losses were in Manufacturing; 6,700 jobs (each) in both Wiltshire and Swindon.

- Employment forecasts for the period 2005-2020 show that in both Wiltshire and Swindon, the sectors that are expected to achieve the highest growth in volume terms are: Government & Other Services; Distribution, Hotels & Catering; and Financial & Business Services. Manufacturing employment is set to decline further.

D. BUSINESS AND ENTERPRISE

- In 2005 Wiltshire had a total of 16,695 VAT registered businesses and Swindon had 4,525. Business density in Wiltshire was higher then the South West and Great Britain averages. Swindon may have lower business density than the regional and national averages but this is mainly to do with the fact that it has larger sized businesses and a higher population density.

- According to the Annual Business Inquiry in 2005 there were a total of 19,884 business units in Wiltshire and 6,425 in Swindon. Wiltshire had a higher proportion of micro sized businesses (25.4% of all employees) than the South West or Great Britain and a lower proportion of large sized businesses (18.7% of all employees). Swindon, on the other hand, had a higher proportion of large sized business (36.1% of all employees) and a lower proportion of micro sized businesses (13.1% of employees). The greatest advantage of large firms is that they tend to have higher productivity rates and to engage in more R&D. Micro firms have several advantages, the main one being that they be inclined to be flexible and quick to respond to market needs, however, one of the disadvantages of having a high proportion of micro businesses is that sectors that are dominated by such businesses tend to suffer from fewer investment and training opportunities.

- The local profiles of VAT registered businesses are broadly similar to the national picture except that Wiltshire had a higher representation of businesses in Agriculture & Fishing and Swindon was more strongly represented in Transport & Communication and Real Estate & Business Activities.

- Wiltshire's VAT registered business stocks grew by about 20% between 1994 and 2005, which represents a larger percentage increase than the national figure of approximately 15%. Swindon's stock of VAT registered businesses grew by around 28%, which is considerably higher than the national average. In fact, Swindon had the highest percentage increase in VAT registered business stocks of all the South West Counties/Unitary Authorities.

- In Wiltshire, the proportion of people in employment who are self employed is 14% compared with 15% regionally and 13% nationally. Swindon has a slightly lower proportion of people in employment who are self employed (12%) although this is probably mainly due to the ready availability of employment. Interestingly, between 1994 and 2005 the difference in self-employment rate between Swindon and, Great Britain and the South West narrowed considerably.

- In 2005, Wiltshire's VAT registration rate (per 10,000 population) was higher than the regional and national averages whilst Swindon's was roughly on a par. VAT de-registrations (per 10,000 population) show that Wiltshire had a higher de-registration rate than the regional and national figures whilst in Swindon it was lower.

- From 1993 to 2003, one year business survival rates (of VAT registered businesses) in Wiltshire and Swindon were either on a par with, or higher than, the regional and national rates except for a sharp decline for businesses that registered in 2003. Three year survival rates for Wiltshire and Swindon VAT registered businesses have also been on a par with, or higher than, the regional and national rates except for those businesses that registered in 1999.

E. LABOUR MARKET

Labour Supply: Residence Based

- In 2005 Wiltshire had a resident population of 446,600. Swindon had a resident population of 184,000. Swindon had a lower proportion of older people (post working age), and higher proportions of young people and working age people than the England average. Wiltshire had a higher proportion of young and old people than the England average and a lower proportion of working age people.

- The latest available figures show that in the January to December 2005 period, both Wiltshire and Swindon had higher working age economic activity rates and employment rates than Great Britain and the South West. Compared to the regional and national averages, Swindon's labour force is 'younger' with a lower percentage of its economically active population aged between 50 and 59/64 than is typical for the South West or Great Britain. Economic inactivity rates (working age) for Wiltshire and Swindon were lower than the regional and national averages.

- In Wiltshire, male economic inactivity rates have increased over the last ten years, in line with regional and national trends. Female economic inactivity rates have also increased (marginally), however, this has been against the regional and national trends.

- The sub regional occupational profiles of Wiltshire and Swindon residents show that the occupational mix has been moving towards higher level jobs in keeping with national trends; just over two fifths of working age residents in both Wiltshire & Swindon are now working either as Managers & Senior Officials, Professionals or Associate Professional & Technical staff. Just over a fifth of this local workforce is employed either in Process Operative, Sales or Elementary jobs.

- In a national context Wiltshire has a comparatively high proportion of its working age population qualified to NVQ levels 3 and 4+ whilst Swindon has a lower representation. Wiltshire also has a relatively lower proportion of its working age population with little or no qualifications than the national average. Interestingly, Great Britain has double the proportion of residents without any qualifications at all than Wiltshire.

- In keeping with the national trend, there is a significant demand for basic skills training.

- The 2006 Key Stage 2 numeracy and literacy attainments for both Wiltshire and Swindon were either on a par with or exceeded the national averages. Wiltshire LEA performed above the regional and national averages in terms of GCSEs. Swindon's attainments were below par.

- In 2005 both Wiltshire and Swindon had lower proportions of Year 11 school leavers in Government supported training (non-employed and employed status) than the national average. The proportion of Year 11 school leavers entering employment without training was higher in Wiltshire and Swindon than was the case nationally.

- The workplace based average earnings in Wiltshire for 2006 were lower than the national average and in Swindon they were higher. There is also a clear discrepancy between average earnings by workplace and average earnings by residence. In 2006 Wiltshire had higher residence based earnings than workplace based earnings and the opposite applied to Swindon. In addition, the top decile of average workplace based earnings in Wiltshire was 86% of the national average. From 2004 to 2006, Wiltshire experienced a higher growth in average weekly earnings than the South West and Great Britain.

Labour Demand: Workplace Based

- In percentage terms, net employment growth (%) from 1995 to 2005 in Great Britain was higher than in Wiltshire and Swindon.

- In spite of the fact that the national economy has been gradually moving towards higher level skilled occupations, the Wiltshire economy may not have progressed to the same extent. Wiltshire's economy is under represented in the higher level occupations when compared to the South West and Great Britain overall: an additional 1,100 Managers and Senior Officials, 6,100 Professional jobs and 2,200 Associate Professional jobs would be required to be on a par with the national average. Swindon has a higher proportion of workplace employment in higher level occupations. Moving towards a higher skilled employment base would help protect Wiltshire's economy from overseas competition.

Labour Market Equilibrium

- Swindon has a high job density ratio reflecting its position as a sub regional principal urban area.

- Unemployment rates in Wiltshire and Swindon are lower than the national rate. Moreover, Wiltshire has one of the lowest rates in the UK. Although unemployment rates have been decreasing year on year since 1993, in the last couple of years they have begun to rise slightly, in line with regional and national trends. The differential between male and female unemployment rates has narrowed considerably since 1992.

- The National Employers Skills Survey (NESS) 2005 (BMG Research) stated that Wiltshire and Swindon's labour market softened considerably between 2003 and 2005. A general reduction in the scale of recruitment difficulty may be attributable to a combination of slower than average economic and employment growth, and an increase in labour availability. In-migration from the A8 accession countries has certainly contributed to the significant reduction of hard-to-fill vacancies, more specifically in jobs that have been difficult to fill for reasons other than skill shortages. However, although labour supply has increased as a result of this softening, overall it has had less of an impact on reducing the hard-to-fill vacancies that are skill shortage based.

- The NESS also reported that although labour supply difficulties are no longer the problem they used to be, recruitment difficulties vary from sector to sector with some sectors and occupations 'suffering 'disproportionately'. In the South West sectors such as hospitality, construction, retail and care have been the hardest hit. Other significant issues raised by the NESS include the concern expressed by managers that new young entrants to their industries frequently lacked the skills and attributes needed for the job, and that skill losses brought about by retirement were very hard to replace.

- According to the NESS, the most frequently mentioned skills that Wiltshire and Swindon employers felt were lacking amongst their employees were: team working; oral communication; and technical skills. There are skills gaps in most occupations; however, Elementary and Sales occupations had the largest number of skills gaps (2,800 each). There are 1,900 managers who are deemed to have skills gaps and more than half of these are reported to lack management skills.

- Virtually all shire counties have significant commuting outflow and Wiltshire is no exception. Around 65% of the net flows in Wiltshire stem from the higher level occupations.

- Nearly 25% of out-commuters work in Swindon. The commuting data confirms what we already know: that Swindon has an ‘excess’ of jobs which provide significant opportunity for those within a commuting distance; and that Wiltshire’s location offers easy access to a large concentration of highly skilled/qualified people. This is backed up by the job density ratios and earnings differentials between workplace and residence. Although this basic ‘symbiotic’ relationship between Wiltshire and Swindon is unlikely to change much it is important not to lose focus of the fact that the numbers of individuals travelling in and out across Wiltshire and Swindon’s boundaries increased significantly in the 1991 to 2001 period; this does not auger well for the prospects of moving towards sustainable travel-to-work patterns.

- Every year, since 2002/2003, Wiltshire and Swindon have seen significant increases in the levels of their migrant workforces. This rise has been driven by increasing economic integration and labour mobility within the EU, economic globalisation and the strength (and tightness) of the labour market. The Catering and Hospitality industry and Factory and Production employed a significant number of migrant workers. There is a particularly large concentration of migrant workers from Eastern Europe in Trowbridge where a handful of factories are employing a relatively high number of process operatives.

Local Economic Forecasting – Labour Demand

- Workplace employment is set to grow by approximately 11% in Wiltshire and nearly 9% in Swindon with the largest increases in employment projected for the following industry sector groups: Government & Other Services; Distribution, Hotels & Catering; and Financial & Business Services. Manufacturing, Agriculture and Electricity, Gas and Water are all projected to experience employment decline.

- Structural change is set to continue to transform the set of skills demanded by the economies of Wiltshire and Swindon. Increases are projected for those occupations requiring higher level skills and decreases are projected for quite a few lower skilled occupations. However, bear in mind that despite these structural employment changes, replacement demand should result in net employment requirements across all occupational groups.

- The projected employment requirements across the various occupational groups will be met by in-migration, the local working age population and in-commuting. Benchmarked against the regional and national averages, Swindon has a lower share of working age population qualified to NVQ level 3 and 4+. Even though in-commuting and in-migration will play a vital role in ensuring that Swindon’s aspirations are fulfilled, its rate of educational progress will be crucial in meeting its future employment requirements

F. PROPERTY

- In July-September 2006, the average house price in Wiltshire was £240,650, above the regional and national averages of £217,222 and £211,452 respectively. The average house price in Swindon was considerably lower than the regional and national average at £166,652. Between 1995 and 2006, the gap between Wiltshire's and Swindon's average house prices and the national average widened; by 2006 it was nearly 14% higher and in Swindon it was 21% lower than the national average.

- Over the last year there have been a number of key investments and developments within Wiltshire. In April 2006, the South West Regional Development Agency announced that it would be purchasing the Army Base Repair Organisation site in Warminster (a 36.53 acre site) with a view to re-developing part of the site to create a mixed use development to meet modern business needs and broaden the local economic base, supporting the creation of 1,000 new jobs. In July 2006, development of a 20 acre office park began at Solstice Park, Amesbury, which will host a 66,000 sq ft office complex offering flexible units from 1,800 to 2,400 sq ft, ready for occupation in April / May 2007. 2006 also saw the construction of a 103 bedroom Holiday Inn Hotel with restaurant and conferencing facilities at Solstice Park, which is due to open in February 2007 and the beginning of work on a new road layout for the new 33 acre Castledown Business Park in Ludgershall, which is due to open at the end of 2007.

- 2006 was a very successful year for both the office and industrial property markets in Swindon. While the former saw some major activity during the middle two quarters, with some high profile offices moving off the property agents' boards, the industrial market improved steadily, but then made a surprising turn for the better immediately before Christmas. Office take-ups in 2006 stood at 17,840 sq m although this does not take account of some larger transactions which commenced immediately before Christmas and will come to fruition in 2007. The rental value of offices in Swindon continues to be one of the most affordable in the South West region. Financial and Business Services (F&BS), ICT firms and the public sector have become dominant sectors in Swindon, accounting for the greatest number of property deals. In the industrial market Swindon continues with its privileged comparative advantages, such as affordable prices and location and it has come to be recognised by its industrial diversification and the consolidation of sectors such as advanced engineering, particularly within the automotive sector and technology companies. Total deals over the year amounted to 86,462 sq m.