

**The Wiltshire Strategic
Economic Assessment
2007/2008**

December 2009

**Produced
For
The Wiltshire Strategic Economic
Partnership**

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INTRODUCTION

The Wiltshire Economic Assessment 2007/8 document is the third in a series of economic assessments carried out for the Wiltshire Strategic Economic Partnership. This document aims to balance fairly comprehensive coverage of the data that are currently available with some interpretation. As far as possible, the statistical information within this document is the most recently available at the time of going to print. Data sources are identified for each table and chart.

Each of the chapters of this report deals with separate aspects of Wiltshire's Economy. Tables, diagrams have been incorporated into the text whenever appropriate. There is also a summary of the key points of each chapter. The appendices contain district level information for most of the indicators covered in the report. The document is organised in the following way:

- **Introduction**
- **Wiltshire Economic Overview**
- **Executive Summary** – contains all the key points and an overview of the macroeconomic context.
- **Chapter One** – focuses on Wiltshire's economic performance in terms of output, productivity, income and employment.
- **Chapter Two** - looks at businesses in Wiltshire, in terms of business density, industrial composition, the generation of new businesses and business survival.
- **Chapter Three** – looks at the Wiltshire labour markets, concentrating on labour demand, labour supply and equilibrium.
- **Chapter Four** – provides an overview of the residential and commercial property market

WILTSHIRE ECONOMIC OVERVIEW 2007/2008

The reader is reminded that the 2007/2008 period, to which this assessment mainly refers, covered a period of good UK growth immediately prior to the severe economic downturn (commencing in the Spring of 2008). The impact of the recession on Wiltshire has been the subject of two specific reports covering the issue¹.

Wiltshire is an overly 'externally facing' economy in terms of employment in sectors which rely on income generation from outside the area, a feature which suggests it is likely to be somewhat less insulated from the effects of the Downturn. In addition, the area has had a substantial influx of migrant labour into lower-order jobs in the last five years or so, and good numbers of these have subsequently been made redundant as a result of the Downturn. This will obviously act to boost unemployment in Wiltshire and there is evidence that Wiltshire's traditionally low rates of unemployment compared to both the South West and nationally are likely to be a thing of the past to one degree or another. Perhaps more positively, there are signs that falls in agricultural employment may have 'bottomed out' and that, if it was not for the (relatively unique) decline of employment in Public administration and defence, Wiltshire would likely have outstripped national and regional employment growth over the last ten years instead of lagging behind both of them. An overly ageing workforce represents a key challenge for Wiltshire and is eroding its prowess as an area with an overly industrious and higher skilled workforce. Replacing older skilled workers is likely to be more challenging in Wiltshire than elsewhere and, allied to this, raising the quality of young entrants into the labour market and raising vocational training levels amongst Wiltshire's employers, both represent key challenges for the Wiltshire economy.

Wiltshire's workplace economy can be described as established, steady and successful with the main key economic indicators of output per worker and earnings per worker performing better than the regional average, though somewhat below the national average.

Wiltshire's workplace economy has a fairly diverse economic base, although Wholesale & Retail (including vehicle and personal and household good repairs) and Real Estate, Renting & Business Activities have the largest shares of total workplace employment. Compared to the GB average, Wiltshire has a comparatively larger share of employment in sectors such as Manufacturing and lower shares in the Utilities and Real Estate, Renting & Business Activities.

Externally-focused sectors such as Manufacturing, Business services and Transport and communications account for significantly more of total Wiltshire employment than the region

¹ The Economic Impact of the 2008 Slowdown in Wiltshire, December 2008 (Part one) and February 2009 (Part two), GWE Business West Research for Wiltshire Council

and slightly more than nationally. Such sectors are of crucial importance to the economic wellbeing of Wiltshire because they draw-in additional value from trade based outside the local economy (rather than circulating trade indigenously). They demonstrate the extent to which Wiltshire has a slightly above average externally-focused economy than nationally and a significantly more externally-focused economy than regionally. On the downside, such a characteristic may mean that Wiltshire is somewhat less insulated from the effects of the Downturn.

Wiltshire also has key employment strength in Research and Development, centred within the Salisbury Research Triangle, and focused around the long-established, world-class research and development facilities of Dstl (Defence Science and Technology Laboratory), QinetiQ and the Health Protection Agency (HPA), global leader in vaccine development and medical testing.

Workplace employment growth in Wiltshire over the last ten years is somewhat lower than both GB and South West employment growth. Underpinning this trend are significant net job losses in Wiltshire's Public Administration & Defence sector, something which did not occur to the same degree regionally or nationally². If it weren't for the decline of employment in Public admin and defence, Wiltshire would likely have outstripped national and regional employment growth over the last ten years instead of lagging behind. On the plus side, however, Wiltshire's good and above average growth in such important output-generating and growth activities such as Transport and Communications may well be down to the similarity in their skill requirements to the requirements of some of Wiltshire's stronger employment sectors, notably military and manufacturing activities.

Wiltshire's resident-based economy performs substantially better than both regionally and nationally; the Wiltshire 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, although there are areas of deprivation, Wiltshire has the highest level of Gross Disposable Household Income of all the South West NUTS 3 areas³, driven by relatively high resident-based earnings.

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. In general, businesses which start up in Wiltshire have a better rate of survival than regionally, and significantly better than nationally. Wiltshire also has

² The ABI data upon which this finding is based includes combat forces and civilian support staff engaged in defence activities. Employment in these activities in Wiltshire has fallen from 9,000 in 1996 to 5,600 in 2006, a fall of 37%. However, regionally and nationally employment in these activities fell by even more. The main driver behind the Wiltshire fall compared to nationally in Public Administration & Defence is that Wiltshire saw a fall in employment in General (overall) public service activities of 42% compared to a national rise of 35% and a regional rise of 50%.

³ Nomenclature of Units for Territorial Statistics, Eurostat statistical administrative area. Eurostat is the Statistical Office of the European Communities.

higher proportions of older established businesses (than nationally at least). Also hugely encouraging, and following good growth over the last ten years, is Wiltshire's performance in terms of its current business representation in Business services; there is good evidence that Wiltshire may well have made the important transition to business services economy better than the South West region on average (at least in terms of business volumes if not employment).

However, Wiltshire's businesses are generally smaller businesses in terms of both employment and turnover than regionally and nationally and the disadvantages of having a high proportion of micro businesses are that the economy derives fewer of the benefits of larger businesses and employers (investment and training opportunities, innovation and R&D, higher rates of productivity and earnings, higher volumes of businesses reliant upon income earned from outside of the local area).

People and skills is the most important factor of production, productivity, competitiveness and growth in any local area economy. Wiltshire has a significant and growing population to draw upon (likely to reach the significant half million mark sometime before 2020) and significantly higher economic activity rates and employment rates than either the region or the nation as a whole. However, Wiltshire's labour market is significantly tighter than either that of the broader region or the country as a whole and, as with most local economies across the South West, its population profile is ageing. In addition, discrepancies between average earnings by workplace and average earnings by residence in Wiltshire suggests that Wiltshire's higher-skilled resident workers are unable to secure the higher than average earnings within Wiltshire that are on offer in adjacent economies. Commuting patterns confirm this.

Wiltshire has a significantly higher proportion of its working age population with qualifications at NVQ levels 3 and 4+ when compared nationally and slightly more than regionally. Maintaining (and improving) this advantage is crucial if Wiltshire is to maintain competitiveness and economic growth in the face of a tight labour market and no significant (relative to other areas) projected increase in its residents of working age.

Encouragingly, there are signs that the worrying performances of Wiltshire at Key Stage 2 and GCSE, which showed that Wiltshire may be losing ground against the region and nation on the key competitiveness factor of education of young people, are being addressed.

All of Wiltshire's districts have had an influx of migrants over the last few years, particularly from Eastern Europe, most of whom have come to work. However, West Wiltshire has seen the greatest increase by far and away. The key economic effects of these changes are likely to be an increase in Wiltshire's overall population and an increase in its working age population, economic activity rate and employment rate. Wiltshire may also see a possible decrease in

average earnings (if most migrants gain work in lower order lower paid occupations as opposed to higher order higher paid occupations). An increase in Wiltshire's economic output should also occur but this may well be accompanied by a possible decrease in output per head. A possible increase in the competitiveness of Wiltshire's manufacturing sector (and possibly other sectors) may occur if it is found that its employers can now obtain the workers they require at lower wage rates than previously. With the economic Downturn, it is inevitable that in-migration will boost unemployment.

The cost of working and living in Wiltshire appears reasonably competitive, this is less so for those that live and work in Wiltshire than those who live in Wiltshire but work elsewhere. Wiltshire house prices remain too high for younger people and the lower skilled (and paid) who tend to rely on local jobs. As a result, some local industries will struggle to secure labour at a price which will enable them to compete with lower cost foreign production. These conditions place further pressures on manufacturing in the Wiltshire economy. In fact, Wiltshire has one of the biggest gaps between relative affordability for residents and relative affordability for workers.

During the period May 2008 – May 2009, and as a direct result of the Downturn / Recession, the availability of office and industrial units and employment land all rose sharply across Wiltshire. As a result, and along with the labour market, Wiltshire's land and property markets are currently far less tight than in 2007/08.

Over the past 10 years Wiltshire has been losing competitive advantage against the rest of the South West region and against neighbouring economies. This loss can be explained by a combination of at least four key (and at times inter-related) issues:

1. Wiltshire's relative attraction as a place to live (as opposed to work and invest);
2. Wiltshire's location (situated in close proximity to a series of major and competitive economies which provide large numbers of quality well paid jobs in growth sectors);
3. The ongoing gradual employment decline of Manufacturing and Public Administration & Defence in Wiltshire;
4. Lower growth than competitor areas in employment in higher added value growth employment service sectors. Growth in the number of businesses in these sectors has been very good, but this has not, as yet, translated into employment growth.

On the whole, economic prospects for the South West economy are very much tied to national economic prospects because the region relies upon an inflow of businesses and

people from other, more prosperous, regions. Businesses move down the M4 to take advantage of space, relatively lower costs, a looser but high quality labour market, a good HEI infrastructure, and an attractive environment in which to live and work.

As the first 'port of call' into the South West from the South East, Wiltshire and Swindon can both expect to benefit from these trends more than the rest of the region. In particular, Wiltshire should attract a higher proportion of the businesses flowing into the region and compared to elsewhere in the region, fewer persons of those seeking to move to the South West to retire (who tend to favour Dorset, Devon and Cornwall). Wiltshire may also benefit from the fact that its transport infrastructure is, on the whole, less overloaded than the rest of the South West, whilst Wiltshire does have good R&D and scientific research presence. Wiltshire's manufacturing productivity has also improved and there are signs of good business growth in higher added value service sectors in Wiltshire.

Overall, slightly above average economic growth than nationally and regionally can be expected in Wiltshire, at least over the short to medium term.

EXECUTIVE SUMMARY

A. UK MACRO-ECONOMIC CONTEXT

- The impact of the 'Credit Crunch' instigated global recession (which commenced in the second quarter of 2008 in the UK), meant that the national economy grew by just 0.7% in 2008 (from 3.0% in 2007),
- Cambridge Econometrics predict a 3.5% decline in household spending in 2009 due to rising unemployment, ongoing credit market tightness and lower wealth in light of falling house prices⁴. They suggest that the tight credit conditions, and the need to maintain cash flows, mean that investment is forecast to fall by around 10% in 2009. Weaker domestic and foreign demand are also depressing UK trade flows.
- Labour market statistics show UK unemployment rates increased from the second quarter of 2008 and have continued to increase, to record levels. The recession has contained pay awards (almost exclusively) across all sectors.
- The collapse in investment demand and household spending in the second half of 2008 onwards inevitably means that 2009 will be one of the worst performing years ever (in growth terms at least) . Cambridge Econometrics predict a 4% decline in 2009 and a further half per cent decline in 2010 due to the collapse in private sector demand and overhanging debt.
- Sectorally, output was seen to be falling in just about every UK industrial sector by the end of 2008. Manufacturing sectors linked to the depressed Construction sector and non-essential household goods are expected to be hardest hit in 2009 and output of the overall sector is expected to continue to fall in 2010. Prospects for most market services groupings (i.e. Wholesale and Retail, Hotels and Catering, Transport and Communications, Finance and Business Services) are also generally bleak. However, whilst overall the expectation is gloomy in Business services, there are likely to be mixed fortunes within this; Banking and finance is expected to be the hardest hit in 2009 while Computing Services are expected to weather the recession relatively well (though not growing anywhere near its growth in recent years).

⁴ *Economic Prospects for the Nations and Regions of the UK*, Cambridge Econometrics, 2009

B. WILTSHIRE ECONOMIC PERFORMANCE

- Wiltshire's workplace based economic output was worth £7,450 million in 2006. In terms of economic output per head, Wiltshire was ranked regionally in sixth place (amongst twelve local economies) with £16,574 per head, a figure below the regional and national averages. Between 1996 and 2006 Wiltshire's average output growth rate was 4.9%, somewhat lower than the regional and national averages of 5.5% and 5.4% respectively.
- On the more meaningful output per worker competitiveness measure Wiltshire performs markedly better; it is the fifth best performer across the South West sub-regions, is above the regional average performance and performs better against the national average (though still remains somewhat behind national performance).
- Although Production contributes significantly in terms of output, services clearly dominate the Wiltshire economy. The 'big' three contributors in Wiltshire are: Business Services and Finance; Public administration, education, health and other services; and, Distribution, transport and communication.
- Structural comparisons with the broader South West region and the UK show that Wiltshire derives a higher proportion of its GVA from such activities as Agriculture and Distribution, transport and communications (includes Hotels and Restaurants). Less, as a proportion, is derived from Production (includes Mining and Quarrying and Energy and Water as well as Manufacturing). A lower proportion of GVA, lower than the UK though not the South West, is derived from Business services and finance.
- By 2020, a low-detail sector forecast analysis shows that the top contributors to Wiltshire economic output are estimated to be Government & Other Services and Financial & Business Services. Financial and business services will see the largest growth of any Wiltshire sector to 2020, followed by Transport & Communications. Manufacturing and Tourism related sectors will also continue to make significant contributions.
- Wiltshire's residents perform at 110% the national average and, in 2006, Gross Disposable Household Income (GDHI) per head in Wiltshire was the highest of all South West NUTS 3 areas, and significantly higher than the national average.
- In 2007, the top employment sectors in Wiltshire were: Wholesale and Retail, Personal & Household Goods and Real Estate, Renting and Business Activities. Compared to the GB average, Wiltshire has a comparatively larger share of employment in Manufacturing and lower shares in the Utilities and Real Estate, Renting and Business Activities.
- Externally-focused sectors such as manufacturing, business services and transport and communications account for 34% of Wiltshire employment (compared to 32% for the region

and 34% nationally). Such sectors are of crucial importance to the economic wellbeing of Wiltshire because they ultimately mean that the Wiltshire economy can support more jobs than if relying upon indigenous trade alone.

- Wiltshire has not performed as well as regionally or nationally in terms of overall jobs growth over the last ten years (9% growth compared to 12% nationally and 13% regionally). The main reason for this is above average losses in the Public Administration and Defence sector in Wiltshire.
- The key challenge for Wiltshire has been to replace the jobs lost in Public administration and defence and Manufacturing with new job opportunities in key growth sectors. There is no doubting that Wiltshire, given the extent of losses in Public administration and defence, has actually done very well in this. In fact, it is likely that, without the restructuring of the Public administration and defence sector, Wiltshire would have significantly outstripped regional and national employment growth over the last ten years.
- UK growth will continue to be led by the Wider South East of England (London, the South East and the East of England regions) and the gap in growth between the Wider South East and the rest of the UK is not likely to be closed even in the longer term. The impact of London 2012 preparations and infrastructure projects, office developments, east London regeneration and house building will all combine to boost GVA growth in the Wider South East compared with the rest of the UK.
- On the whole, economic prospects for the South West economy are very much tied to national economic prospects because the region relies upon an inflow of businesses and people from other, more prosperous, regions. Businesses move down the M4 to take advantage of space, relatively lower costs, a good HEI presence, a looser labour market and an attractive environment in which to live and work. The region also attracts those looking to move to take advantage of the South West as a place to live or retire. As the first 'port of call' into the South West from the South East, Wiltshire can expect to benefit from these trends, so long as it provides the workspace and labour supply. Wiltshire may also benefit from the fact that its transport infrastructure is, on the whole, less over-loaded than the rest of the South West whilst Wiltshire does have good R&D and scientific research presence.
- As a result of these trends, slightly above average economic growth than nationally and regionally can be expected in Wiltshire, at least over the short to medium term. This is affirmed by forecasts for Wiltshire which show that Gross Value Added growth in Wiltshire up until the end of the decade is expected to be slightly above national growth before growing on a par up to 2020.

- The Wiltshire industry groups with the highest overall projected percentage growth in GVA are: Financial and Business Services; Transport and Communications; Government and Other Services; and Distribution, Hotels and Catering.
- By 2020 the top contributors (as a percentage share of total GVA) are projected to be, as they are now, Government and Other Services and Financial and Business Services. However, the high growth of Financial and business services (at a rate more than double that of Government and Other Services) means that its contribution to Wiltshire GVA will be somewhat higher than in 2006.
- Employment forecasts for the period 2005-2020 show that the sectors expected to achieve the highest growth in volume terms in Wiltshire are: Government & Other Services; Distribution, Hotels & Catering; and Financial & Business Services. Manufacturing employment is set to experience further decline but will still be an important Wiltshire employment sector in 2020.
- In summary, in the past 10 years Wiltshire has been losing competitive advantage against the rest of the South West region and against neighbouring economies. This loss can be explained by a combination of at least four key (and at times inter-related) issues: Firstly, Wiltshire's attraction as a place to live (as opposed to work); secondly, its location (situated in close proximity to a series of major and competitive economies which provide large numbers of quality well paid jobs in growth sectors); thirdly, the ongoing gradual employment decline of Manufacturing and Public Administration & Defence; and, fourthly, lower employment growth than competitor areas in higher added value growth employment service sectors (i.e. business services). The last 3 of these key issues can also be regarded as key issues and challenges which will need to be tackled if the area is to ensure that it regains competitiveness and good growth. The main mechanisms for tackling these issues are: Skills; Entrepreneurship; Innovation; and, Infrastructure.

C. BUSINESS AND ENTERPRISE

- At the start of 2009 there were 19,550 VAT and/or PAYE registered businesses in Wiltshire. Wiltshire's business density is higher than the regional and national averages. In general, business density is a function of 'rurality' such that relatively sparsely populated areas have high business densities reflecting a lot of small businesses (such as in tourism and related industries) and a dispersed population. In contrast, more urban and industrial areas have relatively low business densities reflecting fewer, but on average, larger businesses and relatively large populations.
- Analyses of business employment sizeband data and turnover sizeband data confirm that Wiltshire has higher proportions of smaller businesses in terms of both employment and

turnover than regionally and nationally. Wiltshire also has higher proportions of older established businesses (than nationally at least).

- Economies dominated by micro firms have several advantages, the main one being that they tend to be flexible and quick to respond to market needs. However, the disadvantages of having a high proportion of micro businesses are that the economy derives fewer of the benefits of larger businesses and employers; larger businesses tend to provide more investment and training opportunities, tend to engage more in innovation and R&D, have higher rates of productivity and earn higher proportions of income from outside of the local area.
- The findings suggest several important strategic priorities: to preserve Wiltshire's existing larger employers as far as possible (at least not to lose them to other areas) and to encourage larger employers in the Wiltshire economy.
- Overall, Wiltshire's local profile of VAT registered businesses is broadly similar to both the national and regional profiles and, as with the national and regional economies, Wiltshire's stock of businesses is dominated by the service industry. The main differences that do exist are: Wiltshire's lower proportion of businesses in Retail than nationally and regionally; a higher proportion of businesses than regionally in Professional, scientific and technical; and, a higher proportion of businesses than nationally in Agriculture, forestry and fishing.
- Over the last ten years Wiltshire has experienced a relatively good rate of business growth overall, higher than both the South West and national growth. The main sectors explaining Wiltshire's above average growth performance were growth in: Education and health, Hotels & restaurants and Real Estate & Business Activities. Wiltshire's business stocks in each of these sectors grew significantly more than both regionally and nationally.
- In 2007, the self-employed in Wiltshire accounted for 16% of all in employment compared with 15% regionally and 14% nationally. In general, there is often an inverse relationship between the rate of self-employment in an area and its proportion of larger employers.
- In terms of start up activity (per 10,000 population) Wiltshire has a consistently higher rate of VAT registration than the South West and Great Britain averages. Areas with high registration rates also tend to have a high de-registration rates, and this is certainly true of Wiltshire. The area appears to have a higher 'business churn' rate than the regional and national averages, again, a feature likely to be related to its relative rurality; fewer employment opportunities make self-employment and running one's own business an attractive option but when they do start they compete with existing businesses, and not all survive.

- In general, businesses which start up in Wiltshire have a better rate of survival than regionally, and significantly better than nationally.

D. LABOUR MARKET

Labour Supply: Residence Based

- In 2008, Wiltshire had a resident population of 455,500.
- Wiltshire's population age profile is somewhat older than the national age profile and somewhat younger than the regional age profile.
- In common with every Shire County within the South West region, Wiltshire has seen a high rate of population growth over the last 25 years well above the national average (almost 19% compared to 10% nationally).
- The population of Wiltshire is projected to reach the significant half million mark somewhere around 2020 (though the impact of recent immigration into Wiltshire could mean that this milestone is reached well before this date). At 10%, Wiltshire is expected to grow at a rate slightly below the regional growth rate (12%) and on par with the national growth rate (10%).
- Any significant labour-market fuelled economic growth in Wiltshire will be driven by growth in the old West Wiltshire District area.
- Wiltshire has a significantly higher working age economic activity rate and a significantly higher employment rate than either region or nation as a whole (and its labour market is significantly tighter as a result). In tight labour market conditions, and where future growth in the working age population is limited, a strategic economic development priority to ensure continued growth is the need to produce more output with similar labour inputs. This requires that the Wiltshire workforce is educated to relatively higher levels than either the regional or national levels, encouraging innovation and higher added-value indigenous entrepreneurs in terms of the businesses they start in the area. It suggests that further support and encouragement of older workers should be considered (beyond retirement age). It also supports the case for ramping up inward investment support activity to attract the larger more productive firms.
- High rates of economic activity go hand in hand with low rates of economic inactivity and, as a result, Central Government policies aimed at encouraging the inactive into the labour force will be likely to have less success overall in Wiltshire than regionally or nationally (though they are still hugely important in some parts of the area).

- The occupational mix of employment in Wiltshire is broadly comparable to the national picture with the exceptions that it has significantly higher proportions in Associate Professional & Technical Occupations and Skilled trades and significantly fewer Professionals, in Sales and in Process jobs.
- The occupational profile of Wiltshire shows that it has been hugely successful in moving towards higher level jobs; 47% of residents in both Wiltshire are now working as Managers & Senior Officials or Professionals or Associate Professional & Technical Occupations (43% regionally and 43% nationally).
- Wiltshire has a significantly higher proportion of its working age population with qualifications at NVQ levels 3 and 4+ when compared nationally and slightly more than regionally. Wiltshire also has significantly lower proportion of its working age population with fewer qualifications than the national average. Wiltshire's working age residents are better qualified overall than their regional and national counterparts. Maintaining (and improving) this advantage is crucial if Wiltshire is to maintain competitiveness and economic growth in the face of a tight labour market and no significant (relative) projected increase in its residents of working age.
- At the heart of Wiltshire's labour market competitiveness is a relatively highly skilled workforce.
- In keeping with the national trend, there is a significant demand for basic skills training.
- The 2008 Key Stage 2 numeracy, literacy and science attainments for Wiltshire show the LEA to be slightly above the national average attainment in English and Science and slightly behind in Mathematics.
- The 2008 GCSE results show that Wiltshire LEA performed just marginally below the national average for 15/16 yr olds achieving 'good' GCSEs. This represents a slight recovery from ground lost in recent years.
- Wiltshire performance for pupils achieving 'good' GCSEs including English and Mathematics is far better and the area performs significantly above the national and regional averages. Of those who achieve 'good' GCSEs in Wiltshire, they may be of better 'quality' than when compared nationally and regionally.
- A well-educated workforce is central to Wiltshire's future competitiveness as it enables the area to attract and retain the high value added sectors which will help improve productivity. Reversing declines in educational attainment, and performing above the national average on key education indicators, is essential to secure future competitiveness in a national (and international) context. It should be recognised as another strategic economic development priority for Wiltshire.

- Wiltshire has similar participation to regionally and nationally in Full Time Education, which may imply relatively similar progression rate towards high level education. However, in terms of total participation (the total of education and work based learning) it performs well below both the region and nation. This is in part due to a lower percentage going into Work Based Learning and suggests that provision for Work Based learning in Wiltshire for 16 year olds and 17 year olds can be improved.
- Average weekly workplace based earnings in Wiltshire for 2008 were marginally higher than the South West and marginally lower than the Great Britain average. Average residence based weekly earnings for people living in Wiltshire in 2008 were significantly higher than the regional average and marginally higher than the national average. The discrepancy between average earnings by workplace and average earnings by residence in Wiltshire suggests that its workers are unable to secure the higher than average earnings within Wiltshire that are on offer in adjacent economies outside of Wiltshire. Commuting patterns confirm this. However, there is very good and positive evidence that Wiltshire's workplaces have closed the gap on the national average in recent years.

Labour Demand: Workplace Based

- From 1997 to 2007, growth in Wiltshire workplace employment (at 9%) was somewhat lower than nationally and significantly lower than regionally.
- Wiltshire has led the way in moving towards a workplace economy which is characterised by higher order jobs; 59% of Wiltshire workplace jobs are either Managers, Professionals or Skilled trades people compared to 55% of jobs regionally and 54% nationally.
- The continuous move towards a higher skilled employment base offers Wiltshire competitive advantage and protection from overseas competition as a result. This reinforces the link between Wiltshire's competitiveness and its educational attainment and workforce qualifications shown in the labour supply section.
- Part-time employment, as a % of all employment, is more important in Wiltshire than nationally (though not as important as regionally), and this is entirely driven by the high proportion of female part-timers. Wiltshire has also followed the national and regional trends of increased male part time employment. Finally, and as with the South West, Wiltshire has also increased part-time female employment.

Labour Market Equilibrium

- Wiltshire has a slightly lower Job Density figure (0.87) than nationally (0.83) and slightly higher rate than regionally (0.86). It also has a relatively large out-commuting population.

- With 7,200 claimants in October 2009 and a Claimant Count rate of 2.7%, Wiltshire has a slightly lower rate of unemployment than regionally (2.9%) and a markedly lower rate than nationally. Wiltshire's broader ILO unemployment rate is also very low, but does show an additional 7,700 people who are actually looking for work than the Claimant Count suggests. Trends over the last twenty years suggest that Wiltshire has not matched regional unemployment decline and, as a result, the two rates have converged. Against the national trend in Claimant unemployment, Wiltshire has, so far, managed to maintain its lower position.
- As with the Claimant rate, Wiltshire's ILO unemployment rate is lower than nationally. However, unlike the Claimant rate, there is evidence that Wiltshire's ILO rate is now higher than the regional rate. In fact, recent trends give worrying evidence that ILO unemployment in the area has risen to surpass the regional rate, and may be heading in the direction of the (traditionally much higher) national rate.
- The vacancies most difficult to fill in Wiltshire are almost all lower skilled jobs (Elementary occupations, Sales and Customer Service occupations, and Personal Service occupations). Compared nationally, Wiltshire has a significantly lower proportion of Associate professional and technical unfilled vacancies, a higher proportion of Administrative and secretarial positions, and a higher proportion of Elementary occupation vacancies.
- Since the start of the economic downturn it is noticeable that the proportion of higher skilled unfilled job vacancies (i.e. job vacancies for Managers, Professionals, Associates and Skilled Trades) have declined in favour of growth in the proportion of unskilled unfilled job vacancies.
- Analysis of commuting data shows that Wiltshire's location offers accessibility to employment centres with a high demand for skilled/qualified occupations. This is backed up by the job density ratios and earnings differentials between workplace and residence.
- Occupational data shows that around 65% of the net commute losses in Wiltshire stem from higher level occupations (Managers & Senior Officials, Professionals, and Associate Professional & Technical). This is not surprising given the fact that workers in higher level occupations tend to have larger than average commuting distances. These professional and highly skilled individuals have relatively high incomes and may choose to live in areas that have a shortage of suitable local jobs (e.g. rural areas) and a 'quality' living environment. Conversely, people in occupations associated with low level skills tend to travel shorter than average distances. For people in these occupations commuting over larger distances may not be viable, given the trade-off between wage and travel costs.

- All of Wiltshire's districts have had an influx of migrants over the last few years, West Wiltshire has seen the greatest increase by far and away. In particular, West Wiltshire has seen a huge increase in people registering for work who are from A8 countries, and this has made a considerable contribution to its population and working age population, trends which are not shown in official current international migration data.
- The key economic effects of these changes are likely to be an increase in Wiltshire's overall population and an increase in its working age population, economic activity rate and employment rate. Wiltshire may also see a possible decrease in average earnings (if most migrants gain work in lower order lower paid occupations as opposed to higher order higher paid occupations. An increase in Wiltshire's economic output should also occur but this may well be accompanied by a possible decrease in output per head. A possible increase in the competitiveness of Wiltshire's manufacturing sector (and possibly other sectors) may occur if it is found that its employers can now obtain the workers they require at lower wage rates than previously. There is no evidence to suggest that immigration will lead to an increase in unemployment.
- Globalisation will continue to pose both threats and opportunities for the Wiltshire economy. Threats are more in terms of markets and jobs at the lower value added end (low-cost, standard commodity-type goods and services) and particularly from China and India. Opportunities are more at entering markets and sustaining presence at the higher value added end and this requires a highly skilled workforce. To take advantage of these opportunities, Wiltshire's employers need to increase their demand for skills at all levels: from senior management, responsible for the strategic vision of the organisation, to those engaged in more routine day-to-day activities. Skills need to be placed at the heart of the business plans of Wiltshire's organisations.
- As with the UK, there is evidence that new young labour market entrants in Wiltshire lack the skills they need for employment.
- Skill losses brought about by staff retirements are often very hard to replace and the 'older than average' composition of the Wiltshire workforce means that this is likely to affect the area more than elsewhere (and increasingly so).
- The most frequently mentioned skills that employers in Wiltshire felt were lacking were: team working; oral communication; and technical skills. Nearly a third of employers also believe that their staff (of those with skills gaps) 'lacked motivation'.
- Elementary and sales occupations have the largest number of skills gaps;. However the third highest share of total skills gaps is for managers, suggesting a need for management and/or leadership training in Wiltshire.

- Whilst the proportion of employers who provide training in Wiltshire is above average, there is evidence to suggest that more of this could be training towards nationally recognised qualifications.
- If employers' demands for skills are to be raised in Wiltshire, the supply side must respond with a supply of skills with more of a vocational, and economically valuable focus. With evidence that training towards recognised qualifications is low in Wiltshire, and that Work Based Learning is also low, this is likely to be a greater challenge in Wiltshire than elsewhere.
- Lifelong learning and the acquisition of new skills over the human lifecycle is essential to sustain competitiveness.
- Tackling social exclusion from a skills perspective will require tackling individuals' basic skills needs and also providing people with the skills that will allow them to sustain and even progress in their employment. This is recognised as a formidable challenge for the education and training system.
- Advice and guidance on career development and skills needs will be increasingly important in assisting people to navigate their way through what is likely to prove to be a rapidly changing labour market. This will continue to require robust and timely labour market information, including prospects for the future.

Local Economic Forecasting – Labour Demand

- 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 Wiltshire economy. 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 through in-migration, in-commuting, and the local working age population.

E. PROPERTY

- In July/September 2007 the average house price in Wiltshire, at £177,441, was 5% higher than the regional average and 12% higher than the national average.
- Between 1997 and 2007 house prices in Wiltshire have increased by around 97% representing a lower relative increase than the regional and national increases of 117% and 111% respectively.
- Average house prices in Wiltshire have been consistently higher than the regional and national averages over the last ten years (though the gap between Wiltshire house prices and regional house prices has reduced considerably as a result of stronger regional growth).
- In Wiltshire, the average house costs approximately 7.5 times the average annual wage of its residents, and 8.0 times the average annual wage of its workers, and actually makes Wiltshire relatively affordable compared to other locations at least.
- Whilst the cost of working and living in Wiltshire appears reasonably competitive, this is less so for those that live and work in Wiltshire than those who live in Wiltshire but work elsewhere. Wiltshire house prices remain too high for younger people and the lower skilled (and paid) who tend to rely on local jobs. As a result, some local industries will struggle to secure labour at a price which will enable them to compete with lower cost foreign production. These conditions place further pressures on manufacturing in the Wiltshire economy. In fact, Wiltshire has one of the biggest gaps between relative affordability for residents and relative affordability for workers.
- During the period May 2008 – May 2009, the impact of the Recession increased the overall availability of office floorspace in Wiltshire by 17% from a total of 586,000 sq ft to 695,000 sq ft; with the number of available units rising sharply from 63 to 108.
- Also during this period, the impact of the Recession meant that the overall availability of premises within Wiltshire allocated to industrial use (either as an existing or potential use) increased quite significantly from 549,862 sq ft to 861,643 sq ft; a rise of 56.7%. The total number of available industrial units also rose from 87 units to 137 units.
- In the period May 2008 to May 2009, overall employment land availability within Wiltshire remained static at a total of 150.4 acres, made up of 11 sites across Wiltshire – 1 in North Wiltshire, 5 in Mid Wiltshire and 5 in South Wiltshire.
- Over the last year there have been a number of secured or potential key investments and developments within Wiltshire including:

- Castledown Business Centre at Ludgershall
 - Construction of the Castledown Innovation Centre at Ludgershall
 - Koch Fertilizer's operating base on the Marlborough Business Park
 - Ongoing development of Salisbury Vision and related projects
 - Staff relocations to Dstl Porton Down
 - Project Chrysalis planning application
 - Plans for a new Bioscience / technology Centre at Porton Down
 - Plans for a new visitor centre at Stonehenge
 - Ongoing development of Solstice Park
 - The Military Civilian Integration Programme and the development of the Salisbury Plain Super Garrison
 - Bath Road Trade Centre Chippenham, completed at the end of 2007
 - Bowman Court, Whitehill Lane, Wootton Bassett.
 - The Glove Factory Studio's in Holt, completed in 2009
 - Kingston Mills, Bradford on Avon. Due for completion in spring 2011.
 - Thor Industrial Estate, Normandy lane Cricklade.
 - Phase 11 Methuen Park
 - Phase 1 Turnipike Business Park, Chippenham to be started soon
 - Retail investments recently completed include Parkridge shopping/residential development in Trowbridge, Sainsburys in Trowbridge, Asda in Melksham and the relocation of the West Country Farmers shop to the old mill next door which is currently being demolished in Melksham. Morrisons recently moved into the old Coopers supermarket site in Westbury.
- A good number of these investments score highly in terms of the need to develop higher added value and innovative investment in Wiltshire.

CHAPTER 1: WILTSHIRE ECONOMIC PERFORMANCE

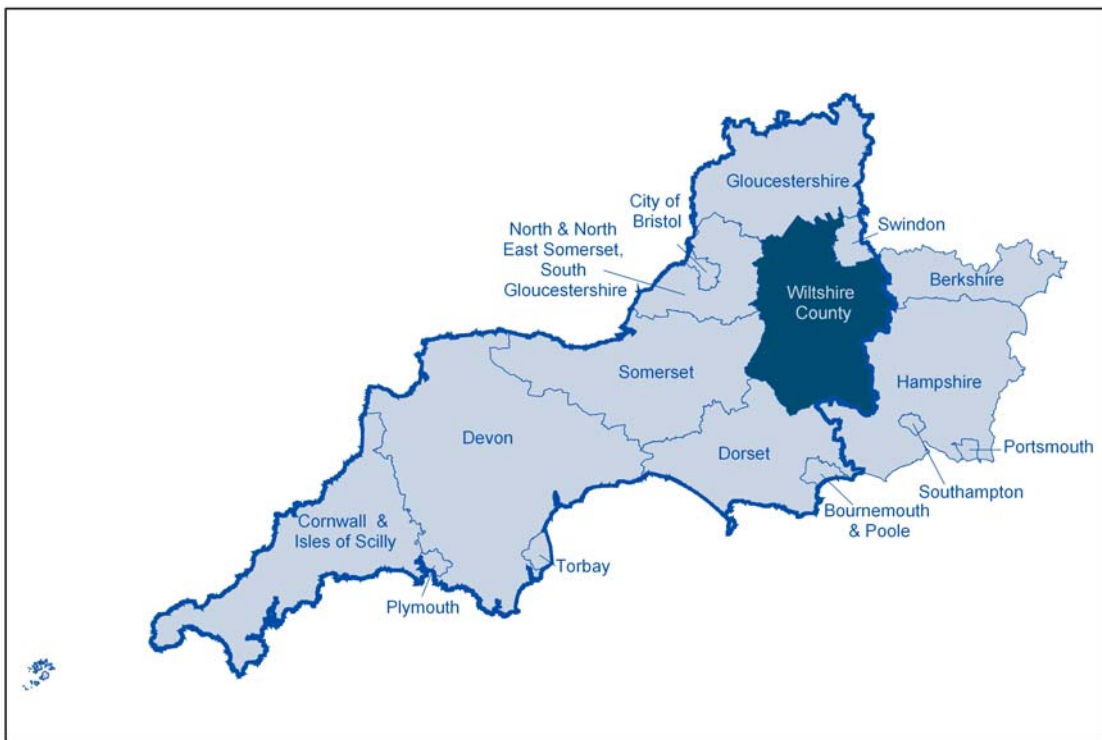
In this chapter a variety of indicators are used to assess Wiltshire's economic performance in terms of output, income and employment. This includes the following principal indicators: Gross Value Added; Gross Disposable Household Income; Sectoral employment.

1.0 ADMINISTRATIVE BOUNDARIES

A number of administrative areas are referred to throughout this assessment.

Map 1.1 shows Wiltshire and Unitary Authority structure of the whole of the South West region but also includes the relevant boundaries for authorities in the South East surrounding Wiltshire County.

Map 1.1: Wiltshire adjoining authorities and the South West Region



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Map 1.2 shows Wiltshire County and its four constituent Local Authority boundaries. Also shown are the larger towns and cities surrounding Wiltshire and the main transport infrastructure which serves it.

Map 1.2: Wiltshire boundary and main transport links



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1.1 GROSS VALUE ADDED

1.1.1 GVA Levels & Growth

Gross Value Added (GVA) estimates show that Wiltshire's workplace based economic output was worth £7,437 million in 2006, which represents 8.3% of the regional output. Wiltshire was the sixth highest contributor to South West regional GVA out of twelve NUTS 3 areas (Table 1.1). Also shown, for the sake of comparison, are the figures for the surrounding Berkshire and Hampshire NUTS 3 areas. As can be seen, both these heavyweight South East economies are almost twice the size of any of South West (NUTS 3) economy.

In terms of economic output per head Wiltshire was ranked in 6th place within the South West with £16,574, behind Swindon, Bristol, North & North East Somerset & South Gloucestershire, Gloucestershire, and Bournemouth & Poole. Wiltshire output per head failed to match both the England average of £19,413 and the South West average of £17,386. However, it should be pointed out that calculations of workplace output per resident head tend to be overstated in areas with high levels of (net) in-commuting and vice versa. Moreover, the contrast in economic output levels between Wiltshire and the England average may be explained by the fact that the latter has been inflated by the higher economic performance of major cities: GVA tends to be higher in and around key cities than in more rural areas (London is the most obvious example of an area where high productivity levels have served to distort the England/UK average). There is also a gap between Wiltshire's performance and that of the South West as a whole. However, this can be at least partly explained by the fact that industrial urban areas such as Swindon and City of Bristol push up the regional average against the region's more rural economies.

A more meaningful analysis of output per head, which removes the effect of commuting flows (and which is endorsed by the Office for National Statistics), concerns workplace output per person working within these workplaces. A comparison of South West sub-regional performance on both the output per resident and output per worker measures⁵ shows that Wiltshire performs markedly better on the latter measure. In fact, it is the fifth most competitive sub-regional economy in the South West (out of twelve sub-regions) and, unlike on the resident-based measure, performs significantly above regional performance.

Between 1996 and 2006 Wiltshire's average annual GVA growth⁶ rate was 4.9%, somewhat below the South West and England rates of 5.5% and 5.4% respectively. Wiltshire ranked tenth out of the twelve South West NUTS 3 areas. Wiltshire's average annual GVA per

⁵ *Strategic Assessment of the Economy and Business and Entrepreneurship in the North East Triangle of the South West*, GWE Business West Research, April 2009

⁶ The Office for National Statistics produces GVA estimates at current basic prices which means that there has been no adjustment for inflation. As a result, the growth rates that have been calculated from these estimates are 'artificially' high.

person growth rate between 1996 and 2006 was 4.1%. Again, this is somewhat below the regional and national rates of 4.8% and 5.0% respectively and ranked Wiltshire in 10th place amongst the sub-regions of the South West.

Table 1.1: Headline Gross Value Added, England, South West and SW NUTS 3 areas, at current basic prices, 1996/2006

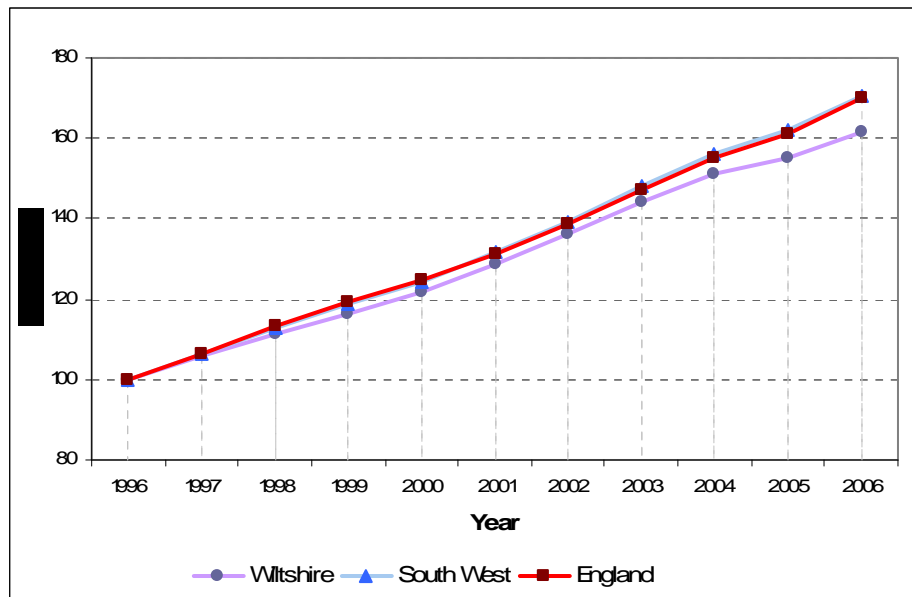
Area	GVA 1996 (£million)	GVA 2006 (£million)	Growth* of GVA (% per annum 1996- 2006)	GVA Per head 1996 (£)	GVA Per head 2006 (£)	Growth* of GVA per person (% per annum) 1996-2006
England	580,270	985,477	5.4	11,960	19,413	5.0
South West	52,168	89,090	5.5	10,884	17,386	4.8
Berkshire	12,294	23,541	6.7	15,633	28,853	6.3
Bournemouth & Poole	3,114	5,586	6.0	10,501	18,742	6.0
N and NE Somerset, South Gloucs	6,734	12,911	6.7	11,613	20,447	5.8
Hampshire CC	13,266	23,506	5.9	10,960	18,568	5.4
Cornwall & Isles of Scilly	3,455	6,284	6.2	7,185	11,939	5.2
Gloucestershire	6,468	11,094	5.5	11,745	19,172	5.0
Somerset	4,740	8,344	5.8	9,879	16,088	5.0
Dorset CC	3,304	5,573	5.4	8,707	13,827	4.7
Bristol City of	6,304	10,404	5.1	16,198	25,345	4.6
Swindon	3,185	5,232	5.1	18,446	28,037	4.3
Devon CC	6,479	10,789	5.2	9,591	14,564	4.3
Wiltshire CC	4,599	7,437	4.9	11,060	16,574	4.1
Plymouth	2,637	3,814	3.8	10,644	15,374	3.7
Torbay	1,147	1,622	3.5	9,195	12,178	2.8

Source: Adapted from National Statistics Headline GVA, [National Statistics website: www.statistics.gov.uk](http://www.statistics.gov.uk), 2009

- (1) Estimates of workplace based GVA allocate income to the area in which commuters work
- (2) Components may not sum to totals due to rounding
- (3) GVA growth rate calculated by GWE Business West Research
- (4) * The Office for National Statistics produces GVA estimates at current basic prices which means that there has been no adjustment for inflation. As a result, the growth rates that have been calculated from these estimates are 'artificially' high.
- (5) Figures for 2006 are provisional

Figure 1.1 displays levels of economic output from 1996 to 2006 (indexed where 1996 = 100) generated by Wiltshire, the South West and England. This line graph shows the relative position of Wiltshire in terms of GVA growth, in a regional and national context. Wiltshire's GVA growth rate began to diverge from the national and regional averages after 1997 and has never quite 'recovered'. In fact, the gap between Wiltshire's performance and that of the broader regional and national economies appears to have got marginally but consistently worse over the last ten years.

Figure 1.1: Headline Gross Value Added, England and the South West, at current basic prices, 1996 to 2006, relative scale 1996=100



Source: Adapted from National Statistics Headline GVA, *National Statistics website: www.statistics.gov.uk*, 2009

Estimates of workplace based GVA allocate income to the area in which commuters work

Table 1.2 examines Wiltshire’s economic output (GVA) by sector. Although Production contributes significantly in terms of output, services clearly dominate the Wiltshire economy. The ‘big’ three contributors in Wiltshire are: Business Services and Finance; Public administration, education, health and other services; and, Distribution, transport and communication.

Structural comparisons with the broader South West region and the UK show that Wiltshire derives a higher proportion of its GVA from such activities as Agriculture and Distribution, transport and communications (includes Hotels and Restaurants). Less, as a proportion, is derived from Production (includes Mining and Quarrying and Energy and Water as well as Manufacturing). A lower proportion of GVA, than the UK though not the South West, is derived from Business services and finance.

Table 1.2: Wiltshire GVA by Broad Sector, and Structural Comparisons with the UK and South West, 2006.

	Wiltshire*		South West	United Kingdom#
	£m	%	%	%
Agriculture, forestry and fishing	121	1.6	1.3	0.7
Production	1,095	14.7	16.5	15.4
Construction	484	6.5	6.7	6.4
Distribution, transport and communication	1,719	23.1	21.6	21.9
Business services and finance	2,286	30.8	28.5	31.8
Public administration, education, health and other services	1,727	23.2	25.3	23.9
Total GVA	7,432	100.0	100.0	100.0

Source: Office for National Statistics

Estimates of workplace based GVA allocate incomes to the region in which commuters work.

*Unadjusted (constrained to headline NUTS2) Gross Value Added (GVA) by NUTS3 area and 6 industries at current basic prices by region

#5 Includes extra-regio. GVA for extra-regio comprises compensation of employees and gross operating surplus which cannot be assigned to regions.

1.1.2 Improving Economic Growth and Competitiveness

In the long run, output levels of workplace GVA are influenced by the number of people working in those workplaces, and their relative productivity. Wiltshire's competitive performance, in relative terms, is also improved by raising the relative productivity of its workers.

Workplace employment is increased by addressing labour supply and demand. Although economic activity rates in Wiltshire are high, labour market participation can be improved by expanding the supply of labour through migration, in-commuting and by making the most of the unemployed as well as the 'under utilised' economically inactive, for example older people who wish to work. Obviously, the upshot of increasing the supply of labour is that there will be added pressures on infrastructure (for example housing and transport) and potential workers might need to be re-skilled or up-skilled.

The demand for labour from Wiltshire's workplaces is increased through the retention, expansion and attraction of businesses. However, higher levels of workplace activity will also (obviously) bring further infrastructure, environmental and land pressures.

An increase in the level of Wiltshire workplace employment over time will raise the overall level of Wiltshire workplace output (and hence the economy will be growing) but it will not, in

itself, raise Wiltshire's competitive performance on output per head measures. Relative improvements in competitive performance are achieved by improving Wiltshire's workplace productivity growth (in relative terms) and for the most part this is achieved by increasing the proportion of Wiltshire workers who are working in higher value added jobs in Wiltshire. This requires continued emphasis on ensuring that Wiltshire provides the conditions for investment and employment growth in higher added value growth sectors. It can be shown that the main determining factors of growth and investment in higher value added sectors at the local level (and hence productivity improvement), and those which are within the sphere of influence of local economic development agencies, are as follows:

- Skills
- Entrepreneurship
- Innovation
- Infrastructure

Further detail, on each of these drivers and other factors, were included in last year's assessment and will not be repeated here.

Each of these factors clearly represent an economic development priority for Wiltshire if it is to increase its share, and overall level, of employment in higher value added sectors (and improve its competitive performance on all measures).

1.2 GROSS DISPOSABLE HOUSEHOLD INCOME

1.2.1 GDHI Levels & Growth

GVA is the government's preferred method for measuring an area's economic output (i.e. the value of goods and services produced). However, this method does not necessarily paint an accurate picture of *economic living standards* in that area. In order to measure economic living standards it is probably advisable to use alternative measures such as Gross Household Disposable Income (GDHI). GDHI represents the amount of money that households have available for consumption or savings after taking into account current taxes on income and wealth, pension contributions, mortgage interest payments and other outgoings such as non-life insurance premiums.

In 2007 (Table 1.4), GDHI per head in Wiltshire was estimated at £15,417. This level was considerably higher than that of the South West (£14,187) and England (£14,556). In fact, out of all 12 South West NUTS 3 areas in 2007, Wiltshire's GDHI per head was by far and away the highest amongst these sub-regions. Wiltshire's Income per head is so high

because the area is home to large numbers of relatively high-earning residents, good numbers of which work outside its boundaries. In particular, Wiltshire's geographic location affords ready access to higher-level jobs in such areas as Bristol, Swindon, Hampshire, Berkshire, London and, of course, within Wiltshire itself. More information on Wiltshire's commuting patterns (and the differences between workplace and residence earnings) can be found in the Labour Market section of this assessment. Another factor is the boost that pensioners' incomes, especially in popular retirement areas, may have on disposable income levels.

In terms of average annual GDHI growth⁷ per head between 1997 and 2007, Wiltshire grew at 3.9% per annum, slightly in excess of regional and national growth.

The reader is advised that a high level of GDHI, as seen in Wiltshire, clearly does not imply that an area does not have any deprivation issues. As with most rural areas across the South West, Wiltshire has good numbers of individuals and families spread across Wiltshire who are suffering deprivation to one degree or another, with some, but not all, located in key areas and pockets.

⁷ The Office for National Statistics produces GDHI estimates at current basic prices which means that there has been no adjustment for inflation. As a result, the growth rates that have been calculated from these estimates are 'artificially' high.

Table 1.3: Headline Gross Disposable Household Income, England, South West and SW NUTS 3 areas, at current basic prices, 1997/2007

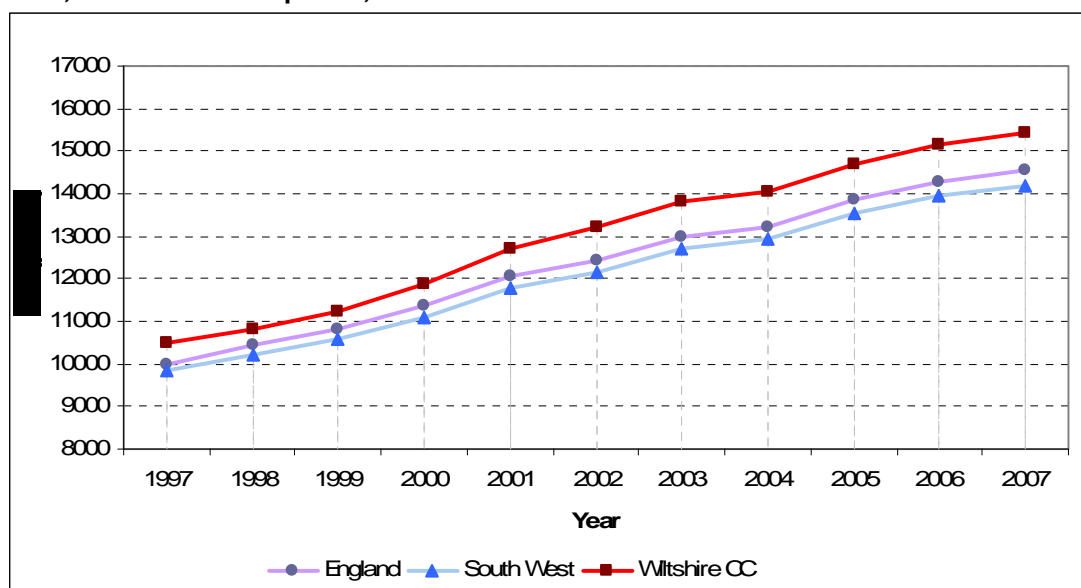
Area	GDHI 1997 (£million)	GDHI 2007 (£million)	Growth* of GDHI (% per annum) 1997-2007	GDHI per head 1997 (£)	GDHI per head 2007 (£)	Growth* of GDHI per person (% per annum) 1997-2007
England	486,558	743,704	4.3	9,998	14,556	3.8
South West	47,435	73,462	4.5	9,826	14,187	3.7
Wiltshire CC	4,397	6,978	4.7	10,499	15,417	3.9
N and NE Somerset, South Gloucs	6,277	9,371	4.1	10,732	14,654	3.2
Dorset CC	3,855	6,148	4.8	10,096	15,111	4.1
Swindon	1,757	2,812	4.8	10,028	14,838	4.0
Gloucestershire	5,722	8,834	4.4	10,268	15,164	4.0
Bournemouth and Poole	2,933	4,560	4.5	9,799	15,137	4.4
Somerset	4,770	7,498	4.6	9,860	14,342	3.8
Bristol, City of	3,652	5,494	4.2	9,385	13,195	3.5
Cornwall and Isles of Scilly	4,230	6,728	4.8	8,719	12,654	3.8
Devon CC	6,688	10,349	4.5	9,816	13,797	3.5
Torbay	1,084	1,690	4.5	8,709	12,591	3.8
Plymouth	2,069	3,002	3.8	8,410	11,977	3.6
Berkshire	9,327	13,580	3.8	11,764	16,447	3.4
Hampshire CC	13,387	20,283	4.2	10,993	15,886	3.8

Source: *Gross Disposable Household Income*, National Statistics website: www.statistics.gov.uk, 2009

*The Office for National Statistics produces GDHI estimates at current basic prices which means that there has been no adjustment for inflation. As a result, the growth rates that have been calculated from these estimates are 'artificially' high.

Figure 1.2 shows the GDHI (per head) series from 1997 to 2007. The trend lines show that during this period, Wiltshire was continuously above the England average for disposable household income per head. Up until 1998 (and in absolute terms) the trend for Wiltshire shadowed that of England but between 1998 and 2000 the gap with the national average narrowed slightly. Post 2000 saw some movement away from the national figure and by 2007 the gulf had widened again with Wiltshire's GDHI per head being more than 6% higher than the national figure. In relative terms, however, Wiltshire has actually lost ground against national performance over the past ten years (in 1997 Wiltshire GDHI per head was actually 9% higher than nationally). Overall, and against the South West Region, Wiltshire's current performance on this indicator in relative terms is remarkably similar to 10 years earlier; in both 1997 and 2007 Wiltshire's GDHI per head was 9% higher than the South West.

Figure 1.2: Headline Gross Disposable Household Income, England and the South West, at current basic prices, 1997 to 2007



Source: *Gross Disposable Household Income*, National Statistics website: www.statistics.gov.uk, 2009

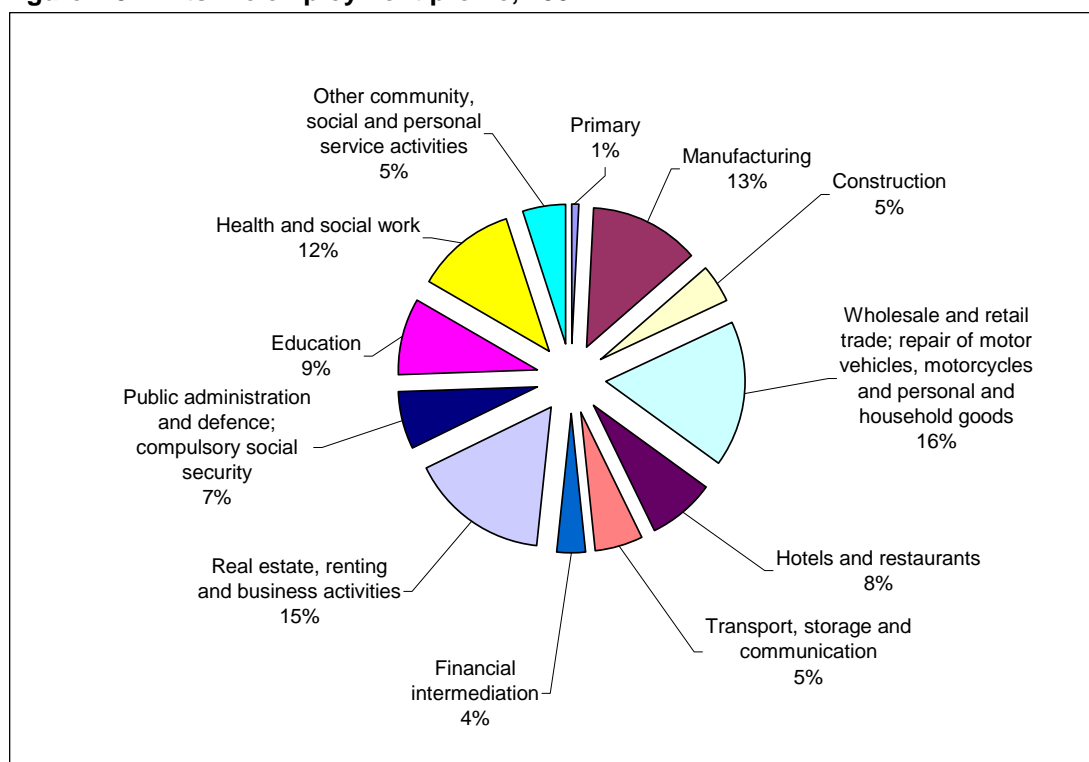
1.3 EMPLOYMENT

1.3.1 Employment by Sector

In 2007, Wiltshire's business units employed about 180,500 persons. The top sectors (by Standard Industrial Classification (SIC) Code 'Section') in Wiltshire in terms of employment size were: Wholesale and Retail, Repair of Motor Vehicles, Motorcycles & Personal & Household Goods (30,400 jobs); and Real Estate, Renting & Business Activities (29,000 jobs). Other sectors with significant employment shares were: Manufacturing (23,000 jobs); Health and Social Work (20,800 jobs); Education (16,400); and Hotels and Restaurants (14,200 jobs) (Figure 1.3).

In most local economies, Wholesale and Retail is often the top employment sector, and the same is true of Wiltshire. A recent trend, again one underway in most economies, is for Business services (represented by Real Estate, Renting & Business Activities) to surpass the Wholesale and Retail sector to become the top employment sector. The trend represents the increasing shift towards a professional knowledge-based service economy. Whilst this had not yet occurred in Wiltshire, it will be interesting to see if this significant event occurred in 2008 (and shown in the 2008 ABI data to be released shortly).

Figure 1.3: Wiltshire employment profile, 2007



Source: *Annual Business Inquiry, National Statistics* from Nomis website: www.nomisweb.co.uk, 2009
 Figures for some smaller sectors have been aggregated into the 'Primary' category (Agriculture, hunting and forestry; Fishing; Mining and quarrying, and; Electricity, gas and water supply)
 Figures for agriculture class 0100 (1992 SIC) have been excluded.

Relative to employment patterns in the region and nationally (see Table 1.4a), one of the more distinguishing features of the Wiltshire area is that it has a higher than average reliance on manufacturing (12.8% compared to 11.3% regionally and 10.6% nationally). Wiltshire's under-representation in Electricity, gas and water supply when compared nationally and regionally is also worthy of note. Finally, and compared nationally at least, Wiltshire appears somewhat under-represented in employment terms in Real estate, renting and business activities.

Externally-focused sectors such as manufacturing, business services and transport and communications account for 34.3% of employment (compared to 31.5% for the region and 34.2% nationally). Such sectors are of crucial importance to the economic wellbeing of Wiltshire because they tend to source a higher proportion of their income from trade outside the local economy (rather than circulating trade indigenously). This externally-derived income essentially represents an 'export' from the Wiltshire economy and shows the extent to which direct output, jobs and incomes (and their multipliers) in the Wiltshire area are reliant upon markets outside the area. This is important as it means that the economy is likely to be supporting more jobs than if it had to rely upon indigenous trade alone.

By comparison, the majority of employment is in various industries (Construction, Wholesale and retail trade, Hotels and restaurants, Financial intermediation, Education, Health and social work) which can be described as servicing the needs of the local economy, and as a consequence development is unlikely to exceed beyond the limitations of disposable income. However, the proportion of employment in these sectors in Wiltshire (53.4%) is lower than nationally (53.5%) and somewhat lower than regionally (56.4%).

The prospects for sectors like public administration and defence (6.5% of all jobs) depend on government decisions and spending.

The analysis of these different types of sectors shows that Wiltshire has a slightly above average externally-focused economy than nationally and a significantly more externally focused economy than regionally. This analysis also suggests that Wiltshire is likely to suffer the effects of the 2008 Economic Downturn slightly more than the South West region (but on a par with nationally).

Table 1.4a: Employment structure by sector, 2007

	Great Britain	South West	Wiltshire
Agriculture, hunting and forestry	0.9	1.2	0.5
Fishing	0.0	0.0	0.0
Mining and quarrying	0.2	0.2	0.1
Manufacturing	10.6	11.3	12.8
Electricity, gas and water supply	0.4	0.6	0.1
Construction	4.9	4.8	4.6
Wholesale and retail trade; repair of motor vehicles	16.6	17.5	16.8
Hotels and restaurants	6.7	7.8	7.9
Transport, storage and communication	5.9	5.1	5.4
Financial intermediation	4.0	3.5	3.5
Real estate, renting and business activities	17.7	15.1	16.1
Public administration and defence; social security	5.6	5.3	6.5
Education	9.2	9.7	9.1
Health and social work	12.1	13.1	11.5
Other community, social and personal service	5.2	4.7	5.0
Total	100.0	100.0	100.0

Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2008
 Figures for agriculture class 0100 (1992 SIC) have been excluded.

In Table 1.4b Location Quotient (LQ) scoring has been used to compare sectoral employment structure (by sector level SIC code) in Wiltshire against the national benchmark structure. Location quotient analysis helps to provide an indication of the relative importance (representation) of different sectors at the local/regional level.

In 2007, Wiltshire was over-represented (and had high employment levels in) three key sectors when compared with Great Britain (Table 1.4b): Manufacturing, Hotels and restaurants and Public administration and defence; compulsory social security. It was under-

represented in Construction, Transport, storage and communication and Financial intermediation.

Table 1.4b: Employment volumes and Location Quotients by Sector, 2007

	Employees (Data rounded to nearest 1,000)	Location Quotient
Agriculture, hunting and forestry	1,000	0.53
Fishing	0	n/a
Mining and quarrying	0	n/a
Manufacturing	23,000	1.20
Electricity, gas and water supply	0	n/a
Construction	8,000	0.94
Wholesale and retail trade; repair of motor vehicles, etc	30,000	1.01
Hotels and restaurants	14,000	1.17
Transport, storage and communication	10,000	0.92
Financial intermediation	6,000	0.89
Real estate, renting and business activities	29,000	0.91
Public administration and defence; compulsory social security	12,000	1.17
Education	16,000	0.99
Health and social work	21,000	0.95
Other community, social and personal service activities	9,000	0.97
Total	181,000	1.00

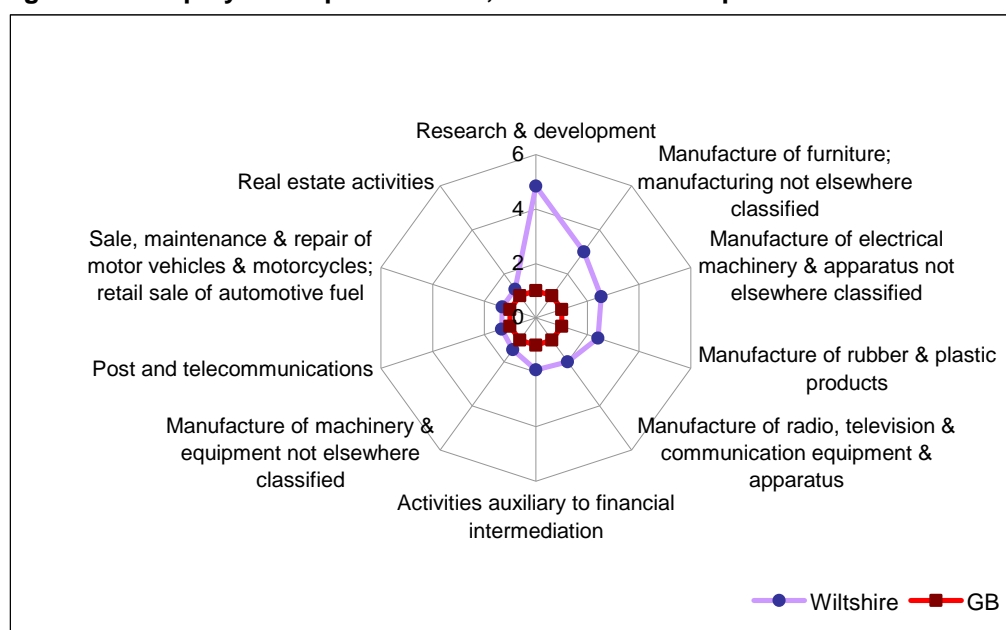
Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2008

When compared with the national benchmarks, and when going into more detail (2 digit SIC), Wiltshire is strongly represented in a number of sectors, most notably, Research and Development as indicated in Figure 1.4 below. However, the following also have particularly strong LQ scoring: Manufacturing of Furniture and Manufacturing Not Elsewhere Classified (NEC), Manufacture of Electrical Machinery & Apparatus; Manufacture of Rubber and Plastic Products; and, Manufacture of Radio, Television & Communication Equipment & Apparatus.

Wiltshire's R&D strength is explained by the Salisbury Research Triangle⁸, which is focused around three long-established, world-class research and development facilities:

- Dstl (Defence Science and Technology Laboratory) at Porton Down, the Ministry of Defence's (MoD) centre for chemical and biological defence research to provide protection to UK armed forces and British civilians;
- QinetiQ at MoD Boscombe Down, the military airfield and associated facilities for testing of all UK military aircraft and airborne weapons;
- the Health Protection Agency (HPA), global leader in vaccine development and medical testing.

Figure 1.4: Employment specialisation, Wiltshire 2007: top ten sectors



Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2009
 Sub-sector categories with less than 500 employees have been excluded from this analysis as, with relatively little employment, they do not represent a significant activity in Wiltshire in their own right

⁸ Hi-tech industries in Salisbury and South Wiltshire, South Wiltshire Economic Partnership, <http://www.salisbury.gov.uk/hi-tech-brochure.pdf>

1.3.2 Priority Sectors

The Wiltshire & Swindon Economic Strategy 2003-2008 identified a number of sectors as priorities. Table 1.6 shows employment (as a proportion of overall employment in the area) in the priority sectors compared to the regional and national benchmarks.

Wiltshire has a higher proportion of employment in Food & Drink, ICT, Advanced Technologies/Medium Technology Manufacturing and Advanced Technologies/High Knowledge Intensive Services. It is, however, under represented in High Value Added sectors, Environmental Technologies, Business Services, Creative Industries, Advanced Technologies (High Technology Manufacturing).

For further interpretation of 'priority sector' trends please see the Wiltshire and Swindon Economic Assessment 2004/2005.

Table 1.6: Wiltshire & Swindon Economic Strategy 2003-2008, priority sectors employment⁹ (%) 2007

	Great Britain	South West	Wiltshire
Creative Industries	3.0	2.5	1.7
Environmental Technologies	1.1	1.0	0.8
High Value Added	5.4	5.0	4.8
Food and Drink	1.5	1.6	1.9
Business Services	13.0	10.6	9.3
Tourism	2.1	3.0	2.7
ICT (Broad Definition)	3.0	2.5	4.1
ICT (Narrow Definition)	2.0	1.6	2.2
Hi Tech Manufacturing	1.3	1.9	0.9
Advanced Technologies			
Hi Tech Medium Manufacturing	2.5	2.5	3.5
Hi Knowledge Intensive Services	3.2	2.7	5.8

Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

⁹ **Creative Industries:** Publishing; Advertising; Architectural/Engineering; Audio-Visual; Artistic & Literary Creation.
Environmental Technologies: Recycling; Manufacture of Ventilation Equipment; Manufacture of Electricity Distribution Equipment; Insulation; Technical Testing; Demolition; Utilities.
High Value Added: Manufacture of Office Machinery, Computers, Radio, Television and ICT Equipment; Communications; Manufacture of Chemicals; Financial Intermediation; Insurance & Pension Funding.
Food & Drink: Manufacture of Food Products and Beverages (excluding land based sectors)
Business Services: Other Business Activities
Tourism (narrow definition): Hotels, Lodgings, Travel Agencies; Op of Museums, Art Fairs, Fairs, Amuse Parks.
ICT (narrow definition): Hardware Consultancy; Software Consultancy and Supply; Data processing; Database Activities; Maintenance/and Repair of Office machinery etc; Other Computer Related Activities.
ICT (broad definition): All the above plus reproduction of Computer Media; Manufacture of Computers; Manufacture of TV/Radio Transmitters; Manufacture of TV/Radio Receivers; Telecommunications.
Advanced Technologies (High Technology Manufacturing): Manufacture of - Pharma, Medicinal Chems, Botanical Products, Office machinery and Computers, Radio/Television/Comms equipment, Aircraft, Medical, Precision and Optical Instruments, Watches/Clocks.
Advanced Technologies (Medium Technology Manufacturing): Basic Chemicals, Agro-Chemicals, Paints, Printing Ink, Mastics, Soap/Detergents, Cleaning/Polishing/Perfume/Toilets Preps, Other Chemical Prods, Man made Fibres, Machinery Electrical Machinery NEC; Motor Vehicles/Trailers/Motorcycles/Bicycles and Railway/Tramway Locomotives/Rolling Stock.
Advanced Technologies (High Knowledge Intensive Services): Telecomms; Computing & Related; R&D.

1.3.3 Agriculture and Horticulture

This section contains an overview of agricultural and horticultural activity in Wiltshire using statistics from the June Agricultural Census 2008. In June 2006 the total Agricultural and Horticultural land area in Wiltshire was 269,148 hectares (4,300 holdings) See Table 1.7. Of the holdings in Wiltshire, 45% are less than five hectares in size, a little lower than the regional and national proportions of 47% and 45% respectively. In contrast, the proportion of holdings in Wiltshire of more than 100 hectares in size is 16%, a lot higher than the regional and national figures of 10% and 13% respectively. The findings show the relative importance of larger-scale farming activities in Wiltshire as compared elsewhere.

Table 1.7: Agriculture and Horticulture, 2008

	England	South West	Wiltshire
Number of Holdings	210,520	53,718	4,343
Total Hectares in Agricultural or Horticultural use	9,339,040	1,885,692	269,148
Hectares for Agricultural or Horticultural use as % of all area	71.7	79.1	82.7
Holdings <5ha. as % of all holdings	45.2	47.0	44.8
Holdings 5-199ha. as % of all holdings	19.1	20.0	18.0
Holdings 20-49.9ha. as % of all holdings	13.0	13.1	11.4
Holdings 50-99.9ha. as % of all holdings	10.1	10.0	9.5
Holdings 100+ha. as % of all holdings	12.6	9.9	16.3

Source: June Agricultural Census, DEFRA, 2009

In June 2006 the total number of agricultural/horticultural workers (all types including farmers and managers) in Wiltshire stood at just over 7,000, an increase of almost 200 workers since 2006. As with elsewhere, employment in Agriculture in Wiltshire has declined over the last ten years, however, this absolute decline has not been dramatic and this recent increase in workers may well indicate that Wiltshire's agricultural sector reached its lowest point several years ago.

Table 1.8: Farm employment, 2008

	Number		% of Total Labour	
	Wiltshire	Wiltshire	South West	England
Farmers	4,427	62.8	69.4	61.0
Managers	345	4.9	2.9	4.1
Full Time Male	959	13.6	8.6	11.2
Part Time Male	431	6.1	5.8	5.2
Full Time Female	132	1.9	1.7	2.4
Part Time Female	264	3.7	3.3	3.8
Casual	493	7.0	8.4	12.4
Total	7,050	100.0	100.0	100.0

Source: June Agricultural Census, DEFRA, 2009

1.4 EMPLOYMENT CHANGES

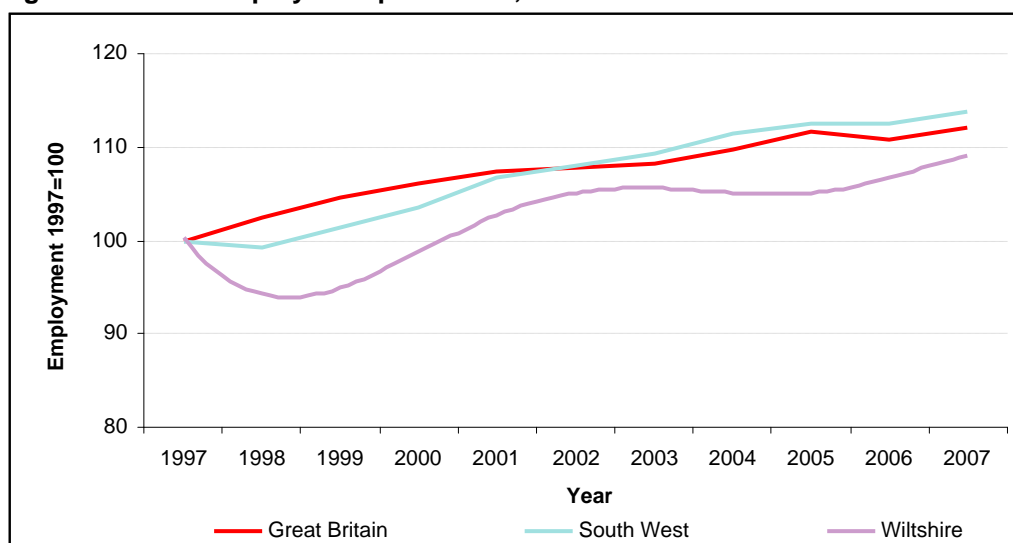
1.4.1 Employment Growth

From 1997 to 2007, Wiltshire's workplace employment increased by 9%, which is equivalent to about 15,200 jobs, and represents a rate of growth somewhat below those of both Great Britain and the South West (12% and 13%).

Figure 1.5 displays levels of employment from 1997 to 2007 (indexed where 1997 = 100) generated by the Wiltshire and national and regional economies. This line graph shows the relative position of Wiltshire in terms of employment growth/decline. All three economies show a broadly similar pattern of relatively strong growth over the period. The regional and national growth patterns appear particularly similar to one another. However, in Wiltshire, and unlike the South West and Great Britain, there was a marked decline in employment between 1997 and 1998. Since 1998 Wiltshire has matched national and regional growth performance, but the unusual decline in the earlier period means that this growth has been at a lower level throughout.

In terms of Wiltshire's employment growth rate ranking amongst the region's fifteen Principal Authorities (Table 1.9), it can be described, finding itself in 9th place, as being 'mid-table'.

Figure 1.5: Total employment per annum, 1997 to 2007



Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2009. A polynomial trend line has been calculated for Wiltshire in order to smooth out the fluctuations in the data

Table 1.9: South West Employment, 1997 - 2007, % growth.

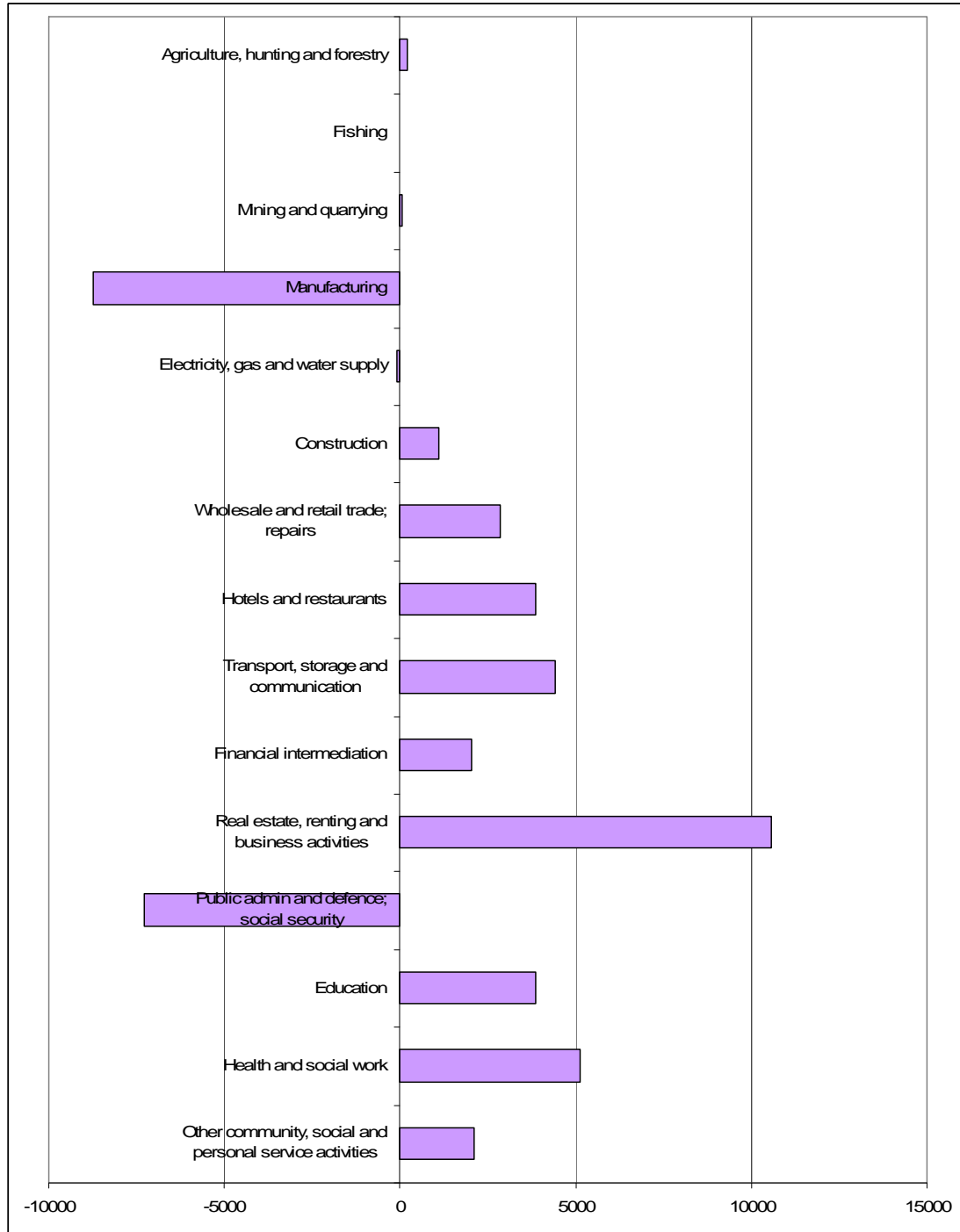
	1997	2007	% Growth
Great Britain	23,435,300	26,420,100	12.7
South West	1,917,500	2,213,800	15.5
South Gloucestershire	94,400	133,400	41.3
Cornwall and Isles of Scilly	154,400	196,800	27.4
North Somerset	57,400	72,000	25.3
Bournemouth	63,500	77,900	22.7
Devon	245,000	296,900	21.2
Dorset	127,400	150,000	17.7
Somerset	177,600	208,900	17.6
Berkshire	396,300	463,200	16.9
Hampshire	483,500	552,900	14.4
Poole	60,200	68,800	14.3
Wiltshire	160,500	180,600	12.5
Gloucestershire	227,800	255,700	12.3
Bath and North East Somerset	72,200	78,300	8.5
Swindon	103,600	112,300	8.4
Torbay	44,500	47,900	7.5
Plymouth	100,500	107,400	6.8
Bristol, City of	228,400	227,000	-0.6

Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk, 2009
 Figures have been rounded

1.4.2 Employment Changes: Sectors

The greatest net increase in volume of employees over 1997-2007 in Wiltshire was in Real Estate, Renting and Business Activities which grew by another 10,600 jobs. See Figure 1.8. There were also significant net gains in the following sectors: Health & Social Work (5,100 jobs); Transport, Storage and Communication (4,400 jobs); Education (3,900 jobs); Hotels & Restaurant; (3,800 jobs); Wholesale/Retail Trade (2,800 jobs); Other Community, Social/Personal Service (2,100 jobs); Financial intermediation (2,000 jobs) and, Construction (1,100 jobs). However, there were significant employment decreases (net) in Manufacturing (8,700 jobs) and Public Admin/Defence, Social Security (7,200 jobs). Jobs in Agriculture, hunting and forestry grew by around 200 jobs (though DEFRA data is not included in this table). Trends in the remaining sectors, all of which are very small sectors in absolute terms, have been largely static.

Figure 1.6: Wiltshire, changes in employment (numbers) 1997-2007.



Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2009
 Agriculture figures are aggregates from which agriculture class 0100 (1992 SIC) have been excluded.

Many of the sector changes (in terms of employment) that took place in Wiltshire from 1997 to 2007 were part of regional or national trends (Figure 1.6a). For example, for the manufacturing industry there was a negative impact of industrial change whilst for much of the service industry there was a positive impact.

Ignoring the changes in the small employment sectors of Fishing, Mining and Quarrying and Energy and Water, there were a number of key differences between Wiltshire and national and regional trends in sectoral change over the last ten years.

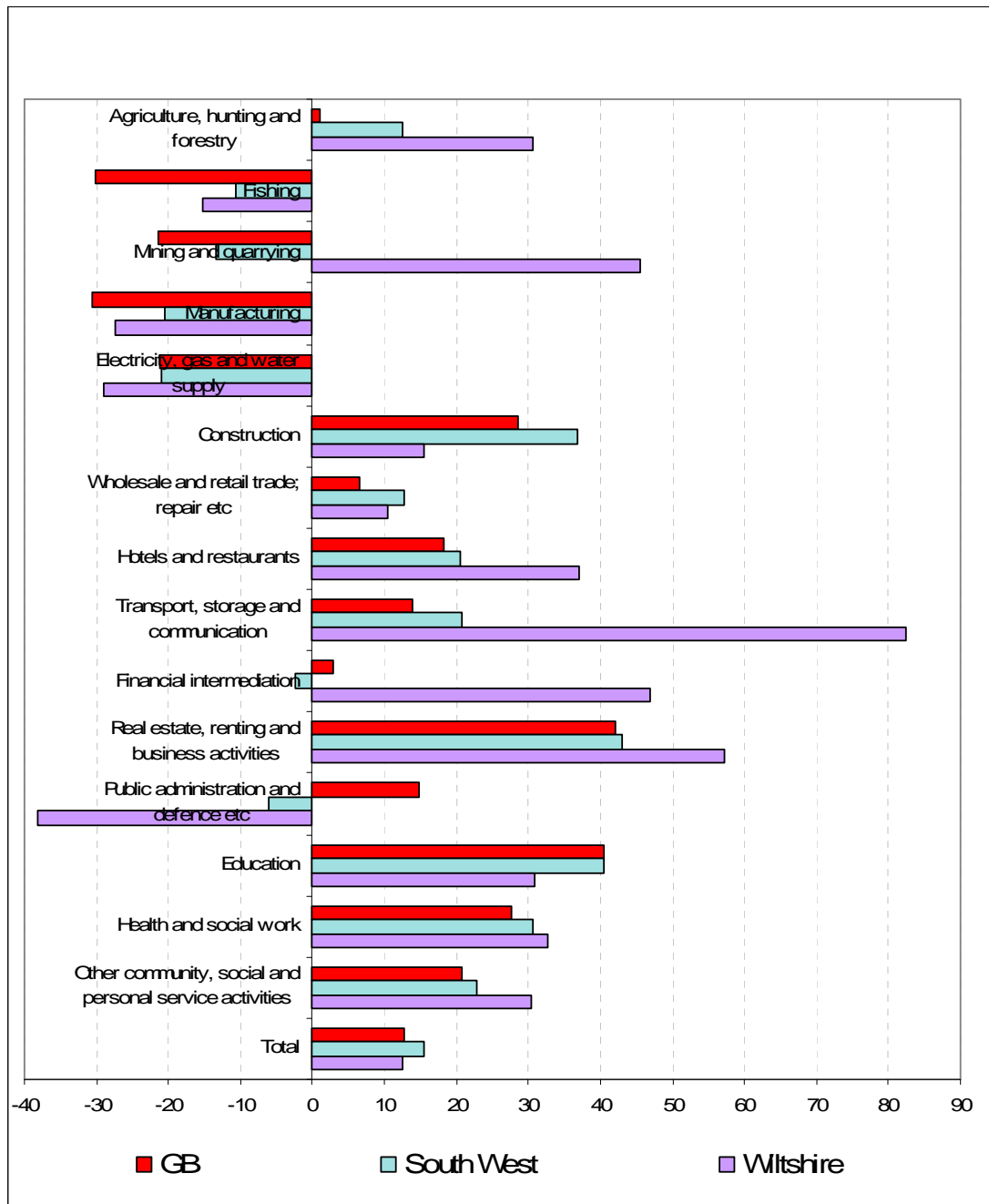
On the negative side Wiltshire's Public Admin/Defence sector showed a huge decline compared to marginal regional decline and national increase.

On the more positive side, Wiltshire demonstrated above average growth than was the case both regionally and nationally in Financial intermediation, Transport, storage and communication, Real estate, renting and business activities and Hotels and restaurants. Wiltshire's Agriculture, hunting and forestry sector also bucked national and regional trends, but it should be remembered that this figure does not include DEFRA agriculture data.

Wiltshire's above average growth in Transport, storage and communications activities, a 'Blue-collar' industry, may well have been related to the military change as it releases blue-collar workers into the economy. In fact, this may also explain why growth in Wiltshire's Business services sub-sector over the last ten years has not been as high as it could have been, even if it was high in absolute terms.

In summary, the findings on employment change in Wiltshire over the last ten years show a County which has not performed as well as regionally or nationally in terms of overall jobs growth. The main reason for this is above average losses in the Public Administration and Defence sector; Wiltshire saw a fall in employment in General (overall) public service activities of 38% compared to a national rise of 15% and a regional decline of just 6%. The key challenge for Wiltshire from this analysis has been to replace the jobs lost in Public administration and defence in Wiltshire with new job opportunities in key growth sectors. There is no doubting that Wiltshire, given the extent of losses in Public administration and defence, has actually done very well in this. It is likely that, without the restructuring of the Public administration and defence sector, Wiltshire would have significantly outstripped regional and national employment growth over the last ten years.

Figure 1.6a: Comparisons of structural employment change (percentages) nationally, regionally and Wiltshire, 1997-2007.



Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2008
 Agriculture figures are aggregates from which agriculture class 0100 (1992 SIC) have been excluded.

1.4.3 Employment Changes: Priority Sectors

Table 1.10 contains a comparative analysis of the change in priority sector employment in absolute terms (Wiltshire & Swindon Economic Strategy 2003-2008). Most of the changes can be attributed to the impact of change at a regional and national level. High Value Added sectors and Food & Drink experienced significant net job losses in Wiltshire. There was also some employment decline in Advanced Technologies (High Technology Manufacturing) and in Tourism (unlike nationally and regionally). The largest increase in employment numbers by far was in Business Services although Advanced Technologies (High Knowledge Intensive Services), and ICT (broad and narrow definitions) also 'gained' significantly. Smaller gains occurred in Environmental Technologies and the Creative Industries whilst Advanced Technologies: High Tech Medium Manufacturing was static.

Table 1.10: Wiltshire & Swindon Economic Strategy 2003-2008, volume change in priority sector employment (2003-2006)

	Great Britain	South West	Wiltshire
Creative Industries	54,400	4,400	100
Environmental Technologies	25,400	1,500	300
High Value Added	-162,100	-13,600	-1,200
Food and Drink	-38,500	-1,000	-2,400
Business Services	585,900	40,300	5,900
Tourism	32,000	5,500	-800
ICT (Broad Definition)	-100	-2,000	1,100
ICT (Narrow Definition)	60,000	3,700	1,000
Advanced Technologies: High Technology Manufacturing	-38,400	-6,600	-300
Advanced Technologies: High Tech Medium Manufacturing	-98,000	-2,800	0
Advanced Technologies: High Knowledge Intensive Services	31,300	800	2,700

Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk, 2008
 Figures have been rounded

1.5 LOCAL ECONOMIC FORECASTS

1.5.0 Regional and National Economic Prospects for 2008

Cambridge Econometrics released their Regional Economic Prospects in February 2009 containing detailed macroeconomic and industrial forecasts to the year 2020 for the nations and regions of the UK.

The recession has impacted across all regions of the UK since its inception, though not uniformly as the key determinant of performance has been services. London didn't shed jobs as expected with the decline of Finance and business services because most of the losses were shipped out to regional offices instead of their often London-based HQ. The fact that the services industry has not established itself to the same extent in the South West as in the Wider South East has acted fortuitously for the region. However, the overall trend for services employment nationally has been downwards.

The recession has also acted as a catalyst for the ongoing decline of employment in Manufacturing, though some regions, including the South West (which have employment concentrated in high-tech niche markets and foreign markets in developing economies), have stemmed this to a certain degree.

Unemployment has risen across all UK regions as a result of the downturn, though the North of England and Wales have been hit slightly harder due largely to the substantial industrial losses which occurred in the final quarter of 2008.

House prices fell in most parts of the UK in 2008 and it is expected that this will continue in 2009.

Overall, and in 2009, South West regional unemployment is expected to rise by 1.5% compared to UK decline of 2.25%. The South East is expected to see the highest rise amongst UK regions (2.5%). GVA is also expected to decline sharply in 2009 in all regions, although it is expected that the South West will see the 'best' performance, at 0.75% lower than nationally (2.5% decline compared to 3.25% decline nationally). However, even this lesser impact is still hugely damaging. South West employment is also expected to decline less than nationally.

Overall the South West is expected to be the least affected of the UK regions by the recession. Cambridge Econometrics suggest that the reasons for this are:

- its climate
- proximity to major population centres in London, the South East and West Midlands

- a relatively well qualified workforce
- Consumer demand from tourism
- Consumer demand from wealthy retired

The longer term outlook for the UK is that growth will continue to be led by the Wider South East of England (London, the South East and the East of England regions) and the gap in growth between the Wider South East and the rest of the UK is not likely to be closed even in the longer term. In particular, there is: the impact of capital investment projects necessary for London 2012 and transport infrastructure improvements (Thameslink, Crossrail, upgrades to the Underground and the links to High Speed One and the Channel Tunnel); ever bigger office market capital construction in London; the significant regeneration continuing in east London and the Thames Gateway; and house building in all three regions.

Further reasons why growth will be led by the wider South East include the presence of the London-Cambridge-Oxford Scientific Triangle (and high technology corridors in-between), the transport infrastructure in and around London, and the ability of London to attract the most talented individuals across the broadest range of enterprise.

CE suggest that the current financial crisis, and its implications for London as a global financial centre, is likely to be the main negative effect on growth in the Wider South East. However, they also recognise that there is the opportunity for London, with its ability to attract the most talented professionals, to take the lead position in the new, safer and far more regulated financial world.

Cambridge Econometrics (in *Regional Economic Prospects*, February 2009) suggest that the economic prospects for the South West economy are very much tied to national economic prospects, more so than other regions. This is because the region relies upon an inflow of businesses and people from other, more prosperous, regions. In particular, businesses from the South East are pulled down the M4 corridor to take advantage of space, relatively lower costs, a looser labour market and an attractive environment in which to live and work. The region also attracts those looking to move to take advantage of the South West as a place to live or retire, often using the sale of their house to finance the move or retirement. Such trends are pushing growth in services within the region above the national average as the population rises and this is putting pressure on house price rises too.

CE suggest that there will be further opportunities for regions with proximity to London, such as the South West which relies upon the 'flow of activities' along the M4 Corridor, to take advantage of its space, environment, lifestyle, and HEI infrastructure (and developing science parks), 'to attract profitable businesses away from the South East and to be a destination for retirement'.

Weaknesses regionally are seen to exist in manufacturing and services, with a reliance on low-skilled jobs in the latter, and reliance on relatively few key sub-sectors in the former. Other weaknesses are the transport infrastructure and lower levels of R&D and scientific research.

Cambridge Econometrics predict growth of 2.5% for the South West to 2020, the highest of the English regions, and led largely by growth in services and, within this, Financial and business services in particular.

As the first 'port of call' into the South West from the South East, Wiltshire and Swindon can both expect to benefit from these trends more than the rest of the region. In particular, it should attract a higher proportion of the businesses flowing into the region and fewer of those seeking to move to the South West to retire (who tend to favour Dorset, Devon and Cornwall). Wiltshire may also benefit from the fact that its transport infrastructure is, on the whole, less over-loaded than the rest of the South West whilst Wiltshire does have good R&D and scientific research presence.

From this analysis, slightly above average growth (than the UK at least) can be expected in Wiltshire, at least over the short to medium term. However, this will depend on the extent to which Wiltshire can rise to and provide the land and property infrastructure and the labour force which will attract businesses flowing into the region.

1.5.1 Wiltshire GVA to 2020

In the 2005/6 Assessment the Cambridge Econometrics and Institute for Employment Research Local Economy Forecasting Model (LEFM) was used to provide detailed economic projections for the Wiltshire economy to 2020. Whilst it has not been possible to update these forecasts in time for this Assessment, the general picture remains valid and reflects the above findings from the 2007 Regional Economic Prospects report.

Gross Value Added growth in Wiltshire up until the end of the decade is expected to be slightly above national growth before growing on a par up to 2020.

The Wiltshire industry groups with the highest overall projected percentage growth in GVA are: Financial and Business Services; Transport and Communications; Government and Other Services; and Distribution, Hotels and Catering.

By 2020 the top contributors (as a percentage share of total GVA) are projected to be Government and Other Services and Financial and Business Services. Both these sectors

are *currently* the top contributors to GVA in Wiltshire and, combined, they make up nearly half of total GVA. This will not change in 2020 and they will continue to contribute nearly half of total GVA. However, the high growth of Financial and business services (at a rate more than double that of Government and Other Services) means that its contribution to the 'half of all Wiltshire GVA' will be somewhat higher than in 2006.

Other sectors set to make significant contributions to GVA include Distribution, Hotels and Catering and Manufacturing. The top industry groups in the UK in 2020 are projected to be broadly similar to Wiltshire except for the fact that two industry sectors nationally are expected to make significantly higher proportional contributions to total GVA (Transport and Communication and Financial and Business Services).

1.5.2 Employment Projections by Sectors

In terms of employment, the Wiltshire sectors with the largest anticipated change in volume to 2020 are expected to be: Government and Other Services; Financial and Business Services; and Distribution, Hotels & Catering.

The sectors that are expected to see the highest percentage growth are: Financial and Business Services; Government and Other Services; and Distribution, Hotels & Catering. Limited growth is expected in Construction and further employment declines are expected in both Manufacturing and Agriculture. However, Manufacturing will remain an important employment sector in Wiltshire in 2020.

The three sectors that are projected to have the largest employment shares in the Wiltshire economy in 2020 are: Government and Other Services; Distribution, Hotels and Catering; and Financial and Business Services.

KEY MESSAGES

- Wiltshire's workplace based economic output was worth £7,450 million in 2006. In terms of economic output per head, Wiltshire was ranked regionally in sixth place (amongst twelve local economies) with £16,574 per head, a figure below the regional and national averages. Between 1996 and 2006 Wiltshire's average output growth rate was 4.9%, somewhat lower than the regional and national averages of 5.5% and 5.4% respectively.
- On the more meaningful output per worker competitiveness measure Wiltshire performs markedly better; it is the fifth best performer across the South West sub-regions, is above the regional average performance and performs better against the national average (though still remains somewhat behind national performance).
- Although Production contributes significantly in terms of output, services clearly dominate the Wiltshire economy. The 'big' three contributors in Wiltshire are: Business Services and Finance; Public administration, education, health and other services; and, Distribution, transport and communication.
- Structural comparisons with the broader South West region and the UK show that Wiltshire derives a higher proportion of its GVA from such activities as Agriculture and Distribution, transport and communications (includes Hotels and Restaurants). Less, as a proportion, is derived from Production (includes Mining and Quarrying and Energy and Water as well as Manufacturing). A lower proportion of GVA, lower than the UK though not the South West, is derived from Business services and finance.
- By 2020, a low-detail sector forecast analysis shows that the top contributors to Wiltshire economic output are estimated to be Government & Other Services and Financial & Business Services. Financial and business services will see the largest growth of any Wiltshire sector to 2020, followed by Transport & Communications. Manufacturing and Tourism related sectors will also continue to make significant contributions.
- Wiltshire's residents perform at 110% the national average and, in 2006, Gross Disposable Household Income (GDHI) per head in Wiltshire was the highest of all South West NUTS 3 areas, and significantly higher than the national average.
- In 2007, the top employment sectors in Wiltshire were: Wholesale and Retail, Personal & Household Goods and Real Estate, Renting and Business Activities. Compared to the GB average, Wiltshire has a comparatively larger share of employment in Manufacturing and lower shares in the Utilities and Real Estate, Renting and Business Activities.
- Externally-focused sectors such as manufacturing, business services and transport and communications account for 34% of Wiltshire employment (compared to 32% for the region and 34% nationally). Such sectors are of crucial importance to the economic wellbeing of Wiltshire because they ultimately mean that the Wiltshire economy can support more jobs than if relying upon indigenous trade alone.
- Wiltshire has not performed as well as regionally or nationally in terms of overall jobs growth over the last ten years (9% growth compared to 12% nationally and 13% regionally). The main reason for this is above average losses in the Public Administration and Defence sector in Wiltshire.
- The key challenge for Wiltshire has been to replace the jobs lost in Public administration and defence and Manufacturing with new job opportunities in key growth sectors. There is no doubting that Wiltshire, given the extent of losses in Public administration and defence, has actually done very well in this. In fact, it is likely that, without the restructuring of the Public administration and defence sector, Wiltshire would have significantly outstripped regional and national employment growth over the last ten years.

- UK growth will continue to be led by the Wider South East of England (London, the South East and the East of England regions) and the gap in growth between the Wider South East and the rest of the UK is not likely to be closed even in the longer term. The impact of London 2012 preparations and infrastructure projects, office developments, east London regeneration and house building will all combine to boost GVA growth in the Wider South East compared with the rest of the UK.
- On the whole, economic prospects for the South West economy are very much tied to national economic prospects because the region relies upon an inflow of businesses and people from other, more prosperous, regions. Businesses move down the M4 to take advantage of space, relatively lower costs, a good HEI presence, a looser labour market and an attractive environment in which to live and work. The region also attracts those looking to move to take advantage of the South West as a place to live or retire. As the first 'port of call' into the South West from the South East, Wiltshire can expect to benefit from these trends, so long as it provides the workspace and labour supply. Wiltshire may also benefit from the fact that its transport infrastructure is, on the whole, less over-loaded than the rest of the South West whilst Wiltshire does have good R&D and scientific research presence.
- As a result of these trends, slightly above average economic growth than nationally and regionally can be expected in Wiltshire, at least over the short to medium term. This is affirmed by forecasts for Wiltshire which show that Gross Value Added growth in Wiltshire up until the end of the decade is expected to be slightly above national growth before growing on a par up to 2020.
- The Wiltshire industry groups with the highest overall projected percentage growth in GVA are: Financial and Business Services; Transport and Communications; Government and Other Services; and Distribution, Hotels and Catering.
- By 2020 the top contributors (as a percentage share of total GVA) are projected to be, as they are now, Government and Other Services and Financial and Business Services. However, the high growth of Financial and business services (at a rate more than double that of Government and Other Services) means that its contribution to Wiltshire GVA will be somewhat higher than in 2006.
- Employment forecasts for the period 2005-2020 show that the sectors expected to achieve the highest growth in volume terms in Wiltshire are: Government & Other Services; Distribution, Hotels & Catering; and Financial & Business Services. Manufacturing employment is set to experience further decline but will still be an important Wiltshire employment sector in 2020.
- In summary, in the past 10 years Wiltshire has been losing competitive advantage against the rest of the South West region and against neighbouring economies. This loss can be explained by a combination of at least four key (and at times inter-related) issues: Firstly, Wiltshire's attraction as a place to live (as opposed to work); secondly, its location (situated in close proximity to a series of major and competitive economies which provide large numbers of quality well paid jobs in growth sectors); thirdly, the ongoing gradual employment decline of Manufacturing and Public Administration & Defence; and, fourthly, lower employment growth than competitor areas in higher added value growth employment service sectors (i.e. business services). The last 3 of these key issues can also be regarded as key issues and challenges which will need to be tackled if the area is to ensure that it regains competitiveness and good growth. The main mechanisms for tackling these issues are: Skills; Entrepreneurship; Innovation; and, Infrastructure.

CHAPTER 2: BUSINESS AND ENTERPRISE

This chapter looks at businesses in Wiltshire in terms of such indicators as business density, industrial composition, business starts/closures and business survival.

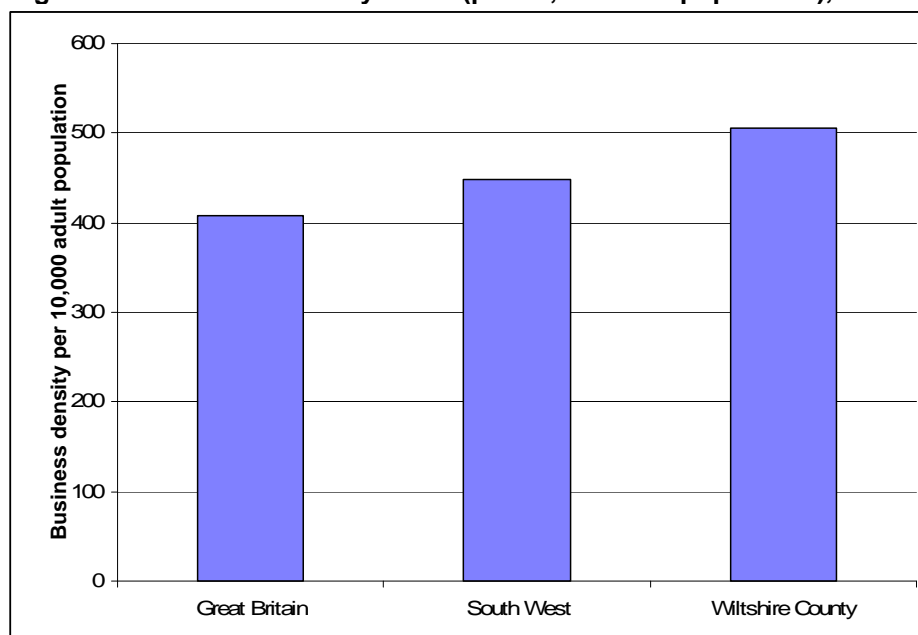
2.1 BUSINESS PROFILE

2.1.1 Business Stocks & Density

The capacity of an area to generate and maintain a good stock of businesses is central to its economic prosperity. In 2009 there were 19,550 VAT and/or PAYE Based Enterprises¹⁰ in Wiltshire.

Business density – the number of businesses per adult 10,000 population – is commonly used to measure enterprise dynamism. Figure 2.1 contains business density rates for the start of 2008. Wiltshire's business density (506 per 10,000 adults) is far higher than the regional and national averages of 449 and 409 respectively. In general, it can be perceived that business density is a function of 'rurality' such that relatively sparsely populated areas such as Wiltshire have high business densities reflecting a lot of small businesses and a dispersed population. In contrast, more urban and industrial areas have relatively low business densities reflecting fewer, but on average larger, businesses and relatively large populations.

Figure 2.1: Business Density Rates (per 10,000 adult population), as at start 2008



¹⁰ VAT registered data excludes the large number of micro-businesses and self employed people that operate below the VAT threshold.

Source: VAT registered business stocks, Department for Business, Enterprise and Regulatory Reform (BERR) from BERR website: <http://stats.berr.gov.uk/ed/vat> , 2009

In 2007, the Annual Business Inquiry reported a total of 20,796 business units¹¹ in Wiltshire. Table 2.6 shows the sizeband profile of these businesses as compared to the regional and national profiles. Of the Wiltshire units, 87% are micro sized (i.e. firms employing between one and ten people), 10.8% are small sized (i.e. firms employing between one and forty nine people), 2.2% are medium sized (i.e. employing between 51 and 299 people) and 0.2% are large sized (employing 300+ people).

Wiltshire has a significantly higher proportion of micro or small sized business units than the South West or Great Britain. It also has higher proportions of total employment in micro and small sized businesses than the regional and national averages. This is probably a reflection of the industrial mix in the area, again likely to be a function of 'rurality' to some extent; for example, the Tourism sector (of which Wiltshire has a higher share of employment compared to Great Britain) tends to have a higher concentration of smaller businesses than those in other sectors.

Economies dominated by micro firms have several advantages, the main one being that they tend to be flexible and quick to respond to market needs. However, the disadvantages of having a high proportion of micro businesses are that the economy derives fewer of the benefits of larger businesses and employers; as well as employing more workers, larger businesses tend to provide more investment and training opportunities, tend to engage more in innovation and R&D and quality management, and have higher rates of productivity.

These findings explain the overall GVA performance and trends highlighted in the previous section of this report. However, they also show the economic importance of Wiltshire's larger employers and the importance of Wiltshire's employment land upon which these businesses are based. The findings also suggest several important strategic priorities: to preserve Wiltshire's existing larger employers as far as possible (at least not to lose them to other areas) and to encourage larger employers in the Wiltshire economy.

Table 2.1: Business Units by Employment Sizeband, 2007

	Large (300+)		Medium (50-299)		Small (11-49)		Micro (1-10)	
	% of all firms	% of total employment	% of all firms	% of total employment	% of all firms	% of total employment	% of all firms	% of total employment
Great Britain	0.4	25.0	3.2	30.0	12.0	24.2	84.5	20.8
South West	0.3	21.7	2.8	28.7	12.0	26.3	84.9	23.3
Wiltshire	0.2	19.6	2.2	27.1	10.8	27.3	86.7	26.1

Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

¹¹ Business Units do not readily correspond to the commonly used terms of firms, companies or businesses, by which employers are sometimes identified. They are roughly equivalent to workplaces but because of the way that data is collected two or more units can be present in the same workplace.

Table 2.1a shows the turnover sizeband profile of Wiltshire businesses compared to regional and national profiles. Whilst Wiltshire's profile is very similar to the region, comparison with the national age profile shows some key differences; in particular, Wiltshire has far fewer businesses in each of the turnover brackets over £250,000 per annum. In fact, adding the proportion of businesses in these categories shows that Wiltshire has 27.3% of its businesses in the larger turnover bands compared to 30.4% nationally – a significant difference.

The findings show that, as employment sizeband of businesses, Wiltshire has higher proportions of smaller businesses in terms of turnover than nationally.

Table 2.1a: Business Units by Turnover Sizeband, 2009

	Turnover size (£ thousand)						
	0 - 49	50 - 99	100 - 249	250 - 499	500 - 999	1,000 - 4,999	5,000 +
Great Britain	17.1	24.8	27.7	12.6	8.0	7.5	2.3
South West	19.4	24.6	27.9	12.7	7.4	6.3	1.5
Wiltshire	18.8	25.4	28.5	12.4	7.2	6.2	1.5

Source: *UK Business: Activity, Size and Location – 2007, National Statistics from ONS website:*

www.statistics.gov.uk, 2009

Table 2.1b shows the age profile of Wiltshire businesses compared to regional and national profiles. Wiltshire's profile is similar to the region, albeit with slightly fewer of the oldest businesses (10 or more years). Comparing Wiltshire with the national age profile it can be seen that Wiltshire has a somewhat higher proportion of older businesses and a somewhat lower proportion of younger businesses. The findings show that, as with the South West, Wiltshire has higher proportions of older established businesses than nationally.

Table 2.1b: Business Units by Ageband, 2009

	% of all businesses within ageband			
	Less than 2 Years	2 - 3 Years	4 - 9 Years	10 or more Years
Great Britain	16.4	14.8	27.4	41.4
South West	13.8	13.4	27.7	45.2
Wiltshire	14.3	13.5	28.1	44.1

Source: *UK Business: Activity, Size and Location – 2007, National Statistics from ONS website:*

www.statistics.gov.uk, 2009

2.1.2 Industrial Composition

The performance of an economy is influenced by its industrial composition and by changes in that composition over time. For example, an area with a high concentration of high value added industry tends to attain high productivity and economic growth.

Figure 2.2. shows how the structure of the Wiltshire business stock compares to those regionally and nationally.

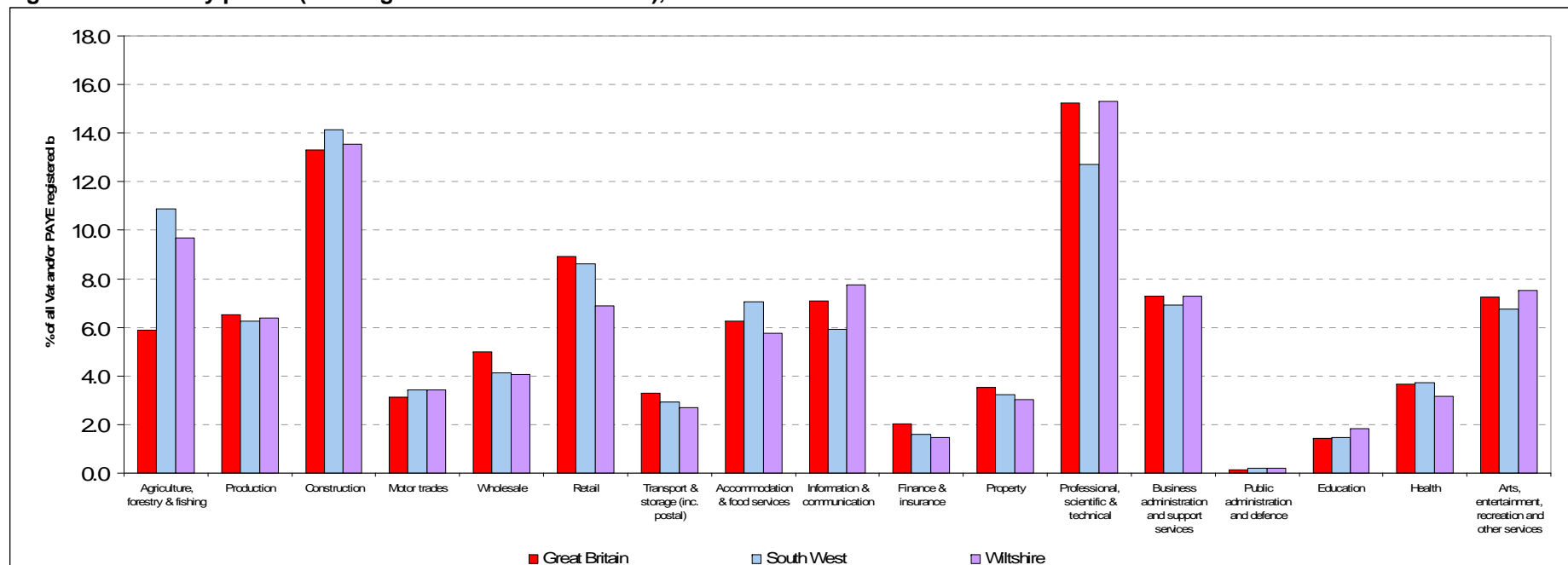
Overall, Wiltshire's local profile of VAT registered businesses is broadly similar to both the national and regional profiles and, as with the national and regional economies, Wiltshire's stock of businesses is dominated by the service industry.

As nationally (though not regionally), the highest proportion of businesses in Wiltshire (15% of businesses) are contained within the Professional, scientific and technical sector. This is followed by Construction (14% of businesses) and, somewhat different to the national profile (but in common with the South West region), the next highest proportion is Agriculture, forestry and fishing.

There are no sectors where Wiltshire has a markedly larger proportion of businesses than both regionally and nationally. However, there is evidence that Wiltshire has a noticeably higher proportion of businesses than nationally in Agriculture, forestry and fishing (10% in Wiltshire compared to 6% across Great Britain). Conversely, it has a lower proportion of businesses than nationally and regionally in Retail (7% of businesses compared to 9% nationally and a similar proportion regionally)

In summary, Wiltshire's business profile differs to nationally and regionally in that it has a lower proportion of businesses in Retail, a higher proportion of businesses than regionally in Professional, scientific and technical and higher proportion of businesses than nationally in Agriculture, forestry and fishing.

Figure 2.2: Industry profile (VAT registered business stocks), 2009



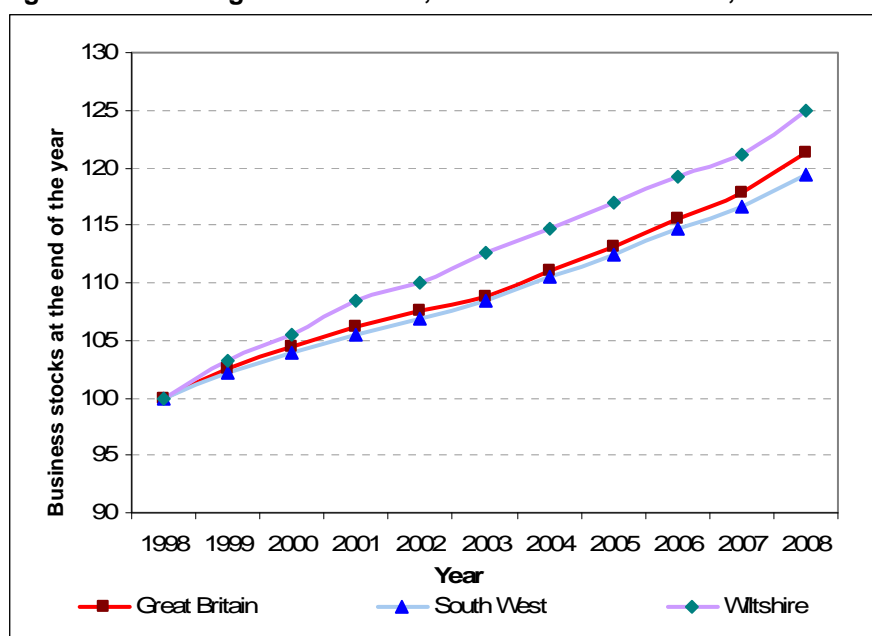
Source: UK Business: Activity, Size and Location – 2009, National Statistics from ONS website: www.statistics.gov.uk, 2009

2.1.3 Changes

Between 1998 and 2008 the net percentage change in VAT registered business stocks in Wiltshire was about 25%. This compares enormously favourably with both the national figure of 21% and the regional figure of 20% and suggests that over the last ten years Wiltshire has experienced a relatively good rate of business growth.

In Figure 2.3 the numbers of business stocks at the end of each year (1998 to 2008) have been indexed so that the 1998 figure is equal to 100; i.e. 1998 is the base period. From 1998 to 2008 business stocks levels in Wiltshire grew year on year (as they did nationally and regionally) but at a higher rate overall, particularly, it seems, between 1998 and 2003.

Figure 2.3: VAT registered stocks, start 1998 to start 2008, relative scale 1998=100.



Source: VAT registered business stocks, Department for Business, Enterprise and Regulatory Reform (BERR) from BERR website: <http://stats.berr.gov.uk/ed/vat>, 2008

A comparison of 1998 and 2008 VAT registered business data (by sector) reveals that Wiltshire saw growth of business stocks across all industries except (Table 2.2) Agriculture & Fishing and Wholesale and Retail & Repairs.

The main sectors explaining Wiltshire's above average growth performance shown above were growth in:

- Education and Health, growing by 49% in Wiltshire compared to 26% regionally and 38% nationally.
- Hotels and restaurants, growing by 42% compared to 30% regionally and nationally
- Real Estate, Renting & Business Activities, growing by 62% compared to 58% nationally and 56% regionally

These sectoral findings suggest that the drivers behind the growth of the business stock in Wiltshire are linked to the development of its soft infrastructure, the growth of tourism and, following a general national trend, the transition to business services economy

Table 2.2: % Change in stocks (by sector) of VAT registered businesses, 1998-2008

Industry	Great Britain	South West	Wiltshire
Agriculture; fishing	-6.7	-5.6	-0.5
Mining; Energy & water	11.5	17.6	0.0
Manufacturing	-7.5	-3.0	0.4
Construction	33.0	35.1	36.0
Wholesale, retail & repairs	0.8	1.6	1.5
Hotels & restaurants	29.6	29.5	42.2
Transport & communication	18.2	16.5	13.8
Financial intermediation	27.3	43.6	30.0
Real Estate & business activities	57.8	56.0	62.4
Public administration; Other	11.6	9.9	11.7
Education; health	37.7	25.7	48.8
Total	21.3	19.5	24.9

Source: VAT registered business stocks, Department for Business, Enterprise and Regulatory Reform (BERR) from BERR website: <http://stats.berr.gov.uk/ed/vat> 2009

2.2 ENTREPRENEURSHIP

Entrepreneurship is usually measured by business start ups and closures, and business survival rates. This, however, is a fairly narrow way of defining entrepreneurship since it fails to capture the growth of existing businesses and the extent to which established companies are moving into the local area.

In general, the level of start-up entrepreneurship in an area is determined by several factors: the skills & knowledge of 'would be' entrepreneurs; the wider business environment; the availability and accessibility of finance, premises & business support; competitive supply chains & networks; and the availability of attractive local employment opportunities.

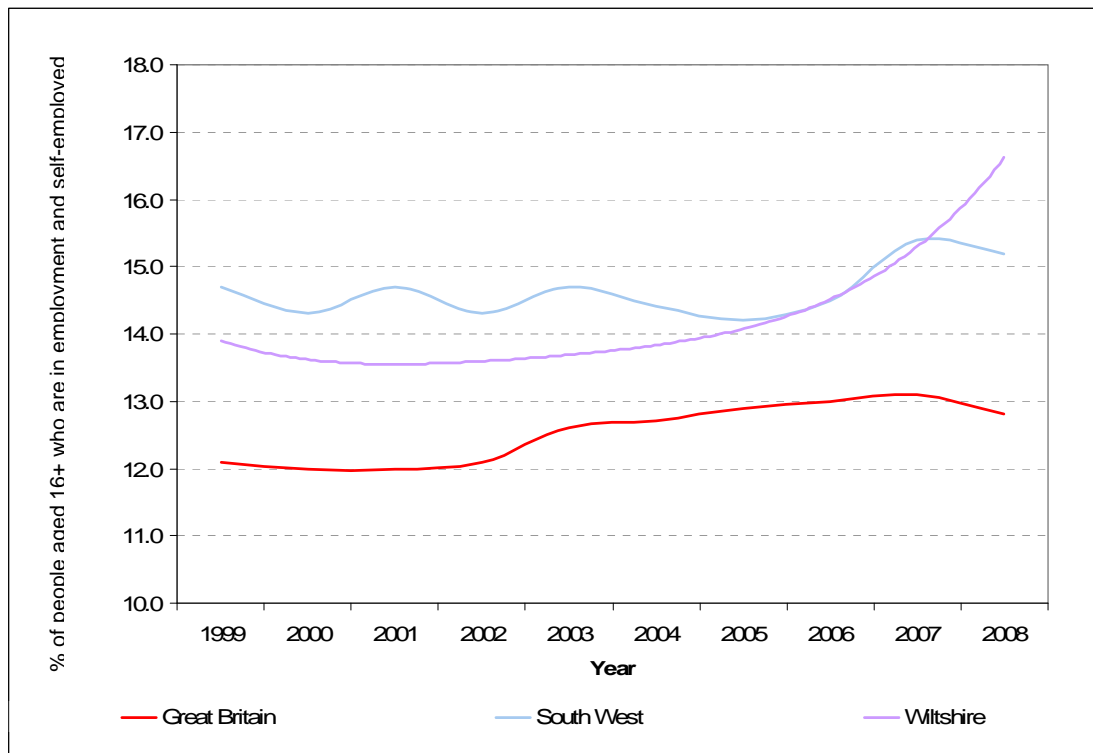
2.2.1 Self Employed

Figure 2.4 shows trends in the proportion of people in employment who are self employed from 1998 to 2008. In 2008, the self-employed in Wiltshire accounted for 16% of all in employment compared with 15% regionally and 13% nationally.

In general, there is often an inverse relationship between the rate of self-employment in an area and its proportion of larger employers; self-employment is often higher in more rural areas (such as Wiltshire) which have relatively fewer of the larger employers offering large numbers of local employment opportunities than often found in urban industrial areas. It is no surprise, therefore, to see that both Wiltshire and the South West have a higher proportion than nationally.

The line graph in Figure 2.4 shows that, in 2008, self-employed rates in Wiltshire were at the highest level in the last 10 years, though they declined slightly from 1997 to 2002/2003 before rising again to 2008. Such patterns are broadly in line with national and regional trends, albeit at a higher rate across Wiltshire and the South West than nationally. A further point is that Wiltshire's rate of self-employment has generally been below or in line with the regional rate over the last ten years. However, most recently, in 2008, it was actually higher than the regional rate.

Figure 2.4: % of 16+ people in employment who are self-employed, 1998 – 2008



Source: Labour Force Survey and Annual Population Survey, National Statistics website: www.statistics.gov.uk, 2009

A polynomial trend line has been calculated for Wiltshire in order to smooth out the fluctuations in the data.

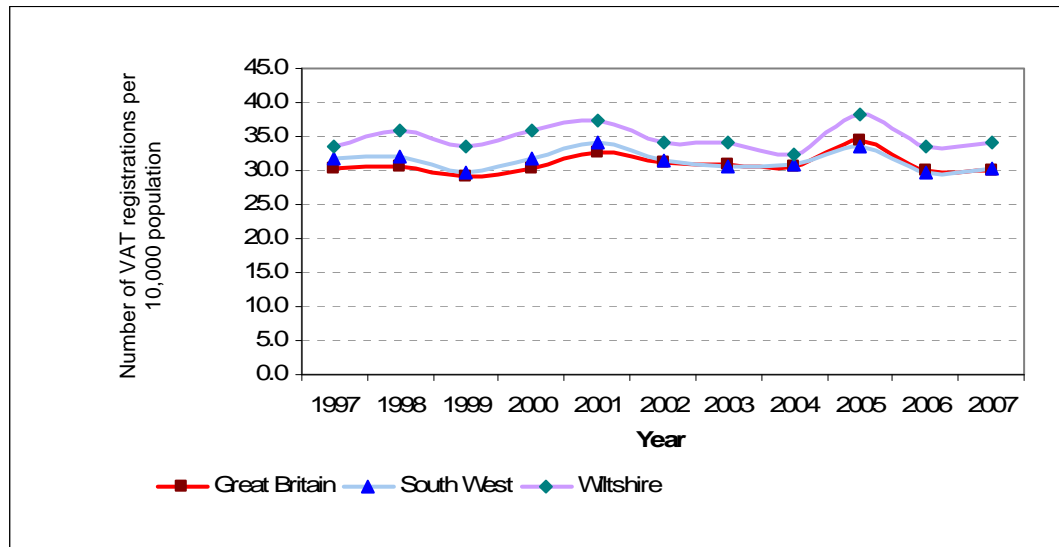
Data for 1997 to 2003 covers the period March 1997 to February 2004 while data for 2004 to 2008 covers the period Jan 2004 to December 2008

2.2.2 VAT Registrations and De-Registrations

VAT registrations and de-registrations are commonly used to measure entrepreneurial activity (Figure 2.5). In terms of start up activity (per 10,000 population), in 2007 Wiltshire had a higher rate of VAT registrations than the South West and Great Britain averages (34.2 compared to 30.4 and 30.0 respectively). In fact, Wiltshire had a higher rate of start-up for each year over the last ten years than regionally and nationally.

Between 1997 and 2007, Wiltshire's VAT registration rate (per 10,000 population) fluctuated, with small dips and rises, but these patterns were fairly similar to patterns nationally and regionally.

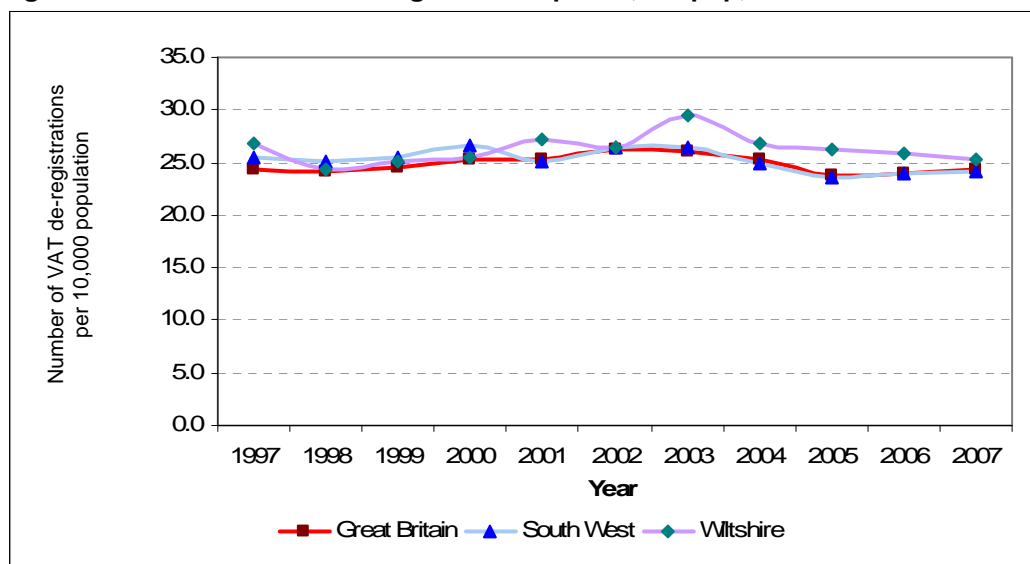
Figure 2.5: Number of VAT registrations per 10,000 population, 1997-2007



Source: VAT registrations and de-registrations, Department for Business, Enterprise and Regulatory Reform (BERR) from BERR website: <http://stats.berr.gov.uk/ed/vat>, 2009

VAT de-registrations (Figure 2.6) data (per 10,000 population) shows that in 2007 Wiltshire had a higher de-registration rate (25.3) than the regional and national figures (24.3 and 24.2 respectively). This is hardly surprising since areas with high registration rates also tend to have a high de-registration rates, reflecting the short lifespan of many new enterprises. Between 1997 and 2007, Wiltshire's VAT de-registration rate (per 10,000 population) followed the regional and national trends for the most part.

Figure 2.6: Number of VAT de-registrations per 10,000 pop, 1997-2007



Source: VAT registrations and de-registrations, Department for Business, Enterprise and Regulatory Reform (BERR) from BERR website: <http://stats.berr.gov.uk/ed/vat>, 2008

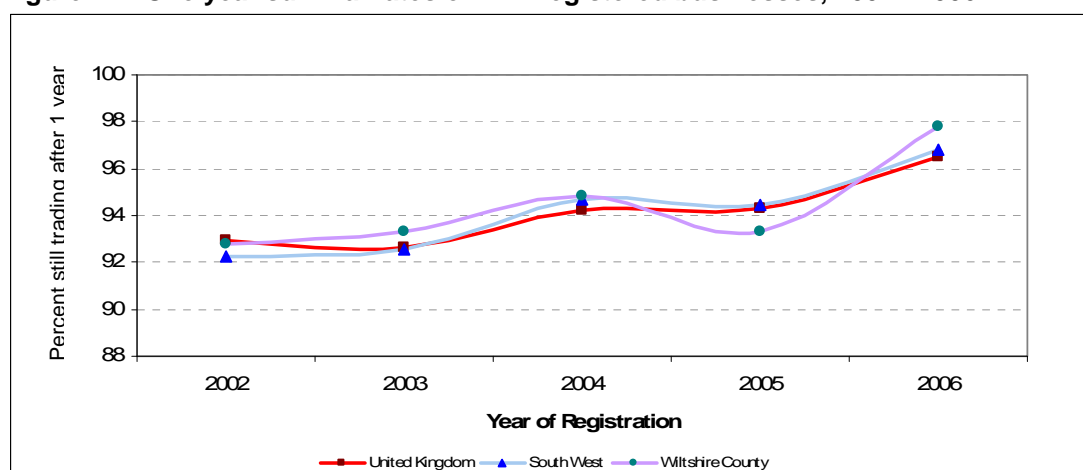
It is not really possible to draw any definite conclusions from the pattern of VAT statistics outlined in this section. For example, Wiltshire appears to have a higher 'business churn' rate than the regional and national averages; this could be interpreted as a favourable characteristic, reflecting a health competitive economy or a process of adjustment reflecting a shift away from declining industries. On the other hand, high churn rates may be interpreted as a sign of a weak unstable economy. Conversely, low levels of business churn can be viewed as a sign of economic stagnation. In addition to all the above, there are other factors that may influence business turnover rates, for example: an area with a high proportion of enterprises in sectors that have high turnover rates (e.g. hotels & restaurants) is bound to experience higher than average registrations and de-registrations.

2.2.4 Business Survival Rates

Figure 2.7 shows key results on the survival rates of new businesses, using VAT registration and de-registration data. The survival rate is the proportion of businesses that register for VAT in a certain year that have not de-registered within a particular timescale. Figure 2.7 displays the one year survival rates in Wiltshire, the South West and United Kingdom. From 2002 to 2006 (and with the exception of 2005), one year business survival rates (of VAT registered businesses) in Wiltshire were either on a par with or higher than the regional and national rates.

Overall, Wiltshire, regional and national one year survival rates have increased over the last decade. For those registering in 2006 in Wiltshire, their rate of survival was slightly higher than the regional and national rates.

Figure 2.7: One year survival rates of VAT registered businesses, 2002 - 2006



Source: DTI Small Business Service, February 2007, downloaded from BERR, <http://www.berr.gov.uk/bbf/small-business/research-and-statistics/>, 2008

Three year survival rates for Wiltshire VAT registered businesses, at least those registering in 2002, 2003 and 2004, have been consistently higher than regional and national rates. In fact, for the three years mentioned, an average of 68% of businesses that started in Wiltshire were still there three years later. This compares favourably to the average of 67% regionally and 64% nationally.

In general, it can be summarised that businesses which start up in Wiltshire have a slightly better rate of survival than regionally and a significantly better rate than nationally.

KEY MESSAGES

- At the start of 2009 there were 19,550 VAT and/or PAYE registered businesses in Wiltshire. Wiltshire's business density is higher than the regional and national averages. In general, business density is a function of 'rurality' such that relatively sparsely populated areas have high business densities reflecting a lot of small businesses (such as in tourism and related industries) and a dispersed population. In contrast, more urban and industrial areas have relatively low business densities reflecting fewer, but on average, larger businesses and relatively large populations.
- Analyses of business employment sizeband data and turnover sizeband data confirm that Wiltshire has higher proportions of smaller businesses in terms of both employment and turnover than regionally and nationally. Wiltshire also has higher proportions of older established businesses (than nationally at least).
- Economies dominated by micro firms have several advantages, the main one being that they tend to be flexible and quick to respond to market needs. However, the disadvantages of having a high proportion of micro businesses are that the economy derives fewer of the benefits of larger businesses and employers; larger businesses tend to provide more investment and training opportunities, tend to engage more in innovation and R&D, have higher rates of productivity and earn higher proportions of income from outside of the local area.
- The findings suggest several important strategic priorities: to preserve Wiltshire's existing larger employers as far as possible (at least not to lose them to other areas) and to encourage larger employers in the Wiltshire economy.
- Overall, Wiltshire's local profile of VAT registered businesses is broadly similar to both the national and regional profiles and, as with the national and regional economies, Wiltshire's stock of businesses is dominated by the service industry. The main differences that do exist are: Wiltshire's lower proportion of businesses in Retail than nationally and regionally; a higher proportion of businesses than regionally in Professional, scientific and technical; and, a higher proportion of businesses than nationally in Agriculture, forestry and fishing.
- Over the last ten years Wiltshire has experienced a relatively good rate of business growth overall, higher than both the South West and national growth. The main sectors explaining Wiltshire's above average growth performance were growth in: Education and health, Hotels & restaurants and Real Estate & Business Activities. Wiltshire's business stocks in each of these sectors grew significantly more than both regionally and nationally.
- In 2007, the self-employed in Wiltshire accounted for 16% of all in employment compared with 15% regionally and 14% nationally. In general, there is often an inverse relationship between the rate of self-employment in an area and its proportion of larger employers.
- In terms of start up activity (per 10,000 population) Wiltshire has a consistently higher rate of VAT registration than the South West and Great Britain averages. Areas with high registration rates also tend to have a high de-registration rates, and this is certainly true of Wiltshire. The area appears to have a higher 'business churn' rate than the regional and national averages, again, a feature likely to be related to its relative rurality; fewer employment opportunities make self-employment and running one's own business an attractive option but when they do start they compete with existing businesses, and not all survive.
- In general, businesses which start up in Wiltshire have a better rate of survival than regionally, and significantly better than nationally.

CHAPTER 3: LABOUR MARKET

Of the three key factors of production and productivity in any local economy (business investment, land and property, skilled workforce), it can be argued that developments and improvements in two (business investment and land and property) occur as a result of developments and improvements in the remaining one (skilled workforce). This often makes skills and people the most important factor of production in any local area economy, and, as a result, the main economic development priority for that area. The condition of the local labour market is therefore the most fundamental to economic performance in terms of output, productivity and growth. This chapter discusses the Wiltshire labour market and how its resources of people and skills are utilised in generating Wiltshire output.

3.1 LABOUR SUPPLY

Labour supply statistics are designed to illustrate to what extent the local population is able to meet the demand for labour both in quantitative and qualitative terms.

3.1.1 Age Structure

In 2008 Wiltshire had a population of 455,500.

Of Wiltshire's population, 59.8% are of working age, a good deal lower than nationally (62.1%) and slightly higher than the regional average of 59.3%. 19.9% of Wiltshire's population is below working age, slightly lower than the national proportion but somewhat higher than regionally. The remainder constitute the post retirement population where Wiltshire has a much higher proportion than nationally (3.4 percentage points higher), and a higher proportion than regionally (1.4 percentage points higher).

Since 1982, and reflective of an ageing population, the percentage of young people (0-15 years old) has declined significantly in Wiltshire in direct contrast to the growth of its older population (post working age). Both the nation and the region have also seen the proportion of older people increase at the expense of the younger population, though this has been far less marked than in Wiltshire.

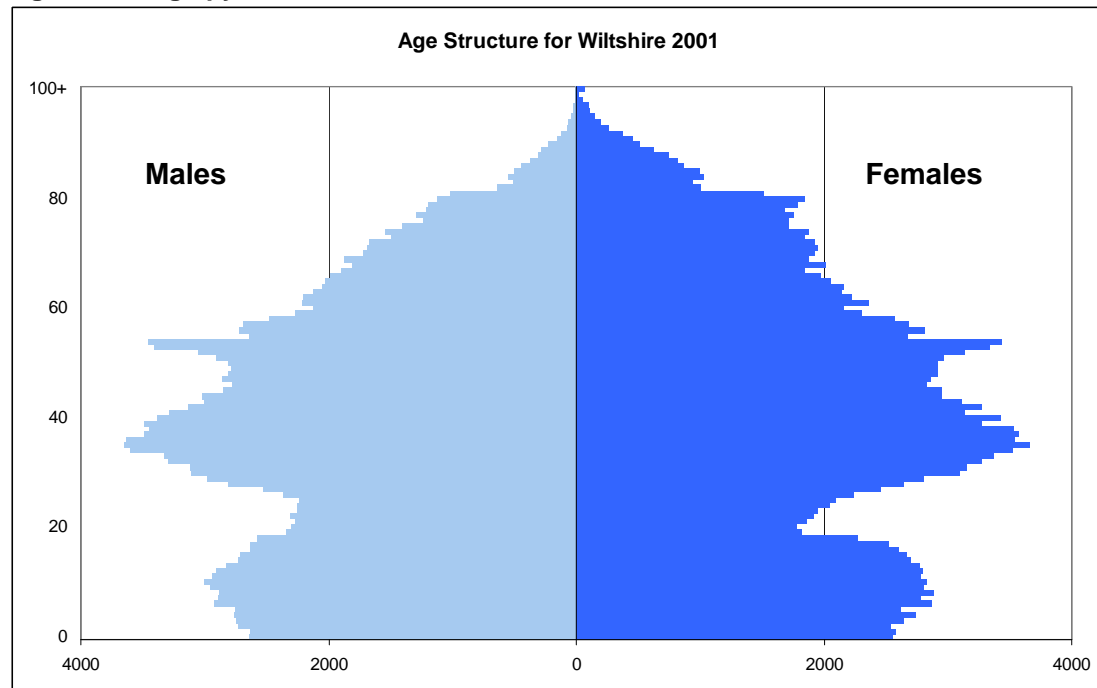
Table 3.1: Age structure, 1982 and 2008

	1982			2008		
	younger %	working age %	older %	younger %	working age %	older %
Wiltshire	22.0	60.1	17.8	17.7	59.8	22.5
South West Region	20.5	58.6	20.9	19.6	59.3	21.1
England	21.5	60.4	18.1	18.8	62.1	19.1

Source: ONS Mid-2008 Population Estimates, National Statistics website: www.statistics.gov.uk, 2009

Wiltshire's age structure is shown in Figure 3.1. Some features of this profile are particularly worth noting. For example, the post-war baby boom is represented by the high numbers in their mid 50s in 2001, and now approaching – or at – retirement age. The longer-term implications with respect to labour force shrinkage and dependency ratios are hard to escape, and will be referred to in the following sections.

Figure 3.1: Age pyramid, 2001



Source: ONS Census 2001 © Crown Copyright, National Statistics website: www.statistics.gov.uk, 2006

3.1.2 Population Change

Table 3.2 presents some population change data for administrative areas relevant to Wiltshire. As can be seen, the South West has seen a percentage growth rate (18.8%) double that of England (9.9%) over the last 27 years (from 1981 to 2008). This high level of growth is evident in every Shire County within the region. Wiltshire (with growth of 21.4%) is no exception to this.

Table 3.2: Population change, 1981 and 2001 to 2008

	Total Population 2008	% Population Growth 1981 to 2008	% Population Growth 2001 to 2008
Wiltshire County	455,500	21.4	5.1
South West Region	5,209,200	18.8	5.4
England	51,446,200	9.9	4.0

Source: ONS Mid Year (2006) Population Estimates, National Statistics website: www.statistics.gov.uk, 2009

3.1.3 Population Projections

According to the most recent sub-national population projections, and based on past trends, the population of Wiltshire is set to increase to over half a million by 2020 (501,300). This accounts for an increase of some 10%, slightly behind the regional growth rate of 12% but on par with the expected national growth rate of 10%. In the last assessment it was shown that much of Wiltshire's population growth would occur in the old West Wiltshire District area (which included key towns of Trowbridge, Westbury, Warminster, and Melksham).

On the basis of the projections, the working age population of Wiltshire is set to see marginal growth to 2020 (of about 4%). This is slightly behind nation working age population growth of 5% and somewhat further behind regional growth of 6%. Perhaps the most striking feature of these projections, is that the markedly higher growth of Wiltshire's ageing population is set to continue into the future; Wiltshire's Retirement Age population is set to grow by 33% to 2020 compared to national growth of 24% and regional growth of 27%.

in terms of any significant labour-market fuelled economic growth in Wiltshire, this will be driven by the old West Wiltshire District area.

In summary, and in overall terms, Wiltshire's population profile has aged considerably more than regionally and nationally over the last 26 years. The area now has a population age profile which is markedly older than the national profile. These trends are set to continue into the future in Wiltshire. The overall implications of this will be a deterioration of Wiltshire's resident and workplace competitiveness – relatively fewer workers producing output and earning (and spending) income. A key economic development priority for Wiltshire is to 'ramp up' activities which will enable its workforce to work past retirement age.

Table 3.3: 2006-Based Population Projections, 2008-2020

	Age Group	Population		% change	Average annual change
		2008	2020		
Wiltshire County	Total	455,700	501,300	10.0	3,257
	Under 15	83,000	86,800	4.6	271
	Working Age	277,000	287,200	3.7	729
	Retirement Age	95,700	127,300	33.0	2,257
South West	Total	5,217,400	5,829,100	11.7	43,693
	Under 15	856,600	956,200	11.6	7,114
	Working Age	3,189,400	3,385,200	6.1	13,986
	Retirement Age	1,171,500	1,487,300	27.0	22,557
England	Total	51,487,500	56,354,200	9.5	347,621
	Under 15	9,028,900	10,118,800	12.1	77,850
	Working Age	32,626,300	34,092,400	4.5	104,721
	Retirement Age	9,832,400	12,143,000	23.5	165,043

Source: ONS 2006 Sub-national population projections, National Statistics website: www.statistics.gov.uk, 2009

*All input data is rounded to the nearest 100.

The state pension age for men and women will increase to 66 in 2024, to 67 in 2034 and 68 in 2044.

Each rise will be phased in over two years

3.1.4 Economic activity

The economic activity rate of the resident population provides a good indication of the quantity of labour supply (either engaged in paid work or actively seeking work). Economically active people can be defined as those who supply or want to supply their labour to produce goods and services for the economy. The rates are calculated by expressing the number of persons in the labour force (the labour force is the sum of employed and unemployed persons) as a percentage of the working age population.

During the January to December 2008 period, Wiltshire had a higher working age economic activity rate (84% representing approximately 221,500 working age people) than Great Britain (79%) and the South West (82%).

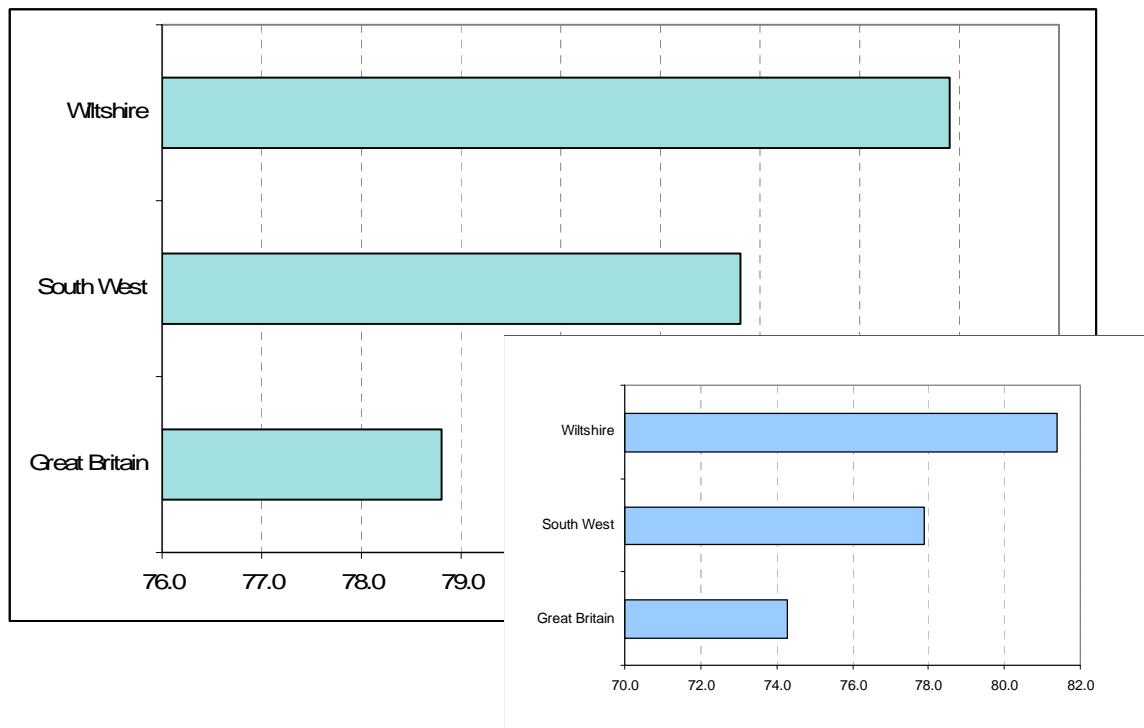
Figure 3.2 also contains the employment rates during the January to December 2008 period (see embedded figure). The employment rate is defined as the proportion of an economy's working age population that is in employment. At 80% Wiltshire had a significantly higher employment rate than the regional and national averages of 78% and 74% respectively.

These findings show that Wiltshire's workforce is relatively more industrious than regionally and nationally and that this 'compensates' for its aged population profile to some degree.

However, the findings also suggest that Wiltshire’s labour market is significantly tighter than either that of the broader region or the country as a whole. In tight labour market conditions, and where future growth in the working age population is limited, a strategic economic development priority to ensure continued growth is the need to produce more output with similar labour inputs. This requires that the Wiltshire workforce is educated to relatively higher levels than either the regional or national levels, encouraging innovation and higher-added value indigenous entrepreneurs in terms of the businesses they start in the area. It also supports the case for ramping up inward investment support activity to attract the larger more productive firms highlighted in previous sections of this assessment.

As mentioned previously, a further priority which has the effect of growing the supply of labour is to support and encourage Wiltshire’s workforce to work past official retirement age(s).

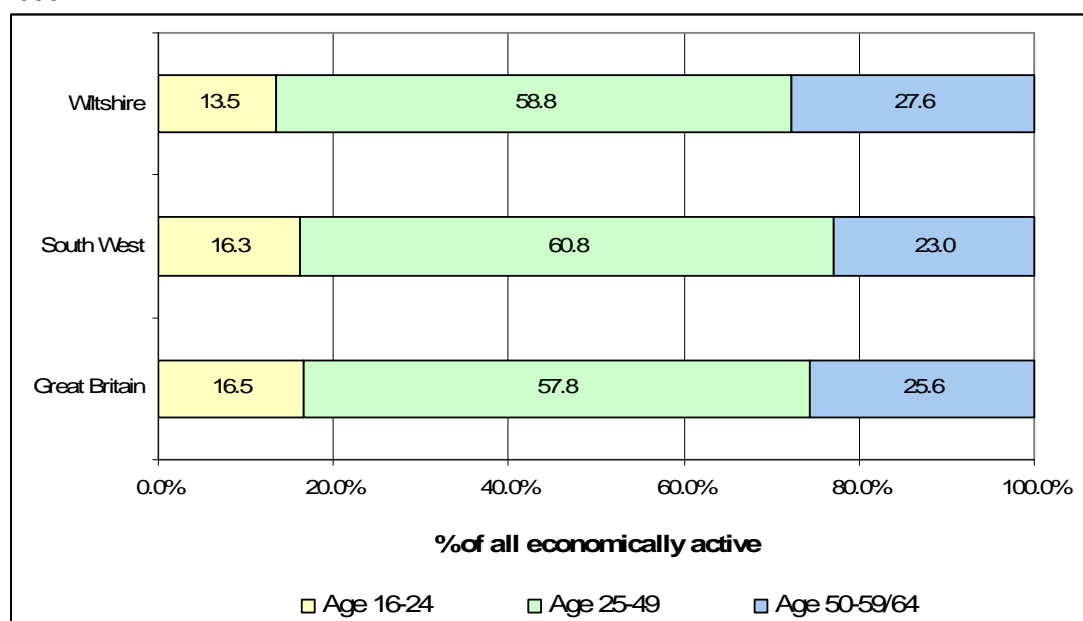
Figure 3.2: Economic activity rates and employment rates, January to December 2008



Source: Annual Population Survey, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

Figure 3.3 shows that, at 14%, Wiltshire’s proportion of economically active young people is markedly lower than regional and national averages (both 16%). Conversely, its proportion of those over 50 and up to retirement age is notably higher (28% compared to 26% nationally and just 23% regionally). Wiltshire has a slightly older economically active age profile than nationally and a good deal more than regionally.

Figure 3.3: Economic activity (% of economically active), by age bands, Jan to Dec 2008

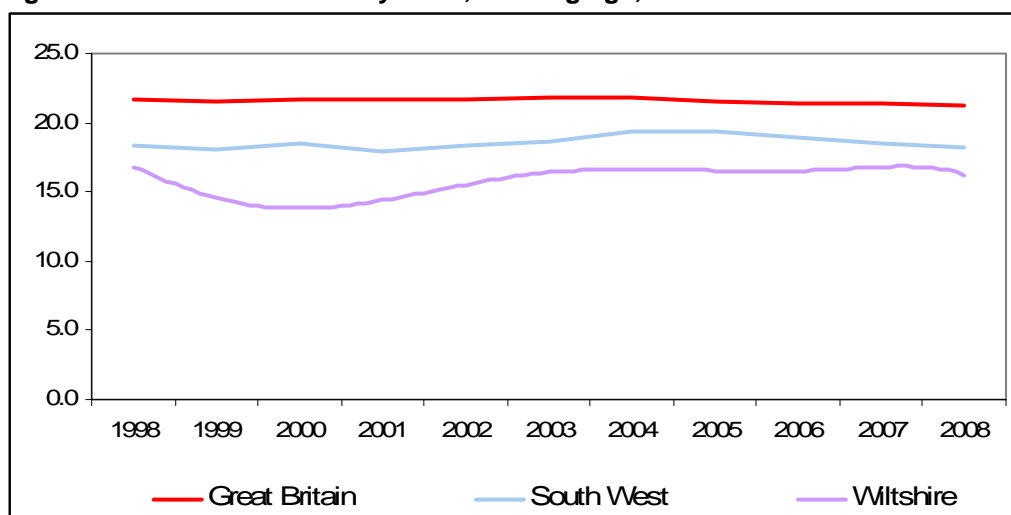


Source: *Annual Population Survey, National Statistics from Nomis website: www.nomisweb.co.uk, 2009*

Economic inactivity is also a labour supply side indicator because each economically inactive person can potentially move into the labour market at some point. The economically inactive consists of those people who are out of work but are either not seeking work or are unavailable to start work (i.e. students, those looking after family or home, long term sick and disabled, temporarily sick or injured, retired early, discouraged workers). In the January to December 2008 period, the proportion of working age people who were economically inactive in Wiltshire was 16%, representing approximately 42,600 people. This was substantially lower than the South West (18%) and Great Britain average (21%) and again shows the limited flexibility that currently exists within the Wiltshire labour market from drawing inactive residents into economic activity. Any Central Government policies aimed at encouraging the working age inactive into the labour force will be likely to have less success overall in Wiltshire than regionally or nationally (though they are still required, particularly in those parts of Wiltshire with higher inactivity).

Figure 3.4 displays economic inactivity rates in Wiltshire, the South West and Great Britain from 1998 to 2008. More than a fifth of the working age population in Great Britain is economically inactive and that has barely changed in the last ten years. A relatively similar pattern can be observed at regional level. In Wiltshire, the picture is slightly different; the economic inactivity rate in Wiltshire has actually increased slightly since 1998.

Figure 3.4: Economic inactivity rates, working age, 1998 - 2008



Source: *Annual Population Survey, National Statistics* from Nomis website: www.nomisweb.co.uk, 2009
A polynomial trend line has been calculated for Wiltshire in order to smooth out the fluctuations in the data.

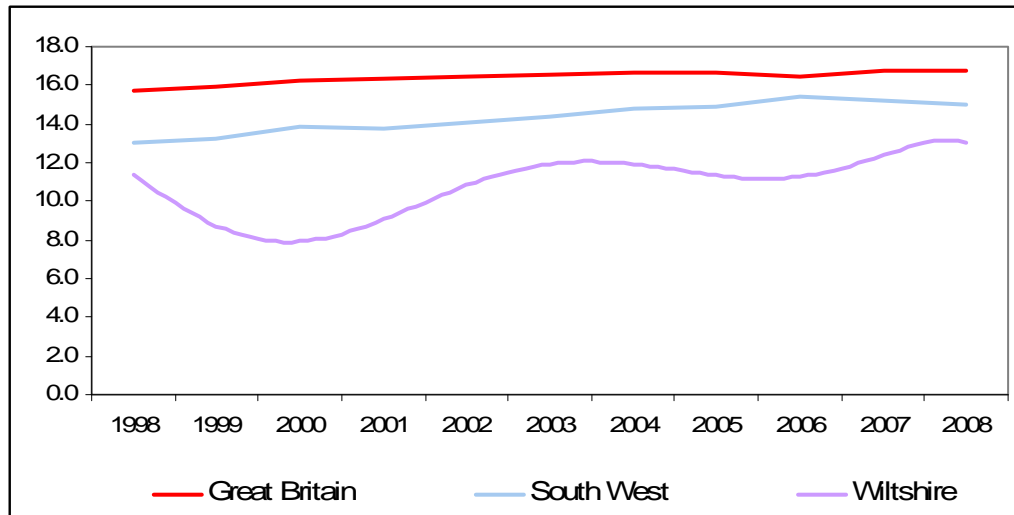
The male economic inactivity rate in Wiltshire in 2008 was 13%, somewhat below the South West rate of 15% and significantly below the Great Britain rate of 17%. Likewise, the female economic inactivity rate in Wiltshire was also somewhat lower than the regional average and significantly lower than the national average; female inactivity in Wiltshire in 2008 was 20% compared to 22% regionally and 26% nationally.

A breakdown of economic inactivity by gender (see Figure 3.5) shows that at national and regional level male economic inactivity rates have generally been on the increase and that this trend has coincided with a decline in female economic inactivity¹² (see Figure 3.6). The Centre for Economic Performance has undertaken national policy analysis on what has driven the rise in male inactivity and has concluded that it has been partly driven by a fall in demand for less skilled workers, and has been exacerbated by the benefit system i.e. after the rise in unemployment in the 1980s, many people who were made redundant were shifted onto incapacity benefit.

A similar pattern for male economic inactivity rates can be observed in Wiltshire. However, with regards to female economic inactivity rates, there is evidence that Wiltshire has moved away from the national and regional trends which generally show that rates have generally been decreasing year on year since 1994; the female economic inactivity rate in Wiltshire has been almost static over the past ten years.

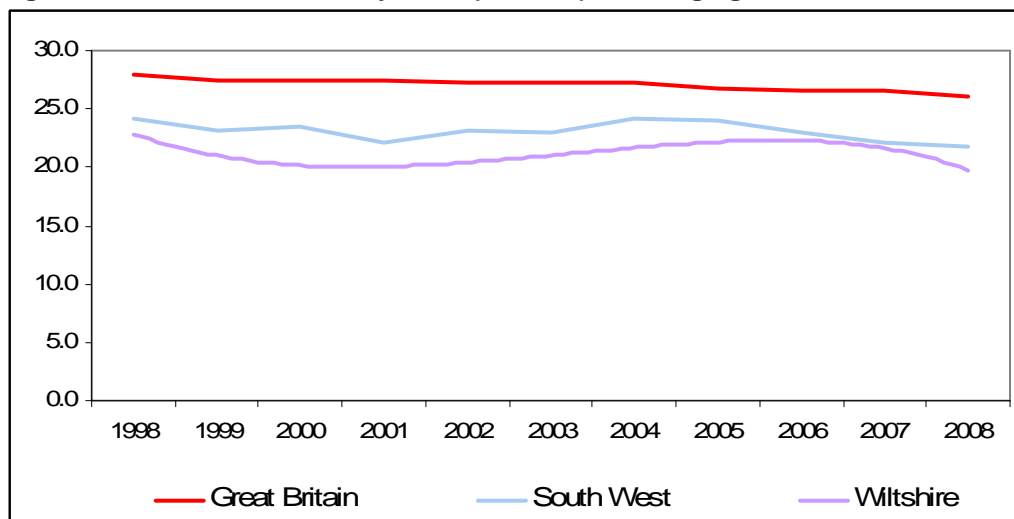
¹² This is to be expected because since the 1950s there has been an increasing number of women entering the workplace.

Figure 3.5: Economic inactivity rates (males) working age, 1998 - 2008



Source: *Annual Population Survey, National Statistics* from Nomis website: www.nomisweb.co.uk, 2009
A polynomial trend line has been calculated for Wiltshire in order to smooth out the fluctuations in the data.

Figure 3.6: Economic inactivity rates (females), working age 1998 - 2008



Source: *Annual Population Survey, National Statistics* from Nomis website: www.nomisweb.co.uk, 2009
A polynomial trend line has been calculated for Wiltshire in order to smooth out the fluctuations in the data.

3.1.5 Labour Force Occupations

Annual Population Survey (by residence) data show that in 2008 the largest occupational group in Wiltshire was Managers & Senior Officials (Figure 3.7) employing 17% of working residents. This compares with just 5% employed in the Sales & Customer Service occupations.

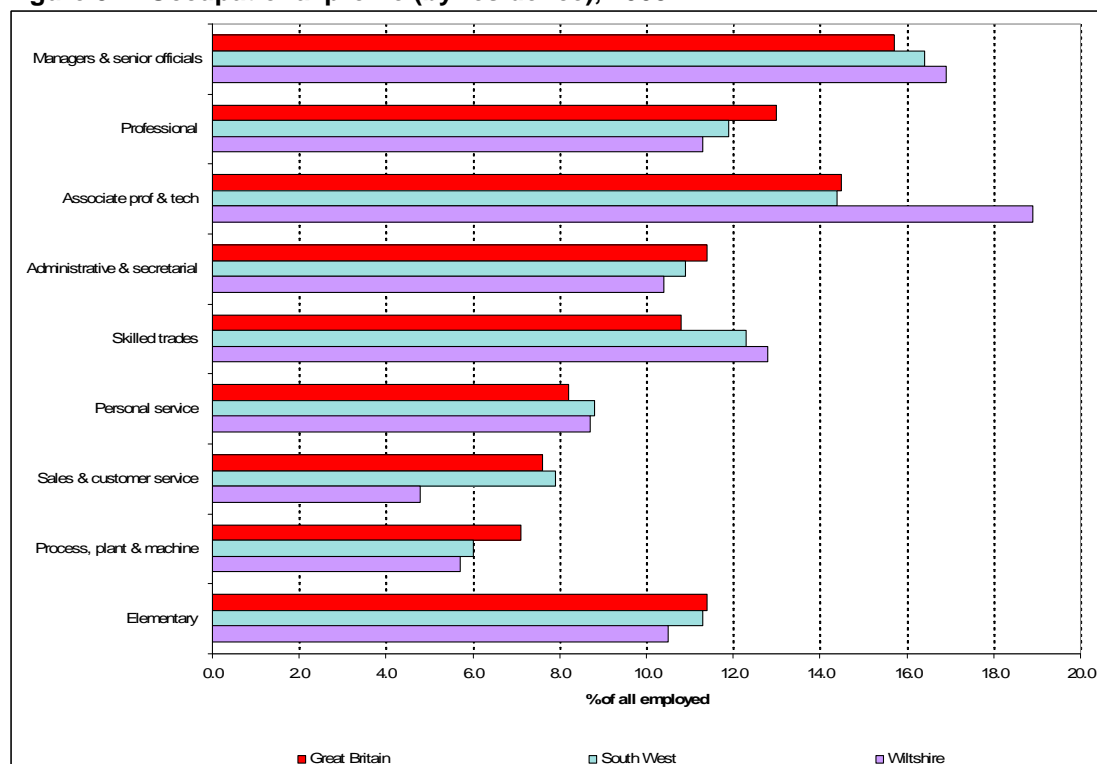
The occupational mix of employment in Wiltshire is broadly comparable to the national picture with the exceptions that it has significantly higher proportions in Associate Professional & Technical Occupations and Skilled trades and significantly fewer Professionals, in Sales and in Process jobs.

Compared to the South West region Wiltshire has comparatively and significantly more as a proportion in Associate Professional & Technical Occupations and significantly fewer in Sales.

The occupational profile of Wiltshire shows that the occupational mix has been moving towards higher level jobs in keeping with national trends; 47% of residents in both Wiltshire are now working as Managers & Senior Officials or Professionals or Associate Professional & Technical Occupations (43% regionally and 43% nationally).

These findings are good evidence that, at the heart of Wiltshire's labour market competitiveness, is a relatively highly skilled workforce.

Figure 3.7: Occupational profile (by residence), 2008



Source: Annual Population Survey, National Statistics from Nomis website: www.nomisweb.co.uk, 2008

3.1.6 Labour Force Education & Skills

3.1.6.1 Qualifications

This section focuses on the quality of the Wiltshire workforce in terms of qualifications and key skills (Table 3.4). Wiltshire has higher proportion of its working age population with qualifications at NVQ levels 3 and 4+ than nationally and regionally; 47% of residents are qualified to these higher levels compared to almost 45% nationally and 46% regionally.

At the other end of the qualification performance scale, Wiltshire has a relatively low share of its working age population with lower level or no qualifications (i.e. No qualifications or NVQ level 1); 24% compared with the regional figure of 25% and Great Britain figure of 26%. Interestingly, compared to Wiltshire, Great Britain has a far higher proportion of residents without any qualifications at all (12% against 7%).

The findings show that Wiltshire's working age residents are better qualified overall than their regional and national counterparts. Maintaining (and improving) this advantage is crucial if

Wiltshire is to remain competitive and maintain economic growth in the face of a tight labour market and, in 3 out of 4 districts, little or no labour force increase.

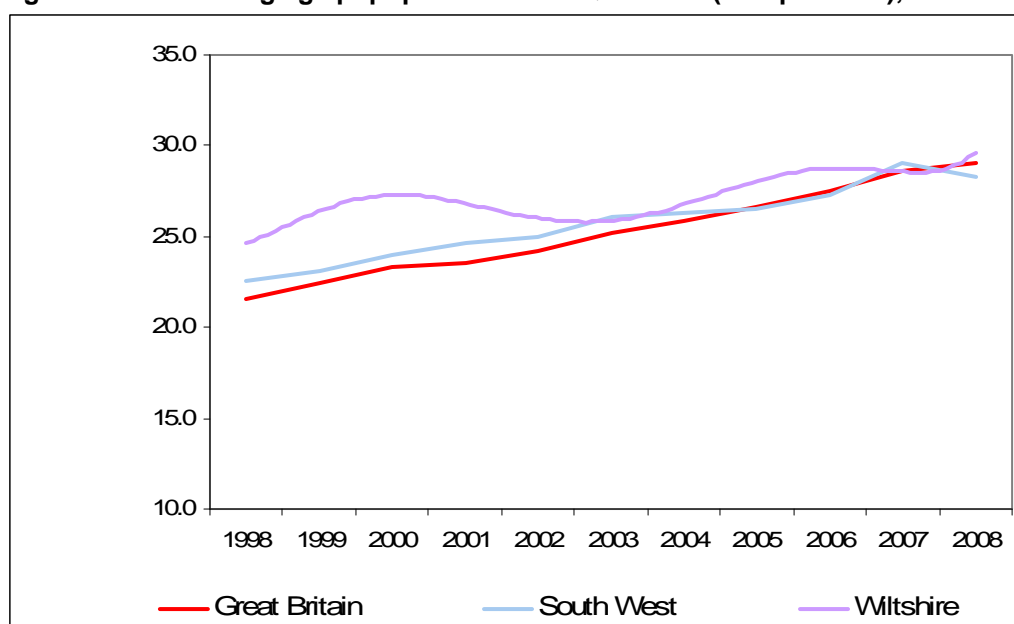
Table 3.4: Qualifications – working age residents, 2008

	Great Britain	South West	Wiltshire
NVQ Level 4+	29.0	28.3	29.6
NVQ Level 3	15.9	17.9	17.1
NVQ Level 2	16.0	16.9	18.9
NVQ Level 1	13.7	15.6	16.9
With Other Qualifications	8.7	7.3	5.2
With No Qualifications	12.4	9.0	7.2
With Trade Apprenticeships	4.3	5.0	5.1

Source: *Annual Population Survey, National Statistics from Nomis website: www.nomisweb.co.uk, 2009*

Figure 3.8 is a line graph which displays the proportion of working age residents who are qualified to NVQ level 4+; 1998 to 2008. Ignoring the rises and falls, and placing a mental 'line of best fit' through the Wiltshire trend, it suggests that the proportion of Wiltshire residents of working age qualified to NVQ level 4+ rose steadily over the past ten years. However, it also suggests that the Wiltshire rise may not have been in keeping with regional and national rises. Indeed, there is evidence that, by 2008, Wiltshire's proportion of highly qualified residents had been overtaken both nationally and regionally.

Figure 3.8: % working age pop qualified to NVQ level 4+ (or equivalent), 1998-2008



Source: *Annual Population Survey, National Statistics from Nomis website: www.nomisweb.co.uk, 2008*
A polynomial trend line has been calculated for Wiltshire in order to smooth out the fluctuations in the data.

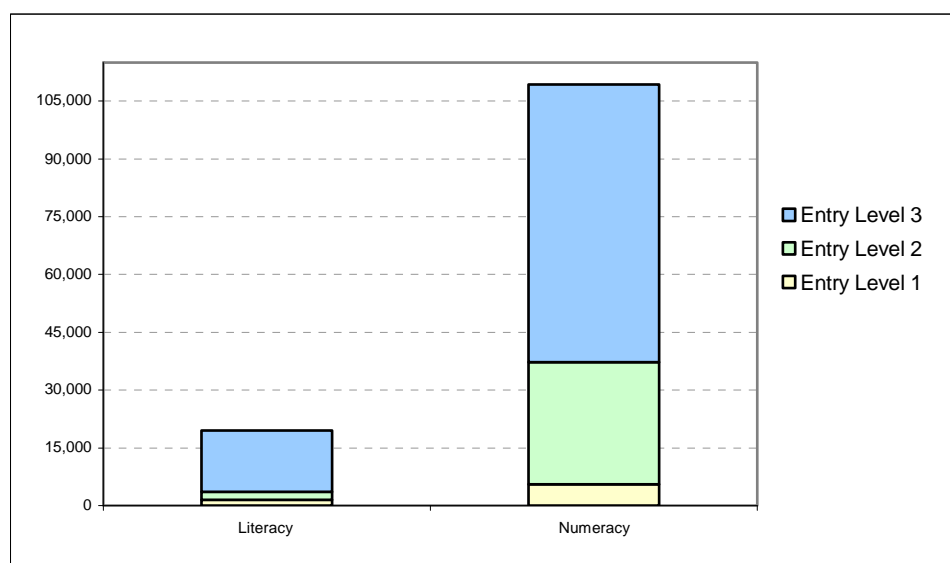
3.1.6.2 Adult Basic Skills

Basic skills in the workplace are considered to be a fundamental aspect of personal development on which all further skills grow. Low literacy and numeracy skills have been linked to social exclusion and low incomes, however, they have also been cited as being contributory factors of low productivity and slow economic growth. The South West Observatory Skills & Learning Module (SWO SLIM)¹³ has focused some of its research activities on this important issue and has suggested that: people with poor literacy, numeracy and language skills tend to be on lower incomes, or unemployed and are more prone to poor health and social exclusion; a third of companies with literacy and numeracy skill gaps (one in five employers) say that they have lost business or orders to competitors because of it; and productivity per hour worked is 20% lower in Britain than in Germany, and it is estimated that low literacy and numeracy skills account for around a third of that shortfall. “In fact, combining the effect of lower incomes, reduced productivity, poorer health and the costs of consequential benefits and welfare services, some have estimated the costs to the country of poor literacy and numeracy skills to be as high as £10 billion a year”. (SWO SLIM, November 2006). The SWO SLIM also refers to recent research that suggests that the changing occupational structure is likely to intensify the demand for many generic skills, including numeracy and literacy, since businesses cannot compete solely on the basis of low cost and low value added. The future global, knowledge-based economy will bring many challenges which will include the need to seriously consider investing in our labour force skills in order to produce higher value added services for the new markets

To establish a more robust evidence base for the Skills for Life Strategy, the Department of Education and Skills (DfES) commissioned the Skills for Life Survey (SFL) and it is this survey that supplies the estimates of skills need displayed in Figure 3.9. The results for Wiltshire suggest that approximately 19,500 residents have low levels of literacy skills and around 109,300 have problems with numeracy skills. These are people whose numeracy and literacy skills are at Entry level 3 or below: entry levels 1, 2 and 3 are below GCSE level and are broadly comparable with National Curriculum Key Stages 1 (7 year olds), 2 (11 year olds) and 3 (14 year olds). These numbers suggest that, in keeping with national trends, there is a significant demand for basic skills training in Wiltshire.

¹³ http://www.swslim.org.uk/themes/themes-past.asp?theme_ID=1

Figure 3.9: Number of Wiltshire residents with numeracy & literacy skills at Entry Level 3 or below



Source: Read Write Plus, Skills for Life, DfES, 2005

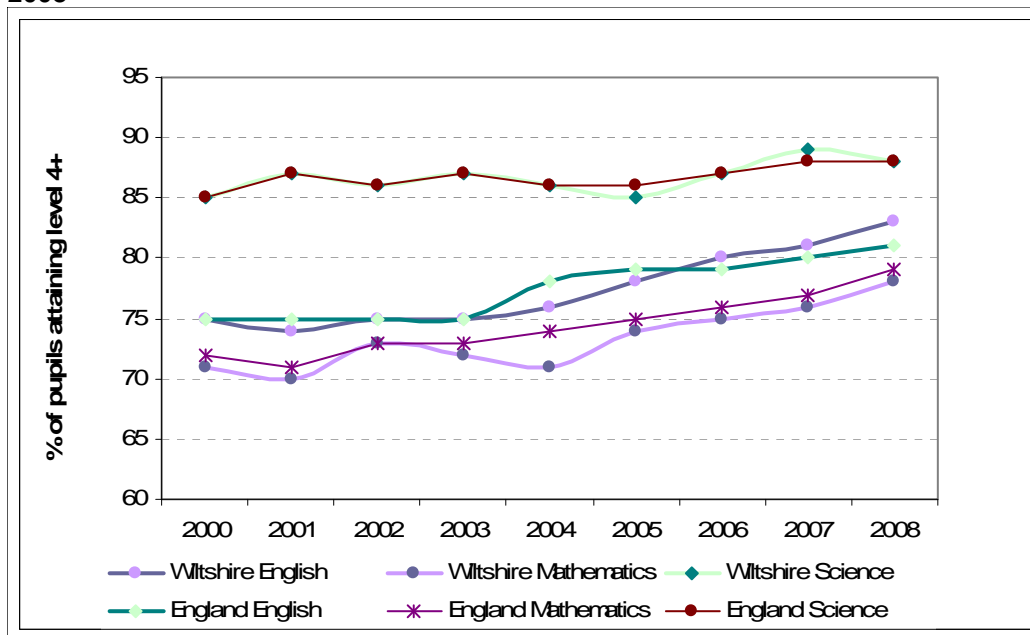
3.1.6.3 Future Labour Force

Wiltshire's educational performance in relation to the regional and national averages is perhaps the best indicator of its future (relative) competitiveness.

This section examines the extent to which Wiltshire's future workforce is achieving the official standards in numeracy and literacy at age 11 and 16 (i.e. Key Stage 2 and GCSE). The latest (2008) Wiltshire LEA Key Stage 2 literacy & numeracy data show that 83% of 11 year olds reached the required standard (i.e. level 4) in English, 78% in Mathematics and 89% in Science. These 2007 KS2 numeracy and literacy attainments for Wiltshire show the LEA to be slightly above the national average attainment in English and Science and slightly behind in Mathematics.

Figure 3.10 shows that Wiltshire has seen significant improvements over the last eight years in the proportion of students achieving the expected standard for English in KS2 (i.e. level 4+). Despite some fluctuations, Wiltshire's performance in each of Mathematics, English and Science has been similar to the national average from 2000 to 2008, and, in 2008, sees the LEA's 11 year olds performing pretty much on par (if not slightly above par) with the nation.

Figure 3.10: % pupils in Wiltshire and England attaining KS2 Level 4+ scores 2000-2008



Source: Department for Children, Schools and Families, 2009
Maintained Schools only

The 2008 GCSE results show (Table 3.5) that Wiltshire LEA performed just below the national average with 64.5% of 15/16 year olds achieving 5+ GCSEs at grades A* to C. However, it performed marginally above the regional average on this indicator (62.7%). The proportion of Wiltshire pupils achieving 5+ GCSEs at grades A*-C including English and Mathematics was 53.0%, significantly above the national and regional averages (of 47.3% and 48.8% respectively). Combined, the figures suggest that while fewer are achieving quality volumes of any GCSE, a higher proportion are achieving quality volumes which include fundamental literacy and numeracy skills.

Table 3.5: % of pupils achieving GCSE or equivalent grades A*-C, 2008

Area	% of Pupils achieving 5+ GCSE or equivalent at grades A*-C	% of Pupils achieving 5+ GCSE or equivalent at grades A*-C including English & mathematics
Wiltshire	64.5	53.0
South West	62.7	48.8
England Average	64.8	47.3

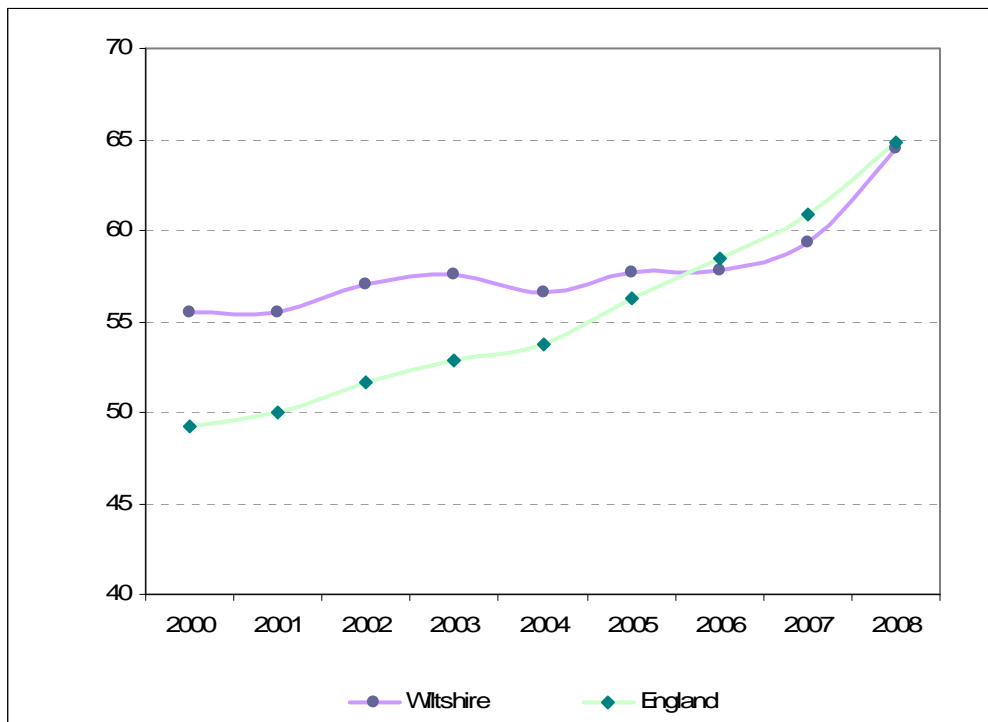
Source: Wiltshire and England figures sourced from Department for Children, Schools and Families, *Achievement and attainment tables 2008* and figures for the South West sourced from the 2008 GCSE Statistical First Release.

Figure 3.11 shows the proportion of 15/16 year olds who achieved 5 or more GCSE grades A* to C from 2000 to 2008. Apart from a 'dip' in 2004 and a steep rise in 2008, Wiltshire has seen gradual improvement on this indicator. In the last Assessment it was noted how Wiltshire performed above the national average up until 2005, but was then overtaken in 2006 and fell further behind in 2007. Encouragingly, the steep rise in 2008 suggests that Wiltshire may well have recovered from this worrying position to at least match national performance on the measure.

A well-educated workforce is necessary to attract and retain the high value added sectors which will help improve productivity in Wiltshire. Performing above the national average on **both** key education indicators such as these is essential to secure Wiltshire's future competitiveness in a national (and international) context.

A further point on performance amongst 16 year olds is that, although improvements have been made in Wiltshire, it would be prudent to remind ourselves that just under half of 15/16 year olds do not get good GCSEs.

Figure 3.11: % of pupils in Wiltshire and England attaining 5+ GCSEs, A* to C, 2000-2008



Source: DfES, 2009

Table 3.6 contains the education and training participation rates for 16 and 17 year olds in Wiltshire. Wiltshire appears to have similar participation to regionally and nationally in Full Time Education, which may imply relatively similar progression rate towards high level education. However, in terms of total participation (the total of education and work based learning) it performs well below both the region and nation. This is in part due to a lower percentage going into Work Based Learning.

There is evidence, therefore, that the provision for Work Based learning in Wiltshire for 16 year olds and 17 year olds can be improved.

Table 3.6: Participation in education and training (16 year and 17 year olds), 2007 (latest available data).

	% of all 16 year & 17 olds in:			Total (Education and WBL#)
	Full Time Education*	Work Based Learning	Part Time Education	
Wiltshire	71	5	3	79
South West	71	7	4	82
England	72	7	4	83

Source: DfES, 2009

* includes maintained, maintained special schools, independent schools, non-maintained special schools, city technology colleges, academies and pupil referral units

#Work based learning

Tables 3.7 and 3.8 give the results of the 2007 Annual Activity Survey undertaken by Connexions Partnerships, which provides information about the early pathways taken by young people beyond their compulsory education. In 2007 Wiltshire had a lower proportion, than nationally, who went into some form of learning (86% compared to 89% nationally). Whilst it pretty much matched national performance for those going into Full Time Education, the lower rate going into learning was due to the fact that Wiltshire has lower proportions of school leavers in Government supported training (non-employed and employed status) than the national average: 3.4% in Wiltshire compared to 5.9% nationally. This is mainly down to a significantly lower than average participation in government supported training with non-employed status. National trends show that the proportion of young people in government supported training has been falling steadily since 1996.

Nationally, in 2007 the proportion of school leavers in employment after compulsory education was 5.6%. This proportion, at 7.1%, is slightly higher in Wiltshire. Within this, the proportion of young people in employment with training in Wiltshire, at 1.9%, was significantly lower than the national figure of 3.5%. Conversely, the proportion of those in employment without training in Wiltshire was 5.2%, significantly higher than the national figure of 2.1%.

Table 3.7: Year 11 school leavers' annual activity survey (%), England, 2007

	In Learning	Full time education	Government Supported training		Employment		Not settled	Moved out of contact	No Response
			Non employed status	Employed status	With training	Without training			
2007	89.4	80.0	2.9	3.0	3.5	2.1	6.2	1.1	1.3
2006	77.9	77.9	2.8	2.8	3.7	2.2	7.3	1.5	1.8
2005	85.9	75.4	3.3	3.0	4.1	2.5	7.8	1.7	2.2
2004	84.9	73.3	3.5	3.1	4.9	3.2	7.5	2.0	2.5
2003	84.2	72.1	3.9	3.0	5.2	3.0	8.1	2.4	2.3
2002	84.4	72.1	3.7	3.1	5.6	2.6	7.8	2.8	2.4

Source: Connexions Partnership, 2006

Table 3.8: Year 11 school leavers' annual activity survey (%), Wiltshire, 2007

Wiltshire	In Learning	Full time education	Government Supported training		Employment		Not settled	Moved out of contact	No Response
			Non employed status	Employed status	With training	Without training			
2007	85.7	80.5	0.9	2.5	1.9	5.2	5.3	3.3	0.5
2006	93.0	83.9	0.9	3.2	5.0	1.4	3.4	0.8	1.4
2005	83.6	77.8	0.8	3.3	1.7	6.4	5.5	3.2	1.3
2004	82.0	75.5	1.1	3.9	1.5	7.7	4.8	4.4	1.2
2003	83.1	75.4	1.6	3.4	2.7	7.6	4.3	4.0	1.0
2002	85.8	76.4	1.3	3.1	5.0	4.8	4.4	3.4	1.6

Source: Connexions Partnership, 2006

3.1.7 Earnings

Earnings statistics provide indicators of labour costs relating to both labour supply and labour demand. The earnings of the resident population of the area is a characteristic of the labour supply provided by people living in that area, whereas the earnings of people working in the area is an indicator of the nature of the labour demand arising from employers in the area. Earnings data generally reflect the industrial and occupational mix of the areas and commuting patterns.

Table 3.19 contains workplace based and residence based average earnings. Workplace based earnings are what people can earn in Wiltshire – i.e. represents the price employers in the local area are prepared to pay for labour input. Residence based earnings are what people living in Wiltshire earn; this can give us some idea of their spending power in the local economy.

The average weekly workplace based earnings in Wiltshire for 2008 were £539, marginally higher than the South West (£526) but significantly lower than the Great Britain average of £577. A similar pattern is seen for annualised earnings. The 2008 average residence based weekly earnings for people living in Wiltshire were £588, significantly higher than the regional average and marginally higher than the national average.

There is clearly a discrepancy between average earnings by workplace and average earnings by residence in Wiltshire. The area had higher average residence based earnings than workplace based earnings suggesting that Wiltshire's workers are unable to secure the higher than average earnings within Wiltshire that are on offer in adjacent economies outside of Wiltshire. Commuting patterns show that around 65% of the net in-commuting losses in Wiltshire stem from the higher level occupations (total of managers & Senior Officials, Professionals, and Associate Professional & Technical).

Table 3.9: Average (mean) gross full time earnings, 2008

	Workplace		Residence	
	Weekly Earnings (£)	Earnings PA (£)	Weekly Earnings (£)	Earnings PA (£)
Great Britain	576.8	29,994	578.2	30,066
South West	525.9	27,347	531.5	27,638
Wiltshire	538.5	28,002	587.6	30,555

Source: ASHE, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

Table 3.10 contains workplace based and residence based 'median' earnings data. The median is the mid-point figure where half of all employees earn less than this amount and half earn more. It is sometimes preferable to use the median because the mean can be influenced by extreme values (i.e. a small proportion of high earners.). The general pattern of findings is broadly similar to the mean based earnings data above.

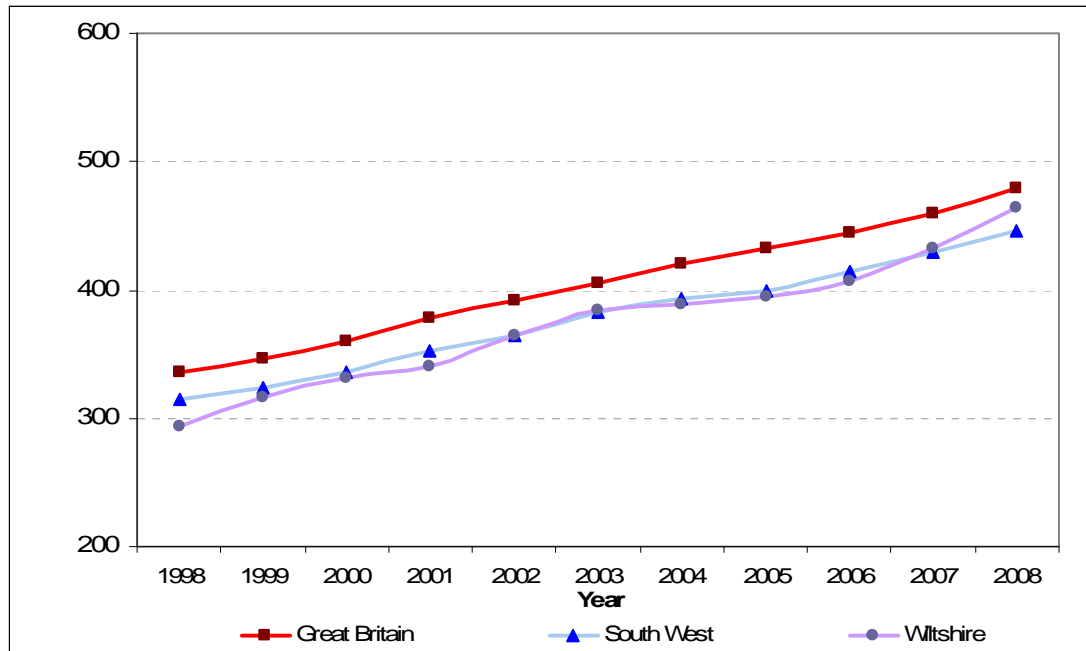
Table 3.10: Median full time earnings, 2008

	Workplace		Residence	
	Weekly Earnings (£)	Earnings PA (£)	Weekly Earnings (£)	Earnings PA (£)
Great Britain	479.1	24,913	479.3	24,924
South West	445.4	23,161	450.8	23,442
Wiltshire	464.1	24,133	494.6	25,719

Source: ASHE, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

Figure 3.12 is a line graph displaying average weekly workplace earnings from 1998 to 2008. Generally, Wiltshire's average weekly workplace earnings have been fairly close to the regional average but somewhat lower than the national average. The gap between Wiltshire workplace earnings and national earnings has diminished over the last ten years; from being 88% of national earnings in 1998 to 97% of national earnings in 2008.

Figure 3.12: Average Weekly Earnings, Workplace, 1998 to 2008



Source: ASHE, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

3.2 LABOUR DEMAND

This section examines labour demand in order to help answer the following key questions: whether the Wiltshire economy is generating employment, whether labour supply is able to meet demand; and lastly whether the industrial and occupational profile of Wiltshire is 'moving' in line with national trends. The latter is particularly important because, as the new emerging economies account for an increasing share of global output, UK industry has to move slowly towards innovative, high technology, added value production which requires a highly skilled and adaptable workforce.

3.2.1 Employment Growth

From 1997 to 2007, and as shown in section 1.4, Wiltshire's workplace employment increased by 9%, which is equivalent to about 15,200 jobs, and represents a rate of growth somewhat below those of both Great Britain and the South West (12% and 13% respectively).

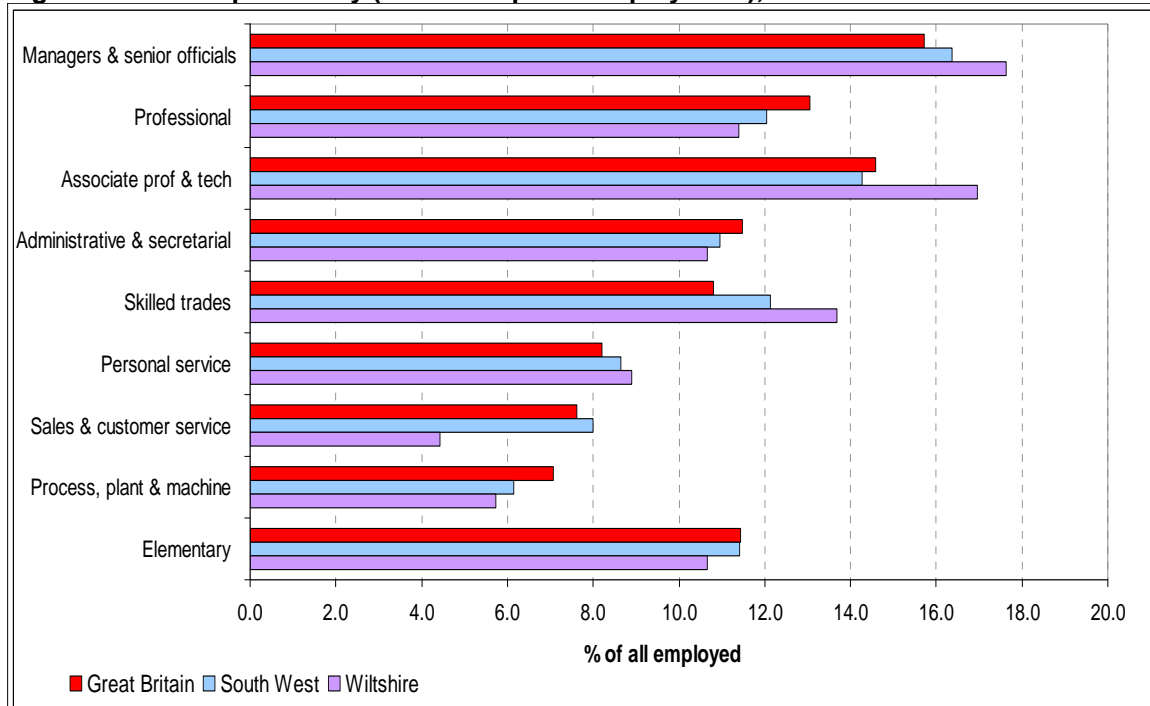
3.2.2 Workplace Occupations

The latest Annual Population Survey (by workplace) shows that the largest occupational group in Wiltshire is Managers & Senior Officials with 18% of workplace employment. In general, Wiltshire's structure of occupations by workplace is in line with the regional and national pictures. However, there are some key divergences worthy of note:

- Wiltshire has an over-representation in the higher-level occupational groups of Managers & Senior Officials, Associate professional and technical and Skilled Trades
- Wiltshire has an under-representation in the higher level occupational group of Professionals and also lower representation in less skilled jobs such as Sales and customer services

This occupational workplace data appear to indicate that Wiltshire has led the way in moving towards a workplace economy which is characterised by higher order jobs; 59% of Wiltshire workplace jobs are either Managers, Professionals or Skilled trades people compared to 55% of jobs regionally and 54% nationally.

Figure 3.13: Occupations by (% of Workplace Employment), Jan 2008 – Dec 2008

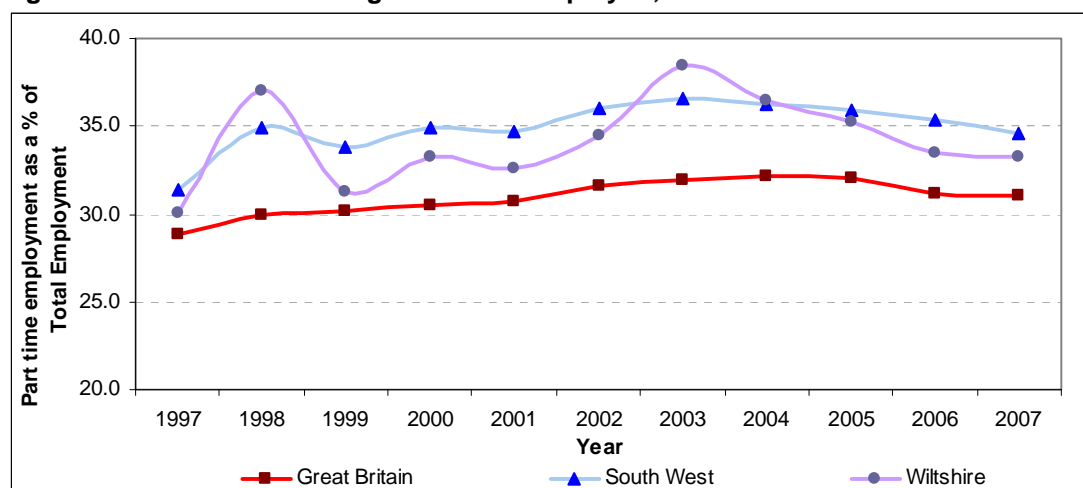


Source: Annual Population Survey, Workplace, National Statistics Nomis www.nomisweb.co.uk, 2008

3.2.3 Part Time Working (Workplace) Trends

Amongst those in employment in Wiltshire in 2007, the proportion working part time was 33.2%, below the regional figure of 34.6% but above the national average (31.0%). The line graph in Figure 3.14 shows that the proportion of employees working part time during the 1997-2007 period generally increased (albeit with some fluctuations of County data) for Wiltshire, the South West and Great Britain.

Figure 3.14: Part time working as % of all employed, 1997-2007



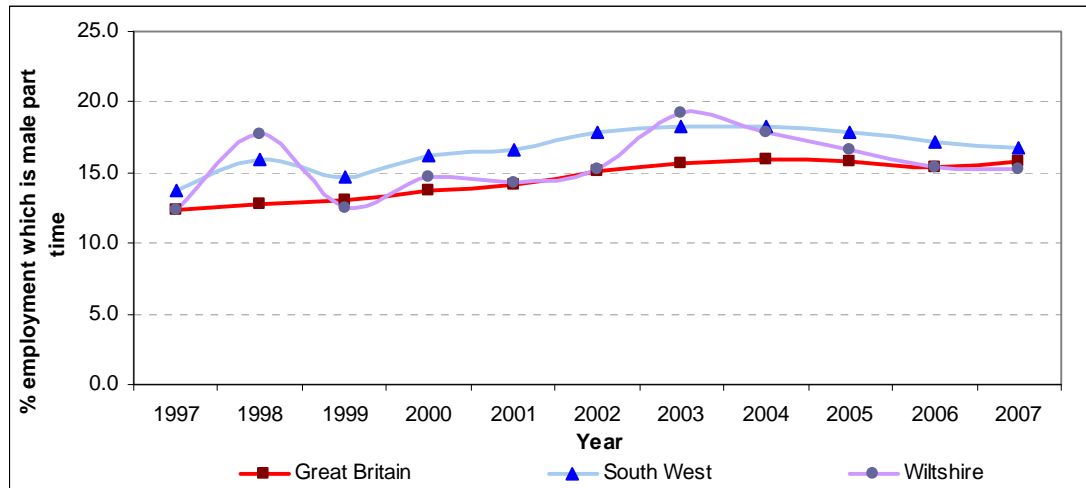
Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

Part time working has traditionally been dominated by females and this was still the case in Wiltshire in 2007 with 50.5% of all female employees being part time workers, compared with 15.3% of males. (Figures 3.15 and 3.16). At a national level, a lower proportion of all female employees, 46.7%, are part time, and a similar proportion, 15.8% of all male employees, are part time. Regionally, both these proportions are higher than both Wiltshire and Great Britain, showing the above average importance of part-time working across the region.

Figure 3.15 shows the proportion of male employees who worked part time over the 1997 to 2007 period. Overall, Wiltshire increased its proportion of male part time workers by 3.0 percentage points, regionally it increased by 3.0 points and nationally by 3.5 points. The proportion of female employees working part time in Wiltshire grew by 1.9 percentage points (Figure 3.16). Regionally, the proportion has actually increased slightly more, at 3.2 points. Nationally it is not much higher than it was ten years ago (0.9 percentage points higher).

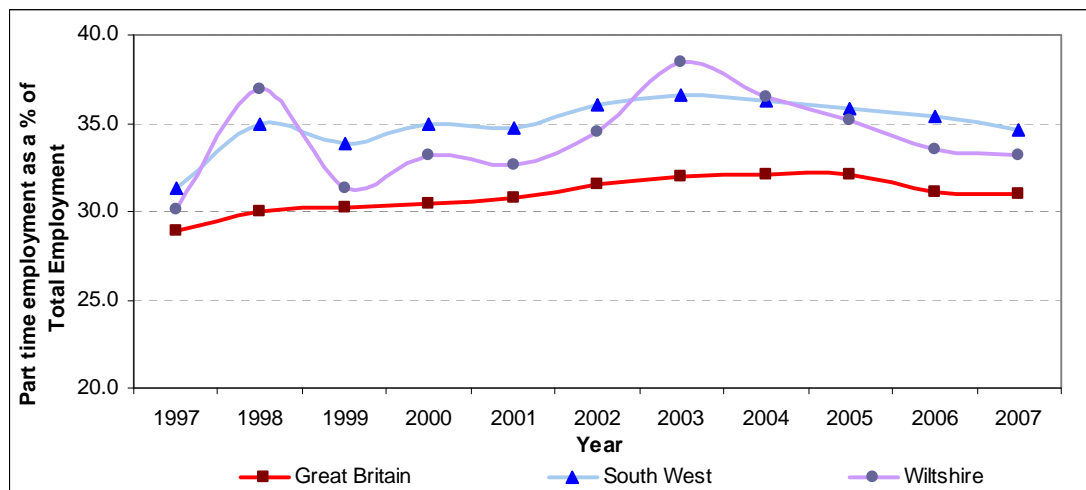
In summary, part-time employment, as a percentage of all employment, is more important in Wiltshire than nationally (though not as important as regionally), and this is entirely driven by the high proportion of female part-timers. Wiltshire has also followed the national and regional trends of increased male part time employment. Finally, and as with the South West, Wiltshire has also increased part-time female employment.

Figure 3.15: % of male employees who work part time, 1997 to 2007



Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2009

Figure 3.16: % of female employees who work part time, 1997 to 2007



Source: Annual Business Inquiry, National Statistics from Nomis website: www.nomisweb.co.uk 2009

3.3 EQUILIBRIUM OF LABOUR SUPPLY AND DEMAND

Sections 3.1 and 3.2 looked at labour supply (as provided by the resident population) and labour demand as (as demanded by the local economy). This section attempts to gauge the extent to which supply and demand is matched in an equitable way¹⁴: whether there is a strong demand for labour in terms of the quantity and quality generated by the labour market and whether there is a strong supply of labour in terms of the numbers and characteristics of people available to take jobs. It considers a variety of labour market balance/imbalance indicators such as job density, unemployment, recruitment problems, skills gaps, and commuting patterns.

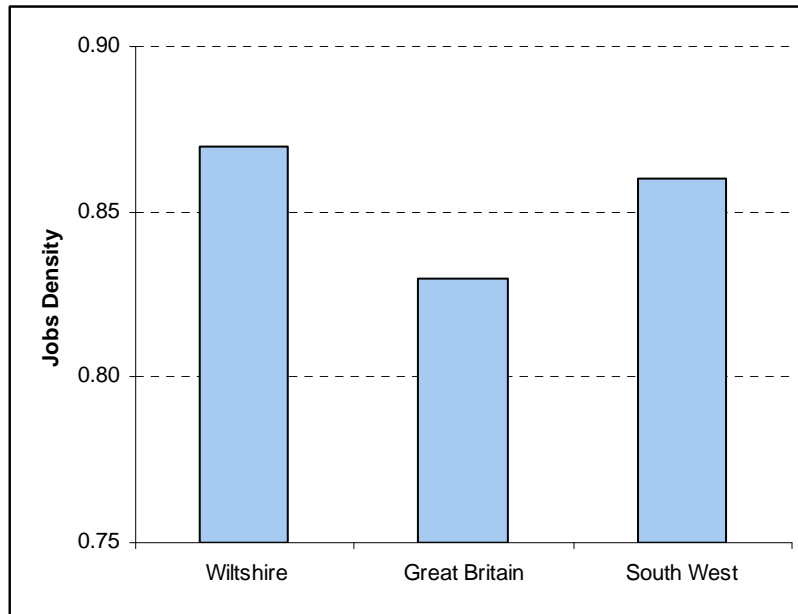
3.3.1 Job Density

The Jobs Density indicator is defined as the total number of filled jobs (including employees, self-employment, government supported trainees and HM forces) in an area, divided by the resident population of working age in that area. A factor of 1.00 means that, in theory, there is a job for every resident of working age. High density figures represent greater employment opportunities for resident populations; however, this does not necessarily eliminate the possibility that local skills supply and demand mismatches may still exist.

Wiltshire has a slightly lower Job Density figure (0.87) than nationally (0.83) and a slightly higher rate than regionally (0.86). It also has a relatively large out-commuting population.

¹⁴ As identified by the South West Framework for Regional Employment and Skills Action

Figure 3.17: Job density rates, 2007

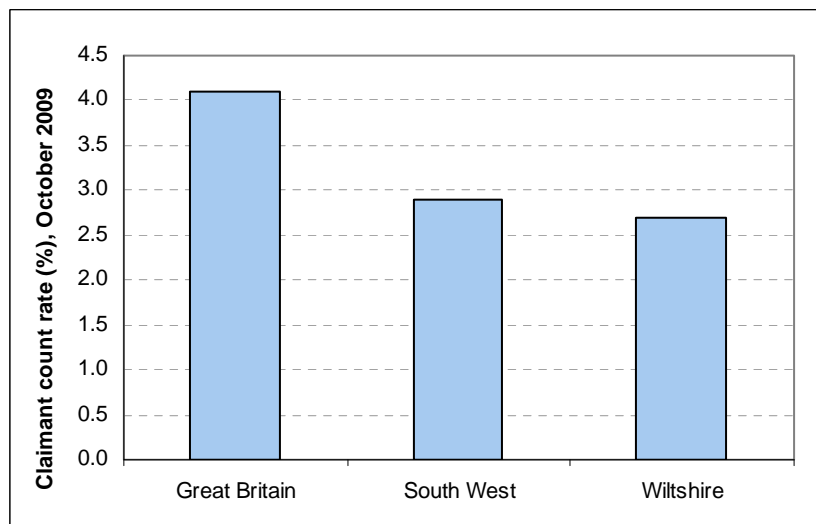


Source: Job Density, National Statistics from Nomis website: www.nomisweb.co.uk, 2009
Outputs are rounded to the nearest hundred

3.3.2 Claimant Count and ILO Unemployment

The claimant count is based on the number of people claiming Jobseekers Allowance (JSA) and is taken from monthly records. People claiming JSA must declare they are out of work, available for, capable of, and actively seeking employment during the week in which the claim is made. Claimant count rates express the number of JSA claimants as a percentage of working age residents in an area. Figure 3.18 reveals that in October 2009 Wiltshire had a lower Claimant Count rate than both regionally and nationally.

Figure 3.18: Claimant Count Rate (%), October 2009

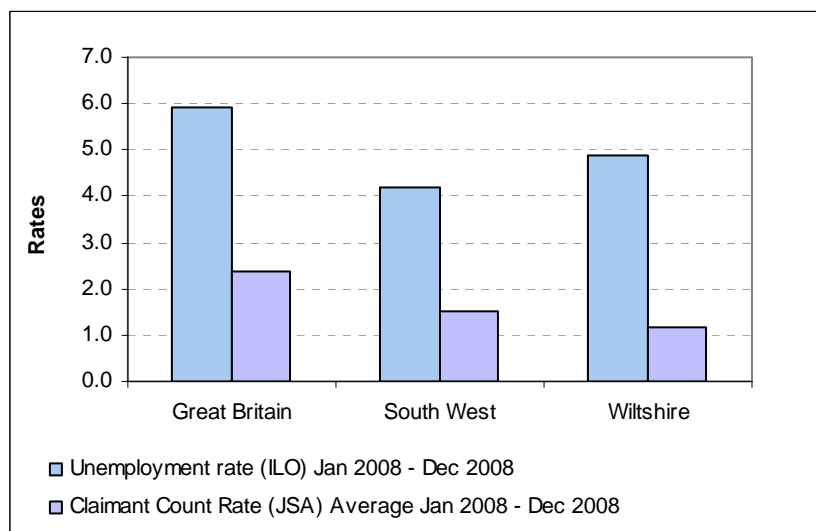


Source: Claimant Count, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

An alternative unemployment measure is provided by the International Labour Organisation's (ILO) definition of unemployment which includes as unemployed all those who are out of work, want a job, have actively sought work in the last four weeks prior to interview and are available to start work within the next fortnight, or are out of work and have accepted a job which they are waiting to start in the next fortnight (See Figure 3.20). It is generally regarded as a more meaningful measure of unemployment than the Claimant Count. The 'hidden unemployed' do not claim or may not be entitled to Job Seekers Allowance and are therefore excluded from official unemployment statistics that are based on the Claimant Count.

In the period January 2008 to December 2008 the unemployment rate in Wiltshire was 4.9%; 3.7 percentage points higher than the Claimant Count rate¹⁵. The contrast between the Claimant Count rate and the Unemployment rate suggest that Wiltshire has an additional 7,700 people who are actually looking for work over and above those included in the Claimant Count.

Figure 3.19: Unemployment (Claimant Count and ILO) rates January 2008 to December 2008



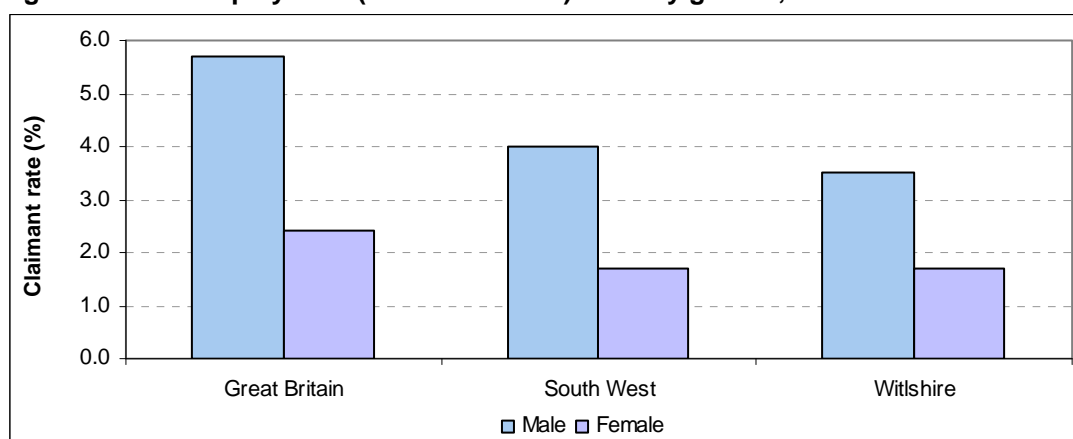
Source: Claimant Count, National Statistics from Nomis website: www.nomisweb.co.uk 2009

¹⁵ The Annual Population Survey's unemployment variable is measured over a 12 month period whilst the Claimant Count is measured every month. The Claimant Count rates represent the average of the months for the corresponding year..

3.3.3 Unemployment by Gender

Figure 3.20 displays Claimant Count Unemployment rate, by gender in October 2009. The Claimant Count rates for females are lower than those for males. However, the difference between male and female rates in Wiltshire is less marked than in the South West and Great Britain as a whole.

Figure 3.20: Unemployment (Claimant Count) rates by gender, October 2009



Source: Claimant Count, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

3.3.4 Unemployment by Duration

There will always be a certain level of unemployment even within a healthy economy as people enter or re-enter the labour force or move between jobs. Frictional unemployment describes a situation where people move from one job to another and claim benefit in the meantime; unemployment periods of 13 weeks or less could be considered to be frictional unemployment. It is likely that such frictional unemployment accounts for 46% of the Wiltshire Claimant Count (3,300 claimants) (see Table 3.11); and that it accounts for a similar proportion of total unemployment in Wiltshire than the South West and Great Britain. Table 3.12 also suggests that the proportion of claimants in the '13 week or more' unemployment period is broadly similar to the respective national and regional proportions.

Unemployment episodes that extend for more than 13 weeks may indicate that there are some claimants who do not have a suitable mix of skills or experience to meet current demand; or it may be an indication of "structural unemployment", which is unemployment that occurs when the structure of industry changes over time. This may be because people's tastes have changed or it may be because technology has moved on and a product or service

is no longer in demand or can be produced at lower cost elsewhere. In the UK there are many industries that were once major employers but which have all but disappeared.

Table 3.11: Unemployment by duration (% of Claimant Count), October 2009.

	13 weeks or less	13-26 weeks	26-52 weeks	52 + weeks
Great Britain	45	22	22	11
South West	48	21	22	9
Wiltshire	46	22	22	9

Source: Claimant Count, National Statistics from Nomis website: www.nomisweb.co.uk 2009

3.3.5 Unemployment Changes

Historical data show that unemployment tends to follow a cyclical pattern. During the early 1970s unemployment was fairly low and then increased during the mid 1970s before levelling off towards the end of that decade. It then remained relatively unchanged until 1980 when it began to rise again. It then fell towards the end of the 1980s when there was a period of economic recovery. In the early 1990s unemployment rose back up again, reaching a peak in 1993. Figure 3.21 shows Claimant Count unemployment rates from 1992 to 2007; this data shows that since that 1992 peak, unemployment in Wiltshire has followed regional and national trends, decreasing year on year and achieving very low rates of 0.8% in December 2004 and December 2007. However, the Figure also shows the beginning of the current recession, which commenced during 2008, where unemployment began to rise globally and across the UK (from around May onwards).

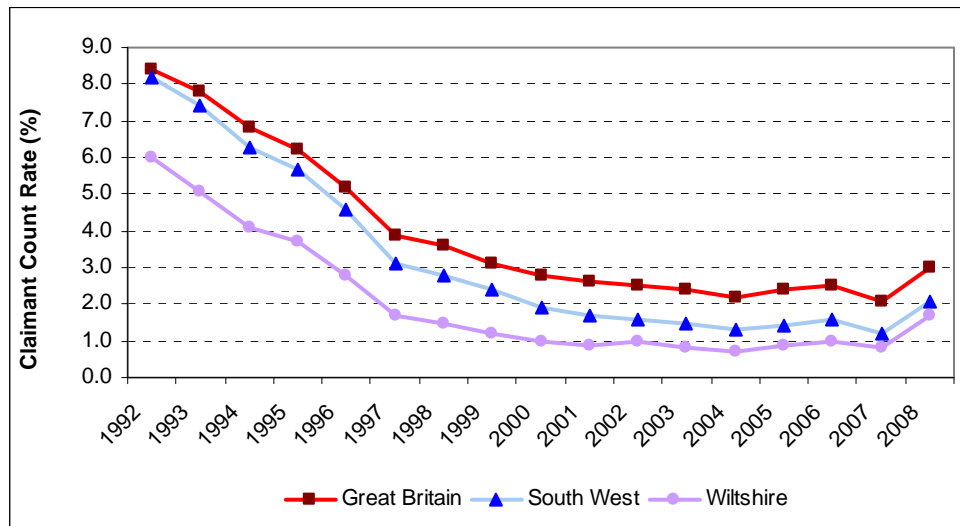
ILO defined unemployment rates, from 1994 to 2005 followed a similar pattern (Figure 3.22). However, there is evidence that the ILO rate began to creep upwards from its 2004/2005 'low' in 2005/2006. In fact, it is noticeable that it is actually quite difficult to see the start of the 2008-recession in any of the ILO trends nationally, regionally and in Wiltshire. This could be because a good number of those who were actively looking for work when the economy was thriving may have stopped doing so due to awareness over fewer job opportunities, and more competition from redundant workers. By 2009 the effect of these unemployed will have been removed and we would expect ILO unemployment to 'ramp up', along similar lines to the Claimant Count surge in 2008.

A trend noticeable on both charts is that whilst Wiltshire unemployment has fallen over the years, it levelled off around the turn of the new millennium, as it did nationally. Across the South West, however, it continued to fall and in 2007 the region had closed the gap between a rate of (Claimant) unemployment on par with the high national average to being on par with the low Wiltshire rate of (Claimant) unemployment. ILO unemployment regionally showed a

similar trend, albeit from a position somewhere between the Wiltshire and national rates in 1994.

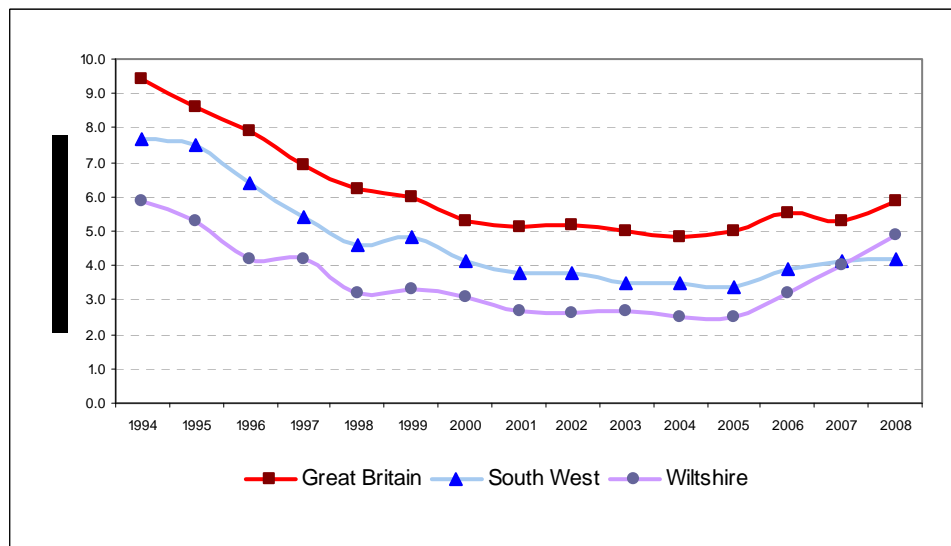
The ILO trend for Wiltshire also gives worrying evidence that ILO unemployment in the area may have risen to surpass the regional rate, and is heading in the direction of the (much higher) national rate.

Figure 3.21: Claimant Count rates, End 1992 – End 2008



Source: Claimant Count, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

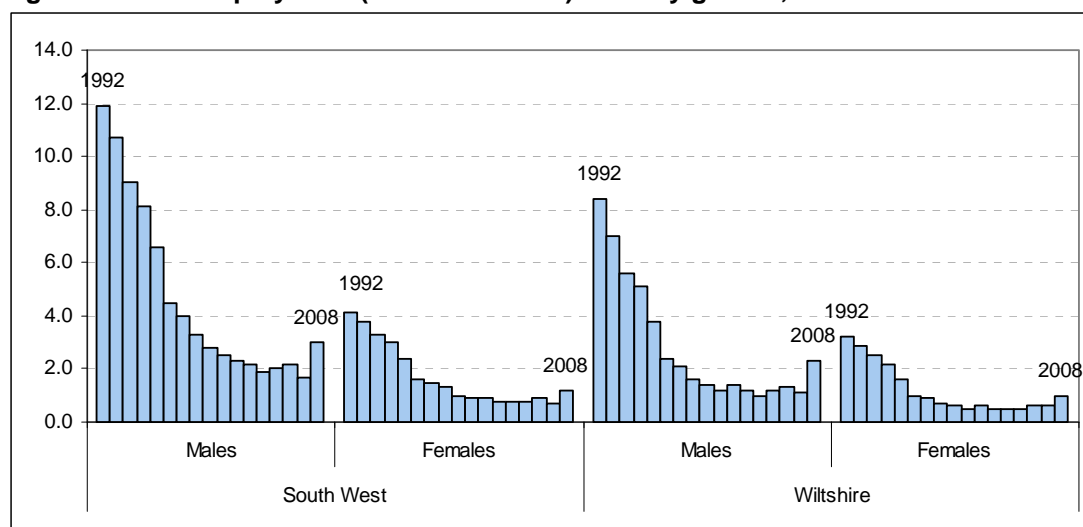
Figure 3.22: ILO Unemployment, 1994-2008



Source: Annual Population Survey, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

Unemployment rates for men and women have followed similar cyclical trends but the recessions of the early 1990s, and the current recession, have had a greater impact on male unemployment¹⁶ (Figure 3.23). However, as unemployment rates have been decreasing (up to 2008), the differential between male and female unemployment has narrowed considerably and by December 2008 the male/female unemployment rate differential in Wiltshire was 1.3 percentage points compared to 5.2% in December 1992 (however, it was down to 0.5 percentage points in 2007, prior to the current economic downturn).

Figure 3.23: Unemployment (Claimant Count) rates by gender, Dec 1992 to Dec 2008



Source: Claimant Count, National Statistics from Nomis website: www.nomisweb.co.uk 2009

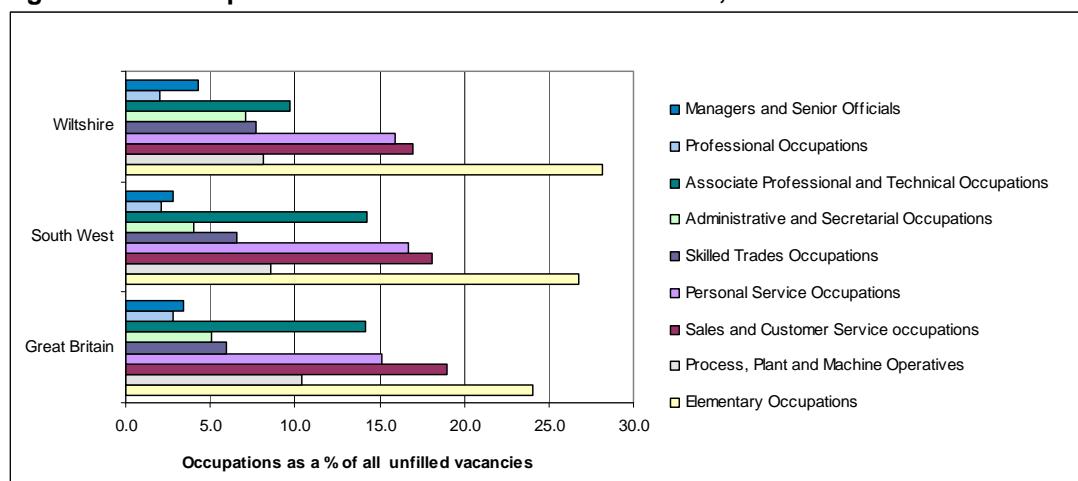
3.3.6 Unfilled Job Vacancies by Occupation

Figure 3.24 shows the stock of unfilled vacancies broken down by occupation (as a percentage of all unfilled vacancies), in October 2009. The occupations with the highest level of unfilled vacancies in Great Britain were Elementary occupations (28%), Sales and Customer Service (17%), and Personal service occupations (16%). The breakdown by occupation shows a similar pattern to Great Britain except that Wiltshire had a significantly lower proportion of Associate professional and technical unfilled vacancies, a higher proportion of Administrative and secretarial positions, and a higher proportion of Elementary occupation vacancies.

Since the start of the economic downturn it is noticeable that the proportion of higher skilled unfilled job vacancies (i.e. job vacancies for Managers, Professionals, Associates and Skilled Trades) have declined in favour of growth in the proportion of unskilled unfilled job vacancies.

¹⁶ As reported by the Office for National Statistics in their Labour Market Review 2006.

Figure 3.24: Occupations as a % of all unfilled vacancies, October 2009



Source: *Jobcentre Plus Vacancies*, National Statistics website: www.statistics.gov.uk, 2009

3.3.7 National Employers Skills Survey (NESS) and Skills in England

The National Employers Skills Survey (NESS) and the associated Skills in England reports has been conducted every two years since 2003. Local area (for a combined Wiltshire and Swindon area) analysis and findings from the survey were available for 2003 and 2005 but not for 2007. The 2009 findings, with local area breakdowns, will be published shortly.

The main elements of the research cover such inter-related issues as recruitment, skills and training.

Previous editions of this Assessment have contained detailed findings from the NESS series and *Skills in England* and it is not our intention to repeat this analysis in full in this current Assessment. However, a useful summary of the key findings, and their likely implications, for Wiltshire, from the 2003 and 2005 reports (which had sub-regional breakdowns) is as follows:

- Wiltshire & Swindon is generally on a par with regional and national figures in terms of the proportion of establishments reporting job vacancies.
- The vacancy rate (vacancies as a proportion of total employment) is generally slightly lower in Wiltshire & Swindon than regionally and nationally and is indicative of the more squeezed labour market conditions which exist locally
- Difficulties in filling hard-to-fill vacancies (HtFV) are likely to go up and down in line with the economy with current conditions making it far less difficult currently than in the period prior to the downturn

- Prior to the downturn, the vacancies that were most difficult to fill in Wiltshire were all lower skilled positions (Elementary, Operatives, Sales, and Personal Services)
- Wiltshire & Swindon tends to have a lower proportion of skill shortage vacancies (SSVs) than nationally, which may suggest that employers in this sub region may have a lower than average skill requirement (when compared to the England average), or that the workforce is generally more aligned with their skill requirements.
- In-migration from the A8 Accession countries has certainly contributed to the significant reduction of HTFVs in Wiltshire, certainly in jobs that have been difficult to fill for reasons other than skill shortages.
- Recruitment difficulties and skills shortages are generally lower across the South West (and in Wiltshire) than nationally. However, this is in general terms and it should be remembered that recruitment difficulties vary from sector to sector and from one set of economic conditions to another.
- New young entrants frequently lack the skills or attributes they need for the job
- Skill losses brought about by staff retirements are often very hard to replace and the 'older than average' composition of the Wiltshire workforce means that this is likely to affect the area more than elsewhere.
- When faced with recruitment difficulties, establishments tend to recruit people who are less than ideal for the job; vacancies are filled, but the skills gaps are internalised within the business and this can have a significant long term impact on business competitiveness.
- The proportion of employers reporting skills gaps in Wiltshire tends to be higher than regionally and the most frequently mentioned skills that employers in Wiltshire felt were lacking were: team working; oral communication; and technical skills. Nearly a third of employers also believe that their staff (of those with skills gaps) 'lacked motivation'.
- Elementary and sales occupations have the largest number of skills gaps;. However the third highest share of total skills gaps) is for managers and there is therefore evidence of demand management and leadership training in Wiltshire
- The proportion of employers who provide training in Wiltshire and Swindon is higher than the regional and national averages.
- The proportion of employees who are training towards nationally recognised qualifications in Wiltshire & Swindon is below the regional and national averages but the proportion of employees who trained to NVQ standard was the same.

As previously mentioned, the most recently available survey, NESS 2007, has no local data (unlike the 2003 and 2005 surveys). However, it builds on the earlier work and the report complements the key government publications in the skills arena, including the Leitch Review of Skills and the Freud Report.

The report evidence indicates that, in the several years to 2007, that there were substantial improvements in the skills base of the economy but that, as the Leitch review pointed out, there is much still to be done to ensure that the skills of the workforce are 'world class' and are capable of reaping the rewards of globalisation.

The evidence from the report is summarised into 10 key messages which have been amended here to reflect the nature and key characteristics of the Wiltshire economy as identified in this document.

1. Globalisation continues to pose both threats and opportunities to Wiltshire's economy.
2. Threats are more in terms of markets and jobs at the lower value added end (low-cost, standard commodity-type goods and services) and particularly from China and India.
3. Business opportunities are more at entering markets and sustaining presence at the higher value added end and this requires a highly skilled workforce.
4. To achieve this Wiltshire's employers need to raise their game and to increase their demand for skills. They need to raise demand at all levels: from senior management, responsible for the strategic vision of the organisation, to those engaged in more routine day-to-day activities.
5. Skills need to be placed at the heart of the business plans of Wiltshire's organisations.
6. If employers' demands for skills are to be raised in Wiltshire, the supply side needs to be able to respond. The supply of skills in Wiltshire has to recognise the need for an economic focus. The learning and competence required to achieve a given qualification should benefit the economy over the medium to long term.
7. This poses a number of challenges for the qualification system. In particular, the economic value of vocational qualifications needs to be increased. The rate of return for those investing in vocational skills remains, on balance, less than in the case of academic skills. The status of the vocational route through further and higher education needs to be improved. Whilst the report refers more to policy changes required at the national level, we wonder if, anticipating common-sense changes such as this, if Wiltshire's further education providers can identify and implement actions to steal a march on the rest of the region and country.
8. Lifelong learning and the acquisition of new skills over the human lifecycle is essential to sustain competitiveness.

9. Tackling social exclusion from a skills perspective will require not only tackling individuals' basic skills needs, but also providing people with the skills that will allow them to sustain and even progress in their employment. This is recognised as a formidable challenge for the education and training system but, again, perhaps represents an opportunity for Wiltshire to steal a march.
10. Advice and guidance on career development and skills needs will be increasingly important in assisting people to navigate their way through what is likely to prove to be a rapidly changing labour market. This will continue to require robust and timely labour market information, including prospects for the future.

The *Skills in England 2007* main conclusion is that, while they are not a panacea, skills are key elements in addressing the two main inter-related socio-economic challenges facing the Wiltshire economy: maintaining global competitiveness and reducing social exclusion.

3.3.8 Commuting¹⁷

Wiltshire has a long standing pattern of net in-commuting to London and the major metropolitan areas and to many other of the larger urban areas. Part of the reason for this is that many of those working in such areas choose to live at some distance, perhaps because property prices or rentals are lower; or perhaps because they consider a small(er) town/rural living environment to be preferable. Additionally, many residents in more rural areas find work in more urbanised areas simply because of the gravitational pull of the number of jobs in these areas and/or the higher probability of a match between the skills they possess and those required in the job-markets in these areas. As a consequence, this means that virtually all 'shire' counties have a significant commuting outflow.

Commuting data confirm what we already know: that Wiltshire's location offers (to accessible urban employment centres outside the 'local' 'area) 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.

The most detailed data on daily commuting patterns to and from Wiltshire are contained within the official Census, the most recent of which, and now somewhat out of date, is for 2001. Previous editions of this Assessment have contained these findings in detail and they will not be repeated here. However, a summary is as follows:

¹⁷ This section has been informed by and contains extracts from, 'Briefing Note: Commuting and "City-regions', 2006

- In 2001, Wiltshire had a daily net out-commuting of 21,000 comprising 52,000 out-commuters and 31,000 in-commuters.
- One quarter of Wiltshire's out-commuters work in Swindon and one eighth head for Bath. Other key destinations are London, Andover, Bristol and Southampton/Romsey/Eastleigh and London. However, more than two fifths of out-commuters work 'elsewhere' outside these key destinations.
- Less than one third of Wiltshire's daily in-commuters come in from Swindon, Bath, Bristol, Southampton/Romsey/Eastleigh, Andover or London. The vast majority (over 70%) of in-commuters come from 'elsewhere'.

It may be possible to provide more 'local jobs' ('commuter clawback' – persuading skilled workers who are currently commuting out of Wiltshire to work in Wiltshire) and make inroads into these outflows from Wiltshire, however, the basic 'symbiotic' relationship is unlikely to change, whatever scale of development takes place in the Strategically Significant Cities & Towns (Draft RSS SSCTs) of Trowbridge, Salisbury and Chippenham. However, it is also important not to lose focus of the fact that that the numbers of individuals travelling in *and* out across the Wiltshire's boundary has increased from around 53,000 in 1991 to around 83,000 in 2001. More up-to-date data will not be available until the results of the 2011 Census are known, but this does not auger well for the prospects of moving towards more sustainable travel-to-work patterns.

Analysis of occupational patters shows that there are more out-commuters than in-commuters across all major occupational groups. However, the largest net losses are for Managers & Senior Officials, Professionals, Administrative & Secretarial and Associate Professional & Technical occupations. The analysis shows that Wiltshire suffers a daily net loss of higher order, skilled and well-paid workers. Such a feature helps us understand the gap between Wiltshire's workplace earnings and its resident-based earnings. This is not surprising given the fact that workers in higher level occupations tend to have larger than average commuting distances. These professional and highly skilled individuals have relatively high incomes and may choose to live in areas that have a shortage of suitable local jobs (e.g. rural areas) and a 'quality' living environment. Conversely, people in occupations associated with low level skills tend to travel shorter than average distances. For people in these occupations commuting over larger distances may not be viable, given the trade-off between wage and travel costs.

3.3.9 Migrant Labour

Every year, since 2002/2003, Wiltshire has seen significant increases in the number of migrant workers (especially from A8 Accession countries since 1st May 2004) compared to the same period a year earlier (Table 3.21 contains National Insurance Registrations (NINo) from Jobcentre Plus). The trend is consistent across the region and in many parts of the UK. This rise has been partly driven by increasing economic integration and labour mobility within the EU, economic globalisation, and the strength (and tightness) of the labour market. Traditionally, migrant workers have tended to locate themselves in urban areas and/or areas where there are existing communities which come from the same place of origin. However, the influx of the last few years has seen rural areas and small towns, especially where unemployment is low, experiencing a significant growth in migrant labour.

Whilst there is no single source of information on how many migrants there are at any one time, there are various sources of information on migrant inflow levels. To date Government has not set up a mechanism that is able to capture the number and rate of outflows. Moreover, there is no central source of information on the number of dependants and family members who have arrived with the workers.

Table 3.12: No. National Insurance Registrations (Overseas Nationals), 2002 to 2007.

	West Wiltshire	Kennet	Salisbury	North Wiltshire	Wiltshire
2002/2003	210	150	330	320	1,010
2003/2004	310	170	370	280	1,130
2004/2005	430	190	450	300	1,370
2005/2006	760	350	660	490	2,260
2006/2007	1,100	390	650	700	2,840
Total	2,810	1,250	2,460	2,090	8,610

Source: Jobcentre Plus information for Learning Theme and Department for Work and Pensions (DWP), NINo registrations data.

A recent research study¹⁸ confirmed (through NINo registrations) the types of employment being undertaken by migrant workers across the South West: Table 3.22. The catering & hospitality industry and factory & production industry employed nearly half of NINo registered workers during the 2000 to 2005 period: 28.1% and 20% respectively. Supporting this finding, the Home Office Immigration and Nationality Department's Workers Registration

¹⁸ 'Migrant Workers: The Challenge for The South West', C Evans, J Pye and L Smith, Skills & Learning Intelligence Module, Marchmont Observatory, University of Exeter, May 2006

Scheme (which registers migrant workers from A8 countries exclusively) is another source of data and shows that in Wiltshire and Swindon (since 2004), a substantial proportion of A8 migrant workers have been employed in factory work and in catering & hospitality. There is a particularly large concentration of migrant workers from Eastern Europe (especially Polish workers, who account for 75.5% of all WRS registrations) in Trowbridge where a handful of factories are employing a significant number of process operatives.

Analysis undertaken by the Institute of Public Policy Research suggests that overall, contrary to the negative messages generated by some sections of the press, migrant workers contribute more than their share fiscally and the most recent immigrants from the EU are making a relatively large contribution to our economic output and the public purse. The real focus (at least in the medium term) should be on: managing any current and future impact on public services; using this expansion of labour supply to fill the 'hard to fill' and 'skill shortage' vacancies; and managing future social change through multi agency working. The latter may be the biggest challenge to rural areas, since community tensions tend to be more acute in locations with little or no history of receiving new migration; it is usually cities that have decades of experience of managing ethnic diversity.

The Institute of Community Cohesion researched and wrote *Estimating the scale and impacts of migration at the local level* for the Local Government Association (LGA). A detailed summary of the findings was included in last year's Assessment. In summary, however, the findings suggest that, whilst all of Wiltshire's districts have had an influx of migrants over the last few years, West Wiltshire has seen the greatest increase by far and away. In particular, West Wiltshire has seen a huge increase in people registering for work who are from A8 countries, and this has made a considerable contribution to its population and working age population denominators, trends which are not shown in official current international migration data.

The editor's view on the key economic effects of these changes in Wiltshire are most likely to be along the following lines:

- An increase in Wiltshire's overall population and its working age population
- An increase in Wiltshire's rate of economic activity and its employment rate
- A possible decrease in Wiltshire's average earnings (if most migrants gain work in lower order lower paid occupations as opposed to higher order higher paid occupations).
- An increase in Wiltshire's economic output, but a possible decrease in output per head (as a result of the above)

- A possible increase in the competitiveness of Wiltshire's manufacturing sector (and possibly other sectors) if it is found that its employers can now obtain the workers they require
- The current economic conditions will almost inevitably mean that a rise in migrant workers will also lead to a rise in Wiltshire unemployment. Areas with an above-average rise in migrant workers (such as West Wiltshire) can expect to see an above-average rise in unemployment as a result.

3.4 LOCAL ECONOMIC FORECASTING – LABOUR DEMAND (WORKPLACE)

This section examines the occupational structure that will be in demand in the future (up to 2020). The 2005/6 Assessment contained detailed occupational workplace forecasts for Wiltshire from the LEFM. In the last few Assessments it has not been possible to update these forecasts, however, the general picture remains as follows.

Between the present and 2020 the largest increases in employment are projected for the following industry sector groups: Government and other Services, Financial and Business Services and Distribution, Hotels and Catering. Manufacturing, Agriculture and Electricity, Gas & Water are all projected to experience employment decline.

In occupational terms significant increases (in both volume and percentage growth) are projected for the following high skilled occupations: Managers and Senior Officials; Professionals; and Associate Professionals and particularly Sales & Customer Service occupations. Personal Service occupations are also projected to experience significant growth. By contrast; employment in Elementary occupations, Plant, Process and Machine-operative occupations and Administrative, Clerical and Secretarial occupations is predicted to experience a decline. Compared to the UK Wiltshire is expected to experience a higher percentage growth in Professional, Personal Service and Sales & Customer Service occupations. The UK is expected to have higher growth for Managers & Senior Officials. Skilled Trades is projected to grow slightly in Wiltshire whilst the UK average is set to decline.

Structural change is set to continue to transform the set of skills demanded by the Wiltshire economy. 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 anticipated employment requirements across the various occupational groups will be met through in-migration, in commuting, and the local working age population. Wiltshire currently has a comparatively high share of its resident population with qualifications at NVQ Levels 3 and 4+ and has a bigger representation in the three 'top' high level occupations (as a whole grouping) than the national and regional averages. There is currently considerable out commuting into higher level jobs outside Wiltshire, so there might be some opportunities for 'commuter claw back' in the future.

KEY MESSAGES

Labour Supply: Residence Based

- In 2008, Wiltshire had a resident population of 455,500.
- Wiltshire's population age profile is somewhat older than the national age profile and somewhat younger than the regional age profile.
- In common with every Shire County within the South West region, Wiltshire has seen a high rate of population growth over the last 25 years well above the national average (almost 19% compared to 10% nationally).
- The population of Wiltshire is projected to reach the significant half million mark somewhere around 2020 (though the impact of recent immigration into Wiltshire could mean that this milestone is reached well before this date). At 10%, Wiltshire is expected to grow at a rate slightly below the regional growth rate (12%) and on par with the national growth rate (10%).
- Any significant labour-market fuelled economic growth in Wiltshire will be driven by growth in the old West Wiltshire District area.
- Wiltshire has a significantly higher working age economic activity rate and a significantly higher employment rate than either region or nation as a whole (and its labour market is significantly tighter as a result). In tight labour market conditions, and where future growth in the working age population is limited, a strategic economic development priority to ensure continued growth is the need to produce more output with similar labour inputs. This requires that the Wiltshire workforce is educated to relatively higher levels than either the regional or national levels, encouraging innovation and higher added-value indigenous entrepreneurs in terms of the businesses they start in the area. It suggests that further support and encouragement of older workers should be considered (beyond retirement age). It also supports the case for ramping up inward investment support activity to attract the larger more productive firms.
- High rates of economic activity go hand in hand with low rates of economic inactivity and, as a result, Central Government policies aimed at encouraging the inactive into the labour force will be likely to have less success overall in Wiltshire than regionally or nationally (though they are still hugely important in some parts of the area).
- The occupational mix of employment in Wiltshire is broadly comparable to the national picture with the exceptions that it has significantly higher proportions in Associate Professional & Technical Occupations and Skilled trades and significantly fewer Professionals, in Sales and in Process jobs.
- The occupational profile of Wiltshire shows that it has been hugely successful in moving towards higher level jobs; 47% of residents in both Wiltshire are now working as Managers & Senior Officials or Professionals or Associate Professional & Technical Occupations (43% regionally and 43% nationally).
- Wiltshire has a significantly higher proportion of its working age population with qualifications at NVQ levels 3 and 4+ when compared nationally and slightly more than regionally. Wiltshire also has significantly lower proportion of its working age population with fewer qualifications than the national average. Wiltshire's working age residents are better qualified overall than their regional and national counterparts. Maintaining (and improving) this advantage is crucial if Wiltshire is to maintain competitiveness and economic growth in the face of a tight labour market and no significant (relative) projected increase in its residents of working age.
- At the heart of Wiltshire's labour market competitiveness is a relatively highly skilled workforce.

- In keeping with the national trend, there is a significant demand for basic skills training.
- The 2008 Key Stage 2 numeracy, literacy and science attainments for Wiltshire show the LEA to be slightly above the national average attainment in English and Science and slightly behind in Mathematics.
- The 2008 GCSE results show that Wiltshire LEA performed just marginally below the national average for 15/16 yr olds achieving 'good' GCSEs. This represents a slight recovery from ground lost in recent years. Wiltshire performance for pupils achieving 'good' GCSEs including English and Mathematics is far better and the area performs significantly above the national and regional averages. Of those who achieve 'good' GCSEs in Wiltshire, they may be of better 'quality' than when compared nationally and regionally.
- A well-educated workforce is central to Wiltshire's future competitiveness as it enables the area to attract and retain the high value added sectors which will help improve productivity. Reversing declines in educational attainment, and performing above the national average on key education indicators, is essential to secure future competitiveness in a national (and international) context. It should be recognised as another strategic economic development priority for Wiltshire.
- Wiltshire has similar participation to regionally and nationally in Full Time Education, which may imply relatively similar progression rate towards high level education. However, in terms of total participation (the total of education and work based learning) it performs well below both the region and nation. This is in part due to a lower percentage going into Work Based Learning and suggests that provision for Work Based learning in Wiltshire for 16 year olds and 17 year olds can be improved.
- Average weekly workplace based earnings in Wiltshire for 2008 were marginally higher than the South West but significantly lower than the Great Britain average. Average residence based weekly earnings for people living in Wiltshire in 2008 were significantly higher than the regional average and marginally higher than the national average. The discrepancy between average earnings by workplace and average earnings by residence in Wiltshire suggests that its workers are unable to secure the higher than average earnings within Wiltshire that are on offer in adjacent economies outside of Wiltshire. Commuting patterns confirm this. However, there is very good and positive evidence that Wiltshire's workplaces have closed the gap on the national average in recent years.

Labour Demand: Workplace Based

- From 1997 to 2007, growth in Wiltshire workplace employment (at 9%) was somewhat lower than nationally and significantly lower than regionally.
- Wiltshire has led the way in moving towards a workplace economy which is characterised by higher order jobs; 59% of Wiltshire workplace jobs are either Managers, Professionals or Skilled trades people compared to 55% of jobs regionally and 54% nationally.
- The continuous move towards a higher skilled employment base offers Wiltshire competitive advantage and protection from overseas competition as a result. This reinforces the link between Wiltshire's competitiveness and its educational attainment and workforce qualifications shown in the labour supply section.
- Part-time employment, as a % of all employment, is more important in Wiltshire than nationally (though not as important as regionally), and this is entirely driven by the high proportion of female part-timers. Wiltshire has also followed the national and regional trends of increased male part time employment. Finally, and as with the South West, Wiltshire has also increased part-time female employment.

Labour Market Equilibrium

- Wiltshire has a slightly lower Job Density figure (0.87) than nationally (0.83) and slightly higher rate than regionally (0.86). It also has a relatively large out-commuting population.
- With 7,200 claimants in October 2009 and a Claimant Count rate of 2.7%, Wiltshire has a slightly lower rate of unemployment than regionally (2.9%) and a markedly lower rate than nationally. Wiltshire's broader ILO unemployment rate is also very low, but does show an additional 7,700 people who are actually looking for work than the Claimant Count suggests. Trends over the last twenty years suggest that Wiltshire has not matched regional unemployment decline and, as a result, the two rates have converged. Against the national trend in Claimant unemployment, Wiltshire has, so far, managed to maintain its lower position.
- As with the Claimant rate, Wiltshire's ILO unemployment rate is lower than nationally. However, unlike the Claimant rate, there is evidence that Wiltshire's ILO rate is now higher than the regional rate. In fact, recent trends give worrying evidence that ILO unemployment in the area has risen to surpass the regional rate, and may be heading in the direction of the (traditionally much higher) national rate.
- The vacancies most difficult to fill in Wiltshire are almost all lower skilled jobs (Elementary occupations, Sales and Customer Service occupations, and Personal Service occupations). Compared nationally, Wiltshire has a significantly lower proportion of Associate professional and technical unfilled vacancies, a higher proportion of Administrative and secretarial positions, and a higher proportion of Elementary occupation vacancies.
- Since the start of the economic downturn it is noticeable that the proportion of higher skilled unfilled job vacancies (i.e. job vacancies for Managers, Professionals, Associates and Skilled Trades) have declined in favour of growth in the proportion of unskilled unfilled job vacancies.
- Analysis of commuting data shows that Wiltshire's location offers accessibility to employment centres with a high demand for skilled/qualified occupations. This is backed up by the job density ratios and earnings differentials between workplace and residence.
- Occupational data shows that around 65% of the net commute losses in Wiltshire stem from higher level occupations (Managers & Senior Officials, Professionals, and Associate Professional & Technical). This is not surprising given the fact that workers in higher level occupations tend to have larger than average commuting distances. These professional and highly skilled individuals have relatively high incomes and may choose to live in areas that have a shortage of suitable local jobs (e.g. rural areas) and a 'quality' living environment. Conversely, people in occupations associated with low level skills tend to travel shorter than average distances. For people in these occupations commuting over larger distances may not be viable, given the trade-off between wage and travel costs.
- All of Wiltshire's districts have had an influx of migrants over the last few years, West Wiltshire has seen the greatest increase by far and away. In particular, West Wiltshire has seen a huge increase in people registering for work who are from A8 countries, and this has made a considerable contribution to its population and working age population, trends which are not shown in official current international migration data.

- The key economic effects of these changes are likely to be an increase in Wiltshire's overall population and an increase in its working age population, economic activity rate and employment rate. Wiltshire may also see a possible decrease in average earnings (if most migrants gain work in lower order lower paid occupations as opposed to higher order higher paid occupations). An increase in Wiltshire's economic output should also occur but this may well be accompanied by a possible decrease in output per head. A possible increase in the competitiveness of Wiltshire's manufacturing sector (and possibly other sectors) may occur if it is found that its employers can now obtain the workers they require at lower wage rates than previously. With the economic Downturn, it is inevitable that in-migration will boost unemployment.
- Globalisation will continue to pose both threats and opportunities for the Wiltshire economy. Threats are more in terms of markets and jobs at the lower value added end (low-cost, standard commodity-type goods and services) and particularly from China and India. Opportunities are more at entering markets and sustaining presence at the higher value added end and this requires a highly skilled workforce. To take advantage of these opportunities, Wiltshire's employers need to increase their demand for skills at all levels: from senior management, responsible for the strategic vision of the organisation, to those engaged in more routine day-to-day activities. Skills need to be placed at the heart of the business plans of Wiltshire's organisations.
- As with the UK, there is evidence that new young labour market entrants in Wiltshire lack the skills they need for employment.
- Skill losses brought about by staff retirements are often very hard to replace and the 'older than average' composition of the Wiltshire workforce means that this is likely to affect the area more than elsewhere (and increasingly so).
- The most frequently mentioned skills that employers in Wiltshire felt were lacking were: team working; oral communication; and technical skills. Nearly a third of employers also believe that their staff (of those with skills gaps) 'lacked motivation'.
- Elementary and sales occupations have the largest number of skills gaps;. However the third highest share of total skills gaps is for managers, suggesting a need for management and/or leadership training in Wiltshire.
- Whilst the proportion of employers who provide training in Wiltshire is above average, there is evidence to suggest that more of this could be training towards nationally recognised qualifications.
- If employers' demands for skills are to be raised in Wiltshire, the supply side must respond with a supply of skills with more of a vocational, and economically valuable focus. With evidence that training towards recognised qualifications is low in Wiltshire, and that Work Based Learning is also low, this is likely to be a greater challenge in Wiltshire than elsewhere.
- Lifelong learning and the acquisition of new skills over the human lifecycle is essential to sustain competitiveness.
- Tackling social exclusion from a skills perspective will require tackling individuals' basic skills needs and also providing people with the skills that will allow them to sustain and even progress in their employment. This is recognised as a formidable challenge for the education and training system.
- Advice and guidance on career development and skills needs will be increasingly important in assisting people to navigate their way through what is likely to prove to be a rapidly changing labour market. This will continue to require robust and timely labour market information, including prospects for the future.

Local Economic Forecasting – Labour Demand

- 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 Wiltshire economy. 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 through in-migration, in-commuting, and the local working age population.

CHAPTER 4: PROPERTY

This chapter contains a commercial property overview for Wiltshire looking at residential house prices, commercial office and industrial property and employment land.

4.1 RESIDENTIAL

4.1.1 Current

According to Land Registry data, the average house price in the South West in September 2009 was £169,276 and in England & Wales it was £158,627. The average house price in Wiltshire, at £177,441, was 5% higher than the regional average and 12% higher than the national average.

Table 4.1: Average house price, September 2009

	Detached Price	Semi Detached Price	Terrace Price	Flat/Maisonette Price	Overall
England & Wales	246,324	148,858	122,578	148,626	158,627
South West	270,733	160,670	132,626	118,086	169,276
Wiltshire	283,666	163,279	136,830	100,847	177,441

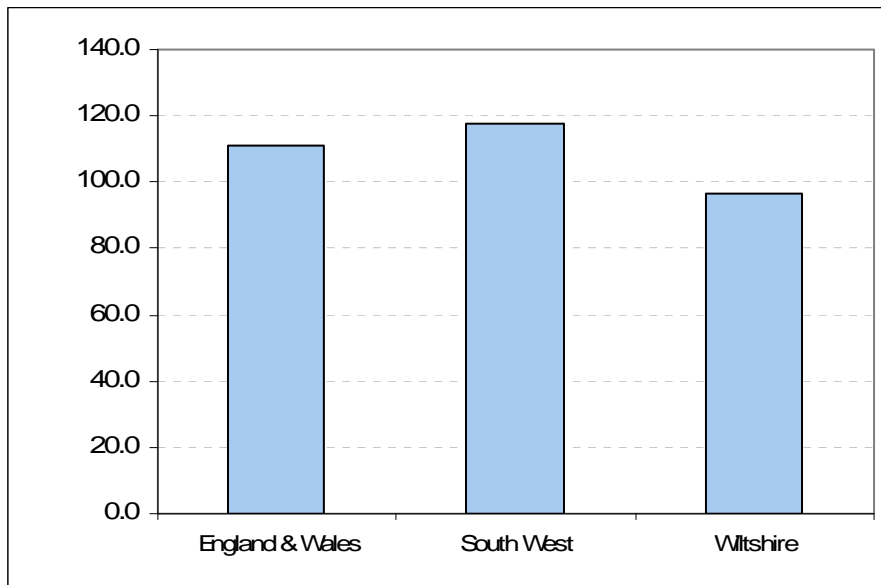
Source: Residential Property Price Data, Land Registry 2009

4.1.2 Changes

Figures 4.1 and 4.2 illustrate the changes in average house prices from 1999 to 2009. Prices in Wiltshire have increased by around 97% over this period which represents a lower relative increase than the regional increase of 117% and the national increase of 111%.

In 1999 the average house price in Wiltshire was £90,226 some 20% higher than the national average of £80,940 and 16% higher than the regional average. House prices across the region grew strongly over the next ten years such that regional prices rose above the national average (in 2003). The line graph in Figure 4.2 shows that during this 1999 to 2009 period, average house prices in Wiltshire have been consistently higher than the regional and national averages (though the gap between Wiltshire house prices and regional house prices has reduced considerably as a result of strong growth elsewhere in the region).

Figure 4.1: Change (%) in average house price, 1999-2009



Source: Residential Property Price Data, Land Registry 2009

Figure 4.2: Average house price, September 1999 to 2009



Source: Residential Property Price Data, Land Registry 2009

4.1.3 Housing affordability

Table 4.1a illustrates that resident wages to house prices are most favourable (affordable in terms of average earnings of residents that live in the area) in locations such as Swindon, Plymouth and North Somerset. They are least favourable in locations in the south of the region (Cornwall, Dorset, Poole and Devon) and in Bath and North East Somerset. In Wiltshire, the average house costs approximately 7.5 times the average annual wage and actually makes Wiltshire relatively affordable – mid-table within the South West region - compared to other locations at least.

The final column of the Table shows a measure of affordability of houses for people who work in the relevant areas as opposed to residents. Under this indicator, Wiltshire becomes somewhat less affordable for those that work in the area, at 8.0 compared to 7.6 regionally and 6.7 nationally.

Though not shown in the Table, Wiltshire is joined by Dorset and Bath and North East Somerset in having the biggest gap between affordability for residents and affordability for workers. As a result, whilst the cost of working and living in Wiltshire appears reasonably competitive, these levels may still remain too high for younger people and the lower skilled (and paid). As a result, some local industries will struggle to compete with lower cost foreign production and these conditions highlight ongoing pressures on manufacturing in the Wiltshire economy.

Table 4.1a: Average house prices, earnings and ratios of earnings to house prices, 2009

Area	Average House Price in December 2007	Average house costs ... times the average annual wage of residents	Average house costs ... times the average annual wage of workers in the area
England and Wales	167,625	6.7	6.7
South West	177,105	7.6	7.6
Cornwall and Isles of Scilly	n/a	n/a	n/a
Swindon	140,509	5.6	5.5
Plymouth	136,998	6.1	5.7
South Gloucestershire	187,991	7.5	7.1
Bristol	175,616	7.5	7.2
Bournemouth	183,296	8.1	7.4
North Somerset	187,159	7.2	7.5
West Berkshire	230,786	7.3	7.6
Gloucestershire	183,853	7.4	7.8
Wiltshire	192,065	7.5	8.0
Torbay	161,685	8.3	8.3
Somerset	180,691	8.0	8.4
Hampshire CC	215,073	8.1	8.5
Poole	211,532	8.5	8.8
Bath and North East Somerset	222,428	8.8	9.3
Devon	200,452	9.3	9.6
Dorset	220,879	9.6	10.2

Source: Adapted from Residential Property Price Data, Land Registry 2009 and ASHE, National Statistics from Nomis website: www.nomisweb.co.uk, 2009

4.2 COMMERCIAL LAND AND PROPERTY

Disclaimer: This commercial property section is largely a statistical analysis of the data held within Wiltshire Council's Evolutive commercial property database and is not grounded in any context such as data from other systems or feedback / commentary from experts working within the commercial property sector. This means that the degree to which it is representative of the commercial property market is entirely dependent upon the accuracy of the database and the extent to which it is actively used by commercial agents in the area. However, despite this shortcoming, it should also be mentioned that the database represents a good proportion of activity in the market, and that even many of the official datasets used in this assessment do not always cover their relevant aspect of the economy in their entirety. It is suggested that the following analysis should be viewed as representational of general trends within the market, rather than relying on the complete accuracy of the data.

4.2.1 Key Investments and Developments in 2008/2009

Over the last year there have been a number of key investments and developments within Wiltshire.

- The Castledown Business Centre at Ludgershall was completed in 2008 supplying 21 business units and 27,500 sq ft of space. The project was developed by Wiltshire Council in partnership with the Regional Development Agency to deliver a range of sustainable, managed units to support both start-up and growth Micro/SMEs.
- Construction of the Castledown Innovation Centre at Ludgershall began in September 2009 with a planned completion date of Spring 2010. The Innovation Centre will provide quality workspace for rural incubation as well as general business support facilities to the Castledown business Centre.
- In 2009, Koch Fertilizer, the largest privately owned business in the US, established a base on the Marlborough Business Park. The new office supports its fertilizer import business, which has a terminal in Avonmouth and provides 6 jobs in the first instance.
- Ongoing development of the Salisbury Vision includes aspirations to bring forward a major retail led mixed use development within the heart of the City centre and the redevelopment of Churchfields Industrial Estate. These projects have now been included within the South Wiltshire Core Strategy Proposed Submission Document.
- By 2011 approximately 800 additional staff will be relocated to Dstl Porton Down as part of the rationalisation of their estate. New laboratory and office accommodation is being built to accommodate this expansion, termed Project Inspire.
- HPA and the Department of Health (DoH) is putting in place a £600 million refurbishment programme to upgrade facilities required for public health research (Project Chrysalis). A major outline planning application is anticipated during January 2010.

- Plans are also well underway to develop a new Porton Bioscience and technology Centre (PBTC) outside the secure area at Porton Down adjacent to HPA/Dstl. This facility will combine elements of both a science park and business incubation facility and will play a critical role in encouraging spin-off companies and activities trading directly with the two agencies. It will also be crucial in realising the opportunities for commercialisation of the Intellectual Property in bioscience and other technologies being generated by the research agencies.
- A planning application is currently being considered for a new visitor centre at Stonehenge which would bring forward greatly enhanced visitor facilities, and increased car and coach parking whilst improving the setting of the ancient monument. The proposals will assist in enhancing the contribution that Tourism makes to the local economy through encouraging increased visits to and expenditure within the area.
- Ongoing development of Solstice Park along the A303 at Amesbury. Planning consent is now in place for a Regional Distribution Centre consisting of two buildings amounting to c60,000sqm and c38,000sqm.
- Ongoing work to bring forward the Military Civilian Integration Programme in parallel with the development of the Salisbury Plain Super Garrison.
- Bath Road Trade Centre Chippenham, was completed at the end of 2007. Comprises a new development of trade counter business units totalling 9,500 sq ft of space. 2 out of 3 units have been let to a pharmaceutical company (Chiesi Farmaceutici SPA).
- Bowman Court, Whitehill Lane, Wootton Bassett. A development of 15 new office/business units totalling 18,500 sq ft. Completed in 2008.
- The Glove Factory Studio's in Holt were completed in 2009 and are in the process of being let to local small businesses. Comprises a workspace hub consisting of a range of serviced studio's, offices and desk space. There is 8,000 sq ft over 3 floors and community use of the buildings and grounds is also encouraged.
- Kingston Mills, Bradford on Avon. A 6 acre mixed use development site in town centre. Work has started on site clearance completion due in spring 2011. Development will include residential, offices, restaurants and retail.
- Thor Industrial Estate, Normandy lane Cricklade. 10 new industrial warehouse units completed in 2007. Total space 20,000 sq ft.
- Phase 11 Methuen Park, 481 - 2026 sq m of new office buildings now available.
- Phase 1 Turnipike Business Park, Chippenham. 440 - 881 sq m office development to be started soon and currently being marketed.
- Retail investments recently completed include Parkridge shopping/residential development in Trowbridge, Sainsburys in Trowbridge, Asda in Melksham and the relocation of the West Country Farmers shop to the old mill next door which is currently being demolished in Melksham. Morrisons recently moved into the old Coopers supermarket site in Westbury.

4.2.2 Office Premises

During the period May 2008 – May 2009, the overall availability of premises within Wiltshire allocated to office use (either as an existing or potential use) increased by 16.9% from a total of 585,548 sq ft to 684,657 sq ft, with the number of available units rising sharply from 63 to 108.

At Economic Partnership Area level, North Wiltshire, Mid Wiltshire and South Wiltshire all experienced increases in the availability of office floor space to varying degrees, in line with Wiltshire trend. The rise seen in office premises availability in North Wiltshire was quite minimal at just 1.1% (increasing from 126,964 sq ft to 128,376 sq ft), whilst Mid Wiltshire experienced a much more notable rise of 17.8% (rising from 309,860 sq ft to 364,886 sq ft). In comparison, the South Wiltshire Economic Partnership Area witnessed a significant rise in the availability of premises allocated to office use, rising by 28.7% from 148,724 sq ft to 191,395 sq ft.

The slight increase seen in office premises availability in North Wiltshire between May 2008 and May 2009 is the product of a couple of larger units being taken up and this being offset by a number of smaller units coming onto the market (sized between 500 and 1,400 sq ft), which included: a unit at New Road in Chippenham (554 sq ft), a unit at Rodbourne Rail Business Centre in Malmesbury (700 sq ft) and 3 units at Forest Gate in Pewsham (1069 sq ft, 1299 sq ft and 1330 sq ft).

The rise in the availability of premises allocated to office use in the Mid Wiltshire Economic Partnership Area between May 2008 and May 2009 can be attributed to just 3 properties being taken up over the period and 17 new premises entering the market, which included: 2 units at Woodcock Industrial Estate (39,386 sq ft), a unit at Corsley Heath in Warminster (6,236 sq ft), a unit at Doric Business Centre in Trowbridge (3,757 sq ft), a unit at Bridge House in Westbury (2,749 sq ft) and a unit at Evans Business Centre in Melksham (1,000 sq ft).

The significant rise in office premises availability in South Wiltshire across the May 2008 – May 2009 period can be explained by just 1 unit being taken up at that time and an influx of 20 new premises onto the market. In particular, 8,599 sq ft of floor space became available at Ilford / Gigant Street in Salisbury, 5,492 sq ft became available at The Portway Centre in Old Sarum, 3,212 sq ft became available at New Canal in Salisbury, 3,200 sq ft became available at Shaw Porter House in Tidworth and 3 new properties became available at Barnack Business Centre in Salisbury; totalling 2,282 sq ft.

Table 4.2: Office Availability in Wiltshire, May 2008 – May 2009

Area	May 2008 Sq Ft (units)	May 2009 Sq Ft (units)
North Wiltshire	126,964 sq ft (19)	128,376 sq ft (31)
Mid Wiltshire	309,860 sq ft (28)	364,886 sq ft (42)
South Wiltshire	148,724 sq ft (16)	191,395 sq ft (35)
Wiltshire	585,548 sq ft (63 units)	684,657 sq ft (108 units)

Figures in parentheses represent the number of sites

Source: Evolutive, Wiltshire Council 2009 (N.B. Includes existing and potential office use)

4.2.3 Industrial Premises

During the period May 2008 to May 2009, the overall availability of premises within Wiltshire allocated to industrial use (either as an existing or potential use) increased quite significantly from 549,862 sq ft to 861,643 sq ft; a rise of 56.7%. The total number of available industrial units also rose from 87 units to 137 units.

In line with this trend, each of the 3 Economic Partnership Areas of North Wiltshire, Mid Wiltshire and South Wiltshire also saw rises in the availability of units allocated to industrial use. South Wiltshire saw the most dramatic increase with available floor space rising by 103.9% from 92,128 sq ft 187,879 sq ft, whilst Mid Wiltshire also saw a large increase of 60.69% -rising from 347,889 sq ft to 559,015 sq ft. In comparison, North Wiltshire saw a more moderate rise of 4.5% from 109,845 sq ft to 114,749 sq ft.

The dramatic increase in the availability of industrial premises in South Wiltshire is a product of just 2 units being taken up over the May 2008 – May 2009 period and 23 new properties entering the market. In particular several large units became available over the period; with 29,287 sq ft of floor space becoming available at Churchfields Industrial Estate in Salisbury, 17,147 sq ft becoming available at Old Sarum Airfield near Salisbury, 10,374 sq ft becoming available at Dolphin Trading Estate in Salisbury, 6,023 sq ft becoming available at the Centurion Centre in Salisbury and 4,847 sq ft becoming available at Ashfield Industrial Estate in Salisbury.

In Mid Wiltshire, the notable increase in the availability of industrial premises over the May 2008 – May 2009 period was due to very few properties leaving the market (just 8 over the period) and a large influx of new premises entering the market at that time (36 in total). Of particular significance were 61,804 sq ft of floor space at the former Hygrade premises in Devizes, a total of 68,016 sq ft of floor space at Woodcock Industrial Estate in Warminster (made up of 10 units), 27,125 sq ft of floor space at Crusader Park in Warminster, 24,565 sq

ft of floor space at Atworth Business Park and 8111 sq ft of floor space at White Horse Business Park in Trowbridge.

The slight rise in the availability of industrial premises experienced within North Wiltshire across the May 2008-May 2009 period is attributable to the take up of 12 units during this time (17,107 sq ft at Glenmore Business Park in Chippenham—made up of 10 units, and 4,519 sq ft at Ivy Road Industrial Estate in Chippenham— made up of 2 units) and 13 new premises (with a combined floor space of 26,529 sq ft) entering the market. Specifically, the entrance of 5,403 sq ft of floor space at Chelworth Industrial Estate in Cricklade accounted for the North Wiltshire rise.

Table 4.3: Industrial Availability in Wiltshire, May 2008 – May 2009

Area	May 2008 Sq Ft (units)	May 2009 Sq Ft (units)
North Wiltshire	109,845 sq ft (33)	114,749 sq ft (34)
Mid Wiltshire	347,889 sq ft (35)	559,015 sq ft (63)
South Wiltshire	92,128 sq ft (19)	187,879 sq ft (40)
Wiltshire	549,862 sq ft (87 units)	861,643 sq ft (137 units)

Figures in parentheses represent the number of sites

Source: Evolutive, Wiltshire Council 2009 (N.B. Includes existing and potential industrial use)

4.2.4 Employment Land Availability

In the period May 2008 to May 2009, overall employment land availability within Wiltshire remained static at a total of 150.4 acres, made up of 11 sites across Wiltshire – 1 in North Wiltshire, 5 in Mid Wiltshire and 5 in South Wiltshire.

Table 4.3a: Employment Land Availability in Wiltshire, May 2008 – May 2009

Area	May 2008 Acres	May 2009 Acres
North Wiltshire	10.0 (1 site)	10.0(1 site)
Mid Wiltshire	32.0 (5 sites)	32.0 (5 sites)
South Wiltshire	108.4 (5 sites)	108.4 (5 sites)
Wiltshire	150.4 (11 sites)	150.4 (11 sites)

Figures in parentheses represent the number of sites

Source: Evolutive, Wiltshire Council 2009

4.2.5 Average Commercial Rents

During the period Spring 2008 to Spring 2009, North Wiltshire saw a rise of 8.0% in average commercial rents for office premises in the area; with figures increasing from £9.79 per sq ft to £10.57 per sq ft. Comparatively, South Wiltshire also experienced an increase, with average commercial office rents rising from £9.08 per sq ft to £9.36 per sq ft (a 3.1% rise). In

contrast, Mid Wiltshire witnessed a decline in average commercial rents for office premises; decreasing by 5.2% from £9.17 per sq ft to £8.69 per sq ft.

The rise seen in average commercial rents for office premises in North Wiltshire can be attributed primarily to a unit at Market Place in Chippenham entering the market with a rental value of £25 per sq ft, which is in excess of £10 per sq ft more expensive than any other office premises in the area. The entrance of three other quite highly priced units onto the market at Forest Gate in Pewsham (2 units) and Rainscombe Park in Marlborough (one unit) each with rental prices in excess of £13 per sq ft will have also contributed to the rise in average commercial rents for office premises in the area.

The increase seen in average commercial office rents in South Wiltshire across the Spring 008 – Spring 2009 period is a product of a number of units with rents in excess of £10 per sq ft coming onto the market, and few cheaper-priced units becoming available. In Spring 2009 there were 13 units available with rents in excess of £10 per sq ft (including Bulbridge Farm in Wilton -£21.51 per sq ft, London Road Office Park in Salisbury -£15.75 per sq ft, 37 Castle Street in Salisbury -£12.30 per sq ft and the Portway Centre in Old Sarum -£12.00 per sq ft), compared to just 5 in Spring 2008.

In contrast, the decline witnessed in average commercial rents for office premises in Mid Wiltshire across the Spring 2008 – Spring 2009 period is due to a proliferation in the number of available units with rents under £8 per sq ft. In Spring 2009 there were 16 such available units (including Wessex House in Westbury- £7.57 per sq ft, White Horse Business Centre in Devizes -£6.25 per sq ft, Bridge House in Westbury -£6.00 per sq ft and Avonside Business Park in Melksham -£5.51 per sq ft) compared to just 9 such properties in Spring 2008.

With respect to average commercial rents for industrial premises across the period Spring 2008 to Spring 2009, North Wiltshire and South Wiltshire both experienced a fall in rental prices, whilst Mid Wiltshire experienced a rise. Average commercial industrial rents in North Wiltshire fell by 4.7% from £5.92 per sq ft to £5.64 per sq ft, compared to a 0.4% fall in South Wiltshire (from £5.73 per sq ft to £5.71 per sq ft) and a 10.9 rise in Mid Wiltshire (from £4.69 per sq ft to £5.20 per sq ft).

The fall in average commercial rents for industrial premises experienced in North Wiltshire over the Spring 2008 –Spring 2009 period can be attributed principally to the take up of 3 units at Glenmore Business Park in Chippenham, which all carried rents of over £7.40 per sq ft, and three lower value units becoming available at Fiveways Industrial Park in Corsham – each with a rental figure of less than £3 per sq ft.

The very slight fall seen in average commercial rents for industrial premises in South Wiltshire is essentially down to a rise in the number of available units with a rental price of less than £5.00 per sq ft, and few higher priced units entering the market at that time. In Spring 2009 there were 12 available units with a rental price of under £5.00 per sq ft (including 2 units at Churchfields Industrial Estate -£4.95 per sq ft and £2.09 per sq ft, and Minton Distribution Park in Amesbury -£4.02 per sq ft and Dolphin Trading Estate in Salisbury -£3.48 per sq ft), compared to just 6 such units the year before.

In contrast, the notable rise seen in average commercial rents for industrial units in Mid Wiltshire is explained primarily by 3 higher priced units entering the market over the Spring 2008 – Spring 2009 period. These included a property at Woodcock Industrial Estate in Warminster – with a rental price of £10.45 per sq ft, a unit at Glenmore Business Centre in Devizes – with a rental price of £10.55 per sq ft, and a property at Brook Lane Industrial Estate in Westbury – with a rental price of £9.44 per sq ft.

Table 4.5: Average Commercial Rents in Wiltshire, Spring 2008 – Spring 2009 (£ per sq. ft per annum)

Area	Mar/Apr/May 2008		Mar/Apr/May 2009	
	Office	Industrial	Office	Industrial
North Wiltshire	£9.79	£5.92	£9.79	£5.64
Mid Wiltshire	£9.17	£4.69	£9.17	£5.20
South Wiltshire	£9.08	£5.73	£9.08	£5.71

Source: Evolutive, Wiltshire Council, 2009

KEY MESSAGES

- In July/September 2008 the average house price in Wiltshire, at £177,441, was 5% higher than the regional average and 12% higher than the national average.
- Between 1998 and 2008 house prices in Wiltshire have increased by around 97% representing a lower relative increase than the regional and national increases of 117% and 111% respectively.
- Average house prices in Wiltshire have been consistently higher than the regional and national averages over the last ten years (though the gap between Wiltshire house prices and regional house prices has reduced considerably as a result of stronger regional growth).
- In Wiltshire, the average house costs approximately 7.5 times the average annual wage of its residents, and 8.0 times the average annual wage of its workers, and actually makes Wiltshire relatively affordable compared to other locations at least.
- Whilst the cost of working and living in Wiltshire appears reasonably competitive, this is less so for those that live and work in Wiltshire than those who live in Wiltshire but work elsewhere. Wiltshire house prices remain too high for younger people and the lower skilled (and paid) who tend to rely on local jobs. As a result, some local industries will struggle to secure labour at a price which will enable them to compete with lower cost foreign production. These conditions place further pressures on manufacturing in the Wiltshire economy. In fact, Wiltshire has one of the biggest gaps between relative affordability for residents and relative affordability for workers.
- During the period May 2008 – May 2009, the impact of the Recession increased the overall availability of office floorspace in Wiltshire by 17% from a total of 586,000 sq ft to 695,000 sq ft; with the number of available units rising sharply from 63 to 108.
- Also during this period, the impact of the Recession meant that the overall availability of premises within Wiltshire allocated to industrial use (either as an existing or potential use) increased quite significantly from 549,862 sq ft to 861,643 sq ft; a rise of 56.7%. The total number of available industrial units also rose from 87 units to 137 units.
- In the period May 2008 to May 2009, overall employment land availability within Wiltshire remained static at a total of 150.4 acres, made up of 11 sites across Wiltshire – 1 in North Wiltshire, 5 in Mid Wiltshire and 5 in South Wiltshire.
- Over the last year there have been a number of secured or potential key investments and developments within Wiltshire including:
 - Castledown Business Centre at Ludgershall
 - Construction of the Castledown Innovation Centre at Ludgershall
 - Koch Fertilizer's operating base on the Marlborough Business Park
 - Ongoing development of Salisbury Vision and related projects
 - Staff relocations to Dstl Porton Down
 - Project Chrysalis planning application
 - Plans for a new Bioscience / technology Centre at Porton Down
 - Plans for a new visitor centre at Stonehenge
 - Ongoing development of Solstice Park
 - The Military Civilian Integration Programme and the development of the Salisbury Plain Super Garrison
- Almost all of these investments score highly in terms of the need to develop higher added value and innovative investment in Wiltshire.