

# Swindon Joint Strategic Needs Assessment Bulletin

## Bulletin: Economic Strategy – Business Growth

### Key Points:

- The borough needs to attract and support new businesses, and existing businesses in our nationally important clusters: automotive and aerospace, pharmaceuticals, digital economy and banking and professional services
- We need to increase both the number of business start-ups and their 3 year survival rates which are significantly lower than our comparators,
- The support offer to businesses needs to be strengthened to support growth (including exporting)
- Raise the profile of Swindon and create a positive identity to attract new businesses and inward investors

### A JSNA helps us to understand:

This JSNA will help us to understand:

- What we know about the current economic performance and needs of local businesses.
- How their needs are currently being met
- What we think their future needs are likely to be; and
- How their needs can be best met in the future.

The Economy JSNA process involves many different partners and is created and monitored by the Economic Development Team. Understanding Swindon's changing population, the factors that affect economic growth, the town's assets and the implications for future growth are vital in setting priorities and planning future services.

This JSNA is part of a suite of documents to understand the needs of businesses and residents in Swindon. It provides a brief summary of the full JSNA which is a comprehensive and detailed analysis of all aspects of the local economy.

### Who is affected?

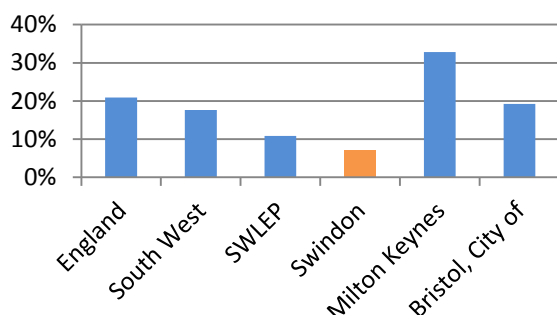
In 2015 Swindon had an estimated population of 217, 200, of which 118,600 were economically active. 114,400 people in Swindon are in employment, this is likely to increase by 15,000 by 2026 as our population expands by over 40,000 people.

Swindon is home to 8,665 local business units and 6,985 enterprises. The borough has more than double the number of large companies (over 250 employees), 0.7% (50), than the south west average. 82% of enterprises are classified as "micro" (employing less than 10 employees), 2% lower than the south west average.

### Challenges to economic growth

GVA

**% Growth in GVA 2009-2014**  
Source: Gross Value Added (Income Approach) at current basic prices, ONS



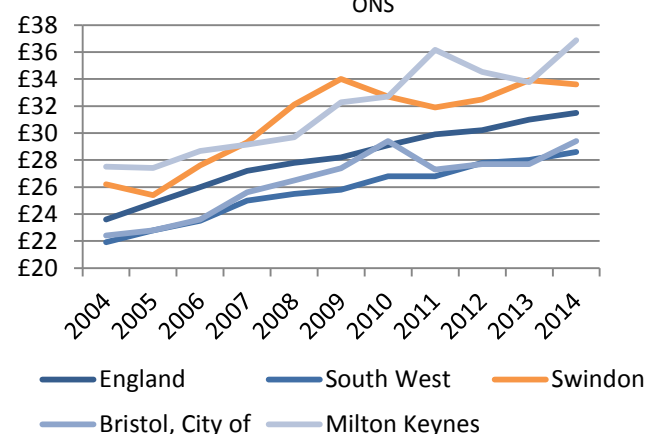
Swindon's GVA growth fluctuates significantly, but has grown every year in the last decade except 2010 and 2012. Over the last 3 years, Swindon's GVA growth has averaged the same as England, although growth has been volatile. Despite the volatility Swindon has the 7<sup>th</sup> highest GVA output per worker at £58,514, from the UK's 63 largest urban authorities, 10% higher than the English average. Despite this, over the last 5 years our growth in GVA has been half that of the southwest and a quarter of Milton Keynes.

Swindon's greatest wealth creating sectors are: Production, distribution transport retail and food, banking and finance and business services.

Swindon's GVA per hour worked peaked in 2009 and has since fluctuated. Nevertheless, Swindon is still more than 12% more productive than the UK average. To maintain our high productivity, and thus high economic output, we will need to increase the number of businesses in wealth creating sectors such as banking insurance and finance, professional services and digital, advanced manufacturing. Increased investment in skills enhances the boroughs competitiveness and allows residents to compete for these jobs.

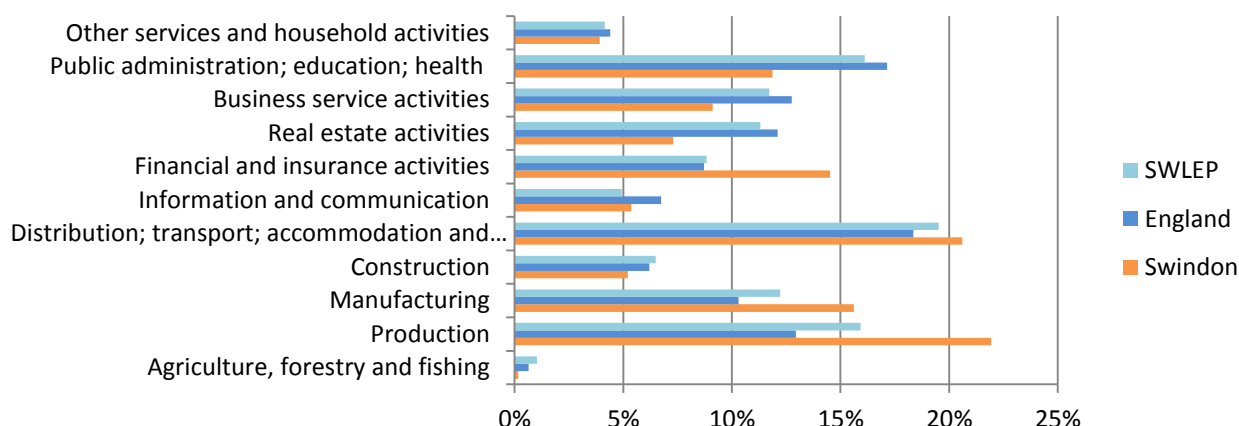
## GVA per Hour Worked

Source: Nominal (Unsmoothed) GVA per Hour Worked, ONS



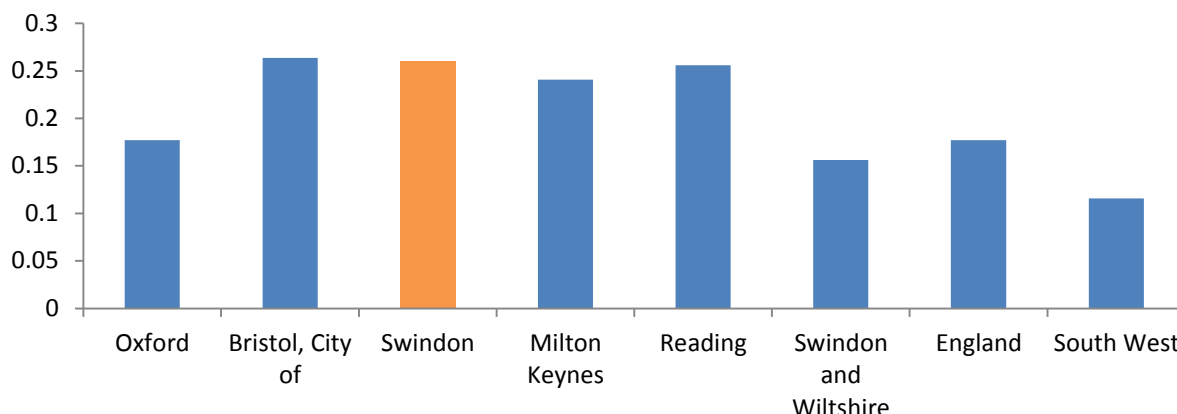
## GVA Contribution by Industry 2014 £millions

Source: Gross Value Added (Income Approach), ONS



## Growth in the number of Enterprises 2010 -2015

Source: NOMIS UK Business Counts 2015



### Employment and Business Trends

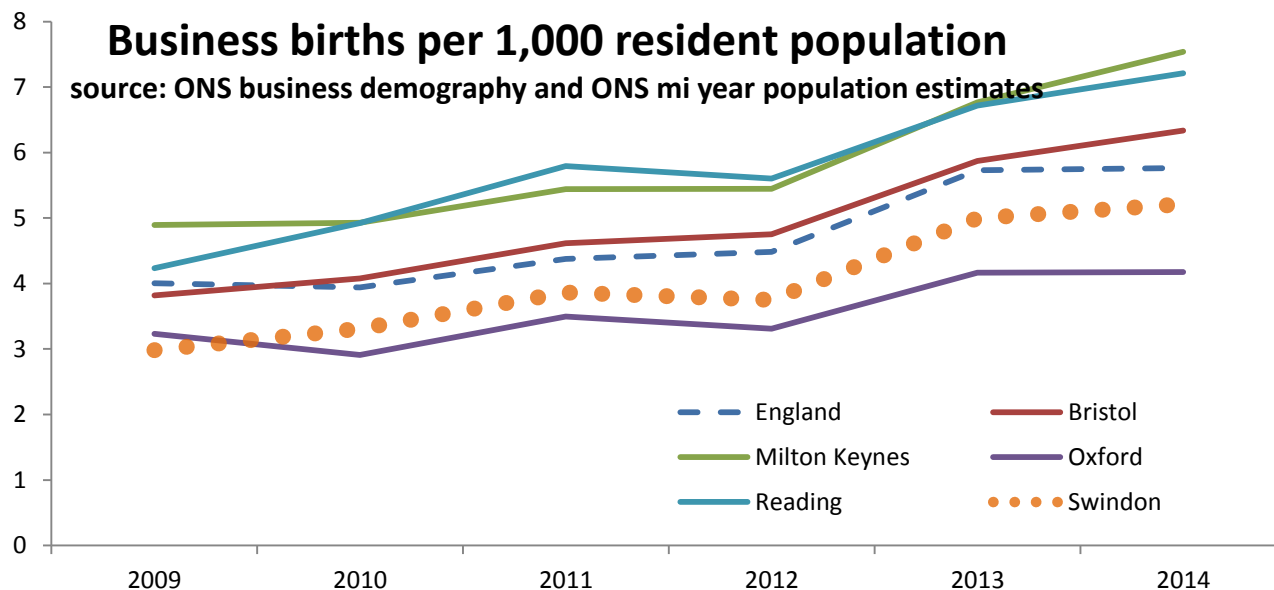
Growth in the number of businesses in Swindon is accelerating with 1,300 more enterprises in Swindon in 2015 compared to 2010. However this starts from a low base of 5,230. Growth in the number of businesses has twice as fast as the South West average over the last 5 years, and faster than Milton Keynes. In Swindon there are just 28 enterprises per 1,000 of the population as compared with 38 per 1,000 in Milton Keynes and the South West. Despite growth in the business base in absolute terms, the overall business density remains low. In part, this is because Swindon's economy has strong representation from the large and multinational businesses. Increasing the business base should be an economic priority as this will increase future innovation and economic growth (which is driven

by SMEs) and also increase economic resilience (reducing dependency on large businesses that are more susceptible to global economic downturns). The chief analyst at BIS (now BEIS) described how SME's play *"a disproportionate contribution to job creation and they play a key role in growth by driving competition and stimulating innovation"*. Swindon has twice as many of the largest businesses compared with England as a whole. These very large businesses are clearly important to the Swindon economy and need to be supported as any decision to leave the local area could have a significant detrimental impact to employment in Swindon, which will affect residents.

Swindon has the 4<sup>th</sup> highest ratio, for urban authorities, of private sector jobs to those in the public sector of 4:1. Private sector jobs are

## Business births per 1,000 resident population

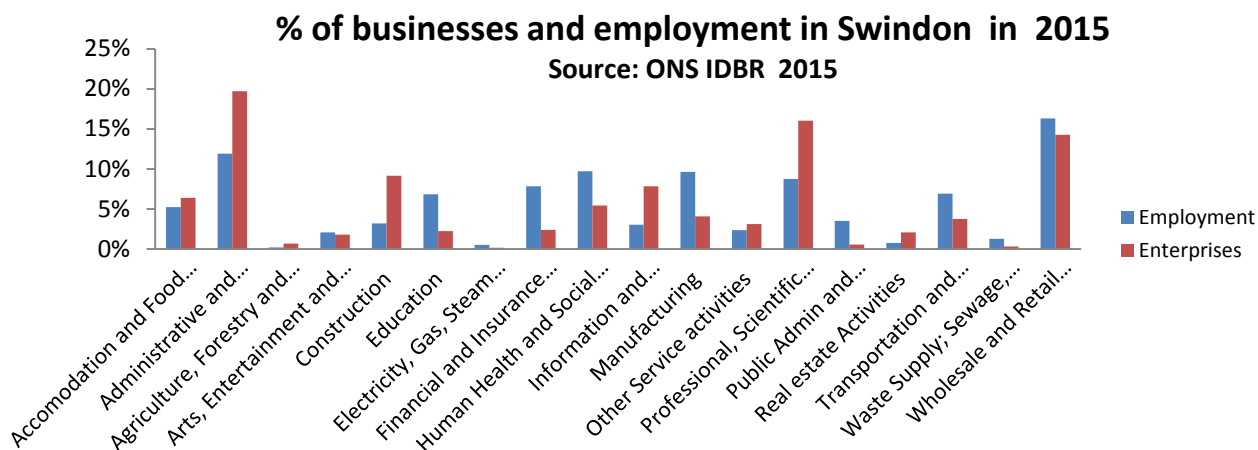
source: ONS business demography and ONS mi year population estimates



generally understood to be better at creating jobs and economic growth.

Supporting entrepreneurship is a key way for an economy to generate new jobs, ideas and, critically, economic value and wealth. Business births, expressed per 1,000 residents, have increased in Swindon by 70% between 2009 and 2014 which has narrowed the gap with England.

However the business birth rate in Swindon is still significantly below Milton Keynes, Reading and Bristol. Business survival rates in Swindon are high in Year 1 (95.7%), however between Year 1 and Year 2 business survival rates fall drastically (76.5%) and although just above English average are up to 2% lower than our comparator areas. A similar pattern arises in year 3. Swindon needs to help ensure survival rates of starting businesses



improve in their second and third year.

Swindon has a diversified economy that is dominated by private sector firms. The greatest numbers of businesses are in 'admin and support services' and 'professional & scientific' and 'wholesale & retail trade'. In employment terms, the most significant sectors are 'wholesale & retail', 'admin & support', 'health and social work', 'professional and scientific' and 'financial and insurance' and 'manufacturing'.

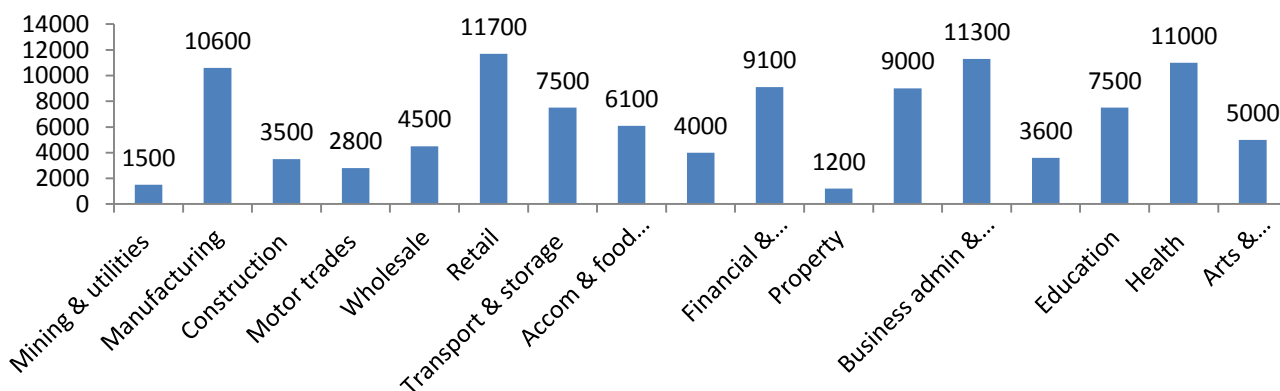
Swindon was badly affected by the economic recession, employment fell between 2009 and

2014 whilst our comparators (including the national average) increased. The recovery – since 2012 – has been modest. Swindon has created 5,000 jobs in the last 2 years but needs to create another 8,000 to return to the workforce employment levels of 2009. Similarly, the number of businesses continued to grow. This growth could be partially explained by residents taking up self-employment following redundancy. In 2014 and 2015, both employment and the number of businesses grew indicating a

## Employment by sector in Swindon

source: ONS BRES 2014

\*employment rounded to nearest 100



recovering economy.

Full time employment accounted for 71% of total employment in 2011 and has fallen to 70% in 2014. However we have a higher proportion of full time workers than both the English and the South West and all of our comparator areas with the exception of Milton Keynes and Reading (who have 72%). Part time employment in Swindon rose by 1-2% between 2011 and 2013 but in 2014 fell by 1%, accounting for 30% of total employment in 2014. The proportion of total employees working part time has remained relatively constant between 2010 – 2014, again lower than all of our comparator areas with the exception of Milton Keynes and Reading. Swindon's largest sectors in employment terms are: Retail, Business admin, Health, Manufacturing, Financial & Insurance, and Professional & scientific. Swindon's economy is well diversified, is not dominated by any one particular sector and has relatively low reliance on the public sector. The fastest growing sectors

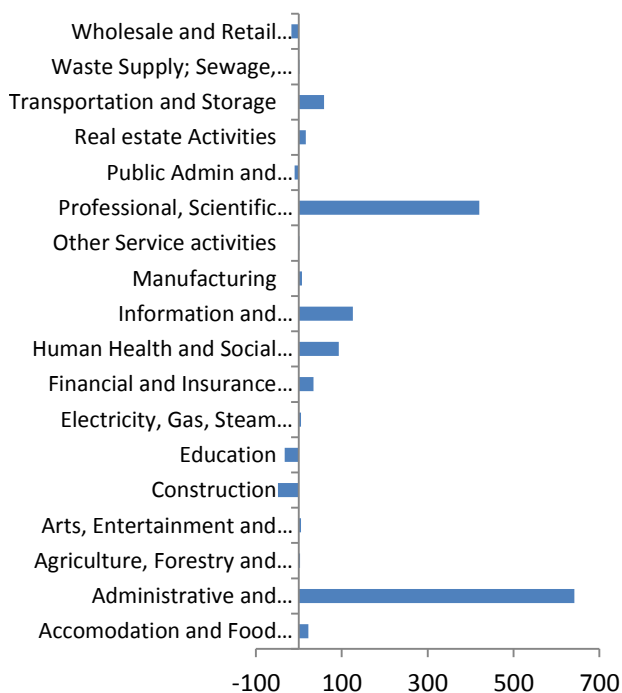
professional scientific & technical and health with sharp declines in manufacturing.

The Swindon economy has experienced a level of rebalancing in the last five years with strong levels of employment growth in high value sectors including professional, scientific & technical and financial & insurance activities, this has countered the losses in manufacturing, ensuring that Swindon has maintained its high levels of GVA. Swindon has also seen considerable growth in the number of businesses in the professional, scientific and technical; administrative and information communication sectors.

Based upon current local and national trends independent consultant estimates indicate Swindon should create 15,000 new jobs (net) between 2016 and 2036. Most growth is expected to be in high value sectors such as: business support services (e.g. Capita, recruitment), Head office and management consultancy, professional services, architectural

### Change in businesses 2010 -2015

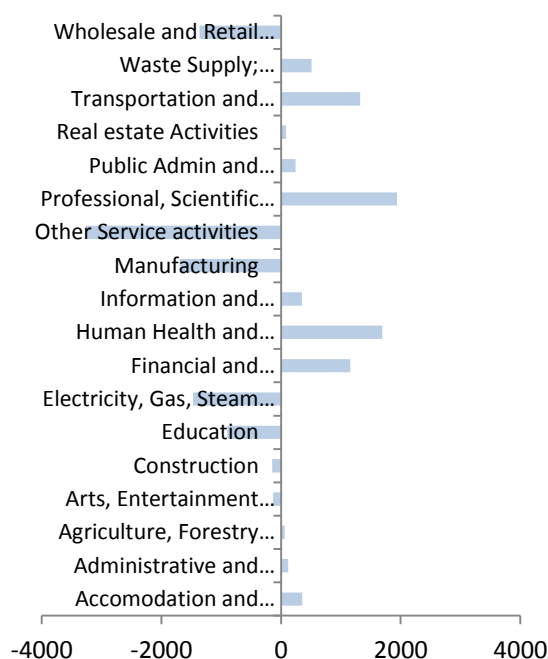
source: ONS IDBR 2015



in Swindon in the last few years have been finance & insurance, business administration,

### Change in employment 2010 - 2015

source: ONS IDBR 2015



and engineering, other services, residential and

social, construction, health & education sectors.

### Priority Sectors

The Swindon and Wiltshire Local Enterprise Partnership (SWLEP) defines priority sectors to be:

- Advanced engineering and high value manufacturing (automotive and aerospace). There is an opportunity to strengthen the supply chain locally
- Banking and professional services.
- Health and life science with particular strength in the manufacture of pharmaceuticals.
- ICT and digital is well represented and a future growth sector

These sectors correlate with some of our strongest industries. To secure growth and sustainability in these sectors Swindon is looking at strengthening sector clusters to enhance inward investment potential in the borough.

In spite of its small size, it is the 113<sup>th</sup> largest unitary authority out of 217,

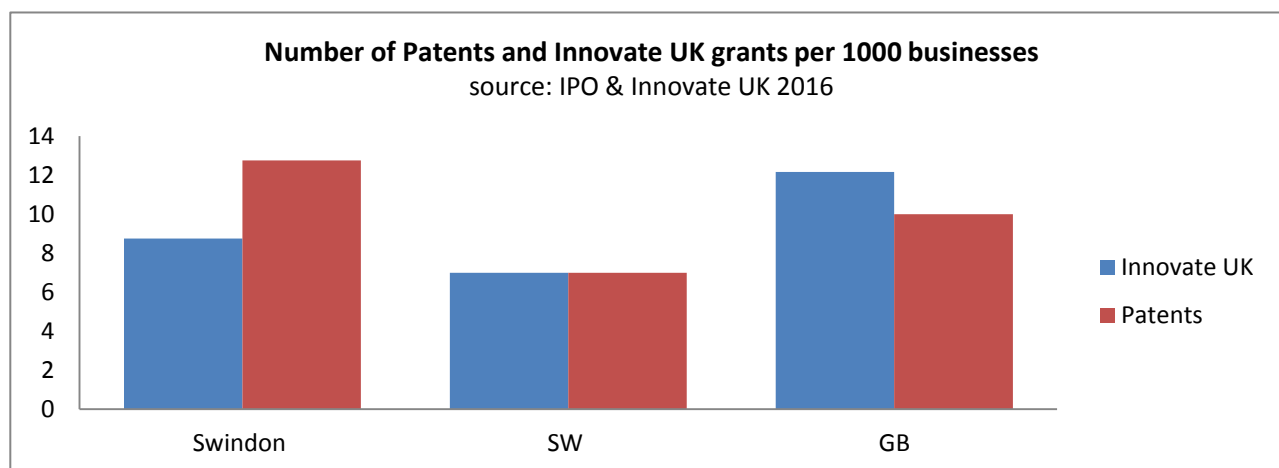
- Swindon has the 9<sup>th</sup> largest cluster of pharmaceutical manufacturing employment in the UK
- Swindon has the 7<sup>th</sup> largest employment cluster of 'manufacture of motor vehicles' in the UK
- Swindon is in the top third, nationally, in terms of employment in the knowledge

projected to grow strongly this represents a significant opportunity for Swindon. Computer consultancy is a specific strength in Swindon.

- Swindon ranks in the top quartile nationally in terms of employment in banking, insurance, finance and professional service sectors (just behind Cambridge). This sector is forecast to grow strongly, illustrating the economic potential

The share of Knowledge Intensive enterprises in Swindon is lower than its comparators, largely due to the low business density and proliferation of larger companies. However the number of knowledge intensive businesses has increased by 28% over the period 2010 – 2015, narrowing the gap with Bristol and Oxford. Employment in this sector has grown nearly twice as much compared to the English average and has experienced a 14% increase in employment since 2010. The number of people working in this sector (as a percentage) remains above our comparators with the exception of Milton Keynes.

Swindon has a high level of patents illustrating strong innovation in our economy but this is not reflected in the number of Innovate UK grants. However this may reflect the type of business in the Swindon economy – as we have a higher proportion of larger businesses and foreign-owned enterprises that may not be eligible for



intensive ICT sector; as this sector is

grant funding.

### Exports

In 2014 Swindon performed below the average (for an urban authority) on exports per worker. In total each worker produced £12,370 in exports compared to the average of £15,690. This number was lower due to a lower export value created in the “goods” sector, being £3,500 lower than the average per worker. Exports from the service industry are in line with the national average. Swindon’s below average exports per job may suggest that businesses are successful at selling to businesses elsewhere in the UK, but are less successful at selling abroad. Support to export may be helpful in boosting growth.

## **What strategies and operations already exist?**

### SBC Business Growth & Inward Investment Service

The newly created Business Growth & Inward Investment Service provides a way for local businesses to access the right business support at the right time for them. This is currently a reactive service dealing with businesses in an ad-hoc way. A targeted proactive visit program is being designed to reach out to businesses and demonstrate the strength of business support offered through SBC and partner organizations. We are interested in the issues faced by local businesses and ways in which SBC services and partner organisations can help businesses overcome barriers to growth.

### Growth hub

The Growth Hub is a portal to business support services across Swindon and Wiltshire. This provides information on services available within the Swindon and Wiltshire LEP to help businesses, including local business support agencies, links to local authority regulatory services and national government business services. With information and links to free, part-funded and paid for business services with tailored

support for start-ups, SME’s and high growth businesses.

### European Structural Investment Fund

Funded program for businesses providing 12 hours of free support, delivered by 4 providers across Swindon and Wiltshire. This includes one to one support to identify and deliver the correct training and events for each business on a case by case basis. With the addition of a grant fund up to £10,000 per applicant (requiring match funding from the business applying) to help businesses take the next step to grow in a way that is right for them.

### Strategic Economic Plan

The 2016 Strategic Economic Plan, created by the Local Enterprise Partnership, highlights the priorities and future opportunities for investment through to 2026. The key priorities for investment are focussed on making Swindon and Wiltshire the best location for business across central southern England.

Five strategic objectives have been identified in this Strategic Economic Plan extending across the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) area. In addition, we have reviewed the geographic coverage of the three Growth Zones which were originally identified in 2014. The Growth Zones remain our focus for targeted investment; these are Swindon-M4 Growth Zone, the A350 Growth Zone and the Salisbury-A303 Growth Zone. Each Growth Zone has its individual strengths, characteristics and investment needs which are reflected in our Investment Plan.

## **What do People Think?**

Focus groups were conducted with the business community to discuss the overarching themes of the economic



strategy. At this event Business growth was agreed as a headline theme.

In addition to the inaugural consultation with local businesses, the draft economic strategy will be published as part of a larger consultation for residents and businesses. This will enable local businesses to comment upon the recommendations that come out of this needs assessment.

## Recommendations

The JSNA has identified 5 strategic objectives (listed below) to be explored by the Economic Strategy to 2036 and 29 specific actions:

1. Create an integrated and accessible business support and inward investment offer
  - a. Establish a co-ordinated and proactive business visit programme and visit at least 50 businesses per annum
  - b. Improve the content on our website to support business growth.
  - c. Effectively signpost to the Swindon and Wiltshire Growth Hub to support the needs of SMEs (note this includes low carbon and energy efficiency).
  - d. Work collaboratively with Swindon and Swindon and Wiltshire Investment / Property groups to understand market demand and supply issues.
  - e. Establish a red carpet inward investment service to convert enquiries generated by the Switch onto Swindon campaign and establish a 'development team' approach for major inward investment inquiries.
  - f. To attract high value companies in our key sectors,

develop and promote sector based inward investment fact-sheets.

- g. Proactive marketing of Swindon and key development sites at national / international exhibitions and conferences.
  - h. Working with DIT 'posts' in foreign territories under matchmaker (sector matching) scheme.
  - i. Attract new businesses through the Place Marketing and DIT-assisted campaigns.
  - j. Hold sector specific events to attract new businesses – targeted marketing strategy linked to our economic strategy and key sectors.
2. Increase the number of business start-ups and improve survival rates
  - a. Promote partner services (SME Growth, Export for Growth, I2S) to increase business start-ups
  - b. Promote business networks (Chamber, FSB Business West)
  - c. Improve the business content on SBC and Place marketing web sites.
  - d. Inform DIT international team/ sector reps of Swindon's inward investment strengths.
  - e. Produce 'Soft landing' package for potential inward investors
  - f. Work with independent businesses, retailers, investors and partners to transform our town centre as an engine of growth for the local economy
  - g. Identify and target local supply chain development through promotion of industry groups such as WEAFF.
3. Support innovation and knowledge based growth
  - a. Refer knowledge-intensive businesses to GH services i.e.



- Innovate to Succeed, LMAP leading to new product and services (including hydrogen supply chain).
  - b. Promote Knowledge Transfer Partnerships with HE and joint funding applications for national funding partners including Innovate and Research councils.
  - c. Work with business in partnership with regional and national government to promote sustainable energy solutions
  - d. Create more incubator and shared workspaces to support business start-ups and micro-enterprises and small units for their succession and growth
  - e. Develop internationally recognised clusters of digital technologies, pharmaceuticals and advanced engineering activity by ensuring we have the right facilities and linkages between research and development and manufacturing capabilities and through development of our inward investment prospectus
4. Raise the number of businesses exporting
    - a. Support local businesses to export, working with DIT & Export for Growth
    - b. Hold a DIT event in Swindon focussed on exporting
  5. Raise the profile of Swindon and create a positive identity to attract new businesses and inward investors
    - a. Establish a business led Place Board that identifies, articulates and communicates Swindon's strengths
    - b. Launch ambassadors' scheme with 200 businesses signed up and contributing towards funding to do further place marketing work
- c. Create Switch onto Swindon brand with associated products (website, brand-book, inward investment prospectus)
  - d. Attract new businesses through the Place Marketing and DIT-assisted campaigns
  - e. Establish a community interest company (in addition to the one already created for Common Farm Solar)

## Acknowledgements

The author would like to thank all the officers, businesses, and stakeholders who contributed to and gave their time to help inform this needs assessment.

## Where to find more information

More information about all Swindon's JSNAs can be found on the JSNA website:

<http://www.swindonjsna.co.uk/>

If you have any queries (or would like to contribute to needs assessment activities in Swindon) please contact:  
JSNA@swindon.gov.uk