

## **Local Economic Assessment: Key points for the UK Shared Prosperity Fund**

### Evidence of need and opportunity

1. The LEA tells us a number of things which are relevant to the UKSPF and which should be highly influential to the Investment Plan. From the report the following points are noted:
  - Business growth in the area has slowed since 2015 and is in danger of slipping behind similar areas and neighbours – barriers to growth need to be identified and removed
  - Wiltshire has a significant productivity gap, lagging behind the national average and affects wages and living standards.
  - High value sectors, such as manufacturing, professional services, ICT / digital, and construction sector businesses should be prioritised and nurtured to drive productivity and prosperity. Productivity could be improved by investing in innovation and skills
  - Growth is focused on M4 corridor, the A350 zone, and the A303 zone
  - COVID-19 pandemic took a heavy toll with food and accommodation heavily hit.
  - Wiltshire has an entrepreneurial spirit, with strong business survival rates, though with many very small, and low value / low productivity firms. In general, entrepreneurialism should be supported as a way of introducing new finance, investments, assets and skills into the local economy.
  - The evidence points towards high rates of part-time working in Wiltshire, which suggests an underutilisation of human capital that could help address shortages of labour supply.
  - COVID showed us many businesses with no reserves and are not able to invest and grow and become employers – and many lack motivation to do so. These businesses often in retail, hospitality, leisure and consumer services are also susceptible to downturn in spending for discretionary goods and services, so must improve their trading on quality and customer service, as less able to reduce costs.
  - Low carbon industries are a key sector in Wiltshire with growth set to continue. Growth in job openings for net-zero related jobs is likely over the next 3-10 years.
  - Life Sciences sector has seen significant growth, albeit from a low base, with the investments at Porton Science Park and focus on this sector has created a growth cluster
  - Homeworking has rapidly increased, with 1-in-5 workers working from home. Wiltshire now sees a small net number of daily inward-commuters, even though wages are on average lower in Wiltshire. These imbalances can be explained by the unaffordability of housing. Given the need for younger skilled workers, this illustrates the changing nature of the local economy and difficulty in terms of achieving higher wages and productivity in the area.

- Unaffordable house-prices and educational and cultural opportunities limit social mobility
  - Automation will continue to affect the employment rates, with around 14,000 jobs highly at risk of replaced through automation. This indicates that businesses are deploying digital techniques and utilising industry 4.0 technologies, positioning business for future growth.
  - Employers who cannot recruit suitably skilled or resilient workers will turn to automation as a solution, as opposed to moving the business to another location. This will be true of low value sectors such as Retail and Wholesale, and Accommodation and Food Services and where property asset values and other investments make it more difficult to relocate.
2. The Local Economic Assessment section on Future Trends for Wiltshire indicates that Council should be cognisant of following concerns given its plans for Levelling-Up and any interventions funded by UKSPF:
- By 2040 older people will dominate the area, with services and infrastructure required for their needs.
  - The future employment requirements of businesses is not certain, but demand for managerial and professional occupations is expected, with low demand from automated occupations. Providing incentives to diversify the socio-economic mix of workforces and recruit more people from lower socio-economic backgrounds would have a positive effect on social mobility.
  - Though projections of job numbers are inconsistent due to the currently uncertain effect of rapid technologization, digitisation and innovation of business processes, operations and trading, the trend of more demand for professional and managerial skills appears clear.
  - The local economy contracted during the pandemic and will take until at least 2025 to recover – at best (according to OBR – whereas there is also evidence of a failure to recover the ground – as seen in the current downturn). Growth is likely to be accelerated through more employment in low carbon businesses, and through low carbon skilled employees adding new skills to existing businesses. Investment in green skills points the way to a sustainable recovery.
  - Automation will affect workers differently in different sectors and different roles. For some, it will be an opportunity to take on more rewarding and technically skilled work, but for those in lower productive industries it may lead to short-termism, lower skills base and job insecurity.
  - Larger businesses are likely to automate more strategically and as they drive down employment, they might provide less benefit to the local economy in the future - where they are highly automated and take disproportionate resources such as energy supply – ie; a data centre or distribution hub. This should be considered in light of smaller business automating who might be more committed to redeployment and reskilling of employees.
  - The LEA reports that there will not be sufficient to replace current workers as they retire. The area will continue to be affected by lack of new workers, such as those from the EU. Businesses will need to fill vacancies with local workers,

instead of relying on imported talent from EU27 countries. For example, the LEA projects that “The future Swindon and Wiltshire labour market will include a smaller potential pool of labour supply while greater demand for social care and healthcare will rise due to greater need from the older population.”

- Firms will need to be more prepared to train and upskill workers. Many employers report that their requirement is for people with strong employment skills, the soft-skills which are important especially when working with people and in complex environments, rather than hard skills or qualifications. This would point towards more apprenticeships, including higher apprenticeships, but also helping people who have been inactive into work, where they are willing and able to work, given the reasons for being inactive.
- Demand for business workspace (as ‘employment land’), from an entrepreneurial culture, should be provided to prevent risk of businesses relocating. The demand is for industrial-use types – with most workspace demand in the A350 – Westbury-to-Melksham area.