WEST OF ENGLAND
Combined Authority

Quarterly Economic Bulletin

January 2018

Introduction

This quarterly bulletin looks at a variety of indicators to provide an overview of the economic health of the West of England Local Enterprise Partnership area, which covers the West of England Combined Authority (B&NES, Bristol & South Gloucestershire) and North Somerset.

The bulletin is divided into six sections:

1. Economic Overview

GVA	Employment Rate	Unemployment rate	Jobs advertised	Average house price
£33.2bn	**78.6**	**3.8**	**45,770**	**£282,713**
(2016)	up on previous year by 1.6p.p	remaining static on the previous year	down 2,000 on Q4 2016	(Sept 2017)

2. Business Conditions

International Context

- Global output is estimated to have grown by 3.7 percent in 2017, which is 0.1 percentage point faster than projected in the Autumn.
- Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent.
- Some 120 economies, accounting for three quarters of world GDP, experienced a pickup in growth in year-on-year terms in 2017, the most extensive global growth upsurge since 2010

National Context

- The national economy is expected to grow faster than previously thought over the next two years, primarily due to strength in the global economy.
- GDP is expected to grow by 1.9 percent in 2018 and in 2019, up from its November forecasts of 1.7 percent for both years.

Local Context

- The West of England economy continues to perform strongly although showing signs that its slowing, reflecting national economic conditions.
- The West of England remains a competitive region in attracting and growing businesses; there is a strong demand for office space in both Bristol City Centre and Bath, however this is being constrained by a lack of speculative development pushing up rents.

3. Businesses that succeed

3.1 Business Start-ups

1,767
start-ups in Q4 2017

-5.5%
on Q4 2016

24.5
start-up rate (Q4 2017)

Top Sectors for start-ups Q4

1. Real estate, professional services & support activities: 514 start-ups
2. Recreational, personal & community service: 226 start-ups
3. Wholesale & retail trade: 210 start-ups

N.B Start–ups are an indication of entrepreneurialism and innovation and it is within these business start-ups that the jobs of the future will be created. However, rising start-ups can also signal times of economic distress; survival and positive churn within these start-ups are what matters .

3.2 Scale-ups

183

Scale-up businesses according to Scale Up Institute data

Combined turnover

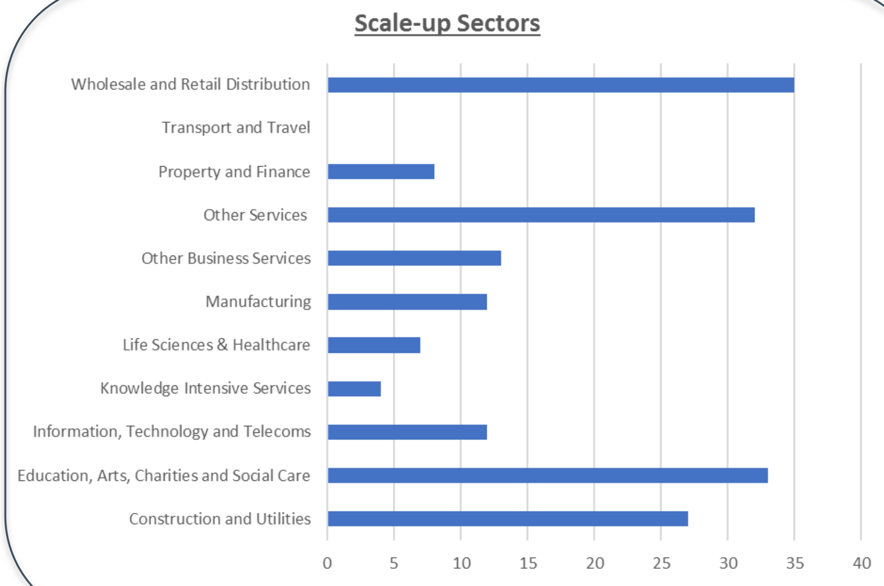
>£6Bn

Average turnover growth

>£80k

Combined employee number

45k



These insights only include 'visible' scale-up businesses whose turnover is £10M+ and who submit full accounts to Companies House. We are actively developing a more comprehensive dataset to include 'invisible' scale-ups and those who don't yet meet the Scale-up Institute definition.

3.2 Scale-ups

What's the challenge?
Office space availability, affordability and suitability

What exists to support scale-ups?
The Scale-up Enabler has created an ecosystem map to share available support.

Ideas we're exploring
- 'Grow-on' space facilities and managers

Where can you find out more?
http://www.engine-shed.co.uk/scale-up-challenges-room-for-growth/

Engine Shed will offer a breakfast session in Q1 for those wishing to find out more about available options and the process of finding new office space.

What's the challenge?
Access to and understanding of finance options

What exists to support scale-ups?
The Business Finance Guide:
https://thebusinessfinanceguide.co.uk/
Alternative Business Funder:
https://www.alternativebusinessfunding.co.uk/

Ideas we're exploring
- New and more active angel syndicates.
- Tools to bring finance options to life.

Where can you find out more?
Keep an eye on the scale-up news via the Engine Shed for new initiatives and events planned for March and April.

What's the challenge?
Leadership development and appointment of NEDs and leadership team.

What exists to support scale-ups?
SWFoundersPro and various groups described in the blog linked below.

Ideas we're exploring
Regional register of non exec directors
A variety of third party scale-up programmes due to launch early in 2018

Where can you find out more?
http://www.engine-shed.co.uk/finding-founder-support/

Contact Briony Phillips, Scale-up Enabler:
Briony.Phillips@engine-shed.co.uk

3.3 Growth Hub

The West of England Growth Hub offers access to an extensive, connected network of business knowledge and skills partners, supporting local businesses to confidently expand and grow. https://www.wearegrowth.co.uk/

- **25** new sign ups in December

Top visited sites (Dec)

- Enterprising the WoE Scale up coaching grants
- Virgin Start-up loans
- NCC and SWAMAS

Top areas of need (Dec)

- Financing growth
- Developing People
- Operations

3.4 Invest Bristol & Bath

Invest Bristol & Bath (IBB) is the investment promotion agency for the West of England LEP area. The organisation undertakes a range of marketing activity and works directly with client companies to attract investment and employment into the area.

Leads generation:

- 52 new inward investment leads and 15 early stage prospects generated during Q3 (Oct 17-Jan 2018).
- Since April 2017, the team has generated 105 new leads and 37 new prospects looking to locate or expand in the West of England area.
- There has been a small decrease of new leads generated during 2017 compared to the previous year with activity mainly focussed on supporting the existing projects and pipeline.

3.4 Invest Bristol & Bath

New successes:

- During Q3, IBB has successfully supported 16 new companies locate or expand in the region with 367 new jobs committed.
- Since April 2017, the team has supported 35 new investments into the region creating 767 new jobs and is on track to meet the 2017/18 target of 1,150 new jobs.

IBB Pipeline:

- IBB continue to work on a strong pipeline of 149 active qualified leads and projects (comparable to previous period), in addition to 78 early stage opportunities.
- The IBB pipeline of active projects indicates there are 9,790 potential new jobs for the region, of which IBB are confident that 3,400 new jobs will be committed in the next 12 months.

4. World Class Skills for Employment

4.1 Employment Rate

Employment Rate

78.6

up on previous year by 1.6p.p

- Higher than the employment rate for England which stands at 74.7
- Performing better than Core City LEP areas who have an average employment rate of 71.6
- But performing less well than our Southern LEP comparators who have an average employment rate of 79.6

Source: employment rate – 16-64; Oct 2016-Sept 2017; ONS Annual Population Survey

4.2 Unemployment Rate

Unemployment rate

3.8

remaining static on the previous year

- Lower than the unemployment rate for England which stands at 4.6
- Performing better than Core City LEP areas who have an average unemployment rate of 5.3
- But performing less well than our Southern LEP comparators who have an average unemployment rate of 3.2

Source: Unemployment rate – 16-64 ; Oct 2016-Sept 2017; ONS Annual Population Survey

4.3 Claimants

Claimant Rate

0.7

down on Sept 2016 by 0.2p.p

- Jobseeker's Allowance Claimant Count 4,921
- Lower than the claimant rate for England at 1.0.

Source: Dec 2017 claimant count with rates and proportions; ONS

4.4 Vacancies

45,770

jobs advertised Q4 2017

2,000

less than in Q4 2016

Top 5 Occupations Advertised Q4 2017

Occupation	No. Ads
Programmers and Software development	2,726
Nurses	1,489
Human resources and industrial relations	1,221
Business sales executives	1,198
Other administrative occupations	1,171

Top 5 Skills Advertised Q4 2017

Skills	No. Ads
Customer Service	3,248
Business Management	2,573
Microsoft Excel	2,501
Project Management	2,092
Sales	1,726

Source: Labour Insight / Burning Glass (Oct. 01 2017 – Dec. 31 2017)

4.5 Vacancies by Sought Occupation

Occupation	Advertised Vacancies	Sought Occupation
Unknown	500	315
Managers & senior officials	1,004	135
Professional Occupations	4,093	45
Associate Prof & technical	3,008	40
Admin & Secretarial	1,206	305
Skilled trades	760	120
Personal Service	474	80
Sales & Customer service	757	3,415
Process plant & machine	612	65
Elementary	424	395

Source: Labour Insight / Burning Glass / Claimant Count, ONS (December, 2017)

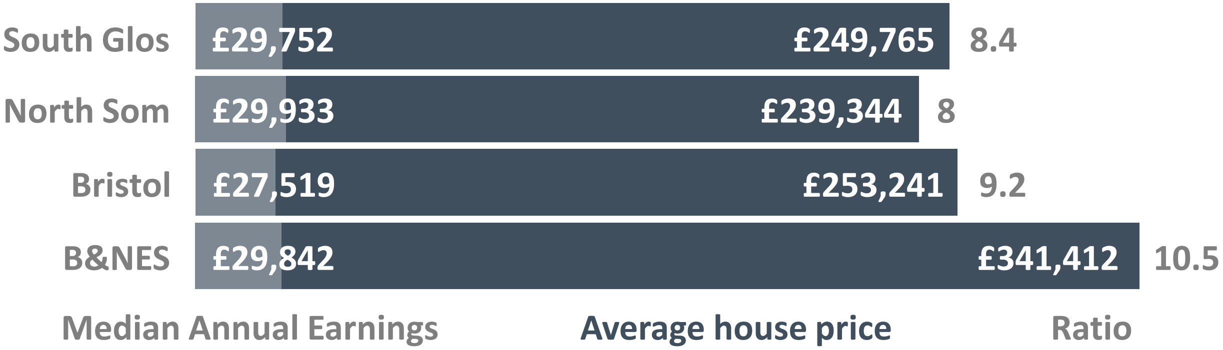
- A clear mismatch between advertised vacancies and sought occupations.
- Demand for higher more specific skilled workers.
- Job seekers tend to look for lower skilled occupations.

5. Infrastructure fit for the future

5.1 Housing Prices and Affordability

£282,713
Ave. house price
(Sept 2017)

1,408
House sales
(Sept 2017)



Source: House Price Index, Land Registry; and Annual Survey of Hours and Earnings, Office for National Statistics

5.2 Office take-up and rents

173,017 sq.ft
Bristol City Centre take-up Q4 2017

142,063 sq.ft
Bristol out of town take-up Q4 2017

Source: Cushman & Wakefield, October 2017

	Rents(£psf)
Bristol City Centre Rents	£32.50
Bristol Out of Town Rents	£22.00
Bath Rents	£31.00

Source: Market Monitor South West of England & South Wales 2018, Alder King

- Tight supply in office stock and high demand is pushing up rents in both Bristol City Centre and Bath.

6. An attractive place to visit

6.1 Tourism

c. 1,776,800

Passengers through

Bristol Airport during Q4 2017

+4%

on Q4 2016

1,193,858

Visitors to attractions

during Q4 2017

+6%

on Q4 2016

450,541

Room sales

during Q4 2016

+2%

on Q4 2016