WEST OF ENGLAND
Combined Authority

Quarterly Economic Bulletin

October 2017

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
2. Business conditions
3. Businesses that succeed
4. World class skills for employment
5. Infrastructure fit for the future
6. An attractive place to visit

1. Economic Overview

GVA

£31.7bn

(2015)

Employment Rate

78.3

up on previous year by 0.8p.p

Unemployment rate

3.8

remaining static on the previous year

Jobs advertised

54,589

up 5,790 on Q3 2016

Average house price

£269,951

(May 2017)

2. Business Conditions

International Context

- Global output remains on track and is expected to strengthen to 3.6% in 2017 & 3.7% in 2018.
- This is based on upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia; offsetting downward revisions in the United States and United Kingdom.

National Context

- GDP for the quarter rose by 0.4%, compared with 0.3% in each of 2017's first two quarters.
- This has been driven by the services and manufacturing industries, but construction output has fallen.
- Uncertainty around Brexit remains and there is evidence to suggest that this is affecting investment decisions.

Local Context

- The West of England economy continues to perform strongly although showing signs that its slowing, reflecting national economic conditions.
- The region continues to be a forefront of innovation, digital creative and disruptive business. With recent events such as VentureFest and the Festival of Future Cities being held in the region.
- Bristol City Region has been identified as the national leader in Smart City innovations in a recent Huawei report.

3. Businesses that succeed

3.1 Business Start-ups

1,873
start-ups in Q3 2017

-1.7%
on Q3 2016

27.2
start-up rate (Q3 2017)

Top Sectors for start-ups Q3

1. Real estate, professional services & support activities – 533 start-ups
2. Recreational, personal & community service – 272 start-ups
3. Wholesale & retail trade – 224 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

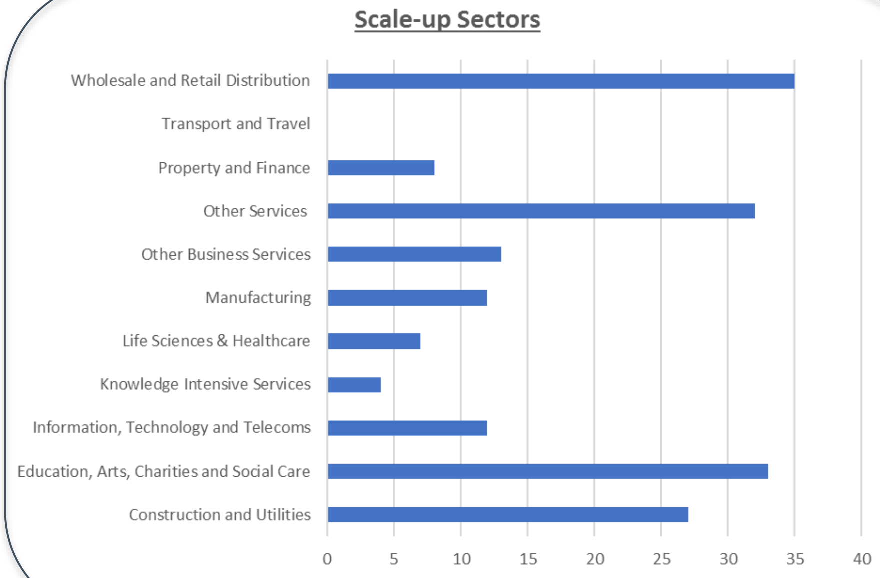
>£6Bn

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 is currently developing a map of options.

Ideas we're exploring
- A property schedule for the region?
- More scale-up friendly landlords/managed properties

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

- Attend Scale-up Briefing: Room for Growth on 29 Nov at Engine Shed: https://scale-up-briefing-room-for-growth.eventbrite.co.uk

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 December and January.

Attend the Introduction to angel investment event: https://www.eventbrite.co.uk/e/an-introduction-to-angel-investing-tickets-38480136123

What's the challenge?
Leadership support and

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

Ideas we're exploring
Founder focused events?
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/

- **19** new sign ups in September

Top visited sites (Sept)

- EEN
- British Business Bank
- Set Squared

Top areas of need (Sept)

- Financing growth
- Operations
- Strategy

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:

- 23 new inward investment leads and 13 early stage prospects generated during Q2 (Jul-Sept 2017).
- Since April 2017, the team has generated 53 new leads and 22 new prospects looking to locate or expand in the West of England area.
- The team has seen a slowdown of new leads during Q1 and Q2 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 Q2, IBB has successfully supported 8 new companies locate or expand in the region with 213 new jobs committed.
- Since April 2017, the team has supported 19 new investments into the region creating 400 new jobs (comparable to the same time last year), and is on track to meet 2017/18 targets.

IBB Pipeline:

- IBB continues to work on a strong pipeline of 151 active qualified leads and projects (up 4% on previous quarter), in addition to 80 early stage opportunities.
- The IBB pipeline of active projects indicates there are 9,870 potential new jobs for the region (up 1.5% from previous quarter), of which IBB are confident that 730 new jobs will be committed in the next 6 months.

4. World Class Skills for Employment

4.1 Employment Rate

Employment Rate

78.3

up on previous year by 0.8p.p

- Higher than the employment rate for England which stands at 74.6
- Performing better than Core City LEP areas who have an average employment rate of 71.4
- But performing less well than our Southern LEP comparators who have an average employment rate of 79.4

Source: employment rate – 16-64; 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 4.7
- Performing better than Core City LEP areas who have an average unemployment rate of 5.4
- But performing less well than our Southern LEP comparators who have an average unemployment rate of 3.6

Source: Unemployment rate – 16-64 ; ONS Annual Population Survey

4.3 Claimants

Claimant Rate

0.7

down on Sept 2016 by 0.2p.p

- Jobseeker's Allowance Claimant Count 5,220
- Lower than the claimant rate for England at 1.0.

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

4.4 Vacancies

54,589
jobs advertised
Q3 2017

5,790
more than in
Q3 2016

Top 5 Occupations Advertised Q3 2017

Occupation	No. Ads
Programmers and Software development	3,928
Human resources and industrial relations	1,550
Other administrative occupations	1,509
Business sales executives	1,395
Web design and development professionals	1,341

Top 5 Skills Advertised Q3 2017

Skills	No. Ads
Customer Service	4,404
Business Management	3,937
Microsoft Excel	3,862
Project Management	3,038
SQL	2,459

Source: Labour Insight / Burning Glass (July. 01 2017 – Sept. 30 2017)

4.5 Vacancies by Sought Occupation

Occupation	Advertised Vacancies	Sought Occupation
Unknown	66	395
Managers & senior officials	1,853	160
Professional Occupations	6,169	60
Associate Prof & technical	4,742	50
Admin & Secretarial	1193	395
Skilled trades	1264	155
Personal Service	784	70
Sales & Customer service	1,269	3,690
Process plant & machine	1,037	75
Elementary	735	445

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

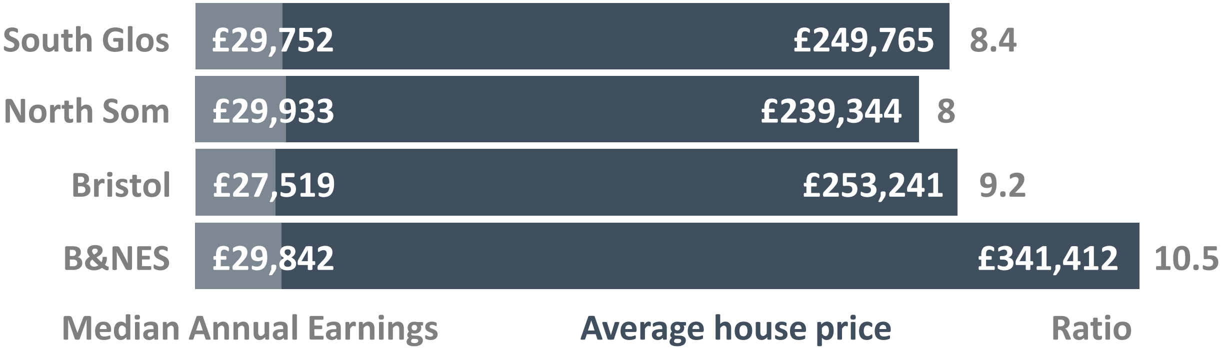
- A clear mismatch between advertised vacancies and sought occupations.
- Demand for higher more specific skilled workers.
- Job seekers tend to look for lower skilled occupations.

5. Infrastructure fit for the future

5.1 Housing Prices and Affordability

£269,951
Ave. house price
(May 2017)

1,278
House sales
(May 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

173,022 sq.ft

Bristol City Centre
take-up Q3 2017

134,456 sq.ft

Bristol out of town
take-up Q3 2017

Source: Cushman & Wakefield, October 2017

	Rents(£psf)
Bristol City Centre Rents	£28.50
Bristol Out of Town Rents	£21.50
Bath Rents	£31.00

Source: Market Monitor South West of England & South Wales 2017, Alder King

6. An attractive place to visit

6.1 Tourism

c. 2,324,000

Passengers through Bristol Airport during Q2 2017

+10%

on Q2 2016

1,802,687

Visitors to attractions during Q2 2017

+6%

on Q3 2016

499,524

Room sales during Q3 2016

+4%

on Q3 2016