

Bristol Economic Briefing March 2019

Summary



The ONS¹ reported² that the UK economy grew by 1.4% in 2018, down from 1.8% in 2017 and 2.2% in 2016. The most recent forecast from the Bank of England³ predicts the UK economy will slow in 2019 and only grow by 1.2%.



At least one economist⁴ has estimated that, since the 2016 referendum, the UK economy has been losing £800m per week.



Employment rates in the UK remain the highest on record⁵ (75.0%) and if the trend of the last few years persists will continue to increase.



Regardless of what happened in between times, the Claimant Count for the UK and Bristol were both 23% higher in January 2019 than they were in January 2018.



The gender and age profiles of people in the Claimant Count have changed over the last 15 years. In both the UK and Bristol the proportions of female claimants and people aged 50 plus who are claimants has increased significantly.



Between 2011 and 2017 the economy (GVA) of Bristol⁶ grew by only 12.7%. This compares to 36.5% for Manchester; 18.2% for Birmingham; 14.6% for Liverpool; 14.3% for Nottingham and 13.5% for Great Britain.



Regardless of what happened in between times, the productivity of Bristol's economy⁷ was 6.6% higher in 2017 than it was in 2011. This compares to 12.8% nationally (GB) and is less than that for five of the other seven⁸ Core Cities for which the data is reported.



The redevelopment of parts of Bristol's central area continue and the city continues to attract both private and public investment.

¹ Office of National Statistics

² <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmnthlyestimateuk/december2018>

³ <https://www.bbc.co.uk/news/business-47155537>

⁴ <https://www.theguardian.com/business/2019/feb/14/brexit-has-cost-uk-economy-at-least-80bn-since-vote-bank-of-england-rate-setter>

⁵ Since 2004 when the current data sets methodology was initiated

⁶ For more detail see - [The Value \(GVA\) of the Economy of Bristol 1998-2017: January 2019](#)

⁷ For more detail see - [A note detailing the most recent estimates of sub-regional productivity will appear in the near future](#)

⁸ Birmingham (19%), Glasgow (15%), Leeds (7.1%), Liverpool (1.6%), Manchester (7.1%), Nottingham (5.6%) & Sheffield (12%).

BRISTOL Economic Briefing

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1 Overview

According to the ONS² the UK economy grew by 0.2% in the 4th quarter of 2018. Total growth for 2018 was 1.4%, down from 1.8% in 2017 and the lowest since 2012. The data indicate that, over the final quarter of 2018, Construction and Manufacturing contracted by 0.3% and 0.9% respectively. The services sector grew by 0.3%, down from 0.5% in the third quarter. The Office of Budget Responsibility (OBR) predicts the UK economy will grow by 1.6% in 2019 but others⁹ predict growth of 1.2%, the slowest since 2009. The OECD¹⁰ forecasts 1.1% growth for 2020. On the positive side, inflation fell to a two year low of 1.8% in January. Employment and unemployment continue to increase and decrease respectively. However in January 2019 the Claimant Count was up 23% on January 2018. The apparent contradiction,¹¹ increasing claimant count and decreasing unemployment, can occur because the number of claimants is less than the number unemployed. The count exceeded 1m for the first time in over 4 years.

Taking a broader view, the IMF and others are warning of a global economic slowdown and uncertainty about the EU-UK future relationships is not helping business confidence. Business organisations have warned of very serious consequences if the UK leaves the EU without a deal. The CBI commented that, "As members of the EU the UK benefits from extensive trade agreements with around 70 non-EU countries" and that, "any businesses trading with the countries involved would find themselves exposed to overnight changes of tariffs". Such tariffs, costing billions of pounds a year, would be extremely damaging to the UK economy.

While there is little official data to describe the current local economic conditions, what there is suggests that conditions could have worsened, despite one forecast¹² suggesting Bristol will outperform many other areas of the UK. In January 2019 the Claimant Count was up 23% on January 2018, the highest it's been in January for 4 years. Further, the latest estimate¹³ indicates that the value (GVA) of the economy of Bristol didn't grow significantly between 2015 and 2017 and the productivity¹⁴ of said economy fell¹⁵ by 4.6% between 2016 and 2017. Still Bristol continues to attract investment and businesses and indigenous businesses continue to attract work. The Bottle Yard Studios hosted a total of 14 productions in 2018, and filming on a further 5 productions has commenced since the beginning of 2019. Indigenous professional services businesses are still expanding and others are opening offices¹⁶ in the city. Development in the Temple Quarter Enterprise Zone is progressing with the start of the demolition of the Royal Mail Sorting Office in late January. Bristol Airport continues to expand and expects to create over 1,000 jobs in the next decade.

⁹ <https://www.bbc.co.uk/news/business-47155537>

¹⁰ <http://www.oecd.org/eco/outlook/economic-forecast-summary-united-kingdom-oecd-economic-outlook.pdf>

¹¹ the claimant count can increase absolutely and therefore as a proportion of unemployment whilst unemployment decreases

¹² <http://www.bristol-business.net/new-research-show-bristol-will-outperform-uk-average-economic-growth-to-2021/>

¹³ https://www.ons.gov.uk/releases/regionalgrossvalueaddedbalanceduk1998to2017?utm_source=govdelivery&utm_medium=email

¹⁴ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/february2019/relateddata>

¹⁵ From £31.2 per hour worked to £29.6 per hour worked

¹⁶ See Selected Business News December 2018 – February 2019 below

2 Labour Market

Employment Rates

In Sep-18 the employment rate¹⁷ in Bristol was 76.6%, 7.2 percentage points above the level of Sep-14 (69.4%), but unchanged¹⁸ since Sep-17. Employment rates for all of the other 9 core cities have also remained unchanged¹⁸ over the last year whilst that for the UK increased significantly¹⁹ from 74.4% to 75.0%. The employment rate for Bristol (76.6%) remains larger than that for the UK (75.0%).

Table 1: Employment Rates for the UK and the Core Cities, September 2018

Area	Employment rate ^{20,21}		Difference (sum of conf) ²²
	Sep 2007	Sep 2018	
Bristol	73.1	76.6	3.5 (5.2)
Nottingham	64.5	62.4	2.1 (5.7)
Newcastle	67.5	66.2	1.3 (6.0)
Liverpool	63.1	68.8	5.7 (5.6)
Manchester	64.3	70.3	6.0 (5.5)
Glasgow	64.9	66.3	1.4 (5.7)
Cardiff	66.6	71.3	4.7 (5.8)
Birmingham	62.3	65.3	3.0 (4.7)
Leeds	74.6	75.5	0.9 (4.6)
Sheffield	67.8	72.2	4.4 (5.9)
United Kingdom	72.5	75.0	2.5 (0.4)

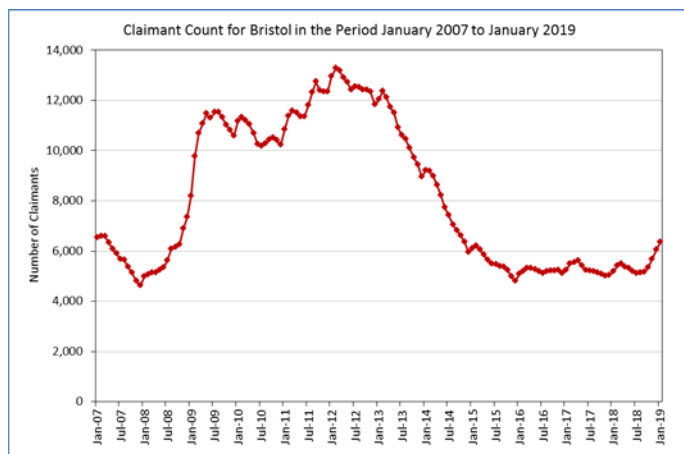
As can be seen from the table opposite, amongst the Core Cities, Bristol has highest employment rate. The employment rate for the UK has increased significantly over the last nine years, from 69.8% in September 2011 to 75.0% in September 2018. Whether they have varied significantly or not in the meantime, in September 2018 the employment rates for the eight of British Core Cities were the same²³ as they were in pre-recession September 2007. The employment rates of

Liverpool (68.8%) and Manchester (70.3%) were significantly higher in September 2018 than in September 2007, albeit still well below the UK (75.0%) average.

Unemployment

The Claimant²⁴ Rate²⁵ for Bristol in Jan-19 was 2.0%, up from 1.6% in Jan-18 but 0.4 percentage points below that for the UK (2.4%). Bristol still has the lowest claimant rate of all the British Core Cities, however

it has been consistently higher than the rest of the West of England (WoE) and other areas such as Guildford (0.6%); Woking (0.8%); Winchester (0.9%); Cambridge and Warwick, (1.0%); and Exeter and Stroud (1.1%). Oxford and York (1.0%). The number of Bristol residents claiming Universal Credit²⁴ (JSA²⁴) increased between by 25% between Jul-18 and Jan-19 which compares to a 13% increase nationally. The chart above shows that the number of Bristol residents that were unemployed and claiming Universal Credit. The increase that has occurred over the last six months is clearly visible.



¹⁷ The percentage of all people aged 16 to 64 (working age population) who are in employment.

¹⁸ There has been no statistically significant increase or decrease September 2017.

¹⁹ The difference is 1.5 times the sum of the confidence limits

²⁰ Source: Annual Population Survey, 2014, Nomis®, O.N.S., ©Crown Copyright

²¹ The 95% confidence limits for this Core Cities data vary from 2.1% to 3.4%.

²² If the "Difference" is larger than the "sum of conf" the employment rates have a statistically significant difference.

²³ Not statistically different

²⁴ On Nomis "Claimant Count": now the number of people claiming JSA plus those claiming Universal Credit who are unemployed

²⁵ Proportion of the Working Age Population (WAP).

Claimants by Gender

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As of January 2019 there were 3,860 male and 2,500 female JSA/Universal Credit claimants resident in Bristol. Since July 2018 these numbers have increased by 20% and 33% respectively but remain well below the maxima of 2011 to 2012²⁶. Thus whereas prior to the 2008 recession there were about 3 times as many male as there were female claimants there are currently well under twice (1.54) as many males as females claiming JSA/Universal Credit in Bristol. The female population of Bristol has fared worse than males during the post-recession period 2009 to date.

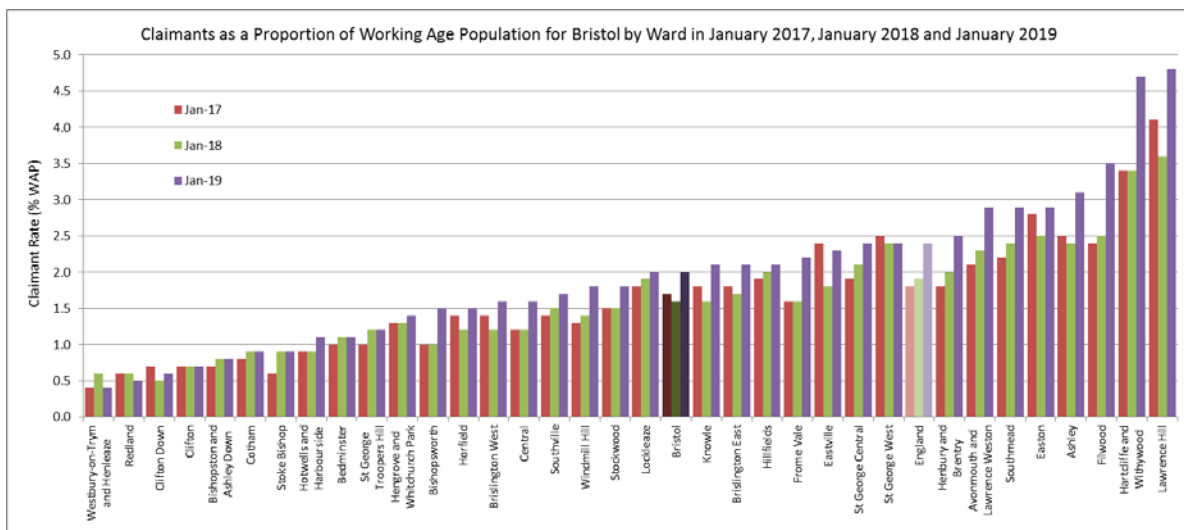
Unemployment by Age

In January 2019 the number (1,040) of young²⁷ Claimants resident in Bristol was 64% down on that (2,865) for January 2013 but 15.6% above the level (900) of January 2018. The proportion (16.4%) of claimants aged 18 to 24 years remains close the lowest on record. In January 2019 the number (1,650) of claimants aged 50 to 64 years was up (22.7%) on that of January 2018 (1,345) and remains well over double the pre-recession level (660) of January 2008. The proportion of claimants who are aged 50 to 64 year continues to increase²⁸ and remains close to the historic²⁹ high³⁰ at 26.0%.

JSA Claimants by Duration and Sought Occupation^{31,32}

Claimants by Ward for Bristol

Year on year, the JSA claimant count for Bristol increased by 23% from 5,220 in January 2018 to 6,355 in January 2019. The increase left the claimant rate (2.0%) up 0.4 percentage points on the year and 0.3 percentage points above the level (1.7%) of pre-recession January 2008. As is evidenced by the chart below, claimant rates in 32 of the 34 wards were higher in January 2019 than they were in January 2018. Claimant



rates in 6 wards increased by 0.6 percentage points or more. The worst affected wards were Hartcliffe and Withywood, Filwood and Lawrence Hill. As a result the 2 worst³³ performing wards all had claimant rates in excess of 4.5%. The five worst performing wards account for over 34% of the claimants in Bristol. With a claimant rate of 4.8% Lawrence Hill remains the worst performing ward.

²⁶ September 2011 for female claimants (40%) and February 2012 for male claimants (58%)

²⁷ People aged 18 years to 24 years

²⁸ At a definite trend rate of 2.1% per annum

²⁹ Since the beginning of the current time series in 1986

³⁰ 26.9% in June 2018

³¹ These are JSA only because the Claimant Count (see footnote 24 above) is not separated by duration or occupation

³² JSA claimants now account only 35% of the Claimant Count and are therefore unrepresentative. and will not be considered here.

³³ Lawrence Hill 4.8% and Hartcliffe and Withywood 4.7%.

3 Retail and Commercial Property

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Retail

In Jan-19 Bristol's citywide retail property vacancy rate was 7.1%, up 1.0% on that of Jan-18 but the same as that (7.1%) for Jan-17. In the year to December 2018 there were 269 new retail sector start-ups in Bristol (source Bank Search³⁴). This is about 39% below the high of 2012 (374). Trend analysis for the period 2012 to 2018 shows the number of new start-ups in the retail sector has fallen at a probable³⁵ rate of 15 per year.

Office³⁶

According to the Bristol Office Agents, total take up in Bristol's out of town and centre office property markets for 2018 were 400,501sq.ft and 530,923sq.ft respectively. Year on year (2017-18) take up in the City Centre and Out of Town markets were down 13.5% and 5.8% respectively. According to CBRE³⁷ over 85% of take was split between 5 sectors; 32% in Business services; 27% in Creative industries; 14% in the Public Sector; 8% in Banking & Finance and 7% in Professional services

4 Business Activity and New Business Start-ups

The latest data from the ONS³⁸ indicates that in 2018 there were 22,170 active business

units in Bristol, up 3.5% on the level of 2016. This compares to an increase (2016-18) of 4.1% for GB. The same data⁴⁶ shows that between 2010 and 2016 the business density in Bristol was the highest of any large urban area³⁹ outside London. However the rapid growth in the number of business units in Manchester has resulted in business densities that exceed those of Bristol. As is

Area	Number of Business Units		% Growth 2015-18	Density per 1,000 WAP 2018
	2015	2018		
Bristol,	20,615	22,170	7.5	70.6
Birmingham	36,720	41,955	14.3	57.4
Cardiff	13,900	14,815	6.6	60.5
Glasgow	22,960	24,610	7.2	56.2
Leeds	32,605	34,665	6.3	67.6
Liverpool	15,355	18,205	18.6	54.2
Manchester	22,170	28,970	30.7	75.3
Newcastle	10,150	10,820	6.6	53.7
Nottingham	10,725	11,715	9.2	50.9
Sheffield	18,040	19,390	7.5	51.0
Great Britain	2,825,485	3,045,040	7.8	75.4

shown in the table opposite, business numbers in four (Manchester, Liverpool, Birmingham and Nottingham) of the British Core Cities grew faster than that of Bristol. However it should be noted that the business densities of 3 of these remain below that of Bristol. BankSearch⁴¹ data indicates that, in 2018, there were 3,039 new business start-ups in Bristol. This is the lowest level on record⁴⁰ 9.7% down on 2017 (3,365) and 21% below the maximum of 2010 (3,845). The Professional, Scientific & Technical Activities sector accounted for 13.9% of start-ups; Recreational, Personal & Community Service 12.2%; Construction 9.4%; Accommodation & food service 9.2% and Retail 8.9%. Start-ups in several other sectors exceeded 5% including and Information & Communications (7.0%). Manufacturing accounted for 4.0% of new business start-ups.

³⁴ Proprietary data base that counts new "business" bank accounts

³⁵ Here the measure of the quality of the trend, $R^2 = 0.7419$. Thus the trend is probable

³⁶ Data supplied by Bristol Office Agents Society

³⁷ <https://www.cbre.co.uk/search-results>- Bristol Office MarketView H2 2018

³⁸ UK Business Counts – Local units (2010 to 2018), Nomis[®], O.N.S., ©Crown Copyright:

³⁹ Urban area with a Working Age population of at least 200,000.

⁴⁰ Since 2008

Aerospace, Defence and Advanced Engineering

Keeping Bristol at the Leading Edge of Aerospace

A new technology centre for aerospace innovation is to open at Filton. The centre will be co-funded by GKN, which employs about 2,000 people at Filton and Avonmouth, and the government funded Aerospace Technology Institute and is due to open in 2020.

Composite Centre - Extension Approved

A proposal to extend the National Composites Centre at the Bristol and Bath Science Centre with 52,000 sq ft of additional workshop space and 14,000 sq ft of office space has been approved. The expansion will facilitate the developing the next generation of aircraft wings.

Bristol Based Open Bionics Raises £4.7m

Open Bionics which is based at UWE's Future Space innovation hub and produced the world's first clinically tested and medically certified 3D-printed bionic arm has raised £4.7m. The funds will be used to scale up the business and expand its reach into overseas markets including the USA.

SABRE Programme Launched by UWE

UWE has launched a £1m scheme that will provide firms with the opportunity to explore the use of robotics and smart automation in their business. The SABRE Programme, which is based at the Bristol Robotics Laboratory (BRL) on UWE's Frenchay Campus, will link businesses with most appropriate robotic equipment for their organisation, enabling them to trial, adopt and develop new techniques.

Bio Medical

Bristol Pharmaceutical Manufacture Goes Into Administration

Avara Avlon Pharma Services, the Bristol based pharmaceutical company, has called in the administrators. Nearly 300 jobs at the company's site in Avonmouth are at risk.

Business, Financial and Professional Services

Architects Open Office in Bristol.

Architecture practice Spratley & Partners, that has its head office in Henley-on-Thames, has opened an office in Bristol. The company said its Bristol office would "provide an excellent base for pursuing new business opportunities in the area."

Creative Industries

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Bottle Yard Studios Continues to Attract Projects.

The Bottle Yard Studios hosted a total of 14 productions in 2018, and filming on a further 5 productions has commenced since the beginning of 2019. The latest, based on the story with the same title by H.G. Wells, is War of the Worlds which follows The Trial of Christine Keeler and an adaption of Jane Austen's final (incomplete) novel Sanditon.

Construction

Helm Construction Falls into Administration

Bristol building contractor Helm Construction has gone into administration resulting in nearly 50 redundancies.

City Centre Residential Development

Construction work has started on a new 180,000 sq ft residential complex on brown field land next to Castle Park in the centre of Bristol. The project brings together Homes England, Bristol City Council and Linkcity, the UK arm of the French giant Bouygues. Homes England commented that the project "demonstrates our commitment to diversify the housing market with the delivery of a private rented sector product alongside affordable homes."

Food and Drink

Pieminister Continues to Grow

Bristol-based Pieminister saw sales grow by 14% in its last full financial year and the growth has continued. The business said continued investment had produced good results. Two more restaurants opened in Liverpool and Sheffield, creating 25 full time jobs and a further 20 jobs were created at its production facility in Bristol.

Kabuto Noodles Exports to France

Kabuto Noodles products are due to appear on the shelves of more than 120 supermarkets across France. The Bristol based company that produces "posh noodles" has secured a contract to supply 65,000 pots of noodles to the French grocery chain Franprox in 2019. Kabuto's sales manager said, "Exporting is something that happened organically for our business with our first international buyers approaching us directly. We're very lucky that our products have global appeal."

Bristol Based LettUs Grow Secures Development Funding

Farming pioneers LettUs Grow have secured funding of £1m to develop its groundbreaking products. The funding is being provided from both private and public sources. One of the company's founders said: "This injection of private and public funding into the company enables us to accelerate our innovative products to market and build one of the most technically advanced facilities for indoor growing in the world."

Further Growth for Ultrahaptics

Ultrahaptics, the University of Bristol spin-out, has secured £35m to support further develop and commercialise its revolutionary 'haptic' technology into new markets. The firm's core product uses world leading proprietary algorithms and supporting hardware to project ultrasound-driven tactile sensations in mid-air. The investment comes from current shareholders and new investors.

Bristol Pioneering Start-up Secures £2m Funding

KETS, the pioneering Bristol start-up that won the 2015 New Enterprise Award (staged by the SETsquared incubator), has raised investment of more than £2m to develop a range of future-proof digital security technologies. The company's CEO and co-founder said: "Our aim is to become the digital security OS of the future, protecting our digital information and critical infrastructure in the 21st century and beyond."

Mental Health App Backed by Bristol Investors

Talklife, the peer support social network set up to help young people struggling with mental health issues that recently relocated from New York to Bristol, has attracted a significant funding from a group of local investors. The company's CEO said, "TalkLife has been growing quickly and we saw Bristol as a fantastic place to establish a base."

Bristol Based Cyber Security Business Raises £6.2m

Immersive Labs has raised \$8m (£6.2m) to further develop its innovative training system that uses computer game techniques to fight real-life cyber threats. The platform provides complex cyber security training harnessing real-time feeds of the latest attack techniques, hacker psychology and technological vulnerabilities. The funding will be used to grow the business by bringing in new staff, further developing the platform and supporting its marketing.

Transport

Gulliver's Truck Hire Goes into Administration

Bristol based Gulliver's Truck Hire went into administration in December. Over 300 hundred redundancies have resulted from the action.

Bristol Airport Continues to Expand

With airlines (notably easyJet and Ryanair) launching additional routes to their Bristol schedules and passenger numbers soaring, Bristol Airport has submitted a planning application that would see its passenger limit increased from 10m to 12m a year. An airport representative said the expansion will create more than 1,000 new jobs.

General News Items

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Temple Quarter Enterprise Zone

Development of New University Campus Begins

Flagging the start of the redevelopment of the area around Temple Meads into a new University of Bristol Campus, demolition of the former Royal Mail sorting office started in January. The Mayor of Bristol said: "This is a really exciting day for Bristol and the Temple Quarter. This eyesore building has been a blight on the landscape for too long – its demolition will be the start of a new chapter for the area."

Another Tenant Outgrows the Engine Shed's "Arrivals Lounge"

Oracle's Startup Cloud Accelerator, moved in in 2017 after choosing Engine Shed as the sole UK location for its global support programme. The accelerator, rebranded as Oracle Global Startup Ecosystem, has outgrown the space and the Engine Shed is looking for a new tenant. The Engine Shed's operations director said: "The Arrivals Lounge is an attractive offering for growing businesses, especially those new to the South West and those planning to scale up in the region."

West of England Growth Hub Wins National Acclaim

The West of England Growth Hub has won acclaim from industry experts who praised the innovative scheme as a role model for other parts of the country. The Growth Hub that provides services at various sites in the area including Bristol and Bath Science Park and The Engine Shed won the praise from The ScaleUp Institute.

Boost for the Creative Industries Sector

A scheme to give fast growing creative firms access to advice and training is coming to Bristol and the West of England. The scheme will be funded to the tune of £1.35m from the Department for Digital, Culture, Media & Sport and activities will be linked to other WECA business support programmes through the West of England Growth Hub and Invest Bristol and Bath.

Success Continues for SETsquared Bristol

SETsquared Bristol is celebrating continued success. New figures show that firms based at the incubator created more than 1,000 jobs and raised a combined £82.1m last year. The most notable success was that of Ziylo, which sold rights to its glucose binding in a deal potentially worth up to £700m. The director of the incubator said: "2018 was a brilliant year for SETsquared Bristol. We have celebrated a number of notable successes and will build on these achievements to set new goals for the future."

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