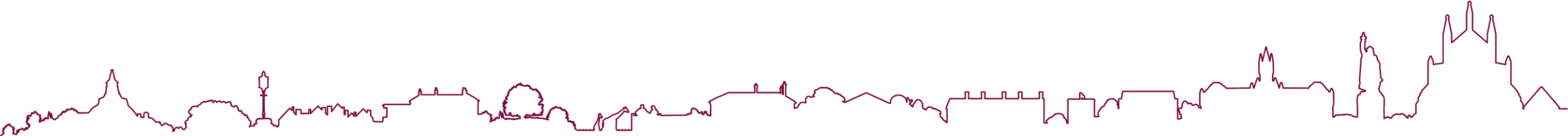


# Winchester District Quarterly Economic Intelligence Dashboard



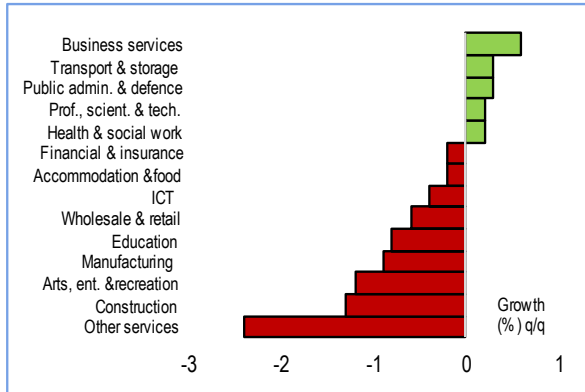
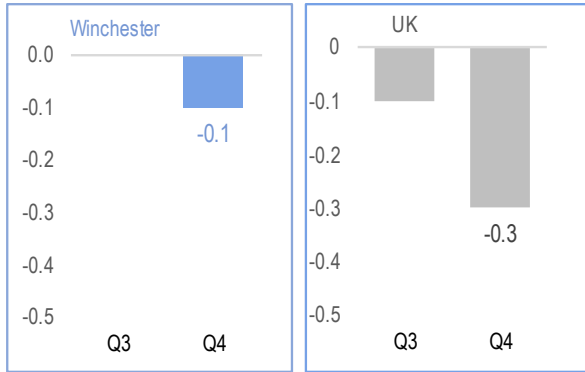
March 2024



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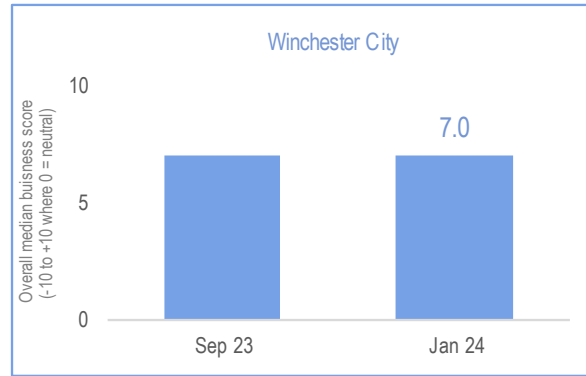
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## Economic Growth ↓



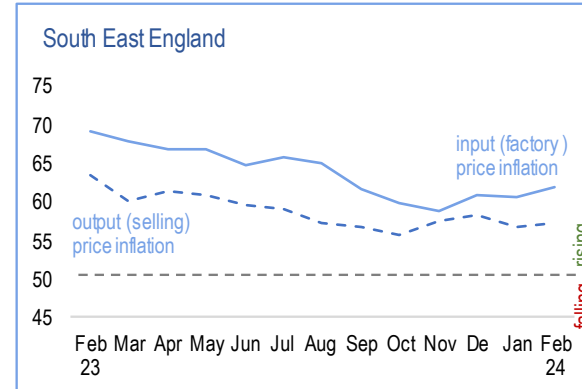
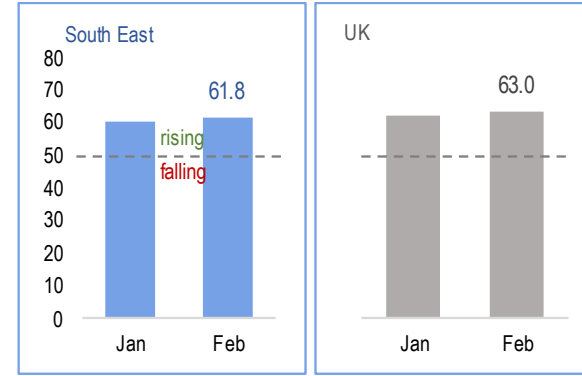
- The UK fell into a technical recession at the end of last year. Excluding 2020, last year marked the weakest growth in GDP since 2009.
- Winchester's economy is estimated to have contracted in Q4 but unlike UK it avoided going into a mild technical recession. A sluggish recovery most likely started in Jan.

## Business Performance ↔



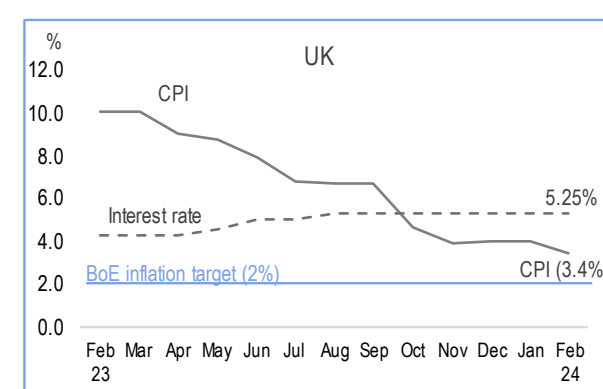
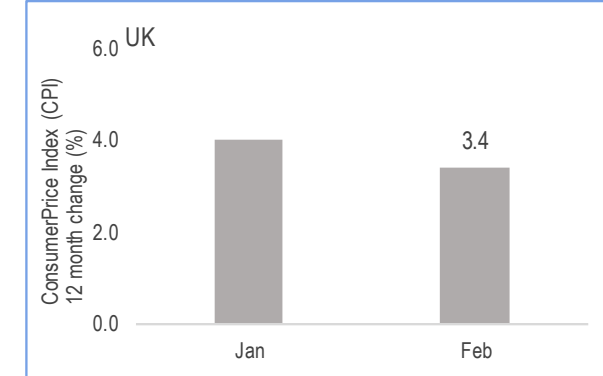
- Survey evidence from Winchester BID Business Barometer suggests that business performance in the city remained resilient between Sept 2023 Jan 2024 despite challenging business environment.
- PMI survey data suggests business activity in the region improving in Feb for the third consecutive month.

## Business Prices ↑



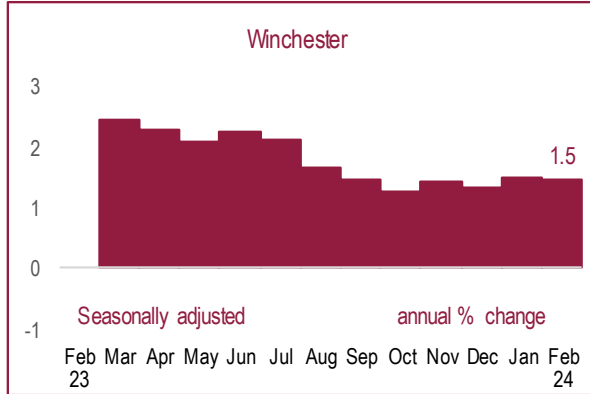
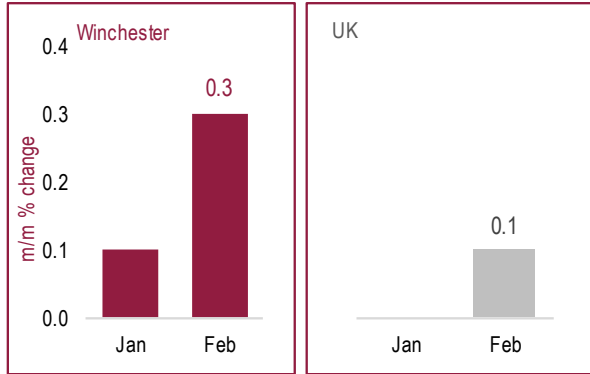
- Business cost in the region rose at fastest pace in six months in Feb due to increased supplier, freight (Red Sea impacts) and labour costs.
- Prices charged (output prices) edged up in Feb, above the historic average. Higher input prices usually means higher selling prices, but BoE survey suggest firms may curb rises.

## Inflation ↓



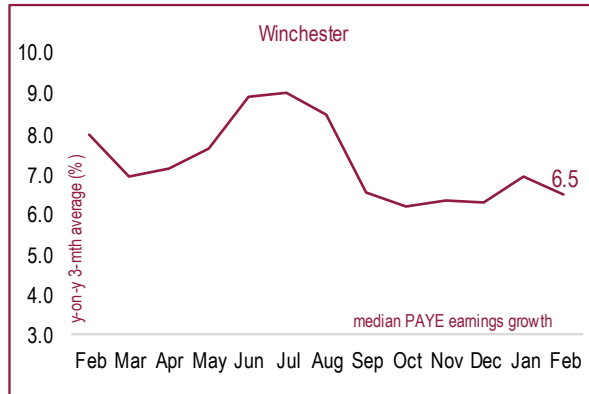
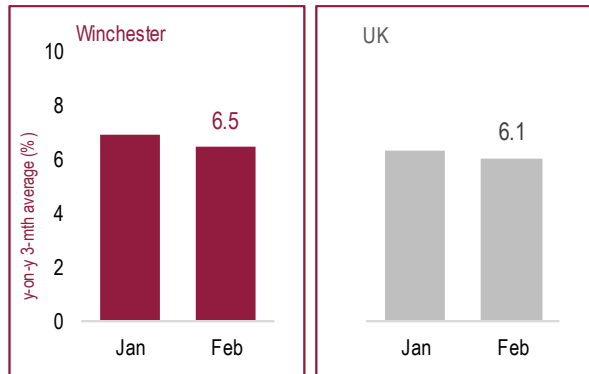
- Annual consumer price inflation (CPI) rose by 3.4% in Feb, the smallest increase since Sep 2021 (3.1%), as price pressures eased in food, and for restaurants and cafes.
- Core inflation slowed to 4.5% while services inflation eased to 6.1%.
- Headline inflation is projected to fall below 2% target by summer.

## PAYE Employees



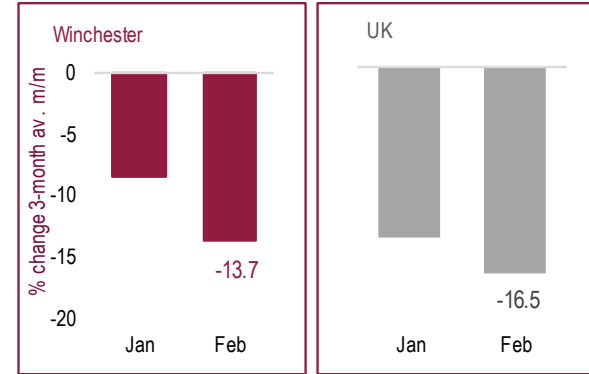
- Timely PAYE employment growth in Winchester increased slightly in Feb. Employee numbers increased by around 200 to 57,800, a record high.
- Monthly growth was up on the previous month by 0.3% and well above the UK which grew 0.1%. Annual (Y-on-Y) growth in Feb of 1.5% marginally down on January.

## PAYE Earnings



- PAYE pay data remains elevated but pay growth eased in Winchester in February. Median PAYE pay growth decreased to 6.5% but growth was nevertheless faster than in the UK.
- Pay growth slowing reflects wider weakness in the economy but Bank of England unlikely to cut borrowing costs until signs of further easing.

## Labour Demand



- Vacancies (online job postings) in Winchester were on average down by nearly 14% in the 3-month to February, much larger than in Jan, but nevertheless still a better performance than the UK average.
- The slowdown in business activity is beginning to have a greater effect on labour demand.

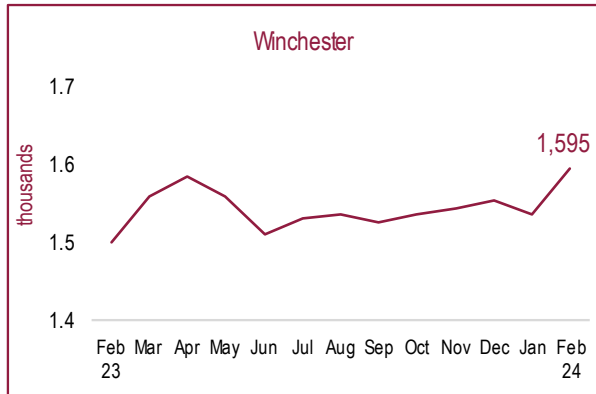
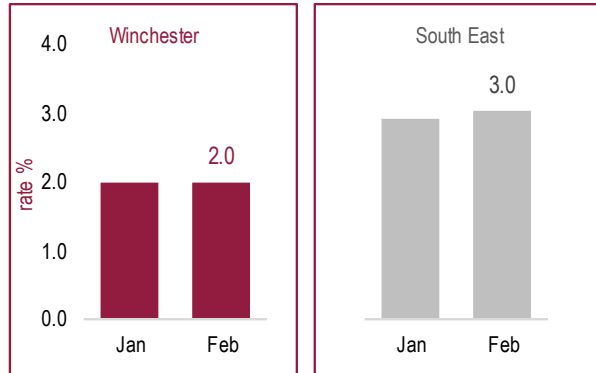
## Demand by Occupation

Unique jobs postings by Occupation (SOC)	Feb	% of total
Cleaners and Domestics	139	6.3
Care Workers and Home Carers	131	6.0
Sales Related Occupations n.e.c.	110	5.0
Social Workers	76	3.5
Chefs	68	3.1
Customer Service Occupations n.e.c.	64	2.9
Other Administrative Occupations n.e.c.	63	2.9
Early Education and Childcare Practitioners	61	2.8
Other Registered Nursing Professionals	60	2.7
Managers and Directors in Retail and Wholesale	59	2.7

Unique jobs postings by Occupation (SOC)	Dec	% of total
Care Workers and Home Carers	148	7.0
Cleaners and Domestics	125	5.9
Sales Related Occupations n.e.c.	94	4.5
Programmers and Software Development Professionals	66	3.1
Other Registered Nursing Professionals	62	2.9
Other Administrative Occupations n.e.c.	61	2.9
Early Education and Childcare Practitioners	60	2.8
Teaching Assistants	60	2.8
Health Services and Public Health Managers and Directors	59	2.8
Social Workers	59	2.8

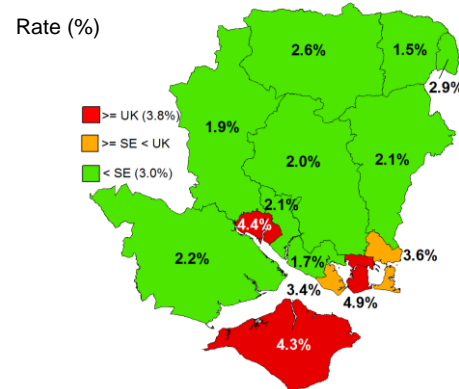
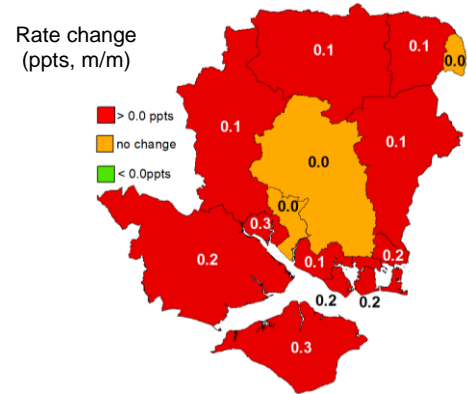
- Top in-demand jobs in Winchester in February 2024 show mixed picture with uptick in some jobs (e.g., sales, social workers) while others saw dip (cleaners). Managers in retail saw an uptick to enter top 10 in February, while IT programmers left top 10.
- The top in-demand specialised skills in Project Management and Finance.

## Claimant Unemployment



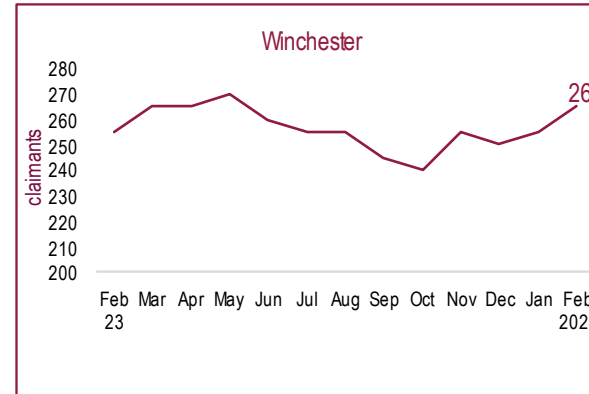
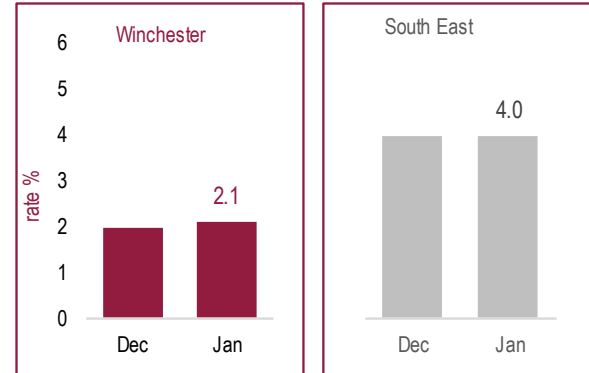
- The number of unemployed claimants in Winchester district (not adjusted for seasonal factors) increased by 60 to reach 1,595 in Feb, and higher on the year (+95). February saw increases in all broad age groups.
- However, the rate was unchanged at 2.0%, well below SE, but the count 63% higher than pre-pandemic levels.

## Local Claimants



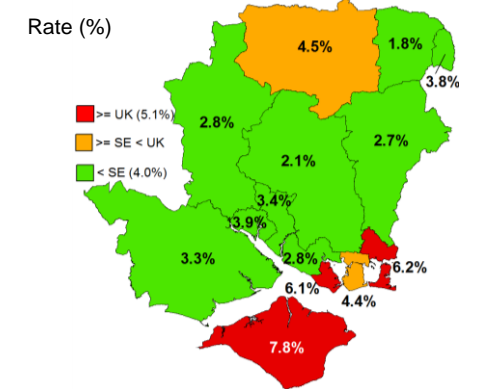
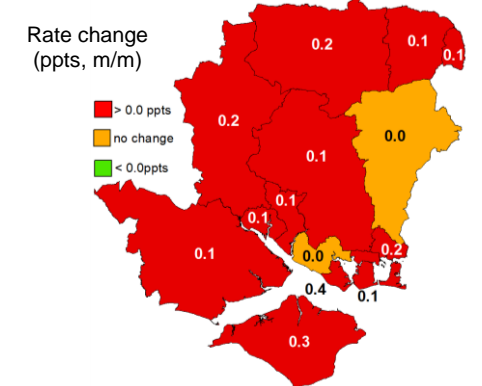
- Winchester district was one of only three local authorities in Hampshire & Isle of Wight to see no change in the monthly claimant count rate.
- Like most Hampshire & Isle of Wight authorities, Winchester is below the two benchmarks, with the two cities and Isle of Wight above UK rate and Gosport and Havant above SE.

## Youth Unemployment



- The number of young unemployed claimants aged 18–24-year-olds in Winchester district increased by 10 to 265 in February.
- The youth claimant unemployment rate increased to 2.1%. However, the Winchester district 18-24-year-old rate is well below the South East (4.0%) and the UK (5.1%) averages.

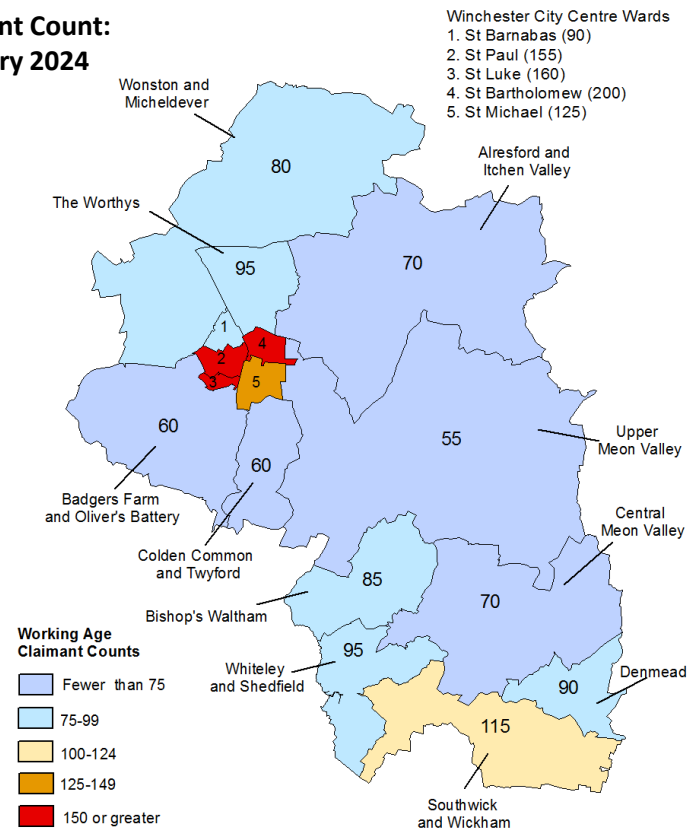
## Young Local Claimants



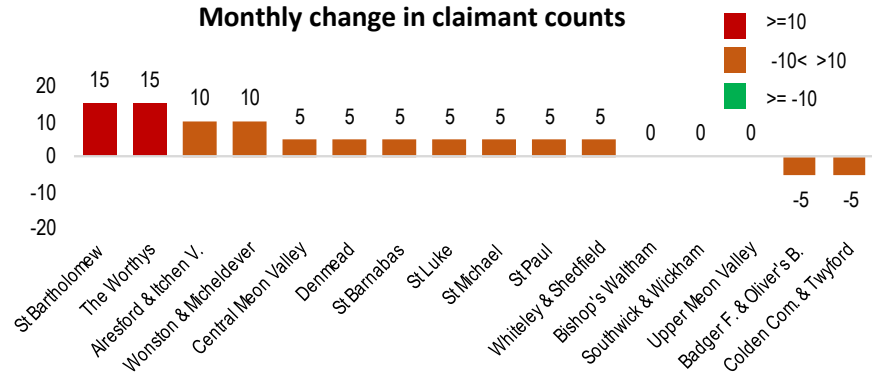
- A majority of Hampshire & Isle of Wight local authorities saw youth unemployment rates increase on the month (including Winchester), while two saw no change.
- Most Hampshire & Isle of Wight districts have rates below the SE and UK rates, while Havant, Gosport and IoW remain above the UK rate.

- At the ward level the number of unemployed claimants in Winchester district in February 2024 increased by 15 in St Bartholomew and The Worthys wards.
- All remaining wards fall within the threshold for little or no change (between -10 and +10 claimants).
- Nine of the 16 district wards saw an increase in their claimant rates in February, with The Worthys the highest at +0.3 percentage points (albeit from a small base). Three wards saw no monthly change in rates.
- The remaining four wards saw a decrease in rates of 0.1 percentage points.
- St Luke and St Bartholomew wards are the only two wards with an unemployment rate above the South East average (3.0%). No Winchester district wards are above the UK average (3.8%) – but St Luke Ward with 3.5% is the closest.

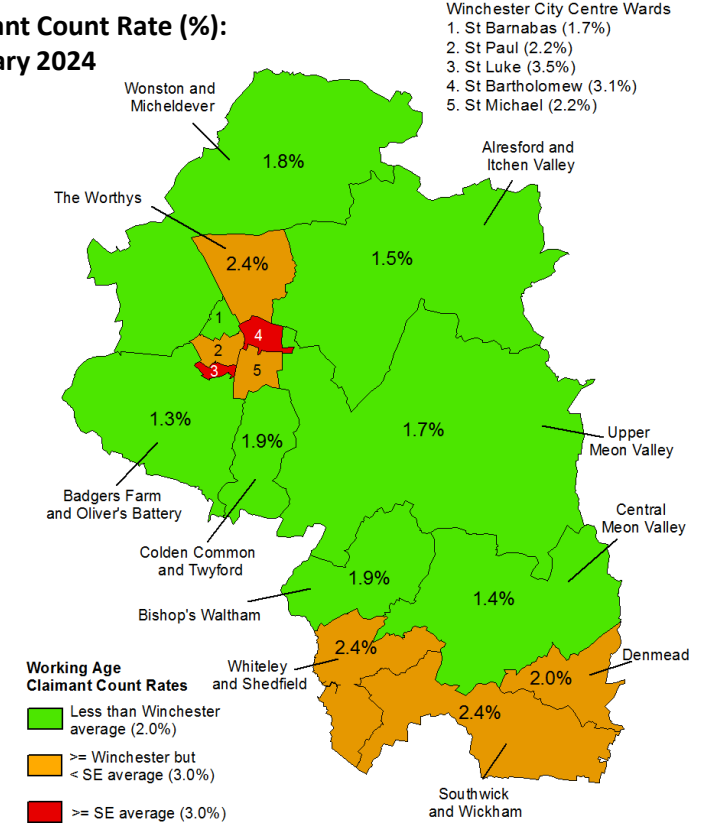
**Claimant Count: February 2024**



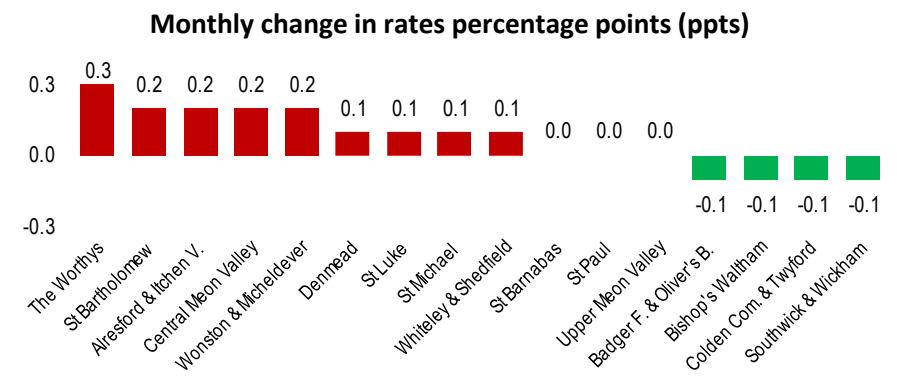
**Monthly change in claimant counts**



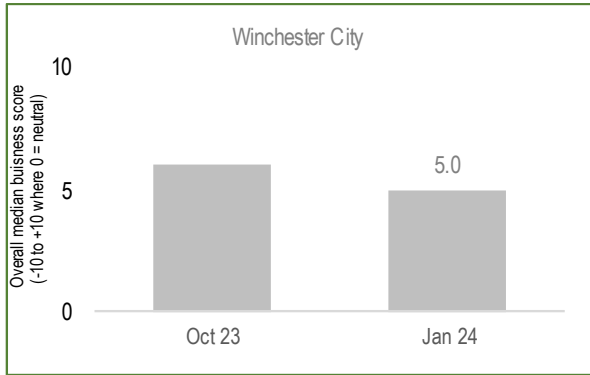
**Claimant Count Rate (%): February 2024**



**Monthly change in rates percentage points (ppts)**

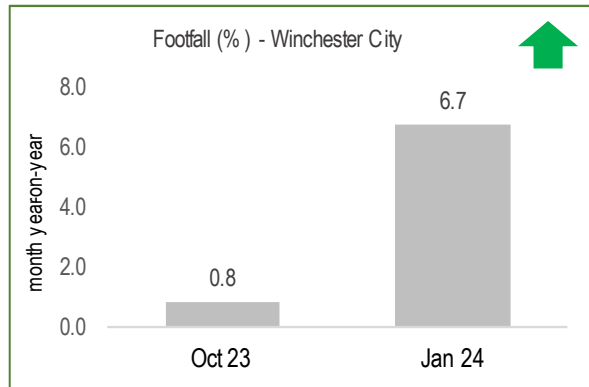


## Business Confidence



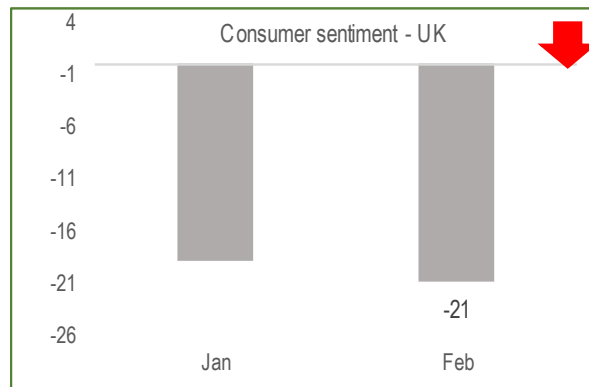
- Business sentiment score in Winchester city centre was 5 in Jan 2024, marginally lower than Oct 2023 but unchanged on a year ago.
- Business sentiment in the South East region in February 2024 was the strongest of all UK regions and at the highest level since August 2021 according to the latest survey.

## Vacancies & Footfall



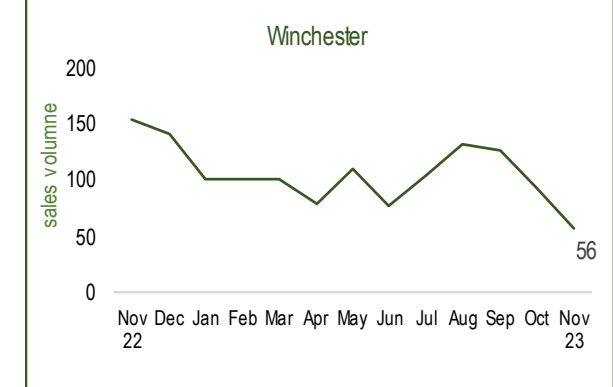
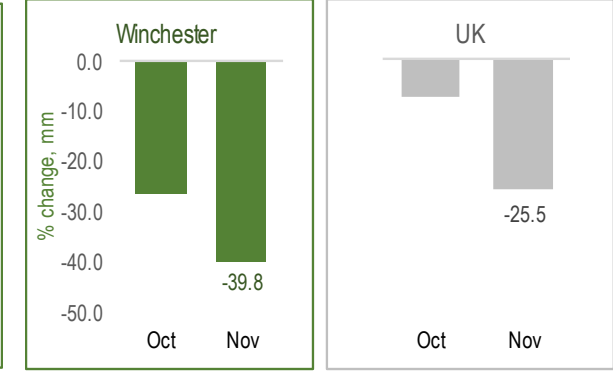
- Winchester high street vacancy rate remained unchanged at 5% in Jan and lower than a year ago. The High Street footfall was marginally better than the national picture.
- Winchester businesses reported a 6.7% increase in footfall in Jan 2024 compared Jan 2023. Footfall was much higher than in Oct 23.

## Spending & Sentiment



- Retail sales volumes stalled in Feb amid unseasonably wet weather. Improved outlook driven by the cuts to NICs and lower inflation.
- Consumer sentiment fell to -21 in February 2024, down by two points from -19 in January. Mixed picture - consumer sentiment stalls but stable outlook for future personal finances.

## House Sales



- Winchester saw a sharp drop in house sales in Nov (-39.8%) and compared to Nov 2022 (-63%).
- House prices were up by 1.1% in Winchester in Jan 24 with the average house just over £500K.
- Mortgage arrears in the UK jumped by 50% in 2023 indicating growing stress in the UK mortgage market.

## Business-specific Intelligence and News

- Winchester's city centre **businesses remain resilient going into 2024, as the overall median performance score was unchanged at '7'**. Nonetheless, businesses cited the following factors affecting performance: concerns about footfall; staffing issues – recruitment and retention; the 'cost of living' (affects consumer sentiment and expenditure); and increasing cost of supplies (puts pressure on gross profit margins). **However, sentiment unchanged on the year but slightly down in January compared to October.**
- **Sales in 2023 compared to 2022 were slightly disappointing in Winchester city centre** relative to the national average. In-store sales vital for both Independents and Nationals, accounting for 99% and 92% of sales respectively in Winchester
- **Looking ahead, median expected change in Winchester's total non-food sales in 2024 is 3% above 2023** (both for Independents and Nationals), while. **Hospitality and EFS businesses more optimistic with sales projections of 7% and 10%, respectively.** This could be predicated on lower inflation and lower interest rates boosting spending.
- The **High Street vacancy rate remains at 5% in Jan 2024 but lower on the year (Jan 2023, 6.2%), and joint lowest since January 2020.** A vacancy rate of around 3% is considered healthy (Savills).
- Latest Monthly Place Report for **January 2024 showed town footfall grew annually by just 6.7%** and much higher than annual October growth (0.8%).
- **Body Shop in Winchester will stay open** as other stores nationwide close. The store was refurbished in April, doubling its refillable station, to be more sustainable. Nominations open for Winchester Business Excellence Awards.

## Public Policy News

### Spring 2024 Budget saw number of policy announcements:

- **The headline policy announcement in the Spring Budget was further cuts to National Insurance Contributions (NICs).** Class 1 NI rate is to be cut from **10% to 8% from 6 April 2024**, following cut from 12% to 10% in January 2024. **Winchester has an estimated 56,000 resident employees** which may benefit, with a worker **on an average Hampshire salary of £39,800 saving over £540 a year.**
- **The self-employed also gain from cut to the main rate of Class 4 NICs from 8% to 6%,** which is in addition to the 1% cut announced in the 2023 Autumn Statement and comes into effect in April 2024. There are **an estimated 5,000 self-employed people in Winchester District** who may benefit, around one in ten of the workforce.
- The **VAT threshold will rise from £85,000 to £90,000**, with effect from 1 April 2024. and estimated to take 28,000 small businesses out of paying VAT across UK - **1-in-3 Winchester district enterprises have turnover below £100K.**
- The current level of **fuel duty will be frozen for 12 months**, potentially saving the average car driver £50 over the course of the year. **An estimated 44,700 Winchester district households with one or more cars/vans.**
- **Furnished Holiday Lettings tax regime** to be abolished. Rental incomes from qualifying properties are subject to special rules and provisions e.g., Capital Gains Tax reliefs and capital allowances. These allowances will be scrapped from April 2025.
- In addition to permanent full expensing for capital allowances announced in Autumn Statement, **Spring Budget extends this soon to also apply to leased assets.**



## How to read 'traffic lights':



Refers to decline or growth relative to the previous period (GVA, PMI business activity and business prices indicators, job postings, business investment, retail and house sales).

In the case of inflation, PAYE employment & earnings and consumer sentiment, it refers to the direction of travel relative to the previous period.

For claimant count unemployment indicators the change refers to the rate not the level. For example, a decrease in youth unemployment would see a downward green arrow.



Little or no change on previous period.

† The local estimate is preliminary and it needs to be treated with a high degree of caution since it is based on the sectoral mix of the Portsmouth economy and the national sectoral impacts.

## Sources:

The primary data sources are the Office for National Statistics (ONS) and HMRC, while additional data comes from several commercial sources such as S&P Global, Lightcast, CBI, BCC, HM Land Registry, the Bank of England and Winchester BID.

Monthly/Quarterly data for Business Activity, Jobs & Earnings, Unemployment and Sentiment & Investment.

In the case of several monthly indicators, the South East is used as a proxy geography for Winchester and Hampshire.

Estimates of payrolled employees and their pay from HMRC Pay As You Earn (PAYE) Real Time Information are preliminary but seasonally adjusted. Employment figures differ from the ONS Labour Force Survey (LFS) data. Moreover, median pay figures differ from the ONS Average Weekly Earnings (AWE) and are based on gross earnings which do not cover other sources of income, such as self-employment.

For further information on Winchester's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at:

<https://www.hants.gov.uk/business/ebis/reports>

Produced by Winchester City Council in partnership with the Economic & Business Intelligence Team

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