

# **CHELTENHAM ECONOMIC STRATEGY: *DEVELOPING CHELTENHAM AS A BUSINESS LOCATION***

## **APPENDIX B: Site Analysis and Employment Land Review**

**For Cheltenham Borough Council**

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# 1. INTRODUCTION

# INTRODUCTION

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- 1.1 This report provides an assessment of the current employment premises and economic land position of the Borough and an assessment of its potential economic futures to inform the preparation of the Borough Plan. It is informed by existing evidence and intelligence, analysis of recent developments and stakeholder consultations. The recommendations and issues identified seek to provide a series of potential implications and action points for the Borough Council for spatial planning, land allocations and property development. It forms part of the evidence base for policies and proposals in the Cheltenham Borough Plan and the emerging Economic Strategy Review.
- 1.2 The key input to this assessment are the outputs from the local economic profile and assessment prepared by Athey Consulting in December 2014, consultations including market signals, the Strategic Economic Strategy and its Delivery Plan which is seen as the tool which will reinforce and develop the locations spatial and sectoral strengths and underpin the delivery of the preferred Local Plan strategy.
- 1.3 This report also builds upon the NLP Employment Land Review for the Borough in 2007, Review of Business Parks 2011 and NLP Assessment of Updated Economic Forecasts 2014. This report does not replace those reports but provides new information, data and economic forecasts to ensure that the Employment Land Demand Assessments are appropriately updated to inform Employment Land Allocations and Policies in the Borough Plan. The analysis is also based upon:
- Economic Assessment, Analysis of sectors and industries needs and site analysis from Employment Land Reviews in 2007 and 2011 and Business Park Reviews 2011;
  - Three economic growth forecasts for Cheltenham Borough by Cambridge Econometrics, Oxford Economics and Experian dated January 2014;
  - Employment Land Monitoring Reports published annually by the Borough Council with updated information on Employment Completions and Commitments;
  - Stakeholder consultations and engagement, analysis including market signals in December 2014;
  - Objectives of the Strategic Economic Plan for Gloucestershire produced by GFirst 2014;
  - Analysis of existing and allocated employment sites and the extent to which they meet market demand and locational preferences of priority sectors;
  - Analysis of the broad economic and business requirement to be addressed including loss of employment space, commercial and property interests, growth sectors' needs (location, scale, functions, tenure, style, locational principles); and
  - Re-assessment of the amount, location and type of employment land and premises required to support economic growth to 2031.
- 1.4 National Planning Policy Guidance stresses the importance of understanding market conditions and the viability and deliverability and implementation of the proposed development strategy. Further sites visits, interviews with key institutions and businesses have been undertaken to evaluate any change in perception, business decisions and economic positions since the evaluations in 2007 and 2011. The results and analysis of those consultations have been considered and included where necessary in this paper.
- 1.5 In conclusion, the assessment details typologies of sites and the extent to which they meet the identified employment requirement. The subsequent strategy document prepared by Athey Consulting recommends policy interventions and proposals which support the economic growth of the district and the implementation of the Submitted Joint Core Strategy and contribution to the delivery of the GFirst Strategic Economic Plan.

# 2.POLICY

# POLICY BACKGROUND

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- 2.1 The Borough Council is preparing a new Borough Plan to replace its Local Plan 2006. The new Borough Plan will cover the period 2011 to 2031 and it will be the key planning policy document alongside the Joint Core Strategy which guides decisions on the use and development of land in the borough. In developing this Borough Plan, the Council is seeking to ensure that the emerging strategy complements and supports the implementation of relevant strategies, which operate across Cheltenham Borough including its own Corporate Strategy and consideration of priorities in the County Wide Strategic Economic Plan produced by the Local Enterprise Partnership GFirst in March 2014.
- 2.2 This report does not provide a synopsis or analysis of key national planning practice guidance and policy documents. However, three documents and their objectives are detailed here which guide the specific economic policies and interventions for Cheltenham namely the Submitted Joint Core Strategy for Cheltenham, Gloucester and Tewkesbury, GFirst Strategic Economic Plan and Gloucestershire Growth Deal.

## SUBMITTED JOINT CORE STRATEGY FOR CHELTENHAM, GLOUCESTER AND TEWKESBURY

- 2.3 The Joint Core Strategy for Cheltenham, Gloucester and Tewkesbury was submitted by the three authorities to Government on 20<sup>th</sup> November 2014. It makes provision in Policy SP1 to support 30,500 new homes and 28,000 new jobs between 2011 and 2031.

### **Policy SP1: The Need for New Development**

1. During the plan period, provision will be made to meet the need for about 30,500 new homes and land to support about 28,000 new jobs. This is to be delivered by development within existing urban areas through district plans, existing commitments, urban extensions to Cheltenham and Gloucester, and the provision of Strategic Allocations at Ashchurch. This strategy aims to locate jobs near to the economically active population, increasing sustainability, and reducing out-commuting thereby reducing carbon emissions from unsustainable car use.
  2. This housing requirement for each local authority will be as follows:
    - Gloucester 11,300 new homes
    - Cheltenham 9,100 new homes
    - Tewkesbury 10,100 new homes
- 2.4 The supporting text at para 3.1.11 states that assessments have identified the potential to create around 21,000-28,000 jobs to support a thriving economy and that between 34 and 60 hectares of employment land should be provided over the plan period. This assessment has been further informed by the emerging Strategic Economic Plan (SEP) of the Gloucestershire Local Enterprise Partnership (GFirst LEP). All the proposed strategic allocations were reviewed by the LEP and CBC advise that the advice provided is now reflected in the JCS.
- 2.5 Para 3.1.12 states the JCS allocates about 64 hectares of additional employment land via new strategic sites, supported by protection and redevelopment of existing sites within urban areas, and enabling of new sites within these areas.

### **Policy SP2 – Distribution of New Development**

*To support their economic roles as the principal providers of jobs, services and housing and in the interests of promoting sustainable transport, development will be focused at Gloucester and Cheltenham including urban extensions to these areas.*

- 2.6 Point 3 of the Policy states that whilst planning to meet the development needs of Gloucester and Cheltenham in and adjoining the two urban areas through the proposed urban extensions, no wider provision will be made elsewhere within Tewksbury or Cheltenham Boroughs to meet these un- met needs.
- 2.7 Table SP2a – Distribution of development in the JCS areas identifies a total supply of 9,100 homes and 23.4 ha of employment land between 2011 and 2031 for Cheltenham Borough.
- 2.8 A foot note to the table confirms that it is important to note that the 64.2 hectares of employment land (plus 20 hectares of replacement employment land at strategic allocation A8) refers to land allocated at the strategic allocations in the JCS. The JCS considers that additional land will be allocated for employment uses through the Gloucester City Plan, Cheltenham Borough Plan and Tewkesbury Borough Plan. The JCS Economy Topic Paper explains the background and approach to be applied.

### **Policy SD2: Employment**

#### *1. Employment-related development will be supported:*

*i. at Strategic Allocations, in line with Policy SA1; or*

*ii. for development of new or existing buildings within Gloucester, Cheltenham and Tewkesbury town; or*

*iii. in rural service centres and service villages where proposals for small- scale employment development will be supported if they are of an appropriate size and scale; or*

*iv. in the wider countryside when it is:*

- Located within or adjacent to a settlement and of an appropriate scale and character
- Employment-generating farm diversification projects, which are of an appropriate scale and use, particularly where they involve the re-use of appropriate redundant, non-residential buildings.

*2. Notwithstanding the above, major office development will be directed to the key urban areas of Gloucester, Cheltenham and the market town of Tewkesbury and Strategic Allocations in the first instance*

- 2.9 The JCS has planned for about 64 hectares of additional employment land via new strategic sites (plus 20 hectares replaced at Ashchurch), supported by the protection of existing sites within urban areas, and enabling new sites within these areas. The strategic sites requirement for each authority is 26.5 hectares in Gloucester, 23.4 hectares in Cheltenham and 34.3 hectares in Tewksbury.
- 2.10 The submitted JCS was informed by econometric projections which were obtained in 2014 from Experian Business Strategies Limited (Experian), Cambridge Econometrics (CE) and Oxford Economics (OE). These forecasts also informed the Assessment of Updated Economic Forecasts by Nathaniel Litchfield and Partners dated April 2014. Employment forecasts show that the greatest B class employment growth will be in the office, research and development sectors (Use Class B1a/b) with a decline in manufacturing and industrial jobs (B2) and with minimal growth in warehousing (B8) sector jobs.
- 2.11 The JCS is seeking to promote the centres of Gloucester, Cheltenham and Tewkesbury and some parts of the Strategic Allocations as locations for major office development which will encourage the growth of the economy and provision of high-quality employment in sustainable locations. Major office development is defined for the purposes of this policy, in line with the Town and Country Planning (Development Management Procedure) (England) Order 2010, as any application for office uses where the floor space exceeds 1,000 square metres or the site area is 1 hectare or more.
- 2.12 Para 4.2.7 confirms that employment uses, such as retail, leisure facilities, education, health services and residential care (uses outside the 'B classes') are predicted to provide a significant proportion of the projected job

growth across the area, potentially two-thirds. Whilst these sectors do not usually generate a specific employment land requirement, the mix of future job opportunities generated will be as important as specifically allocating parcels of land for employment provision.

- 2.13 Commentary on safeguarding land is also outlined in the JCS. A site at Junction 10 and a site at Fiddlers Green are safeguarded but not allocated for development at the present time. Planning permission will only be granted following a review of the JCS. Sites are to be released where they no longer meet the needs of modern business. Providing start up space is also noted as vital for supporting entrepreneurial and innovation as is the need to encourage a range and type of unit and flexible workspaces and ensuring employment sites are only released where they no longer meet the needs of modern business.

## GFIRST STRATEGIC ECONOMIC PLAN

- 2.14 The Strategic Economic Plan (SEP) was submitted to Government by GFirst in March 2013, supported by the local authorities of Gloucestershire. The Strategic Economic Plan sets out ambitious plans to accelerate economic growth by focusing on key drivers of productivity and supporting growth in high value sectors. The SEP includes wide ranging ambitions and includes commitments to deliver 33,900 jobs between 2015 and 2021 across the County and a GVA average annual increase of 4.8 per cent. These ambitions are significantly above the 2014 forecasts of 2.4 per cent used in the Joint Core Strategy and the existing GVA growth of 0.7 per cent shown in the Economic Assessment (Appendix A) for Cheltenham.
- 2.15 The SEP identifies a number of sector specialisms with high growth potential, where there are strengths on which to build or opportunities to exploit. These high value sectors include nuclear and renewable energy; aerospace; precision engineering; medical instruments; export intensive sectors; professional, scientific and technical; financial and business services; media and tourism. The SEP has identified its key growth sectors with key priority interventions along the M5 corridor Growth Zone, a Growth Hub, including enablers of growth which includes improvements to the A417 link and support for green technology.
- 2.16 The SEP outlines the key economic strengths and challenges:
- Knowledge-intensive manufacturing and services;
  - High and medium technology manufacturing (LEPs);
  - Context of slowing growth and declining productivity (to below England average); and
  - Specific sectors: nuclear and renewable energy; aerospace; precision engineering; medical instruments; export intensive sectors; professional, scientific and technical; financial and business services; media; tourism.
- 2.17 Key elements of SEP proposition to meet the ambitious job and GVA aspirations are:
- Seeking £52m 2015-16 in investment;
  - Create 33,909 new jobs and protecting 2,125 jobs;
  - GROWTH HUB: business support for growth firms – e.g. accelerator services;
  - GREEN (Gloucestershire centre of excellence in Renewable Energy, Engineering and Nuclear skills) – skills centre/ STEM centre on site of Berkeley Nuclear Power Station (being decommissioned) – aiming to provide skills for nuclear power at Oldbury and Hinckley Point;
  - GROWTH ZONE – employment land at M5 junctions 9 & 10; J9 is MOD site at Ashchurch; J10 is an all modes upgrade designed to make employment/ development sites more viable. J10 is significant for Cheltenham, and the lack of available/suitable land and premises in Cheltenham is cited as justification; and
  - ENABLERS – transport and infrastructure projects (includes M5 J9 and J10 upgrades, A417 missing link; A40 improvements between Gloucester and Cheltenham (including bus lanes); Public transport incl. rail improvements; Improvements to Gloucester Airport; Improvements to broadband and mobile phone connectivity



- 2.18 The North West allocation at Cheltenham is identified as a key strategic site as part of the Growth Zone objective. The SEP seeks an additional 127 ha of land adjacent to J10 in NW Cheltenham as employment land with some housing (compared to the 23.4 hectares identified in the JCS). The SEP anticipates that the site will support approximately 6,500 new jobs producing an annual GVA of £139m per annum and compelling leverage to make J10 of the M5 a long overdue 4 way junction. This in turn would provide an estimated £2.7m journey time savings. As a mixed use development it could provide circa 1,100 additional houses. Although there is no current transport budget allocation to improvements to the M5 junction 10 the SEP notes that upgrading will be promoted through the Highway Agency's Route Based Strategy process. The SEP states, in Appendix 3B of its documents, that the requirement for 127 hectares of development is based on evidence of analysis of past trends and market intelligence provided to the LEP by its Construction and Infrastructure Sector Group which details the scale of employment land take up over the last 15 years as 10 hectares per year.

## GLOUCESTERSHIRE GROWTH DEAL

- 2.19 The Growth Deal is part of a £12 billion Government Programme to revitalise local economies. The Growth Deal for Gloucestershire 2014 focusses upon 3 priority areas in the SEP:
- Skilled workforce;
  - Attracting, retaining and developing successful businesses; and
  - Exploiting opportunities for new sites.
- 2.20 The Growth Deal, confirmed by the Government's Autumn Statement, will see £62.5 million of investment. £11.7 million has been confirmed in 2015/16 and £16.6 million between 16/17 to 2021. The Growth Deal will help to create up to 5,000 jobs and generate up to £40 million in public and private investment. This deal is part of a wider Strategic Economic Plan that will lead to 34,000 jobs.
- 2.21 The Gloucestershire centre of excellence in Renewable Energy, Engineering & Nuclear skills (GREEN) is a partnership between GFirst LEP and South Gloucestershire and Stroud College. GREEN will be a world-class centre of excellence for STEM training, providing workforce development training and apprenticeship opportunities based at the decommissioned Berkeley power station site. The objective is to develop a local workforce with engineering, nuclear and low carbon industries.
- 2.22 The Growth Hub is a unique partnership between the University of Gloucestershire and GFirst LEP to enable businesses to achieve their true growth potential. The Growth Deal will ensure physical spokes for business access to support services are in place across the county, Science, Technology, Engineering, and Mathematics (STEM) centres deliver quality provision across Gloucestershire, and the funding is in place for the next phase of physical development of the Growth Hub central facility.
- 2.23 The Growth Zone will further develop the availability of employment land along the M5 corridor in order to attract and retain high value-added businesses by providing valuable space and the necessary transport infrastructure for business expansion. Initial focus will be on development at junction 9 and junction 10 of the M5 and in particular the opportunity provided by the Ashchurch site near Tewkesbury working with HCA and Highways Agency. However, the Growth Deal would not appear to identify a distinct funding stream to support these projects or junction improvements.
- 2.24 In addition Government have confirmed new investment in major infrastructure schemes across Gloucestershire:
- £4.36 million will improve the A419 corridor between Stonehouse and the M5;
  - £1.15 million will improve access to the Berkeley site for the GREEN project;
  - £4.7 million will ensure that the re-development of the Kings Quarter bus station in Gloucester happens; and
  - £1 million will develop a robust transport strategy for Lydney.

- 2.25 And Government have provisionally allocated funding to an additional five schemes:
- £1.99 million provisional allocation to repair the Berkeley bridges, reducing travel times on the A38;
  - £3.8 million provisional allocation to fund the Cinderford Northern Quarter Link Road;
  - £2 million provisional allocation to upgrade the Gloucester South West bypass;
  - £1 million provisional allocation to upgrade St Barnabas Roundabout in Gloucester; and
  - £1.6 million provisional allocation to upgrade the B4063 Staverton Bridge junction.
- 2.26 The Gloucestershire Growth Deal also ensures that the Highways Agency is committed to working with Gloucestershire County Council to develop a compelling business case to secure funding to address the A417 Missing Link.

## SUMMARY

- 2.27 The Joint Core Strategy defines Cheltenham as a key location for growth along the M5 corridor in support of the Strategic Economic Plan. The levels of economic growth on the strategic site at North West Cheltenham amounts to 23.4 hectares whilst additional strategic growth is proposed at Gloucester and Tewkesbury. This level of growth supports the implementation of in excess of 12,000 jobs between 2011 and 2031 and forecasts suggest that this will represent an increase of 2.4 per cent GVA.
- 2.28 In addition, land is also safeguarded for further development which is currently in the Green Belt and JCS policies also recognise that additional land will be allocated for employment uses through the Cheltenham Borough Plan. This includes identifying locations for major office development which will encourage the growth of the economy and provision of high-quality employment in sustainable locations.
- 2.29 The Strategic Economic Plan (SEP) was submitted to Government in March 2014 and includes wide ranging ambitions and includes commitments to deliver 33,900 jobs between 2015 and 2021 and a GVA average annual increase of 4.8 per cent. These ambitions are significantly above both the existing GVA growth in Cheltenham and Gloucestershire and above forecasts used for the analysis in the Joint Core Strategy.
- 2.30 The North West allocation at Cheltenham is identified as a key strategic site as part of the Growth Zone objective. The SEP seeks an additional 127 ha of land adjacent to J10 in NW Cheltenham as employment land with some housing. The SEP anticipates that the site will support approximately 6,500 new jobs producing an annual GVA of £139m per annum and compelling leverage to make J10 of the M5 a long overdue 4 way junction. This in turn would provide an estimated £2.7m journey time savings. As a mixed use development it could provide circa 1,100 additional houses. Although there is no current transport budget allocation to improvements to the M5 junction 10 the SEP notes that upgrading will be promoted through the Highway Agency's Route Based Strategy process.
- 2.31 The Growth Deal for Gloucestershire sets out key objectives to improve skills particularly in renewable energy, nuclear and engineering, business support through the Growth Hub focusses on the University of Gloucestershire and funding to support major transport interventions in support across the Growth Zone and Gloucestershire more broadly.
- 2.32 Both the Joint Core Strategy and Strategic Economic Plan seek to improve the attractiveness of Cheltenham as a business location, to improve productivity through developing key sectors, improving skills, unlock infrastructure and transport constraints and providing business support. Although there is a clear commitment in both strategies to ensure Cheltenham is a prosperous town, there are distinct and different views on the scale of GVA ambitions, short term job growth and the scale of the strategic employment site needed at Junction 10 to deliver the stated growth commitments.

# 3.EMPLOYMENT SITE EVIDENCE

# EMPLOYMENT SITE EVIDENCE

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3.1 This chapter of the report details the current evidence and intelligence on the employment land profile of the district, key issues and constraints and in some instances recommendations and interventions to support the further development of an employment land and sites portfolio that meets the needs of business.

## NLP EMPLOYMENT LAND REVIEW 2007

3.2 This report was completed before the onset of the recession but provides valuable and still relevant information on the employment land profile of the Borough and the challenges and issues it faces today. The key issues and recommendations of the report are:

- Cheltenham has a large quantum of office space but is not enough to meet demand;
- the offer is concentrated on small size office space in traditional buildings (80% are less than 500 sq m);
- loss of employment land to other uses compounds the issues; notes the loss -9.67 ha since 1991 and therefore need to safeguard even the poorest sites;
- A number of structural weaknesses in the portfolio of available premises exist, particularly in terms of a lack of any business or enterprise parks; and
- 30 hectares should be allocated and planned to 2026 to provide flexibility in the market including at least 18 hectares for B1 use and 9 hectares for B8.

3.3 The 2007 analysis highlights the strength in property market enquiries (271 enquiries in 2007) with strong high investment enquiries. However, many of these enquiries are looking for more well located, modern, flexible, multi- purpose units in business parks (for ICT, creative industries, financial and bio tech). The offer is compared with Bristol / Swindon / Gloucester / Birmingham / Stratford /Swindon.

3.4 Para 3.22 of the report states that Cheltenham suffers from a particular shortage of employment floorspace. Despite the low level of unemployment and the general strength of the local economy, evidence points towards a shortage of business premises. The report notes the comments of the previous Local Plan Inspector, that the lack of employment sites may have a serious impact on local firms wishing to expand or move to new premises whilst remaining in the Borough and may similarly limit the attractiveness of Cheltenham to inward investors.

3.5 Over 80% of all premises in Cheltenham are less than 500sqm in size whilst the average size of factories and warehouses is particularly low when compared with surrounding districts. This shortage is already recognised to be a key concern amongst local businesses and further undermines Cheltenham's ability to continue to meet the needs of existing businesses and potential inward investors.

3.6 The main employment land categories at 2007 were identified as:

- Industrial Estates (Kingsditch and Lansdown Industrial Estates including a mix of office, manufacturing and warehousing);
- Large single occupier sites: GCHQ and Spirax Sarco;
- Town Centre offices: large office space accommodating a range of professional and other businesses;
- Institutional Offices: GCHQ, UCAS, Inland revenue ;
- Small Starter Units; and
- Low Cost Business Premises: affordable business premises on industrial estates and free standing locations.

3.7 The assessment identified 19 (33.5ha) existing sites of very good quality, 42 (117ha) of good quality, 18 (21.8ha) of average quality and 5 sites (1.7ha) of poor quality. The report provided a detailed qualitative Assessment of Existing Employment Sites 2007 as follows:

*23. The sites categorised as very good tended to have good primary and local road access, fewer incompatible uses nearby, a prominent or otherwise attractive location and contained modern premises with low vacancy rates. By*

*contrast, the poorest sites tended to have older buildings in a worse condition, being more distant from major trunk roads and/or with constrained local access and a less attractive local environment. Across all of the sites, the majority were in a reasonable state of repair but with little room to expand.*

*24. Overall, a very high proportion of Cheltenham's existing employment land supply is of at least reasonable quality and should be retained. Even the lower quality sites appear to meet local needs for low cost employment space, suggesting they should not be released for other uses. Given Cheltenham's quantitative shortage of employment space, it is essential for the maintenance of the Borough's economy that all existing employment land should continue to be used for that purpose.*

3.8 Having regard to the economic forecasts in the draft Regional Spatial Strategy at the time, the report recommends that 30 hectares is planned to 2026 to provide flexibility in the market including at least 18 hectares for B1 use and 9 hectares for B8. The recommendations included the allocation of 2 larger business parks of at least 10 hectares each together with town centres provision. The report details a number of preferred sites at:

- Leckhampton for B1;
- Grovefield Way for B1 – consent for 16,400 sqm;
- Fiddlers Green for B2;
- West Kingsditch for B2; and
- North West urban expansion for mixed use.

## RETAIL AND LEISURE STUDY 2006 (UPDATED BY JCS RETAIL STUDY 2012)

3.9 The Cheltenham Retail and Leisure Study 2006 and the JCS Retail Study 2012 confirmed and identified a number of areas of opportunity within the town centre:

- Winchcombe Street/Albion street. Albion Street has a planning permission for residential development (6 townhouses, 8 apartments, 6 retail units and a new vehicular access and associated works)
- North Place/Portland Street. This site has planning permission for mixed use development comprising of A1 food store, A1 shops A3 (customer restaurant); multi-storey car park providing 642 spaces over 5 floors (308 spaces for public use and 334 spaces for food store customers); 143 residential units within a mix of 1, 2, 3, and 4 bedroom houses and flats, (57 units to be affordable) with associated 143 car parking spaces at ground and basement level; creation of new public open spaces; provision of new parking bays for buses and erection of a passenger information kiosk and waiting room; associated other operations to facilitate the mixed use development including alterations to and from the existing highway for vehicular, pedestrian and cycle access. There are current difficulties relating to delivery of scheme; and
- Royal Well.

3.10 There is no requirement for out of centre provision whilst the district centre of Coronation Square District Centre needs modernisation.

## JCS EMPLOYMENT LAND REVIEW 2011

3.11 The report reviews the position for all three local authorities within the Joint Core Strategy area. It confirms the potential employment sites identified in the 2007 study, the potential of the Civic Pride sites and the opportunities for town centre regeneration should be pursued seeking to secure as much town centre office space as possible.

3.12 The study comments on the historic and ongoing loss of employment land. Whilst this seems positive, it is insufficient to make up for substantial loss of employment land that occurred between 1991 and 2008. The implications of this historic undersupply (and past loss of space) must be reviewed as part of the LDF process.

- 3.13 This review should have a bearing upon the policy approach that should be taken to the allocation and development of new sites and to the protection of existing sites. The strategic allocations were reviewed by GFirst. The advice is now reflected in the Joint Core Strategy

## JCS REVIEW OF BUSINESS PARKS 2011

- 3.14 The report reviewed 50 business park sites in Cheltenham, Gloucester and Tewkesbury. It concluded that existing employment provision is considered fit for purpose - figures are guidance and therefore each site should be considered on its own merit.
- 3.15 The report concludes that Gloucestershire has a good portfolio of sites, ranging in size, quality and use. The provision of high quality strategic and smaller sites provides both the capacity and necessary attributes to attract new employers in key sectors in accordance with the policy aspirations of the Gloucestershire Integrated Economic Strategy (GIES).
- 3.16 However, the report does recommend that some sites should be upgraded and continued employment and business importance for the future. Existing businesses important contribution towards the local economy - upgrading sites will continue to provide good choice across the county.
- 3.17 Traditional employment sites may not be able to accommodate the future growth sectors which are an important element to the Gloucestershire economy.
- 3.18 An assessment of Business Parks in Cheltenham at 2011 as reported in the study is detailed below. A map of the sites is available in the Review of Business Parks Review Appendices.

### **Manor Park Business Centre (C1)**

Overall score affected by 'local access' and 'access by bicycle/foot'. The congestion on-site results in lower scores. However, the level of activity on the site suggests it is meeting local demand well.

### **Kingsditch Trading Estate (C2)**

High scoring site which scores low on two criteria, 'Local access' and 'Access by bicycle/foot'. These aspects are not visibly affecting the running of businesses on site. Redevelopment of areas within the site may help improve the above issues, however site is currently seen to be meeting local demand

### **Neptune Business Park (C3)**

Very good employment site, encouraging more start-up businesses in the area. Helping achieve the aims of the GIES in promoting small businesses. Employment activity should be monitored on this site to assess its success in helping drive new businesses forward.

### **Space Business Park (C4)**

Very good employment site, encouraging more start-up businesses in the area. Helping achieve the aims of the GIES in promoting small businesses. Employment activity should be monitored on this site to assess its success in helping drive new businesses forward.

### **Cheltenham Trade Park (C5)**

High scoring employment site, meeting local demand and in reasonable condition.

### **Alstone Lane Trading Estate (C6)**

Good site with a high overall score. Site score impacted by limited local facilities and cycle lane provision. Reason for the relatively high vacancy rate is unclear.

### **The Vineyards (c7)**

Traditional employment site which is currently operating at capacity. Important site which should be safeguarded for similar employment uses in the future.

### **Battledown Trading Estate (C8)**

Good employment site with some strong characteristics, although vacancy levels are relatively high. Strategic and local access affects the overall score due to its location. Site to be safeguarded for employment use, however modernisation and site repair could help improve site demand.

### **Mead Road Industrial Estate and Maida Vale (C9)**

Reasonable quality employment site with smaller, more traditional businesses. Potential to repair and modernise individual units on site, but this should not be to the detriment of the current uses the site attracts

### **Liddington Trading Estate (C10)**

A small number of criteria affect the score of this site. Potential to redevelop over time which can improve its current faults. However, this is currently a reasonable employment site that is seen to be meeting local demand.

### **Kier Moss Site (C11)**

Traditional, small unit site. Some aspects of the site were difficult to assess due to limited access. This site, however, scores relatively low on a number of criteria. This site is privately owned and is demonstrating that it meets local demand. (Note that since the 2011 study this site now has the benefit of planning permission for 33 new homes – reference 12/01487/FUL)

- 3.19 The Business Park report makes specific recommendations for Cheltenham that include sectors including higher value manufacturing and engineering, finance and business services and creative industries can benefit from site upgrades. Upgrading sites can potentially help to revitalise or expand businesses whilst areas with higher levels of vacancies could also accommodate modest improvements to attract new businesses. Sites such as **Mead Road Industrial Estate, Cheltenham Trade Park, Manor Park Business Centre** could be improved to support GIES aims.
- 3.20 The Business Park report also recommends sites which can accommodate the expansion, intensification or change of employment use to stimulate growth sectors, should also be considered for site improvements, repairs or modifications. Growth sectors including advanced engineering, creative industries, medical and environmental technologies require suitable working.

**'Kingsditch Trading Estate and Manor Park Business Centre** are key examples of sites that have the potential to be upgraded while retaining employment uses. The integrity of these sites must be protected, whilst the sites must remain flexible to adapt to market change. Where an opportunity for enhancement arises to add value to these sites, this should be taken. These sites can help support the growth of the economy, whilst providing foundations from which emerging sectors can develop.'

**'Space Business Park, Space Business Centre and Neptune Business Park** are key examples of sites that promote small businesses, reflecting GIES aims. These exemplar sites strive to promote a sustainable, low carbon economy and encourage the smaller start-up businesses which may be the emerging wealth-creating businesses of the future. These sites encourage local start-ups and expansion by small indigenous firms, providing a range of suitable, small, flexibly managed units. Over time, this could create some demand for slightly larger office units and might also contribute to the further development of the small office market, thereby helping to improve the business image of the county. The new sites are, however, at an early stage, currently with a high level of vacancies. These sites must be observed and monitored against the GIES over the forthcoming years to assess their success.'

## **STRATEGIC ASSESSMENT OF LAND AVAILABILITY 2013**

- 3.21 This is a report prepared by the Borough Council which assesses the capacity for housing and economic uses within the borough. It notes sites with capacity for economic uses are:
- 159 ha site with capacity for 1,800 new dwellings and a 23 ha for employment land to the north west of Cheltenham;

- 1.28 ha Land at Lansdown Road (Gloucestershire Constabulary Headquarters);
- 0.6 ha (institutional) Ellerslie Care Home, Albert Road;
- 0.07ha Axiom, Winchcombe Street;
- 0.86ha Royal Well & Municipal Offices; and
- 0.66 ha Land at St Georges Place / St James Square.

3.22 At a recent CBC panel questions were asked whether the site as Lansdown Road would represent a net gain in employment/jobs. The Panel stated the site already provides jobs on the site. I suppose this is a technicality of the use classes system. It would be a net gain of a use type but not necessarily a net increase in the number of jobs.

The report also notes the impact of the Prior approval notification for office to residential introduced 2012.

## CHELTENHAM BOROUGH COUNCIL - EMPLOYMENT SITE ASSESSMENT 2014

3.23 Cheltenham Borough Council completed a site assessment review of 20 key sites in the Borough to support this Sites Assessment review. Site visits were completed in December 2014 against a set of assessment criteria which includes details of the type, use and size of buildings, their quality, access to the strategic and local network, facilities and proximity to the workforce and any know constraints. A list of vacant sites and those marketed on those sites at the time of the site visit was made. A summary of the key findings for each site is detailed below. In reaching conclusions on the issues and potential solutions, this report has also considered the recommendations of the 2007 Employment Land and 2011 Business Parks studies.

### **Kingsditch Trading Estate Blocks 1 to 7**

3.24 Kingsditch Trading Estate is the principal industrial area of Cheltenham and the Council's assessment has divided the site into 7 blocks and assessed these individually. The site has good strategic access onto the A4019 which links to Junction 10 of the M5 although local and internal access within the site is shown to be difficult for larger vehicles.

3.25 Kingsditch is currently used for retail, wholesale, light industrial, engineering and manufacturing. The assessment suggests that there are distinct elements to the estate. Recent redevelopment and investment in retail and warehouse development at Tewksbury Road including Manchester Park and Centrum Park offer modern accommodation with high quality space including 7m eaves, fibre optic cabling, 3 phase electricity and good quality parking. Public realm and quality of the environment in these locations is good and represent an attractive market proposition. Investment in an extension to Spirax Sarco consolidates investment at this site for manufacturing in a key business for the Borough. However, there is a mixed quality of the buildings within the remaining areas of the site ranging from good to poor.

3.26 The quality of the offer to the key road frontages within the estate has been improved with recent investments in fascia's and upgrades to Kingsditch Lane which has improved vacancy rates. However, the quality of the buildings and environment deteriorates within the sites served by smaller access roads with on street parking, poor public realm, odour, dirt and noise created by a more industrial environment which can be a feature of these sites. The sites to the east of Kingsditch Lane are of a more industrial nature than the west of Kingsditch Lane with some of the buildings now tired and will require investment to ensure that they remain fit for purpose. The assessments also indicate bad neighbour uses, poor public realm and sites are at low density with opportunities for redevelopment and investment.

3.27 At the time of the survey there were 161,500 sq m of industrial and warehouse space on the market. This does not include 2 hectare Vibixa site on the corner of Wymans Lane and Runnings Road. This represents a very significant site within the estate available for redevelopment opportunities. As a key location, potentially a gateway site to the strategic employment site, the site must be captured as a catalyst for investment in Kingsditch. The profile of the estate would deteriorate if the site were to be vacant for any considerable amount of time.

3.28 There is clear potential to upgrade the site while retaining employment uses. Proactive action is needed to respond to closure of the Vibixa site with a view to securing enhancement to add value to these sites. This site can



help support the growth of the economy, whilst providing a clear steer on the development of the strategic employment site.

### **Jessop Avenue**

- 3.29 St James House, Jessop House and Festival House at Jessop Avenue represent a substantial Prime Office Space in the Town Centre. The buildings have been refurbished to high standards and are suitable for blue chip companies. Expansion opportunities exist to implement the current planning consent for 4,100 sq m at Honeybourne Place on a current car parking area. This will provide essential expansion of Grade A office space within the Town Centre. Contracts for construction are in place and some floorspace is pre-let.

### **UCAS**

- 3.30 The site is on the southern side of New Barn Lane, adjacent to the roundabout junction with the Evesham Road (A435) and is currently occupied by the offices for Universities and Colleges Admissions Service (UCAS). The site has the benefit of planning permission for a second storey extension which has yet to be built. The most recent assessment confirms the finding of the 2007 assessment which details the buildings occupied by a specific user since 2000. The site is of excellent quality and is located within an extensive area of landscaped grounds. However, its location means that local facilities for the workforce are sparse and public transport access is limited.

### **Premier Products**

- 3.31 Premier Products, a manufacturing and distribution company occupying a single site on the east side of Cheltenham which is poorly connected to the motorway. The site is intensively used occupying a large footprint of the site and there would appear to be little room for expansion although there may be opportunities for redevelopment of some of the buildings. The buildings are in excess of 50 years old and of average quality.

### **Kohler Mira Cromwell Road**

- 3.32 Kohler Mira (a US company) have occupied this site since 1938 and is located within a residential area where strategic and local access is poor and the company is currently considering options to improve access to the site. The site is occupied by 6 industrial and office brick buildings of an average quality and less than 50 years old. Internal circulation for larger vehicles can be difficult although parking provision is good. There is little space around the buildings for expansion, although planning permission exists for an extension, the uses on site are somewhat constrained by the surrounding residential development.
- 3.33 The previous three sites are all single occupiers of the assessment site and key businesses in the Borough. It is critical that the Borough works with these businesses to understand their future development requirements and business needs to secure their longer term retention in the Borough whilst safeguarding the amenity of adjoining occupiers.

### **Tewkesbury Road (Block 1) Neptune Business Centre and Space Business Centre**

- 3.34 Neptune Business Centre supports 26 businesses. This site together with Space Business Centre to the south provide modern office space, warehouse and trade counter offering occupiers a flexible range of unit sizes along with bespoke packages to support industrial occupiers requirements. The site is located just off Tewkesbury Road and three miles from the M5 junction. Each unit has parking and provides good internal circulation. There are three units available amounting to 1,000 sq m. The site provides good modern accommodation for start-ups and small businesses in an accessible location with strong market attractiveness. In the 2011 Business Parks review Neptune Business Park and Space Business Park were the highest scoring business parks in the Borough with strong market attractiveness, local facilities, amenity of adjacent occupiers and access by public transport.

### **Tewkesbury Road (Block 2)**

- 3.35 This edge of centre site supports 10 businesses in a mix of modern good quality buildings along Tewkesbury Road whilst ageing buildings to Colletts Drive are in a good state of repair. Buildings associated with the Gas Works are not maintained to the same standard with the site generally underutilised and a number of vacant units. The site access to Arle Avenue is narrow via a residential street.

### **Cheltenham Trade Park**

- 3.36 An established, edge of town office and light industrial location providing a range of units from 93 sq m to 700 sq m and two office buildings. At the time of the assessment 10 units were vacant amounting to a total of 2,000 sq m. The site is accessed through residential area and alternative options have been submitted by the site agents which should be explored further. There would appear to be limited opportunities for expansion on this site but clearly appears to meet current market needs. In the 2011 Business Parks review Cheltenham Trade Park scored highly in the District with strong access by public transport, site characteristics and proximity of workforce. Support is required to secure the ongoing upgrading of sites to revitalise or expand businesses to attract new businesses.

### **The Barlands**

- 3.37 The Barlands is located 4km to the south-east of Cheltenham town centre, immediately north of the London Road (A40). The site is occupied by Dael (telecoms services) and Flexfurn (manufacture and warehousing) in modern buildings in a site which is well maintained and good access. There is possible expansion of the site subject to landscape and AONB considerations.

### **Blaisdon Way**

- 3.38 The edge of centre site is well located just south of Hayden Road (B4634), which connects onto Tewksbury Road (A4019). The site has good links to the M5 / Tewksbury Road and Airport. The site is occupied by six premises including Nationwide, Warners and GB Liners in High Quality Purpose Built offices. There are no current vacancies. Opportunities to expansion exist on an informal car park.

### **Village Road**

- 3.39 The site at Village Road is occupied by NHS and Curtis Wright with a warehouse to the rear of the site. Access is good although onto a residential road but relatively close to the M5. The buildings on site are well maintained, with a listed building interest, although the warehouse to the rear looks tired. A site on the west of Village Road was sold by Tungum Limited in 2005 and was subsequently redeveloped for residential use. It is critical that the Borough works with these businesses to understand their future development requirements and business needs to secure their longer term retention in the Borough whilst safeguarding the amenity of adjoining occupiers.

### **Churchill Trading Estate and Liddington Trading Estate (Mead Road)**

- 3.40 Sites with significant light industrial and general industrial provision with 50 employment premises in one and two storey accommodation. The accommodation ranges from poor to very modern with a quarter being over 50 years old. The uses include general industry, auto servicing, builder's yard, tool hire, graphic design, manufacturing and distributors in small units. The access, Mead Road, is narrow and via residential roads which is noted in the Business Parks study. Parking on site is cramped with parking on pavements and internal circulation is poor for larger vehicles. Units on the west side of Mead Road are more modern, larger units. Although the adjacent residential uses, poor amenity and access would suggest a lower market attractiveness, there are no current vacancies on this site illustrating the need for economical, small commercial units to support local businesses. However, as detailed in the Business Parks study upgrading sites can potentially help to revitalise or expand businesses and attract new businesses.

### **Battledown Trading Estate and Coltham Fields, King Alfred Way**

- 3.41 A general Industrial site for 25 premises in predominantly single storey premises. Along King Alfred Way the properties are older and in some cases dilapidated whilst on Saxon Way and Athelney Way properties are constructed within the last 30 years. At the time of the assessment there are 3 vacant units on the market totalling 1,300 sq m. 4 other properties are noted as vacant at the time of the assessment. The site is accessed through residential areas with 7.5 tonne limit and there is a lack of car parking along King Alfred Way. The Business Park assessment in 2011 noted the poor strategic access and amenity to neighbouring occupiers and its poor market attractiveness. The premises at King Alfred Way are constrained by residential properties

immediately adjacent the properties. The Council is currently considering an application for 86 units following a previous refusal of planning permission on this site for residential use.

### **Prestbury Road and Cleveford Close**

3.42 To the north east of the town, behind Cheltenham Town Football Club, is Prestbury Road and Cleveford Close (2.48ha) which include a bus depot and car repairs business. Although categorised as an average site in the 2007 Employment Land assessment, the site was only marginally above a poor rating. A 29,000 sq feet building has been vacant since 2007 confirming the poor market attractiveness of this site and there is clear market interest in residential use. The assessment confirms that whilst there has been some investment around the site, there is little improvement in the site itself with poor internal layout of the site and potential environmental concerns with residential uses abutting the site. Given the long term vacancy on this site the Council should work with the occupiers and the agents to secure the longer term sustainability of the current businesses on this site and address the potential for redevelopment of this site.

## **SUMMARY**

3.43 The evidence and analysis presents a consistent view on the existing portfolio of sites and premises within Cheltenham borough re-iterating market strengths but also key issues that need to be addressed. The most recent site assessment in 2014 provides a current insight into the profile of 20 sites across the borough. The issues identified by the reports and new site analysis can be summarised as:

- Cheltenham has a large quantum of office space but is not enough to meet demand;
- The offer is mostly concentrated in small size office space in regency and older buildings (80 per cent are less than 500 sq m);
- A number of structural weaknesses in the portfolio of available premises exist, particularly in terms of a lack of any business or enterprise parks.
- Existing industrial sites should be upgraded to improve market attractiveness and offer. Upgraded sites will be likely to improve the GVA performance and attractiveness to higher value manufacturing and engineering, finance and business services.
- The new analysis highlights the continued lack of quality A grade office space with Jessop Avenue being the only current development opportunity within the town centre for new office space.
- The analysis also highlights the number of significant and important businesses on single occupier sites where there are constraints to the potential expansion of those businesses at that location.
- Attractive locations for business are highlighted as Neptune Business Park and properties at Jessops Way.
- There are relatively low vacancy rates within industrial site even though some developments of average or poor quality. This could reflect the lack of availability of alternative premises.
- The report also notes the ageing stock, particularly those premises that no longer meet modern business needs and single occupier sites that are adversely affected by amenity or access constraints.

# 4. PRODUCTIVITY

# PRODUCTIVITY AND EMPLOYMENT DATA

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- 4.1 The Economic Assessment, December 2014, provides a full and detailed data and analysis of the current economic position of the borough. This chapter reinforces key analysis from that report on the current economy position which is helpful in understanding the current sites and premises demand. This includes contribution to the borough's GVA and employment from key sectors and identifies those sectors that have a higher presence in the Borough than the national average reflecting a potential competitive advantage in that sector and opportunity to capture a greater share of its growth.
- 4.2 GVA data provided by Cambridge Econometrics and Experian show that Public Administration, Education and Health is the largest sector in terms of GVA production in Cheltenham. In 2011, Cambridge Econometrics and Experian estimated that this sector contributed 29.3 per cent and 26 per cent respectively to overall GVA in the district.

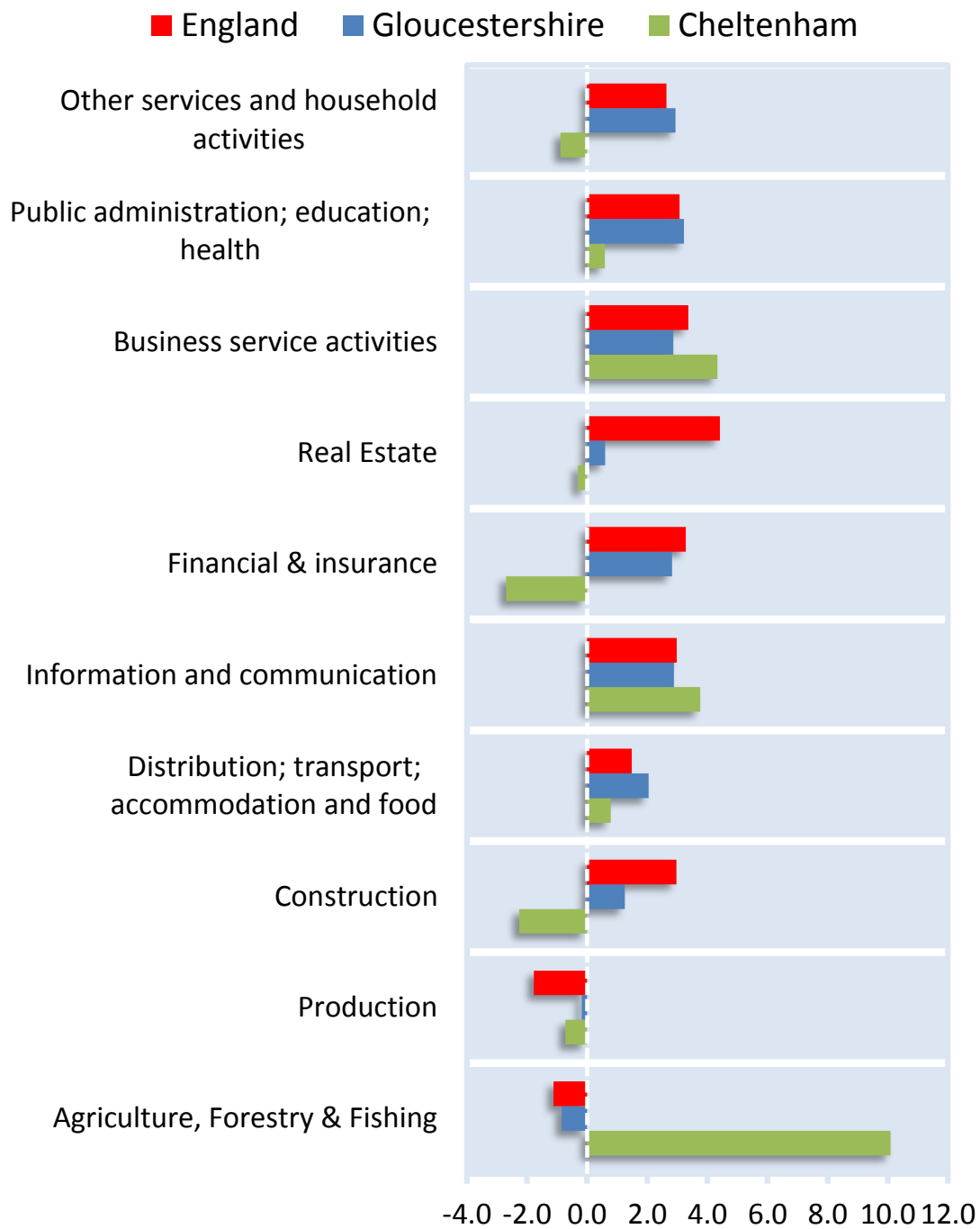
FIGURE 4.1: SHARE OF ECONOMIC OUTPUT GENERATED BY PUBLIC ADMINISTRATION, EDUCATION AND HEALTH IN 2011



Source: Cambridge Econometrics, Experian, Office for National Statistics.

- 4.3 This was followed by Distribution/ Transport/ Accommodation/ Food (17.1 per cent and 15.6 per cent of total GVA) and Business Services (14.2 per cent and 15.5 per cent respectively). The Business Services sector was a larger contributor to total GVA in Cheltenham than county-wide and nationally. In this period, five sectors declined in Cheltenham: Production, Construction, Finance & Insurance, Real Estate, and Other Services. Apart from the Production Sector, these falls in GVA were not mirrored county- or nation-wide.

FIGURE 4.2 CHANGE IN ECONOMIC OUTPUT BY INDUSTRY BETWEEN 1997 AND 2011



Source: Cambridge Econometrics, Experian, Office for National Statistics

### THE HIGHEST LEVELS OF EMPLOYMENT IN CHELTENHAM ARE FOUND IN BUSINESS ADMINISTRATION & SUPPORT SERVICES, HEALTH AND RETAIL

4.4 Data would suggest that there has been strong job growth through the recession in certain sectors. Between 2009 and 2013, employment in Cheltenham grew strongly in Public Administration & Defence (+5,200 employees), Office Administrative, Office Support & Other Business Support Activities (+2,100 employees) and Services to Buildings and Landscape Activities (+1,800). These are all sectors with specific specialisms in Cheltenham (i.e. high location quotients).

- Within the Public Administration & Defence sector, the increase in employment was almost entirely driven by an increase in Defence employment (+5,600). This trend was linked to Cheltenham's sector specialism, with a fall in Defence employment nationally. This net employment growth should be seen in the wider context of

public administration efficiencies in other public administration employment and the opportunities that present themselves through a strong defence employment specialism.

- Within Office Administrative, Office Support & Other Business Support Activities, the increase in employment was almost entirely concentrated among Other Business Support Service Activities (+2,200). Growth in Cheltenham in this sector accounted for 10 per cent of all growth across England (+21,000).
- Within Services to Buildings and Landscape Activities, the increase in employment was boosted by strong growth in the General Cleaning of Buildings sector (+1,600). This trend was also linked to Cheltenham's sector specialism, with a fall in General Cleaning of Buildings employment nationally.

4.5 Other growing sectors with specific specialisms in Cheltenham have been Travel Agency, Tour Operator & Other Reservation Service and Related Activities (+400 employees) and Manufacture of Electrical Equipment (+400).

- Within Travel Agency, Tour Operator & Other Reservation Service and Related Activities, employment was boosted by growth in Tour Operator Activities (+300), with growth accounting for 8 per cent of all growth across England.
- Within Manufacture of Electrical Equipment, growth was concentrated entirely within Manufacture of Electric Domestic Appliances (+400), with this growth accounting for 58 per cent of all national employment growth in this sector.

## EMPLOYMENT IN LEGAL & ACCOUNTING ACTIVITIES, SOCIAL WORK ACTIVITIES AND TELECOMMUNICATIONS HAS DECLINED SIGNIFICANTLY IN CHELTENHAM

4.6 The ten sectors with the largest falls in employment between 2009 and 2013 were all sectors with no particular specialisms in Cheltenham. All had LQs of 1.0 or below, i.e. with employment being less concentrated in the district than nationally.

4.7 The sectors with the largest falls in employment were Legal & Accounting Activities (-600), Social Work Activities without Accommodation (-600), and Telecommunications (-500).

- Within Legal & Accounting Activities, the fall in employment was driven by Accounting, Bookkeeping, Auditing Activities & Tax Consultancy (-500) and was against the trend of national growth in this sector.
- Within Social Work Activities without Accommodation the fall in employment was driven by Other Social Work Activities without Accommodation (i.e. not for the elderly and disabled) (-500) and Child Day-Care Activities (-400). The fall in Child Day-Care Activities employment was against the trend of national growth in this sector.
- The fall in Telecommunications employment was driven by Other Telecommunications Activities (-500). This was also a national trend.

## LOCATION QUOTIENTS

4.8 Industry location quotients (LQs) quantify how concentrated an industry is in an area compared to the national average. LQs are calculated by comparing an industry's share of employment in a local area with its share of national employment. An LQ of 1.0 means that an industry's share of employment is the same in a local area as it is nationally. An LQ above 1.0 means that employment in an industry is more concentrated in a local area than nationally, while a LQ below 1.0 means that employment is less concentrated. A higher location quotient for a sector in Cheltenham would suggest that there is an inherent business rationale for such a location which can include indicators such as the supportive business environment, accessibility to markets, supply chain or communications networks, available pool of skilled workforce to meet the demands of the business, finance and investor confidence and availability of sites, land and premises. It is also important to note that a very high location quotient may make the area susceptible to market shocks or changes in policy or funding decisions.

4.9 LQs show that Public Administration and Business Administration & Support Services are important sectors for the Cheltenham economy. Employment in Public Administration & Defence is more than twice as concentrated in Cheltenham as the national average, with an LQ of 2.2. Employment in Business Administration & Support

Services is also almost twice as concentrated in Cheltenham, with an LQ of 1.6. Much lower concentrations of employment, compared to the England average, are found in the primary industries (Agriculture, and Mining, Quarrying & Utilities), Transport & Storage, and Wholesale.

- 4.10 A more detailed look at industry LQs and employment totals shows that, within Public Administration & Defence, Cheltenham has an extremely high concentration of employment in the defence industry (employing 5,600 with 41.9 times the share of employment than the England average).
- 4.11 Within the Business Administration & Support Services sector, the highest LQs are found in 'Other Business Support Activities' (employing 2,600 with 5.4 times the share of employment compared to the England average), and Tour Operator Activities (400; 5.0) .



FIGURE 4.3: DETAILED INDUSTRY CLASSIFICATIONS WHERE CHELTENHAM HAS A SIGNIFICANT SPECIALISM

Industry (4-digit standard industrial classification)	LQ (compared to England)	employees
2814 : Manufacture of other taps and valves	44.80	1,000
8422 : Defence activities	41.94	5,600
2751 : Manufacture of electric domestic appliances	31.97	700
2572 : Manufacture of locks and hinges	14.45	300
9004 : Operation of arts facilities	6.91	200
8299 : Other business support service activities n.e.c.	5.37	2,600
7912 : Tour operator activities	4.98	400
6511 : Life insurance	3.72	200
5811 : Book publishing	3.69	200
8129 : Other cleaning activities	3.54	300
4729 : Other retail sale of food in specialised stores	3.30	200
9601 : Washing and (dry-)cleaning of textile and fur products	2.57	200
7711 : Renting and leasing of cars and light motor vehicles	2.39	300
8121 : General cleaning of buildings	2.32	2,100
6629 : Other activities auxiliary to insurance and pension funding	2.25	500
6832 : Management of real estate on a fee or contract basis	2.02	400
4642 : Wholesale of clothing and footwear	1.92	200
4771 : Retail sale of clothing in specialised stores	1.90	1,600
4322 : Plumbing, heat and air-conditioning installation	1.87	500
3030 : Manufacture of air and spacecraft and related machinery	1.72	300
4110 : Development of building projects	1.66	200
4772 : Retail sale of footwear and leather goods in specialised stores	1.64	200
8542 : Tertiary education	1.63	1,500
8730 : Residential care activities for the elderly and disabled	1.63	900
6622 : Activities of insurance agents and brokers	1.58	400
4511 : Sale of cars and light motor vehicles	1.58	600
4759 : Retail sale of furniture, lighting equipment and other household articles in specialised stores	1.50	300
4791 : Retail sale via mail order houses or via Internet	1.49	300
8623 : Dental practice activities	1.42	300
4939 : Other passenger land transport n.e.c.	1.41	200
8610 : Hospital activities	1.35	4,300
7311 : Advertising agencies	1.34	400
6202 : Computer consultancy activities	1.34	1,000
9602 : Hairdressing and other beauty treatment	1.33	400
8531 : General secondary education	1.32	2,000
6831 : Real estate agencies	1.32	500
9311 : Operation of sports facilities	1.25	400

Source: Business Register and Employment Survey, Office for National Statistics. Note: LQs represent an index of how important each industry is in terms of their share of local employment compared to nationally. For example, 4759 : Retail sale of furniture, lighting equipment and other household articles in specialised stores employed 0.3 per cent of Employment in England compared to 0.4 per cent in Cheltenham – therefore the LQ equals 0.4 divided by 0.3 = 1.25.

# 5. PROPERTY MARKET VIEWS

# PROPERTY MARKETS VIEWS AND ANALYSIS

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- 5.1 National Planning Practice Guidance states that the typology of employment land by market segment and by sub areas should be developed and analysed. The analysis should consider past trends and future scenarios and identify where sites have been developed for specialist economic uses. Analysing supply and demand will allow plan makers to identify where there is a mismatch between qualitative and quantitative demand – which segments are oversupplied / undersupplied.
- 5.2 The locational preference for existing jobs needs to be considered in reaching conclusions on the appropriate location for new business growth particularly as the existing locations are likely to represent the market preference, supply chains, availability of skills and labour, accessibility to key infrastructure, appropriate collaboration and clusters. Location of employment areas is largely driven by the market unless major incentives are put in place by the public sector. The market generally follows the existing market as there is a more ready access to labour force.

## STAKEHOLDER AND BUSINESS VIEWS

- 5.3 Interviews and meetings were held with 25 business leaders in Cheltenham, property agents and consultants, business organisations and representatives and council leaders between November 2014 and January 2015. The purpose of the consultation was to:
- To assess strengths, weaknesses, opportunities, threats for the Cheltenham economy;
  - Understand the role of Cheltenham as a business location – what are its key strengths, and what are the weaknesses;
  - Develop a sense of the critical economic priorities in Cheltenham – particularly relating to key sectors, growth, decline;
  - Gain insight into real estate and property trends and demand - the key development sites, assets and opportunities;
  - Improved understanding of private sector views about opportunities, barriers, critical issues; and
  - Understand the relationships and interdependencies with surrounding/adjacent districts and Joint Core Strategy Local Authorities (Gloucester, Tewkesbury).
- 5.4 The key views of all stakeholders are included in the Economic Strategy. The key findings of the stakeholder engagement concerning property and sites are detailed below:
- Cheltenham continues to have unique offer locally and has a strong ‘quality of life’ brand but competition from out of town development in other locations such as Gloucester Business Park, Elmbridge Court which has 4,600 sq m available is strong;
  - £100m investment on site in Cheltenham by the end of the year - representing a significant investment in the town;
  - The better office facilities are described as St James Place, Festival House and Neptune Business Park;
  - Continued office and industrial property interest in Cheltenham – occupiers looking for a wide range of size of buildings but there is a current requirement for clients who are looking for 2 hectares each and 9,200 sq m which is not available; two local firms looking for 900 sq m to 1,400 sq m;
  - Tewksbury generally seen as location for warehouse and distribution; Gloucester seen as the industrial location; high tech between Gloucestershire and Cheltenham; Cheltenham traditionally seen as the key office location;
  - Headline values are £15.50 sq ft for prime office accommodation in Cheltenham – St James House, Festival House. However, the same provision in Gloucester is now £17.50 sqft;
  - Market for prime office is £15 sq ft but need £19 sq ft to be viable; Out of town delivery achievable at £18 to £19 sq ft suggesting speculative development is not viable;

- Cheltenham has distinct lack quality business park sites – too much stock is old, tired and not suitable for modern business needs;
- Expanding businesses are constrained on historic sites in ageing accommodation which no longer provide room for expansion or are constrained by access and residential amenity issues;
- Existing occupiers are not able to find quality sites which reflect the profile of their business although wanting to stay in Cheltenham;
- Some of the trading estates do not offer the eaves height required for efficient operation of B2 and B8 uses;
- Those that are on offer are often on short term leases;
- Key interest require open plan requirements, raised floors or ceiling for IT ducting, air condition, medium and larger organisations require larger footplates to accommodate requirement on few floors, with good connectivity and appropriate parking provision;
- The key priority is for policy and allocations to allow existing business to grow and expand and relocate to premises in the right locations providing the right type of accommodation of the right quality;
- Out of town tends to be favoured for moves and new investments of a larger scale;
- Sites allocated must be good quality, good connectivity, good parking in both Business parks and town centre locations - Gloucester Business Park has been a key type of site for relocation;
- The facilities need to be modern, excellent facilities, wide corridor, lifts, good parking, air con, ducts for IT, refurbished to BREAAAM standards – firms looking for better environmental standards and reduced operating costs;
- Larger firms are looking for open plan space on large footprints to reduce the number of occupier floors; next
- Strategic site at North West Cheltenham is a good opportunity to provide business park space but is likely to take a number of years to be delivered and will require the upgrading of the motorway junction to four way;
- Support the reuse of obsolete buildings which are no long fit for purpose – remove the lower end of the market. They no longer have the specification or style to support modern business needs. Market requirements are changing – more efficient, open plan, air con, secure parking requirement. Clear message that Space doesn't work it doesn't get occupied. Configuration of period buildings is no longer appropriate;
- However, agents did recognise the need for estates and business space for those requiring economical land and buildings; and
- The Borough Council needs to be seen as 'Open for Business'.

## GFIRST CONSULTATION WITH BUSINESS AND PROPERTY STAKEHOLDERS

5.5 GFirst has also completed a number of consultation events with business covering a range of sectors and sizes. In addition, GFirst's Construction and Infrastructure Group comprises 15 property agents and housing developers together with Gloucestershire County Council and have commented upon Gloucestershire as a business location and the strategy proposed in the JCS. A number of surveys and events completed for GFirst and its Construction and Infrastructure Group suggest that:

- Cheltenham is seen as a desirable business address, but the lack of a proactive approach by planners is a major constraint in bringing new businesses to the town;
- The strongest influence on business location is historic links with the area, but the availability of suitable premises, locations of customers, skilled workforce and transport links are also important to business competitiveness and location decisions. On the other hand, survey respondents identified that the most significant barriers to business growth are poor transport links;
- Over 50% of respondents to one survey stated that M5 Junction 10 is significant or very significant to the operation of their business. In order to fully unlock the potential of this area, it will be necessary to address the problems caused by the lack of south-facing slips at Junction 10. The limited accessibility at this junction and high levels of congestion on the local road network will place North West Cheltenham at a competitive disadvantage compared to other locations on the motorway corridor. South facing slip roads will be required

to improve access to the labour market within central Gloucestershire and to provide effective access to customers and supply chains to the south;

- The most common response obstacles to the firm's future expansion was availability of land or premises, whilst other responses included accessibility, parking, economic circumstances and planning restrictions. Participants noted that businesses have already left the town because of a lack of suitable premises to meet their future needs.
- Businesses do not operate growth strategies over a long term period. Businesses wishing to expand or locate in the area are not prepared to wait five years: they require space immediately. At present, suitable land and premises are not available, so potential investors are looking elsewhere;
- Existing stock is poor. Trading estates are dated and have poor access, and office accommodation is poor, with limited parking;
- North West Cheltenham is the optimal location for the urban extension to the town;
- Of those respondents that were aware of the JCS, many considered that the total employment land allocation for the area needs to increase significantly from the 64 ha currently proposed in the JCS). A small number of respondents provided responses on the scale of increase required (between 100 ha and 164 ha);
- It was a common view that the current employment land allocation for Cheltenham in the Joint Core Strategy is inadequate to meet future growth needs in the town. One stakeholder considered that at least 50 ha should be provided in a single location to provide critical mass and a catalyst for growth.
- Historically the County has benefitted significantly from having large, well connected employment sites and there have been many examples of new inward investment as a result of such sites being available. The take up in Tewkesbury over 15 years is stated at 39 hectares, Gloucester 89 hectares and Stroud 19 hectares. (This equates to 147 hectares or approximately 10 hectares per year);
- Gloucestershire needs to be more proactive in its approach to targeting key sectors and businesses to move to the area and
- There is strong support from business stakeholders for the concept of the Growth Zone, which should include clusters of different types of businesses at locations that offer excellent strategic accessibility;

## VALUATION OFFICE DATA

- 5.6 The Economic Assessment details the latest Valuation Office data. It is copied on the next page for information. The tables below detail the total rateable floorspace for retail, offices, industrial and other for Gloucestershire and each of the borough and districts. The key finding is that rateable floor space in retail and office uses has increased over the decade to 2012. Retail rateable values are high, reflecting the high quality retail offer of Cheltenham. Office rateable values are below the national average and other nearby centres.
- 5.7 There were 389,000 sq. metres of retail floor space eligible for business rates in 2012; 359,000 sq. metres of office floor space; and 416,000 sq. metres of industrial floor space. All uses, apart from industrial, had increased their rateable floor space between 2002 and 2012. The data which is collated from various sources would suggest development through new builds, conversions and refurbishments and redevelopment to increase the floorspace.
- 5.8 Rateable values per sq. metre in 2012 were £165 for retail (above the England average of £150); £88 for office (below the England average of £155); and £39 for industrial (above the England average of £37). Rateable values per sq. metre for offices were notably higher in areas such as Bath and North East Somerset (£131), Bristol (£135) and Oxford (£128). Rental values for office range depending upon the quality and location of the property. However, typically prime office rentals in a town centre location are £15 square foot. Cheltenham Borough is a cost competitive location for business accommodation. However, some limited commentary from stakeholders during the consultation on this study suggest that in some grade A accommodation in Gloucester has higher rental values than Cheltenham although this has not been tested or validated. Historically Cheltenham was seen as the more expensive business location.

FIGURES.1: RATEABLE FLOOR SPACE IN CHELTENHAM, THOUSANDS OF SQUARE METRES

### Rateable floor space in Cheltenham - thousands of sq metres



Source: Valuation Office Agency

FIGURE 5.2: RATEABLE VALUES IN CHELTENHAM £ PER SQUARE METRE

### Rateable values in Cheltenham - £ per sq metre



Source: Valuation Office Agency

- 5.9 From this data Cheltenham still has the highest quantity of office stock in the County and from this data would represent an increase of 114,000 sq m or 46% increase in rateable office floorspace over the 10 years between 2002 and 2012. In comparison, using the same data analysis from VOA, Gloucester has seen a 35,000 sq m or 12% increase in its rateable office stock since 2002 whilst Tewksbury has seen an increase of 48,000 sq m or 77% in its rateable office stock. Nationally rateable office stock has increased by 10.9%. However, the rateable value of office stock is significantly below the national average and other regional competitors.
- 5.10 Cheltenham's industrial rateable floorspace still remains the lowest in the County at a total of 416,000 sq m reducing 2.6% from 427,000 sq m in 2002. Gloucestershire as a whole has also decreased the amount of rateable industrial space from a total of 4.016 million sq m of floorspace in 2002 to 3.97 million sq m in 2012, a decrease of just over 1% compared to a national average of 5%. Notably, industrial floorspace in Gloucester has decreased of 178,000 sq m of industrial space from 856,000 sq m in 2002 to 678,000 sq m in 2012, a decrease of 20%.
- 5.11 The number of office hereditaments in Cheltenham has increased from 930 hereditaments in 2002 to 1,300 in 2012 representing an approximate increase of 40%. Gloucester using the same data increased from 750 in 2002 to 1,020 hereditaments in 2012 representing a 36% increase.

FIGURE 5.3: NUMBER AND SIZE OF RETAIL, OFFICE, INDUSTRIAL BY GLOUCESTERSHIRE LOCAL AUTHORITIES AT 2012

	Retail			Offices			Industrial			Other		
	Sqm 2012	no of he.	avg size	sqm 2012	no of he.	avg size	sqm 2012	no of he.	avg size	sqm 2012	no of he.	avg size
Glos	1,245	5,460	228	1,009	4,550	222	3,970	6,490	612	378	1,760	1,618
Cheltenham	389	1,310	297	359	1,300	276	416	740	562	54	210	10,410
Cotswold	161	990	163	103	700	147	484	1,150	421	79	400	5,327
Forest of Dean	84	630	133	34	320	106	697	1,150	606	57	340	10,633
Gloucester	373	1,170	319	318	1,020	312	678	890	762	75	210	10,157
Stroud	151	870	174	86	640	134	897	1,490	602	68	340	8,853
Tewkesbury	86	490	176	110	570	193	797	1,060	752	45	250	16,709

Figures for sq m are 1000's

Source: CLG and Valuation Office Agency

- 5.12 The 2007 Employment Land Review highlighted that 80% of the office stock was less than 500sq m floorspace. The report notes that this reflects the conversion of town centre buildings to office and the relatively limited provision of modern office accommodation in business parks or redevelopments within town centres.
- 5.13 Notably in 2012, the average size of office in Cheltenham is 276 sq m. This is above the national average of 262 sq m. With the exception of Gloucester all other districts in the county have lower average office space per hereditament. Gloucester has the highest average size of 312 sq m per hereditament.
- 5.14 The average size of an industrial space in Cheltenham at 562 sq m is significantly below the national and county average of 717 sq m and 612 sq m respectively. The average in Gloucester is 762 sq m, in Gloucester, in Stroud, Forest of Dean and Tewkesbury the figure is just in excess of 600 sq m. Cotswold District has the smaller industrial hereditaments at an average of 421 sq m.

## VACANCY RATES

- 5.15 CLG figures, based upon National Non Domestic Rate Returns calculate that at March 2013 there were 539 or 13.9% hereditaments vacant in Cheltenham. This is a significant reduction in vacant hereditaments as at March 2012, the data suggests that 649 or 16.4% of hereditaments were vacant. This would suggest that vacancy rates are reducing over time reflecting a greater confidence in the market, the loss of building to other uses including residential or indeed a greater increase in reuse of redundant buildings. This view is consistent with stakeholder consultations.
- 5.16 Cheltenham Borough Council data on Empty Business Rate Relief provides a snapshot of those properties on which the Council has applied this relief at that point in time. It is important to stress that such information changes on a daily basis and can only represent a very broad indication of the level of vacancies or empty business premises. It should therefore be used with caution. However, to provide a broad indication of the level of empty business premises the total district valuation for each category of office, industrial and retail was calculated. This figure was then divided by the average rateable value £ per sq m for 2012. This provides a very broad assumption of the amount of floorspace that is empty at November 2014.

FIGURE 5.4: ESTIMATES VOID SPACE IN CHELTENHAM BOROUGH AT DECEMBER 2014

	Estimated Void sq m	2012 rateable sq m	estimate % empty
Industrial	37,000	416,000	9%
Office	40,000	359,000	11%
Retail	18,000	389,000	5%

Source: Cheltenham Borough Council

- 5.17 In assessing the need for further business accommodation some assessment of whether there is higher or lower levels of accommodation vacancies in the existing floor space is needed. As with the housing and employment market an amount of vacancy is needed to allow for churn and choice in the market. Employment Land Studies including the Stroud Employment Review have seen a rate of 7.5% of the total office and industrial stock as an indication of a relative 'market equilibrium'. Over or below that level represents a relative under or oversupply in the market.
- 5.18 Other employment land reviews in Gloucestershire including the Stroud Employment Review in 2013 by Aecom and BE Group has refined this figure to 5% for offices and 10% for industrial and warehousing stock.
- 5.19 The Empty Business Rate Relief data would suggest that there is in quantitative terms headroom in the market which provides the necessary flexibility for churn in the market.

## SUMMARY

- 5.20 Stakeholder consultations particularly those insights from the Property agents and businesses are key to understanding the constraints and opportunities in the borough. The key issues from the consultation in December 2014 and January 2015 are identified in the Economic Strategy and Appendix C.
- 5.21 Stakeholders confirm the attractiveness of Cheltenham's strong 'Quality of Life' Brand which is seen as a key asset in retaining existing businesses in the area. However, there is a lack of business premises and sites to offer expanding businesses or to those wishing to newly invest in borough. Current rental values do not support speculative development and therefore without enabling development any new development is likely to be bespoke design and build only.
- 5.22 The consultation and views expressed during the GFirst consultations and events highlight the critical lack of high quality business land and premises and the extent to which large scale sites offer and are seen to be attractive in securing inward investment to the county. The Construction and Infrastructure Group detail the historic take up rates in Gloucester, Tewkesbury and Stroud of approximately 10 hectares per year over the last 15 years which is argued as a demonstration of the need to increase the overall ambitions for employment land in the JCS to meet market needs.
- 5.23 Valuation office data suggests that there is an increase of 114,000 sq m of office stock between 2002 and 2012 which is higher than the national average. However, over the same period there has been a reduction in industrial stock reflecting national trends. As identified in the 2007 report, the overall stock is smaller than average with 80 per cent of office premises less than 500 sq m. Notably, office stock has a lower rateable value than the values seen in Bristol, Oxford and Bath.
- 5.24 An analysis of CBC's data on Empty Business Rate Relief, which can only be used as a broad indication of vacancy rates, suggests there is broad market equilibrium for industrial premises and a higher than expected rate of office voids which would suggest an oversupply of office accommodation. However, the analysis from the sites assessment 2014 suggests that there are long term vacancies in those office and industrial properties that no longer provide suitable modern accommodation that meets the needs of business.



# 6.EMPLOYMENT LAND MONITORING

# EMPLOYMENT LAND MONITORING

- 6.1 This chapter seeks to update the information from the Council’s Annual Monitoring Reports to provide information on how much employment land and floor space is in the development pipeline and issues arising from the most recent employment land activity.
- 6.2 This is the first step in understanding how much land is available and therefore provides the basis to consider how much land is required over the plan period to ensure that there is a portfolio of sites to accommodate the developing economy, key operations and businesses, economic shocks and resilience and flexibility in the market.

## HISTORIC EMPLOYMENT LAND COMPLETIONS AND LOSSES

- 6.3 The 2014 Non Residential Land Use Report identifies the historic take up of B Class employment land. Average Completions between 1991 and 2014 is 1.03 hectares per annum (23.76 hectares /23 years). However, during the same period losses in B Class employment land amounted to 35.29 hectares resulting in an overall loss of B Class land of 11.53 hectares. The actual average net loss of B Class land over the longer term since 1991 is -0.50 hectares per annum.

FIGURE 6.1: HISTORIC COMPLETION OF B CLASS EMPLOYMENT LAND (HECTARES), CHELTENHAM BOROUGH COUNCIL

Year	1991 – 2005 /06	2006 / 07	2007 / 08	2008 /09	2009 / 10	2010/ 11 & 2011/ 12	2012 13	2013/ 14	Total
Completions	7.60	0.13	3.46	1.28	0.64	5.28	2.19	3.15	23.76
Losses	- 21.88	-0.44	-2.13	-1.57	-0.94	-2.84	- 0.858	-4.62	-35.29
Net Change	- 14.27	-0.31	1.33	-0.29	-0.29	2.43	1.331	-1.46	-11.53

Source CBC 2014 Non Residential Land Use Report

- 6.4 In the last 5 years, 2009 to 2014, completion of B Class employment land is slightly more positive. Between 2009 and 2014 a total of 12.1 hectares of B Class land was completed. Over the same period the loss of B Class employment land amounted to 9.24 hectares resulting in a net gain of 2.91 hectares or an average gain of 0.58 hectares per annum.
- 6.5 The table below details the annual completions from the beginning of the plan period 2011 to 2014 published in the 2014 Non Residential Land Use Report.

FIGURE 6.2: ANNUAL COMPLETIONS FROM THE BEGINNING OF THE PLAN PERIOD 2011 TO 2014 (HECTARES)

Hectares	2011/12	2012/13	2013/14	Total
Completions	2.64145	2.19	3.1506	7.98205
Losses	-1.4229	-0.8588	-4.6201	-6.9018
Net Change	1.21855	1.3312	-1.4695	1.08025

Source: 2014 Non Residential Land Use Report

- 6.6 The total B class employment land completed between April 2011 and March 2014 amounts to 7.98 hectares. The total loss of employment land during the same period is 6.9 hectares resulting in a net gain of 1.08 hectares or a net gain of 0.36 hectares per annum. The Joint Core Strategy employment allocation for strategic sites equates to a total requirement of 1.17 hectares of B Class land per annum. The JCS also notes that additional employment land is to be identified through the Local Plan process.
- 6.7 The analysis by floorspace / land area and by B Class type of the most recent 3 /4 year period provides a more detailed understanding of the changing market position. The Council’s monitoring reports collate the period 2010 to 2012 and therefore an assessment is provided from 2010 rather than the plan period 2011.

FIGURE 6.3: TOTAL COMPLETIONS - GAIN AND LOSS OF EMPLOYMENT FLOORSPACE BY B CLASS TYPE 2010 AND 2014

sq m	2010 to 2012		2012 to 2013		2013 to 2014		Net Total
	Gain	Loss	Gain	Loss	Gain	Loss	
B1a	4,030	-1,772	1,419	-2,438	119	-3,597	-2,239
B1b	146	-148	0	0	37	0	35
B1c	2,066	-1,673	0	-1,677	0	-75	-1,359
B2	32	-468	1,405	-579	1,610	-876	1,124
B8	2,657	-58	30	-757	288	-2,403	-243
Total	8,931	-4,119	2,854	-5,451	2,054	-6,951	-2,682

CBC Annual Monitoring Reports

FIGURE 6.4: TOTAL COMPLETIONS - GAIN AND LOSS OF EMPLOYMENT LAND BY B CLASS TYPE 2010 AND 2014 (HECARES)

ha	2010 to 2012		2012 to 2013		2013 to 2014		Net Total
	Gain	Loss	Gain	Loss	Gain	Loss	
B1a	2.88	-2.44	1.47	-0.39	0.01	-3.40	-1.87
B1b	0.02	0.00	0.00	0.00	0.02	-0.00	0.04
B1c	0.72	-0.24	0.29	-0.16	0.00	-0.07	0.55
B2	0.00	-0.14	0.20	-0.11	3.07	-0.51	2.52
B8	1.65	0.00	0.23	-0.20	0.01	-0.56	1.12
Total	5.28	-2.82	2.19	-0.85	3.11	-4.54	2.36

2014 Non Residential Land Use Report

- 6.8 Since 2010, there is a distinct and clear loss of B1a (office) floorspace amounting to a net loss of 2,239 sq m and 1.87 hectares. A total of 3.2 hectares and 1,266 sq m of space was lost by the conversion of The Manor by the Lake from a film studio, which had gone into administration in 2010, to a wedding and conference centre in 2013/14. In addition the 2014 Non-residential land use monitoring report also notes the change of use in 2013/14 from office to residential at 129-131 Promenade which had been vacant for 7 years. It is important to note that 121 – 133 Promenade was positioned 5<sup>th</sup> in terms of ranking of industrial sites noted as ‘very good’ in the 2007 employment Land Review. Both the application at The Manor and The Promenade planning applications raised no policy objections during their consideration and note that the change of use secured the historic enhancement of the buildings through their conversion.
- 6.9 Other change of use of B Class uses to residential use consents through the Prior Notification process illustrates the distinct change of use from office to residential use. Examples include:
- 4 St James Terrace, Suffolk Parade (College) 119 sq m;
  - Basement 2 Royal Crescent (Landsdown) 112 sq m;
  - Brandon House, 62 Painswick Road (Park) 733 sq m; and
  - 6A Gloucester Road (St Peters) 21 sq m.

6.10 Recent completions also demonstrate the strength of the residential market in Cheltenham. Change of use has occurred in changing A Class (retail) development to residential including change of use from A2 –financial and profession services to residential in 2013/ 2014 at:

- 33 Imperial Square – all change of use from A2 Financial and Profession to residential;
- 14 Imperial Square;
- 99 Promenade;
- Office angels, The Quadrangle, Imperial Square;
- 6 Shurdington Road, Leckhampton; and
- 1 Portland Place (bookmakers).

6.11 In assessing the calculations for completions since 2010 it is also important to note that the tables also include change of use to alternative B Class or employment generating uses. Examples include:

- Art Gallery and Museum, (Lansdown) 240 sq m for B8 use as part of a new four storey art gallery building;
- 4 Imperial Square (College) 225 sq m office to medical use ;
- 1 Naunton Parade (College) 35 sq m office to dog grooming salon;
- Unit 4 Mead Park Industrial Estate Mead Road (Leckhampton) 127 sq m from office to D1 training facility and part B8 Storage and distribution; and
- Unit U1 Kingsditch Industrial Estate - Change of use from vacant car sales to dance studio.

6.12 Since 2010 there is an increase of 1,100 sq m of B2 Class land (Industrial including manufacturing uses). The increase is primarily due to the expansion of Sapa Profiles UK Limited, (Swindon Village) Tewksbury Road which included the change of use from B8 storage to B2 use (1134 sq m). Without this single development, the quantum of B2 floorspace would have remained stable since 2010. However, key and significant B2 losses are seen at 35-37 Windsor Street (Pittville) which resulted in the loss of 2,803 sq m of B2 and B8 for change of use to 81 bed care home and development at Grove House, Grove Street (St Peters) which resulted in 75 sq m of light industrial and 16 supported flats (as part of a wider development of this site). This site was considered average in the 2007 Employment Land Review.

## OUTSTANDING COMMITMENTS AT 1<sup>ST</sup> APRIL 2014

6.13 The Borough's Non Residential Land Use report sets out employment land commitments at 1<sup>st</sup> April 2014. Cheltenham Borough Council has also published Annual Employment Land Monitoring Reports to March 2014 which also provides the most recent information on Employment Land Commitments to 2014.

Table 5 - Non Residential Land Use Monitoring Report 2014 identifies commitments that result in an increase in B Class employment use at 1<sup>st</sup> April 2014 as 13.1 hectares and 33,247 sq m of floorspace.

Table 6 - Non Residential Land Use Monitoring Report 2014 identifies commitments that will result in the loss of B Class employment land as 4.42 hectares and 22,117 sq m.

Table 7 – sets out the Land Supply position for Cheltenham Borough Council (Completions and commitments) for B Class Land at 1<sup>st</sup> April 2014 as:

FIGURE 6.5: LAND SUPPLY POSITION FOR CHELTENHAM BOROUGH COUNCIL (COMPLETIONS AND COMMITMENTS) FOR B CLASS LAND AT 1<sup>ST</sup> APRIL 2014

Land developed since 2011	8.8 ha
Land Not started	11.3 ha
Land under construction	1.8 ha
Local Plan allocations	0 ha
<b>Gross Land Supply</b>	<b>22 ha</b>
Losses since 2011	-6.9 ha
Expected Losses	- 4.3 ha
<b>Total losses</b>	<b>-11.2 ha</b>
<b>Net Land Supply</b>	<b>10.8 ha</b>

Source: CBC Non Residential Land Use report 2014 – see para 6.24 as calculations do not include Grovefield Way

6.14 The report notes that the total employment land completion and commitments at 1<sup>st</sup> April 2014 amounts to a total of 10.8 hectares. At the more recent annual take up rate of 0.65 hectares per annum this would equate to a 16 year supply of B Class employment land. At the JCS strategic sites requirement of 1.17 hectares per annum this would provide nine years land supply. However, it is important to note that analysis of the monitoring information shows that land losses are more likely to be delivered than land gains particularly in town centre locations.

6.15 The commitment data from the Annual Monitoring Reports and Non Residential Land use monitoring reports are collated below to provide quantitative data on the employment land supply and floorspace position in the future in more detail.

FIGURE 6.6: FLOORSPACE SUPPLY POSITION FOR CHELTENHAM BOROUGH COUNCIL (COMMITMENTS) FOR B CLASS LAND AT 1<sup>ST</sup> APRIL 2014

	Total gain sq m	Not started sq m	under const sq m	ha	Total loss sq m	not started sq m	under const sq m	ha
B1a	26,662	22,081	4,580	7.05	-9,258	-7,803	-1,455	-1.24
B1b	0	0	0	0	-138	0	-138	-0.12
B1c	4,988	4,988	0	4.72	-2,228	-2,090	-138	-1.12
B2	1,011	1,011	0	0.87	-9,429	-1,236	-8,193	-0.3
B8	587	587	0	0.52	-1,063	0	-83	-0.07
<b>Total</b>	<b>33,248</b>	<b>28,667</b>	<b>4,580</b>	<b>13.16</b>	<b>-22,116</b>	<b>-11,129</b>	<b>--10,007</b>	<b>-2.85</b>

Source: CBC Annual Monitoring Reports and Non Residential Land use monitoring reports

6.16 The total committed floorspace gain for all B class developed is calculated at 33,248 sq m in the Non Residential Land use monitoring report. The significant gains are in B1a office use (80%) with the notable gains as expansion to existing businesses. These gains are predominantly noted outside the town centre with the exception of 454 sq m of B1a floorspace.

6.17 The most significant B1a commitments are for expansion of existing business: two offices buildings at GCHQ (11,933sq m) and 1, 933 sq m of B1a and 3,760 sq m of B1c development at Spirax Sarco. Together these commitments represent over 50% of the pipeline supply. It is important to recognise that such commitments are not available as part of the open market stock. Therefore care needs to be taken in interpreting these figures as representing this level of office space available to the market generally.

- 6.18 15% of committed floorspace is in B1c development, all of which is outside the town centre. Notably other than 240 sq m of B8 there is no B class gains in the town centre whilst there is a loss of 1,393 sq m of office space. There are two distinct issues that should be addressed. Firstly, planning consents which result in the loss of B class land are under construction, particularly in town centre locations. This is a particular concern as stakeholder consultations suggest that there is office demand for both town centre and out of centre locations. Secondly, those sites with planning permission for gains in B Class land are still awaiting commencement and implementation.
- 6.19 The total committed floorspace loss of all B Class development is 22,116 sq m. Notably, 10,000 sq m of this loss is already under construction including over 8,000 sq m of B2 development.
- 6.20 Of all B1a Class losses, 34% of the decrease in floorspace is in a town centre location. B1 losses amount to 11,624 sq m of floorspace or 52% of the projected loss in B Class development of which 9,258 sq m is the loss of B1a office space. From the tables included in the monitoring report and the Non Residential Land Use Monitoring Report it is calculated that at least 7,396 sq m of B1a floorspace is lost to residential use.
- 6.21 The strength of the conversion of employment to residential can also be seen in in the planning consents for conversion of 1,673 sq m of Retail (A1) to residential (C3) and additional commitment of 598 sq m of Financial and Professional Services also with consent for conversion to residential.
- 6.22 B2 development amounts to a loss of 9,429 sq m or 42% of the floorspace loss and there is a loss of 1,063 sq m of B8 land.
- B2 commitments losses are found at:
- Former Post Office Vehicle Depot, Carlton Street (- 840 sq m);
  - 17 Grosvenor Street (-129 sq m );
  - Spirax Sarco Ltd, St Georges Road (-8,193 sq m); and
  - "Rees MOT Testing Ltd Hayricks Wharf Tewkesbury Road" (-267 sq m).
- 6.23 The outstanding commitments for B2 Class Industrial development provide for a total gain of approximately 1,000 sq m. However, existing commitments, if developed in full, would result in the loss of 9,400 sq m B2 floorspace. Therefore, the consequent net loss in B2 floorspace as a result of existing planning consents would amount to a net loss of 7,400 sq m. Over the plan period this loss would need to consider the modest increase in B2 class development since 2011 of 800 sq m. The total net loss of completed development since April 2011 and outstanding commitments at April 2014 would result in a net loss of B2 employment space of 6,800 sq m.
- 6.24 The calculations in this chapter do not include or take account of an extant outline planning consent for 64,000 sq m for B1 industrial uses at North Road West / Grovefield Way granted at appeal (10/00690/REM) which had lapsed before 31<sup>st</sup> March 2014. This site is within the Green Belt and is known as Cheltenham Business Park. However, there are a number of planning applications currently on this site including a planning permission for a BMW /mini garage which falls within a Sui Generis use class. The Council is also considering an outline application on the remaining part of the site for 16,800 sq m of B1 floorspace (amending the previous consent which amounted to 22,000 sq m). The site will also accommodate a Park and Ride facility. This green field site of 6.4 hectares at an average density of 4,000 sq m per hectare could accommodate approximately 25,600 sq m of floorspace. However, for the purposes of this site assessment it is assumed that the proposed alternative uses on this site will support the addition of 16,800 sq m of B1 floorspace as detailed in the current application.
- 6.25 Significant applications for increase in B Class use with commitments at 1<sup>st</sup> April 2014 are:
- 4,100 sq m for Honeybourne Place Jessop Avenue;

- 6.4 hectares of B1 industrial uses at North Road West / Grovefield Way 10/00690/REM (site assumed at a density of 16,800 sq m);
- 5,250 sq m for an extension to offices at Cheltenham Film Studios – although consent is about to lapse;
- 2,259 sq m for three storey office buildings at Former Woodward Diesel, Engine Factory site, Hatherley Lane. (Under construction);
- 3,384 sq m for office HQ at former Woodward International, Hatherley Lane;
- 11,191 sq m for two new office building at GCHQ Benhall, Hubble Road;
- 1,137 sq m for 5 B1 units at 102 Prestbury Road;
- 1,933 sq m for B1a at Spirax Sarco, St Georges Road (noting the loss of 8,193 sqm of B2); and
- 3,760 sq m for B1c at Spirax Sarco, Runnings Road (now complete).

6.26 Significant losses of B1 and B2 class development which are all losses to residential (Class C3) with the exception of Bramery House and The White House are:

- 840 sqm of B2 floorspace at Former Post Office, Carlton Street;
- 450 sq m of B1a floorspace at Regal House, Rodney Road;
- 411 sqm of B1a floorspace at 21 Promenade;
- 714 sq m of B1a floorspace at Former upd House, Knapp Road;
- 350 sq m of B1a floorspace at 25 Imperial Square;
- 500 sq m of B1a floorspace at Maple House Business Centre, Bayshill Road 377 sq m of B1a floorspace at 92 Suffolk Road;
- 300 sq m of B1a floorspace at 122 Winchcombe Street;
- 257 sq m of B8 floorspace at Former Excell Eggs site, New Street;
- 400 sq m of B1 floorspace to at 29 – 31 Millbrook;
- 8193 sq m of B2 floorspace at Spirax Sarco, Georges Road (to C3 and 1933sq m of B1);
- 361 sq m of B1c at Unit 39 Cheltenham Trade Park to Gym;
- 222 sq m of B1a Bramery House / Business Park to Gym; and
- 3420 sq m of B1a at The White House, Kingsmead Road to C3.

6.27 The loss to residential use is noted in the Land Availability Assessment which details the anticipated change of use to residential and its contribution to the housing supply demand at 2013 at 76 units.

6.28 The report also notes Local Plan Allocation and Civic Pride sites although these do not include substantive B Class development.

Land at St. Margaret's Road and Portland Street - Planning application received and pending consideration. Comprehensive scheme for residential and supermarket has now stalled.

Land at St. George's Place/St. James' Square - Site falls under the Civic Pride Project. Eight dwellings considered and office space.

Land at Cheltenham Spa railway station - At present Network Rail have no further progress to report with regards to bringing this site forward for development. Due to the continuing unstable economic climate Network Rail do not envisage in progressing this site at this time, however, it remains a future development site once the market is stable.

Land at Royal Well - Potential for mixed use development with leisure, retail and residential uses. The site has the benefit of a development brief.

6.29 The potential of the Civic Pride sites, the opportunities for town centre regeneration and the key interventions and priorities to bring them forward to the market should be pursued seeking to secure as much town centre office space as possible.

6.30 The Land availability Assessment 2013 details a number of sites available for economic uses:

- 23 hectares at North West Cheltenham available between 5-20 years as a strategic employment site;
- 0.4 hectares at Coronation Square (St Marks) available in 11-15 years for commercial, community, local retail uses;
- 1.28 hectares at Landsdown Road (Glos Constabulary HQ) available in 6-10 years for office hotel institutional uses;
- 0.6 hectares at Ellerslie Care Home, Albert Road, Pittville available between 0-5 years for institution uses; and
- 0.07 at Axiom, Winchcombe Street (All Saints) 0-5 years commercial as part of mixed use scheme.

6.31 The Borough's Council Asset Management Plan 2010 to 2015 identifies key priorities which include a review of parking sites, review of sites will be undertaken as part of the preparation of a car parking strategy.

## SUMMARY

6.32 An analysis of published monitoring reports was completed to provide information on how much employment land and floor space is in the development pipeline and issues arising from the most recent employment land activity. The table below sets out the total completions and commitments position by B Class at 31st March 2014. The table below sets out the total completions and commitments position by B Class at 31<sup>st</sup> March 2014.

FIGURE 6.7: COMPLETIONS AND COMMITMENTS POSITION BY B CLASS (HECTARES AND SQM FLOORSPACE) AT 31ST MARCH 2014.

	Completions 2010 - 2014		Commitments 1 <sup>st</sup> April 2014		Total	
	net sq m	net ha	net sq m	net ha	net sq m	net ha
B1a	-2,239	-1.87	17,404	5.81	15,165	3.94
B1b	35	0.04	-138	-0.12	-103	-0.08
B1c	-1,359	0.55	2,760	3.6	1,401	4.15
B2	1,124	2.52	-8,418	0.57	-7,294	3.09
B8	-243	1.12	-476	0.45	-719	1.57
<b>Total</b>	<b>-2,682</b>	<b>2.36</b>	<b>11,132</b>	<b>10.31</b>	<b>8,450</b>	<b>12.67</b>

Source: CBC Annual Monitoring Reports and Non Residential Land use monitoring reports

6.33 The Council's monitoring reports show that there is a longstanding net loss of employment land since 1991. Since 2010, there has been a distinct and clear loss of B1a (office) floorspace amounting to a net loss of 2,239 sq m and 1.87 hectares. This includes sites that were described as very good in the 2007 Employment Sites Study. There is also demonstrated losses in A2 – professional services to residential in those areas where stakeholders have suggested there is a strong market demand for offices for professional services within the town's historic core. This long standing loss of B Class land and particularly B1a class land is a critical issue as the forecasts suggest stronger demand in the B1 Class development. This intelligence confirms the stakeholders' consultation views that there is a distinct lack of employment land premises and sites and the stress on the existing commercial market is increasing. In part it also demonstrates the strength of the residential values relative to commercial values and also the pressure for housing development to move towards and satisfy a 5 year housing land supply. This is a position that is of course being addressed through the Joint Core Strategy.



- 6.34 A large proportion of B1 commitments in this chart are bespoke development for existing Cheltenham clients. The most significant B1a commitments are for expansion of existing business: two offices buildings at GCHQ (11,933sq m) and 1,933 sq m of B1a and 3,760 sq m of B1c development at Spirax Sarco. Together these commitments represent over 50 per cent of the pipeline supply. It is important to recognise that such commitments are not available as part of the open market stock.
- 6.35 There are two distinct issues that should be addressed. Firstly, there is an historic and longstanding net loss of employment land and more recently the loss of B1a land is a critical issue in seeking to improve GVA performance. Planning consents which result in the loss of B class land are under construction, particularly in town centre locations whilst consents which provide additional floorspace are not. This is a particular concern as stakeholder consultations suggest that there is office demand for both town centre and out of centre locations. Secondly, those sites with planning permission for gains in B Class land are still awaiting commencement and implementation. As there is a significant of consents for specific occupiers, implementation will depend on the individual decisions of the businesses. Implementation is also dependent upon design and build solutions as the market values are still below that required to support speculative development.
- 6.36 In considering these assessments it important to note that Cheltenham Business Park is not included into the total sites at 31<sup>st</sup> March but a planning application for 16,800 sq m is currently under consideration by CBC.
- 6.37 The outstanding commitments for B2 Class Industrial development provide for a total gain of approximately 1,000 sq m. However, existing commitments, if developed in full, would result in the loss of 9,400 sq m B2 floorspace. Therefore, the consequent net loss in B2 floorspace as a result of existing planning consents would amount to a net loss of 7,400 sq m.

# 7. INITIAL CONCLUSIONS

# CONCLUSIONS - EXISTING LAND AND SITES ANALYSIS

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- 7.1 The report highlights existing issues which are relevant to in considering the suitability of the existing supply and the issues necessary to consider in reaching conclusions and recommendations on land allocations. These issues can be summarised as follows.
- 7.2 Cheltenham still has the highest quantity of office stock in the County. Valuation Office data suggests that there has been an increase of 114,000 sq m or 46% increase in rateable office floorspace over the 10 years between 2002 and 2012. In comparison, using the same data analysis from VOA, Gloucester has seen a 35,000 sq m or 12% increase in its rateable office stock since 2002 whilst Tewksbury has seen an increase of 48,000 sq m or 77% in its rateable office stock. Nationally rateable office stock has increased by 10.9%. However, the rateable value of office stock is significantly below the national average and other regional competitors.
- 7.3 Stakeholder engagement demonstrates a sustained demand for office and business accommodation across the borough building upon Cheltenham's brand for 'Quality of Life'. However, the stock is under stress with a constant and longstanding net loss office and industrial sites and premises.
- 7.4 Property agents argue and the evidence would suggest that 80% of the stock comprises accommodation which is less than 500 sq m and in particular there are no quality sites or premises for business expansion, relocation or inward investment either within the town centre, edge of centre or greenfield sites. Agents highlight a particularly deficit in the portfolio for those looking for premises or sites that can accommodate in excess of 1,000 sq m.
- 7.5 The issues are longstanding. The Employment Land Reviews have identified a structural gap for Business Parks in the employment land and premises portfolio. This gap has not been resolved. Indeed stakeholders and business confirm that locations at Gloucester and Tewkesbury have stronger Business Parks, offering the type and size of accommodation at competitive prices to meet business needs. Importantly these sites are noted to reflect the profile of the newly investing or expanding business. There is a clear and distinct identified risk that this trend will continue and Cheltenham will no longer be a location of choice or search for businesses and does not recognise the potential for the attraction of new inward investment. The risks also include not planning for future expansion plans and options for many of the Borough's employers who are critical to a higher value economy.
- 7.6 The Employment Land monitoring information shows that a large proportion of B1 commitments are bespoke development for existing Cheltenham clients. These consents reflect a confidence and need of existing firms to consolidate and expand within Cheltenham. However, existing consent under construction represent losses of B1a land within Town Centre whilst commitments to increase are not under construction. Presumably awaiting design and build for specific clients. An example is Honeybourne Place where construction contracts are in place awaiting letting of remaining part of the building.
- 7.7 The loss of B1 office development and A2 professional services development to residential has increased pressure on the existing limited stock. This pressure is likely to continue as regency stock has proved to be very attractive to residential market. This includes locations that property agents confirm are still attractive to professional services development around Cheltenham's historic core. In addition, the 2014 sites review highlights older commercial sites, in some cases with buildings that have been vacant for many years with amenity and access constraints which present difficulties to secure market interest and will be under threat for change of use to residential.
- 7.8 There is a real concern that those other alternative sites that historically, have been available, are virtually taken up, so there is an ever increasing need for new employment sites and opportunities for the future across the county. This could be addressed in part, through the provision of high-quality, modern premises both in the town centre and in the form of a number of appropriate-scale business parks elsewhere in the borough in order to retain and attract investment, thereby supporting the economic resilience of Cheltenham and the wider JCS area.

The stock is ageing. Vacancy rates for office, retail and industrial are falling although rental levels are still below the levels required to support speculative property development.

- 7.9 Some high grade sites (Honeybourne Place and Cheltenham Business Park) will become available to the market. Currently interest is likely to be design and build as current rental values and investment confidence fall short of speculative development interest. The evidence suggests the lack of high quality office accommodation and Business Park opportunities represent a structural gap in the employment land portfolio. There is also very limited business start-up space particularly serviced and supported space for incubator or innovation development. Consideration needs to be given on how to maximise the benefits of this site while other strategic sites are brought to the market.
- 7.10 The potential of the Civic Pride sites, the opportunities for town centre regeneration and the key interventions and priorities to bring them forward to the market are not explicit. The requirements should be pursued seeking to secure as much town centre office space as possible.
- 7.11 Both the Joint Core Strategy and Strategic Economic Plan seek to improve the attractiveness of Cheltenham as a business location, to improve productivity through developing key sectors, improving skills, unlock infrastructure and transport constraints and providing business support. Although there is a clear commitment in both strategies to ensure Cheltenham is a prosperous town, there are distinct and different views on the scale of GVA ambitions, short term job growth and the scale of the strategic employment site needed at Junction 10 to deliver the stated growth commitments
- 7.12 The Joint Core Strategy requires the provision of a 23.4 hectare site on the north west Cheltenham together with sites for major office development. The SEP sets out ambitions for a significantly larger development of 127 hectares based upon historic take up rates and market views. This study has not examined the historic take up rates of views of businesses across Gloucestershire of the M5 growth zone. It has also not completed a critical review of the ambitions set out in the SEP. It will be for the JCS examination to test the strategic ambitions and appropriate land allocations to meet the M5 Growth Zone ambitions
- 7.13 In this discussion it is important to recognise that there are critical land and property issues to be addressed and delivered in the immediate and short term. Cheltenham is one of three locations competing across the same economic geography and therefore the early development of the strategic site and resolution of junction improvements at the M5 is critical to meet medium term economic demand but it is equally important to develop interventions which address short term needs.
- 7.14 Market views from stakeholders suggest that the requirements for B1 and B8 uses are demonstrated in both town centre and greenfield locations. Therefore, in addition to the strategic site at north west Cheltenham, high quality town centre solutions need to be found, potentially where possible utilising public sector land or interventions to overcome current viability constraints. In addition, this reinforces the recommendations for 'Business parks' 2011 for upgrades, retention and improvements to provide good choice across the borough and make an important contribution towards the local economy.
- 7.15 Public administration is a key contributor to GVA in Cheltenham and business services are forecasts suggest that there is strong growth in finance and business services. In particular consultations suggest strong expansion in the supply chain for GCHQ and supporting this in the short term is critical.
- 7.16 Stakeholder consultations suggest that there may be continued expansion of existing firms within B2 classes than forecasts might suggest. The Strategic Economic Plan seeks to build upon the potential of new industries including nuclear energy sector and there if Cheltenham is to secure this development it must provide a compelling and competitive reason for doing so.
- 7.17 The Council, with the consultants have devised a site typology and completed a SWOT analysis against each typology of site. The first tables set out the description and characteristics of each site typology whilst the second

table considers the earlier analysis in this report and the stakeholder consultations in reaching view on the strengths, weaknesses, opportunities and threats for each site typology.

- 7.18 The RAG status reflects a consideration of the interventions needed to address the critical challenges and threats, the issues that are likely to have the greatest impact and those that should be addressed more immediately.

PREMISES TYPE	CHARACTERISTICS <sup>1</sup>			
	LOCATION		DESCRIPTION OF PREMISES	TYPE OF OCCUPIERS
	Type	Description		
<b>High Quality Office</b> (Grade A)	<u>Town Centre</u> <sup>2</sup> ; <u>Edge of Centre</u> <sup>3</sup> ; and <u>Well Connected</u> <sup>4</sup>	Usually located within the Core Commercial Area and edge of Town Centre, with good road frontage and/or access to the <u>main road network</u> <sup>5</sup>	Institutional and high quality. The design and build quality is often at a higher standard with large floor plans, excellent IT services, on site car parking, high environmental standards and strong public realm and identity.	National and International corporations and institutions. Business Headquarters.
<b>High Street</b> (A2 and B1 UCO)	Town Centre only	Located within the Core Commercial Area often within the High Street or streets immediately adjacent.	A mixture of high quality and low quality buildings, this often determines the type of occupier.	Predominant sector is the professional and business services sector, serving the local market area.
<b>Regency Office</b>	Town Centre only	Centrally located within the Core Commercial Area, particularly in and around Cheltenham's historic core. Sites generally have good levels of accessibility to services and facilities.	When in employment use, buildings have often been converted from historic (regency) brick built residential properties to form reasonable office space. Buildings offer little flexibility for expansion or extensions and are difficult to adapt to modern technology requirements.  20 <sup>th</sup> Century office blocks have been built within or adjacent to the historic core of the town providing flexible and modern office space.	Predominant sector is the professional services sector, serving the local and national market area. Regency buildings are often constraining the ability of companies to expand their business and hire more staff. There are examples of businesses leasing multiple premises but not necessarily immediately adjacent to each other.  There is a high frequency of vacancies

<sup>1</sup> NB: This typology does not include sites dedicated to retail and/or leisure uses. Businesses that offer a retail trade service are recorded where located on survey sites.

<sup>2</sup> Defined as the Core Commercial Area

<sup>3</sup> of Core Commercial Area

<sup>4</sup> To 'main road network'

<sup>5</sup> Main A roads such as Tewkesbury Road and Gloucester Road (A40),

PREMISES TYPE	CHARACTERISTICS <sup>1</sup>			
	LOCATION		DESCRIPTION OF PREMISES	TYPE OF OCCUPIERS
	Type	Description		
<b>Business Park</b>	Edge of Centre; Well Connected;  and maybe  <u>Poorly Connected</u> <sup>6</sup>	Out of Core Commercial Area and/or edges of Principal Urban Area, with good to excellent access on to the main road network.	<p>Often a mixture of average to good quality buildings, ranging in sizes.</p> <p>Some premises have benefitted from recent refurbishment and/or redevelopment of ageing premises offering modern office space and double height space vehicular access.</p> <p>Retail premises are often located adjacent.</p>	<p>Predominant sector is microbusinesses and SMEs (up to 250 employees) servicing the local market and are increasingly becoming more reliant on trade outside of Cheltenham.</p> <p>Businesses generally include technology and professional services; and specialist trade, manufactures, suppliers and services, requiring a mixture of office space and warehouse space</p> <p>Businesses offering retail services such as trade counters and car showrooms can also be found in this location due to visible location along the main road network.</p> <p>Vacancies and underutilisation can be prominent in older premises.</p>
<b>Industrial Estate</b>	Edge of Centre; Well Connected;  and  Poorly Connected	Generally located off the main road network but still accessible but not restricted to. (A range of connections)	<p>Often premises offer a more basic employment space with good flexibility to make alterations and modernisation. The quality of premises can range from good to poor but often are average to poor.</p> <p>Often ageing premises have been subdivided in to smaller units to cater for business and occupiers.</p> <p>Poorer quality, and by virtue low cost, premises provide necessary employment space for</p>	<p>Wide range of firms, activity focusses on storage and distribution and light industrial activity.</p> <p>Predominant sectors are small trade businesses focussing on auto repair, builders, recycling depots and other 'dirty' trades catering for the local and Gloucestershire market. These types of premises are popular with new microbusinesses and SMEs as they can provide low cost employment space, albeit at the</p>

<sup>6</sup> To 'main road network'

PREMISES TYPE	CHARACTERISTICS <sup>1</sup>			
	LOCATION		DESCRIPTION OF PREMISES	TYPE OF OCCUPIERS
	Type	Description		
			<p>businesses, especially new businesses.</p> <p>Trade counters offering retail like services can be found on larger industrial estates with better levels of accessibility.</p> <p>Whilst less prevalent, larger and purpose built premises have recently been built.</p>	<p>loss of quality.</p> <p>Large businesses (250+ employees) typically use many premises on site and serve a national and international market. Businesses typically manufacture high tech specialist products and/or provide technical services.</p> <p>Vacancies and underutilisation can be prominent in older premises.</p>
<b>Single Occupier</b>	<p>Edge of Centre; Well Connected; and Poorly Connected</p>	<p>Generally located away from the main road network but still accessible. (Has a range of connections)</p>	<p>Built for purpose or have absorbed surrounding premises over time, the latter is particularly evident on older sites.</p> <p>Often businesses located on ageing sites can be limiting the ability of the business to expand their employment space due to a lack of space. However there are exceptions to this; some sites have very modern purpose built premises with some opportunity for expansion</p>	<p>Predominant sector is large businesses (250+ employees) which typically use all premises on site and serve a national and international market.</p>
<b>Other / Informal</b>	<p>Edge of Centre; Well Connected; and Poorly Connected</p>	<p>Often sites are nonconforming spaces between differing uses, located in yards and backlands.</p>	<p>Basic premises which occasionally offer double height space. The age of premises can range from pre 1950s to modern 21<sup>st</sup> Century buildings.</p> <p>Often poor quality buildings that attract businesses seeking low cost employment space although some</p>	<p>Wide range of firms, activity focusses on storage and distribution and light industrial activity.</p> <p>Predominant sectors are small trade businesses focussing on auto repair, builders, recycling depots,</p>



PREMISES TYPE	CHARACTERISTICS <sup>1</sup>			
	LOCATION		DESCRIPTION OF PREMISES	TYPE OF OCCUPIERS
	Type	Description		
		Predominantly ageing sites located outside the Core Commercial Area and have good to poor access to the main road network	sites demonstrate long term vacancy rates.	scrap merchants and other 'dirty' trades.

PREMISES TYPE	STATUS				
	RAG Status	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREAT
<b>High Quality Office</b>	RED	<p>Cheltenham's longstanding recognition as an Head Quarter and office location</p> <p>Offering grade A office space in town centre locations at competitive rental values (although Gloucester and Tewkesbury offer lower rental values)</p>	<p>Limited prime, high grade office supply in both town centre and business park locations to meet new business demand and expansion space for existing indigenous businesses.</p> <p>Existing office supply being diminished through loss of office use to residential. Since 2010 there has been a net loss of 2,239 sq m and 1.87 hectares of B1a space.</p> <p>Current rental levels do not provide sufficient value to support speculative investment and development.</p> <p>Focus is on smaller offices with a particular shortfall in office space above 1,000 sq m, limited supply for start-up businesses with short term leases.</p> <p>Some refurbishments but ageing buildings reduce availability of prime grade A office space</p> <p>Susceptible to national and international market dynamics and decisions as well as changes in</p>	<p>Economic Forecasts, the Joint Core Strategy, GFirst's Strategic Economic Plan and property interests suggests sustained increased demand for office space to 2031 particularly in finance and business services.</p> <p>Allocation of land to support the provision of new high quality office development within the town centre as well as provision in high profile business parks including start ups and flexible workspace / incubator facilities.</p> <p>Existing planning permission for 4,100 sq m at Honeybourne Place subject to pre let awaiting implementation – construction expected Winter 2015</p> <p>Residual business space providing opportunity to meet short / medium demand at Grovefield Way would support up to 16,000 sq m of office space.</p> <p>Co-ordinated joint working with Tewkesbury and Gloucester to provide location solutions for</p>	<p>Permitted development rights allow the offices to be converted to residential however this is not considered a significant threat at the current time. The level of threat is likely to correlate with the health of national and international economic markets.</p> <p>Nearby locations at Gloucester and Tewksbury are providing stronger office supply offer for new and expanding businesses – some businesses have already left due to lack of expansion potential within Cheltenham</p> <p>Loss of existing office businesses wishing expansion seems inevitable given current lack of high quality available space.</p> <p>Loss of existing HQ and national businesses over a period of time potential to diminish Cheltenham as a strong office location.</p>

PREMISES TYPE	STATUS				
	RAG Status	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREAT
			Government policy / objectives	business.  Planning applications for business park space to provide office accommodation imminent on Green Belt locations on the edge of the town  Improving connectivity to services and facilities.  Improving opportunities for sustainable travel	
<b>High Street</b>	Amber	Centrally located to access a wider range of services and facilities. Good levels of footfall.  Vacancy rates are relatively low due to the lack of prime office space in the town centre.	Cost of refurbishment and low return  Smaller and older accommodation does not meet flexible space required by business	Town centre regeneration projects to improve quality of offer and relationship with other parts of the town.	Outstanding planning commitments show some threat from other uses, such as retailing and residential, including assisted living homes.
<b>Regency Office</b>	Amber	Unique business space offering culturally rich regency premises/location for professional based organisations.  Anticipate strong and maintained demand for professional business space in the historic core at Imperial Square, Promenade, St	Cost of maintenance and refurbishing historic premises can be high with low returns. There is a high frequency of vacancies (over supply).  Regency premises provide limited flexibility to allow alterations and build extensions. This can constrain	Support the change of use to more viable uses, in particular residential to reduce the oversupply and the high number of vacant properties which do not meet business needs and to maintain the historic fabric of the buildings.	Changes of use to dwellings are a significant threat (via permitted development rights) and reduce the available office stock in the town centre  Grow on space from Regency property is limited.

PREMISES TYPE	STATUS				
	RAG Status	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREAT
		George Road and Rodney Road although recent planning history shows risk of change of use to residential and tourism uses.  Close to Cheltenham Town Centre	businesses looking to grow.  Some 20 <sup>th</sup> Century office blocks impact the historic setting of Cheltenham's regency buildings		
<b>Business Park</b>	Red	Excellent access to the main road and strategic network.  Excellent location for those businesses seeking to have a publically visible brand.	Business Parks are dominated by industrial and warehouse development ranging from good to poor quality buildings, with odour, noise and dirt arising in a broadly constrained environment with little community, open space, landscaping.  Cheltenham has a very limited offer a Business or Enterprise Park for professional and technology businesses with modern, flexible space reflecting a high quality, innovative business profile. Examples such as Neptune Business Centre illustrate current demand.  Environment is often dominated by the motor vehicle and provides little connectivity for pedestrians and cyclist. National and local market conditions can impact take	Extant planning permission for Grovefield Way needs to be maximised as a short term opportunity for a business park environment to meet business needs.  Demand for high quality business space is demonstrated for new and existing business expansion including start up, expansion and substantive professional space. This is supported by GFirst's Growth Zone objective to develop strategic employment sites along the M5.  Redevelopment of underutilised and ageing buildings  Strategic Employment site, supported by appropriate improvements to Junction 10 of the M5 provides space for new business park development.	Vulnerable to change of use from retail and SG uses (especially car show rooms), due to visibility along main road network.  The lack of business park space was highlighted in ELR in 2007 as a structural weakness in the land portfolio. There are limited opportunities for immediate and short term solutions to resolve the lack of Business park requirements.  Lack of available alternative employment sites in Cheltenham together with clear and distinct high quality and competitive offers in neighbouring locations may undermine business success and ultimately their retention in the town.  This may be exacerbated by the long lead in time for Local Plan and the development of a strategic

PREMISES TYPE	STATUS				
	RAG Status	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREAT
			<p>up.</p> <p>Current rental values do not provide sufficient value to support speculative investment and development.</p>		employment site at NW Cheltenham.
<b>Industrial Estate</b>	Amber	<p>Substantive stock within Cheltenham - often premises are more basic offering good flexibility for alterations and upgrade.</p> <p>Some premises have been recently modernised.</p> <p>Vacancy rates suggest there is relative market equilibrium for industrial and warehousing development.</p>	<p>Businesses wishing to expand are often constrained, especially on ageing sites.</p> <p>Appetite for redevelopment for modern employment needs can be dependent on economic market factors and the vulnerability to more viable uses.</p> <p>Internal circulation within sites and access to some Industrial Estate require access through residential areas and narrow access roads.</p> <p>Current rental values do not provide sufficient value to support speculative investment and development.</p>	<p>Opportunities to redevelop ageing buildings including improvements to fascias, layouts and public realm.</p> <p>2011 Business Park recommendation - Upgrading sites can potentially help to revitalise or expand businesses whilst areas with higher levels of vacancies could also accommodate modest improvements to attract new businesses</p> <p>Opportunities to improve building density and the environment on site including Council owned land.</p> <p>The release of Vibixa site at Kingsditch requires proactive engagement to secure the long term development of this site and to improve the public realm on this key and prominent site.</p>	<p>Lack of available alternative employment sites in Cheltenham may undermine business success and ultimately their retention in the town.</p> <p>The loss of this type of employment premises would impact businesses requiring low cost employment space.</p>

PREMISES TYPE	STATUS				
	RAG Status	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREAT
<b>Single Occupier</b>	Amber	<p>Well established businesses that have operate in Cheltenham for many years with well-established local supply chains.</p> <p>Businesses often own and control their site.</p>	<p>The size and layout of the site and sometimes location of the business relative to residential properties or road network can often limit the growth of businesses.</p> <p>Ageing buildings may be inappropriate to modern business needs.</p>	<p>Opportunities to redevelop ageing buildings to meet the occupiers demand with the support of the Local Authority.</p> <p>Opportunity to relocate to a new site freeing up site for other uses, such as residential where redevelopment on site is not considered to be appropriate</p> <p>Improving opportunities for sustainable travel and local facilities for workforce.</p>	<p>Inability to find a viable and practical solution to the business needs within a time required could lead to the loss of the business.</p> <p>Alternative uses may not support the economic growth of the district if not tested appropriately.</p> <p>Alternative sites could impact business growth and retention in Cheltenham. Danger that Cheltenham loss of key HQs and notable corporates take it out of the shortlist of viable / desirable locations.</p>
<b>Other / Informal</b>	Green	<p>Site often provide valuable and low cost space for long standing microbusinesses.</p>	<p>General lack of development and market interest for redeveloping the site for employment (B Use Classes) due to cost of remediation, the constraints on the use of the site from surrounding residential uses, poor access and low values for employment uses.</p>	<p>Minimal opportunity to change use due to constrained nature of sites in isolation of adjacent land and uses</p>	<p>Some threat from other uses such as residential, however due the nature of these sites there is little demand to change use.</p>

# 8.EMPLOYMENT FORECASTS

# ECONOMIC FORECASTS

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- 8.1 NPPG states that plan makers should consider forecasts of quantitative and qualitative need (i.e. the number of units and amount of floor space for other uses needed) but also its particular characteristics (e.g. footprint of economic uses and proximity to infrastructure). The key output is an estimate of the scale of future needs, broken down by economic sectors.
- 8.2 It goes on to state that local authorities should develop an idea of future needs based on a range of data which is current and robust. Authorities will need to take account of business cycles and make use of forecasts and surveys to assess employment land requirements.
- 8.3 Plan makers should consider:
- Sectoral and employment forecasts and projections (labour demand);
  - Demographically derived assessments of future employment needs (labour supply techniques);
  - Analyses based on the past take-up of employment land and property and/or future property market requirements;
  - Consultation with relevant organisations, studies of business trends, and monitoring of business; and
  - Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Market segments should be identified within the employment property market so that need can be identified for the type of employment land advocated.
- 8.4 Economic forecasts are useful in providing a range of scenarios that can inform but not determine the appropriate economic target and strategy for the Local Plan. The forecast models represent trend based growth, based upon a series of economic assumptions about the performance of the economy overtime. No account or adjustments are made to reflect policy or market interventions or indeed constraints which may impact upon the economic output of the borough. This includes interventions and propositions included within GFirst's SEP or its Growth Deal.
- 8.5 The SEP ambitions are to achieve an average GVA performance increase of 4.8 per cent. This study has not examined those growth ambitions or the evidence or intelligence which informs the SEP. The land requirements are based upon an analysis of past take up rates and the provision of a strategic opportunity for inward investment. However, the extent of the SEP ambition is significantly above the current GVA performance of Gloucestershire and Cheltenham. Further analysis and intelligence will be required to understand the policy and spatial implications of achieving growth of 4.8 per cent including workforce availability and housing, employment land requirements, skills and impact upon town centres.

## EMPLOYMENT GROWTH FORECASTS TO SUPPORT JOINT CORE STRATEGY

- 8.6 The Joint Core Strategy was submitted to the Government on 20<sup>th</sup> November 2014 and makes provision in Policy SP1 to support 28,000 new jobs between 2011 and 2031. Supporting text to Policy SP1 at para 3.1.11 states that local employment need has been independently assessed which identified the potential to create around 21,000 to 28,000 jobs to support a thriving economy. The assessment has been further informed by the GFirst's emerging Strategic Economic. The baseline evidence provided by NLP indicates that between 34 and 60 hectares of employment land should be provided over the plan period, which would reflect recent economic growth forecasts.
- 8.7 The JCS has planned for the higher of these land requirements and allocated about 64 hectares of additional employment land via new strategic sites (plus 20 hectares replaced at Ashchurch), supported by the protection of existing sites within urban areas, and enabling new sites within these areas. The strategic sites requirement for each authority is 26.5 hectares in Gloucester, 23.4 hectares in Cheltenham and 34.3 hectares in Tewksbury.



- 8.8 The submitted JCS was informed by econometric projections which were obtained in 2014 from Experian Business Strategies Limited (Experian), Cambridge Econometrics (CE) and Oxford Economics (OE). These forecasts also informed the Assessment of Updated Economic Forecasts by Nathaniel Litchfield and Partners dated April 2014.
- 8.9 In comparing the outputs of the models for Cheltenham it is important to put any growth in the context of all Gloucestershire authorities. The following data is taken from NLP’s economic analysis work in 2014 for the Joint Core Strategy (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014) and the most recent Cambridge and Oxford Models for Stroud, Cotswold and Forest of Dean. The 2011 to 2031 period is used for comparison.

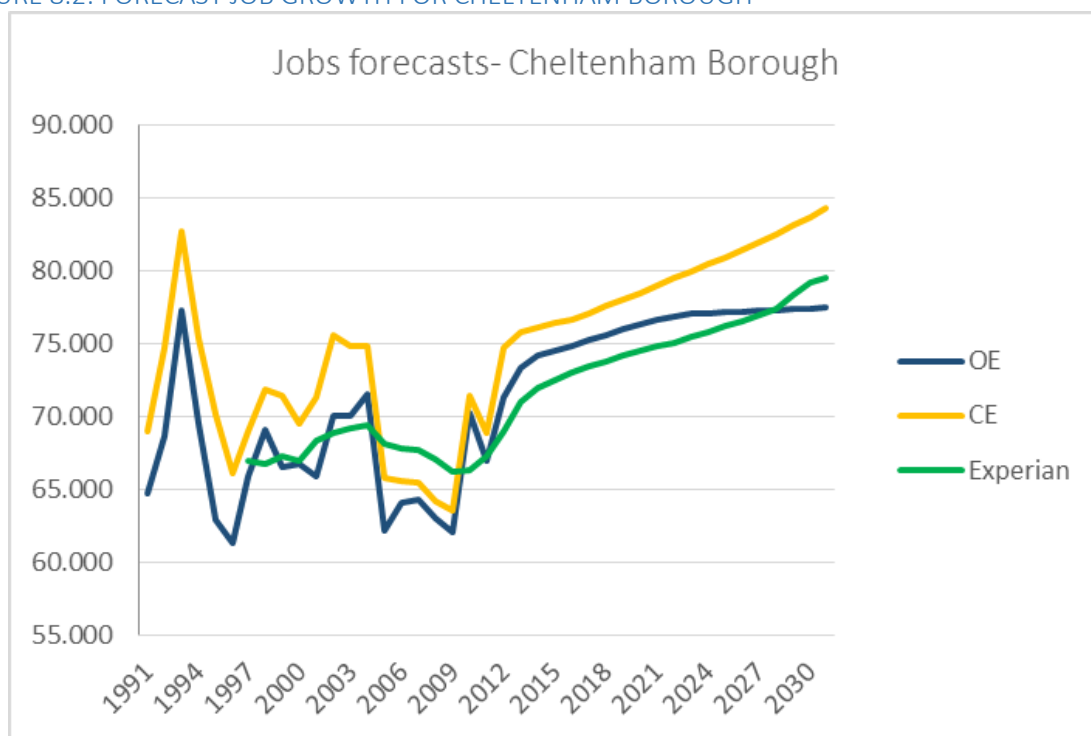
FIGURE 8.1: TOTAL FORECAST JOB GROWTH COMPARISON BETWEEN GLOUCESTERSHIRE AUTHORITIES

District /Borough	CE 11-31	Experian 11 -31	OE 11-31	Average	Current Job Density
Cheltenham	15,336	12,242	10,558	12,712	72,000
Gloucester	8,769	10,021	3,372	7,387	67,000
Tewkesbury	7,482	7,411	6,854	7,249	45,000
Stroud	8,800		4,800	6,800	55,000
Forest of Dean	2,500		2,500	2,500	30,000
Cotswold	8,700		7,800	8,250	47,000

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

**Cheltenham is forecast to show the strongest net employment growth from 2011 to 2031 in all three model outputs. The lowest net increase in jobs for Cheltenham is 10,500 ranging to a total net increase of 15,300 jobs over the 20 year period.**

FIGURE 8.2: FORECAST JOB GROWTH FOR CHELTENHAM BOROUGH



Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

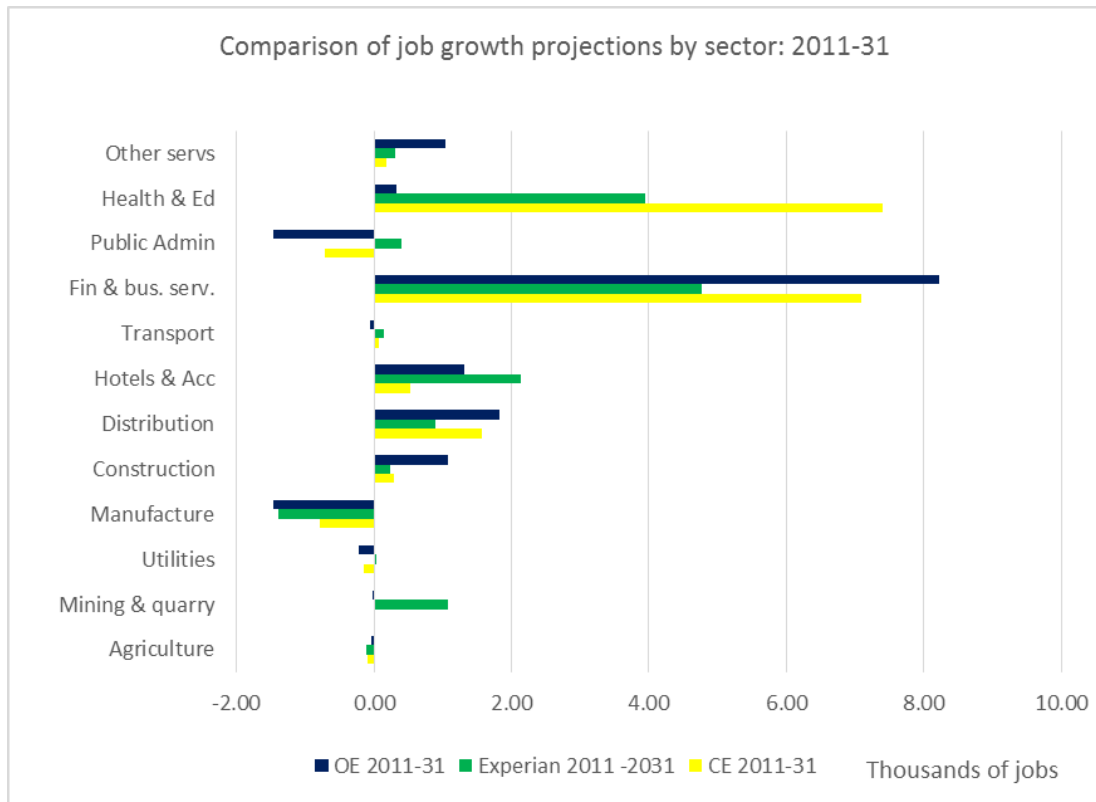
8.10 There are significant differences between the forecasts. The forecasts are built up using a combination of a national view on the prospects for the different sectors of the economy and local data on the demand for services and the performance of different sectors. Therefore there are different views taken by each forecast model and as a consequent the outputs can be very different

FIGURE 8.3: AVERAGE FORECAST EMPLOYMENT CHANGE BY SECTOR USING THREE FORECASTS (CAMBRIDGE ECONOMETRICS, EXPERIAN, OXFORD ECONOMICS)

Sector/industry	Cheltenham	Gloucester	Tewkesbury
Health	3,700	4,800	1,400
Business administration & support services	2,300	800	1,100
Professional, scientific & technical	1,900	600	1,100
Wholesale & Retail	1,400	600	1,100
Accommodation & food services	1,300	600	800
Information & communication	1,000	600	800
Financial & insurance	800	400	700
Property	700	400	600
Construction	500	400	500
Arts, entertainment, recreation & other services	500	300	300
Education	200	300	200
Transport & storage	0	100	100
Agriculture, forestry & fishing	-100	-100	100
Public administration & defence	-600	-1,200	-300
Production	-1,000	-1,300	-1,100

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

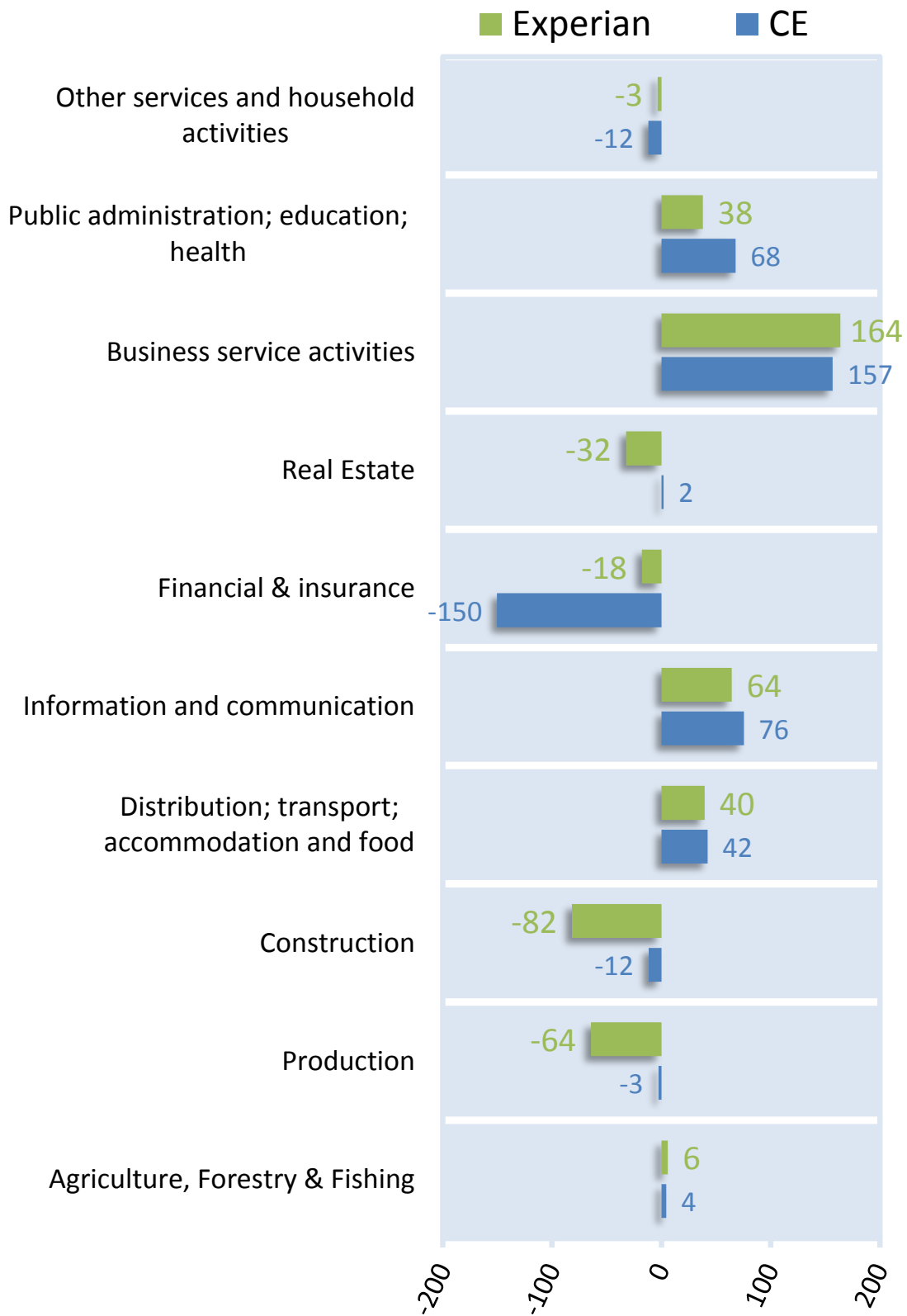
FIGURE 8.4: COMPARISON OF TOTAL EXPERIAN, CE AND OE JOB GROWTH 2011 TO 2031



Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

8.11 All models forecast strong job growth in Finance and Business Services over the 20 year period. There is also distinct alignment over the loss of manufacturing jobs. Oxford forecast strong growth in Distribution, Construction, Hotel and Accommodation and other services whilst forecasting moderate growth in Health and Education and a loss of jobs in Public Administration and Defence. Cambridge Economics forecast suggests stronger growth both within public and private sectors with Health and Education and Financial and Business Services forecasting the highest levels of job growth within those two sectors. However, there is a forecast decline in Public Administration and Defence. Experian also forecast growth in private and public sectors but at lower increase than Cambridge. Experian forecast the strong growth in Financial and Business Services, Health and Education, Hotel and Accommodation, Distribution and Storage and Mining and Quarrying.

FIGURE 8.5: FORECAST ECONOMIC GROWTH BY INDUSTRY FROM 2011 TO 2031 IN £ MILLIONS (CONSTANT PRICES)



Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

## JOB GROWTH BY B CLASS USE

- 8.12 The Assessment of Updated Economic Forecasts 2014 (NLP) identifies at table 3.1 the forecast B class employment growth. The total employment increase by model equates to a net forecast job increase over the 20 year between 2011 and 2031 and was divided between B1, B2, B8 and other use classes as follows:

FIGURE 8.6: TOTAL EMPLOYMENT INCREASE BETWEEN 2011 AND 2031 FOR B1, B2, B8

	Oxford	Experian	Cambridge	Average
B1	7,197	4,856	6,189	6,081
B2	-1,188	-1,345	-645	-1,059
B8	365	222	162	250
<b>B Total</b>	<b>6,375</b>	<b>3,733</b>	<b>5,706</b>	<b>5,271</b>
Other	4,183	8,510	9,630	7,441
<b>Total</b>	<b>10,558</b>	<b>12,243</b>	<b>15,336</b>	<b>12,712</b>

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

- 8.13 It is important to note that a significant proportion of the growth is forecast to occur in the first three years of the plan period for Oxford and Cambridge models and to a lesser extent in the Experian model outputs. The table below details the net job increase forecast in the models between 2011 and 2014. It can be seen that the average B class job growth between 2011 and 2014 represents approximately 40% of the total B class forecast job growth over the plan period and approximately 50% of the net increase in all jobs over the same period. The increase as a percentage of 2011 to 2031 jobs equates to 69% for OE or an increase in 10.8% of all jobs, 47% for CE or 10.5% increase of all jobs and for 38% for Experian or 6.9% of jobs at 2011.

FIGURE 8.7: TOTAL EMPLOYMENT INCREASE BETWEEN 2011 AND 2014 FOR B1, B2, B8

	Oxford	Experian	Cambridge	Average
B1	3,314	3,859	2,289	3,154
B2	-1,035	-1,673	-856	-1,188
B8	84	167	0	84
<b>B Total</b>	<b>2,363</b>	<b>2,353</b>	<b>1,433</b>	<b>2,050</b>
Other	952	5,261	6,691	4,301
<b>Total</b>	<b>3,315</b>	<b>7,614</b>	<b>8,124</b>	<b>6,351</b>

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

- 8.14 The calculations applied to a 2014 to 2031 period demonstrate the more moderate forecast level of growth between 2014 to 2031. Annual net forecast jobs increase equates to:

FIGURE 8.8: ANNUAL NET FORECAST JOBS INCREASE BETWEEN 2011 TO 2031 AND 2014 TO 2031

	2011-31	2014-31
OE	528	195
CE	767	478
Experian	612	448

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics

2014.

- 8.15 The Business Register and Employment Survey published in September 2014 shows that total employee jobs at 2011 amounted to 59,300. The latest available data for 2013 shows that the total employee jobs had increase to 64,500. Care must be taken when using survey data and therefore longer term trends may be a more appropriate indicator. However, the data published by ONS would suggest that the employee jobs have increase by 5,200 jobs between 2011 and 2014.
- 8.16 During the recession there has been a shift from employee jobs to self-employment nationally. However, this would not appear to be the case in Cheltenham. Census data shows that in 2011, 10.2% of the working age people living in Cheltenham were self-employed. This was slightly lower than the England average (10.5%). ONS Population Survey data shows that Self-employment has declined from 10,400 (12%) in June 2011 to 3,700 (4.8%) in June 2014. Nationally the percentage is 9.9% at 2014.
- 8.17 The report sets out the forecast jobs for B Class employment Development and calculates Baseline land requirements for B Class land type. The report also completes a number of sensitivity tests including:
- Spaceless growth;
  - Reuse of surplus industrial land for warehousing purposes;
  - Adjustment of plot ratios; and
  - Composite Sensitivity test.
- 8.18 That NLP report detailed a summary of the employment projections for each of the three JCS authorities, explored the anticipated change in public sector employment in Gloucestershire over the plan period, outlined the Strategic Economic Plan priority sectors of Energy and Water, High Tech manufacturing and Business and Professional Services together with priority sectors set out by the Economic Development Officers.

# OTHER BUSINESS USES

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- 8.19 All of the Economic Forecasts Model identifies job growth for those employment generating industry sectors that do not require B class employment land provision. These sectors include Accommodation and Food Services, Education, Human Health and Social Work, Arts entertainment and recreation and Retail. The Borough Plan will need to consider these job growth forecasts alongside the requirement for B Class development as they represent significant levels of employment growth ranging between 4,100 and 9,600 jobs over the plan period.

## HEALTH AND EDUCATION

- 8.20 GVA data provided by Cambridge Econometrics and Experian show that Public Administration, Education and Health is the largest sector in terms of GVA production in Cheltenham. In 2011, Cambridge Econometrics and Experian estimated that this sector contributed 29.3 per cent and 26 per cent respectively to overall GVA in the district.
- 8.21 The model forecasts differ significantly in the outlook for job growth in Health and Education. Cambridge Econometrics is the most optimistic with job growth in excess of 7,000 jobs over the period. Much of this growth will be dependent upon the demographic profile of the Borough and decisions about spending on public services by subsequent Governments. However, policy intervention will be required to secure the appropriate sites and implementation of the key public sector infrastructure requirements alongside the development of housing.

## TOWN CENTRES

- 8.22 NPPF requires each Local Plan to:
- Allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites;
  - Allocate appropriate edge of centre sites for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, set policies for meeting the identified needs in other accessible locations that are well connected to the town centre; and
  - Set policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres;
- 8.23 Town Centre policies for Retail and Hotels, Food and Accommodation sectors will need to be addressed. However, NPPF requires consideration of whether an extension to the centre is required to accommodate additional town centre needs. Therefore these commercial boundaries should be reviewed to take into account town centre needs and the requirement for any further allocations. This should be accompanied by an assessment of Primary and Secondary Retail Frontages and the development management policies to support the vibrancy and vitality of the town centre. This could include a policy which resists the loss of town centre uses such as shops, restaurants, cafes by either a quantitative or qualitative policy agenda.
- 8.24 Paragraph 26 of the NPPF requires that when assessing applications for retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date Local Plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500 sq.m.).

- 8.25 Through the Borough Plan, the Council may identify a new threshold to require Retail Impact Assessments. In many Local Plan the threshold has been lowered to as little as 350sqm reflecting the type and scale of the existing retail offer and ensuring that when considering a planning application the Local Authority has a full understanding of the impact of new proposals on their retail offer. It is considered that it is entirely appropriate for the Borough Council to apply a lower threshold to ensure that the Council can fully understand the impact of retail development upon its town centre.
- 8.26 Although this report does not consider distinct policy allocations for the non B Class uses, positive policies for town centres and key neighbourhoods are required to support the implementation of the retail, food and accommodation sectors together with the arts, entertainment and recreation.

## EMPLOYMENT LAND REQUIREMENTS

- 8.27 The NLP Assessment of Updated Economic Forecasts details the land requirement tables for the three JCS local authorities which are reproduced on the next page for both the 2011 to 2031 and 2014 to 2031 periods.

FIGURE 8.9: NLP ASSESSMENT OF UPDATED ECONOMIC FORECASTS DETAILS THE LAND REQUIREMENT (HA) TABLES FOR THE THREE JCS LOCAL AUTHORITIES 2011 TO 2031

	Experian		Cambridge		Oxford	
	2011 to 31	2014 to 31	2011 to 31	2014 to 31	2011 to 31	2014 to 31
<b>Cheltenham</b>	19.7	15.5	22.6	7.2	29.9	12.1
<b>Gloucester</b>	19.2	18.3	7.0	2.9	12.8	11.6
<b>Tewksbury</b>	22.5	17.7	15.9	7.5	19.4	15.5
<b>Total</b>	61.4	51.5	45.5	17.6	62.1	39.2

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014.

- 8.28 The tables below set out the land and floorspace requirement for Cheltenham for each of the forecasts using the baseline assumptions used in the Assessment of Updated Economic Forecasts 2014. The table details the calculated requirement by the B Class type assumed in the model which includes an additional 25% reflecting the five year flexibility added to the total land requirement and is consistent with the methodology adopted in the JCS approach.

FIGURE 8.10: LAND REQUIREMENT (HECTARES) FOR CHELTENHAM FOR EACH OF THE FORECASTS USING THE BASELINE ASSUMPTIONS USED IN THE ASSESSMENT OF UPDATED ECONOMIC FORECASTS 2014.

	Experian		Cambridge		Oxford	
	2011 to 31	plus 5 year	2011 to 31	plus 5 year	2011 to 31	plus 5 year
<b>B1</b>	12	15	15	19	18	22
<b>B2</b>	-12	-16	-6	-7	-11	-14
<b>B8</b>	4	5	3	3	6	7
<b>Total</b>	16	20	18	23	24	30

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014 and consultants calculations



FIGURE 8.11: FLOORSPACE REQUIREMENT FOR CHELTENHAM FOR EACH OF THE FORECASTS USING THE BASELINE ASSUMPTIONS USED IN THE ASSESSMENT OF UPDATED ECONOMIC FORECASTS 2014.

sq m floorspace	Experian		Cambridge		Oxford	
	2011 to 31	2014 to 31	2011 to 31	2014 to 31	2011 to 31	2014 to 31
<b>B1</b>	60,700	48,238	77,363	28,613	89,967	41,425
<b>B2</b>	- 49,765	-61,901	- 23,865	-31,672	- 43,951	38,295
<b>B8</b>	14,430	10,855	10,530	0	23,738	5,460

Source: (Gloucester, Cheltenham and Tewkesbury JCS Assessment of Updated Economic Forecasts April 2014), Cambridge Economics and Oxford Economics 2014 and consultants calculations.

8.29 The outputs highlight the different land requirements depending upon the type of sector that is anticipated to grow by each forecast model.

## RESIDUAL LAND REQUIREMENT

8.30 If you assume that the Borough Plan should plan to meet the maximum economic output forecast in any of the models, provision would need to be made to meet the outstanding requirement detailed on the following pages.

### B1 USE CLASS

8.31 B1 sectors utilising this use class are ICT, Finance and Insurance, Professional, Technical and Scientific Services, Business Support Services, real estate, Head office and management consultancy, other professional services, IT Services, media, legal and accounting. There is also a B1 requirement for Public Administration and Defence. The table below identifies where Cheltenham has a higher location quotient compared to England, an industrial sector specialism.

FIGURE 8.12: INDUSTRY CLASSIFICATIONS WHERE CHELTENHAM HAS A SIGNIFICANT SPECIALISM IN B1 CLASS DEVELOPMENT

Industry (4-digit standard industrial classification)	LQ (compared to England)	employees
8422 : Defence activities	41.94	5,600
8299 : Other business support service activities n.e.c.	5.37	2,600
7912 : Tour operator activities	4.98	400
6511 : Life insurance	3.72	200
5811 : Book publishing	3.69	200
6629 : Other activities auxiliary to insurance and pension funding	2.25	500
6832 : Management of real estate on a fee or contract basis	2.02	400
4110 : Development of building projects	1.66	200
6622 : Activities of insurance agents and brokers	1.58	400
7311 : Advertising agencies	1.34	400
6202 : Computer consultancy activities	1.34	1,000
6831 : Real estate agencies	1.32	500

Source: Business Register and Employment Survey, Office for National Statistics.

8.32 B1 completions and commitments total 8.1 hectares or 16,463 sq m.

8.33 The average of the forecasts indicate the level of job growth in B1 Class Sectors

FIGURE 8.13: AVERAGE FORECAST EMPLOYMENT CHANGE BY B1 SECTOR USING THREE FORECASTS (CAMBRIDGE ECONOMETRICS, EXPERIAN, OXFORD ECONOMICS)

Sector/industry	Cheltenham
Business administration & support services	2,300
Professional, scientific & technical	1,900
Information & communication	1,000
Financial & insurance	800
Property	700
Public administration & defence	-600

Source: Cambridge Econometrics, Oxford Economics and Experian forecasts commissioned in 2014 for JCS.

- 8.34 Oxford Economics Baseline requires a total of 18.1 hectares + 5 year flexibility of 4.5 hectares equates to a B1 requirement of 22.65 hectares. Therefore an **additional 14.5 hectares of B1 land** would be required to meet the forecast demand. The total additional floorspace to be provided to meet the Oxford Economic forecast is **73,504 sq m**.

## B2 USE CLASS

- 8.35 B2 sectors include Manufacture and Production, Construction, Transport Storage. The table below identifies where Cheltenham has a higher location quotient compared to England, an industrial sector specialism in B2 development.

FIGURE 8.14: INDUSTRY CLASSIFICATIONS WHERE CHELTENHAM HAS A SIGNIFICANT SPECIALISM IN B2 CLASS DEVELOPMENT

Industry (4-digit standard industrial classification)	LQ (compared to England)	employees
2814 : Manufacture of other taps and valves	44.80	1,000
2751 : Manufacture of electric domestic appliances	31.97	700
2572 : Manufacture of locks and hinges	14.45	300
4322 : Plumbing, heat and air-conditioning installation	1.87	500
3030 : Manufacture of air and spacecraft and related machinery	1.72	300

Source: Business Register and Employment Survey, Office for National Statistics.

- 8.36 B2 completions and commitments total 3.09 hectares but a loss of 7,294 sq m
- 8.37 The average of the forecasts indicate the level of job growth in B2 Class Sectors

FIGURE 8.15: AVERAGE FORECAST EMPLOYMENT CHANGE BY B2 SECTOR USING THREE FORECASTS (CAMBRIDGE ECONOMETRICS, EXPERIAN, OXFORD ECONOMICS)

Sector/industry	Cheltenham
Construction	500
Transport & storage	0
Production	-1,000

Source: Cambridge Econometrics, Oxford Economics and Experian forecasts commissioned in 2014 for JCS.

8.38 B2 expected loss of land and therefore no additional provision is required. However, given the **potential loss of 12.4 hectares of B2** Industrial use if the Experian forecasts come to fruition then clear policy objectives need to be addressed.

## B8 USE CLASS

8.39 B8 sectors are Transport, Wholesale and Land Storage. The table below identifies where Cheltenham has a higher location quotient compared to England, an industrial sector specialism in B8 sectors.

FIGURE 8.16: INDUSTRY CLASSIFICATIONS WHERE CHELTENHAM HAS A SIGNIFICANT SPECIALISM IN B8 CLASS DEVELOPMENT

Industry (4-digit standard industrial classification)	LQ (compared to England)	employees
4642 : Wholesale of clothing and footwear	1.92	200
4791 : Retail sale via mail order houses or via Internet	1.49	300

Source: Business Register and Employment Survey, Office for National Statistics.

8.40 B8 completions and commitments total -1.57 ha and a loss of 719 sq m.

8.41 The average of the forecasts indicate the level of job growth in B8 Class Sectors

FIGURE 8.17: AVERAGE FORECAST EMPLOYMENT CHANGE BY B8 SECTOR USING THREE FORECASTS (CAMBRIDGE ECONOMETRICS, EXPERIAN, OXFORD ECONOMICS)

Sector/industry	Cheltenham
Wholesale & Retail	1,400
Transport & storage	0

Source: Cambridge Econometrics, Oxford Economics and Experian forecasts commissioned in 2014 for JCS.

8.42 23,000 sq m of B8 floorspace is required to meet the Oxford forecasts and 5.9 hectares, plus a five year flexibility of 1.5 hectares and redressing the existing loss of 1.57 amounts to a total **additional B8 requirement of 7 hectares.**

# SUMMARY

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- 8.43 Economic forecasts are useful in providing a range of scenarios that can inform but not determine the appropriate economic target and strategy for the Local Plan. The forecast models represent trend based growth, based upon a series of economic assumptions about the performance of the economy overtime. No account or adjustments are made to reflect policy or market interventions or indeed constraints which may impact upon the economic output of the borough. Importantly these forecasts do not consider the impact of any public or private intervention or policy adjustments that might be made including interventions proposed by the Strategic Economic Plan. Any impact on these forecasts would need to be robustly tested and examined and new forecasts and scenarios produced.
- 8.44 There are significant differences between the three forecasts. Forecasts are built up using a combination of a national view on the prospects for the different sectors of the economy and local data on the demand for services and the performance of different sectors. Therefore there are different views taken by each forecast model and as a consequent the outputs can be very different
- 8.45 The Joint Core Strategy was submitted to the Government on 20th November 2014 and makes provision in Policy SP1 to support 28,000 new jobs between 2011 and 2031 in the three authorities. Supporting text to Policy SP1 at para 3.1.11 states that local employment need has been independently assessed which identified the potential to create around 21,000 to 28,000 jobs to support a thriving economy. The JCS evidence states that the assessment has been further informed by the GFirst's emerging Strategic Economic.
- 8.46 The Strategic Economic Plan sets a very ambitious job growth target of 33,900 jobs between 2015 and 2021 for Gloucestershire which represent a substantial increase over and above the three economic forecasts produced for the Joint Core Strategy. This report does not comment upon the validity of these assumptions and does not calculate the potential land requirements associated with this level of growth. However, the extent of the SEP ambition is very significant and further analysis and intelligence will be required to understand the policy and spatial implications of achieving such growth.
- 8.47 Over the plan period the Cambridge Econometric model forecast total employment to increase by 15,336 jobs whilst over the same period Experian forecast an increase of 12,243 jobs and the Oxford Economics model forecasts an increase of 10,558 jobs. Both models suggest that a significant proportion of the growth occurs in the first three years of the plan period. However, Experian has a more moderate growth throughout the period
- 8.48 Each forecasts model either has a different emphasis towards private sector or public sector growth and therefore there is a consequent difference in the employment land demand. There are of course land requirements for non B class land which are detailed in paragraphs 8.18 above. This will require additional assessment.
- 8.49 National Planning Policy Framework states that to help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century. Therefore, although there are concerns about the actual level of job growth seen to 2014 and the variance in the type of sector job growth in each of the forecasts, the amount and type of B Class employment allocations in the Borough Plan should provide sufficient flexibility to support a range of employment opportunities to meet the B Class sector jobs.
- 8.50 The land requirements identified in this chapter reflects a mechanical calculation of land requirements from forecasts. It does not take account of policy interventions or objectives which might affect that land requirement including issues such as past take up rates and market signal which are required by National Planning Practice Guidance.



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