Cheltenham Economic Review

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SUMMARY

Economic performance

LONG-TERM TREND RATE OF GROWTH

Historic economic growth rate in line with the national average. Gloucestershire's trend rate of economic growth between 1997 and 2016 was 3.8 per cent annually, just below the England rate of 3.9 per cent. This is the nominal rate of growth that does not take into account deflation.

The real annual rate of growth, taking into account inflation (using the national GDP deflators) was 1.9 per cent per annum. This is marginally below the rate as for England, at 2.0 per cent.

RECENT GROWTH

Recent nominal growth rates are the same as the long-term rates. Between 2011 and 2016, the GVA growth rate was 3.8 per cent for Gloucestershire, compared to 3.9 per cent for England.

Forecasts commissioned for the JCS include GVA estimates for Cheltenham. The total value of economic output (GVA) in 2015 is estimated at between £4.2 and 5.7 billion. Estimated real rates of economic growth over the long-term range from 1.5 per cent to 2.6 per cent per annum; and the short-term from 2.0 per cent to 2.6 per cent per annum.

EMPLOYMENT GROWTH

Cheltenham supported 76,000 workforce jobs[1] in 2015. Between 2000 and 2015, 10,000 net new jobs were created. This was equivalent to 15.2 per cent total growth in jobs, or 0.94 per cent per annum – the same rate as the England average.

Cheltenham supported 65,500 employee jobs[2] in 2015. Employee jobs grew at a rate of 4.3 per cent over the past year from 2014 to 2015. Employee jobs data reveals no change between 2010 and 2015, compared to a total rate of growth of 7.7 per cent in England (or 1.5 per cent per annum).

Enterprise, innovation and industries

BUSINESSES

The business population has grown, at a rage slightly below the national average. In 2016, there were 5,905 enterprises in Cheltenham. Between 2006 and 2016, the number of enterprises increased by 1,245 – representing growth of 26.7 per cent compared to 29.9 per cent nationally.

ENTREPRENEURSHIP

Cheltenham has a higher rate of entrepreneurship than average, with 50.3 enterprises per 1,000 residents (England = 45.2).

Cheltenham's business start-up rate is below the national average. In 2016, 11.9 new businesses per 100 active enterprises started in Cheltenham, compared to 15.0 nationally. Start-up rates picked up markedly nationally from 2013 onwards, but this has not been mirrored in Cheltenham or county-wide.

In 2016, 8.7 per cent of working age people living in Cheltenham were self-employed. This is significantly lower than the England average (10.9 per cent). The rate of self-employment was particularly low in Gloucester, at 4.4 per cent.

INNOVATION

Businesses in Gloucestershire are more likely to compete on design, quality and innovation than the national average. In Gloucestershire, 47 per cent of private sector businesses were defined as having high or very high Product Market Strategies – slightly above the national average of 46 per cent. Gloucestershire also scored near or better than the national average in individual aspects of pricing, innovation and quality.

In 2011, there were 2,500 science, research, engineering and technology professionals working in Cheltenham and 900 science, engineering and technology associate professionals. There is a higher presence of information technology and telecommunications professionals in Cheltenham compared to the national average.

EMPLOYMENT BY INDUSTRY

In 2016, the largest employment sectors in Cheltenham were Wholesale and retail (10,500 employees, or 16.0 per cent of all employees), Health and social care (9,500 employees, 14.5 per cent), Retail (10,200 employees, 16.1 per cent), Administrative and support services (7,000, 10.7 per cent), and Education (7,000 employees, 10.7 per cent).

The structure of Cheltenham's economy, in terms of employment in industries, is slightly different to the

[1] Workforce Jobs are the sum of jobs including those supported by employers, self-employment, government-supported trainees, and Her Majesty's Armed Forces.

[2] Employee jobs are total jobs excluding the self-employed, government supported trainees and Her Majesty's Armed Forces.

national average. There are higher shares of employment in Administrative and support service activities (Cheltenham: 10.7 per cent; England: 9.2 per cent), Public administration and defence; compulsory social security (Cheltenham: 9.9 per cent; England: 4.0 per cent), Education (Cheltenham: 10.7 per cent; England: 9.0 per cent), and Human health and social work activities (Cheltenham: 14.5 per cent; England: 12.8 per cent). There are lower shares of employment compared to nationally in Manufacturing and Professional, scientific and technical activities.

The sectoral composition of employment change in Cheltenham is quite different to the England average:

- Manufacturing employment increased by 0.3 per cent nationally compared to a 16.7 per cent (-2,500 jobs) decline in Cheltenham
- Wholesale and retail employment increased by 4.0 per cent nationally compared to a decrease of 4.5 per cent (-500 jobs) in Cheltenham

Conversely growth rates have been better than the national average in the following industries:

- Construction employment increased by 6.7 per cent nationally compared to a 30.8 per cent (+3,000 jobs) increase in Cheltenham
- Finance and Insurance services employment decreased by 0.8 per cent nationally compared to an increase of 6.7 per cent (+100) in Cheltenham
- Real estate activities employment increased by 19.4 per cent nationally compared to an increase of 50.0 per cent (+400) in Cheltenham
- Professional, scientific and technical activities employment increased by 26.3 per cent nationally compared to an increase of 57.1 per cent (+2,000) in Cheltenham
- Administrative & support services experienced 68.4 per cent (+3,300 jobs) growth in Cheltenham compared to 20.0 per cent growth in England

Cheltenham has a very high concentration of employment in defence activities. There is a major specialism in Cheltenham of Public administration and defence; compulsory social security, which employs 6,500 and is 2.5 times more important as an employer than nationally. Within this category, the specific subsector of Defence activities accounts for 6,000 jobs and is 50.3 times more important for local employment compared to the national share of jobs.

People

COMMUTING

In 2011, 58,300 workers lived in Cheltenham while 76,000 people worked in Cheltenham. 44,600 people lived and worked in Cheltenham (i.e. 77 per cent of all workers living in Cheltenham stayed in the district to work). 31,400 people commuted into Cheltenham to work (i.e. 41 per cent of all people working in Cheltenham commuted into the district to work). 13,600 people lived in Cheltenham but worked elsewhere (i.e. 33 per cent of all workers living in Cheltenham commuted elsewhere to work).

Of those commuting into the district, 61 per cent (19,200) commuted in from other Gloucestershire districts. Other districts with sizeable numbers of in-commuters to Cheltenham were Swindon (2,300), Wychavon (2,200), Bristol (1,700) and Malvern Hills (1,400).

ECONOMIC PARTICIPATION

High percentages of working age people living in Cheltenham are economically active and employed. In 2016, 83.7 per cent of working age people living in Cheltenham were economically active, i.e. either in work (employed) or actively looking for work (unemployed), higher than the England average (78.3 per cent).

UNEMPLOYMENT

It is estimated that there were 2,000 working-age residents in Cheltenham classified as officially unemployed in 2016, representing an official unemployment rate of 3.5 per cent. This is lower than the county rate of 3.7 per cent, and the national rate of 5.2 per cent.

POPULATION GROWTH

Population growth has been much lower than average in Cheltenham. In 2015, according to official estimates (Office for National Statistics) 117,500 people lived in Cheltenham – representing 18.9 per cent of Gloucestershire's population. Between 2001 and 2016, Cheltenham's population grew by 6.8 per cent, lower than the Gloucestershire County average growth rate (10.3 per cent), and England (11.8 per cent).

WORKFORCE GROWTH

In 2016, there were 75,200 people of working age living in Cheltenham. These represented almost two-thirds (63.9 per cent) of Cheltenham's population. Growth in the number of working age people in Cheltenham between 2001 and 2016 (6.2 per cent) was lower than Gloucestershire (7.4 per cent) and England (9.1 per cent).

QUALIFICATIONS

Cheltenham's working age residents have very high levels of qualifications attainment. In 2016, 55.6 per cent of working-age people living in Cheltenham held a qualification at Level 4 or above (equivalent to degree level or above). This was well above the Gloucestershire average of 39.9 per cent and the England average of 42.4 per cent.

Qualifications rates have improved dramatically over the past ten years. Between 2006 and 2016, the percentage of working-age residents in Cheltenham that were qualified to Level 4 and above as their highest level of qualification held increased by 15.9 percentage points (from 39.7 per cent to 55.6 per cent).

SKILLED JOBS

Cheltenham has a higher share of jobs in highly skilled-occupations. In 2017, Cheltenham had a more skilled occupational profile compared to the national average. With 9 per cent of workers in jobs in Cheltenham working as Managers, Directors and Senior Officials, and 29 per cent working in Professional Occupations, the skills profile of jobs was more skilled than the national average (11 per cent and 20 per cent respectively).

Cheltenham relies on in-commuters to fill some of its most skilled jobs. Comparing residence-based employment (i.e. Cheltenham residents in work) to workplace-based employment (those working in Cheltenham, but not all necessarily living there) reveals that, in 2011, there were 5,400 more workers in Professional occupations with jobs in Cheltenham than there are residents in this category.

EARNINGS

Average earnings of people working in Cheltenham are above the national average. In 2017, full-time workers in Cheltenham earned an average of £28,400 per year. This was higher than the national average of £26,800.

Place

HOUSING

House prices in Cheltenham are higher than average and have grown at a higher rate than the national average over the past 10 years. In June 2016, the average house price in Cheltenham was £272,800, 12.1 per cent higher than the England average (£243,300).

House prices have grown in Cheltenham over the past 10 years, at a rate slightly higher than nationally. Between November 2007 and November 2017, the average house price in Cheltenham grew by 29.7 per cent – higher than the England average (25.1 per cent). However, this long-term trend hides a dip in prices in 2009. After peaking at £210,300 in November 2007, average house prices declined– to £161,300 in February 2010. Recovery to the pre-recession peak only occurred in April 2014.

The current volume of housing sales remains below the long-term average. Between 2008 and 2016, house sales in Cheltenham averaged 2074 per year – 32 per cent below the 1997-2007 annual average housing sales of 3031 per year.

FLOOR SPACE

There were 343,000 sq. metres of retail floor space eligible for business rates in 2015/16; 310,000 sq. metres of office floor space; and 397,000 sq. metres of industrial floor space (Figure 4.7). All uses, apart from industrial, had increased their rateable floor space between 2005/06 and 2015/16.

Rateable values per square metre in 2015/16 were £170 for retail (above the England and Wales average of £151); £94 for office (below the England and Wales average of £153); and £40 for industrial (above the England and Wales average of £37). Rateable values per square metre for offices were notably higher in areas such as Bath and North East Somerset (£128), Birmingham (£128), Bristol (£134) and Oxford (£129).

Industrial floor space declined by 7.2 per cent in Cheltenham over the 10 years from 2005/06 to 2015/16 – more than the national rate of loss of 5.1 per cent. Within Gloucestershire, this was eclipsed by Gloucester, which lost 16.9 per cent of rateable industrial floorspace over the same period (Figure 4.16). By contrast, both retail and office floor space in Cheltenham grew at a higher rate than the national average. Office space grew substantially in Tewkesbury (+28.2 per cent) and Cheltenham (+26.0 per cent).

1. ECONOMIC PERFORMANCE

ECONOMIC GROWTH

GLOUCESTERSHIRE'S RATE OF LONG-TERM ECONOMIC GROWTH HAS CONSISTENT WITH THE NATIONAL AVERAGE

Economic growth in Gloucestershire has been consistent with the national average over the past 19 years. As detailed in **Figure 1.1**, between 1997 and 2016, Gloucestershire's GVA (economic output) grew by an annual average (compound rate) of 3.8 per cent (a nominal growth figure that does not take into account inflation) to £16.2 billion – only very slightly lower than the England average growth (3.9 per cent) and higher than growth in some neighbouring areas such as Birmingham (3.6 per cent), Bristol (3.5 per cent) and Swindon (3.0 per cent). Long-term growth was below that experienced in Bath and NE Somerset (4.5 per cent), Oxfordshire (4.3 per cent) and Worcestershire (4.1 per cent). Note that there are no official (Office for National Statistics) estimates of economic output / GVA for individual boroughs in Gloucestershire. In the short term, since 2011, the average annual rate of economic growth in Gloucestershire, at 3.8 per cent, is on a par with the national average of 3.9 per cent (the same rates as the long-term rate).

Gloucestershire's estimate of real annual economic growth (which considers national rates of inflation and applies national GDP deflators) is estimated at 1.9 per cent per annum between 1997 and 2016. This is marginally below the national rate of real annual economic growth in England (2.0 per cent), and below the rates for Bath and North East Somerset (2.5 per cent), Oxfordshire (2.4 per cent) and Worcestershire (2.2 per cent); but above the rate for Swindon (1.1 per cent).

The recession caused a less severe contraction in Gloucestershire than nationally. The 2009 recession caused a 2.3 per cent drop in Gloucestershire's real economic output (considering inflation) compared to a fall of 3.3 per cent across England. This was a not as significant as the fall experienced by Cardiff and the Vale of Glamorgan (-3.7 per cent) and Worcestershire (-5.8 per cent).

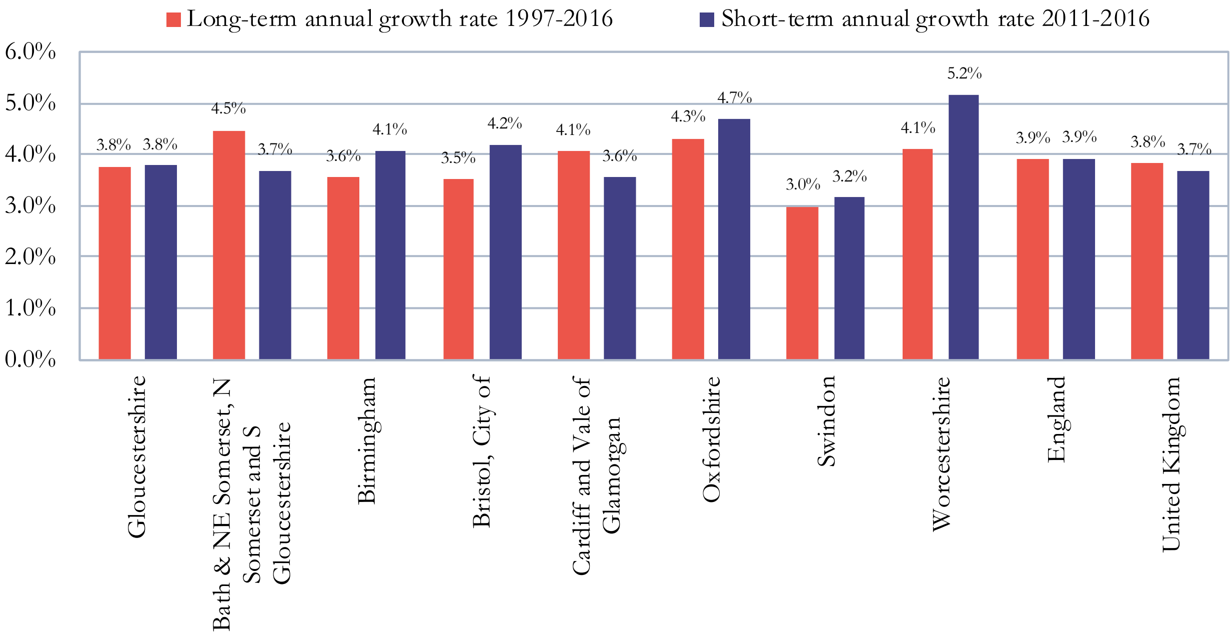
Forecasts commissioned for the JCS include GVA estimates for Cheltenham. The total value of economic output (GVA) in 2015 is estimated at between £4.2 and 5.7 billion (**Figure 1.2**). Estimated real rates of economic growth over the long-term range from 1.5 per cent to 2.6 per cent per annum; and the short-term from 2.0 per cent to 2.6 per cent per annum.

FIGURE 1.2: ANNUAL RATE OF REAL ECONOMIC GROWTH IN CHELTENHAM AND UK ACCORDING TO JCS FORECASTS

	Cheltenham	UK
Cambridge Econometrics		
Value of GVA in 2015 (2011 prices)	£4.2 billion	
Long-term (1995-2015)	1.5	2.1
Recent (2010-2015)	1.9	1.8
Oxford Economics		
Value of GVA in 2015 (2011 prices)	£5.4 billion	
Long-term (1995-2015)	2.6	2.6
Recent (2010-2015)	3.4	1.9
Experian		
Value of GVA in 2015 (2011 prices)	£5.7 billion	
Long-term (1997-2015)	2.4	2.0
Recent (2010-2015)	2.6	1.8

Source: Forecasts commissioned for JCS in 2016.

FIGURE 1.1: ANNUAL RATES OF NOMINAL GROWTH IN ECONOMIC OUTPUT (NOTE: UNADJUSTED FOR INFLATION) OVER THE LONG- AND SHORT- TERM



Source: Office for National Statistics.

JOBS GROWTH

JOBS IN CHELTENHAM HAVE GROWN AT A SIMILAR RATE TO THE NATIONAL AVERAGE

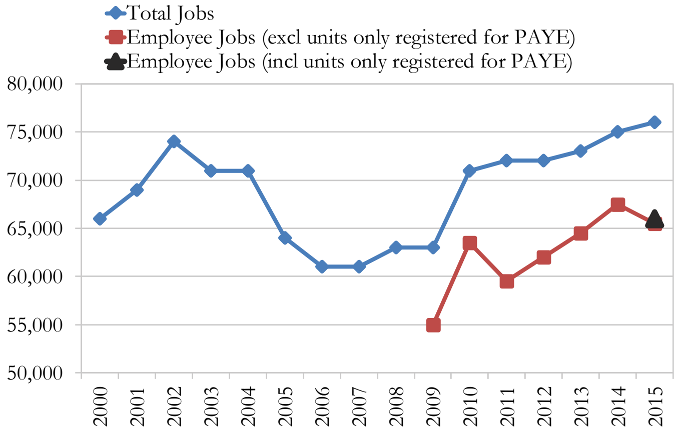
Jobs have grown strongly across Gloucestershire County over the past 14 years. Since 2000, 55,000 net new jobs have been created in the county, equivalent to growth of 19.4 per cent or annual growth of 1.19 per cent. This is much higher than growth across England (15.2 per cent, or 0.95 per cent per annum). Gloucestershire districts contributing the largest numbers of additional jobs include Cotswold (+14,000), Tewkesbury (+12,000), Stroud (+11,000), and Cheltenham (+10,000).

The JCS area, comprising Cheltenham, Gloucester and Tewkesbury grew by 26,000 jobs between 2000 and 2015, or 15.5 per cent in total (0.96 per cent per annum). If we add Stroud to the JCS boroughs for the M5 corridor area, there were 254,000 jobs in 2015, which have grown by 37,000, or 17.1 per cent between 2000 and 2015.

The rate of jobs growth in Cheltenham below the county average but similar to the national average. Cheltenham supported 76,000 jobs in 2015. Between 2000 and 2015, 10,000 net new jobs were created. This was equivalent to 15.2 per cent total growth in jobs, or 0.94 per cent per annum, as represented in **Figure 1.4**.

The latest evidence on employee jobs corroborates the rapid growth of jobs in Cheltenham post-recession. Cheltenham supported 65,500 employee jobs in 2015 – and that this has grown by 19.1 per cent since 2009 – higher than the national growth rate of 15.2 per cent.

FIGURE 1.3: TOTAL JOBS IN CHELTENHAM 2000 TO 2015



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

FIGURE 1.4: GROWTH IN JOBS BETWEEN 2000 AND 2015

Area	Total jobs growth 2000-15	Percentage jobs growth 2000-15	Compound Annual Growth Rate
Cheltenham	10,000	15.2	0.94
Gloucester	4,000	6.2	0.40
Tewkesbury	12,000	32.4	1.89
Cotswold	14,000	37.8	2.16
Forest of Dean	2,000	6.7	0.43
Stroud	11,000	22.4	1.36
Gloucestershire	55,000	19.4	1.19
Bath & NE Somerset	14,000	16.1	1.00
Birmingham	36,000	6.9	0.44
Bristol	32,000	11.9	0.75
Cardiff	32,000	16.9	1.05
Oxford	31,000	30.4	1.78
Swindon	6,000	5.0	0.33
Worcester	11,000	22.9	1.39
JCS Area	26,000	15.5	0.96
M5 Corridor (JCS area + Stroud)	37,000	17.1	1.06
England	3,831,000	15.2	0.95

Source: Jobs Density, Office for National Statistics.

BASED ON FORECASTS MADE IN 2016, JOB GROWTH IS EXPECTED TO CONTINUE IN CHELTENHAM

Cambridge Econometrics, Oxford Economics and Experian have produced jobs forecasts for Cheltenham between 2014 and 2031 – as detailed in **Figure 1.5** All expect job growth to accelerate in this period compared to between 2000 and 2014, but to varying degrees.

Oxford Economics is the most pessimistic, predicting 0.4 per cent growth per annum in jobs between 2014 and 2031. This is equivalent to 346 net additional jobs per year, compared to the actual growth of 842 net additional jobs achieved between 2000 and 2014. Experian is the most optimistic, forecasting 0.7 per cent growth per annum, or 785 net additional jobs per year.

FIGURE 1.5: FORECAST JOBS GROWTH

Per annum jobs growth			
2000-2014	Cheltenham	Gloucester	Tewkesbury
CE Forecast	376	127	863
OE Forecast	842	232	786
Experian Forecast	495	326	916
% Rate of jobs growth 2000-2014 per annum (per cent)			
	Cheltenham	Gloucester	Tewkesbury
CE Forecast	0.5	0.2	2.2
OE Forecast	1.2	0.3	1.9
Experian Forecast	0.6	0.4	2.5
Forecast annual jobs growth 2014-2031			
	Cheltenham	Gloucester	Tewkesbury
CE Forecast	413	336	264
OE Forecast	346	194	293
Experian Forecast	785	994	487
% Rate of jobs growth 2014-2031 per annum (per cent)			
	Cheltenham	Gloucester	Tewkesbury
CE Forecast	0.5	0.4	0.5
OE Forecast	0.4	0.2	0.5
Experian Forecast	0.7	1.0	0.8

Source: Economic forecasts commissioned in 2016 for the Joint Core Strategy.

ECONOMIC FORECASTS ARE POLICY NEUTRAL – THEY DO NOT CONSIDER ANY PLANS OR FUTURE PUBLIC INVESTMENTS

It is worth remembering that economic forecasts are based on existing industrial structures and forecast changes to demand for products and services. They do not take into account any constraints or prospective changes to public policy such as land use allocations or investment plans.

ECONOMIC FORECASTS ARE ALSO VERY LIMITED IN THEIR ABILITY TO PREDICT ECONOMIC SHOCKS

Economic forecasts are also very limited in their ability to predict economic shocks (such as potential BREXIT impacts) and forecasts become very quickly out of date if such shocks occur.

ECONOMIC OUTPUT BY INDUSTRY IN GLOUCESTERSHIRE (OFFICIAL ESTIMATES)

THE PUBLIC SECTOR AND PRODUCTION INDUSTRIES (MANUFACTURING) ARE IMPORTANT CONTRIBUTORS TO OVERALL ECONOMIC OUTPUT IN GLOUCESTERSHIRE

This section examines the value of output from each industry in terms of the contribution each makes to economic output (measured by GVA).

The most significant sectors in Gloucestershire in terms of levels of economic output are Public Administration, Education & Health; Manufacturing; and Distribution, Transport, Accommodation & Food. This is similar to the national picture.

In 2016, Public Administration, Education & Health produced 18.3 per cent of Gloucestershire's total GVA, compared to 18.5 per cent of the UK's total GVA, while Manufacturing accounted for 15.9 per cent of Gloucestershire's GVA, compared to just 10.6 per cent nationally. In contrast, financial and insurance activities produced a lower proportion of total GVA in Gloucestershire than across the UK.

INFORMATION AND COMMUNICATION ACTIVITIES EXPERIENCED THE LAREGEST INCREASE IN GVA OVER THE PAST DECADE

Information and communication activities was the fastest growing sector in terms of GVA in Gloucestershire. Between 2006 and 2016, GVA produced by Information and communication activities grew by 72.3 per cent, or £3.4 billion. This was higher than the rate of growth nationally, at 39.8 per cent.

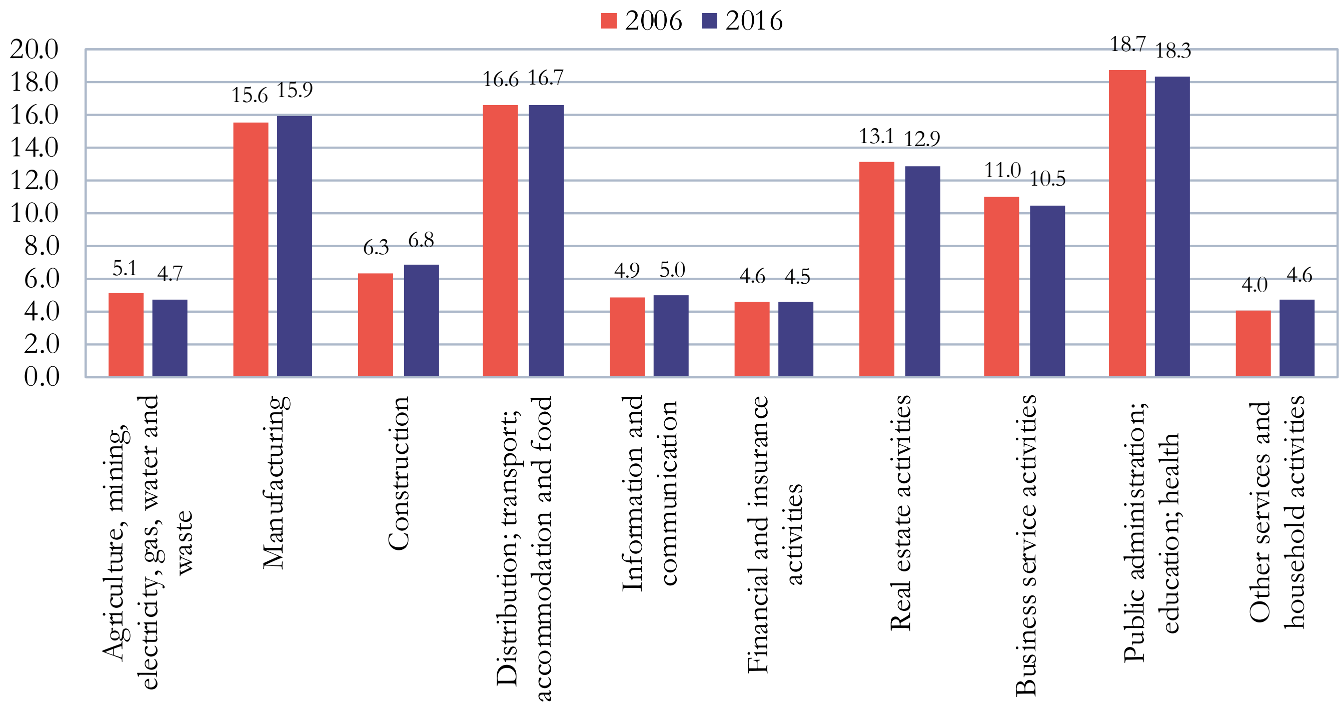
Business service activities experienced the second highest rate of growth in Gloucestershire. Between 2006 and 2016, GVA produced by the Business service activities grew by £6.8 billion, or 66.2 per cent (49.9 per cent across the UK). This was followed by Other services and household activities, which experienced an increase in GVA of 63.7 per cent, or £2.9 billion.

THE CONTRIBUTION FROM THE MANUFACTURING SECTOR HAS INCREASED

Whilst Production is Gloucestershire's largest sector – growth has dipped below the national average. Since 2006, Production GVA has grown by 27.4 per cent compared to 26.9 per cent nationally.

By far the lowest rate of GVA growth was found in financial and insurance activities, which only grew by 6.7 per cent in Gloucestershire over the decade from 2006, compared to 12.4 per cent nationally.

FIGURE 1.6: SHARE OF ECONOMIC OUTPUT (GVA) BY SECTOR IN 2006 AND 2016



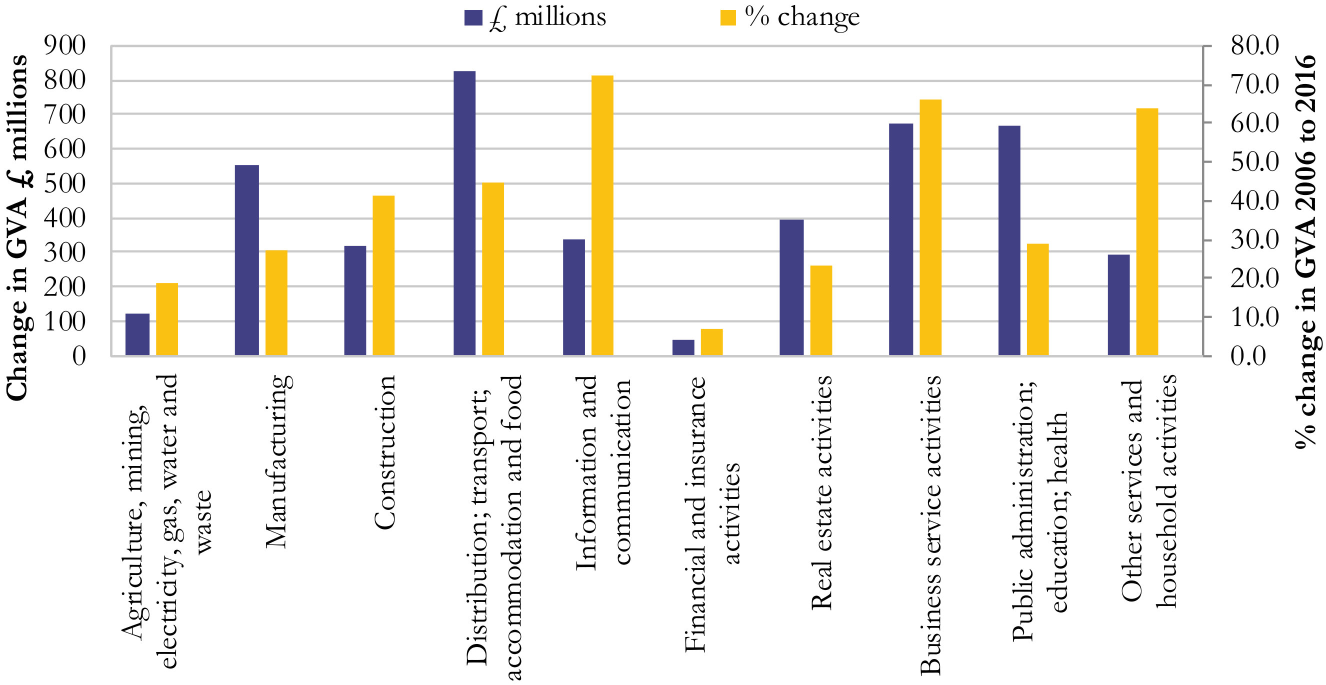
Source: Office for National Statistics.

FIGURE 1.7: GVA GROWTH BY INDUSTRIAL SECTOR BETWEEN 2006 AND 2016, CURRENT BASIC PRICES (UNADJUSTED FOR INFLATION)

Industrial sector	Gloucestershire total	Gloucestershire %	England %
Agriculture, forestry and fishing	121	19.0	12.7
Manufacturing	554	27.4	26.9
Construction	319	41.1	22.1
Distribution; transport; accommodation and food	829	44.5	37.1
Information and communication	336	72.3	39.8
Financial and insurance activities	46	6.7	12.4
Real estate activities	392	23.1	40.5
Business service activities	677	66.2	49.9
Public administration; education; health	665	29.0	26.9
Other services and household activities	291	63.7	54.5
All industries	4,233	35.5	32.5

Source: Office for National Statistics.

FIGURE 1.8: GROWTH IN ECONOMIC OUTPUT (GVA) BY INDUSTRY IN GLOUCESTERSHIRE £ MILLIONS, BETWEEN 2006 AND 2016



Source: Office for National Statistics.

2. ENTERPRISE, INNOVATION AND INDUSTRIES

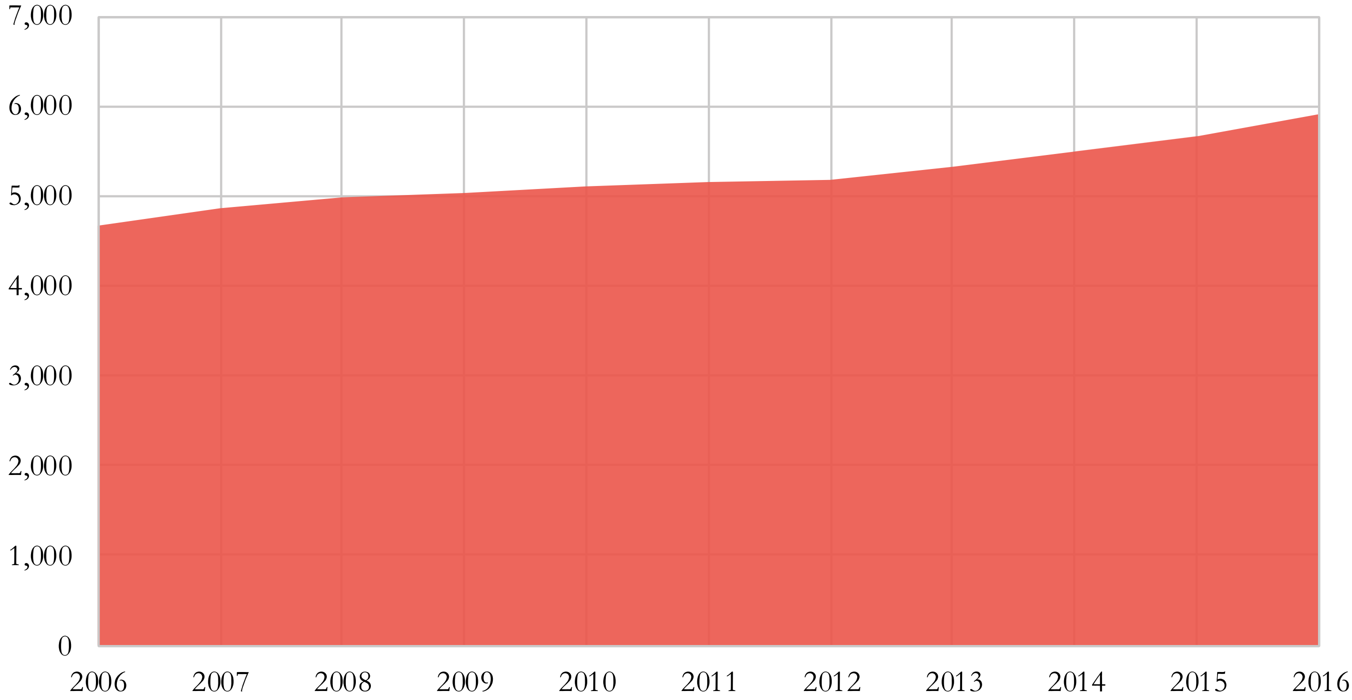
ENTERPRISES AND ENTREPRENEURSHIP

CHELTENHAM HAS A STRONG AND GROWING BUSINESS BASE

In 2016, there were 5,905 enterprises in Cheltenham – 20.1 per cent of all enterprises in Gloucestershire. The enterprise base in Cheltenham has grown strongly over the past 10 years, as demonstrated in **Figure 2.1**. Between 2006 and 2016, the number of enterprises grew by 1,245 – equivalent to 125 per year, or 26.7 per cent growth over the ten-year period. This was stronger than growth across Gloucestershire (18.6 per cent) but slightly below England (29.9 per cent).

Just four districts within Cheltenham's comparator areas experienced stronger growth over the 10-year period: Birmingham (45.8 per cent), Swindon (45.2 per cent), Bristol (40.6 per cent), Tewkesbury (31.3 per cent), and Oxford (29.3 per cent).

FIGURE 2.1: TOTAL ACTIVE ENTERPRISES IN CHELTENHAM 2006 TO 2016



Source: Business Demography 2015, Office for National Statistics.

FIGURE 2.2: CHANGE IN TOTAL ACTIVE ENTERPRISES 2006 TO 2016

	2006	2011	2016	Total change 2006 to 2016	Percentage change 2006 to 2016
Gloucester	3,260	3,480	4,060	800	24.5%
Cheltenham	4,660	5,155	5,905	1,245	26.7%
Cotswold	5,145	5,380	5,755	610	11.9%
Forest of Dean	3,340	3,330	3,465	125	3.7%
Stroud	5,135	5,350	5,960	825	16.1%
Tewkesbury	3,230	3,510	4,240	1,010	31.3%
Gloucestershire	24,770	26,205	29,385	4,615	18.6%
Bath & NE Somerset	7,560	7,850	8,715	1,155	15.3%
Birmingham	29,245	30,380	42,640	13,395	45.8%
Bristol	14,440	15,650	20,305	5,865	40.6%
Cardiff	10,165	10,255	12,670	2,505	24.6%
Oxford	4,180	4,540	5,405	1,225	29.3%
Swindon	5,560	6,180	8,075	2,515	45.2%
Worcester	3,215	3,100	3,440	225	7.0%
England	1,924,485	2,040,980	2,499,060	574,575	29.9%

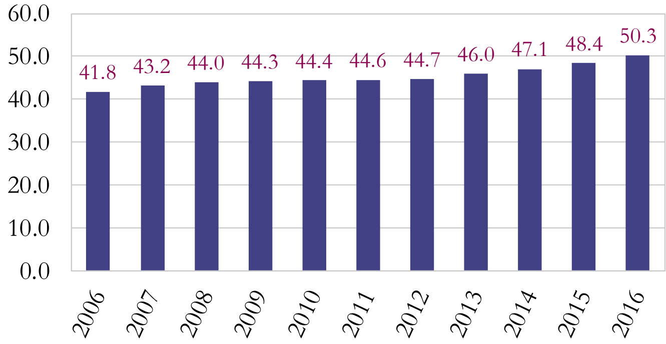
Source: Business Demography 2012, Office for National Statistics.

CHELTENHAM HAS A HIGHER RATE OF ENTREPRENEURSHIP THAN THE NATIONAL AVERAGE

In 2016, there were 50.3 enterprises per 1,000 residents in Cheltenham. This was higher than across Gloucestershire (47.2) and the England average (45.2) and most comparator areas outside the county apart from Cotswold (67.1) and Stroud (50.8), as presented in **Figure 2.3**.

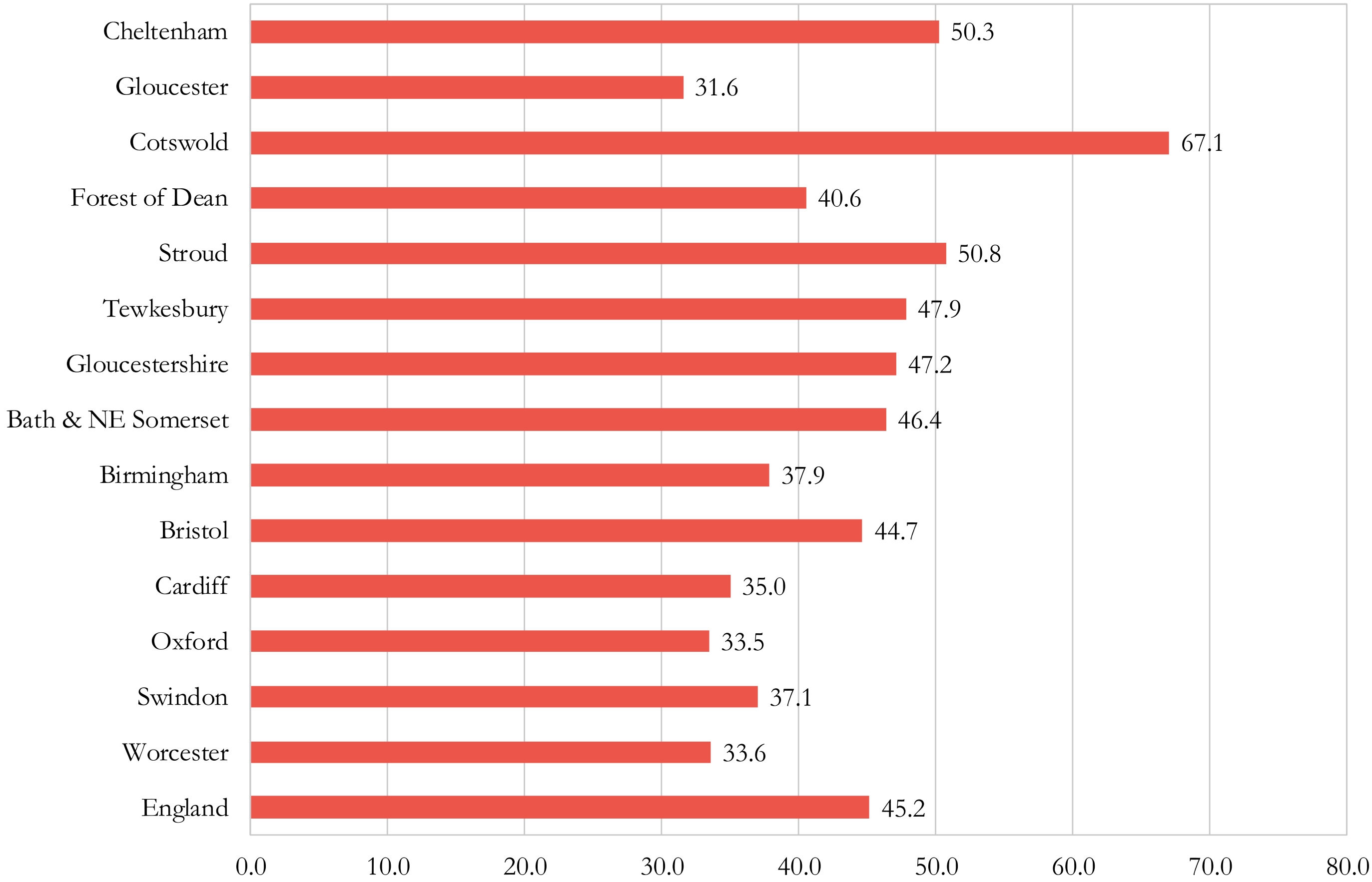
The number of enterprises per 1,000 working age residents has steadily increased in Cheltenham over the past decade, as illustrated in **Figure 2.4.**

FIGURE 2.4: NUMBER OF ENTERPRISES PER 1,000 WORKING-AGE RESIDENTS IN CHELTENHAM 2006 TO 2016



Source: Business Demography and Mid-Year Population Estimates, Office for National Statistics.

FIGURE 2.3: ENTERPRISES PER 1,000 WORKING-AGE RESIDENTS IN 2016



Source: Business Demography 2015 and Mid-Year Population Estimates, Office for National Statistics.

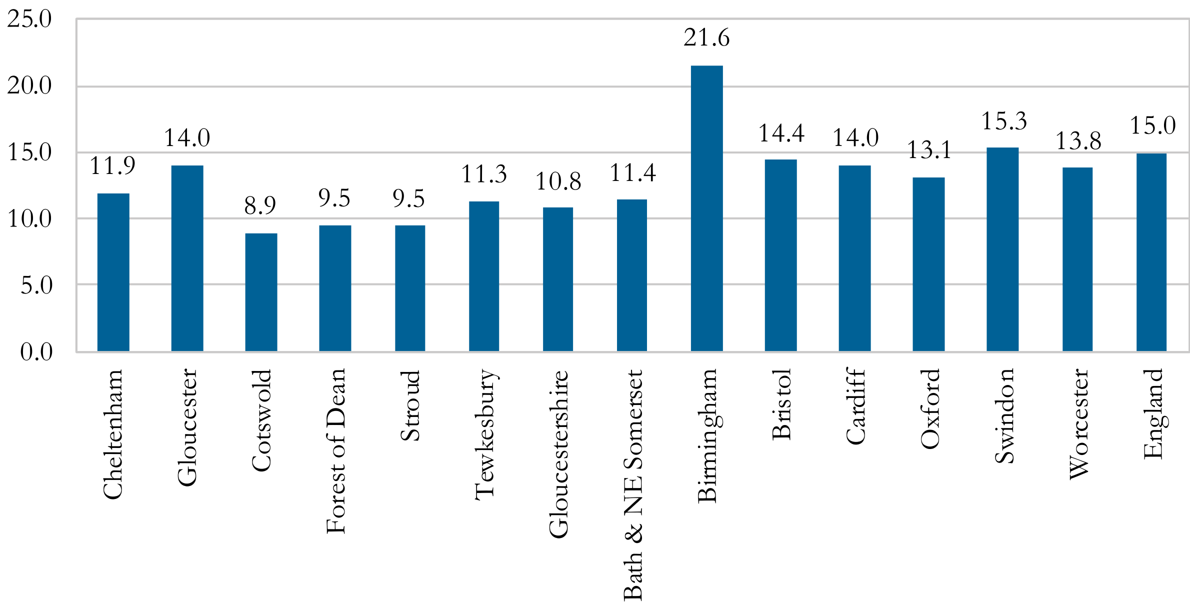
CHELTENHAM'S BUSINESS START-UP RATES HAVE NOT IMPROVED IN RECENT YEARS

In 2016, 11.9 new businesses per 100 active enterprises started in Cheltenham as detailed in **Figure 2.5**. This was below the rate for England (15.0). Cheltenham's business start-up rate was lower than Gloucester (14.0), Birmingham (21.6) and the other comparator cities and towns, but higher than Cotswold (8.9), Stroud (9.5), Tewkesbury (11.3) and the Gloucestershire average (10.8).

Start-up rates picked up markedly nationally from 2013 onwards, but this has not been mirrored in Cheltenham or county-wide. Within Gloucestershire, only Gloucester seems to have had a pick up in start-up activity commensurate with the national situation.

Cheltenham experience higher business survival rates in 2013 and 2014, with convergence with the national average in 2015. One-year survival rates of new businesses in Cheltenham were higher than the England average between 2013 and 2015. Two-year survival rates were higher than the England average between 2013 and 2014 (**Figure 2.6**).

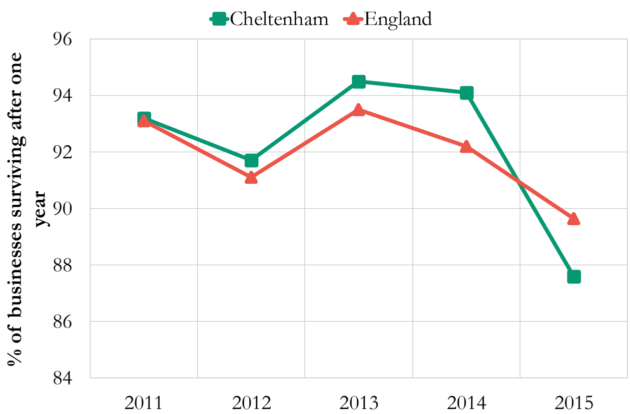
FIGURE 2.5: BUSINESS START UP RATES (NUMBER OF BIRTHS PER 100 ACTIVE ENTERPRISES) IN 2016



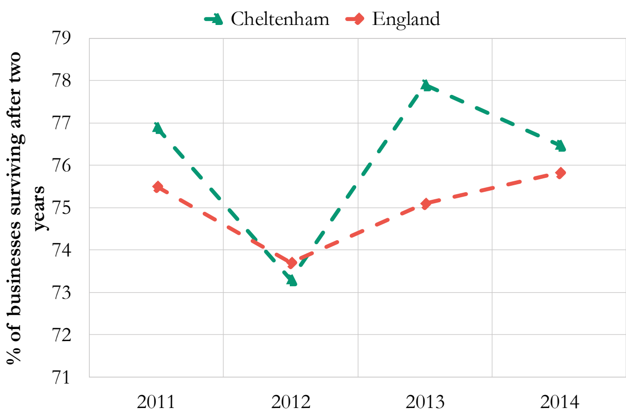
Source: Business Demography 2012, Office for National Statistics.

FIGURE 2.6: ONE- AND TWO- YEAR SURVIVAL RATES OF ENTERPRISES IN CHELTENHAM AND ENGLAND BY YEAR OF BUSINESS BIRTH

ONE-YEAR BUSINESS SURVIVAL RATE



TWO-YEAR BUSINESS SURVIVAL RATE

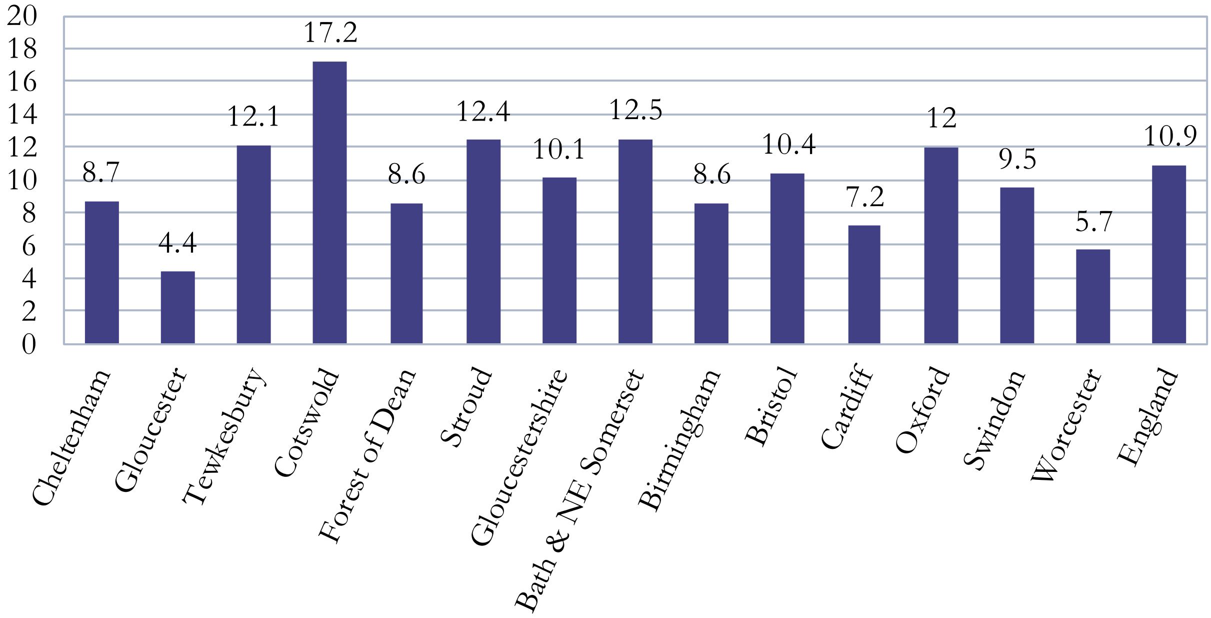


Source: Business Demography 2015, Office for National Statistics.

THE SELF-EMPLOYMENT RATE IN CHELTENHAM IS LOWER THAN THE NATIONAL AVERAGE

In 2016, 8.7 per cent of working age people living in Cheltenham were self-employed. This is significantly lower than the England average (10.9 per cent). The rate of self-employment was particularly low in Gloucester, at 4.4 per cent. In contrast, self-employment was slightly higher than the national average across Gloucestershire (10.1 per cent), with higher-than-average rates in Tewkesbury (12.1 per cent), Cotswold (17.2 per cent) and Stroud (12.4 per cent) (**Figure 2.7**).

FIGURE 2.7: SHARE OF WORKING AGE RESIDENTS WHO ARE SELF EMPLOYED (INCLUDING COMPANY OWNERS/DIRECTORS) IN 2017



Source Annual Population Survey Jul 2016-Jun 2017, Office for National Statistics.

SIZE AND COMPOSITION OF BUSINESS BASE

Businesses employing over 250 accounted for 0.4 per cent of all businesses compared to 0.4 per cent for Gloucestershire and 0.4 per cent in England. Businesses employing between 10 and 19 employees were slightly more prevalent than the County and national averages. (**Figure 2.8**).

The business population categorised by turnover sizes was also very similar to the national average, with only a slight over-representation of businesses with turnover between £100,000 and £249,000, and slightly lower representation between £250,000 and £499,000.

Between 2012 and 2017, the number of businesses and branches in Cheltenham increased by 860. This represents a growth of 15.5 per cent compared to 21.6 per cent nationally. Within this overall total in Cheltenham, there has been marked change (**Figure 2.10**) in the sectors of:

- Professional, scientific and technical activities +330
- Information and communication +150
- Administrative and support service activities +105
- Accommodation and food service activities +55
- Real estate activities +50
- Human health and social work activities +50
- Financial and insurance activities +45

Data from **Figure 2.11** shows the number of businesses and branches (termed 'local units') in Cheltenham by industry and employment sizeband. There have been noticeable trends in terms of the employee size of enterprises and branches:

- Within the overall increase of 330 enterprises and branches in Professional, scientific and technical activities, the increase was most significant in micro-businesses (0-9 employees) – increased by 305 between 2012 and 2017.
- Within the overall increase of 150 enterprises and branches in Information and communication, the increase was most significant in micro-businesses (0-9 employees) – increased by 135 between 2012 and 2017.
- Accommodation and food service activities increased by 55 enterprises and branches, with medium-sized enterprises sized between 10 and 49 employees increasing by 35.

FIGURE 2.8: PERCENTAGE SHARE OF BUSINESS POPULATION BY EMPLOYEE SIZE IN 2015

	Employee sizeband						
Enterprises	**0-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-249**	**250+**
Cheltenham	78.1	10.9	6.1	3.0	1.1	0.6	0.4
Gloucestershire	77.5	11.4	5.9	3.2	1.0	0.6	0.4
England	78.6	11.0	5.6	3.0	1.0	0.6	0.4
Local units (includes branches)	**0-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-249**	**250+**
Cheltenham	70.5	13.3	8.4	5.0	1.6	0.9	0.4
Gloucestershire	71.4	13.1	7.9	4.9	1.5	0.9	0.3
England	72.1	12.7	7.4	4.8	1.7	0.9	0.4

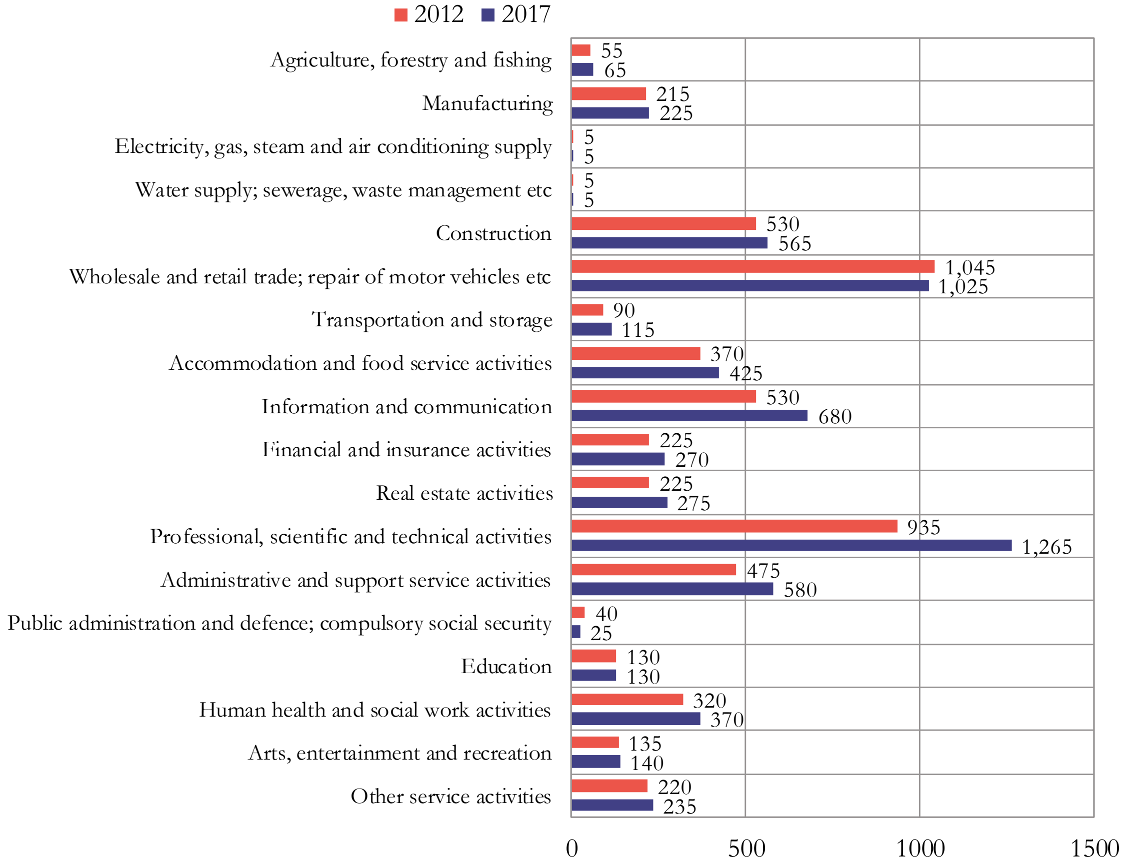
Source: UK Business Counts, Office for National Statistics. Enterprises represents each business registered in the area, and does not count branches separately. Local units count branches or separate offices separately.

FIGURE 2.9: PERCENTAGE SHARE OF BUSINESS POPULATION BY TURNOVER SIZE IN 2015

	Turnover in 2015, £ thousands						
Enterprises	**0 - 49**	**50 - 99**	**100 - 249**	**250 - 499**	**500 - 999**	**1,000 - 4,999**	**5,000 +**
Cheltenham	17.2	23.8	32.8	11.3	7.0	5.7	2.2
Gloucestershire	17.8	23.5	31.0	12.0	7.0	6.6	2.1
England	16.7	24.2	31.1	12.0	7.0	6.8	2.2

Source: UK Business Counts, Office for National Statistics. Turnover data only available for enterprises.

FIGURE 2.10: LOCAL UNITS (ENTERPRISES PLUS BRANCHES) BY INDUSTRY IN CHELTENHAM IN 2012 AND 2017



Source: UK Business Counts, Office for National Statistics

FIGURE 2.11: EMPLOYMENT SIZEBANDS OF LOCAL UNITS (ENTERPRISES PLUS BRANCHES) IN CHELTENHAM

	2017				Change 2012-2017			
Cheltenham	**Micro (0 to 9)**	**Small (10 to 49)**	**Medium-sized (50 to 249)**	**Large (250+)**	**Micro (0 to 9)**	**Small (10 to 49)**	**Medium-sized (50 to 249)**	**Large (250+)**
A : Agriculture, forestry and fishing	60	0	0	0	5	0	0	0
B : Mining and quarrying	0	0	0	0	0	0	0	0
C : Manufacturing	160	30	5	0	20	-15	-5	-5
D : Electricity, gas, steam and air conditioning supply	5	0	0	0	5	0	0	0
E : Water supply; sewerage, waste management and remediation activities	5	0	0	0	5	0	0	0
F : Construction	510	25	5	0	35	0	0	0
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	545	65	10	5	-15	0	0	5
H : Transportation and storage	90	5	0	0	25	0	0	0
I : Accommodation and food service activities	215	70	5	0	-10	20	0	0
J : Information and communication	620	30	10	0	135	10	5	0
K : Financial and insurance activities	215	5	0	0	55	-5	0	0
L : Real estate activities	220	10	0	0	50	0	0	0
M : Professional, scientific and technical activities	1,120	70	15	0	305	5	5	0
N : Administrative and support service activities	395	45	10	5	70	15	5	5
O : Public administration and defence; compulsory social security	5	0	0	0	0	0	0	0
P : Education	65	15	10	5	5	5	0	0
Q : Human health and social work activities	180	65	5	5	60	0	-5	5
R : Arts, entertainment and recreation	95	10	5	0	0	0	5	0
S : Other service activities	185	25	0	0	25	-5	0	0
Total all industries	4,695	480	85	20	775	45	15	5

Source: UK Business Counts, Office for National Statistics.

INNOVATION

BUSINESSES IN GLOUCESTERSHIRE ARE MORE LIKELY TO COMPETE ON DESIGN, QUALITY AND INNOVATION THAN THE NATIONAL AVERAGE

Product Market Strategies are defined within the UK Employer Skills Survey 2015 by aggregating responses to a series of questions exploring pricing strategies, approaches to innovation and the nature of the product market (the extent to which the market attracts a 'premium' and the extent of customisation of products and services in the market). Aggregating these responses classifies almost half of private sector employers in the UK as having a high or very high product market strategy indicating that their competitive success is not dependent on price, they pursue innovation, they compete on quality and/or they offer customised goods or services.

In Gloucestershire, 47 per cent of private sector businesses were defined as having high or very high Product Market Strategies – slightly above the national average of 46 per cent. Gloucestershire also scored near or better than the national average in individual aspects of pricing, innovation and quality.

- 29 per cent said that demand for their goods/services were not at all price dependent or slightly price dependent compared to the England average of 31 per cent
- 37 per cent said that they often/very often lead the way, compared to the England average of 38 per cent
- 62 per cent said they competed in a market for high/premium quality goods and services, compared to the England average of 60 per cent

CHELTENHAM HAS 2,500 SCIENCE AND TECHNOLOGY PROFESSIONALS

In 2011, there were 2,500 science, research, engineering and technology professionals working in Cheltenham and 900 science, engineering and technology associate professionals. The number of science, engineering and technology professionals and associate professionals represented 5.4 per cent of the workforce (**Figure 2.12**). This was slightly lower than the national average of 5.8 per cent.

The number of science, engineering and technology professional and associate professionals in Cheltenham represented 18.1 per cent of all science, engineering and technology professional and associate professionals in Gloucestershire.

County-wide, the share of science, engineering and technology professional and associate professionals was high (6.1 per cent), with the highest rates in Tewkesbury (10.0 per cent) and Stroud (7.3 per cent).

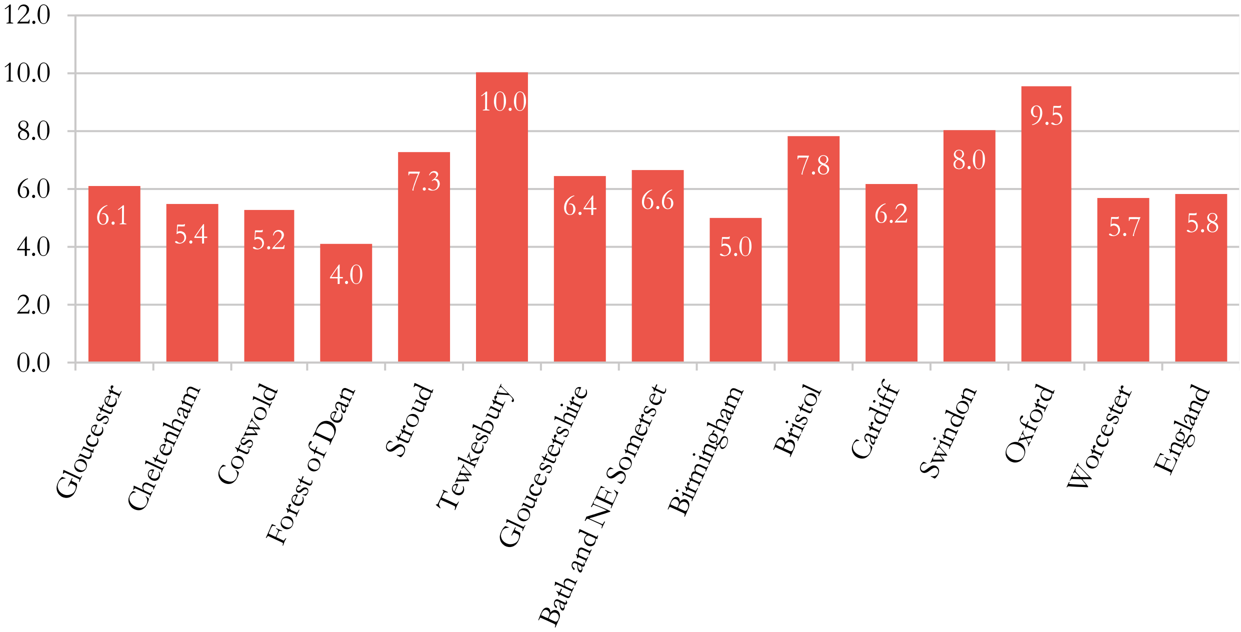
THE PRESENCE OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS PROFESSIONALS IS HIGHER THAN AVERAGE IN CHELTENHAM

There is a higher presence of information technology and telecommunications professionals in Cheltenham compared to the national average. Information technology and telecommunications professionals represented 45.1 per cent of all science, engineering and technology professionals and associate professionals – higher than across England (38.1 per cent) and all neighbouring and comparator areas. Information technology and telecommunications professionals also represented 2.5 per cent of the total workforce in Cheltenham (**Figure 2.13**), higher than the England and Gloucestershire averages (2.2 and 2.3 per cent).

In Tewkesbury, the strong presence of science, engineering and technology professionals and associate professionals is boosted by high percentages of information technology and telecommunications professionals (3.7 per cent of all workers compared to 2.2 per cent across England) engineering professionals (3.2 per cent of all workers compared to 1.3 per cent across England), and science, engineering and production technicians (1.7 per cent compared to 0.8 per cent across England).

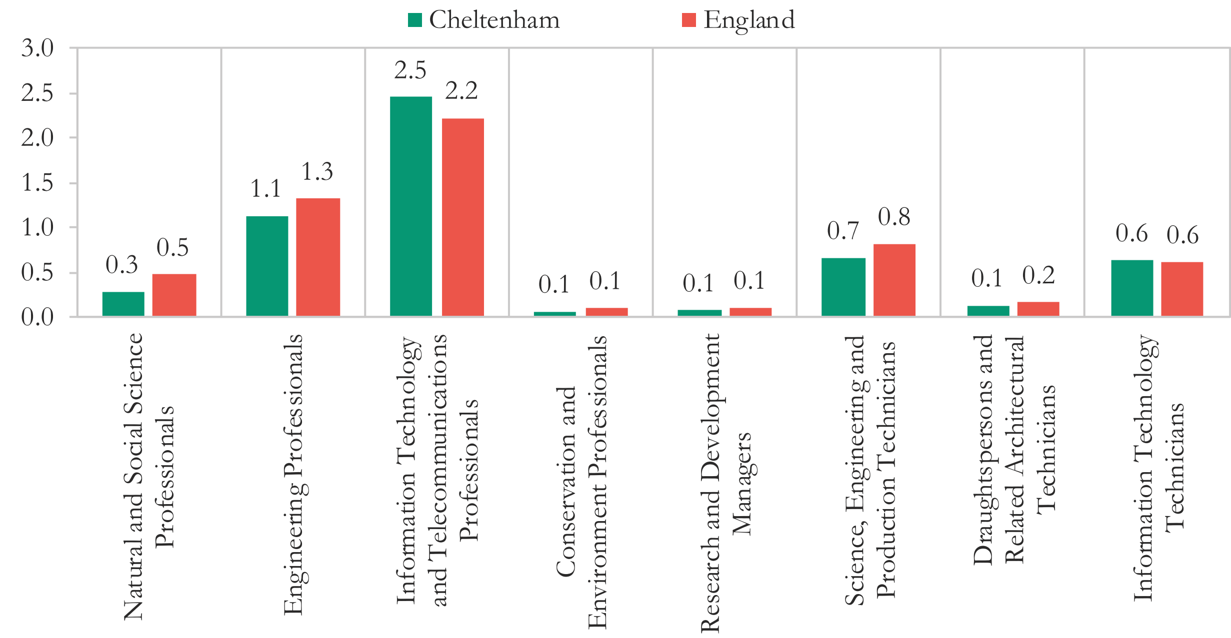
In Gloucester, the number of science, engineering and technology professionals and associate professionals represented 6.1 per cent of the workforce. This was higher than the national average. Gloucester has a lower presence of information technology and telecommunications professionals compared to the national average.

FIGURE 2.12: SHARE OF WORKING RESIDENTS IN SCIENCE, ENGINEERING AND TECHNOLOGY OCCUPATIONS IN 2011



Source: 2011 Census, Office for National Statistics.

FIGURE 2.13: SCIENCE AND TECHNOLOGY WORKERS BY TYPE AS A SHARE OF ALL WORKERS



Source: 2011 Census, Office for National Statistics.

JOBS AND EMPLOYMENT BY INDUSTRY

THE HIGHEST LEVELS OF EMPLOYMENT IN CHELTENHAM ARE FOUND IN WHOLESALE & RETAIL AND HEALTH AND SOCIAL CARE

In 2016, the largest employment sectors in Cheltenham were Wholesale and retail (10,500 employees, or 16.0 per cent of all employees), Health and social care (9,500 employees, 14.5 per cent), Retail (10,200 employees, 16.1 per cent), Administrative and support services (7,000, 10.7 per cent), and Education (7,000 employees, 10.7 per cent), as detailed in **Figure 2.14**.

The structure of Cheltenham's economy, in terms of employment in industries, is slightly different to the national average. There are higher shares of employment in Administrative and support service activities (Cheltenham: 10.7 per cent; England: 9.2 per cent), Public administration and defence; compulsory social security (Cheltenham: 9.9 per cent; England: 4.0 per cent), Education (Cheltenham: 10.7 per cent; England: 9.0 per cent), and Human health and social work activities (Cheltenham: 14.5 per cent; England: 12.8 per cent). There are lower shares of employment compared to nationally in Manufacturing and Professional, scientific and technical activities.

Cheltenham's employment in the Public administration activities accounted for 48.1 per cent of all employment in this sector in Gloucestershire. This is relative to Cheltenham accounting for 22.9 per cent of all jobs in the County. Cheltenham also accounts for 30.4 per cent of the County's employment in Information and communications activities, and 27.5 per cent of the County's employment in education.

Within Retail, the largest employment sub-sectors were Retail trade (7,500 employees).

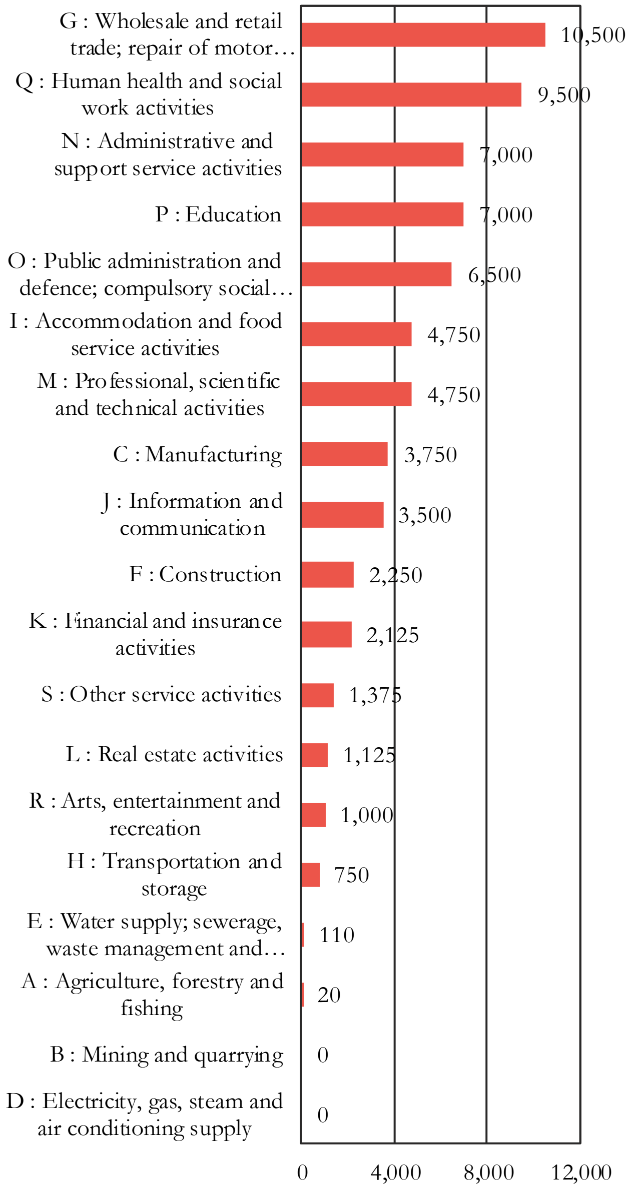
Within Health, the largest employment sub-sector was Human health activities (6,000 employees).

Within Administrative and support services, the largest employment sub-sectors in Cheltenham were Office administrative, office support and other business support activities, employing 3,500.

Within Professional, scientific and technical activities, the largest subsectors were Legal and accounting activities (1,300) and Activities of head offices; management consultancy activities (1,600).

In Manufacturing, the largest subsector was the Manufacture of machinery and equipment (1,300).

FIGURE 2.14: TOTAL EMPLOYMENT IN EACH INDUSTRY / SECTOR IN CHELTENHAM IN 2016



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

THE HIGHEST LEVELS OF EMPLOYMENT IN GLOUCESTERSHIRE ARE FOUND IN RETAIL, HEALTH, AND MANUFACTURING

Across Gloucestershire, the largest employment sectors in 2016 were Retail (15.7 per cent), Health and social work (13.8 per cent) and Manufacturing (12.6 per cent of all employees).

Within Manufacturing, the largest employment sub-sectors were Transport equipment (5,500), Fabricated metal products (4,800), machinery and equipment (4,300), computer, electronic and optical products (4,000), and food products (3,300).

At district level, the largest sectors (at least 10 per cent of all employees) were:

- Manufacturing in Tewkesbury (20.9 per cent), Stroud (20.8 per cent), and Forest of Dean (18.1 per cent)
- Wholesale and retail in Cotswold (18.5 per cent), Gloucester (17.3 per cent) and Cheltenham (16.0 per cent)
- Accommodation & Food Services in Cotswold (13.6 per cent)
- Administrative & Support Services in Cheltenham (10.7 per cent)
- Public Administration & Defence in Cheltenham (9.9 per cent)
- Education in Forest of Dean (12.8 per cent), Cotswold (11.1 per cent) and Cheltenham (10.7 per cent)
- Health in Gloucester (20.5 per cent), Forest of Dean (14.9 per cent), Cheltenham (14.5 per cent) and Stroud (11.5 per cent).

At detailed sector level, the following sectors make up more than 5 per cent of all employment in each district:

- Cheltenham: Defence Activities (9.1 per cent), Hospital Activities (7.6 per cent)
- Forest of Dean: Primary Education (5.9 per cent)
- Gloucester: Hospital Activities (11.1 per cent)
- Stroud: Manufacture of Instruments and Appliances for Measuring, Testing and Navigation (5.7per cent)
- Tewkesbury: Manufacture of air and spacecraft and related machinery (8.2 per cent)

Employment change

The sectoral composition of employment change in Cheltenham is quite different to the England average:

- Manufacturing employment increased by 0.3 per cent nationally compared to a 16.7 per cent (-2,500 jobs) decline in Cheltenham
- Wholesale and retail employment increased by 4.0 per cent nationally compared to a decrease of 4.5 per cent (-500 jobs) in Cheltenham

Conversely growth rates have been better than the national average in the following industries:

- Construction employment increased by 6.7 per cent nationally compared to a 30.8 per cent (+3,000 jobs) increase in Cheltenham
- Finance and Insurance services employment decreased by 0.8 per cent nationally compared to an increase of 6.7 per cent (+100) in Cheltenham
- Real estate activities employment increased by 19.4 per cent nationally compared to an increase of 50.0 per cent (+400) in Cheltenham
- Professional, scientific and technical activities employment increased by 26.3 per cent nationally compared to an increase of 57.1 per cent (+2,000) in Cheltenham
- Administrative & support services experienced 68.4 per cent (+3,300 jobs) growth in Cheltenham compared to 20.0 per cent growth in England

FIGURE 2.15: EMPLOYMENT CHANGE IN CHELTENHAM, GLOUCESTERSHIRE AND ENGLAND BETWEEN 2010 AND 2015 BY INDUSTRY

	Cheltenham			Gloucestershire			JCS area		
	Total jobs in	Change 2010-2015		Total jobs in	Change 2010-2015		Total jobs in	Change 2010-2015	
Industry	2016	No.	%	2016	No.	%	2016	No.	%
B : Mining and quarrying	0	0	#DIV/0!	400	100	40.0	0	0	40.0
C : Manufacturing	3,800	-800	-16.7	34,000	500	1.5	27,000	0	0.0
D : Electricity, gas, steam and air conditioning supply	0	0	#DIV/0!	2,400	800	46.2	2,300	700	39.9
E : Water supply; sewerage, waste management and remediation activities	100	-100	-53.8	1,500	300	20.0	1,400	500	57.9
F : Construction	2,100	500	30.8	14,500	3,500	31.8	10,900	2,500	29.9
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	10,500	-500	-4.5	44,000	-500	-1.1	33,000	-1,000	-2.9
H : Transportation and storage	900	100	5.9	10,000	0	0.0	7,800	300	4.0
I : Accommodation and food service activities	4,800	-2,300	-32.1	20,500	-1,000	-4.7	14,300	-1,300	-8.1
J : Information and communication	2,800	0	0.0	9,000	0	0.0	7,300	400	5.5
K : Financial and insurance activities	2,000	100	6.7	10,000	0	0.0	8,100	-800	-8.7
L : Real estate activities	1,100	400	50.0	4,300	1,500	54.5	2,900	1,000	53.9
M : Professional, scientific and technical activities	5,500	2,000	57.1	22,000	7,000	46.7	16,300	5,100	46.1
N : Administrative and support service activities	8,000	3,300	68.4	21,000	5,500	35.5	17,400	4,400	33.7
O : Public administration and defence; compulsory social security	6,000	-2,000	-25.0	13,500	-5,500	-28.9	11,900	-5,500	-31.5
P : Education	6,500	0	0.0	23,500	-3,500	-13.0	17,000	-2,300	-11.7
Q : Human health and social work activities	9,000	1,000	12.5	39,500	4,500	12.9	33,500	4,800	16.5
R : Arts, entertainment and recreation	1,000	-500	-33.3	5,000	-1,500	-23.1	3,600	-800	-18.6
S : Other service activities	1,100	0	0.0	5,000	0	0.0	3,700	-200	-5.2
All industries (total)	65,100	1,300	2.0	280,900	11,900	4.4	218,400	7,900	3.8

Source: Business Register and Employment Survey, Office for National Statistics. Note that due to the change in BRES methodology, time series data is not available earlier than 2015.

INDUSTRIAL SPECIALISMS

CHELTENHAM HAS A VERY HIGH CONCENTRATION OF EMPLOYMENT IN DEFENCE ACTIVITIES

Industry employment quotients (EQs) quantify how concentrated an industry is in an area compared to the national average. EQs are calculated by comparing an industry's share of employment in a local area with its share of national employment. An EQ of 1.0 means that an industry's share of employment is the same in a local area as it is nationally. An EQ above 1.0 means that employment in an industry is more concentrated in a local area than nationally, while a EQ below 1.0 means that employment is less concentrated.

In terms of broad industrial categories, there is a major specialism in Cheltenham of Public administration and defence; compulsory social security, which employs 6,500 and is 2.5 times more important as an employer than nationally. Within this category, the specific subsector of Defence activities accounts for 6,000 jobs and is 50.3 times more important for local employment compared to the national share of jobs (**Figure 2.16**).

The Manufacture of electrical equipment and Manufacture of machinery and equipment not elsewhere classified are also important industries, respectively employing 4.1 (700 jobs) and 3.3 (1,300 jobs) times more employees than the national average.

Other manufacturing sub-sectors of importance include:

- Manufacture of locks and hinges with 200 jobs and an EQ of 12.8
- Manufacture of electric domestic appliances with 700 jobs and an EQ of 38.5
- Manufacture of other taps and valves with 900 jobs and an EQ of 49.5
- Manufacture of machinery for metallurgy with 200 jobs and an EQ of 128.4
- Manufacture of air and spacecraft and related machinery with 400 jobs and an EQ of 2.1

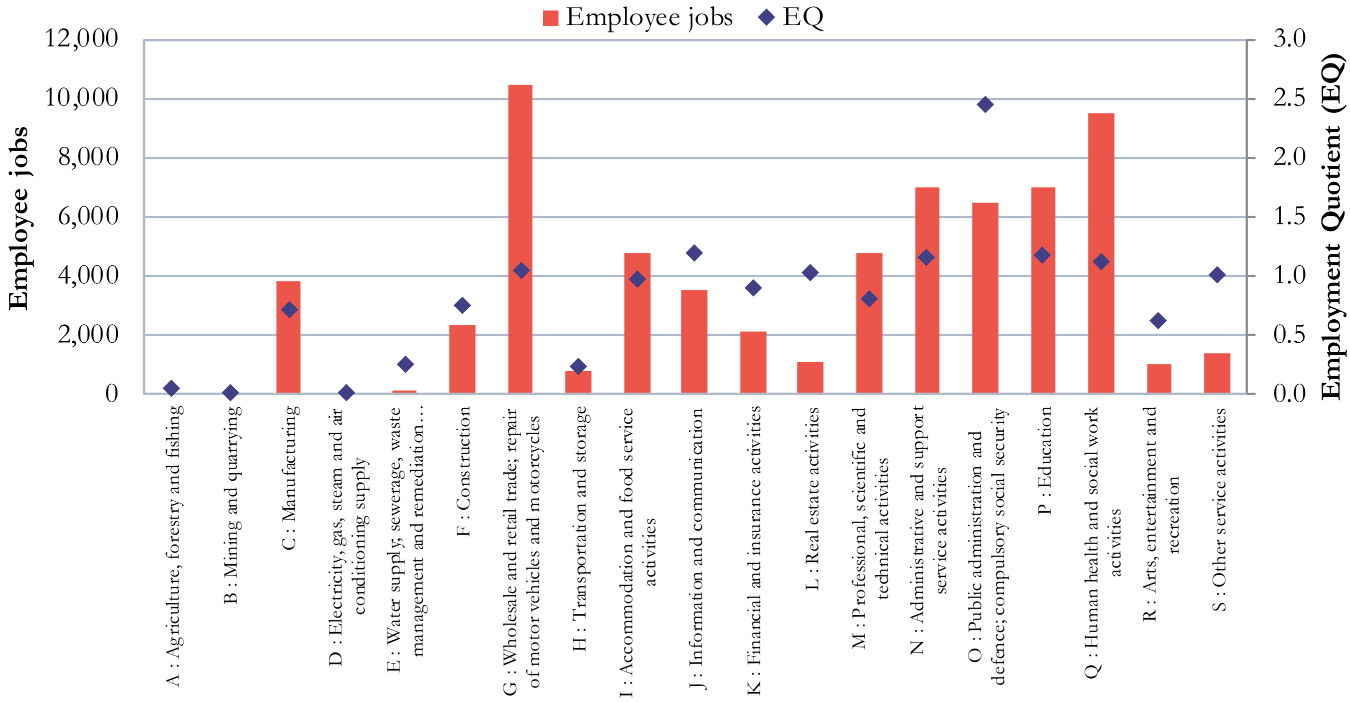
Office administrative, office support and other business support activities are also more important locally in Cheltenham than nationally, employing 2.5 times a greater share (3,500 jobs) of total employment compared to the national average.

Lower concentrations of employment compared to nationally are found in Cheltenham in the following industries:

- Transportation and storage, employing 750 with an EQ of 0.2
- Arts, entertainment & recreation, employing 1,000 with an EQ of 0.6

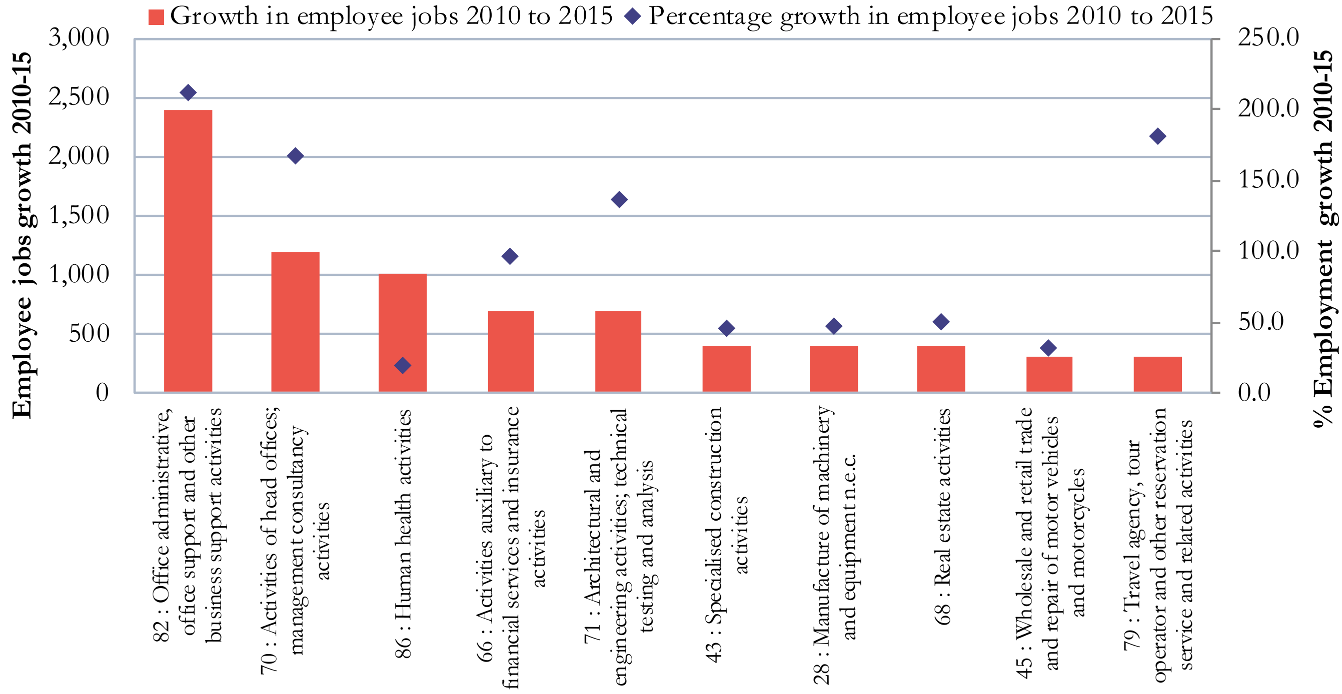
Appraising the top 10 industrial sub-sectors with the highest rates of employment growth (**Figure 2.17**), between 2010 and 2015, employment in Cheltenham grew strongly in Office administrative, office support and other business support activities (+2,400), Activities of head offices; management consultancy activities (+1,200), and Human health activities (+1,000).

FIGURE 2.16: EMPLOYMENT QUOTIENTS (EQ) FOR EMPLOYMENT BY SECTOR IN CHELTENHAM, 2016



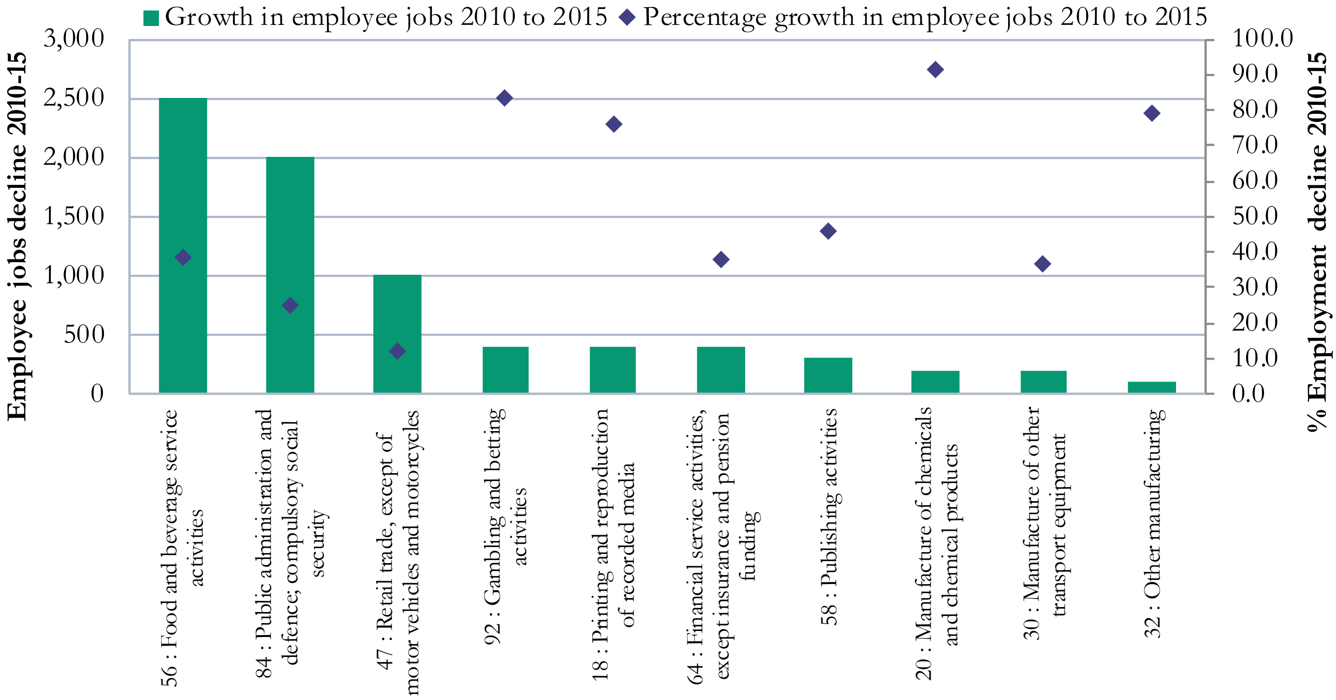
Source: Business Register Employment Survey, Office for National Statistics. Where EQ = 1.0, each industry has the same share of employment in Cheltenham as nationally. Where EQ = 2.0, the share of employment is twice the national level.

FIGURE 2.17: EMPLOYMENT CHANGE IN CHELTENHAM 2010 TO 2015 – TOP 10 FASTEST GROWING SECTORS



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

FIGURE 2.18: EMPLOYMENT CHANGE IN CHELTENHAM 2010 TO 2015 – 10 SECTORS WITH LARGEST DECLINE



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

FORECASTS OF EMPLOYMENT CHANGE BY INDUSTRY

ACROSS CHELTENHAM, GLOUCESTER AND TEWSKESBURY, A LARGE INCREASE IN HEALTH EMPLOYMENT IS FORECAST ALONGSIDE A DECLINE IN PRODUCTION EMPLOYMENT

Between 2011 and 2031, an average of forecasts by Cambridge Econometrics, Experian and Oxford Economics suggests there will be a large increase (**Figure 2.19**) in employment in Administrative and support services activities (+5,100), Professional, scientific and technical activities (+2,000), and Human health and social work (+1,600).

Health employment between 2011 and 2031 (+4,800), followed by an increase in Business Administration & Support Services and Professional, Scientific & Technical employment (+800). Production employment is expected to decline by 1,300 while Public Administration & Defence employment is forecast to fall by 1,200 over this period.

THERE IS LITTLE CONSISTENCY IN THE SECTOR FORECASTS BETWEEN FORECASTERS FOR LOCAL AUTHORITY DISTRICTS AND BOROUGHS

In some instances, however, forecasts produced by these three companies do vary quite significantly. In terms of Administrative and support service activities, all three expect an increase in employment in Cheltenham, but this ranges from +7,200 (CE), +2,500 (OE) and +5,800 (Experian).

FIGURE 2.19: AVERAGE FORECAST EMPLOYMENT CHANGE BY SECTOR USING THREE FORECASTS (CAMBRIDGE ECONOMETRICS, EXPERIAN, OXFORD ECONOMICS)

	Cheltenham	Gloucester	Tewkesbury	JCS
A: Agriculture, forestry and fishing	0	0	-100	100
B: Mining and quarrying	0	0	0	0
C: Manufacturing	-1,300	-700	-700	-1,600
D: Electricity, gas, steam and air conditioning supply	0	-300	0	-200
E: Water supply; sewerage, waste management and remediation activities	-100	0	0	-100
F: Construction	1,200	1,400	1,400	4,200
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	200	300	700	300
H: Transportation and storage	0	200	400	500
I: Accommodation and food service activities	1,000	700	900	3,800
J: Information and communication	400	200	-100	500
K: Financial and insurance activities	700	0	300	1,800
L: Real estate activities	800	800	200	2,200
M: Professional, scientific and technical activities	2,000	600	1,000	2,900
N: Administrative and support service activities	5,100	1,000	1,000	7,500
O: Public administration and defence; compulsory social security	-1,000	-1,100	-300	-3,800
P: Education	-100	-100	100	-800
Q: Human health and social work activities	1,600	3,600	1,000	9,100
R: Arts, entertainment and recreation	500	300	300	900
S: Other service activities	600	500	300	1,700
TOTAL	11,800	7,300	6,600	30,700

Source: Cambridge Econometrics, Oxford Economics and Experian forecasts commissioned in 2016 for the JCS.

3. PEOPLE

COMMUTING

CHELTENHAM IS AN AREA OF NET IN-COMMUTING AND IS A POPULAR WORK LOCATION FOR PEOPLE LIVING ACROSS GLOUCESTERSHIRE

In 2011, 58,300 workers lived in Cheltenham while 76,000 people worked in Cheltenham. Other key commuting data is presented in **Figure 3.1** and **Figure 3.2** and is summarised as follows:

- 44,600 people lived and worked in Cheltenham (i.e. 77 per cent of all workers living in Cheltenham stayed in the district to work)
- 31,400 people commuted into Cheltenham to work (i.e. 41 per cent of all people working in Cheltenham commuted into the district to work)
- 13,600 people lived in Cheltenham but worked elsewhere (i.e. 33 per cent of all workers living in Cheltenham commuted elsewhere to work)

19,200 IN-COMMUTERS COME FROM OTHER GLOUCESTERSHIRE DISTRICTS

Of those commuting into the district, 61 per cent (19,200) commuted in from other Gloucestershire districts. Other districts with sizeable numbers of in-commuters to Cheltenham were Swindon (2,300), Wychavon (2,200), Bristol (1,700) and Malvern Hills (1,400).

8,300 CHELTENHAM RESIDENTS OUT-COMMUTE TO OTHER DISTRICTS IN GLOUCESTERSHIRE

Of those workers living in Cheltenham but working elsewhere, 61 per cent (8,300) commuted to other Gloucestershire districts. Other districts with a sizeable number of Cheltenham out-commuters were Bristol (2,100) and Swindon (1,300).

FIGURE 3.1: WORKERS IN CHELTENHAM BY PLACE OF RESIDENCE

Place of residence	Number who work in Cheltenham
Cheltenham	44,600
Tewkesbury	9,700
Gloucester	4,500
Swindon	2,300
Wychavon	2,200
Cotswold	2,100
Bristol, City of	1,700
Stroud	1,500
Malvern Hills	1,400
Forest of Dean	1,400
Herefordshire, County of	700
Exeter	600
Wyre Forest	400
Worcester	400
Mid Devon	400
South Gloucestershire	400
West Oxfordshire	300
Harrow	300
Monmouthshire	200
Plymouth	200
Bath and North East Somerset	200
North Somerset	100
Derby	100
Sandwell	100
West Berkshire	100
Total workers in Cheltenham	76,000

Source: 2011 Census, Office for National Statistics.

FIGURE 3.2: WHERE CHELTENHAM RESIDENTS WORK

Workplace	Number of Cheltenham residents
Cheltenham	44,600
Tewkesbury	3,400
Gloucester	3,100
Bristol, City of	2,100
Cotswold	1,300
Swindon	1,300
Birmingham	900
Wiltshire	500
Powys	500
Stroud	400
Total Cheltenham residents in work	58,300

Source: 2011 Census, Office for National Statistics.

HEADLINE LABOUR MARKET TRENDS

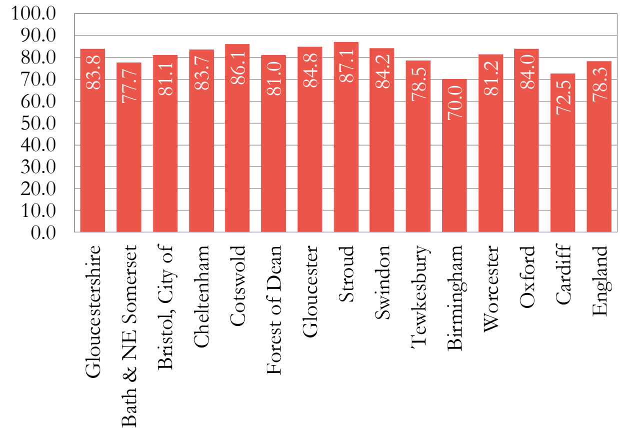
HIGH PERCENTAGES OF WORKING AGE PEOPLE LIVING IN CHELTENHAM ARE ECONOMICALLY ACTIVE AND EMPLOYED

In 2016, 83.7 per cent of working age people living in Cheltenham were economically active, i.e. either in work (employed) or actively looking for work (unemployed), as detailed in **Figure 3.3**. This was similar to the Gloucestershire rate (83.8 per cent) and higher than the England average (78.3 per cent). 82.8 per cent of working age people were also in employment – higher than the England average (74.6 per cent) and Gloucestershire (80.7 per cent), as detailed in **Figure 3.4**.

PARTICIPATION IN WORK HAS RECOVERED FROM THE 2009 RECESSION

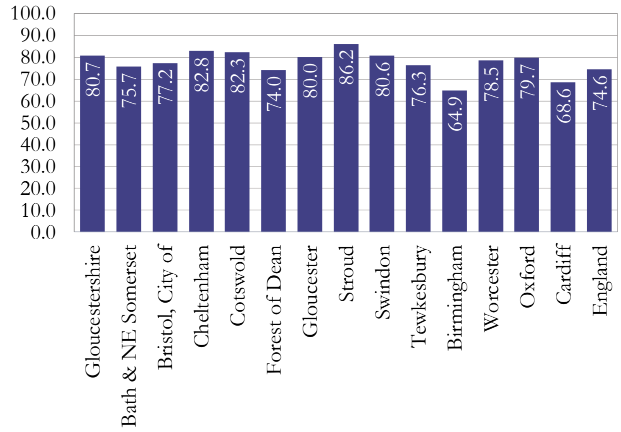
Between June 2008 and June 2013, the percentages of working age people who were economically active and employed fell in Cheltenham (**Figures 3.5 and 3.6**). Since 2012 this has recovered to levels consistent with the situation pre-recession.

FIGURE 3.3: ECONOMIC ACTIVITY RATE IN JUNE 2017



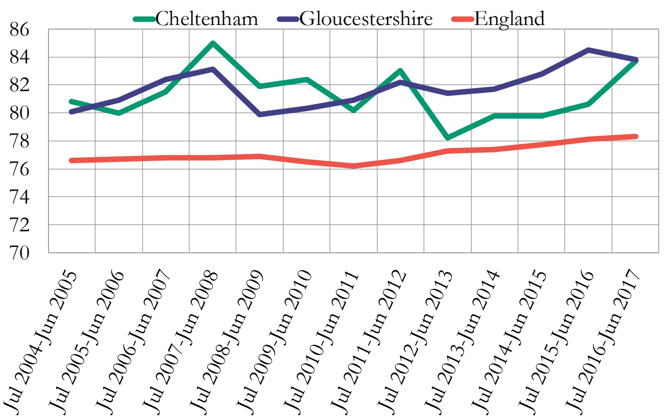
Source: Annual Population Survey, Office for National Statistics.

FIGURE 3.4: EMPLOYMENT RATE IN JUNE 2017



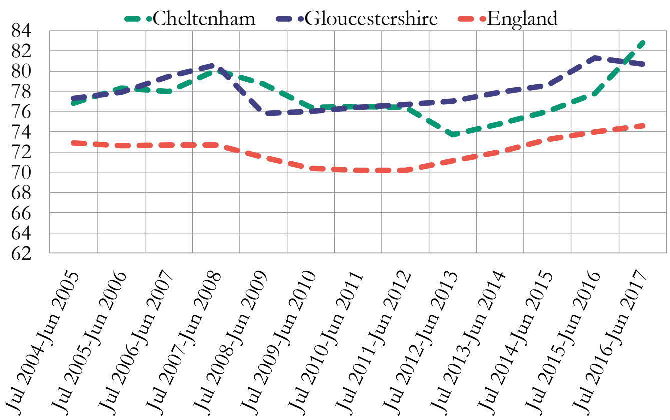
Source: Annual Population Survey, Office for National Statistics.

FIGURE 3.5: ECONOMIC ACTIVITY RATE 2005 TO 2017



Source: Annual Population Survey, Office for National Statistics.

FIGURE 3.6: EMPLOYMENT RATE 2005 TO 2017



Source: Annual Population Survey, Office for National Statistics.

GLOUCESTER'S RATE OF ECONOMIC INACTIVITY IS LOWER THAN THE NATIONAL AVERAGE

There are now (July 2016 – June 2017) 12,000 Cheltenham residents of working-age who are inactive – neither in employment nor actively seeking work. This represents 16.3 per cent of the working-age population, lower than the national average of 21.7 per cent. Of these, 2,600 inactive Cheltenham residents want a job. They may not be classified as officially unemployed due to reasons of active job seeking and availability to start work in the next two weeks. The number of inactive working-age residents who want a job has decreased significantly since peaking at 5,100 in 2014.

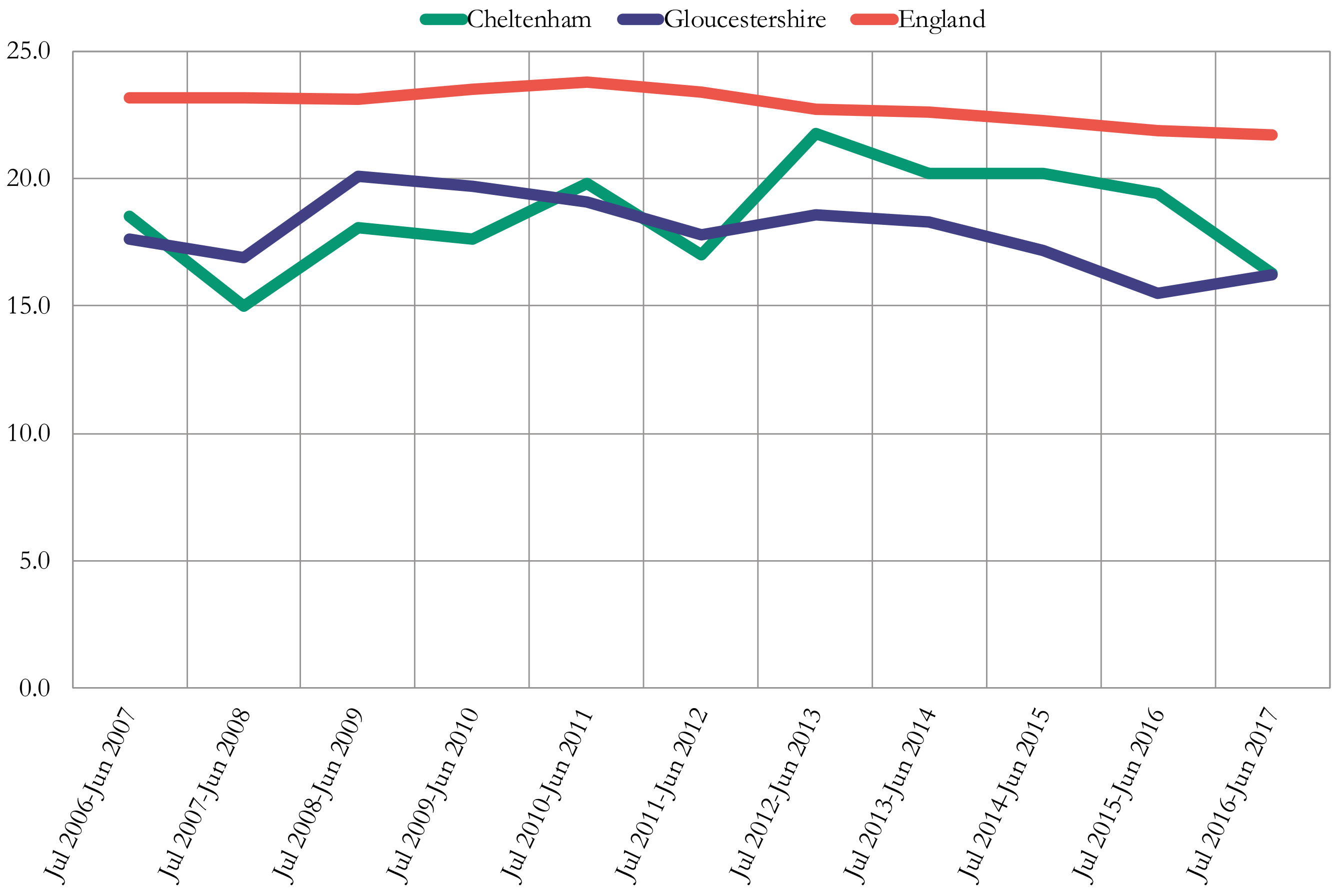
THE OFFICIAL UNEMPLOYMENT RATE WAS 3.5 PER CENT IN 2016

It is estimated that there were 2,000 working-age residents in Cheltenham classified as officially unemployed in 2016[3], representing an official unemployment rate of 3.5 per cent. This is lower than the county rate of 3.7 per cent, and the national rate of 5.2 per cent. The definition of official unemployment represents those who are out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.

BROADER WORKLESSNESS (INCLUDING THOSE OFFICIALLY UNEMPLOYED AND THOSE INACTIVE BUT WHO WANT TO WORK) HAS DECREASED IN RECENT YEARS

Total 'involuntary worklessness' comprises the those classed as officially unemployed 2,600 residents) and the inactive who want to work (2,000 residents) in June 2016. Thus, the involuntary worklessness rate was 7.4 per cent in June 2016, and represents a broader measure of unemployment. As can be seen in **Figure 3.8**, involuntary worklessness has decreased markedly over the past two years.

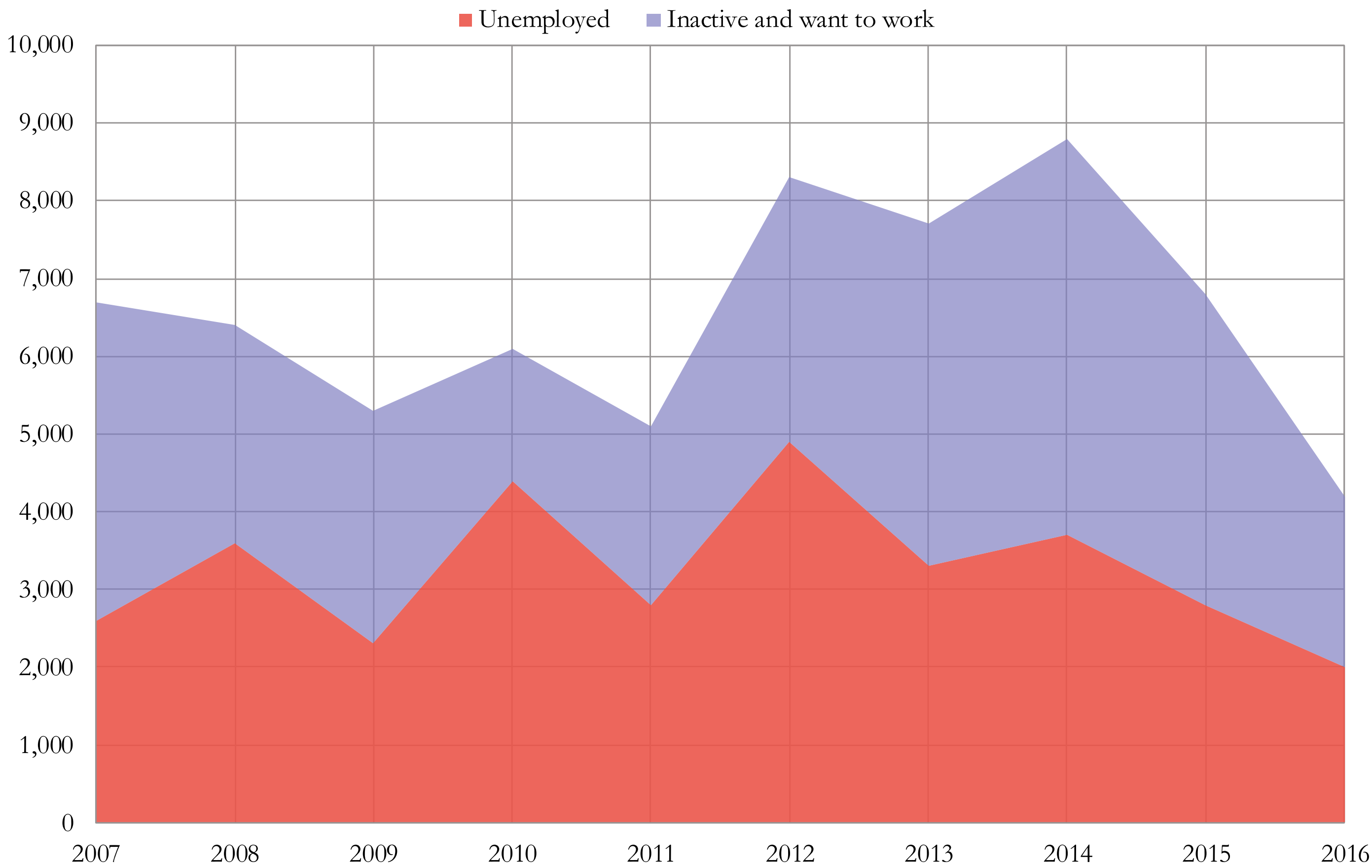
FIGURE 3.7: PERCENTAGE SHARE OF WORKING-AGE RESIDENTS THAT ARE INACTIVE



Source: Annual Population Survey, Office for National Statistics

[3] No data is available for June 2017 – as it has been statistically supressed by the Office for National Statistics.

FIGURE 3.8: TOTAL WORKING-AGE RESIDENTS IN CHELTENHAM WHO ARE OFFICIALLY CLASSIFIED AS UNEMPLOYED AND WHO ARE INACTIVE AND WANT TO WORK (STACKED TO REPRESENT TOTAL 'INVOLUNTARY WORKLESS')



Source: Annual Population Survey, Office for National Statistics.

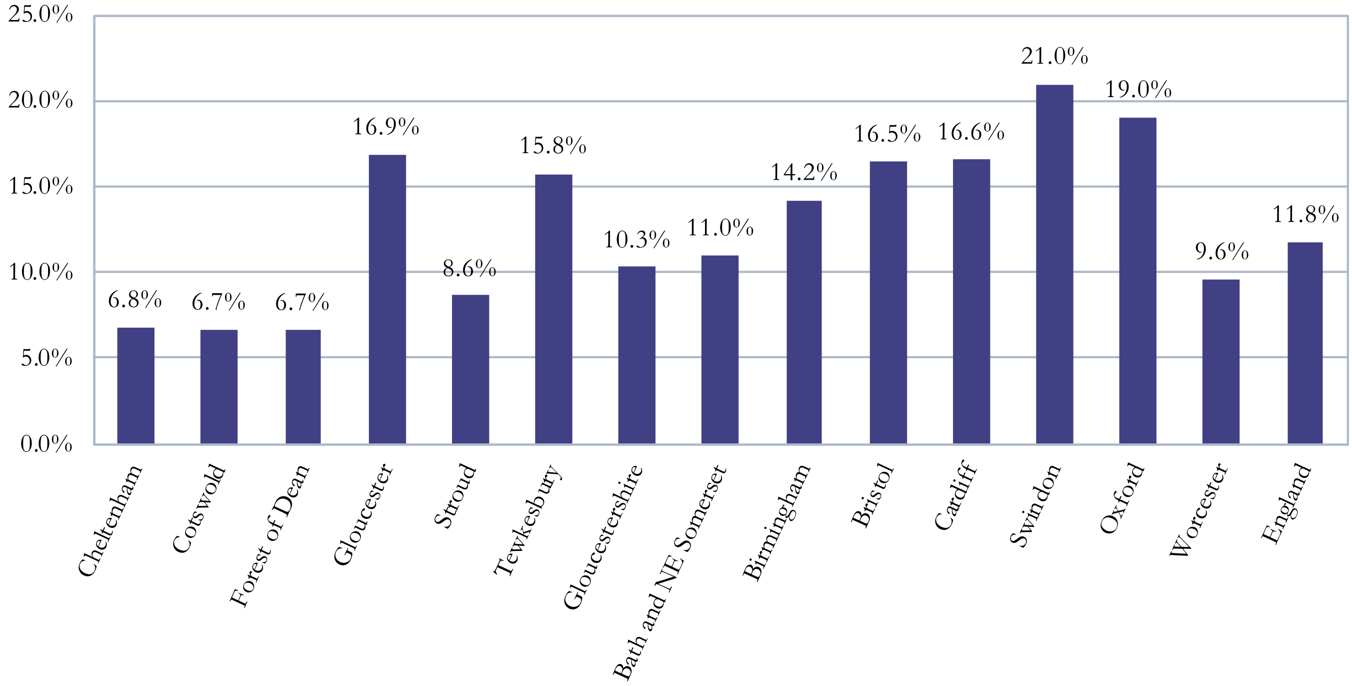
POPULATION

POPULATION GROWTH HAS BEEN MUCH LOWER THAN AVERAGE IN CHELTENHAM

In 2015, according to official estimates (Office for National Statistics) 117,500 people lived in Cheltenham – representing 18.9 per cent of Gloucestershire's population. Between 2001 and 2016, Cheltenham's population grew by 6.8 per cent, as indicated in **Figure 3.9.** This was lower than the Gloucestershire County average growth rate (10.3 per cent), and England (11.8 per cent). Within Gloucestershire, growth ranged from 6.7 per cent in Cotswold to 16.9 per cent in Gloucester. Amongst the comparator areas, Swindon (21.0 per cent) had the highest rate of growth.

In 2016, there were 75,200 people of working age living in Cheltenham. These represented almost two-thirds (63.9 per cent) of Cheltenham's population. Growth in the number of working age people in Cheltenham (6.2 per cent) was lower than Gloucestershire (7.4 per cent) and England (9.1 per cent) averages between 2001 and 2016.

FIGURE 3.9: CHANGE IN TOTAL POPULATION 2005 TO 2015



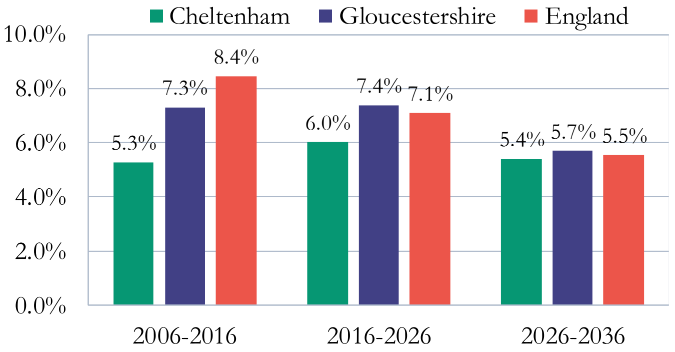
Source: Mid-year Population Estimates, Office for National Statistics.

POPULATION GROWTH SET TO ACCELERATE IN CHELTENHAM OVER THE NEXT DECADE, PARTICULARLY AMONGST THOSE OF RETIREMENT AGE

Population growth in Cheltenham is expected to continue at a strong rate over the next decade, driven by growth in the number of people of retirement age. Growth in the working age population is projected to slow (**Figure 3.10**).

Between 2016 and 2026, Cheltenham's population is expected to grow by 6.0 per cent, followed by growth of 5.4 per cent between 2026 and 2036. Growth over these two decades is expected to be at a similar rate to the England average.

FIGURE 3.10: ACTUAL AND PROJECTED POPULATION CHANGE BY DECADE (PERCENTAGE CHANGE)



Source: Mid-year Population Estimates and Subnational Population Projections, Office for National Statistics.

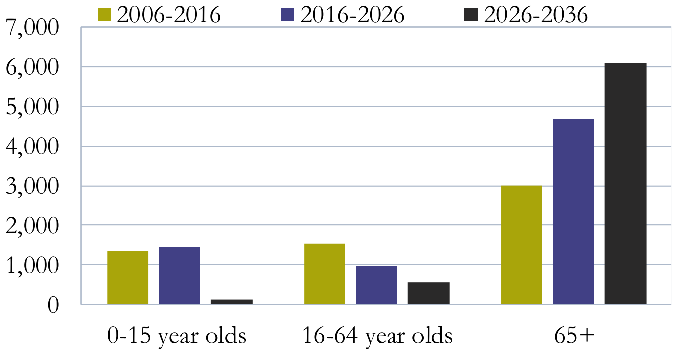
Over the next 20 years, growth is expected to be strongest among those aged 65 and over as illustrated in **Figure 3.11**. Growth among young people (aged 0-15 years) is expected to increase slightly during 2016-2026 and tail off significantly during 2026-2036.

The working-age population will continue to grow, as demonstrated in **Figure 3.12**.

CHELTENHAM HAS A VERY LOW PERCENTAGE OF PEOPLE CLAIMING UNEMPLOYMENT BENEFIT

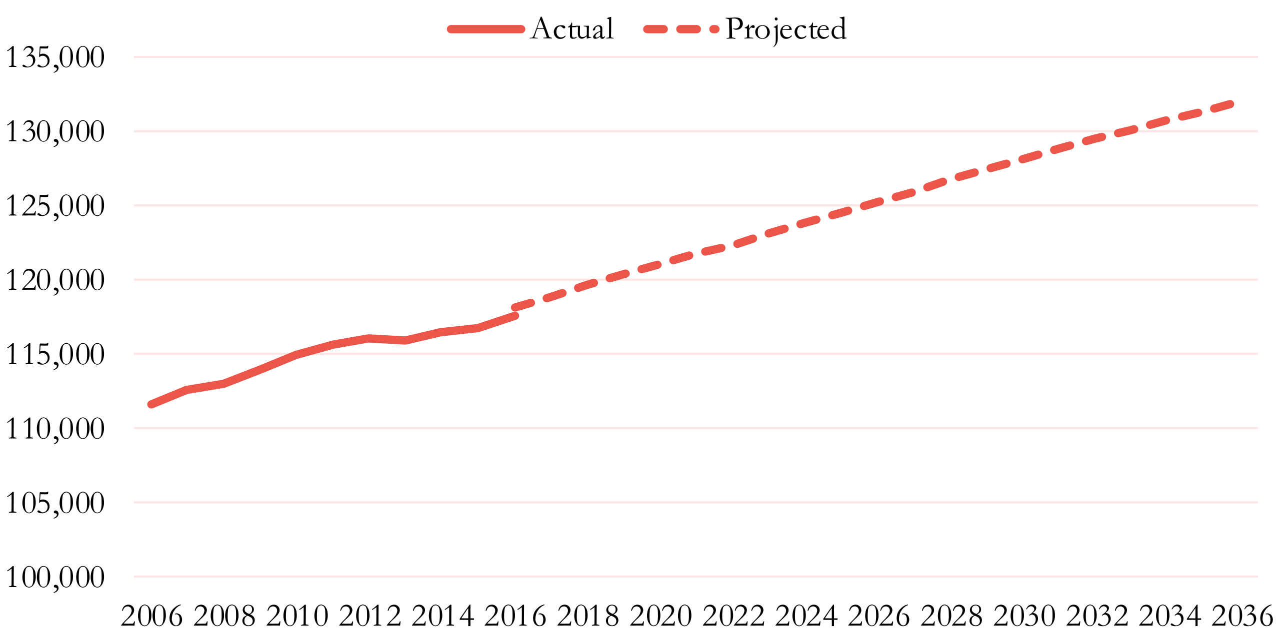
The percentage of people claiming Jobseekers Allowance (the claimant count rate) is very low in Cheltenham. In October 2017, 1.0 per cent of working age people living in Cheltenham were claiming Jobseekers Allowance – the same as the rate across Gloucestershire (1.0 per cent) and lower than the England average (1.9 per cent).

FIGURE 3.11: ACTUAL AND PROJECTED POPULATION CHANGE IN CHELTENHAM BY AGE GROUP (TOTAL NUMBER OF RESIDENTS)



Source: Mid-year Population Estimates and Subnational Population Projections, Office for National Statistics.

FIGURE 3.12: ACTUAL AND PROJECTED CHANGE IN TOTAL POPULATION IN CHELTENHAM



Source: Mid-year Population Estimates and Subnational Population Projections, Office for National Statistics.

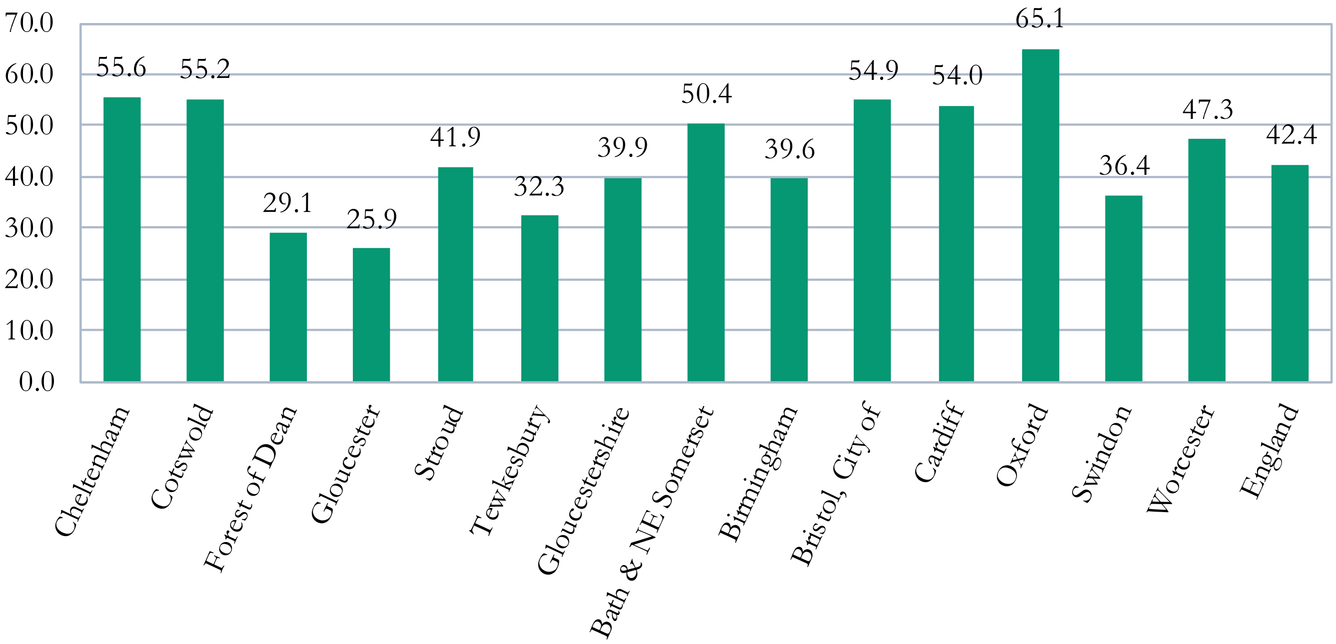
QUALIFICATIONS

CHELTENHAM'S WORKING AGE RESIDENTS HAVE VERY HIGH LEVELS OF QUALIFICATIONS ATTAINMENT

In 2016, 55.6 per cent of working-age people living in Cheltenham held a qualification at Level 4 or above (equivalent to degree level or above). This was well above the Gloucestershire average of 39.9 per cent and the England average of 42.4 per cent. Gloucester had the lowest rate of qualifications attainment at Level 4+ amongst Gloucestershire districts, and the lowest amongst all the comparator areas (**Figure 3.13**).

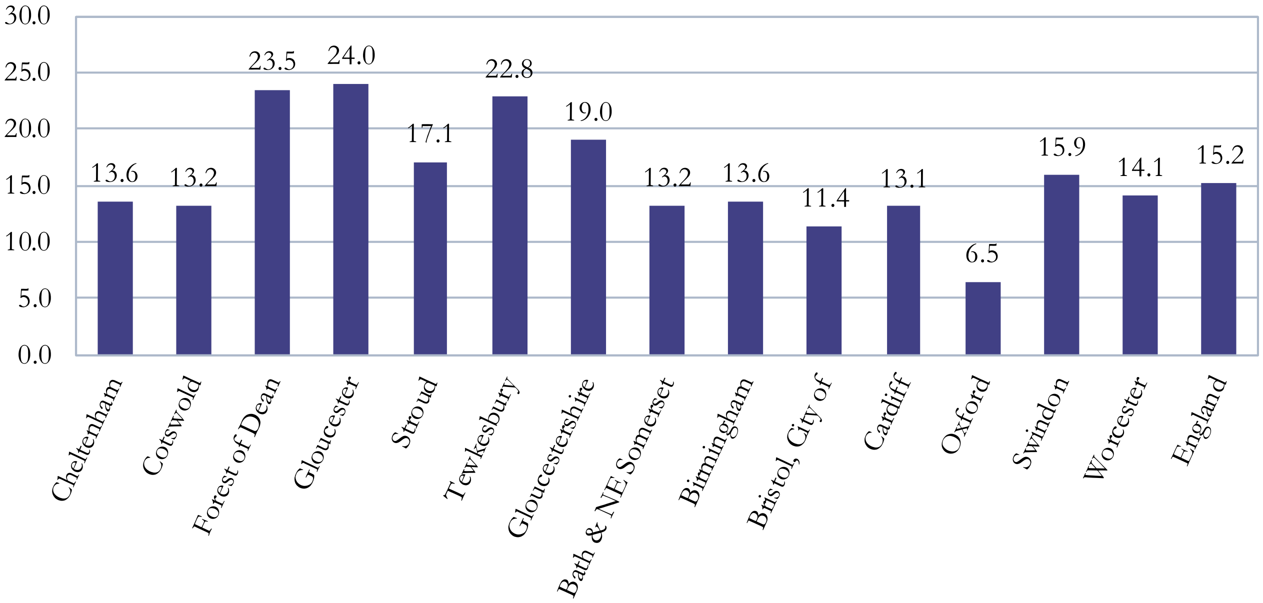
The share of working-age residents with Level 2 qualifications (equivalent to five A*-C GCSEs and above) as their highest qualification is lower in Cheltenham than average. In 2016, 13.6 per cent of working-age residents were qualified to Level 2 and above as their highest qualification attained. This was lower than the County (19.0 per cent) and national (15.2 per cent) averages (**Figure 3.14**).

FIGURE 3.13: SHARE OF WORKING-AGE RESIDENTS (AGED 16-64) WITH LEVEL 4+ (DEGREE EQUIVALENT OR HIGHER) AS THE HIGHEST LEVEL OF QUALIFICATION IN 2016



Source: Annual Population Survey (Jan 2015 – Dec 2016), Office for National Statistics.

FIGURE 3.15: SHARE OF WORKING—AGE RESIDENTS (16-64) WITH LEVEL 2+ (EQUIVALENT TO 5 GCSE'S AT GRADES A TO C OR HIGHER) AS THE HIGHEST LEVEL OF QUALIFICATION IN 2016

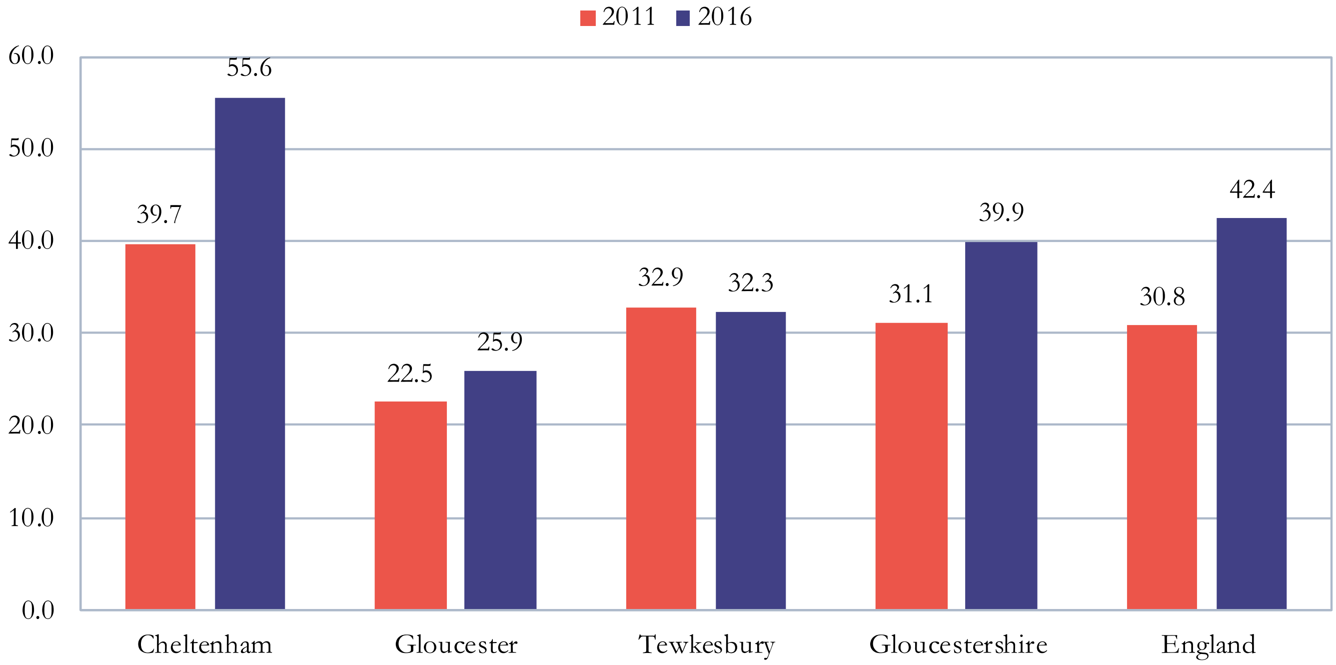


Source: Annual Population Survey (Jan 2015 – Dec 2016), Office for National Statistics.

QUALIFICATIONS RATES HAVE IMPROVED DRAMATICALLY OVER THE PAST TEN YEARS

Between 2006 and 2016, the percentage of working-age residents in Cheltenham that were qualified to Level 4 and above as their highest level of qualification held increased by 15.9 percentage points (from 39.7 per cent to 55.6 per cent), as **Figure 3.16** illustrates. This was a larger increase than in all neighbouring districts in Gloucestershire apart from Cotswold (+24.4 percentage points), and comparator areas apart from Oxford (+23.8 percentage points).

FIGURE 3.16: SHARE OF WORKERS QUALIFIED TO LEVEL 4+ (DEGREE EQUIVALENT OR HIGHER) IN 2006 AND 2016



Source: Annual Population Survey, Office for National Statistics.

OCCUPATIONS: THE TYPES OF JOBS UNDERTAKEN

CHELTENHAM HAS A HIGHER SHARE OF JOBS IN HIGHLY SKILLED-OCCUPATIONS

In 2017, Cheltenham had a more skilled occupational profile compared to the national average. With 9 per cent of workers in jobs in Cheltenham working as Managers, Directors and Senior Officials, and 29 per cent working in Professional Occupations, the skills profile of jobs was more skilled than the national average (11 per cent and 20 per cent respectively).

Cheltenham relies on in-commuters to fill some of its most skilled jobs. Comparing residence-based employment (i.e. Cheltenham residents in work) to workplace-based employment (those working in Cheltenham, but not all necessarily living there) is revealing, as presented in **Figure 3.18** There are 5,400 more workers in Professional occupations with jobs in Cheltenham than there are residents in this category. The trend is similar, although lower in Managers and Senior Officials and Associate Professional and Technical occupations.

There are more residents working as Process, Plant and Machine Operatives than there are workers with jobs based in Cheltenham.

FIGURE 3.17: SHARE OF EMPLOYMENT BY MAJOR OCCUPATION IN 2017

Major Occupation	Cheltenham	Gloucest-ershire	England
Managers and Senior Officials	9%	11%	11%
Professional	29%	20%	20%
Associate Prof & Tech	12%	14%	15%
Administrative and Secretarial	12%	12%	10%
Skilled Trades	7%	11%	10%
Caring, Leisure and Other Service	12%	9%	9%
Sales and Customer Service	7%	6%	7%
Process, Plant and Machine Operatives	2%	7%	6%
Elementary	9%	10%	11%

Source: Annual Population Survey (Apr 2015 – Mar 2016), Office for National Statistics.

FIGURE 3.18: COMPARING EMPLOYMENT BY MAJOR OCCUPATION FOR CHELTENHAM RESIDENTS IN WORK, AND THOSE WHO WORK IN CHELTENHAM IN 2017

Major Occupation	Residence	Workplace	Difference
Managers and Senior Officials	5,800	6,600	-800
Professional	15,100	20,500	-5,400
Associate Prof & Tech	8,000	8,500	-500
Administrative and Secretarial	4,700	8,300	-3,600
Skilled Trades	4,600	4,800	-200
Caring, Leisure and Other Service	7,600	8,700	-1,100
Sales and Customer Service	5,000	5,100	-100
Process, Plant and Machine Operatives	5,400	1,400	4,000
Elementary	5,800	6,400	-600
All categories: Occupation	62,000	70,300	-8,300

Source: 2011 Census, Office for National Statistics.

EARNINGS

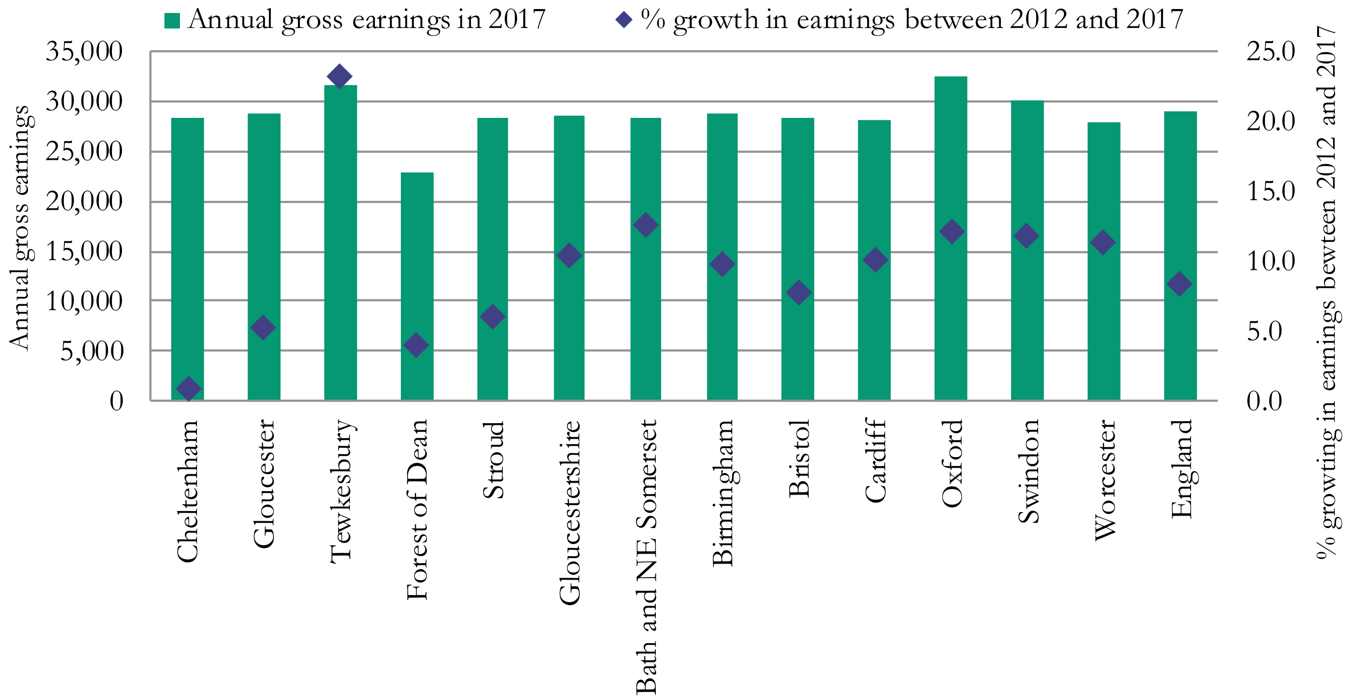
AVERAGE EARNINGS OF PEOPLE WORKING IN CHELTENHAM ARE ABOVE THE NATIONAL AVERAGE

In 2017, full-time workers in Cheltenham earned an average of £28,400 per year. This was higher than the national average of £26,800, as indicated in **Figure 3.19**.

AVERAGE EARNINGS HAVE GROWN SLOWLY IN CHELTENHAM OVER THE PAST FIVE YEARS

Between 2012 and 2017, average earnings in Cheltenham grew by 0.8 per cent in total, as detailed in **Figure 3.19**. This rate of growth was lower than the national average (8.4 per cent) and Gloucestershire (10.4 per cent). If we took into account inflation, real earnings may well have decreased in Cheltenham.

FIGURE 3.19: AVERAGE ANNUAL WORKPLACE EARNINGS (FULL-TIME) IN 2017 AND EARNINGS GROWTH BETWEEN 2012 AND 2017



Source: Annual Survey of Hours and Earnings, Office for National Statistics. *Note that no values available for Cotswold in 2017 as have been statistically supressed.

4. PLACE

HOUSING MARKET

HOUSE PRICES IN CHELTENHAM ARE HIGHER THAN AVERAGE AND HAVE GROWN AT A HIGHER RATE THAN THE NATIONAL AVERAGE OVER THE PAST 10 YEARS

In June 2016, the average house price in Cheltenham was £272,800, as detailed in **Figure 4.1.** This was 12.1 per cent higher than the England average (£243,300). As detailed below, the average house price across Gloucestershire in June 2016 was 4.3 per cent higher than the national average (£239,200). Prices ranged from £203,500 (11.3 per cent below average) in Forest of Dean to £246,900 (53.1 per cent above average) in Cheltenham. Gloucester's average house price was the lowest amongst Gloucestershire districts.

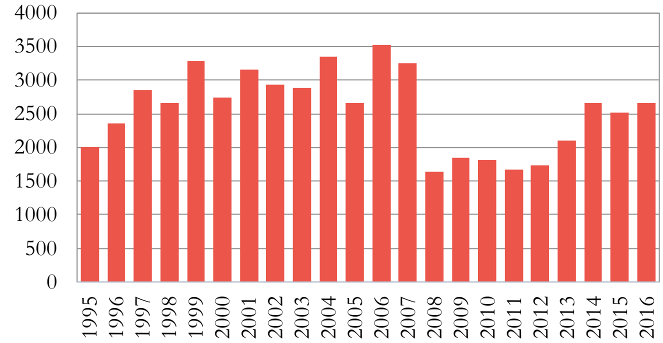
House prices have grown in Cheltenham over the past 10 years, at a rate slightly higher than nationally. Between November 2007 and November 2017, the average house price in Cheltenham grew by 29.7 per cent – higher than the England average (25.1 per cent).

CHELTENHAM'S HOUSING MARKET HAS ONLY RECENTLY RECOVERED FROM THE 2008/09 CREDIT CRUNCH AND RECESSION

After peaking at £210,300 in November 2007, average house prices declined– to £161,300 in February 2010. Recovery to the pre-recession peak only occurred in April 2014.

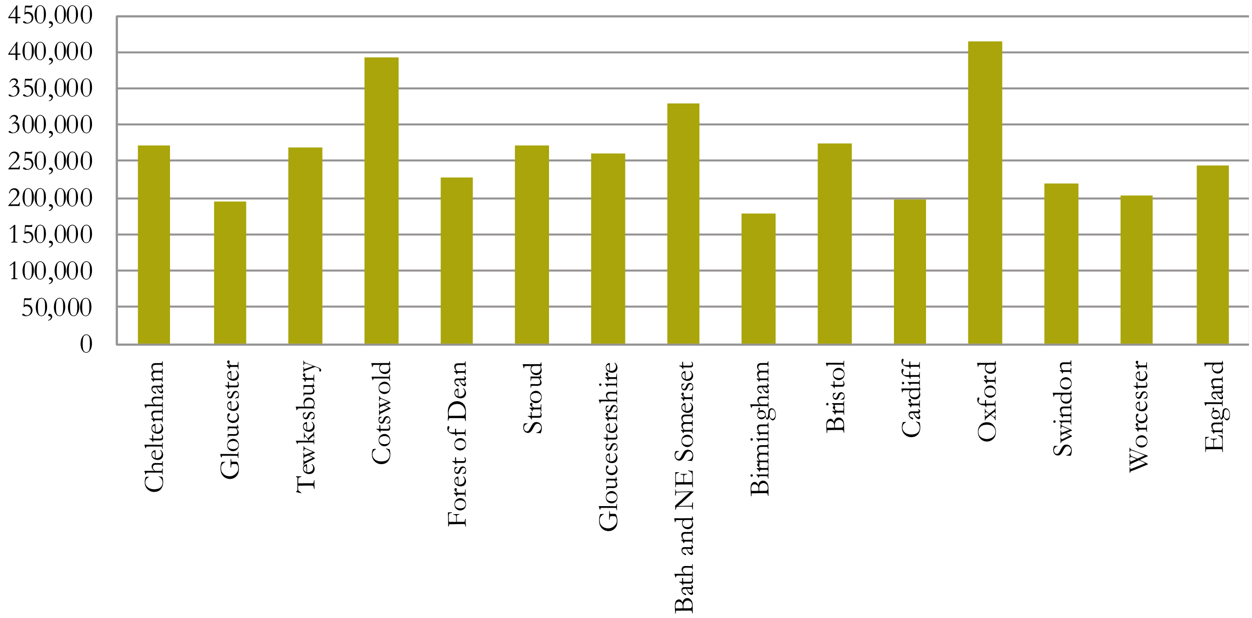
However, the housing market in terms of transaction volumes, has far from recovered, as indicated in **Figure 4.2**, with the volume of housing sales remaining below their long-term average. Between 2008 and 2016, house sales in Cheltenham averaged 2074 per year – 32 per cent below the 1997-2007 annual average housing sales of 3031 per year.

FIGURE 4.2: NUMBER OF HOUSE SALES IN EACH YEAR IN CHELTENHAM 1995 TO 2016



Source: HM Land Registry.

FIGURE 4.1: AVERAGE HOUSE PRICES IN NOVEMBER 2017



Source: HM Land Registry.

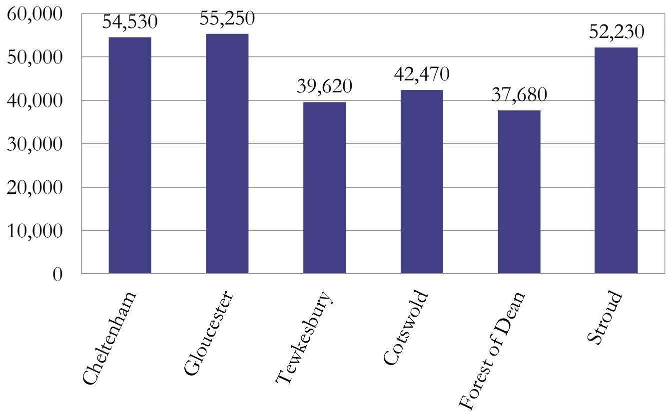
HOUSING STOCK

GROWTH IN GLOUCESTER'S DWELLING STOCK HAS BEEN HIGHER THAN THE NATIONAL AVERAGE

In 2016, there were 55,530 dwellings in Cheltenham. This was the second highest number of dwellings of all six Gloucestershire districts (**Figure 4.3**), after Gloucester (55,250) and represented 19.4 per cent of the 281,760 dwellings in Gloucestershire.

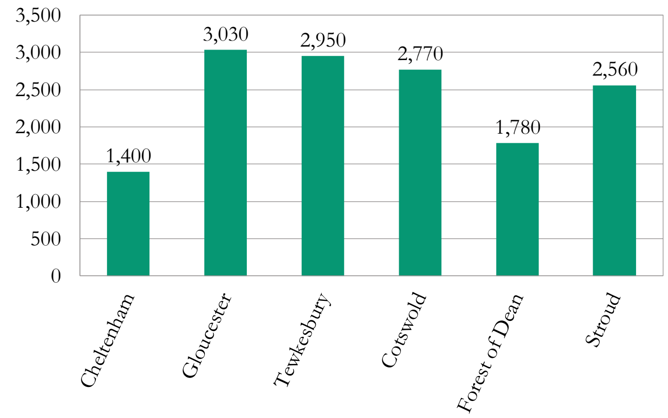
Growth in Cheltenham's dwelling stock was lower than average. Between 2010 and 2016, the number of dwellings in the borough grew by 1,400 (**Figure 4.4**), or 2.6 per cent (**Figure 4.5**) – lower than across Gloucestershire (5.4 per cent) and England (3.9 per cent). At district level, growth in the dwelling stock ranged from 2.6 per cent in Cheltenham to 8.0 per cent in Tewkesbury.

IGURE 4.3: NUMBER OF DWELLINGS IN EACH DISTRICT IN GLOUCESTERSHIRE IN 2016



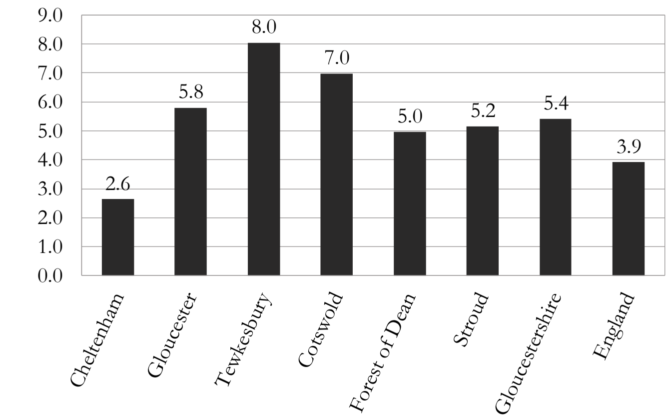
Source: Department for Communities and Local Government.

FIGURE 4.4: CHANGE IN NUMBER OF DWELLINGS BETWEEN 2010 AND 2016



Source: Department for Communities and Local Government.

FIGURE 4.5: PERCENTAGE CHANGE IN NUMBER OF DWELLINGS BETWEEN 2010 AND 2016



Source: Department for Communities and Local Government.

HOUSEHOLD PROJECTIONS

THIS SECTION REPORTS FINDINGS FROM OFFICIAL STATISTICS AND A MORE DETAILED ANALYSIS AND VIEWPOINT CAN ALSO BE FOUND IN THE DOCUMENTS SUPPORTING THE JOINT CORE STRATEGY

Whilst this report relies mainly on official statistics, there are some key statistics and analysis that have been compiled to support the Joint Core Strategy. These consider in more depth the methods used to derive population and household projections and how they apply to Cheltenham and other districts in Gloucestershire.

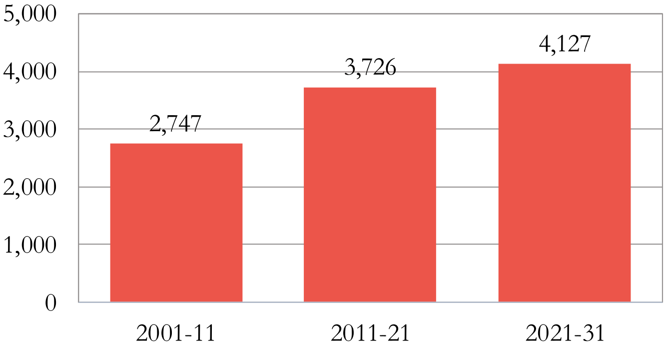
THE NUMBER OF ADDITIONAL HOUSEHOLDS IS PROJECTED TO ACCELERATE AFTER 2011

Between 2011 and 2021, the Department for Communities and Local Government (DCLG) projects that the number of households in Cheltenham will grow by 3,726 – or 373 per year (**Figure 4.6**). This is higher than the historic (2001-2011) trend of household growth over the past ten years – 2,747 new households, or 275 per year.

AVERAGE HOUSEHOLD SIZE IS PROJECTED TO DECREASE SLIGHTLY WITH A SHARP INCREASE IN THE NUMBERS OF HOUSEHOLDS WITH NO DEPENDENT CHILDREN

Average household size is projected to decrease slightly in Cheltenham over the next ten years. By 2024, DCLG projects that there will be on average 2.15 people per household, down from 2.19 in 2014. The increase in one person and one couple households is expected to make up 66.9 per cent of the total increase in households between 2014 and 2039.

FIGURE 4.6: ACTUAL AND PROJECTED NET ADDITIONAL HOUSEHOLDS IN CHELTENHAM



Source: 2014-based Household Projections, Department for Communities and Local Government.

More than three-quarters (81.5 per cent) of the increase in new households is expected to be among those with no dependent children (+8,445).

Household projections used for planning policy

The Joint Core Strategy for Gloucester, Cheltenham and Tewksbury Boroughs considered whether an economic uplift to the demographically-derived estimate of Objectively Assessed Need for housing is required to support jobs.

Having estimated the population needed in 2031 to provide the labour force implied by the three job forecasts, the number of homes needed to accommodate that population growth has been calculated using the household formation rates from DCLG's 2012-based household projections.

The average of the three forecasts was taken which produced an economic 'policy on' Objectively Assessed Need (OAN) of 33,500 dwellings. Economic growth has been planned for at the JCS-wide level as a functioning economic area. The LEP strategy for economic growth, as set out in the Strategic Economic Plan, is focused on the M5 growth corridor running through the heart of the JCS area and not any particular authority. Therefore, economic growth needs to be seen in the JCS area-wide context. This is a different approach from housing where each district has its own specifically assessed needs and requirements. Therefore, it is difficult to attribute the housing needs resulting from any additional policy-on economic uplift to specific areas. Nevertheless, the JCS has sought to distribute this uplift in dwellings in accordance with the amount of employment land potential in each authority area and with the spatial strategy set out at Policy SP2. This has resulted in the policy-on OAN for each area, where:

Gloucester: +13,675 OAN

Cheltenham: +10,395 OAN

Tewkesbury: + 9,425 OAN

Total JCS area: +33,500 OAN

The employment forecasts for the JCS area are subject to considerable uncertainty and this is demonstrated in the way that they can change over a relatively short period. However, the JCS authorities believe that by establishing an OAN of 33,500 dwellings, this will ensure that economic growth in the area is not constrained by the supply of housing.

Further to the economic uplift an additional 5 per cent increase has been applied to the economic led OAN. This 5 per cent has been added in order to boost the delivery of affordable housing as well as providing additional flexibility to the supply of land and boosting housing delivery in general. This further uplift has resulted in an overall housing requirement for the JCS area of 35,175 dwellings over the plan period. The resulting requirement for each area is set out as:

Gloucester: +14,359 OAN

Cheltenham: +10,917 OAN

Tewkesbury: + 9,899 OAN

Total JCS area: +35,175 OAN

COMMERCIAL AND INDUSTRIAL PROPERTY

FLOOR SPACE IN RETAIL AND OFFICE USES HAS INCREASED OVER THE DECADE TO 2015/16

There were 343,000 sq. metres of retail floor space eligible for business rates in 2015/16; 310,000 sq. metres of office floor space; and 397,000 sq. metres of industrial floor space (**Figure 4.7**). All uses, apart from industrial, had increased their rateable floor space between 2005/06 and 2015/16.

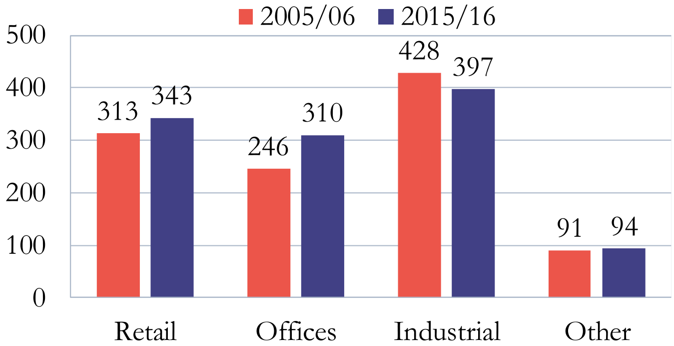
As **Figure 4.8** indicates, rateable values per sq. metre in 2015/16 were £170 for retail (above the England and Wales average of £151); £94 for office (below the England and Wales average of £153); and £40 for industrial (above the England and Wales average of £37). Rateable values per sq. metre for offices were notably higher in areas such as Bath and North East Somerset (£128), Birmingham (£128), Bristol (£134) and Oxford (£129).

What is noticeable is the lower rateable values of office floorspace in Gloucestershire districts including Gloucester, compared to other centres such as Bath, Birmingham, Bristol, Cardiff and Oxford. Industrial floor space values are lower than all other classes across all areas. This may be an influential factor in land and property owners wishing to convert their sites to housing use.

INDUSTRIAL FLOOR SPACE HAS DECLINED FASTER THAN NATIONALLY

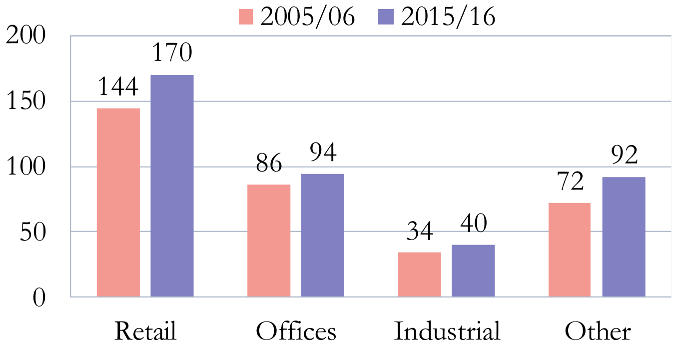
Industrial floor space declined by 7.2 per cent over the 10 years from 2005/06 to 2015/16 – more than the national rate of loss of 5.1 per cent. Within Gloucestershire, this was eclipsed by Gloucester, which lost 16.9 per cent of rateable industrial floorspace over the same period (**Figure 4.16**). By contrast, both retail and office floor space in Cheltenham grew at a higher rate than the national average. Office space grew substantially in Tewkesbury (+28.2 per cent) and Cheltenham (+26.0 per cent).

FIGURE 4.7 RATEABLE FLOOR SPACE IN CHELTENHAM, THOUSANDS OF SQUARE METRES



Source: Valuation Office Agency.

FIGURE 4.8: RATEABLE VALUES IN CHELTENHAM £ PER SQUARE METRE



Source: Valuation Office Agency.

FIGURE 4.9: RATEABLE FLOORSPACE AND VALUES BY USE CLASS IN 2015/16

	Floorspace, thousands of square metres					Rateable values £ per square metre			
Area	**Total**	**Retail**	**Offices**	**Industrial**	**Other**	**Retail**	**Offices**	**Industrial**	**Other**
Cheltenham	1,144	343	310	397	94	170	94	40	92
Gloucester	1,471	364	283	692	132	131	72	40	75
Tewkesbury	1,127	73	109	864	81	136	99	41	57
Cotswold	812	141	102	464	105	142	79	38	55
Forest of Dean	885	65	32	709	79	71	45	23	36
Stroud	1,233	131	92	914	96	96	60	33	48
Gloucestershire	6,674	1,118	927	4,041	588	137	81	35	62
Bath and NE Somerset	1,287	324	210	577	176	206	128	30	91
Birmingham	11,693	2,100	1,979	6,492	1,122	133	128	34	85
Bristol	5,032	948	1,126	2,470	488	145	134	39	87
Cardiff	3,800	945	992	1,364	499	176	114	41	94
Oxford	1,169	327	369	319	154	220	129	48	121
Swindon UA	2,835	451	499	1,673	212	181	86	42	84
Worcester	1,190	262	156	625	147	147	83	35	76
ENGLAND AND WALES	577,712	105,031	89,037	321,855	61,789	151	153	37	78

Source: Valuation Office Agency.

FIGURE 4.10 PERCENTAGE CHANGE IN RATEABLE PROPERTY SQUARE METRES AND RATEABLE VALUE 2005/06 TO 2015/16

	percentage increase sqm over 10 years				percentage increase in rateable value per m2 over 10 years			
	Retail	Offices	Industrial	Other	Retail	Offices	Industrial	Other
Cheltenham	9.6	26.0	-7.2	3.3	18.1	9.3	17.6	27.8
Gloucester	15.9	0.7	-16.9	30.7	13.9	0.0	25.0	15.4
Tewkesbury	30.4	28.2	9.2	11.0	37.4	30.3	10.8	26.7
Cotswold	9.3	14.6	-3.9	-15.3	30.3	27.4	15.2	25.0
Forest of Dean	-1.5	23.1	-4.2	12.9	29.1	15.4	15.0	9.1
Stroud	3.1	22.7	5.5	15.7	28.0	17.6	22.2	11.6
Gloucestershire	11.1	15.6	-2.4	8.5	21.2	12.5	16.7	21.6
Bath and NE Somerset	2.9	-1.4	-15.8	21.4	39.2	15.3	20.0	23.0
Birmingham	3.7	4.6	-11.4	11.9	9.0	9.4	13.3	10.4
Bristol	6.9	5.9	-0.8	19.0	36.8	17.5	25.8	14.5
Cardiff	13.0	8.9	-13.7	15.0	20.5	15.2	17.1	16.0
Oxford	-0.9	4.8	-3.3	1.3	12.2	-5.8	-9.4	15.2
Swindon UA	6.9	1.6	-3.0	24.0	20.7	-11.3	2.4	10.5
Worcester	0.8	6.1	-17.1	12.2	19.5	7.8	16.7	2.7
ENGLAND AND WALES	6.8	6.7	-5.1	9.2	18.0	17.7	12.1	13.0

Source: Valuation Office Agency.

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