

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

**Final Report: options, ideas
and recommendations**

For Cheltenham Borough Council

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1.INTRODUCTION

1.1 ABOUT THE PROJECT AND THIS REPORT

This report summarises the analysis and findings of a consultancy project undertaken to support the provision of an economic strategy for Cheltenham, focusing on the Borough's role as a business location.

Chapter 2 summarises the findings from the three main components of the work underpinning this project, namely the Cheltenham Economic Assessment; Cheltenham Employment Site Review and the Key Findings from the Consultation Meetings and Interviews.

Chapter 3 outlines a number of key priorities and objectives for Cheltenham's economic strategy and goes on further to discuss potential delivery ideas and options to help achieve these.

Accompanying this report are four separate appendices, detailed as follows:

APPENDIX A: LOCAL ECONOMIC ASSESSMENT

APPENDIX B: SITE ANALYSIS AND EMPLOYMENT LAND REVIEW

APPENDIX C: CONSULTATION FINDINGS

APPENDIX D: TECHNICAL NOTE ON CALCULATING ANNUAL GROSS VALUE ADDED (GVA) GROWTH RATES

2. KEY FINDINGS FROM EVIDENCE AND POLICY

2.1 INTRODUCTION

This chapter summarises the findings from the three main components of the work underpinning this project, namely the Cheltenham Economic Assessment; Site Analysis and Employment Land Review and the Key Findings from the Consultation Meetings and Interviews.

More detailed findings are detailed in the four separate appendices accompanying this report.

2.2 LOCAL ECONOMIC ASSESSMENT

In December 2014, an assessment of the Cheltenham economy was made, using the latest available socio-economic data. The key findings are outlined as follows.

INTRODUCING THE CHELTENHAM ECONOMY

CHELTENHAM IS A SIGNIFICANT CONTRIBUTOR TO THE GLOUCESTERSHIRE ECONOMY

With a current resident population of 115,900 and an economy that supports 72,000 jobs, Cheltenham has light industry, including food processing, aerospace, electronics and tourism businesses. The Government's electronic surveillance operation Government Communications Headquarters (GCHQ), renowned for its 'doughnut-shape' building, is in Cheltenham. Vertex Data Science, GE-Aviation, Endsleigh Insurance, Archant, Nelson Thornes, UCAS (Universities & Colleges Admissions Service), and Spirax-Sarco Engineering all have sites in and around Cheltenham.

Cheltenham's annual rate of economic growth (0.7 per cent) has lagged significantly behind national average growth rates (1.9 per cent), whereas growth rates for Gloucestershire (1.8 per cent) are more in line with the national average. More positively, the rate of jobs growth has exceeded the national average, and both economic growth and jobs growth are forecast to be strong over the next 20 years.

Cheltenham remains a significant employment centre within the County of Gloucestershire and this is forecast to continue. Gloucestershire's productivity rate lags behind the national average and this gap is widening.

Cheltenham is a large spa town and borough in Gloucestershire, England, located on the edge of the Cotswolds. The town was awarded a market charter in 1226, and has been a health and holiday spa town resort since the discovery of mineral springs there in 1716.

Cheltenham is also renowned for sporting and cultural events. It is the home of the flagship race of British steeplechase horse racing, the Gold Cup, the main event of the Cheltenham Festival held every March. The town hosts several festivals of culture often featuring nationally and internationally famous contributors and attendees, Cheltenham Literature Festival, Cheltenham Jazz Festival, Cheltenham Science Festival, Cheltenham Music Festival and Cheltenham Food & Drink Festival.

Cheltenham is a regional shopping centre, home to department stores, and centres including the Regent Arcade and the Beechwood Shopping Centre, together with a number of independent retailers.

ECONOMIC PERFORMANCE AND OUTLOOK

ECONOMIC PERFORMANCE

It is estimated that Cheltenham's economy generated between £2.4 billion and £2.7 billion in economic output in 2011. Forecasters predict that this could grow to between £3.5 billion to £4.8 billion by 2031.

Long-term economic growth has been slightly slower-than-average in Gloucestershire at 1.8 per cent per annum growth from 1997 to 2011 compared to 1.9 per cent for England. Economic growth in Cheltenham has been significantly below average, at 0.7 per cent per annum over this period. The average across the three economic forecasters (Cambridge Econometrics, Experian and Oxford Economics) suggests that economic growth in Cheltenham is expected to accelerate to 2.4 per cent per annum over the next 20 years.

JOB GROWTH

Cheltenham supported 72,000 jobs in 2012. Between 2000 and 2012, 6,000 net new jobs were created in Cheltenham – a rate of jobs growth (9.1 per cent) that is higher than the average for England (7.6 per cent), but lower than Gloucestershire County as a whole (which grew by 40,000 jobs, or 14.1 per cent).

22 per cent of all Gloucestershire's jobs are located in Cheltenham. Cheltenham remains a significant employment centre within the County of Gloucestershire and this is forecast to continue. Gloucestershire's productivity rate lags behind the national average and this gap is widening.

Gloucester experienced a very low rate of jobs growth over this period (3.1 per cent), as did Bristol (0.7 per cent). Conversely, the rate of jobs growth was very high in Cotswold (27.0 per cent), Stroud (22.4 per cent), Tewkesbury (21.6 per cent) and Worcester (18.8 per cent). Contractions in total jobs were experienced in Swindon (-4.2 per cent) and Birmingham (-0.4 per cent).

PRODUCTIVITY

Productivity rates in Gloucestershire are below average and declining relative to comparator areas and England averages. In 2012, workers in Gloucestershire produced £26.00 of Gross Value Added (GVA) for every hour worked. This was below the England average (£28.30). Between 2004 and 2012, Gross Value Added (GVA) per hour worked rose by 16.3 per cent – which was lower than across England (23.4 per cent).

INDUSTRY TRENDS

PUBLIC ADMINISTRATION, EDUCATION & HEALTH

Public Administration, Education & Health is the largest contributor to economic output and one of the fastest forecast growing sectors in terms of total economic output. It includes Public administration and defence, Education, and Health.

Health is one of the largest employment sectors and comprises Human health activities, Residential care activities, Social work activities without accommodation. Employment has grown fast in hospital activities but declined in social work activities without accommodation. The third largest increase in number of business units in the borough has been in Health. A large increase in health employment is forecast.

There is a large concentration of employment in Defence. The strongest employment growth has occurred in this sector. GCHQ have recently completed their plans for subcontracting and supplier arrangements for the next 5-7 years, and is a desire for increased activity and employment from subcontractors to be based, ideally, in or around Cheltenham. GCHQ also runs a small business innovation programme, which is a mechanism for procuring innovative new solutions from technology and innovation based SMEs. There is an interest in developing specialist business incubation facilities for the cyber security cluster

BUSINESS SERVICES

Business Services is the third largest contributor to economic output and the fastest growing sector in terms of economic output. Additionally, Business services is one of the fastest forecast growing sectors in terms of economic output and a large increase in employment is forecast.

Within Business Services, Business Administration and Support Services is the largest employment sub-sector. Employment has grown strongly in 'other business support activities' and general cleaning of buildings but declined in legal and accounting activities. There is a high concentration of employment in Business Administration and Support Services, particularly 'other business support activities' and tour operator activities.

The Professional, Scientific and Technical sector within business services has the largest number of business units and has experienced a large increase in business units.

RETAIL

Distribution, Transport, Accommodation and Food (which includes retail) is the second largest contributor to economic output and one of the largest employment sectors. It has the second largest number of business units, but has experienced a decline in the total number of business units.

INFORMATION AND COMMUNICATION

The Information and Communication sector includes Publishing activities, Motion picture, video and television programme production, sound recording and music publishing activities, Programming and broadcasting activities, Telecommunications, Computer programming, consultancy and related activities, Information service activities.

The Information and Communication sector has experienced strong growth in economic output and this is forecast to continue. It has the second highest increase in number of business units. However, there has been a large fall in employment in telecommunications and printing and reproduction of recorded media.

PRODUCTION

Production (which includes manufacturing) is an important contributor to economic output, but there has been decline in output in the sector and total business units over recent years. The highest concentrations of production employment in the town are found in the manufacture of machinery for metallurgy and manufacture of other taps and valves. A further decline in employment forecast.

ENTERPRISE AND INNOVATION

ENTERPRISES AND ENTREPRENEURSHIP

With 5,185 enterprises in 2012, Cheltenham has a strong and growing business base, with stronger than average long-term growth in the number of enterprises (11.7 per cent growth between 2004 and 2012) and a higher than average number of enterprises per head of the working age population (68 per 1,000 working age people in Cheltenham compared to a national average of 60).

This strong growth in Cheltenham's business base has been driven by stronger business survival rates. The start-up rate is similar to the national average.

Business survival was badly affected by recession but has begun to recover. Between 2007 and 2010, the percentage of businesses surviving for one year fell from 97.5 per cent to 88.2 per cent. However, survival increased significantly in 2011, to 93.2 per cent.

The self-employment rate in Cheltenham is slightly lower than average. The mismatch between a higher-than-average enterprise rate and lower-than-average self-employment rate in Cheltenham could be explained by people living outside Cheltenham setting up businesses within the district.

FOREIGN OWNERSHIP OF BUSINESSES

The presence of foreign-owned businesses is less significant in Cheltenham and Gloucestershire than nationally. With foreign-owned businesses representing just 1.0 per cent of all businesses but 23.0 per cent of all turnover, foreign-owned businesses in Cheltenham are very large.

INNOVATION

Businesses in Gloucestershire are more likely to compete on design, quality and innovation than the national average. In 2013, 32 per cent of Gloucestershire businesses stated that demand for their goods/services were not at all price dependent or slightly price dependent compared to the England average of 28 per cent. 38 per cent said that they often/very often lead the way, compared to the England average of 35 per cent. 65 per cent said they competed in a market for high/premium quality goods and services, compared to the England average of 59 per cent.

Gloucestershire's rate of patenting, at 11.1 patents per 100,000 residents, is higher than the England average of 9.4. The number of patents originating from the county is on a downward trend, mirroring the national picture.

Cheltenham has a lower-than-average base of science, research, engineering and technology professionals working in the borough (representing 5.4 per cent of all workers) but a stronger-than-average presence of information technology and telecommunications professionals (2.5 per cent of all workers).

PEOPLE

COMMUTING

Cheltenham is an area of net in-commuting and is a popular work location for people living across Gloucestershire. 44,600 people live and work in Cheltenham (i.e. 77 per cent self-containment), 13,600 commute out from Cheltenham to work outside the borough; and 31,400 people commute into Cheltenham who reside outside the borough.

In 2012, there were 0.95 jobs for each working age resident. This was much higher than the Gloucestershire (0.85) and England averages (0.79). Cheltenham had the joint highest jobs density in Gloucestershire while only one peer area had a higher jobs density (Oxford at 1.08)

HEADLINE LABOUR MARKET TRENDS

A high percentage of working age people living in Cheltenham are economically active (79.8 per cent in June 2014) and employed (74.8 per cent). However, participation in work has fallen since the onset of recession and Cheltenham has been more sharply affected than across Gloucestershire and England. Between June 2008 and June 2013, the percentages of working age people who were economically active and employed fell in Cheltenham. Economic activity fell from 84.8 per cent to 78.2 per cent while employment fell from 79.8 per cent to 73.8 per cent.

POPULATION

Population growth has been slower than average in Cheltenham while long-term growth in the numbers of working age people has been slower than in other peer employment centres. Between 2003 and 2013, Cheltenham's population grew by 6.0 per cent. This was slower than growth across Gloucestershire (6.4 per cent), England (7.9 per cent) and most comparator areas. Within Gloucestershire, growth ranged from 2.7 per cent in the Forest of Dean to 11.7 per cent in Gloucester.

In 2013, there were 75,600 people of working age living in Cheltenham. Growth in the number of working age people in Cheltenham (6.8 per cent) was similar to the England average (6.9 per cent) between 2003 and 2013, much faster than growth across Gloucestershire (5.0 per cent) but slower than growth in Gloucester, Swindon, Oxford, Birmingham, Bristol, Cardiff and Worcester.

Population growth in Cheltenham is expected to accelerate over the next decade, driven by growth in the number of people of retirement age. Further analysis conducted for the Joint Core Strategy suggests that population will increase by 17,400 between 2011 and 2031 compared to the official projection of 15,600 (2012-based Subnational Population Projections published in 2014). This further analysis suggests that the working age population will continue to grow at 0.5 to 0.6 per cent per year from 2013.

BENEFITS CLAIMANTS

Cheltenham has a low percentage of people (1.3 per cent of all working age residents) claiming unemployment benefit, although trends in numbers of unemployment benefit claimants suggest that the labour market has tightened for Administrative & Secretarial and Sales & Customer Service jobs. The number of out-of-work benefit claimants has fallen in Cheltenham over the past ten years, particularly among lone parents.

QUALIFICATIONS

Cheltenham has an impressive qualifications profile, with a high proportion of workers (42.4 per cent) holding a degree level qualification or above. Qualifications rates have improved dramatically over the past ten years. The improvement will in part be due to older people (who are generally more poorly qualified) falling out of the 16-74 population over the ten-year period, but also signifies that demand for high-level skills has grown in the area.

Despite workers in Cheltenham having a high qualifications profile, there is a lower percentage of people working in the district in high skilled occupations while average earnings are also below the national average.

OCCUPATIONS

Despite Cheltenham's impressive qualifications profile, the skills profile of Cheltenham's workforce – in terms of occupations undertaken – is poorer than average. In 2011, Cheltenham had a similar percentage of people working in the most highly skilled jobs (accounting for 28.7 per cent of employment in Cheltenham compared to 28.3 per cent nationally). By contrast, Cheltenham had a very high percentage of people working in administrative & secretarial occupations (18 per cent compared to 11 per cent nationally).

A large number of in-commuters to Cheltenham work in administrative & secretarial occupations. There was also in-commuting by people working in sales & customer service occupations, caring, leisure & other service occupations, and elementary occupations. At the same time, there was out-commuting by people working in professional and associate professional occupations and process, plant & machine operatives. This ties in with Cheltenham having a weaker qualifications profile on a workplace basis than a residence basis.

The number of people working in professional jobs in Cheltenham has increased sharply (by +4,700) over the past ten years but there has also been a fall in numbers working in other high-skilled jobs such as managers and senior officials (-2,500) and associate professionals (-2,200).

EARNINGS

The average earnings of people working in Cheltenham are below the national average. Average earnings have also grown slowly and have fallen over the past two years.

In each year between 2008 and 2014, the average earnings of Cheltenham's residents have exceeded the average earnings of Cheltenham's workers. This reflects residents' stronger qualifications and occupational profile.

PLACE

HOUSING MARKET

House prices in Cheltenham are higher than average (9 per cent higher than the national average) and have grown rapidly over the past 15 years – by 213 per cent compared to 206 per cent in England. However, house prices have not increased markedly since the recession in 2008/09.

Housing affordability has declined rapidly over the past 15 years and housing is relatively least affordable for those on the lowest incomes.

HOUSING STOCK

In 2013, there were 53,430 dwellings in Cheltenham. Growth in Cheltenham's dwelling stock has been slightly lower than average – at 6 per cent between 2003 and 2013 compared to 9 per cent for Gloucestershire and 8 per cent for England. New additions to the housing stock fell sharply during and following the economic downturn but are recovering at a stronger rate than across England.

HOUSING TYPE, SIZE AND TENURE

A number of indicators show that the requirement for smaller housing in Cheltenham has increased: a fall in average household size, an increase in the number of one-person households, a large increase in the number of dwellings with 1-3 rooms, and an increase in the number of flats.

A higher than average percentage of people in Cheltenham live in private rented accommodation (accounting for 23 per cent of households in 2011 compared to 18 per cent across England) and there has been a large increase in the private rented sector in the district. Growth has likely been driven by the inaccessibility of owner-occupation due to both high house prices and unfavourable mortgage lending criteria.

HOUSEHOLD PROJECTIONS

Provision of new dwellings in Cheltenham has kept pace with household formations over the past 20 years. On average, 277 new homes were built every year between 2001 and 2011.

Average household size is projected to decrease with a sharp increase in the numbers of households with one person or one couple and with no dependent children. The number of new households is expected to increase most among older populations and fall among those aged 34 and under.

TRAVEL TO WORK

Compared to the England average, a greater share of people working in Cheltenham travel short distances to work and travel on foot or bicycle, reflecting the urban nature of the district.

There has also been a large increase in the numbers of people travelling to work on foot and working from home over the past ten years.

With regard to roads within or that pass through Cheltenham, the fastest average speeds are found on the A435 while the slowest (and therefore most likely congested) route is the A4013. Average speeds have declined, and hence congestion has likely increased, on most routes. The largest declines in speed have occurred on the following roads:

- A4013 northbound – a 15 per cent decline in the average speed during the weekday morning peak over the past three years
- A40 eastbound – a 9 per cent decline over the past three years
- A435 southbound – an 8 per cent decline over the past eight years
- A46 northbound – a 5 per cent decline in the past year

2.3 REVIEW OF EXISTING STRATEGIES AND DOCUMENTS

OTHER DOCUMENTS, EVIDENCE AND STRATEGIES

The main documents, evidence and strategies were examined with regards to economic development, land use planning and premises in Cheltenham. To a significant degree, this review highlighted information gaps – some of which became the focus of the economic assessment and consultation exercises.

This section summarises the main findings from this assessment. The documents reviewed are listed below:

- Cheltenham Economic Strategy 2007
- Cheltenham Local Plan 2006
- Employment Land Review 2007 by NLP
- Retail and Leisure Study 2006
- Development Briefs 1999 2000 2001
- Annual Monitoring Reports February 2013
- Cheltenham Draft Vision and Objectives December 2013
- Council Asset Management Plan
- Non Residential Land Monitoring Report August 2014
- 2014-2015 Corporate Strategy and Action Plan
- Urban extension definition study 2010
- Joint Core Strategy Broad Locations Report 2011
- Employment Land Review 2011
- Settlement Audit 2011
- Review of Business Parks 2011
- Strategy Assessment of Land Availability 2013
- Joint Core Strategy Strategic Allocations Report October 2013
- Economy Paper 2013
- Assessment of Updated Economic Forecasts 2014
- Joint Core Strategy Viability Assessment Study Stage 1 June 2014
- Joint Core Strategy Submission Document (to be published on 20th November 2014)
- Local Economy Update Paper June 2014
- GFirst Strategic Economic Plan 2014
- The Growth Deal 2014
- EU Structure and Investment Funds Strategy 2014
- Regional Spatial Strategy, 2008

The main findings from this document review are summarised as follows:

IMPROVING THE INTELLIGENCE THAT CAN INFORM LAND USE AND SPATIAL STRATEGIES, AND THE APPRAISAL OF POLICY OPTIONS

Much of the relationship between the economic priorities and the spatial strategy is currently expressed as a calculation of Broad B Class employment land and the physical capacity and environmental constraints of sites. The rationale about the scale of the ambition and the economic benefits and impacts of strategic allocations could be strengthened.

- The objectives and targets would appear to flow from economic forecasts. The next step would be to articulate approaches such as options appraisal; cost-benefit analysis; economic impact appraisal; technical or market feasibility.
- The 'economic case' for certain priorities – it would be helpful to detail what actions are likely to make the biggest impact on revenues, jobs, retention etc.
- Delivery plans appear to be as yet undeveloped. Maybe this is an advantage – they may offer resources/funding streams that can be shaped and tapped into. Indeed there is evidence to suggest that sole commercial development is not viable and would suggest why there is a longstanding loss of employment land since 1991.
- It would be helpful to articulate the why and how of current proposals and ambitions - which would involve asking some incisive questions about the options for delivery/actions and the likely benefits.

MORE CLEARLY ARTICULATING THE ASPIRATIONS AND RATIONALE FOR ECONOMIC PRIORITIES

There is a lot of discussion about the aspirations and sectoral trends facing the local economy in the future, and the next step could be to explain or develop options for how this will be achieved. A strategic assessment of strengths or gaps with respect to what industries or businesses need from a location in terms of commercial imperatives will also help inform land use planning and the management of strategic assets.

It will be useful, in any future prioritisation or project development to take the following steps:

- **Articulate the economic outcomes and benefits.** E.g. explaining the logic chains or causal connections – such as how innovation initiatives can be progressed to impact upon productivity.
- **Appraising the wider impacts of each a strategic site upon the existing town and district centres.** Currently, each site is assessed individually against environmental and policy constraints together with physical capacity. More consideration needs to be made of how these sites either work individually or comprehensively together against economic or social criteria for the locality or the sub area. For instance – to what extent does a strategic urban extension have upon the existing function of the town?
- **It would be useful to build on what CBC has delivered well.** For example, it would be useful to document the work and progress of the Cheltenham Development Task Force (CDTF), or the work to redevelop the railway station - and the benefits that these activities might further stimulate. When doing this, it is also useful to articulate outcomes and impacts – e.g. jobs, businesses, and turnover. As well as providing reputational benefits, this kind of collateral helps to strengthen future project funding bids to government and other funding sources.

SECTORS

It would be useful to answer a number of critical questions relating to the sectors/industries which are expected to underpin demand for land and premises, or which will be responsible for shaping the local economy in the future:

- **What are the major strengths of businesses / industries located in Cheltenham** (particularly business imperatives/commercial rationale)? What are the gaps and/or weaknesses in terms of location factors?
- **There are statements such as 'businesses unable to find suitable premises'** in Cheltenham from Local Enterprise Partnerships documentation. Useful to gain more detailed understanding – e.g. are these valid statements? If so – what were the types of business activities / types of sites and premises sought?
- **There are statements regarding FE/HE roles in promoting growth in certain sectors** (e.g. creative). It will be useful to understand the specific commercial potential from FE/HE institutions – e.g. where there is R&D activity, commercialisation, enterprise support and entrepreneurship.

RELEVANCE TO MARKET AND COMMERCIAL DEMAND

- Whilst the argument for 'quality of location/ life' is strong and persuasive for Cheltenham, it is useful to ask what other factors are important for the borough as a business location. 'High value' businesses (that operate in national and international markets, and differentiate their products and services on the basis of quality, customisation and innovation) tend to be informed by commercial and market imperatives when making location choices for their premises and activities. These tend to include access to customers, suppliers, inputs, workforce and assets (e.g. natural assets or transport infrastructure). If we can answer the question "what are the prime advantages that exist or can be strengthened in relation to business location?" – This will help to shape an appropriate strategy and response.
- **Viability of commercial development** – the property market, and the investment climate which supports property investment has changed markedly over the past 5 years. It will be insightful and helpful to understand this in the context of Cheltenham via interviews/ surveys of property market agents and interests.
- **How the borough is perceived by potential inward investors** will help us to understand what kinds of sectors are currently looking to invest and what kinds of locations they seek, and what investors have displayed interest in Cheltenham and surrounds as allocation.

2.4 CHELTENHAM SITE ANALYSIS AND EMPLOYMENT LAND REVIEW

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.

POLICY BACKGROUND

JOINT CORE STRATEGY

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 Gross Value Added (GVA).

In addition, the policies 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.

GLOUCESTERSHIRE STRATEGIC ECONOMIC PLAN AND GROWTH DEAL

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 Gross Value Added (GVA) average annual increase of 4.8 per cent.

The North West allocation at Cheltenham is identified as a key strategic site as part of the Growth Zone objective. The Strategic Economic Plan seeks an additional 127 ha of land adjacent to J10 in NW Cheltenham as employment land with some housing. The Strategic Economic Plan anticipates that the site will support approximately 6,500 new jobs producing an annual Gross Value Added (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 Strategic Economic Plan notes that upgrading will be promoted through the Highway Agency's Route Based Strategy process.

The Growth Deal for Gloucestershire will see £62.5m investment which was confirmed in the Autumn Statement. Its key objectives are to improve skills particularly in renewable energy, nuclear and engineering; improve business support through the Growth Hub focussing on the University of Gloucestershire; and funding to support major transport interventions in support across the M5 Growth Zone and Gloucestershire more broadly.

GROWTH AMBITIONS

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 Gross Value Added (GVA) ambitions, short term job growth and the scale of the strategic employment site needed at Junction 10 to deliver the stated growth commitments.

EMPLOYMENT SITE EVIDENCE

The evidence and analysis compiled since 2007 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 nor necessarily fit for purpose;
- 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 Gross Value Added (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.

PROPERTY MARKET VIEWS

STAKEHOLDER VIEWS

Consultation with 25 stakeholders was conducted in December 2014 and January 2015. 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 are identified in the next section in this report, and are described in more detail in Appendix C.

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.

VACANCY RATES

VALUATION OFFICE DATA

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.

VACANT SPACE

CLG returns suggest that the number of vacant hereditaments in Cheltenham is reducing, reflecting a greater confidence in the market, the loss of buildings to alternative uses and the reuse of redundant buildings. Assessing CBC data on void space in Cheltenham suggests that 11 per cent of office space, 9 per cent of industrial space and 5 per cent of retail space is vacant at December 2014.

It is considered that a vacancy rate of 7.5 per cent of the total office and industrial stock is an indication of a relative 'market equilibrium'. Over or below that level represents a relative under or oversupply in the market. Some commercial commentators suggest the market equilibrium can be as low as 5 per cent for offices and as high as 10 per cent for industrial and warehousing stock.

Data 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.

EMPLOYMENT LAND MONITORING

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.

Since 2010, there is a distinct and clear loss of B1a (office) floor space 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 demonstrates the strength of the residential values relative to commercial values.

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 (11,933 sq 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.

FIGURE 2.1: COMPLETIONS AND COMMITMENTS POSITION BY B CLASS (HECTARES AND SQM FLOORSPACE) AT 31.03.14

| | Completions 2010 - 2014 | | Commitments 1 st 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 |
| Total | -2,682 | 2.36 | 11,132 | 10.31 | 8,450 | 12.67 |

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

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.

In considering these assessments it important to note that Cheltenham Business Park is not included into the total sites at 31st March but a planning application for a business park of 16,800 sq m gained planning permission in December 2014.

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 floor space. Therefore, the consequent net loss in B2 floor space as a result of existing planning consents would amount to a net loss of 7,400 sq m.

ECONOMIC FORECASTS

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.

The submitted Joint Core Strategy 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. 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.

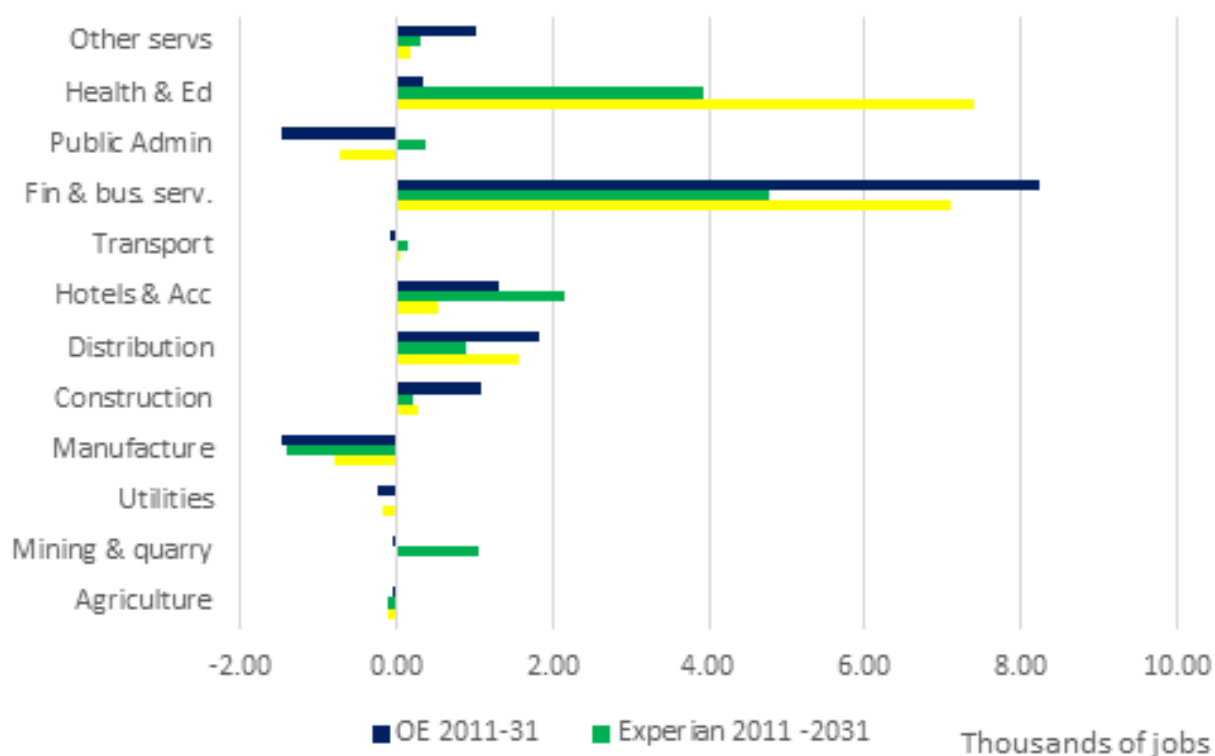
There are significant differences between the three forecasts. Forecasts are built up using a combination of a national view on the prospects for the different sectors of the economy and local data on the demand for services and the performance of different sectors. Therefore there are different views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

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 Joint Core Strategy evidence states that the assessment has been further informed by the GFirst's emerging Strategic Economic.

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 Strategic Economic Plan ambition is very significant and further analysis and intelligence will be required to understand the policy and spatial implications of achieving such growth, a review of Joint Core Strategy is built into policy SD6 – Green Belt, which details the treatment of land identified as safeguarded for longer term development needs. The Joint Core Strategy authorities are working with the GFirst LEP in advance of the examination of the Joint Core Strategy on this issue, a statement of co-operation is being prepared.

FIGURE 2.2 COMPARISON OF TOTAL EXPERIAN, CE AND OE JOB GROWTH 2011 TO 2031

Comparison of job growth projections by sector: 2011-31



The baseline evidence provided by NLP based upon the Cambridge Economics, Oxford Econometrics and Experian forecasts 2014 indicates that between 34 and 60 hectares of employment land should be provided over the plan period, which would reflect recent economic growth forecasts. The land requirement to meet the requirements of the economic forecasts are calculated for Cheltenham in the table below using the NLP calculations and assumptions.

FIGURE 2.3: LAND REQUIREMENT 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 |
| B1 | 12 ha | 15 ha | 15 ha | 19 ha | 18 ha | 22 ha |
| B2 | -12 ha | -16 ha | -6 ha | -7 ha | -11 ha | -14 ha |
| B8 | 4 ha | 5 ha | 3 ha | 3 ha | 6 ha | 7 ha |
| Total | 16 ha | 20 ha | 18 ha | 23 ha | 24 ha | 30 ha |

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

CONCLUSIONS - EXISTING LAND AND SITES ANALYSIS

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.

OFFICE AND INDUSTRIAL ACCOMMODATION

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 per cent increase in rateable office floor space 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 per cent increase in its rateable office stock since 2002 whilst Tewksbury has seen an increase of 48,000 sq m or 77 per cent in its rateable office stock. Nationally rateable office stock has increased by 10.9 per cent. However, the rateable value of office stock is significantly below the national average and other regional competitors.

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

Property agents argue and the evidence would suggest that 80 per cent of office 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.

BUSINESS PARKS

The 2007 Employment Land Review 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.

RECENT EMPLOYMENT LAND TRENDS

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 planning consents under construction represent losses of B1a land within the Town Centre whilst commitments to increase B1 space 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.

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 businesses around Cheltenham's historic core. In addition, the 2014 sites review highlights older commercial sites with buildings that have been vacant for many years and have amenity and access constraints. Such sites are not attractive to the commercial market and will continue to be considered by the market as attractive residential use sites.

POTENTIAL NEW EMPLOYMENT SITES AND PREMISES

Some high grade sites (Honeybourne Place and Cheltenham Business Park) will become available to help satisfy some of the existing and future market demand. 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 choice of 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 existing planned sites and sites that might be available in the short term while other strategic sites are brought to the market over time.

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, 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.

Building on this point, 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 in the short term.

The Joint Core Strategy requires the provision of a 23.4 hectare site in the north west of Cheltenham together with sites for major office development. Cheltenham is one of 3 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 if it is to meet medium term economic demand. The scale of the strategic employment site and its role as a M5 employment hub will be discussed and decided through the Joint Core Strategy process. However, if the borough is to improve its productivity to meet the ambitions of the Strategic Economic Plan, and importantly to retain and attract higher value businesses the development of choice of strategic high quality employment sites is critical.

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 therefore if Cheltenham is to secure this development it must provide a compelling and competitive reason for doing so.

The Council, with the consultants have devised a site typology and completed a SWOT analysis against each typology of site. The tables, set out in Appendix B, include the description and characteristics of each site typology and consider the earlier analysis in this report and the stakeholder consultations in reaching view on the strengths, weaknesses, opportunities and threats for each site typology.

2.5 MAIN CONCLUSIONS FROM THE CONSULTATION EXERCISE

Interviews and meetings were held with 25 stakeholders to discuss the opportunities and challenges facing Cheltenham's economy and its positions as a business location. The main findings are outlined as follows.

There were consensus views on four key priorities and needs for the Cheltenham economy

PROVIDING SITES AND PERMISSIONS FOR SUITABLE OFFICE SPACE

If established and start-up businesses in Cheltenham have growth ambitions, there is nowhere for them to move to and grow within the town. Consultees stressed the need for more provision of larger modern, high grade offices and business space and a new business park to compete with the likes of Gloucester. CBC needs to allocate land for growth as a top priority while a strategic fund to buy key sites would be helpful.

ACTIVELY SUPPORTING BUSINESS GROWTH

CBC needs to be more growth-orientated with a stronger vision for change over the next 20 years. There is a general feeling that the major growth sector in the town is the care sector – supporting Cheltenham's ageing population.

Top priorities include allocating land for growth, helping indigenous companies to expand and improving the offer for start-up businesses.

IMPROVEMENTS TO TRANSPORT AND PARKING

Many consultees emphasised the need for transport improvements in and around Cheltenham, including measures to ease congestion – such as building a ring road/northern relief road, better car parking provision, easier customer access for retail businesses, and measures to encourage modal shift from cars to public transport.

SUPPORTING EXPANSION OF GCHQ

GCHQ are actively looking at expansion opportunities for themselves and locations for subcontractors. CBC needs to support GCHQ with the space to expand within Cheltenham and actively influence and support their plans.

HOW DO YOU PERCEIVE CHELTENHAM AS A BUSINESS LOCATION?

Apart from quality of life and Cheltenham's retail offer, consultees were critical of Cheltenham as a business location. Negative feedback included high costs, poor access, congestion, lack of parking, lack of large modern office space, lack of capacity for purpose built accommodation/sites for high end professional and technology businesses, lack of workforce skills, and lack of local Higher Education and Further Education capability suitable for industry/skills needs. Hence there was a lack of compelling business rationale to be there unless serving a customer base, e.g. retail, business to business services, personal services, leisure, hotels, etc.

KEY STRATEGIC PRIORITIES

1. Supporting business growth
2. Proactively support indigenous businesses
3. Develop rapport with key industries

OPTIONS FOR DELIVERY / NEXT STEPS

- Economic development function that is bridge between public and private sectors. Need to get out there and broker relationships, make things happen
- Joint business – local authority – community visioning exercise on locations for business, workforce access and transport solutions – i.e. set bold, sensible and long term vision for the Cheltenham-Gloucester functional economy to make it work for business and residents
- Launch as “managing our future growth, prosperity and quality of life”
- Key account management of remaining large employers including GCHQ.

WHO ARE CHELTENHAM'S MAIN DIRECT COMPETITORS?

Other centres have become much more competitive and attractive, particularly Gloucester, with sites and premises are being brought on-stream. Cheltenham and Gloucester are a functional economic area in terms of business location and labour market. It is therefore easy for firms to move to or locate in Gloucester and tap into workforce and amenities of Cheltenham.

Unaffordable housing and office space is also an issue for attracting and retaining skilled labour and young people within Cheltenham. Rising property costs are pushing out creative and innovative new starts/early stage businesses and young entrepreneurs are moving out to places like Gloucester which have cheaper housing, better sites and premises, and less congestion.

Tewkesbury is a major future competitor with many of the proposed major sites within its boundaries. Hence there is likely to be further denudation of the company base from Cheltenham. Continued business out-migration seems inevitable, particularly as transport improvements and high quality business parks and offices will occur far into the future (20+ years)

Some consultees questioned whether or not company relocation to nearby areas was a big issue. Some saw Cheltenham as having a role as a retirement area with a focus on retail and leisure while Gloucester had the role as the area's business hub. If CBC does not see this as Cheltenham's role, it needs a stronger vision for growth in the town. Others also thought that there was too much competition between Cheltenham, Gloucester and Tewkesbury when they should be working together for growth across the entire area.

HOW HAS THE STRUCTURE OF THE CHELTENHAM ECONOMY CHANGED OVER THE PAST 5-10 YEARS?

Cheltenham's role as a manufacturing location and as a services industry HQ location has diminished. HQs have moved out of the town. While globalisation/restructuring is one major cause, the Gloucestershire area has lack of access to markets and availability of skills or national assets compared to other UK locations. The vision of Cheltenham as being a location for business HQs is highly unrealistic. There are no compelling reasons to do so as it has no distinct supply chain or industry leadership roles or functions that would lead to a compelling reason for a HQ location (e.g. proximity to sector / industry, proximity to HQs of major multiples, in catchment for SEOs).

Other trends have included growth in the retail, leisure and care sectors and GCHQ expansion alongside many other businesses selling their sites and moving out. Some business sites have also been sold for housing.

However, many consultees had seen little overall change as the area is dominated by small businesses and low-paid jobs while few consultees thought that there would be any significant growth in Cheltenham's economy over the next 5-10 years, largely due to lack of development sites.

IMPORTANT QUESTIONS

- Would a corporate HQ actively choose to locate in Cheltenham – if not, why not?
- What has been CBC's response to HQ closure and relocation?
- What will be the implications of a much reduced profile as an HQ location?

2.6 SUMMARY OF FINDINGS AND IMPLICATIONS FOR THE STRATEGY

CHELTENHAM'S ROLE AS A BUSINESS LOCATION

KEY TRENDS

There was much consistency amongst consultation responses, particularly those from the business and real estate community about key trends in terms of business location:

- 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
- Cheltenham's role as location for company headquarters has become much reduced. This is partly due to business restructuring, such as mergers and acquisitions – and the resultant closure and relocation of HQs. However, there are perhaps risks that Cheltenham is no longer regarded in the market as a HQ location due to this
- There is insufficient medium-to-large high quality modern office or light industrial space in Cheltenham
- There is a large supply of office accommodation but the offer is concentrated on small premises
- Regency office stock is converted to residential use including those locations where professional services requirements are considered to be strong
- Cheltenham lacks a modern business park, which is something that enquirers and potential business occupants have often sought in terms of business location
- Existing business parks and industrial parks require upgrades and improvements to attract higher value uses
- There is a lack of 'move on' space once a firm grows to 50+ employees or 1,000 sq m
- Current office rental values are slightly too low to attract speculative developments
- There is a limited market for businesses who will custom-build their own properties. Businesses, particularly SMEs, tend to look for existing premises to rent or buy, particularly alongside similar businesses or in business parks (e.g. for higher value added activities). Without developer interest in speculative building, this may make it challenging to develop vacant sites with appropriate planning permission in the short- to medium- term
- Cheltenham is a vibrant retail location, attracting significant footfall and national retail chains as well as boutique specialised retail offers. There has been significant strategic planning and management of the retail core, which has been commended by many stakeholders.
- Growth in future premises/site uses would seem to be focused on the industries/activities of: defence industries (public administration, related to GCHQ); ICT and digital; business and professional services; retail; visitor accommodation; leisure; and light industrial.

SWOT ANALYSIS

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>STRENGTHS</p> <ul style="list-style-type: none"> • Cheltenham remains a significant employment location – accounting for 72,000 jobs • High skills and education of the resident workforce, who want to stay and live in Cheltenham (low labour turnover) • Defence activities are high skill and involve ICT and digital technology • Significant reputation and presence of professional service activities, including niche activities (e.g. insurance) • Significant employers – Supergroup, GCHQ • Successful retail centre • Quality of life and family safety; built and living environment; quality of schools • Low unemployment • Architectural heritage • Vibrant cultural offer and festivals • Good foundations for future joint working – e.g. Joint Core Strategy has recognised joint planning and development issues between Cheltenham and Tewkesbury. | <p>WEAKNESSES</p> <ul style="list-style-type: none"> • Current rental values for commercial offices (at £15-16 per sq ft) are currently too low to interest property developers in providing speculative developments • Lack of available premises and land for high quality office and industrial premises • Regency buildings are perceived as mostly unsuitable and costly for office and commercial use • The level of joint working and engagement between public organisations, key employers, real estate sector interests and the private sector generally was welcomed in terms of initiatives such as the Local Enterprise Partnerships and Joint Core Strategy. It was perceived that joint working would need to intensify to ensure progress on delivering economic growth, prosperity and sustaining the borough as a quality business location • Lack of skills provision to meet needs of local businesses • The role and scale of the strategic site at NW Cheltenham needs to be defined. It is a long term proposition whilst a choice of sites are required in the short term to relocate existing businesses |
| <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Growth in defence and public administration industries. Inward investment opportunities from supply chain to GCHQ; innovative growth SME opportunities from GCHQ procurement • Interest from GCHQ in supporting an associated business/technology incubator • Identity as a location for certain industries/niches: brand association with fashion, retailing, cyber-security • Improve the strategic management of land and assets. Take advantage of buoyant property market and recovering national economy to introduce new vehicles and tactics for the management of land and development. • Undervalued town centre sites provide an opportunity for acquisition, land assembly and redevelopment to provide attractive accommodation or offer for business • Provision of development sites at urban extension and J10 site to offer higher value accommodation. | <p>THREATS</p> <ul style="list-style-type: none"> • There is a business perception that Cheltenham is 'full' and does not support business. It remains a potentially damaging perception, whatever the degree of validation • Limited offer in terms of large modern office space, and move-on space for growing SMEs • Housing and other locational costs • Reliance on sites in Tewkesbury Borough to provide space for growth for Cheltenham means planning decisions and powers are outwith Cheltenham Borough • Lack of certainty or timeline for J10 improvements, which will be required before any development is likely to be considered viable |

ISSUES AND RESPONSES THAT EMERGE FROM THE ANALYSIS

ACHIEVING THE GROWTH AMBITIONS

The Submitted Joint Core Strategy supports the implementation of in excess of 12,000 jobs in Cheltenham between 2011 and 2031 and forecasts suggest that this will represent an increase of 2.4 per cent Gross Value Added (GVA). 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 Gross Value Added (GVA) average annual increase of 4.8 per cent.

Producing an economic strategy which clearly and unambiguously bridges the aspirations and propositions of both the Joint Core Strategy and the Strategic Economic Plan is beyond the brief of this study. However, to deliver both the Joint Core Strategy targets and the Strategic Economic Plan ambitions will require a significant uplift in economic performance and interventions which deliver transformational change. This report does not comment on the extent to which Gross Value Added (GVA) performance of 2.4 per cent or 4.8 per cent is achievable although both represent a significant increase above Cheltenham's current rate of 0.7 per cent growth per annum. It is important to note that the higher the ambition, the greater intervention or transformational change is needed beyond business as usual.

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. Each strategy is seeking to achieve a step change in Gross Value Added (GVA) performance and it is useful to understand the economic mechanisms by which the forecast rates of economic growth (whether that is a rate of 2.4 per cent or 4.8 per cent Gross Value Added (GVA) growth per annum) for Cheltenham might be achieved.

In economic terms, there are several basic factors and processes which lead to economic growth:

- Entrepreneurship – increase in business formation and business activities
- Comparative advantage – can provide better value, quality, sophistication of goods and services compared to other areas
- Factor inputs – labour and capital
- Labour inputs refer to the units of labour and the skills of labour which are used for production
- Capital inputs refer to equipment, land or premises which are used for production
- Capital formation – investment in human (skills) and physical (land, premises, infrastructure, equipment) capital
- Innovation – devising new and improved products, processes and services which are more productive, efficient or effective in delivering output, meeting market demand, or open up new markets

In the context of the Cheltenham economy, there are several assumptions that could be made:

- Human capital is high – there are high skills and qualifications of workforce. Yet productivity is lower than average and is declining. Encouraging and stimulating higher rates of innovation and capital investment will help to increase productivity, and therefore economic growth.
- If productivity and capital investment does not increase markedly, then more labour will be required to achieve the desired growth rates.
- Cheltenham has high rates of entrepreneurship and supporting this will help to stimulate economic growth.
- Providing higher quality premises and sites and space for growth in Cheltenham Borough to accommodate new jobs / business activities will help to encourage economic growth
- Retention and attraction of higher value added activities (which have higher rates of innovation and productivity) will also help to boost growth.
- There is scope to encourage innovation, market growth and productivity increases across all sectors – including retail, leisure and tourism industries which are all significant for Cheltenham. It is worth exploring this in tandem with developing and encouraging technology-related and business and professional service sectors.

It will be important to have an understanding of the types of economic activity, businesses, and premises required to realise or move towards these forecasts and projections in the Joint Core Strategy and the Strategic Economic Plan.

BUSINESS PROFILE AND ADVOCACY

Many businesses, and business interests, expressed the need to improve the profile of businesses and business issues within Cheltenham, and to do this jointly with Cheltenham Borough Council. Additionally, businesses did not seem to fully appreciate the progress being made on development such as those implemented by Cheltenham Development Task Force, the new railway station improvements or the potential from the urban extension. There is a lot of business perception that Cheltenham is 'full', whereas this is not completely valid as there are significant opportunities from the regeneration, conversion and repurposing of existing sites and premises – as well as opportunities from planned new sites in the urban extension and adjacent to J10.

CYBER-SECURITY INDUSTRY

Public and private sector cyber security activities are significant for Cheltenham, and present unique opportunities in terms of high value jobs and activities. In particular, GCHQ has recently restructured its supply chain which presents opportunities for Cheltenham to attract new private sector technology jobs and activities.

Tech Nation – Powering the Digital Economy 2015 presents evidence which shows that support from local and national stakeholders can accelerate the growth of technology clusters. The report highlights the area in and around Malvern, dubbed 'Cyber Valley' as a recognised and growing centre in the UK for the research, development and commercialisation of cyber security products and services. There are opportunities from expanding activities in the cyber-security sector, but also in any spin-off or associated ICT, digital and technology activities which may have a complementary use for the skills, specialisms and market contacts of the existing cyber security sector.

LAND, PROPERTY AND PREMISES

To provide room for growth *and* maintain the quality of life and quality of place that makes Cheltenham unique will require the strategic management of infrastructure and land assets in Cheltenham. This will involve the active consideration of the expansion needs of existing businesses and employers such as the need for specific types of sites and accommodation (e.g. business parks, innovation/technology parks), as well as consideration of business 'life cycle' needs with respect to premises (such as move-one space for growing start-ups). It also will require the consideration of expansion or supply chain needs of large employers such as GCHQ. The quality of existing sites and premises needs to be improved, including where appropriate, support for relocation of existing businesses to new high quality locations. This may include consideration of supporting uplift in values of existing sites to residential to release investment.

Existing industrial sites should be upgraded to improve their market attractiveness and offer. Upgraded sites have the potential to improve Cheltenham's Gross Value Added (GVA) performance and attractiveness to the sectors of defence/cyber security; ICT and digital; business and professional services; retail; visitor accommodation; leisure; and light industry. An 'active' strategy for sites and land assets will help to maintain employment levels and to reduce prospective increases in commuting frequencies and distances.

3. PRIORITIES AND DELIVERY OPTIONS FOR THE ECONOMIC STRATEGY

3.1 INTRODUCTION

This chapter synthesises the key messages from evidence and the issues raised during consultation meetings and interviews to suggest a small number of focused strategic priorities and objectives. Since the focus of this report and underlying analysis has been on the role of Cheltenham as a business location, the priorities and objectives necessarily reflect this.

Further on in Section 3.3 a range of potential delivery ideas and options are suggested. The aim of this section is to bring the priorities and objectives to life in terms of a range of practical delivery measures.

3.2 STRATEGIC PRIORITIES

INTRODUCTION

The key messages from evidence and from the consultation meetings and interviews raised a number of key challenges and opportunities, outlined in Section 2.6. A small number of priorities and objectives have been devised to address these, as detailed in the next section.

PROPOSED PRIORITIES AND OBJECTIVES

| STRATEGIC PRIORITY | OBJECTIVES | RATIONALE |
|-------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. CHELTENHAM MEANS BUSINESS | a) Strategy to communicate existing positive news and progress to business community | Business confidence in Cheltenham as a business location is quite low, despite significant positive progress (e.g. through Cheltenham Development Task Force, proposed urban extension, proposed J10 developments, railway station enhancements, Growth Hub) |
| | b) Develop and implement business engagement and advocacy measures | There is the opportunity for the borough council to develop closer relationships with significant employers in order to understand their future needs and opportunities and respond positively to these requirements |
| 2. CYBER-SECURITY CLUSTER | c) Develop and implement a cyber-security business initiative | GCHQ and its supply chain provide the opportunities to further promote and grow a knowledge- and technology- based niche within Cheltenham and the wider county. There are some short-term opportunities for providing suitable sites and premises for new or expanding suppliers to GCHQ as well as potential opportunities for existing or new SMEs in this industry cluster. |

| | | |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. STRATEGIC MANAGEMENT OF ASSETS TO DELIVER PROSPERITY AND QUALITY OF LIFE | d) Enable the development and delivery of a choice of high quality business premises at scales that the market requires | This is required for long-term viability as a leading business services and technology employment location. There is a noted lack of large-scale high grade office space and high quality business parks in Cheltenham. In the past this has led to missed opportunities in terms of business location and expansion. |
| | e) Review the value and current use of local authority and government owned assets | Market analysis suggest strong requirement for town centre as well as greenfield opportunities for business. There are a number of significant local authority and government land holdings and assets. The value and current use needs to be re-assessed in order to appraise how they could be better used (e.g. release of sites or premises for business use or housing development). |
| | f) Develop positive criteria based approach to safeguarding key assets whilst recognising opportunities to redevelop sites, releasing capital and supporting wider business investments | The Sites Typology analysis in the Cheltenham Employment Sites Review highlights a number of key opportunities to deliver higher value growth that meets market needs. There are a number of sites with ageing, sometimes vacant buildings which have poor access and have constraints due to their location within primarily residential environments. The current uses need to be reassessed; opportunities for value uplift explored including upgrading or redevelopment of sites for alternative uses. |
| 4. Design and implement vehicles for delivering land, premises, housing and infrastructure | g) Develop one or more special purpose vehicles for infrastructure, land and premises development | Currently the Cheltenham Development Task Force model has shown that much can be achieved by unlocking value in existing sites in Cheltenham, in a way which can be potentially self-funding in terms of realising surplus value from local authority property holdings. There may be a significant opportunity from using the potential surplus value to be gained from local authority land holdings to forward fund strategic infrastructure and the servicing of development sites. |
| | h) Collaborate with Tewkesbury Borough Council to establish the vision and ambition, strategic management, delivery mechanisms and arrangements for urban extension and J10 developments | Much of the land for proposed development is in Tewkesbury Borough Council. In order to manage and deliver the high quality developments and solutions appropriate to the long term needs of Cheltenham and Tewkesbury, it may be necessary to collaborate resources and expertise via a 'task force' or similar arrangements. This will also help to encourage faster progress. |

| | | |
|--|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>i) Establish a project pipeline for the most important 2 or 3 infrastructure, land and property projects</p> | <p>The past four years have been dominated by a funding environment where there have been repeated calls for ‘spade ready’ physical projects that contribute to economic growth. Such have been the timescales, that opportunities have been restricted to projects that have already been significantly developed, with sufficient permissions, commitments and information collateral. It is a definite advantage to have a priority project pipeline and to have project plans and development measures in place.</p> |
|--|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

IMPLICATIONS FOR CHELTENHAM BOROUGH COUNCIL

There are several potential implications for the borough council in terms of its mode of working:

- **Taking a leadership role on several critical issues:** Clearly, the Borough Council will have to assume or establish a visible leadership role in terms of business engagement and land and property development. This leadership role may be temporary (such as for initiating new projects or activities) or may be longer-term in nature. This leadership role may also involve, or be on behalf of partners in the wider county. In some cases (e.g. for cyber security, there may be the opportunity to become a national industry leader).
- **Prioritising actions to address the loss of employment land and lack of modernisation of commercial office space.** What is clear from the work that underpins this strategy is that the loss of employment land and the change in user requirements for more modern office space and larger office facilities has been a long-term trend.
- **Potential business transformation:** For example, developing a more proactive communication strategy to business could encompass a wide range of relevant council activities, and not just those relating to sites, premises and infrastructure.
- **Implications for human resources and contracted services:** establishing plans and project management teams for the urban extension and J10 developments involve a range of specialised skills, in particularly the strategic coordination of partners and delivery of major capital programmes.

3.3 DELIVERING THE PRIORITIES: OPTIONS AND IDEAS

It is always easier to understand the relevance and potential impact of priorities if they are brought to life by ideas and options for delivery. It is more difficult if priority statements remain, on their own, just statements of intent or vision.

The following sections outline a range of potential options for delivering the priorities. They are intended as suggestions and ideas for inspiration and consideration, based on the consultant's experience working with other local economies. We have included this so as to ground this strategic vision and priorities in practical actions.

We recommend that Cheltenham Borough Council focuses initially on providing a delivery plan for a few of the priorities and objectives we have introduced in this document. It is often easier to engage businesses, the community and other stakeholders around practical delivery plans.

1. CHELTENHAM MEANS BUSINESS

A) STRATEGY TO COMMUNICATE EXISTING POSITIVE NEWS AND PROGRESS TO BUSINESS COMMUNITY

Potential delivery options could include:

- Business-focused event debating the future role of Cheltenham as a business location. This would present a public platform to present ideas/vision and progress to date, as well as to invite responses from business stakeholders. A similar event could be held for the public/community.
- High impact campaign and advocacy programme for Cheltenham, which outlines
 - Recent progress in redeveloping the town centre and infrastructural investment
 - Recognition of business needs, with visionary statement (ideally jointly with business leaders) about priorities and aims

There is scope for collaboration with:

- Cheltenham Development Task Force Business representative organisations
- Major employers
- GFirst LEP

B) DEVELOP AND IMPLEMENT BUSINESS ENGAGEMENT AND ADVOCACY MEASURES

Potential delivery options could include:

- Business stakeholder management plan and activities
- Business-led lobbying and event at Westminster
- Relationship management of most important 25 businesses/employers
- 'Business first' council – services and processes reoriented to be very business friendly and integrate business support into aspects such as late payments of business rates.
- Support businesses and stakeholders to develop their own industry advocacy groups

There is scope for collaboration with:

- Cheltenham Development Task Force Business representative organisations
- Major employers
- GFirst LEP

2. CYBER-SECURITY CLUSTER

C) DEVELOP AND IMPLEMENT A CYBER-SECURITY BUSINESS INITIATIVE

The cyber-security industry continues to grow in Cheltenham. GCHQ have recently completed their plans for subcontracting and supplier arrangements for the next 5-7 years, and is a desire for increased activity and employment from subcontractors to be based, ideally, in or around Cheltenham. GCHQ also runs a small business innovation programme, which is a mechanism for procuring innovative new solutions from technology and innovation based SMEs. There is an interest in developing specialist business incubation facilities for the cyber security cluster.

Potential delivery options could include:

- Help to establish a cyber security business initiative along the lines of the Malvern Cyber Security Cluster - a group of more than 80 small cyber security companies centred around Malvern in Worcestershire who cooperate on a range of initiatives to grow their cyber security businesses, improve the cyber security of local enterprises, and also raise awareness of cyber security amongst young people.
- Malvern Cyber Security Hub helped set up 13 other local cyber security cluster forums in the UK with the financial support of the Department for Business, Innovation and Skills (under the umbrella UK cyber security forum <http://www.ukcybersecurityforum.com/>)
- Work with GCHQ and their contractors to map out key firms, assets and capabilities – as well as likely future business requirements for land, premises and skills.
- Incorporate site requirements, such as security, into future plans for business parks or business quarters
- Support joint working between the Growth Hubs (GFirst LEP and the University of Gloucestershire) and GCHQ (and its suppliers)

There is scope for collaboration with:

- GCHQ and supply chain
- Government departments and agencies: BIS, Innovate UK (formerly Technology Strategy Board), the Cabinet Office
- The Growth Hub, University of Gloucestershire, GFirst LEP
- Malvern Cyber-Security Cluster

There may be funding opportunities from:

- Government departments and agencies: BIS, Innovate UK (formerly Technology Strategy Board), the Cabinet Office
- Private businesses in the cyber security cluster

3. STRATEGIC MANAGEMENT OF ASSETS TO DELIVER PROSPERITY AND QUALITY OF LIFE

D) ENABLE THE DEVELOPMENT AND DELIVERY OF HIGH QUALITY BUSINESS PREMISES AT SCALES THAT THE MARKET REQUIRES

The demand for high quality office and business premises continues to grow whilst the supply is very limited and often not of a quality that supports high value or innovative businesses. It is recognised that to deliver both the Joint Core Strategy targets and the Strategic Economic Plan ambitions will require a significant uplift in both the quantity and quality of employment space. Producing an economic strategy or business land requirement which clearly and unambiguously bridges the aspirations and propositions of both the Joint Core Strategy and the Strategic Economic Plan is beyond the brief of this study.

Although there are difference in the scale of ambition between the Strategic Economic Plan and Joint Core Strategy documents, there are common objectives to improve the economic performance of the borough and secure its long term economic success which requires short term actions and importantly should not be lost in the discussions on longer terms decisions on the strategic role of Cheltenham within the M5 Growth Zone.

Potential delivery options could include:

- Strategic employment sites– Cheltenham Employment Land review provides an insight into current and future land and property demand and availability. Workforce and infrastructure issues are also key. Evidence and analysis for the Joint Core Strategy and previous work for the borough sets out opportunities for urban extensions to provide a choice of employment sites. Given the long lead in time for the NW proposition, alternative new sites should be positively considered through the Local Plan and in response to planning application submissions.
- Concluding on strategic sites for future development and an understanding of the interventions for each site to bring it to the commercial market / viable property proposition.
- Maximising the development on existing committed sites for business park development including Grovefield Way
- Pop-up incubators that utilise redundant space in existing public or private buildings – e.g. refurbish a hot-desking or partitioned office. These can be a cheap way to explore levels of market demand, and extend existing providers into new markets
- Improving the sustainability of existing premises: It is possible to use European Regional Development Fund for small business grants to help with premises improvements/adaptations for low carbon/ environmental sustainability. E.g. a simple European Regional Development Fund grant scheme where the private business provides the matched funding - e.g. grants4growth has been developed by Breckland Council and is being rolled out in Lincolnshire (via South Holland DC) as well as the East of England Local Enterprise Partnerships areas (<http://www.grants4growth.org.uk/>).
- Create ‘virtual business park’ via designated ‘quarters’ of the town/borough. E.g. create branding and physical identity for ‘financial services’ or ‘legal services’ quarter within Cheltenham. This has been done in other cities – e.g. designation of ‘International Financial Services District’ and focused assistance to property developers to provide suitable premises, with delivery of distinct public realm and signage to lead to a separate identity of a quarter of the central business district.

There is scope for collaboration with:

- Cheltenham Development Task Force Tewkesbury Borough Council, Gloucestershire County Council, GFirst LEP
- Existing large employers and real estate industry stakeholders
- Business Improvement District / Town Centre Manager

There may be funding opportunities from:

- Land values uplifts, CIL, Section 106, Business Rates retention/uplift, New Homes Bonus
- GFirst LEP
- European Regional Development Fund Business Improvement District

E) REVIEW THE VALUE AND CURRENT USE OF LOCAL AUTHORITY AND GOVERNMENT OWNED ASSETS

Potential delivery options could include:

- Audit of asset values; asset balance sheets and business plans.
- Complete a review of parking sites with a view to town centre growth
- Asset development programme – exploring alternative uses of existing assets with aim of increasing value as strategic tool for economic growth to support existing, relocating or new business investments and improving the quality of life/environment of Cheltenham

There is scope for collaboration with:

- Cheltenham Development Task Force Tewkesbury Borough Council, Gloucestershire County Council, GFirst LEP
- Existing large employers and real estate industry stakeholders

F) DEVELOP POSITIVE CRITERIA BASED APPROACH TO SAFEGUARDING KEY ASSETS WHILST RECOGNISING OPPORTUNITIES TO REDEVELOP SITES, RELEASING CAPITAL AND SUPPORTING WIDER BUSINESS INVESTMENTS

Potential delivery options could include:

- Develop a clear protocol and criteria for supporting the reuse of sites and premises that no longer meet the needs of business in the Borough Plan.
- Audit the 2014 sites assessment and sites typology to identify key sites and businesses at risk and develop and Asset development programme – exploring alternative uses of existing assets with aim of increasing value as strategic tool for economic growth to support existing, relocating or new business investments and improving the quality of life/environment of Cheltenham

There is scope for collaboration with:

- Cheltenham Development Task Force Gloucestershire County Council, GFirst LEP
- Existing employers
- Real estate industry stakeholders

4. DESIGN AND IMPLEMENT VEHICLES FOR DELIVERING LAND, PREMISES, HOUSING AND INFRASTRUCTURE

G) DEVELOP ONE OR MORE SPECIAL PURPOSE VEHICLES FOR INFRASTRUCTURE, LAND AND PREMISES DEVELOPMENT

Potential delivery options could include:

- Establishment of property and infrastructure development fund. Could forward fund infrastructure and services for publicly owned sites or Civic Pride sites, then recoup funds from uplifts in land value or subsequent housing/commercial development. Model can also be applied to phased regeneration of ageing industrial estates
- Accommodation improvement (low interest) loan fund - business, manufacturing, visitor activities eligible. Loan fund ensures that commercially viable projects will progress. Loans rather than grants help to promote commercial viability and filters out low value added investments.

There is scope for collaboration with:

- Cheltenham Development Task Force Tewkesbury Borough Council, Gloucestershire County Council, GFirst LEP
- Existing large employers
- Real estate industry stakeholders

There may be funding opportunities from: GFirst LEP, SLGF, Public Works Loan Board

H) COLLABORATE WITH TEWKESBURY BOROUGH COUNCIL TO ESTABLISH STRATEGIC MANAGEMENT, DELIVERY MECHANISMS AND ARRANGEMENTS FOR URBAN EXTENSION AND J10 DEVELOPMENTS

The differing ambitions between the Joint Core Strategy and the Strategic Economic Plan are keenly felt in discussions on the NW Cheltenham strategic site and the appropriate scale and function of this site within the M5 Growth Zone. This study does not determine or provide advice on the strategic interventions or scale of employment land requirements to deliver the higher Gross Value Added (GVA) and job growth ambitions in the Strategic Economic Plan.

Potential delivery options could include:

- Development of two task forces:

1) To develop a vision, strategy and implement the urban extension. Essentially a place shaping role - master planning and capital investment, gaining interest of property development interests. Helping to ensure high quality and relevance to local needs and capacities for growth.

2) To plan for, push and lobby for M5 J10 improvements. Essentially a campaigning role - focused on advocacy, campaigns and lobbying.

- Development of an integrated development plan for urban extension and J10 improvements.

There is scope for collaboration with:

- Cheltenham Development Task Force Tewkesbury Borough Council, Gloucestershire County Council, GFirst LEP
- Existing large employers
- Real estate industry stakeholders

I) ESTABLISH A PROJECT PIPELINE FOR THE MOST IMPORTANT 2 OR 3 INFRASTRUCTURE, LAND AND PROPERTY PROJECTS

The contemporary funding climate is one where grant funds emerge from government (and Local Enterprise Partnerships), with short turnaround of applications, usually specifying projects start within 12 months. Successful projects are mainly ones that have already been developed as concepts to a significant degree, with planning permission secured where necessary.

Potential delivery options could include:

- Establish a project development and feasibility fund or seek funding /resources from the Local Enterprise Partnerships
- 1 or 2 projects developed within next 6 months to be ready for new funding opportunities such as Growing Places Fund (Gloucestershire Infrastructure Investment Fund) recycle
- Use existing funding as leverage (Section 106)

Across England, it has often been the case that local authorities with 'spade ready' projects have been first in the queue when it has come to discussions about potential funding with their Local Enterprise Partnerships.

It is also worth bearing in mind that these funding sources require significant details about proposed projects, and also guarantees (e.g. such as planning permission already granted for property developments). For example there must be sufficient evidence of the economic and business case and proposed delivery arrangements. Therefore it is sensible to focus on 1 or 2 projects.

There is scope for collaboration with GFirst LEP, Gloucestershire County Council and Tewkesbury Borough Council.

There may be funding opportunities from: SLGF (subsequent years), Gloucestershire Infrastructure Investment Fund, European Regional Development Fund, Local Transport Body. It is sometimes possible to capitalise project development and feasibility costs and recoup them later on through capital grants and loan funds, such as Local Transport Body funds.



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

APPENDIX A: Cheltenham Economic Assessment

For Cheltenham Borough Council

January 2015

Glenn Athey

Natalie Blaken



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1. INTRODUCTION AND SUMMARY

INTRODUCTION

AN ASSESSMENT OF THE ECONOMIC PERFORMANCE AND CHARACTERISTICS OF CHELTENHAM

This report presents the conclusions and findings from an assessment of the economic performance and characteristics of Cheltenham. This includes an analysis of the county and districts of Gloucestershire; as well as analysis of how Cheltenham performs compared to the areas of Bath and North East Somerset, Birmingham, Bristol, Cardiff, Swindon, Oxford, and Worcester (the comparator areas).

The assessment covers a full range of economic themes and issues, including overall economic performance and economic output, productivity, industry trends, enterprise, innovation, employment, skills, housing, property and transport.

The following sections in this chapter present a summary of the economic assessment as well as some conclusions and implications that we can draw from the analysis.

INTRODUCING CHELTENHAM

Cheltenham is a large spa town and borough in Gloucestershire, England, located on the edge of the Cotswolds. The town was awarded a market charter in 1226, and has been a health and holiday spa town resort since the discovery of mineral springs there in 1716.

With a current resident population of 115,900 and an economy that supports 72,000 jobs, Cheltenham has light industry, including food processing, aerospace, electronics and tourism businesses. The Government's electronic surveillance operation Government Communications Headquarters (GCHQ), renowned for its 'doughnut-shape' building, is in Cheltenham. Vertex Data Science, GE-Aviation, Endsleigh Insurance, Archant, Nelson Thornes, UCAS (Universities & Colleges Admissions Service), and Spirax-Sarco Engineering all have sites in and around Cheltenham.

Cheltenham is also renowned for sporting and cultural events. It is the home of the flagship race of British steeplechase horse racing, the Gold Cup, the main event of the Cheltenham Festival held every March. The town hosts several festivals of culture often featuring nationally and internationally famous contributors and attendees, including Greenbelt, Cheltenham Literature

Festival, Cheltenham Jazz Festival, Cheltenham Science Festival, Cheltenham Music Festival and Cheltenham Food & Drink Festival.

Cheltenham is a regional shopping centre, home to department stores, and centres including the Regent Arcade and the Beechwood Shopping Centre.

SUMMARY: ECONOMIC PERFORMANCE AND OUTLOOK

Cheltenham's annual rate of economic growth (0.7 per cent) has lagged significantly behind national average growth rates (1.9 per cent), whereas growth rates for Gloucestershire (1.8 per cent) are more in line with the national average. More positively, the rate of jobs growth has exceeded the national average, and both economic growth and jobs growth are forecast to be strong over the next 20 years.

22 per cent of all Gloucestershire's jobs are located in Cheltenham. Cheltenham remains a significant employment centre within the County of Gloucestershire and this is forecast to continue. Gloucestershire's productivity rate lags behind the national average and this gap is widening.

ECONOMIC PERFORMANCE

It is estimated that Cheltenham's economy generated between £2.4 billion and £2.7 billion in economic output in 2011. Forecasters predict that this could grow to between £3.5 billion to £4.8 billion by 2031.

Long-term economic growth has been slightly slower-than-average in Gloucestershire at 1.8 per cent per annum growth from 1997 to 2011 compared to 1.9 per cent for England. Economic growth in Cheltenham has been significantly below average, at 0.7 per cent per annum over this period. The average across the three economic forecasters (Cambridge Econometrics, Experian and Oxford Economics) suggests that economic growth in Cheltenham is expected to accelerate to 2.4 per cent per annum over the next 20 years.

JOB GROWTH

Cheltenham supported 72,000 jobs in 2012. Between 2000 and 2012, 6,000 net new jobs were created in Cheltenham – a rate of jobs growth (9.1 per cent) that is higher than the average for England (7.6 per cent), but lower than Gloucestershire County as a whole (which grew by 40,000 jobs, or 14.1 per cent).

Gloucester experienced a very low rate of jobs growth over this period (3.1 per cent), as did Bristol (0.7 per cent). Conversely, the rate of jobs growth was very high in Cotswold (27.0 per cent), Stroud (22.4 per cent), Tewkesbury (21.6 per cent) and Worcester (18.8 per cent). Contractions in total jobs were experienced in Swindon (-4.2 per cent) and Birmingham (-0.4 per cent).

PRODUCTIVITY

Productivity rates in Gloucestershire are below average and declining relative to comparator areas and England averages. In 2012, workers in Gloucestershire produced £26.00 of Gross Value Added (GVA) for every hour worked. This was below the England average (£28.30). Between 2004 and 2012, GVA per hour worked rose by 16.3 per cent – which was lower than across England (23.4 per cent).

KEY FACTS: ECONOMIC PERFORMANCE AND OUTLOOK

- The Cheltenham economy supported £2.7 billion in economic output in 2011 and 72,000 jobs in 2012
- Cheltenham's economic growth rate 1997 to 2011: 0.7 per cent per annum (Gloucestershire = 1.8 per cent; England = 1.9 per cent)
- Forecast 2.4 per cent rate of economic growth per annum in Cheltenham 2011-2031
- Total jobs growth of 9.1 per cent in Cheltenham between 2000 and 2012 (Gloucestershire = 14.1 per cent; England = 7.6 per cent)
- 22 per cent of all Gloucestershire's jobs are located in Cheltenham
- Gloucestershire's productivity rate was £26.00 in economic output per hour worked (England = £28.30)
- Gloucestershire's productivity rate rose by 16.3 per cent between 2004 and 2012 (UK = 23.4 per cent)

SUMMARY: INDUSTRY TRENDS

The industrial profile and prospects of Cheltenham have changed over the past 15 years, and will continue to change. Public services, and in particular defence-related activities remain important, and are a growing source of output and jobs for the Cheltenham economy. Business services have also grown strongly in Cheltenham in terms of economic output – at between 4 and 5 per cent per year since 1997. Both public services and business services are projected for future growth.

Growth in the business population has occurred in professional, scientific and technical activities, alongside a decline in employees in this sector. This signals a rise in self-employment or contract-based work in these roles. The role of financial and insurance, whilst important in the past, has declined in terms of output and jobs in Cheltenham. The Real Estate sector has also declined.

PUBLIC ADMINISTRATION, EDUCATION & HEALTH

Public Administration, Education & Health is the largest contributor to economic output and one of the fastest forecast growing sectors in terms of total economic output. It includes Includes Public administration and defence, Education, and Health.

Health is one of the largest employment sectors and comprises Human health activities, Residential care activities, Social work activities without accommodation. Employment has grown fast in hospital activities but declined in social work activities without accommodation. The third largest increase in number of business units in the borough has been in Health. A large increase in health employment is forecast.

There is a large concentration of employment in Defence. The strongest employment growth has occurred in this sector.

BUSINESS SERVICES

Business Services Includes Professional, Scientific and Technical (Legal and accounting activities, Activities of head offices, Management consultancy activities, Architectural and engineering activities, Technical testing and analysis, Scientific research and development, Advertising and market research, Other professional, scientific and technical activities) and Business Administration and Support Services (Veterinary activities, Rental and leasing activities, Employment activities, Travel agency, tour operator and other reservation service and related activities, Security and investigation activities, Services to buildings and landscape activities, Office administrative, office support and other business support activities).

Business Services is the third largest contributor to economic output and the fastest growing sector in terms of economic output. Additionally, Business services is one of the fastest forecast growing sectors in terms of economic output and a large increase in employment is forecast.

Within Business Services, Business Administration and Support Services is the largest employment sub-sector. Employment has grown strongly in 'other business support activities' and general cleaning of buildings but declined in legal and accounting activities. There is a high concentration of employment in Business Administration and Support Services, particularly 'other business support activities' and tour operator activities.

The Professional, Scientific and Technical sector within business services has the largest number of business units and has experienced a large increase in business units.

RETAIL

Distribution, Transport, Accommodation and Food (which includes retail) is the second largest contributor to economic output and one of the

largest employment sectors. It has the second largest number of business units, but has experienced a decline in the total number of business units.

INFORMATION AND COMMUNICATION

The Information and Communication sector includes Publishing activities, Motion picture, video and television programme production, sound recording and music publishing activities, Programming and broadcasting activities, Telecommunications, Computer programming, consultancy and related activities, Information service activities.

The Information and Communication sector has experienced strong growth in economic output and this is forecast to continue. It has the second highest increase in number of business units. However, there has been a large fall in employment in telecommunications and printing and reproduction of recorded media.

PRODUCTION

Production (which includes manufacturing) is an important contributor to economic output, but there has been decline in output in the sector and total business units over recent years. The highest concentrations of production employment in the town are found in the manufacture of machinery

KEY FACTS: INDUSTRY TRENDS

- The public sector contributes between 26 and 29 per cent to Cheltenham's economy
- The contribution of business services to Cheltenham's economy has grown by between 4 and 5 per cent per year since 1997
- In five sectors, economic output has declined since 1997: Production, Construction, Finance & Insurance, Real Estate, and Other Services
- In 2013, the largest employment sectors in Cheltenham were Business Administration & Support Services (8,800 employees, or 13.7 per cent of all employees), Health (8,200 employees, 12.8 per cent) and Retail (8,100 employees, 12.5 per cent)
- Employment in Defence, Business Support Activities and Services to Buildings has increased significantly in Cheltenham and growth is linked to Cheltenham's sector specialisms
- Employment in Legal & Accounting Activities, Social Work Activities and Telecommunications has declined significantly.

SUMMARY: ENTERPRISE AND INNOVATION

Cheltenham has a strong and growing business base. Long-term growth in the business base is higher than the County and national average. In particular, Cheltenham has strong business survival rates.

Businesses in Gloucester are more likely to compete on quality, design and innovation compared to nationally, and the rate of patenting is higher than the national average. Whilst science and engineering occupations are less prevalent in Cheltenham, ICT roles account for a higher share of jobs undertaken by residents.

ENTERPRISES AND ENTREPRENEURSHIP

With 5,185 enterprises in 2012, Cheltenham has a strong and growing business base, with stronger than average long-term growth in the number of enterprises (11.7 per cent growth between 2004 and 2012) and a higher than average number of enterprises per head of the working age population (68 per 1,000 working age people in Cheltenham compared to a national average of 60).

This strong growth in Cheltenham's business base has been driven by stronger business survival rates. The start-up rate is similar to the national average.

Business survival was badly affected by recession but has begun to recover. Between 2007 and 2010, the percentage of businesses surviving for one year fell from 97.5 per cent to 88.2 per cent. However, survival increased significantly in 2011, to 93.2 per cent.

The self-employment rate in Cheltenham is slightly lower than average. The mismatch between a higher-than-average enterprise rate and lower-than-average self-employment rate in Cheltenham could be explained by people living outside Cheltenham setting up businesses within the district.

FOREIGN OWNERSHIP OF BUSINESSES

The presence of foreign-owned businesses is less significant in Cheltenham and Gloucestershire than nationally. With foreign-owned businesses representing just 1.0 per cent of all businesses but 23.0 per cent of all turnover, foreign-owned businesses in Cheltenham are very large.

KEY FACTS: BUSINESS AND INNOVATION

- 5,185 enterprises in Cheltenham in 2012
- Strong long term growth in the number of enterprises, at 11.7 per cent growth 2004-2012 (Gloucestershire = 8.4 per cent; England = 9.8 per cent)
- 68 Enterprises per 1,000 working age residents in Cheltenham in 2012 (Gloucestershire = 70; England = 60 per cent)
- 12 new business starts per 100 active enterprises in 2012 (Gloucestershire = 10; England = 12)
- 10.2 per cent of working age people in Cheltenham are self-employed (Gloucestershire = 11.9 per cent; England = 10.5 per cent)
- 23.0 per cent of turnover in Cheltenham is from foreign-owned businesses (Gloucestershire = 19.4 per cent; England = 37.4 per cent)
- 54 per cent of private sector businesses in Gloucestershire defined as having a high or very high Product Market Strategies (England = 45 per cent)
- 11.1 patents per 100,000 people in Gloucestershire (England = 9.4)

INNOVATION

Businesses in Gloucestershire are more likely to compete on design, quality and innovation than the national average. In 2013, 32 per cent of Gloucestershire businesses stated that demand for their goods/services were not at all price dependent or slightly price dependent compared to the England average of 28 per cent. 38 per cent said that they often/very often lead the way, compared to the England average of 35 per cent. 65 per cent said they competed in a market for high/premium quality goods and services, compared to the England average of 59 per cent.

Gloucestershire's rate of patenting, at 11.1 patents per 100,000 residents, is higher than the England average of 9.4. The number of patents originating from the county is on a downward trend, mirroring the national picture.

Cheltenham has a lower-than-average base of science, research, engineering and technology professionals working in the borough (representing 5.4 per cent of all workers) but a stronger-than-average presence of information technology and telecommunications professionals (2.5 per cent of all workers).

SUMMARY: PEOPLE

Cheltenham supports a significant number of jobs and provides work for residents from outside of the district. Cheltenham provides a lower share of higher skilled jobs, and a higher share of lower skilled jobs compared to the national average. Cheltenham supports a large number of administrative and secretarial jobs, many of which are taken by in-commuters.

Those working in Cheltenham have a high qualifications profile, but this is not fully reflected in the skills levels of the types of jobs undertaken in the borough. This is reflected in workplace earnings, which are below the national average. In-commuting to Cheltenham appears to be highest among people with low to intermediate qualification levels.

The levels of unemployment and incidence of benefits claimants are low in Cheltenham, coupled with high rates of economic participation and employment amongst the working-age population.

COMMUTING

Cheltenham is an area of net in-commuting and is a popular work location for people living across Gloucestershire. 44,600 people live and work in Cheltenham (i.e. 77 per cent self-containment), 13,600 commute out from Cheltenham to work outside the borough; and 31,400 people commute into Cheltenham who reside outside the borough.

HEADLINE LABOUR MARKET TRENDS

A high percentage of working age people living in Cheltenham are economically active (79.8 per cent in June 2014) and employed (74.8 per cent). However, participation in work has fallen since the onset of recession and Cheltenham has been more sharply affected than across Gloucestershire and England. Between June 2008 and June 2013, the percentages of working age people who were economically active and employed fell in Cheltenham. Economic activity fell from 84.8 per

cent to 78.2 per cent while employment fell from 79.8 per cent to 73.8 per cent.

POPULATION

Population growth has been slower than average in Cheltenham while long-term growth in the numbers of working age people has been slower than in other peer employment centres. Between 2003 and 2013, Cheltenham's population grew by 6.0 per cent. This was slower than growth across Gloucestershire (6.4 per cent), England (7.9 per cent) and most comparator areas. Within Gloucestershire, growth ranged from 2.7 per cent in the Forest of Dean to 11.7 per cent in Gloucester.

In 2013, there were 75,600 people of working age living in Cheltenham. Growth in the number of working age people in Cheltenham (6.8 per cent) was similar to the England average (6.9 per cent) between 2003 and 2013, much faster than growth across Gloucestershire (5.0 per cent) but slower than growth in Gloucester, Swindon, Oxford, Birmingham, Bristol, Cardiff and Worcester.

Population growth in Cheltenham is expected to accelerate over the next decade, driven by growth in the number of people of retirement age. Further analysis conducted for the Joint Core Strategy suggests that population will increase by 17,400 between 2011 and 2031 compared to the official projection of 15,600 (2012-based Subnational Population Projections published in 2014). This further analysis suggests that the working age population will continue to grow at 0.5 to 0.6 per cent per year from 2013.

BENEFITS CLAIMANTS

Cheltenham has a low percentage of people (1.3 per cent of all working age residents) claiming unemployment benefit, although trends in numbers of unemployment benefit claimants suggest that the labour market has tightened for Administrative & Secretarial and Sales & Customer

Service jobs. The number of out-of-work benefit claimants has fallen in Cheltenham over the past ten years, particularly among lone parents.

QUALIFICATIONS

Cheltenham has an impressive qualifications profile, with a high proportion of workers (42.4 per cent) holding a degree level qualification or above. Qualifications rates have improved dramatically over the past ten years. The improvement will in part be due to older people (who are generally more poorly qualified) falling out of the 16-74 population over the ten-year period, but also signifies that demand for high-level skills has grown in the area.

Despite workers in Cheltenham having a high qualifications profile, there is a lower percentage of people working in the district in high skilled occupations while average earnings are also below the national average.

OCCUPATIONS

Despite Cheltenham's impressive qualifications profile, the skills profile of Cheltenham's workforce – in terms of occupations undertaken – is poorer than average. In 2011, Cheltenham had a similar percentage of people working in the most highly skilled jobs (accounting for 28.7 per cent of employment in Cheltenham compared to 28.3 per cent nationally). By contrast, Cheltenham had a very high percentage of people working in administrative & secretarial occupations (18 per cent compared to 11 per cent nationally).

A large number of in-commuters to Cheltenham work in administrative & secretarial occupations. There was also in-commuting by people working in sales & customer service occupations, caring, leisure & other service occupations, and elementary occupations. At the same time, there was out-commuting by people working in professional and associate professional occupations and process, plant & machine operatives. This ties in with Cheltenham having a weaker qualifications profile on a workplace basis than a residence basis.

KEY FACTS: PEOPLE

- 115,900 residents in Cheltenham in 2013, of which 75,600 of working age (16-64)
- Population in Cheltenham grew by 6.0 per cent between 2003 and 2013 (Gloucestershire = 6.4 per cent; England = 7.9 per cent)
- Cheltenham's projected population growth 7.9 per cent (2013-2023); 6.1 per cent (2023-2031) (Gloucestershire = 6.9 per cent and 5.7 per cent)
- 58,300 residents in Cheltenham in work; 76,000 people worked in Cheltenham.
- 79.8 per cent of working age people economically active in 2014 (Gloucestershire = 81.6 per cent; England = 77.6 per cent)
- 1.3 per cent of working age residents claiming Jobseeker's Allowance in October 2014 (Gloucestershire = 1.3 per cent; England = 2.1 per cent)
- 42.4 per cent of people working in Cheltenham held a qualification at Level 4 or above (Gloucestershire = 35.2 per cent; England = 35.1 per cent)
- 29 per cent of workers are in Level 4 occupations (managers & senior officials and professionals) (England = 28 per cent)
- In 2014, full-time workers in Cheltenham earned an average of £27,310 per year (England = £27,487)

The number of people working in professional jobs in Cheltenham has increased sharply (by +4,700) over the past ten years but there has also been a fall in numbers working in other high-skilled jobs such as managers and senior officials (-2,500) and associate professionals (-2,200).

EARNINGS

The average earnings of people working in Cheltenham are below the national average. Average earnings have also grown slowly and have fallen over the past two years.

In each year between 2008 and 2014, the average earnings of Cheltenham's residents have exceeded the average earnings of Cheltenham's workers. This reflects residents' stronger qualifications and occupational profile.

SUMMARY: PLACE

Cheltenham's housing market has witnessed significant increases in prices over the past 15 years – slightly ahead of the national average. Average house prices are now 7.4 times average earnings in the borough. There is little indication that these demand pressures will ease in future.

Rateable values of retail properties are higher in Cheltenham than other Gloucestershire districts and the major cities of Birmingham and Bristol, but below other urban centres such as Bath, Cardiff, and Oxford. Office rateable values are below many other centres outside of Gloucestershire. The relative value of property assets in each use class will influence the relative commercial attractiveness of residential land use over other forms of land use.

There is a significant degree of 'compactness' to the travel to work patterns for those working in Cheltenham. A large share of workers in Cheltenham travel less than 5km from their home to workplace. Whilst traffic congestion on average across the district is no worse than the national average, a number of roads signal evidence of significant increases in congestion over recent years: A4013 northbound; A40 eastbound; A435 southbound; and A46 northbound.

HOUSING MARKET

House prices in Cheltenham are higher than average (9 per cent higher than the national average) and have grown rapidly over the past 15 years – by 213 per cent compared to 206 per cent in England. However, house prices have not increased markedly since the recession in 2008/09.

Housing affordability has declined rapidly over the past 15 years and housing is relatively least affordable for those on the lowest incomes.

HOUSING STOCK

In 2013, there were 53,430 dwellings in Cheltenham. Growth in Cheltenham's dwelling stock has been slightly lower than average – at 6 per cent between 2003 and 2013 compared to 9 per cent for Gloucestershire and 8 per cent for England. New additions to the housing stock fell sharply during and following the economic downturn but are recovering at a stronger rate than across England. In 2013/14, there were 230 net additional affordable homes in Cheltenham.

HOUSING TYPE, SIZE AND TENURE

A number of indicators show that the requirement for smaller housing in Cheltenham has increased: a fall in average household size, an increase in the number of one-person households, a large increase in the number of dwellings with 1-3 rooms, and an increase in the number of flats.

A higher than average percentage of people in Cheltenham live in private rented accommodation (accounting for 23 per cent of households in 2011 compared to 18 per cent across England) and there has been a large increase in the private rented sector in the district. Growth has likely been driven by the inaccessibility of owner-occupation due to both high house prices and unfavourable mortgage lending criteria.

HOUSEHOLD PROJECTIONS

Provision of new dwellings in Cheltenham has kept pace with household formations over the past 20 years. On average, 277 new homes were built every year between 2001 and 2011.

Average household size is projected to decrease with a sharp increase in the numbers of households with one person or one couple and with no dependent children. The number of new households is expected to increase most among older populations and fall among those aged 34 and under.

TRAVEL TO WORK

Compared to the England average, a greater share of people working in Cheltenham travel short distances to work and travel on foot or bicycle, reflecting the urban nature of the district.

There has also been a large increase in the numbers of people travelling to work on foot and working from home over the past ten years.

With regard to roads within or that pass through Cheltenham, the fastest average speeds are found on the A435 while the slowest (and therefore most likely congested) route is the A4013. Average speeds have declined, and hence congestion has likely increased, on most routes. The largest declines in speed have occurred on the following roads:

- A4013 northbound – a 15 per cent decline in the average speed during the weekday morning peak over the past three years
- A40 eastbound – a 9 per cent decline over the past three years
- A435 southbound – an 8 per cent decline over the past eight years
- A46 northbound – a 5 per cent decline in the past year

KEY FACTS: PLACE

- 53,430 dwellings in Cheltenham in 2013, representing 20 per cent of dwellings in Gloucestershire
- Average house price of £200,000 in Cheltenham in 2012 (Gloucestershire = £185,000; England = £183,500)
- House prices have grown by 213 per cent between 1997 and 2012 (England = 206 per cent)
- Average house price in 2013 was 7.4 times average earnings in Cheltenham (Gloucestershire = 6.9 times; England = 6.7 times)
- 6.0 per cent growth in the number of dwellings in Cheltenham 2003-2013 (Gloucestershire = 9.2 per cent; England = 8.0 per cent)
- In 2011, 70 per cent of households in Cheltenham were one or two person households (Gloucestershire = 67 per cent; England = 64 per cent)
- 65 per cent of households in Cheltenham are owner-occupied (Gloucestershire = 70 per cent; England = 64 per cent)
- Projection of 418 new households per year in Cheltenham between 2011 and 2021 – compared to average net new additions to the housing stock of 300 per year between 2005/05 and 2013/14
- In 2013/14, the average vehicle speed on locally managed A roads during the weekday morning peak in Gloucestershire was 28.6 miles per hour (England = 24.3 miles per hour)

2. ECONOMIC PERFORMANCE AND OUTLOOK

ECONOMIC GROWTH

LONG-TERM ECONOMIC GROWTH HAS BEEN SLOWER-THAN-AVERAGE IN GLOUCESTERSHIRE

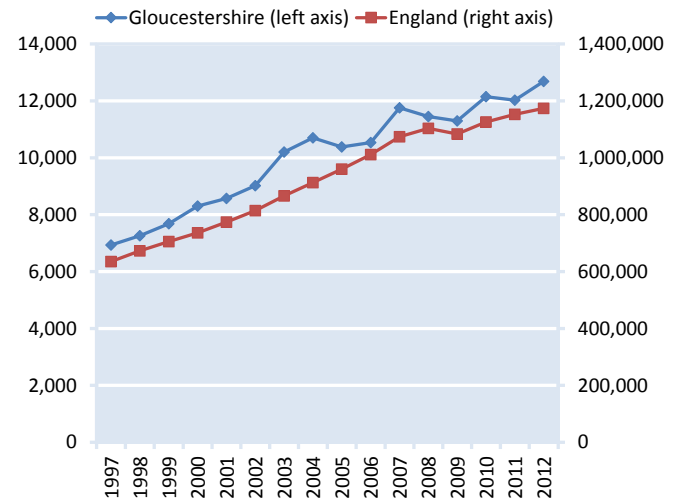
Economic growth in Gloucestershire has been slightly slower-than-average over the past 15 years. As detailed in **Figure 2.1**, between 1997 and 2012, Gloucestershire's GVA (economic output) grew by 82.9 per cent (a nominal growth figure that does not take into account inflation) to £12.7 billion – slightly lower than England average growth (84.7 per cent) and much lower than growth in most neighbouring areas. Note that there are no official (Office for National Statistics) estimates of economic output / GVA for Cheltenham Borough, but we rely instead on data from economic forecasters, as reported in a subsequent section in this report.

Gloucestershire's estimate of real annual economic growth (which does take into account inflation) is estimated at 1.8 per cent per annum between 1997 and 2012. This is slightly below the rate of real annual economic growth in England (1.9 per cent), and well below the rates for Bath and North Somerset (3.0 per cent), Oxfordshire (2.3 per cent) and Worcestershire (2.2 per cent); but above the rate for Swindon (1.0 per cent).

SLOWER-THAN-AVERAGE GROWTH HAS BEEN A FEATURE SINCE 2004

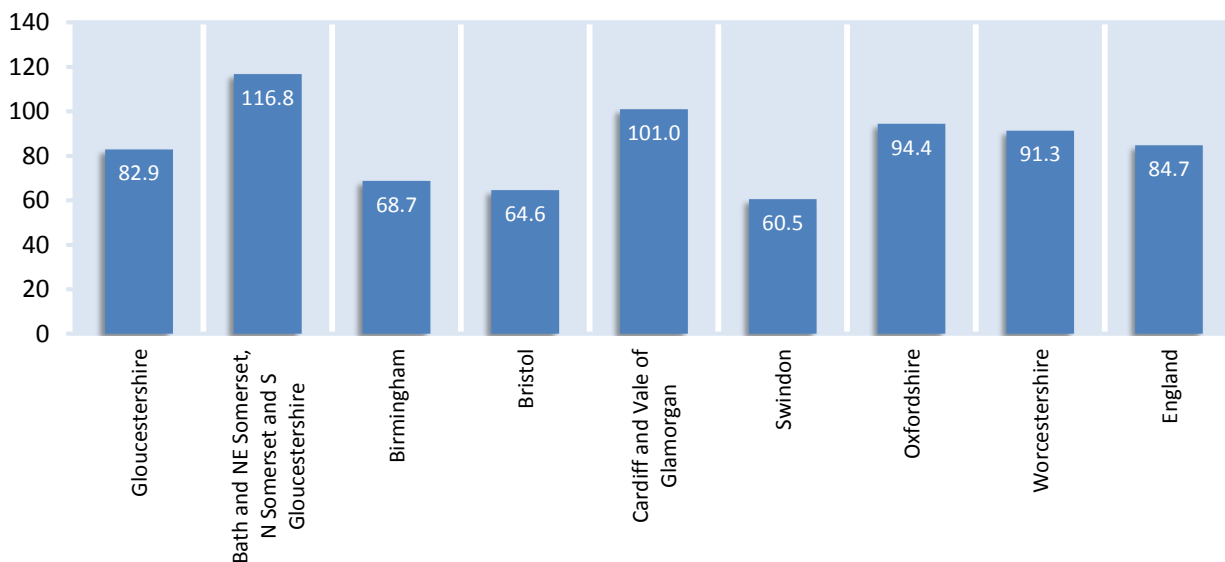
Between 1997 and 2004, Gloucestershire's economy grew by 54.2 per cent, far exceeding national average growth (43.7 per cent). This is reflected in **Figure 2.2** which details the value of total economic output since 1997. From 2004, growth in Gloucestershire, at 18.6 per cent between 2004 and 2012, was lower than the national average (28.6 per cent across England over the same period). This has been in part due to the county being more sharply affected by recession than nationally.

FIGURE 2.2: TOTAL VALUE OF ANNUAL ECONOMIC OUTPUT FROM 1997 TO 2012



Source: Office for National Statistics.

FIGURE 2.1: RATE OF NOMINAL GROWTH IN ECONOMIC OUTPUT (NOTE: UNADJUSTED FOR INFLATION) BETWEEN 1997 AND 2012



Source: Office for National Statistics.

The recession caused a more severe contraction in Gloucestershire than nationally. The recession caused a 3.9 per cent drop in Gloucestershire’s economic output compared to a fall of 1.8 per cent across England. This was not as significant as the fall experienced by Worcestershire (-6.4 per cent). However, some neighbouring areas were far more resilient during and after recession, with the local areas of Bath & North East Somerset, North Somerset & South Gloucestershire and Oxfordshire experiencing continued growth in economic output during the downturn.

Compared to 2007 totals, GVA in 2009 had decreased by £458 million. Whilst industrial sectors such as Financial and insurance activities and Public administration, education and health increased their output by £219 million and £204 million respectively, several sectors were responsible for significant contributions to the contraction in overall output. Real estate activities contracted by 41.8 per cent, or £574 million. The Production sector contracted by 17.5 per cent, or by -£456 million, as detailed in **Figure 2.3**.

FIGURE 2.3: CHANGE IN GVA BETWEEN 2007 AND 2009

| Industrial sector | Change in £ millions | Percentage change |
|-----------------------------------------------|----------------------|-------------------|
| Agriculture, forestry & fishing | +3 | 2.3% |
| Production | -456 | -17.5% |
| Construction | -67 | -8.6% |
| Distribution; transport; accommodation & food | -1 | -0.1% |
| Information & communication | +90 | 16.1% |
| Financial & insurance activities | +219 | 24.2% |
| Real estate activities | -574 | -41.8% |
| Business service activities | +56 | 5.2% |
| Public administration; education; health | +204 | 10.1% |
| Other services & household activities | +69 | 18.0% |
| Total | -458 | -3.9% |

Source: Office for National Statistics.

ECONOMIC GROWTH IN CHELTENHAM HAS BEEN BELOW THE NATIONAL AND COUNTY AVERAGE

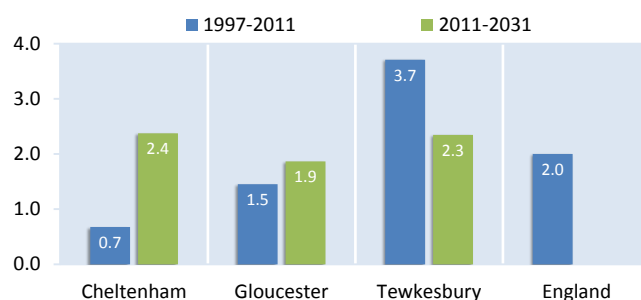
It is estimated that Cheltenham’s economy generated between £2.4 billion and £2.7 billion in economic output in 2011. Forecasters predict that this could grow to between £3.5 billion to £4.8 billion by 2031. This compares to forecast growth to between £3.8 and £4.5 billion for Gloucester and £2.6 to £3.3 billion in Tewkesbury over the same period.

The consensus amongst economic forecasters is that historic rates of economic growth in Cheltenham have been well below national growth rates. Data provided by Oxford Economics, Cambridge Econometrics and Experian provide estimates of GVA growth and forecasts to 2031 for Cheltenham, Gloucester and Tewkesbury, to support the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy. The data suggest that, between 1997 and 2011, GVA growth in Cheltenham was well below the county and national averages. In this period, an average of the data provided by the three companies estimated that GVA grew at an annual average rate of 0.7 per cent (constant prices) between 1997 and 2011. This was lower than the estimates for Gloucester (1.5 per cent) and Tewkesbury (3.7 per cent). It was also much lower than the official data for Gloucestershire County (1.7 per cent), England (2.0 per cent) and all four comparator areas.

ECONOMIC GROWTH IN CHELTENHAM IS EXPECTED TO ACCELERATE OVER THE NEXT 20 YEARS

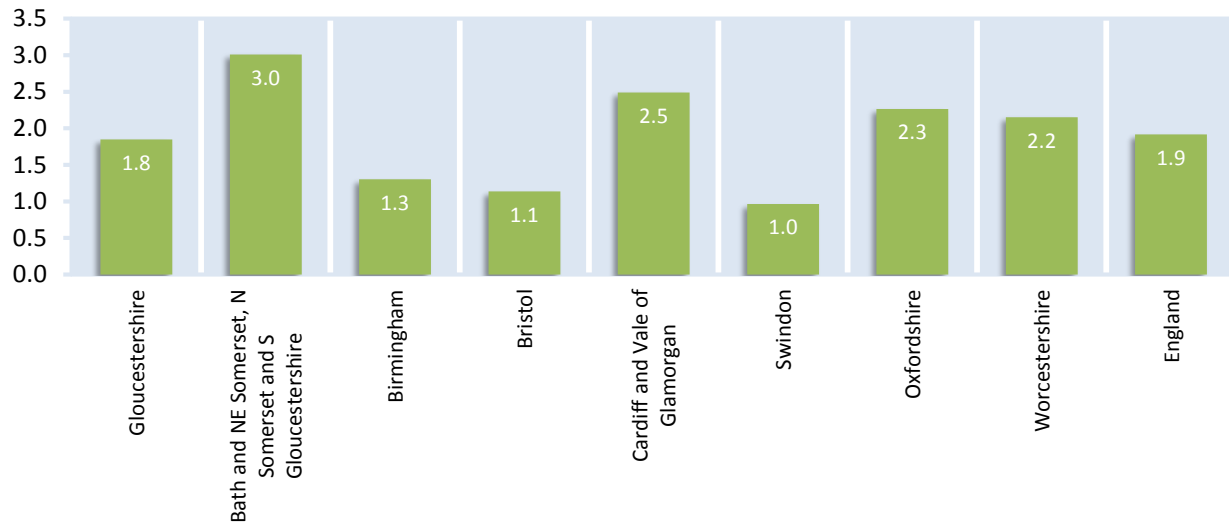
High rates of future economic growth are forecast. As depicted in **Figure 2.4**, between 2011 and 2031, an average of the three forecasts suggests that GVA in Cheltenham is expected to grow by an average of 2.4 per cent per annum (constant prices). This is much higher than growth over the past 14 years, as above (0.7 per cent per annum). Cheltenham’s economy is also expected to grow faster than in Gloucester (1.9 per cent per annum) and Tewkesbury (2.3 per cent per annum).

FIGURE 2.4: ESTIMATED AND FORECAST ANNUAL RATES OF ECONOMIC GROWTH



Source: Average of compound growth rates from three economic forecasts commissioned for the Joint Core Strategy from Cambridge Econometrics, Experian and Oxford Economics

FIGURE 2.5: ANNUAL AVERAGE REAL GVA GROWTH RATE 1997-2011, AT CONSTANT 2011 PRICES



Source: Office for National Statistics. Note that the annual growth rate is calculated as a compound growth rate with national GDP deflator applied.

JOBS GROWTH

JOB GROWTH IN CHELTENHAM HAS BEEN LOWER THAN ACROSS GLOUCESTERSHIRE COUNTY AND COMPARATOR AREAS, BUT ABOVE THE NATIONAL AVERAGE

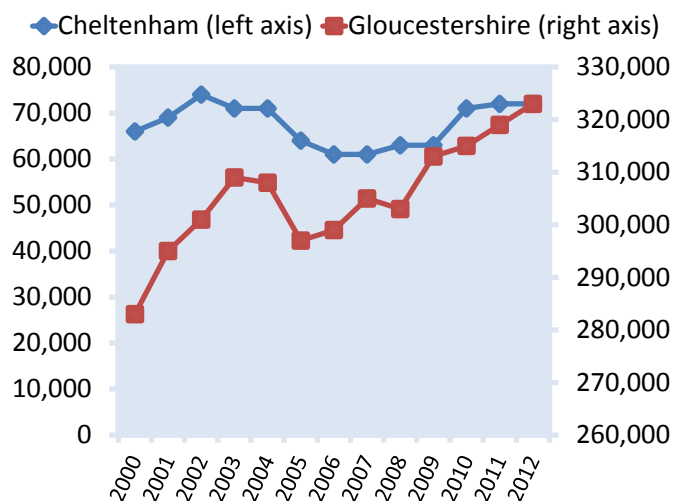
Jobs have grown strongly across Gloucestershire County over the past 12 years. Since 2000, 40,000 net new jobs have been created in the county, equivalent to growth of 14.1 per cent. This is much higher than growth across England (7.6 per cent). Districts contributing the largest numbers of additional jobs include Stroud (+11,000), Cotswold (+10,000) and Tewkesbury (+8,000).

Although the rate of jobs growth in Cheltenham is below the county average, it is above the national average. Cheltenham supported 72,000 jobs in 2012. Between 2000 and 2012, 6,000 net new jobs were created. This was equivalent to 9.1 per cent growth in jobs, as represented in **Figure 2.7**. While this was higher than the national average growth rate, it was less than across Gloucestershire County and most neighbouring districts and comparator areas.

Despite an overall increase in the number of jobs between 2000 and 2012, jobs fell sharply in Cheltenham between 2000 and 2012, jobs fell sharply in Cheltenham between 2004 and 2006 – by 11,000, or 13.5 per cent, as illustrated in **Figure 2.6**. There was also a fall in the number of jobs across Gloucestershire County between 2003 and 2008, but to a lesser extent (1.9 per cent). The fall in jobs in Cheltenham occurred across a range of sectors, particularly Public Administration. The same was true across Gloucestershire.

The latest evidence suggests continued employment growth to 2013. Data on employee jobs (i.e. excluding the self-employed, government-supported trainees and Her Majesty's Forces) suggests that jobs continued to grow in Cheltenham in 2013 (**Figure 2.8**). Sector data suggest that the growth in jobs in the district between 2009 and 2013 was driven by a revival in Public Administration jobs and strong job growth in Business Administration and Support Services. More detail on job growth by sector/industry is provided in the next Chapter.

FIGURE 2.6: TOTAL JOBS IN CHELTENHAM AND GLOUCESTERSHIRE 2000 TO 2012



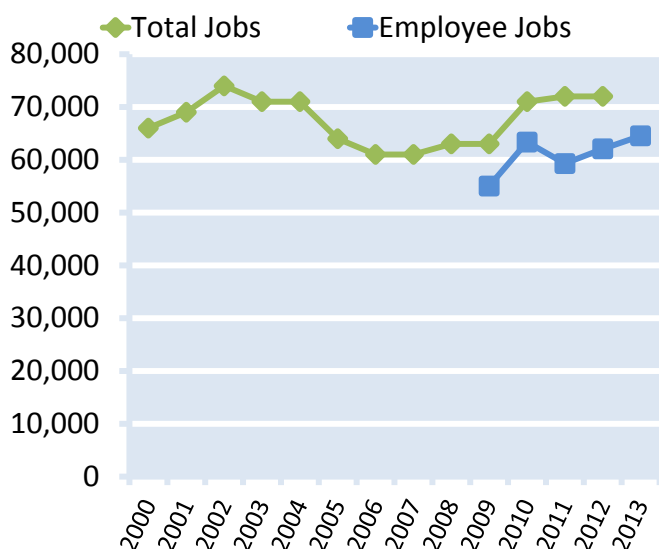
Source: Jobs Density, Office for National Statistics.

FIGURE 2.7: GROWTH IN JOBS BETWEEN 2000 AND 2012

| Area | Total jobs growth 2002-12 | Percentage jobs growth 2002-12 |
|--------------------|---------------------------|--------------------------------|
| Cheltenham | +6,000 | 9.1 |
| Cotswold | +10,000 | 27.0 |
| Forest of Dean | +2,000 | 6.7 |
| Gloucester | +2,000 | 3.1 |
| Stroud | +11,000 | 22.4 |
| Tewkesbury | +8,000 | 21.6 |
| Gloucestershire | +40,000 | 14.1 |
| Bath & NE Somerset | +13,000 | 14.9 |
| Birmingham | -2,000 | -0.4 |
| Bristol | 2,000 | 0.7 |
| Cardiff | +24,000 | 12.7 |
| Swindon | -5,000 | -4.2 |
| Oxford | +16,000 | 15.7 |
| Worcester | +9,000 | 18.8 |
| England | +1,907,000 | 7.6 |

Source: Jobs Density, Office for National Statistics.

FIGURE 2.8: TOTAL JOBS AND EMPLOYEE JOBS IN CHELTENHAM



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

JOB GROWTH IS EXPECTED TO ACCELERATE IN CHELTENHAM OVER THE NEXT 20 YEARS

Cambridge Econometrics, Oxford Economics and Experian have produced jobs forecasts for Cheltenham between 2011 and 2031 – as detailed in **Figure 2.9**. All expect job growth to accelerate in this period compared to between 2000 and 2012, but to varying degrees.

Oxford Economics is the most pessimistic, predicting 15.8 per cent growth in jobs between 2011 and 2031. This is equivalent to 528 net additional jobs per year, compared to the actual growth of 500 net additional jobs achieved between 2000 and 2012. Cambridge Econometrics is the most optimistic, forecasting 22.2 per cent growth, or 767 net additional jobs per year.

FIGURE 2.9: ACTUAL AND FORECAST JOBS GROWTH

| Per annum jobs growth (total) | | | |
|----------------------------------------------------------------|-------------------|-------------------|-------------------|
| | Cheltenham | Gloucester | Tewkesbury |
| Actual 2000-2012 | 500 | 167 | 667 |
| CE Forecast | 767 | 438 | 374 |
| OE Forecast | 528 | 169 | 343 |
| Experian Forecast | 612 | 501 | 371 |
| Total rate of forecast jobs growth 2011-2031 (per cent) | | | |
| | Cheltenham | Gloucester | Tewkesbury |
| CE Forecast | 22.2 | 12.1 | 15.9 |
| OE Forecast | 15.8 | 5.0 | 15.0 |
| Experian Forecast | 18.2 | 13.9 | 15.9 |

Source: Jobs Density, Office for National Statistics; economic forecasts commissioned in 2014 for the Joint Core Strategy.

ALL FORECASTERS EXPECT JOB GROWTH IN CHELTENHAM TO EXCEED GROWTH IN NEIGHBOURING GLOUCESTER AND TEWKESBURY

The forecast picture is mixed for Gloucester, with one forecaster predicting a continuation of trend growth and the remaining two forecasting an acceleration of growth.

As above, Oxford Economics is the most pessimistic, predicting 5.0 per cent growth in jobs between 2011 and 2031 – or 169 net additional jobs per year, compared to 167 between 2000 and 2012. Experian is the most optimistic, forecasting 13.9 per cent growth in jobs, or 501 net additional jobs per year.

Job growth is expected to slow considerably in Tewkesbury. Growth between 2011 and 2031 is predicted to range from between 15.0-15.9 per cent, equivalent to between 343-374 net additional jobs per year – far lower than between 2000 and 2012 (667 jobs per year).

ECONOMIC FORECASTS ARE POLICY NEUTRAL – THEY DO NOT TAKE INTO ACCOUNT 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.

CHELTENHAM IS ONE OF THE STRONGEST EMPLOYMENT CENTRES IN GLOUCESTERSHIRE AND ACCOUNTS FOR MORE THAN A FIFTH OF ALL JOBS IN THE COUNTY

Jobs density – the number of jobs per working age resident – provides an indication of the relative self-containment of an area’s labour market and the number of job opportunities available for an area’s residents. Areas with a high jobs density have a high level of local demand for employees or have a high level of in-commuting to the area.

Jobs density is high in Cheltenham. In 2012, there were 0.95 jobs for each working age resident. This was much higher than the Gloucestershire (0.85) and England averages (0.79). Cheltenham had the joint highest jobs density in Gloucestershire while only one peer area had a higher jobs density (Oxford at 1.08). Due to the decline in jobs in the district, Cheltenham’s jobs density fell sharply between 2002 and 2007 but has since picked up.

Jobs in Cheltenham also make up more than a fifth of all jobs in Gloucestershire. In 2013, 22 per cent of all Gloucestershire jobs were located in Cheltenham, down slightly from 23 per cent in 2000.

PRODUCTIVITY

GLOUCESTERSHIRE'S PRODUCTIVITY CHALLENGE

The productivity of people working in Gloucestershire is below average. In 2012, workers in Gloucestershire produced £26.00 of GVA for every hour worked as detailed in **Figure 2.10**. This was below the England average (£28.30) and six of Gloucestershire's seven comparator areas. The same was true with regards to GVA per filled job. In 2012, each job in Gloucestershire produced an average of £40,058 – below the England average (£45,078) and five of the seven comparator areas.

GLOUCESTERSHIRE HAS A LOWER PRODUCTIVITY RATE THAN AVERAGE, WITH THE GAP WIDENING

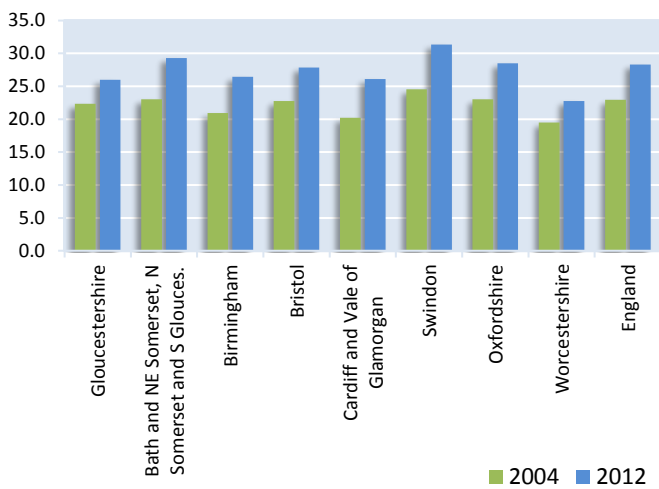
Gloucestershire's rate of productivity growth has not kept pace with national rates, resulting in continued relative decline. While productivity has grown in Gloucestershire, it has grown much more slowly than average, meaning that productivity rates have declined relative to England and all comparator areas. Between 2004 and 2012, GVA per hour worked rose by 16.3 per

cent – this was lower than across England (23.4 per cent) and all comparator areas. GVA per hour worked has therefore fallen relative to the England average, from 2.6 per cent below average in 2004 to 8.2 per cent below average in 2012.

The rate of increase in productivity per filled job in Gloucestershire is also well behind the national average as **Figure 2.11** demonstrates. With regards GVA per filled job, Gloucestershire's productivity rate increased by 24.6 per cent between 2002 and 2012 – much lower than across England (36.3 per cent) and all comparator areas. GVA per filled job has also fallen relative to the England average, from 2.9 per cent below average in 2002 to 11.1 per cent below average in 2012.

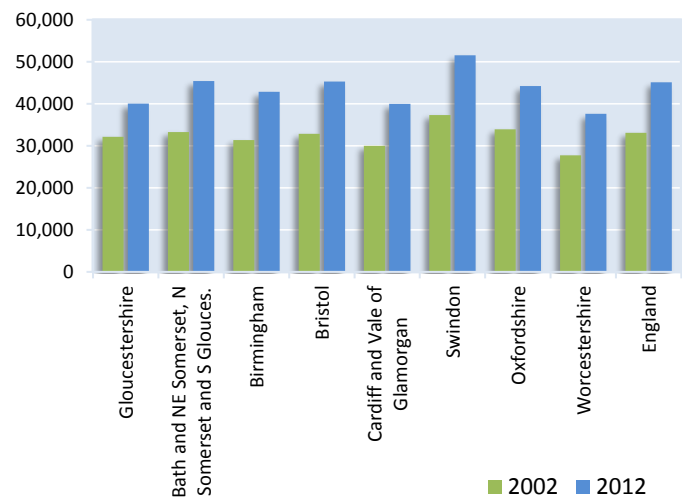
Of all comparator areas, Swindon had the highest levels of productivity in 2012 and the highest rates of productivity growth. Productivity was lowest in Worcestershire but, as above, growth rates have been higher than in Gloucestershire.

FIGURE 2.10: GVA PER HOUR WORKED IN 2004 AND 2012



Source: Subregional Productivity September 2014 update, Office for National Statistics.

FIGURE 2.11: GVA PER FILLED JOB IN 2004 AND 2012



Source: Subregional Productivity September 2014 update, Office for National Statistics.

3. INDUSTRY TRENDS

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; Production; and Distribution, Transport, Accommodation & Food. This is similar to the national picture although Public Administration, Education & Health and Production are more significant to the Gloucestershire economy than nationally

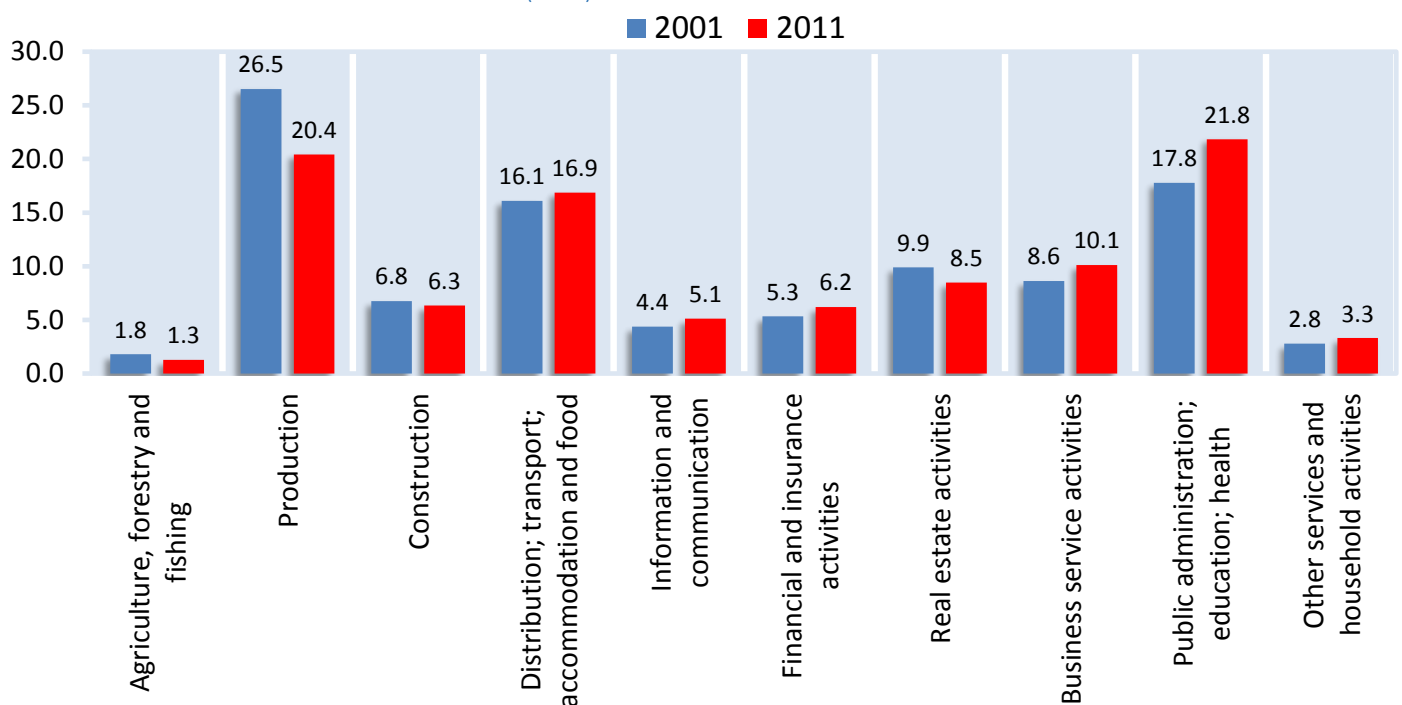
In 2011, Public Administration, Education & Health produced 21.8 per cent of Gloucestershire's total GVA, compared to 18.5 per cent of England's total GVA, while Production produced 20.4 per cent of Gloucestershire's GVA, compared to just 12.7 per cent nationally. In contrast, all private sector services produced a lower proportion of total GVA in Gloucestershire than across England.

Production also forms a large percentage of overall GVA in neighbouring areas. In Worcestershire, Bath/North East Somerset/North Somerset/South Gloucestershire, and Swindon, Production sector GVA ranged from 18.8 per cent of overall GVA to 21.9 per cent.

The Public Administration/Education/Health sector also forms a large proportion of overall GVA in Cardiff and Vale of Glamorgan (27.7 per cent), Birmingham (24.4 per cent), Oxfordshire (22.5 per cent), Bristol (21.3 per cent) and Bath/North East Somerset/North Somerset/South Gloucestershire (20.9 per cent) while Distribution/Transport/Accommodation/Food is significant in Swindon (21.1 per cent of GVA) and Worcestershire (19.4 per cent).

Compared to the national average, Financial and Insurance Activities are also important in Bristol, Swindon and Birmingham (14.5, 13.9 and 11.6 per cent of total GVA, compared to 9.1 per cent across England). This sector is much less significant in terms of its GVA contribution in all other areas.

FIGURE 3.1: SHARE OF ECONOMIC OUTPUT (GVA) BY SECTOR IN 2011



Source: Office for National Statistics.

PUBLIC SECTOR OUTPUT HAS GROWN RAPIDLY OVER THE PAST FEW YEARS

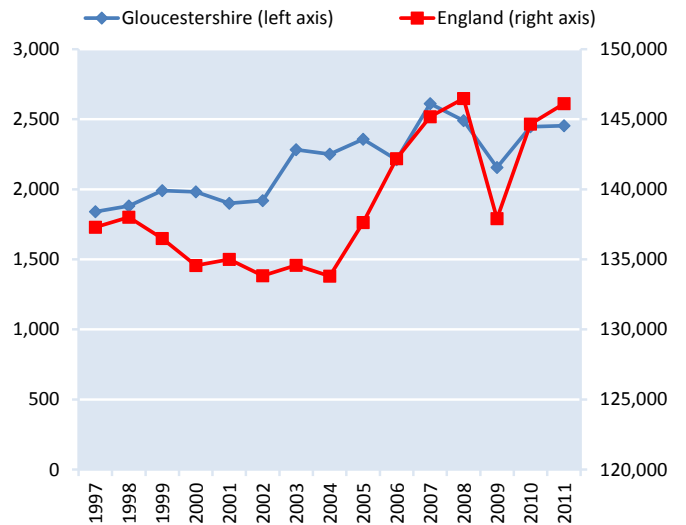
Public Administration/Education/Health is by far the fastest growing sector in Gloucestershire. Between 1997 and 2011, GVA produced by the Public Administration/Education/Health sector grew by £1.3 billion, or 113.0 per cent (109.0 per cent across England). In this period, GVA produced by this sector increased from 17.8 per cent of all GVA in Gloucestershire to 21.8 per cent.

THE CONTRIBUTION FROM THE PRODUCTION SECTOR HAS DECLINED

While growth in Gloucestershire’s second largest sector – Production – has been higher than average since 1997 (33.4 per cent growth compared to just 6.4 per cent nationally), growth has been slower than in all other industries, apart from Agriculture. This means that Production’s share of Gloucestershire’s total GVA has reduced from 26.5 per cent in 1997 to 20.4 per cent in 2011. As **Figure 3.2** shows, the recession affected the sector badly, with output declining by 17.5 per cent

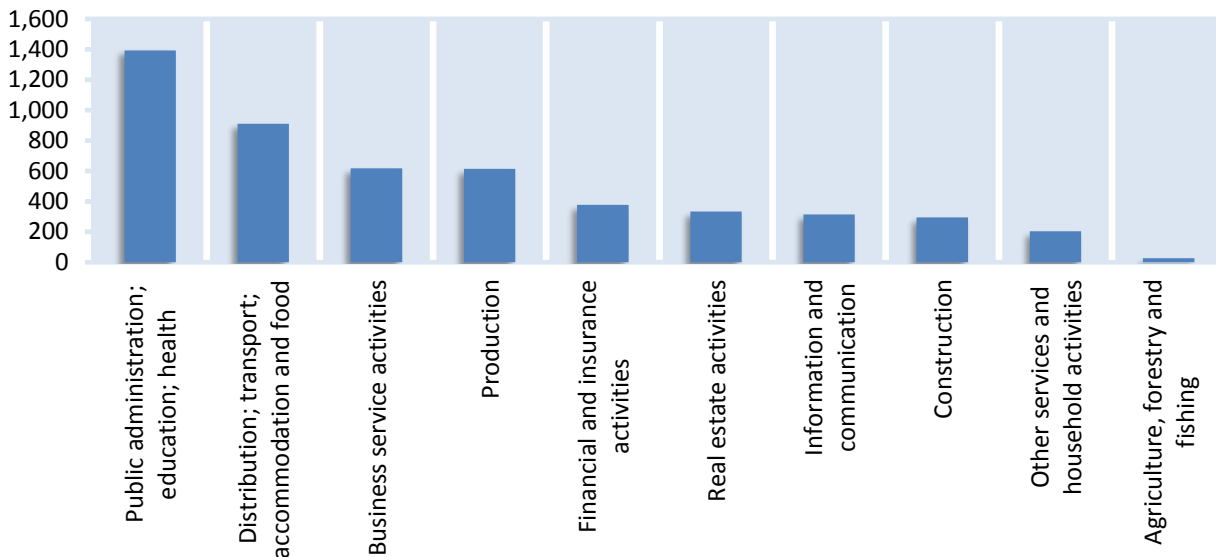
between 2007 and 2009. Growth has since picked up but GVA remains below pre-recession levels.

FIGURE 3.2: TOTAL GVA BY YEAR FOR PRODUCTION INDUSTRIES 1997 TO 2011



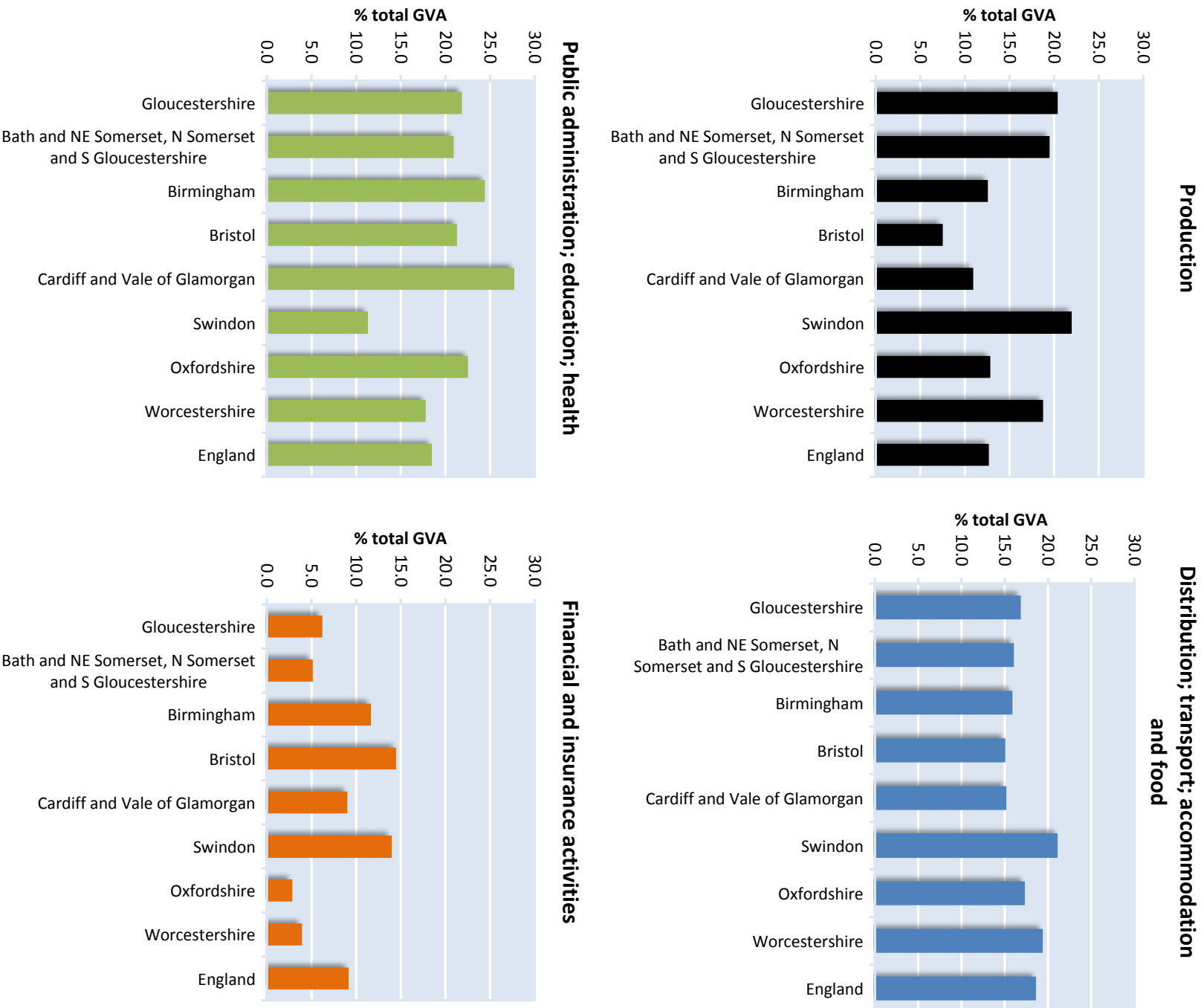
Source: Office for National Statistics.

FIGURE 3.3: GROWTH IN ECONOMIC OUTPUT (GVA) BY INDUSTRY IN GLOUCESTERSHIRE £ MILLIONS, BETWEEN 1997 AND 2011



Source: Office for National Statistics

FIGURE 3.4: SHARE OF ECONOMIC OUTPUT BY INDUSTRY IN GLOUCESTERSHIRE AND COMPARATOR AREAS IN 2011



Source: Office for National Statistics.

LOWER-THAN-AVERAGE GVA GROWTH IN PROPERTY-RELATED SECTORS HAS CONTRIBUTED TO LOWER-THAN-AVERAGE TOTAL GVA GROWTH IN GLOUCESTERSHIRE

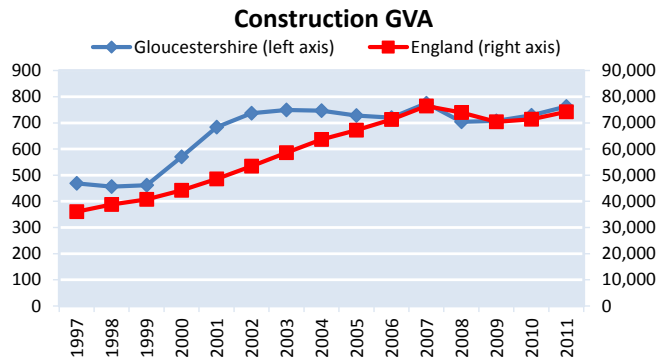
Between 1997 and 2011, growth in property-related sectors – Construction and Real Estate Activities – was much lower than the national average: GVA in Gloucestershire’s construction sector grew by 62.7 per cent compared to England average growth of 105.9 per cent, while growth in the real estate sector grew by just

48.6 per cent compared to England average growth of 150.3 per cent. (Figure 3.7).

REAL ESTATE GVA WAS VERY BADLY AFFECTED BY THE RECESSION

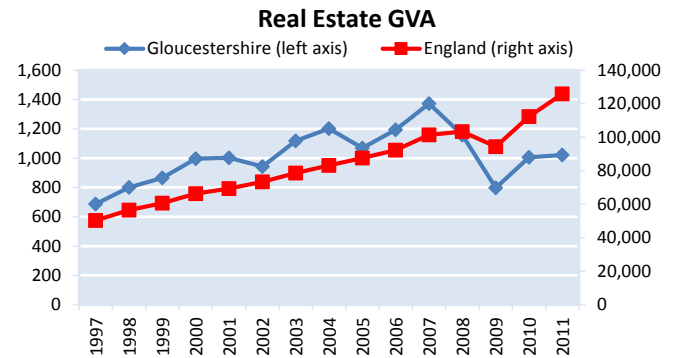
Real estate GVA was very badly affected by the recession, with output dropping by a third in just two years. In 2011, real estate GVA remained below pre-recession levels (Figure 3.6). Before the recession, growth in the sector had been similar to average. Construction sector GVA began to slow much earlier (Figure 3.5) – from 2003 – although it has picked up over the past two years.

FIGURE 3.5: CONSTRUCTION INDUSTRY GVA 1997 TO 2011



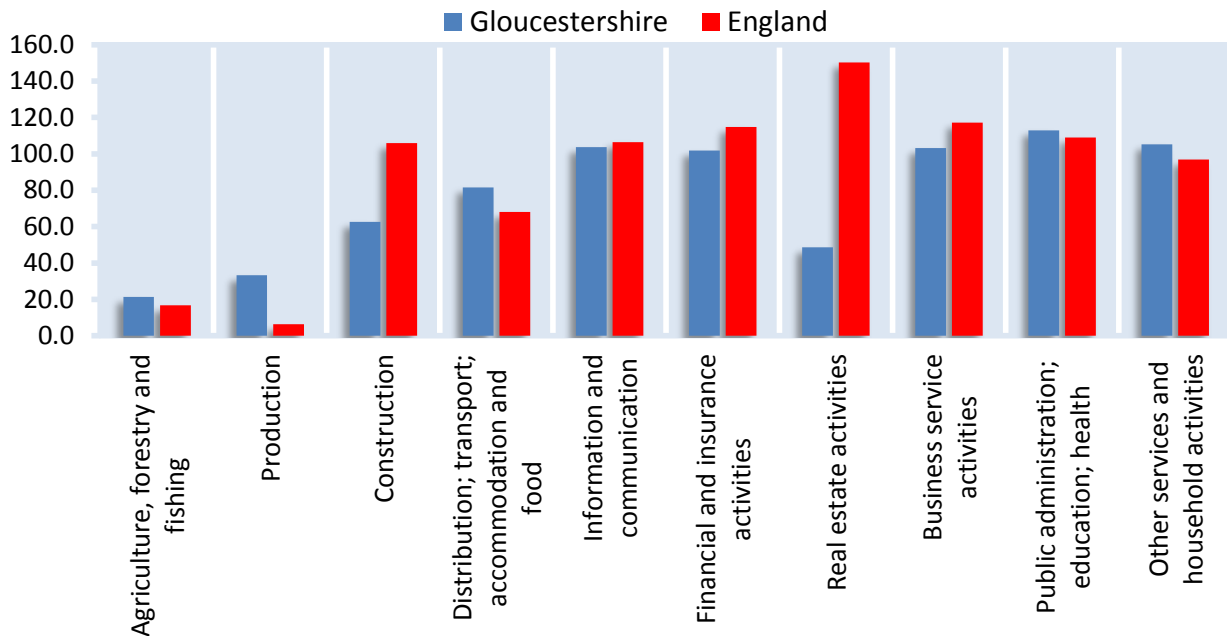
Source: Office for National Statistics

FIGURE 3.6: REAL ESTATE INDUSTRY GVA 1997 TO 2011



Source: Office for National Statistics.

FIGURE 3.7: TOTAL GVA GROWTH BY SECTOR 1997 TO 2011



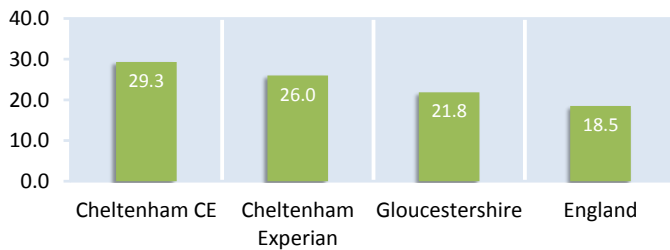
Source: Office for National Statistics.

ECONOMIC OUTPUT BY INDUSTRY IN CHELTENHAM

THE PUBLIC SECTOR IS AN IMPORTANT CONTRIBUTOR TO ECONOMIC OUTPUT IN CHELTENHAM

GVA data provided by Cambridge Econometrics and Experian show that **Public Administration, Education and Health is the largest sector** in terms of its contribution to Cheltenham's economic output. In 2011, Cambridge Econometrics and Experian estimated that this sector contributed 29.3 per cent and 26.0 per cent respectively to overall GVA in the district (**Figure 3.8**).

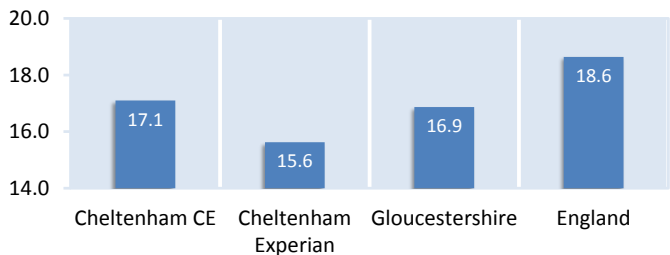
FIGURE 3.8: SHARE OF ECONOMIC OUTPUT GENERATED BY PUBLIC ADMINISTRATION, EDUCATION AND HEALTH IN 2011



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

This was followed by **Distribution/ Transport/ Accommodation/ Food** (17.1 per cent and 15.6 per cent of total GVA – see **Figure 3.9**) and **Business Services** (14.2 per cent and 15.5 per cent respectively – see **Figure 3.10**). The Business Services sector was a larger contributor to total GVA in Cheltenham than county-wide and nationally.

FIGURE 3.9: SHARE OF ECONOMIC OUTPUT GENERATED BY DISTRIBUTION/ TRANSPORT/ ACCOMMODATION/ FOOD IN 2011



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

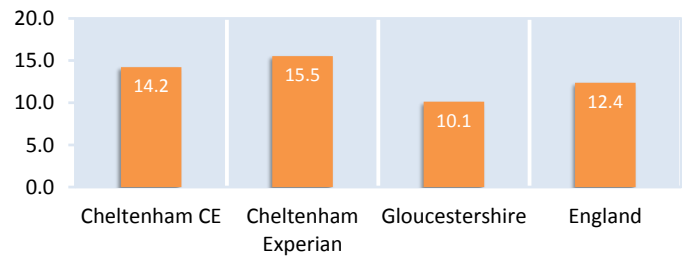
BUSINESS SERVICES HAS BEEN THE FASTEST GROWING SECTOR IN CHELTENHAM

Between 1997 and 2011, Cambridge Econometrics and Experian estimate that the Business Services sector in Cheltenham grew by between £157 million and £164 million (in constant prices) – more than any other sector.

In terms of growth rates, the Agriculture sector grew fastest, by between 9.3 per cent and 10.9 per cent per annum, although this sector is very small in terms of total GVA. This was followed by growth in the Business Services

sector – by between 4.1 per cent and 4.6 per cent per annum – faster than across Gloucestershire and England (2.9 and 3.4 per cent per annum). Growth was also stronger than average in the Information and Communication sector.

FIGURE 3.10: SHARE OF ECONOMIC OUTPUT GENERATED BY BUSINESS SERVICES IN 2011

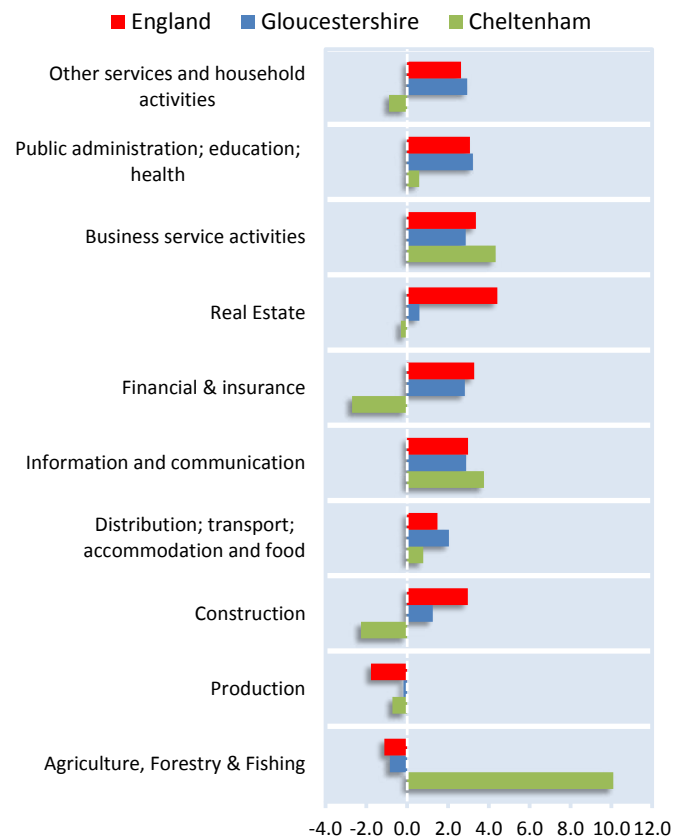


Source: Cambridge Econometrics, Experian, Office for National Statistics.

FIVE SECTORS HAVE DECLINED IN CHELTENHAM

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 3.11**).

FIGURE 3.11: AVERAGE ANNUAL CHANGE IN ECONOMIC OUTPUT BY INDUSTRY BETWEEN 1997 AND 2011



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

THE PUBLIC AND BUSINESS SERVICES SECTORS IN CHELTENHAM ARE EXPECTED TO GROW THE MOST IN TERMS OF TOTAL GVA OVER THE NEXT 20 YEARS

Between 1997 and 2011, Cambridge Econometrics and Experian both estimated that the Public Administration/Education/Health and Business Services sectors grew the most in terms of total GVA (£247-£341 million and £202-257 million respectively in constant prices), as illustrated in Figure 3.12.

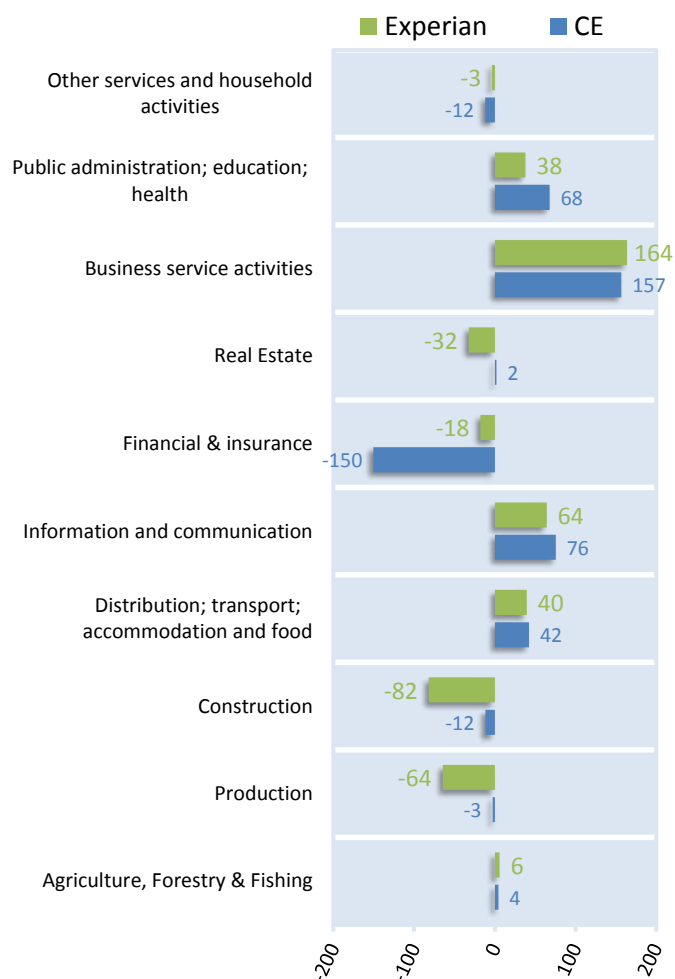
In terms of growth rates, Cambridge Econometrics predicts that the Real Estate sector will be the fastest growing sector in Cheltenham between 2011 and 2031 (7.5 per cent growth in GVA per annum). Experian predicts that Information and Communication, Business Services and Real Estate will be the fastest growing sectors between 2011 and 2031 (2.4-2.7 per cent per annum growth in GVA). Cambridge Econometrics also expects acceleration in Finance & Insurance growth while Experian predicts acceleration in Construction GVA growth.

Cambridge Econometrics expects that the Agriculture sector will begin to decline while Experian expects a significant slowdown in the sector. Both companies also predict a slowdown in GVA growth in Business Services and Information & Communication, compared to growth between 1997 and 2011.

In sum, future growth sectors where there is some degree of consensus between forecasters include:

- Distribution, transport and communications
- ICT
- Finance and insurance
- Real estate
- Business services
- Public administration and defence

FIGURE 3.12: ECONOMIC GROWTH BY INDUSTRY FROM 1997 TO 2011 IN £ MILLIONS (CONSTANT PRICES)



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

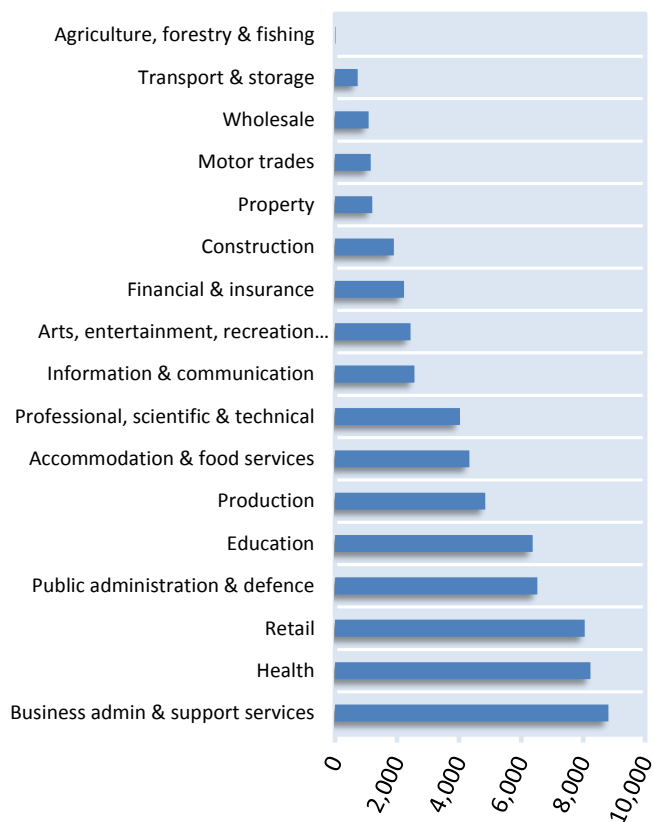
JOBS AND EMPLOYMENT BY INDUSTRY

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

In 2013, the largest employment sectors in Cheltenham were Business Administration & Support Services (8,800 employees, or 13.7 per cent of all employees), Health (8,200 employees, 12.8 per cent) and Retail (8,100 employees, 12.5 per cent), as detailed in **Figure 3.13**. These sectors in Cheltenham are significant to the County-wide economy: employment in the Public Administration & Defence, Business Administration & Support Services and Retail sectors in Cheltenham make up 48 per cent, 44 per cent and 29 per cent of all employment in these sectors in Gloucestershire.

Within Business Administration & Support Services, the largest employment sub-sectors in Cheltenham were Other Business Support Service Activities (2,600 employees) and General Cleaning of Buildings (2,100 employees).

FIGURE 3.13: TOTAL EMPLOYMENT IN EACH INDUSTRY / SECTOR IN CHELTENHAM



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

Within Health, the largest employment sub-sector was Hospital Activities (4,300 employees).

Within Retail, the largest employment sub-sectors were Retail Sale in Non-Specialised Stores with Food, Beverages

or Tobacco Predominating (2,700 employees) and Retail Sale of Clothing in Specialised Stores (1,600 employees).

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

Across Gloucestershire, the largest employment sectors in 2013 were Production (15.5 per cent of all employees), Health (13.8 per cent) and Retail (10.2 per cent). Within Production, the largest employment sub-sectors were Manufacture of Instruments and Appliances for Measuring, Testing and Navigation (5,100 employees), Manufacture of Air and Spacecraft and Related Machinery (2,400) and Machining (2,000).

Within Health, the largest employment sub-sector was Hospital Activities (14,100). Within Retail, the largest employment sub-sector was Retail Sale in Non-Specialised Stores with Food, Beverages or Tobacco predominating (11,000 employees).

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

- Production in Stroud (27.0 per cent), Tewkesbury (25.8 per cent), Forest of Dean (19.5 per cent) and Gloucester (11.2 per cent)
- Retail in Cheltenham (12.5 per cent), Gloucester (11.3 per cent) and Cotswold (11.0 per cent)
- Accommodation & Food Services in Cotswold (11.8 per cent)
- Business Administration & Support Services in Cheltenham (13.7 per cent)
- Public Administration & Defence in Cheltenham (10.1 per cent)
- Education in Forest of Dean (14.7 per cent) and Cotswold (11.3 per cent)
- Health in Gloucester (22.6 per cent), Forest of Dean (14.2 per cent), Cheltenham (12.8 per cent) and Stroud (11.4 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 (8.7 per cent) and Hospital Activities (6.6 per cent)
- Forest of Dean: Primary Education (5.8 per cent)
- Gloucester: Hospital Activities (10.7 per cent)
- Stroud: Manufacture of Instruments and Appliances for Measuring, Testing and Navigation (6.0 per cent) and Primary Education (5.2 per cent)
- Tewkesbury: Manufacture of Instruments and Appliances for Measuring, Testing and Navigation (5.8 per cent)

INDUSTRIAL SPECIALISMS

CHELTENHAM HAS A VERY HIGH CONCENTRATION OF EMPLOYMENT IN DEFENCE

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.

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 (**Figure 3.14**). 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.

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), as detailed in **Figure 3.15**.

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).

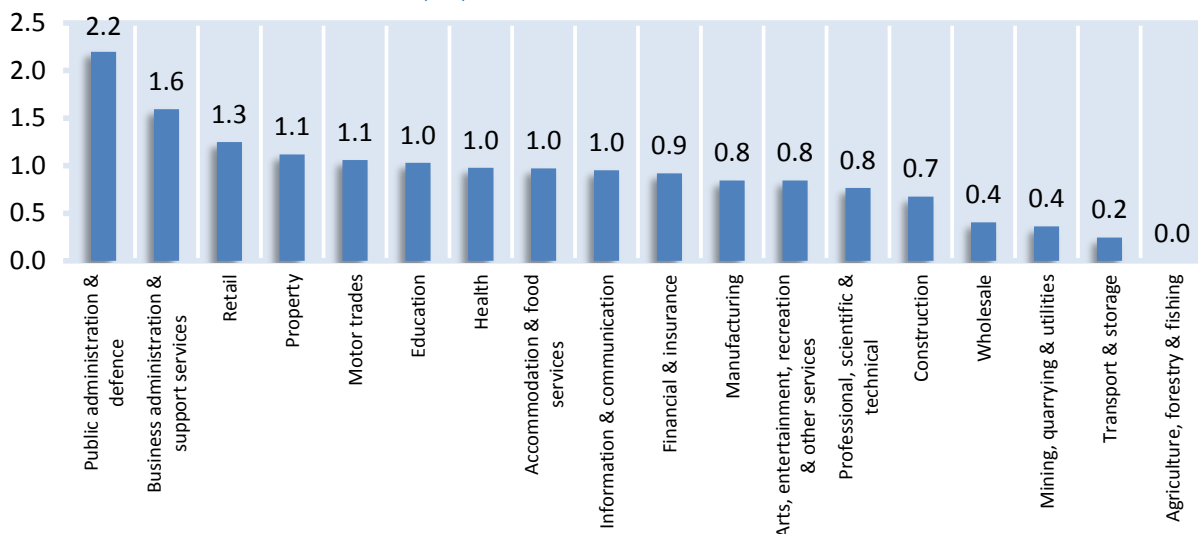
GLOUCESTERSHIRE HAS A HIGH CONCENTRATION OF EMPLOYMENT IN MANUFACTURING

Across Gloucestershire, employment shares across many industries are similar to the national average. At broad industry level, the highest concentration of employment is found in Manufacturing. With an LQ of 1.7, employment is almost twice as concentrated as nationally. Within the county, the highest concentrations of manufacturing employment are found in Tewkesbury (3.0), Stroud (2.9) and Forest of Dean (2.2).

More detailed analysis of industry LQs shows the highest employment concentrations in Gloucestershire:

- **Manufacture of machinery for metallurgy** (17.5) – driven by the high concentration in Cheltenham
- **Trade of electricity** (15.5) – boosted by the high concentration in Stroud
- **Manufacture of other taps and valves** (14.3) – with high concentrations in Cheltenham and Stroud
- **Treatment and disposal of hazardous waste** (11.7) – driven by the high concentrations in Stroud
- **Manufacture of ice cream** (11.4) – boosted by the high concentration in Gloucester
- **Defence activities** (10.9) – with a high concentration in Cheltenham

FIGURE 3.14: LOCATION QUOTIENTS (LQ) FOR EMPLOYMENT BY SECTOR CHELTENHAM.



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

FIGURE 3.15: DETAILED INDUSTRY CLASSIFICATIONS WHERE CHELTENHAM HAS A SIGNIFICANT SPECIALISM

| Industry (4-digit standard industrial classification) | Location Quotient (compared to England) | employees |
|--------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|
| 2891 : Manufacture of machinery for metallurgy | 71.90 | 100 |
| 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.

EMPLOYMENT TRENDS BY INDUSTRY IN CHELTENHAM

EMPLOYMENT IN DEFENCE, BUSINESS SUPPORT ACTIVITIES AND SERVICES TO BUILDINGS HAS INCREASED SIGNIFICANTLY IN CHELTENHAM AND GROWTH IS LINKED TO CHELTENHAM'S SECTOR SPECIALISMS.

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).

As illustrated in **Figure 3.16**, 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. However, some of these growth assumptions may be inaccurate and due to the inadequacies of the dataset (Business Register and Employment Survey) which estimate that there were only 20 employees in defence activities in 2009. It may well be the case the employees in large facilities such as GCHQ were (perhaps mistakenly) ascribed to another region in terms of their location.

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.

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.

Growing sectors with no particular existing strengths in Cheltenham were:

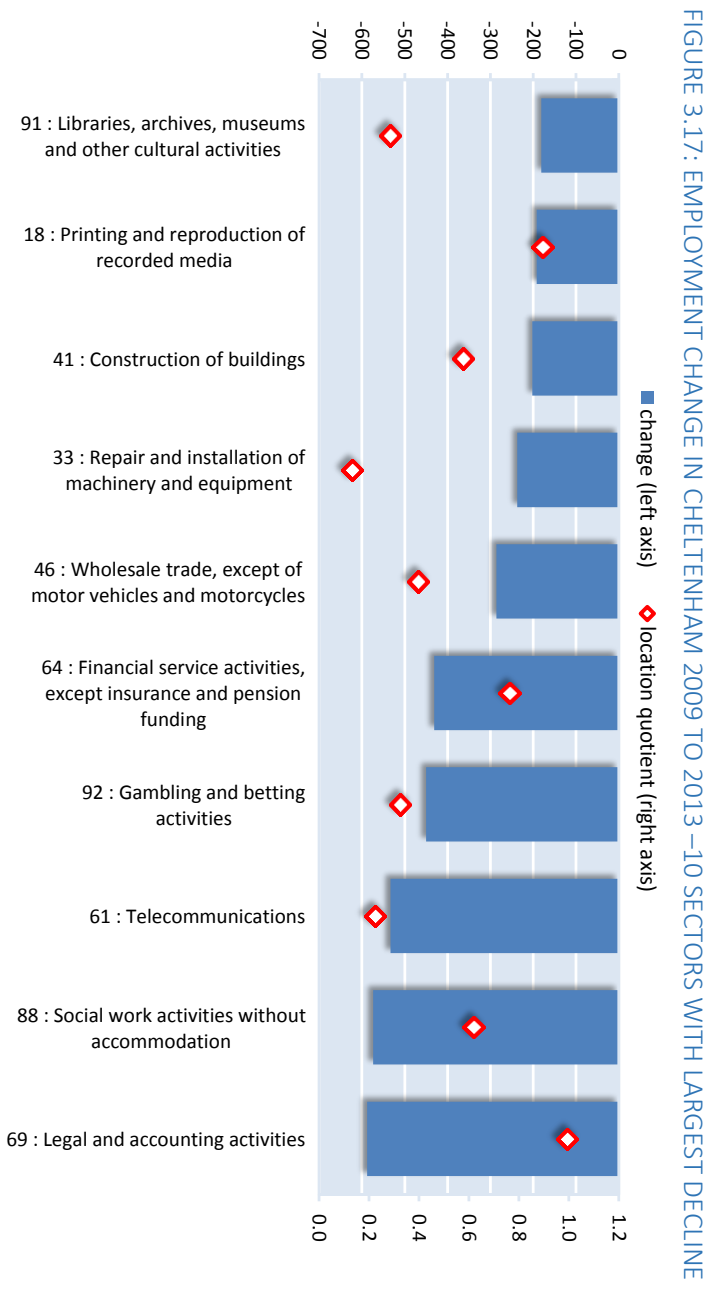
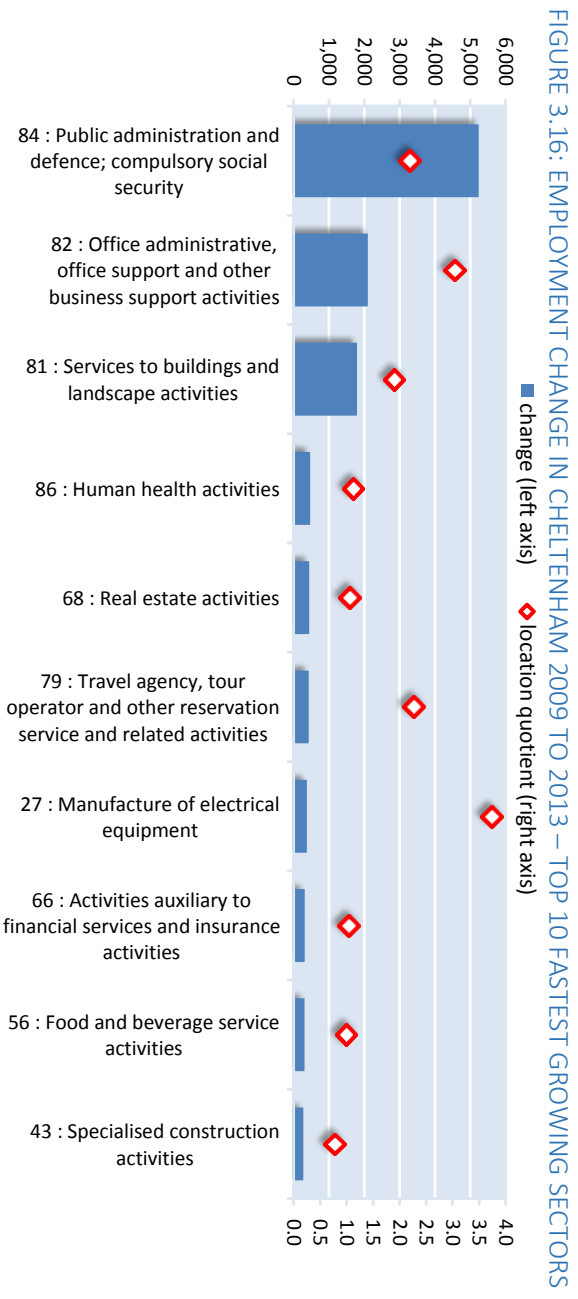
- Human Health Activities (boosted by Hospital employment)
- Real Estate Activities (boosted by Real Estate Agencies and Management of Real Estate on a Fee or Contract Basis employment)
- Activities Auxiliary to Financial Services & Insurance Activities (boosted by Activities of Insurance Agents & Brokers and Other Activities Auxiliary to Insurance & Pension Funding employment)
- Food and Beverage Service Activities (boosted by Restaurants and Mobile Food Services employment)
- Specialised Construction Activities (boosted by Plumbing, Heat and Air-Conditioning Installation employment)
- All experienced growth of between 300 and 500 employees.

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

The ten sectors with the largest falls in employment between 2009 and 2013 were all sectors with no particular specialisms in Cheltenham, as detailed in **Figure 3.17**. All had LQs of 1.0 or below, i.e. with employment being less concentrated in the district than nationally.

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.



EMPLOYMENT TRENDS BY INDUSTRY IN GLOUCESTERSHIRE

EMPLOYMENT HAS GROWN STRONGLY IN THE MANUFACTURE OF INSTRUMENTS AND APPLIANCES FOR MEASURING, TESTING AND NAVIGATION AND THE MANUFACTURE OF ELECTRIC DOMESTIC APPLIANCES, WHICH ARE STRONG SPECIALISMS FOR GLOUCESTERSHIRE

Most of the fastest growing sectors in Gloucestershire are sectors with no particular specialisms in the county, i.e. LQs of between 0.8 and 1.3, as indicated in Figure 3.18. The only fast growing sectors with high concentrations of employment in the county were:

- Manufacture of Computer, Electronic and Optical Products. Employment grew by 2,700 between 2009 and 2013 and was boosted by employment growth in Manufacture of Instruments and Appliances for Measuring, Testing and Navigation (+2,000). Employment growth in this sector accounted for almost a third (29 per cent) of all growth in this sector across England.
- Manufacture of Electrical Equipment. Employment grew by 800 between 2009 and 2013 and was boosted by employment growth in the Manufacture of Electric Domestic Appliances (+400) with this growth being concentrated in Cheltenham, as above.

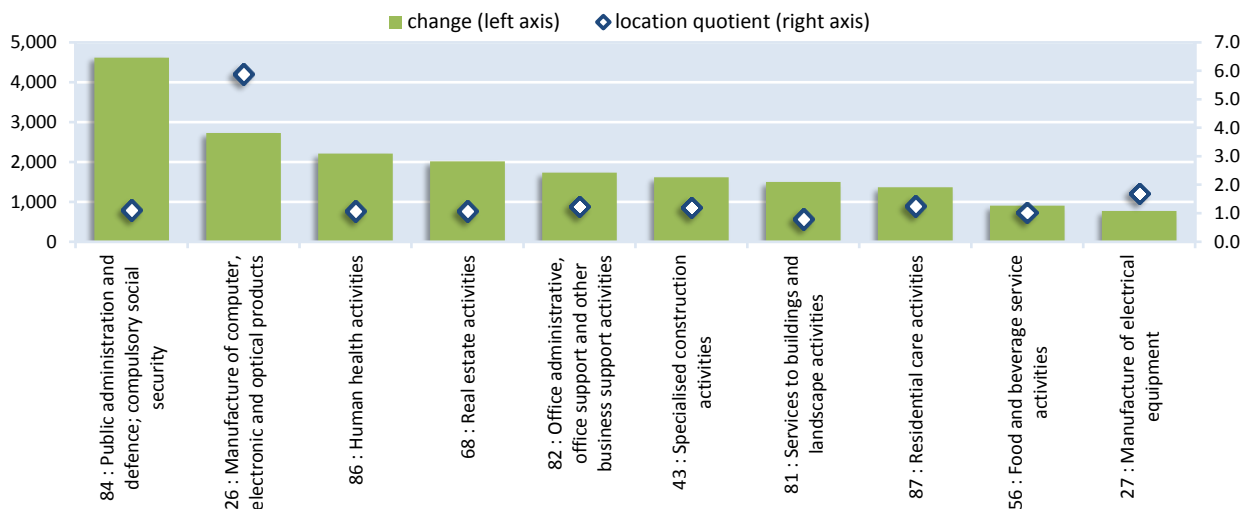
Employment growth in some of the fastest-growing sectors county-wide was driven by employment growth in Cheltenham's specialist sectors:

- Public Administration & Defence (boosted almost entirely by Defence employment growth in Cheltenham)
- Office Administrative, Office Support & Other Business Support Activities (boosted almost entirely by employment growth in Other Business Support Service Activities in Cheltenham)
- Services to Buildings and Landscape Activities (boosted almost entirely by employment growth in General Cleaning of Buildings in Cheltenham)

Other fast-growing sectors with no particular existing strengths in Gloucestershire were:

- Human Health Activities, with employment growth across the sector
- Real Estate Activities, again with employment growth across the sector
- Specialised Construction Activities (boosted by employment growth in Plumbing, Heat & Air-Conditioning Installation and Electrical Installation)
- Residential Care Activities, with employment growth across the sector
- Food & Beverage Services, with employment growth across the sector

FIGURE 3.18: EMPLOYMENT CHANGE IN GLOUCESTERSHIRE 2009 TO 2013 – TOP 10 FASTEST GROWING SECTORS



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

EMPLOYMENT IN EDUCATION, WHOLESALE TRADE AND LAND TRANSPORT HAS DECLINED SHARPLY IN GLOUCESTERSHIRE

Like Cheltenham, the ten sectors with the largest falls in employment between 2009 and 2013 were all sectors with no particular specialisms in Gloucestershire (i.e. with LQs of 1.0 or below) as presented in **Figure 3.19**. The sectors with the largest falls in employment were Education (-3,400), Wholesale Trade (-2,500), and Land Transport & Transport via Pipelines (-2,100).

IN SIX SECTORS, FALLING EMPLOYMENT MIRRORED NATIONAL TRENDS:

- Within Land Transport, employment fell across the sector, mirroring national trends, and particularly for Freight Transport by Road (-1,300).
- Like national trends, the fall in Financial Services employment was driven by Other Monetary Intermediation (-1,200).
- The fall in Telecommunications employment was driven by Other Telecommunications Activities (-800), mirroring national trends.
- Retail Trade employment fell in Gloucestershire and England. Retail employment in Gloucestershire fell most among Other Retail Sale of New Goods in Specialised Stores (-800) followed by various stores selling household goods.
- Civil Engineering employment also fell county-wide and nationally. In Gloucestershire, employment fell most among Construction of Other Civil Engineering Projects (-1,000).

- The fall in employment related to Printing and Reproduction of Recorded Media also mirrored national trends and was driven by a fall in Other Printing employment (i.e. not newspapers) (-600).

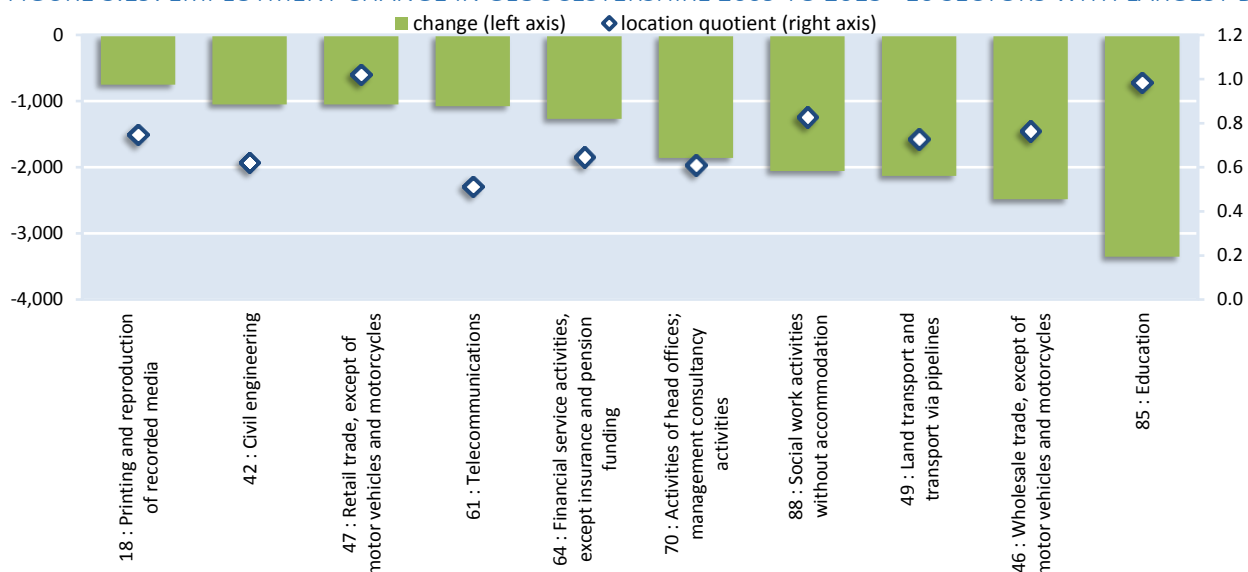
IN FOUR SECTORS, EMPLOYMENT FELL AGAINST NATIONAL EMPLOYMENT GROWTH:

- Within Education, the fall in employment was driven by Primary Education (-5,100, against a national trend of growth in this sector).
- Wholesale Trade employment also fell against growth across England. Within the sector, employment fell most within Non-Specialised Wholesale Trade (-1,000).
- Within Social Work Activities without Accommodation, the fall in employment was driven by Other Social Work Activities (i.e. not for the elderly and disabled) (-2,500).
- Within Activities of Head Offices & Management Consultancy Activities, employment fell sharply in Business and Other Management Consultancy Activities (-2,200) against national growth.

EMPLOYMENT ALSO FELL IN TWO SECTORS WITH HIGH EMPLOYMENT CONCENTRATIONS IN GLOUCESTERSHIRE

Between 2009 and 2013, employment in Other Manufacturing – where employment is 2.6 times more concentrated in Gloucestershire than nationally – fell by 200. Employment in the Manufacture of Beverages – where employment is 2.3 times more concentrated than nationally – also fell by 100. In both sectors, employment also declined nationally.

FIGURE 3.19: EMPLOYMENT CHANGE IN GLOUCESTERSHIRE 2009 TO 2013 – 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 in Health employment between 2011 and 2031 (+3,700), followed by an increase in Business Administration & Support Services and Professional, Scientific & Technical employment (Figure 3.20). Production employment is expected to decline by 1,000 while Public Administration & Defence employment is forecast to fall by 600.

In some instances, however, forecasts produced by these three companies do vary quite significantly. In terms of Health, all three expect an increase in employment, but this ranges from +600 to +7,000. In terms of Public

Administration & Defence, Cambridge Econometrics and Oxford Economics expect a decline in employment (+700 and +1,500) while Experian forecasts an increase (+400).

The same picture is true for Gloucester. Health employment is forecast to increase significantly between 2011 and 2031, by 4,800, while Production and Public Administration & Defence employment is forecast to fall (-1,300 and -1,200). Unlike Cheltenham, these forecasts are largely consistent across the three companies, although with some variation in the extent of the increase in Health employment (1,700-8,100).

Likewise, Health employment is expected to increase in Tewkesbury (+1,400) while Production employment is forecast to decline (-1,100). Public Administration & Defence employment is forecast to increase slightly (+100) although this average figure is boosted the Experian forecast (+800) while Cambridge Econometrics and Oxford Economics predict a decline (-300 and -100).

FIGURE 3.20: 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: Cambridge Econometrics, Oxford Economics and Experian forecasts commissioned in 2014 for JCS.

BUSINESS UNITS BY SECTOR/INDUSTRY

THE MOST SIGNIFICANT SECTORS IN CHELTENHAM WITH HIGH NUMBERS OF BUSINESS UNITS AND EMPLOYEES ARE PROFESSIONAL, SCIENTIFIC & TECHNICAL, RETAIL, BUSINESS ADMINISTRATION & SUPPORT SERVICES, HEALTH AND ACCOMMODATION & FOOD SERVICES.

In 2014, there were 5,735 business units in Cheltenham.

The Professional, Scientific & Technical sector had by far the highest number of business units, at 1,090 (**Figure 3.21**) – almost one fifth (19 per cent) of all business units in Cheltenham. This was followed by Retail (695, 12 per cent) and Information & Communication (570, 10 per cent). The chart in **Figure 3.22** plots the number of business units by sector against the number of employees.

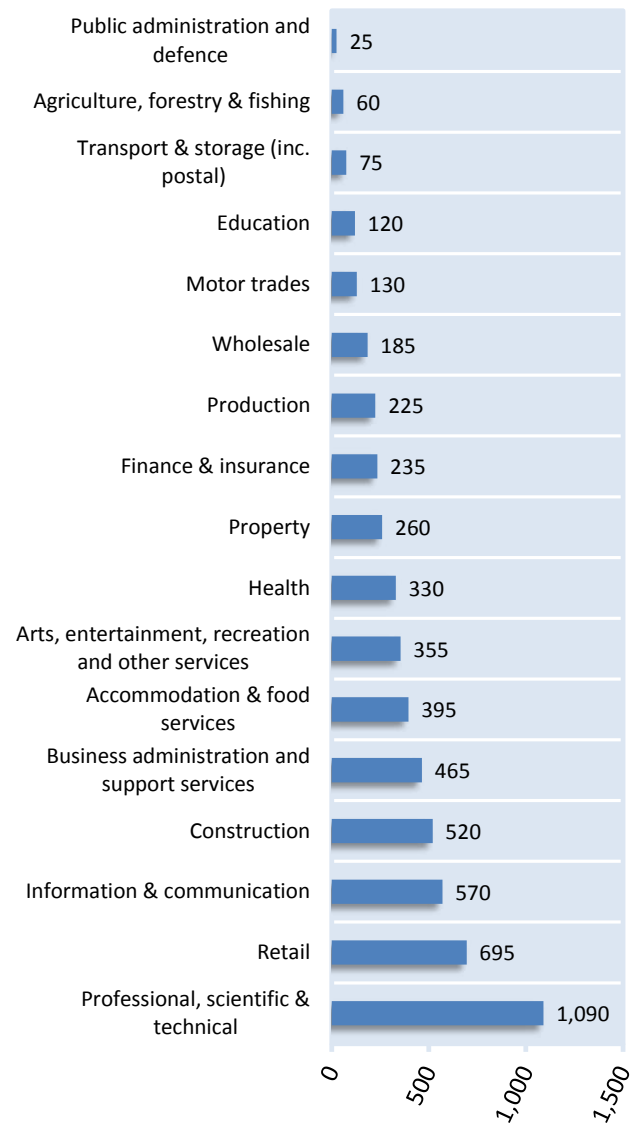
Above average levels of business units and employees: It shows that five sectors have above average levels of business units and employees: Professional, Scientific & Technical, Retail, Business Administration & Support Services, Health, and Accommodation & Food Services.

Above average levels of business units but below average levels of employees: Three sectors have above average levels of business units but below average levels of employees, signifying a high proportion of small to medium sized business units in Cheltenham: Information & Communication, Construction, and Arts, Entertainment, Recreation & Other Services.

Below average levels of business units but above average levels of employees: Three sectors have below average levels of business units but above average levels of employees, signifying a high proportion of large business units in Cheltenham: Production, Education and Public Administration & Defence. The significance of this is that this signals some reliance on a small number of employers for jobs in these sectors.

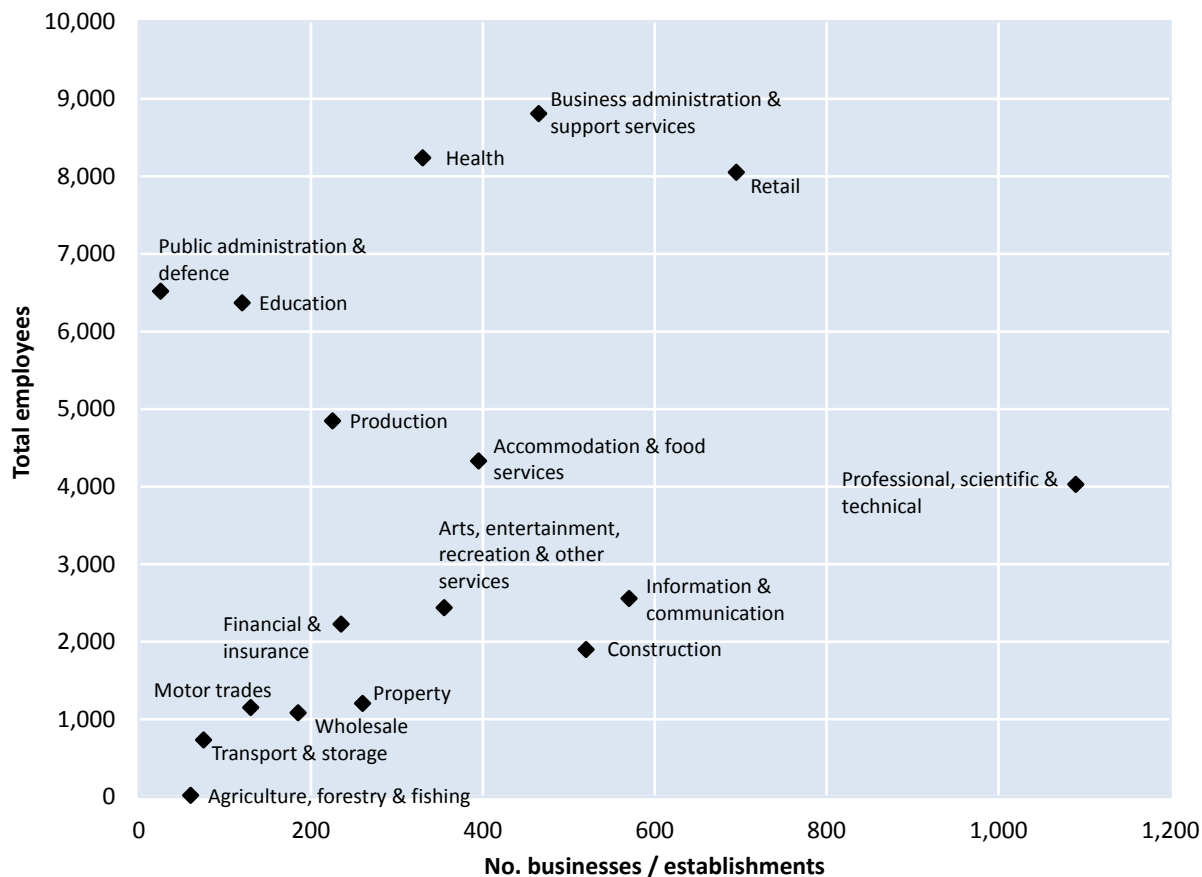
Below average levels of business units and below average levels of employees: Six sectors have below average levels of business units and below average levels of employees: Property, Finance & Insurance, Wholesale, Motor Trades, Transport & Storage, and Agriculture, Forestry & Fishing.

FIGURE 3.21: NUMBER OF BUSINESSES IN CHELTENHAM BY SECTOR



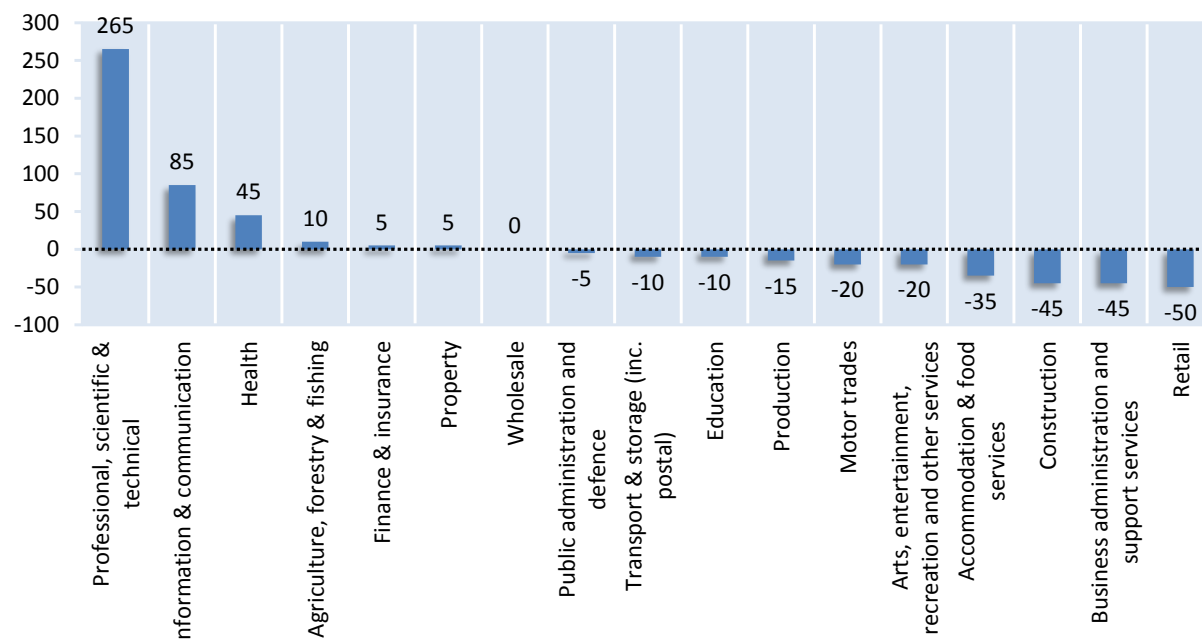
Source: Business Counts, Office for National Statistics

FIGURE 3.22: TOTAL BUSINESS UNITS AND EMPLOYEES IN EACH SECTOR IN CHELTENHAM



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

FIGURE 3.23: CHANGE IN TOTAL BUSINESS/ESTABLISHMENTS BY SECTOR BETWEEN 2009 AND 2014



Source: Business Counts, Office for National Statistics.

THE BIGGEST CHANGE IN THE NUMBER OF BUSINESS UNITS BETWEEN 2009 AND 2014 WAS A LARGE INCREASE IN PROFESSIONAL, SCIENTIFIC AND TECHNICAL UNITS

Between 2009 and 2014, the total number of business units in Cheltenham increased by 160, as detailed in **Figure 3.23** on the previous page. During this five-year period, there was a large increase in the number of Professional, Scientific & Technical business units in Cheltenham (+265). There was also a significant rise in the numbers of Information & Communication units (+85) and Health units (+45). This was also a national trend.

There was a fall in the number of business units across many sectors, most notably Retail (-50), Business Administration & Support Services (-45), and Construction (-45). Business units also fell nationally in these sectors.

While the number of Professional, Scientific & Technical business units increased significantly in Cheltenham between 2009 and 2014, there was a decline in the number of employees in this period (-150 between 2009 and 2013). This must mean that a number of existing companies reduced their workforces or, more likely, new (and hence very small) businesses were set up by self-employed people not registered for VAT/PAYE. The same trend occurred within the Information and Communication sector.

The opposite occurred within the Public Administration & Defence and Business Administration & Support Services sectors: a large increase in employees alongside a fall in the number of business units. This means that existing companies/agencies must have taken on a large number of new employees.

THE AVERAGE SIZE OF BUSINESSES IN CHELTENHAM IS SLIGHTLY BIGGER THAN ACROSS GLOUCESTERSHIRE

In 2014, there were 30,310 business units in Gloucestershire. Hence, Cheltenham is home to 19 per cent of all business units in Gloucestershire, compared to 24 per cent of all Gloucestershire employees. This means that the average size of businesses in Cheltenham is slightly bigger than across Gloucestershire.

Like Cheltenham, the highest number of business units was found in the Professional, Scientific & Technical

sector (4,820, or 16 per cent of all business units). This was followed by Construction (3,120, or 10 per cent) and Retail (2,970, or 10 per cent).

CHELTENHAM IS A SIGNIFICANT CENTRE FOR FINANCIAL & INSURANCE BUSINESSES IN GLOUCESTERSHIRE

In 2014, 35 per cent of all Gloucestershire's Finance & Insurance business units were located in Cheltenham, followed by 27 per cent of all Information & Communication business units and 25 per cent of all Property units. In contrast, Cheltenham was home to just 3 per cent of all Gloucestershire's Agriculture units and 9 per cent of all Transport & Storage units.

CHELTENHAM HAS HIGHER-THAN-AVERAGE SHARES OF BUSINESSES IN THE PROFESSIONAL, SCIENTIFIC & TECHNICAL SECTOR, INFORMATION & COMMUNICATION, AND RETAIL

Looking at shares of all business units by sector, Cheltenham had higher than average shares of business units in the Professional, Scientific & Technical sector (+3.1 percentage points), Information & Communication (+2.9 percentage points) and Retail (2.3 percentage points) compared to Gloucestershire.

Cheltenham also had lower shares of business units in Agriculture (-6.5 percentage points) and Production (-2.4 percentage points) than across Gloucestershire.

THE INCREASE IN BUSINESS UNITS IN CHELTENHAM ACCOUNTED FOR ONE THIRD OF THE INCREASE IN BUSINESS UNITS ACROSS GLOUCESTERSHIRE

Between 2009 and 2014, there was an increase of 520 business units in Gloucestershire, meaning that almost one third (31 per cent) of the increase in business units in Gloucestershire occurred in Cheltenham. Like Cheltenham, the biggest increase in business units was in the Professional, Scientific & Technical sector (+895), with Cheltenham accounting for almost one third (29 per cent) of this increase.

In the same period, there was a large decline in the number of Construction, Accommodation & Food Services, and Business Administration & Support Services business units in the county (-190, -180 and -150 respectively).

4. ENTERPRISE AND INNOVATION

ENTERPRISES AND ENTREPRENEURSHIP

CHELTENHAM HAS A STRONG AND GROWING BUSINESS BASE

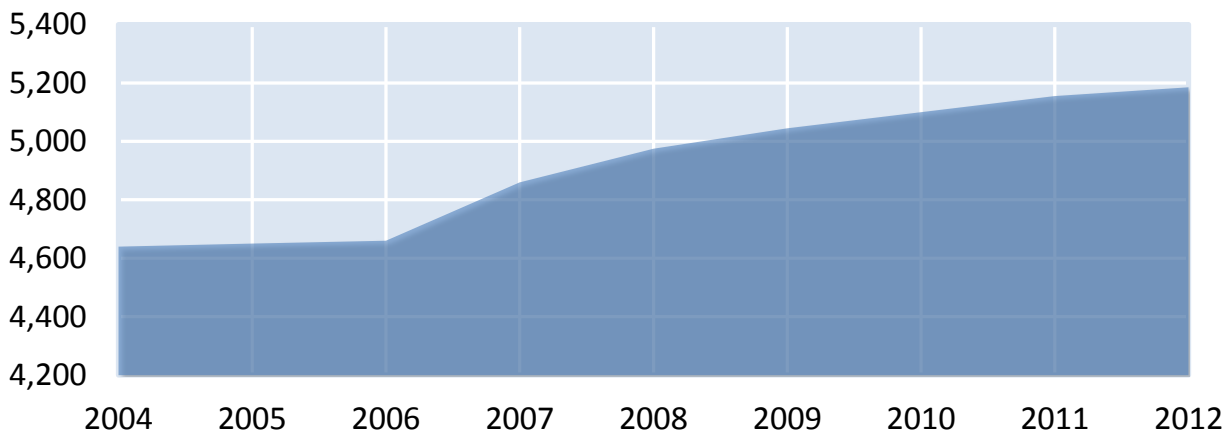
In 2012, there were 5,185 enterprises in Cheltenham – almost one fifth (19.6 per cent) of all enterprises in Gloucestershire.

The enterprise base in Cheltenham has grown strongly over the past eight years, as demonstrated in Figure 4.1. Between 2004 and 2012, the number of enterprises grew by 545 – equivalent to 68 per year, or 11.7 per cent growth over the eight year period. This was stronger than

growth across Gloucestershire (8.4 per cent) and England (9.8 per cent). Just four districts within Gloucestershire and Cheltenham’s comparator areas experienced stronger growth: Swindon (20.3 per cent), Bristol (17.2 per cent), Oxford (15.2 per cent) and Tewkesbury (13.9 per cent).

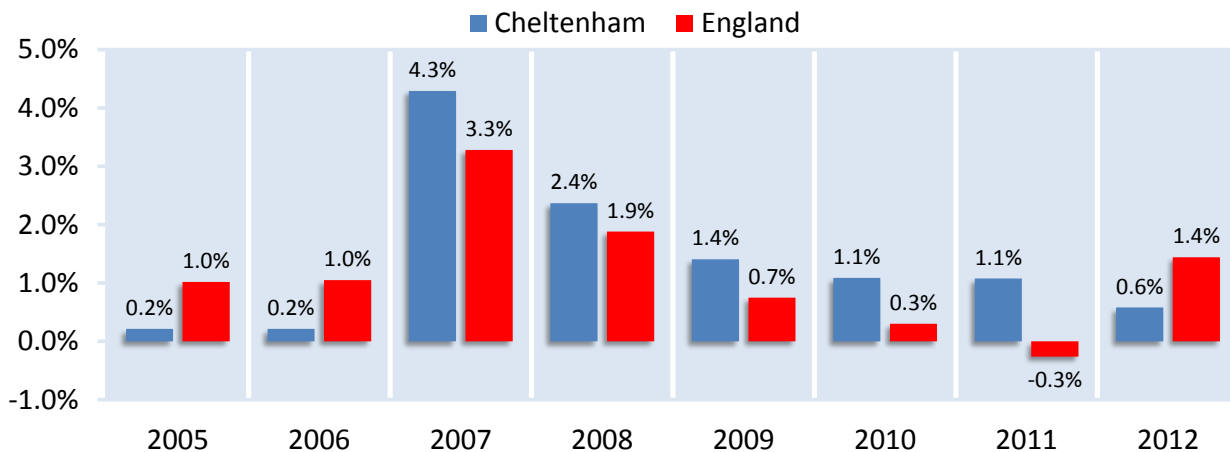
Looking at annual growth rates, growth in Cheltenham’s business base was strongest in 2007 (4.3 per cent) and has been on a downward trend since, possibly in line with the economic downturn (Figure 4.2). This was consistent with national trends with annual growth being stronger than across England between 2007 and 2011.

FIGURE 4.1: TOTAL ACTIVE ENTERPRISES IN CHELTENHAM 2004 TO 2012



Source: Business Demography 2012, Office for National Statistics.

FIGURE 4.2: PERCENTAGE CHANGE IN TOTAL ACTIVE ENTERPRISES 2004 TO 2012



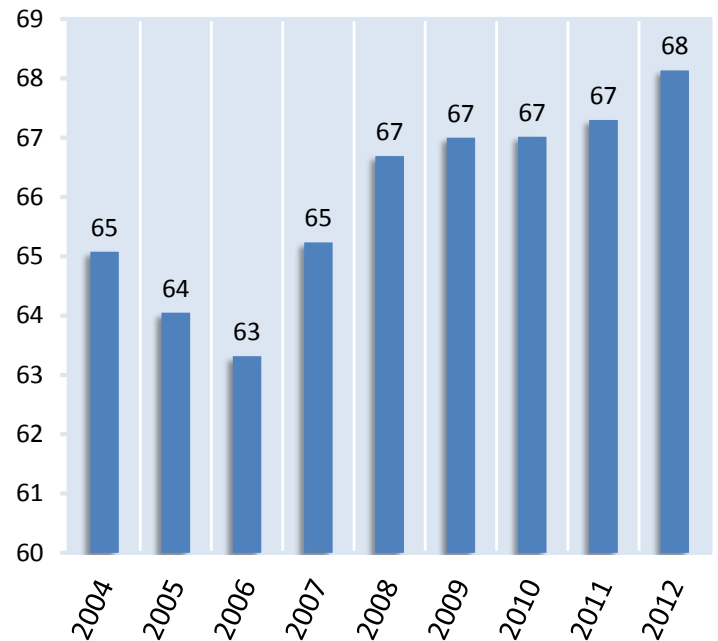
Source: Business Demography 2012, Office for National Statistics.

CHELTENHAM HAS A STRONG RATE OF ENTREPRENEURSHIP

In 2012, there were 68 enterprises per 1,000 working age people living in the Cheltenham. This was lower than across Gloucestershire (70) but much higher than the England average (60) and most comparator areas outside the county (Figure 4.3).

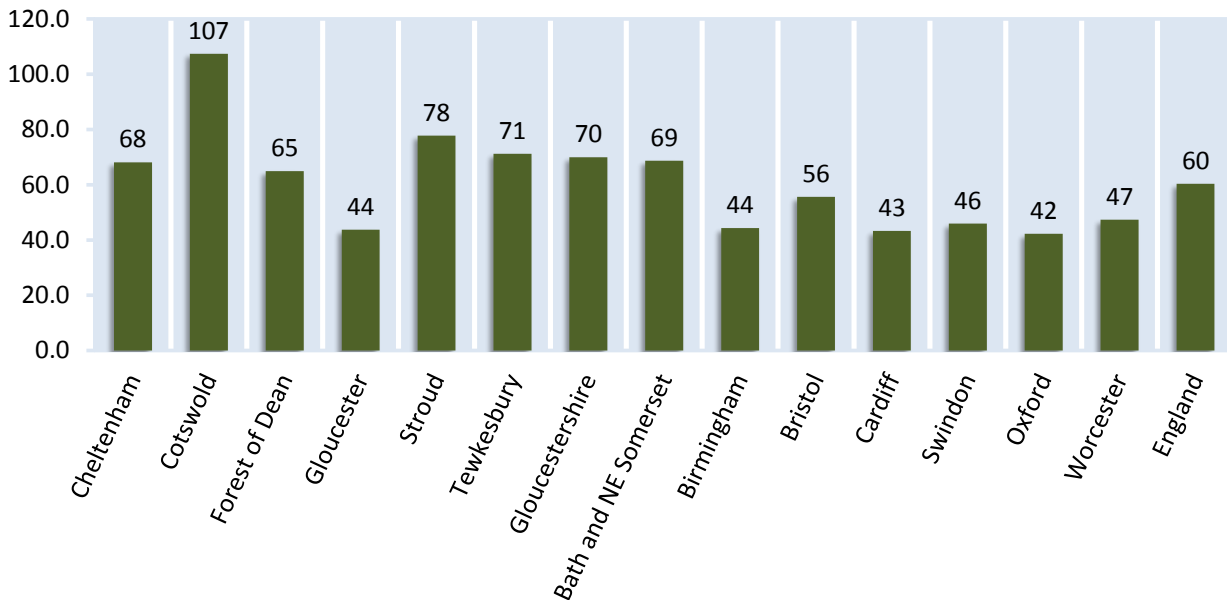
The number of enterprises has also grown at a faster rate than the working age population over the past eight years. In 2004, there were 65 enterprises per 1,000 working age people, growing to 68 by 2012 (Figure 4.4).

FIGURE 4.4: NUMBER OF ENTERPRISES PER 1,000 WORKING-AGE RESIDENTS IN CHELTENHAM 2004 TO 2012



Source: Business Demography 2012 and Mid-year Population Estimates, Office for National Statistics.

FIGURE 4.3: ENTERPRISES PER 1,000 WORKING-AGE RESIDENTS IN 2012



Source: Business Demography 2012 and Mid-year Population Estimates, Office for National Statistics.

WITH AVERAGE LEVELS OF BUSINESS START-UP RATES IN THE DISTRICT, STRONGER GROWTH IN CHELTENHAM'S BUSINESS BASE HAS BEEN DUE TO STRONGER BUSINESS SURVIVAL RATES

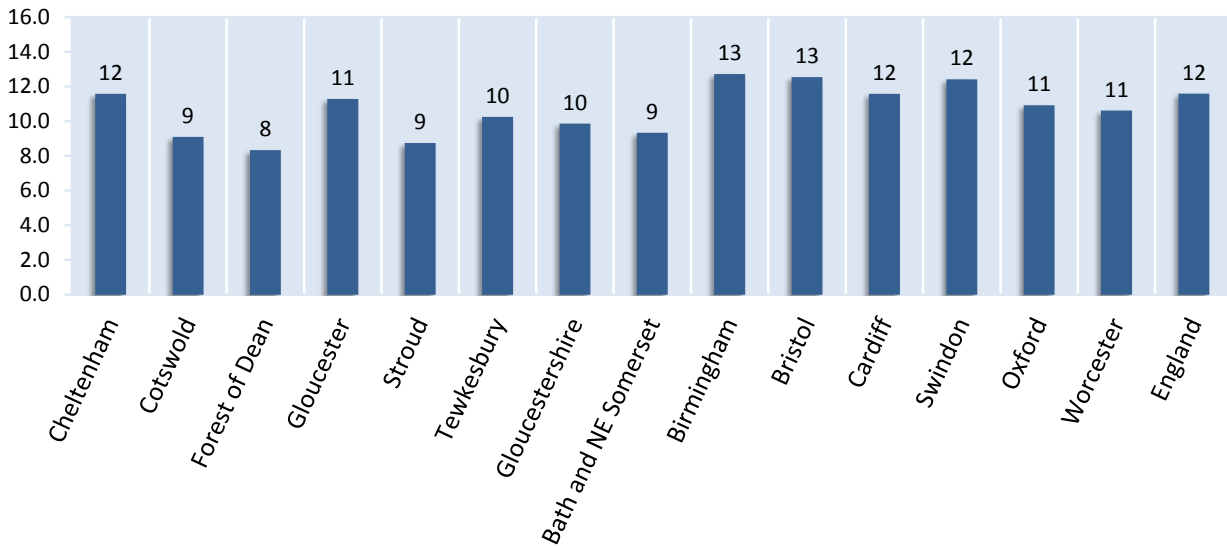
In 2012, 12 new businesses per 100 active enterprises started in Cheltenham as detailed in **Figure 4.5**. This was the same rate as across England, as has been the case for the past four years. Start up rates across Gloucestershire were lower than average in 2012 (10 per 100 active enterprises). This has also been a long-term trend. Cheltenham's average business start-up rate has therefore not driven the stronger-than-average business growth in the district.

Rather, strong business growth has been driven by stronger-than-average business survival rates. One-year

survival rates of new businesses in Cheltenham were higher than the England average between 2007 and 2010 (**Figure 4.6**) while two-year survival rates were higher than average between 2007 and 2009. However, in the recent year of data – 2011 for one-year survival rates and 2010 for two-year survival rates – survival has equalled the England average.

Business survival was badly affected by recession (as it was nationally) but has begun to recover. Between 2007 and 2010, the percentage of businesses surviving for one year fell from 97.5 per cent to 88.2 per cent. However, survival increased significantly in 2011, to 93.2 per cent. This trend also occurred nationally and across Gloucestershire and comparator areas.

FIGURE 4.5: BUSINESS START UP RATES (NUMBER OF NEW ENTERPRISES PER 100 ACTIVE ENTERPRISES) IN 2012



Source: Business Demography 2012, Office for National Statistics.

FIGURE 4.6: ONE- AND TWO- YEAR SURVIVAL RATES OF ENTERPRISES IN CHELTENHAM AND ENGLAND BY YEAR OF BUSINESS BIRTH



Source: Business Demography 2012, Office for National Statistics.

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

In 2011, 10.2 per cent of working age people living in Cheltenham were self-employed. This was slightly lower than the England average (10.5 per cent). In contrast, self-employment was higher than average across Gloucestershire (11.9 per cent), with higher-than-average rates in Cotswold (17.1 per cent), Stroud (14.1 per cent), Forest of Dean (13.5 per cent) and Tewkesbury (11.6 per cent).

Nonetheless, self-employment has grown in Cheltenham, from 8.8 per cent in 2001 to 10.2 per cent in 2011 (**Figure 4.7**). The mismatch between a higher-than-average enterprise rate and lower-than-average self-employment rate in Cheltenham could be explained by people living outside Cheltenham setting up businesses within the district.

THE PRESENCE OF FOREIGN-OWNED BUSINESSES IS LESS SIGNIFICANT IN CHELTENHAM AND GLOUCESTERSHIRE THAN NATIONALLY

In 2010, 1.0 per cent of all businesses in Cheltenham and 0.9 per cent of all businesses in Gloucestershire were known to be foreign-owned – slightly lower than across England (1.3 per cent). In the same year, 3,100 people working in Cheltenham were employed by foreign-owned businesses. This represented 8.7 per cent of all people in

employment – much lower than the England average (14.3 per cent). Across Gloucestershire, 9.5 per cent of all workers were employed by foreign-owned businesses, again much lower-than-average.

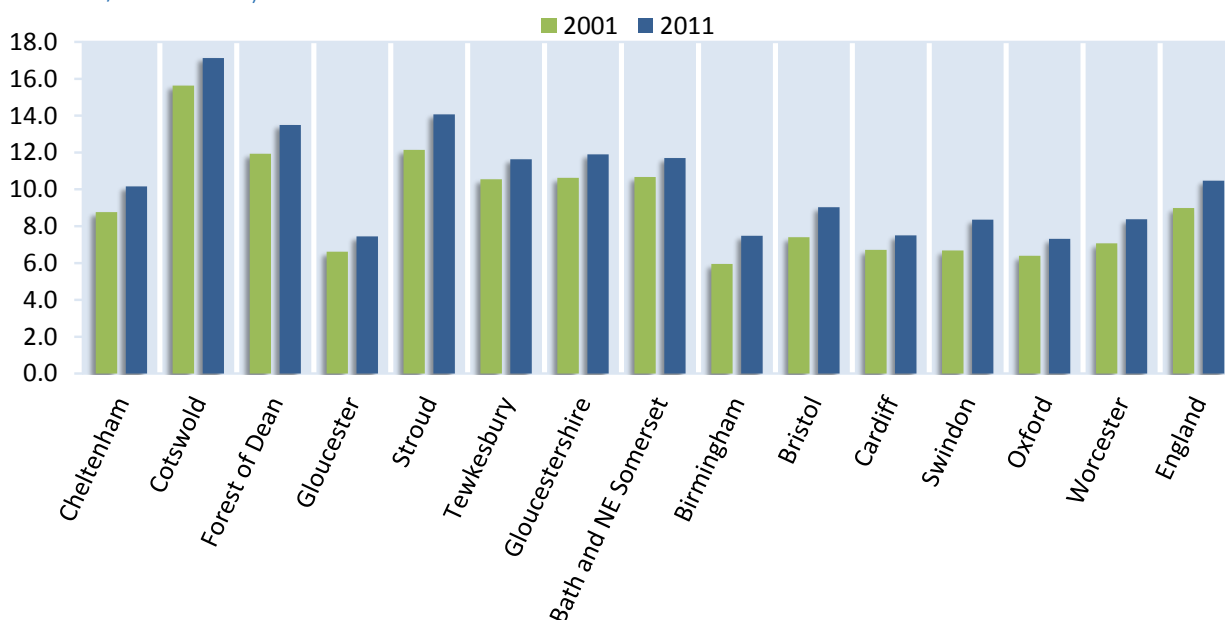
Almost one quarter (23.0 per cent) of all turnover in Cheltenham was produced by foreign-owned businesses.

With just 1.0 per cent of all businesses being foreign-owned, this is a significant amount, showing that these foreign-owned businesses are very large. However, this was again lower than the national average (37.4 per cent). Turnover produced by foreign-owned businesses across Gloucestershire was also lower than nationally (19.4 per cent).

Within Gloucestershire, Tewkesbury had a strong presence of foreign-owned businesses, representing one quarter of all employment (25.3 per cent) and almost half of all turnover (48.7 per cent).

And across comparator areas, the presence of foreign-owned businesses was extremely significant in Swindon, representing 2.2 per cent of all businesses and almost a third of all employment (29.4 per cent). Three quarters of all turnover (74.1 per cent) was also produced by foreign-owned businesses – the fourth highest of all local authority areas in England after Tower Hamlets, Crawley and Slough.

FIGURE 4.7: SHARE OF WORKING AGE RESIDENTS WHO ARE SELF EMPLOYED (INCLUDING COMPANY OWNERS/DIRECTORS) IN 2001 AND 2011



Source 2001 and 2011 Census, Office for National Statistics.

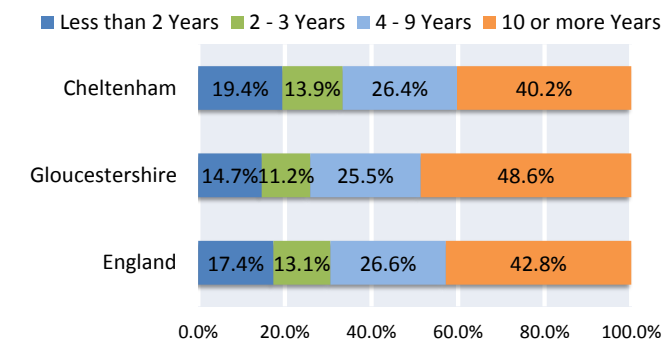
CHELTENHAM HAS A SLIGHTLY YOUNGER AND SMALLER BUSINESS POPULATION COMPARED TO THE NATIONAL AVERAGE

Cheltenham has higher than average shares of micro businesses and large businesses. As **Figure 4.8** demonstrates, there is a slightly higher share of businesses employing 4 employees or less compared to the national average, and a slightly higher share employ between 100 and 249 employees.

A lower share of businesses than average had a turnover exceeding £1 million in 2013. In Cheltenham, 8.1 per cent of businesses had turnovers exceeding £1 million in 2013 compared to 9.6 per cent nationally – as detailed in **Figure 4.9**.

The business population is younger in Cheltenham. As **Figure 4.10** illustrates, 19.4 per cent of businesses were less than two years old compared to the England average of 17.4 per cent. Gloucestershire has an older age profile than Cheltenham and nationally, with 14.7 per cent of businesses less than two years old, and 48.6 per cent 10 years old or more.

FIGURE 4.10: PERCENTAGE SHARE OF BUSINESS POPULATION BY AGE IN 2013



Source: UK Business 2013, Office for National Statistics.

FIGURE 4.8: PERCENTAGE SHARE OF BUSINESS POPULATION BY EMPLOYEE SIZE IN 2013

| | Size of business (employees) | | | | | | |
|-----------------|------------------------------|-------|---------|---------|---------|-----------|-------|
| | 0 - 4 | 5 - 9 | 10 - 19 | 20 - 49 | 50 - 99 | 100 - 249 | 250 + |
| Cheltenham | 76.4 | 12.3 | 6.1 | 3.2 | 1.0 | 0.8 | 0.3 |
| Gloucestershire | 76.0 | 12.6 | 6.3 | 3.2 | 1.0 | 0.6 | 0.3 |
| England | 75.8 | 12.5 | 6.2 | 3.4 | 1.1 | 0.6 | 0.4 |

Source: UK Business 2013, Office for National Statistics.

FIGURE 4.9: PERCENTAGE SHARE OF BUSINESS POPULATION BY TURNOVER SIZE IN 2013

| | Turnover in 2013, £ thousands | | | | | | |
|-----------------|-------------------------------|---------|-----------|-----------|-----------|---------------|---------|
| | 0 - 49 | 50 - 99 | 100 - 249 | 250 - 499 | 500 - 999 | 1,000 - 4,999 | 5,000 + |
| Cheltenham | 19.3 | 24.1 | 29.9 | 11.5 | 7.1 | 6.2 | 1.9 |
| Gloucestershire | 20.4 | 23.3 | 28.6 | 11.4 | 7.4 | 7.0 | 1.9 |
| England | 18.1 | 23.6 | 29.3 | 11.9 | 7.5 | 7.3 | 2.3 |

Source: UK Business 2013, 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 2013 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, 54 per cent of private sector businesses were defined as having high or very high Product Market Strategies – much higher than the national average of 45 per cent.

Gloucestershire also scored highly in individual aspects of pricing, innovation and quality.

- 32 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 28 per cent

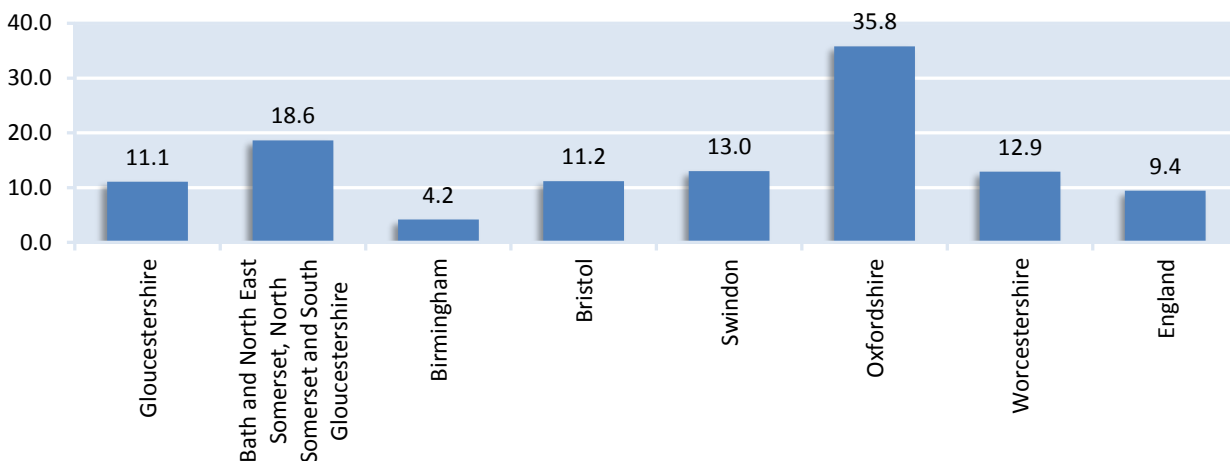
- 38 per cent said that they often/very often lead the way, compared to the England average of 35 per cent
- 65 per cent said they competed in a market for high/premium quality goods and services, compared to the England average of 59 per cent

THE RATE OF PATENTING IS HIGHER THAN AVERAGE IN GLOUCESTERSHIRE

The rate of patents registered in an area provides an indication of how comparatively effective the local economy is at producing ideas with commercial application. Between 2002 and 2011, 664 patents were registered by inventors in Gloucestershire (**Figure 4.11**). This equated to an annual average of 11.1 patents per 100,000 people. This was higher than the England annual average of 9.4 patents per 100,000 people. Gloucestershire ranked 26th out of 93 county and unitary authority areas in England but below most comparator areas apart from Birmingham (4.0).

The number of patents originating from Gloucestershire is on a downward trend. During the last ten years, the number of patents registered by inventors in Gloucestershire peaked in 2006 at 79 and has fallen in almost every year since. There was a particularly large fall between 2010 (72 patents) and 2011 (33 patents). This mirrored national trends and those trends found in most of the comparator areas.

FIGURE 4.11: PATENTS PER 100,000 RESIDENTS – ANNUAL AVERAGE 2002 TO 2011



Source: OECD / Mid-year population estimates, Office for National Statistics.

CHELTENHAM HAS A LOWER-THAN-AVERAGE BASE OF 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 4.12**). This was lower than the national average and most neighbouring and comparator areas.

The number of science, engineering and technology professional and associate professionals in Cheltenham represented 18 per cent of all science, engineering and technology professional and associate professionals in Gloucestershire – lower than Cheltenham’s share of all workers in Gloucestershire (21 per cent).

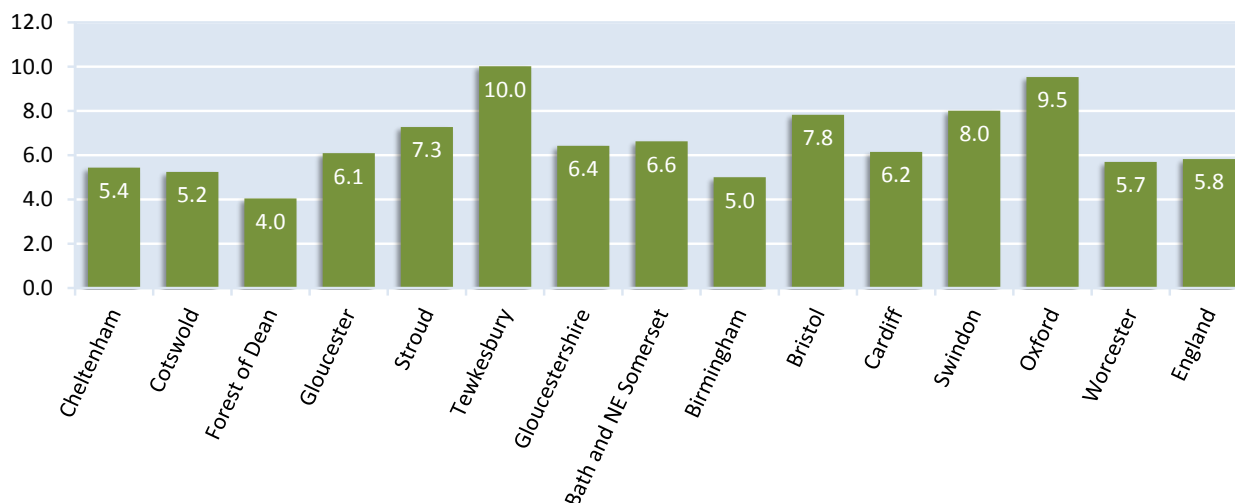
County-wide, the share of science, engineering and technology professional and associate professionals was high (6.4 per cent), with the highest rates in Tewkesbury (10.0 per cent) and Stroud (7.3 per cent). This could relate to the high percentages of Production sector jobs in these districts.

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

Despite the lower-than-average presence of science and technology professionals in Cheltenham, **there is a strong presence of information technology and telecommunications professionals** in the district. Information technology and telecommunications professionals represented 45 per cent of all science, engineering and technology professionals and associate professionals – higher than across England (38 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 4.13**), higher than the England and Gloucestershire averages (2.2 and 2.3 per cent).

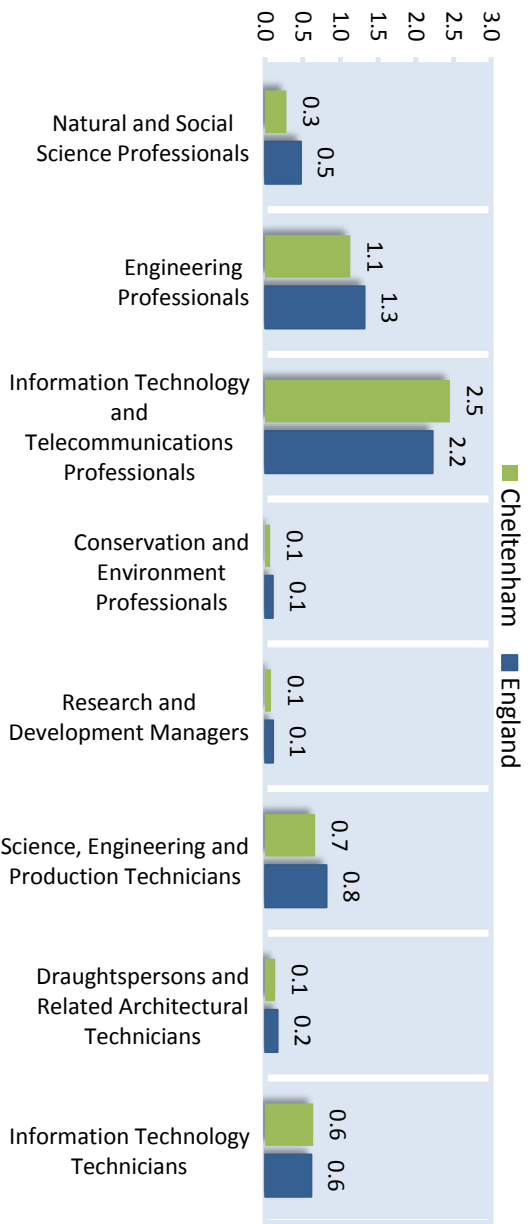
In Tewkesbury, the strong presence of science, engineering and technology professionals and associate professionals is boosted by high percentages of information technology and telecommunications professionals (3.7 per cent of all workers compared to 2.2 per cent across England) engineering professionals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

FIGURE 4.12: SHARE OF WORKING RESIDENTS IN SCIENCE, ENGINEERING AND TECHNOLOGY OCCUPATIONS IN 2011



Source: 2011 Census, Office for National Statistics.

FIGURE 4.13: SCIENCE AND TECHNOLOGY WORKERS BY TYPE AS A SHARE OF ALL WORKERS



Source: 2011 Census, Office for National Statistics.

5. 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 5.1** and **Figure 5.2** 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 5.1: 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 5.2: 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.

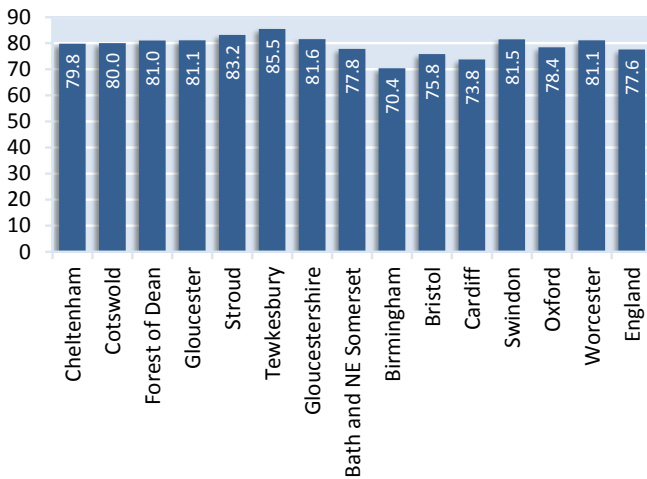
HEADLINE LABOUR MARKET TRENDS

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

In June 2014, 79.8 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 5.3**. This was higher than the England average (77.6 per cent) but lower than across Gloucestershire (81.6 per cent). 74.8 per cent of working age people were also in employment – higher than the England average (72.2 per cent) but lower than across Gloucestershire (77.7 per cent), as detailed in **Figure 5.4**.

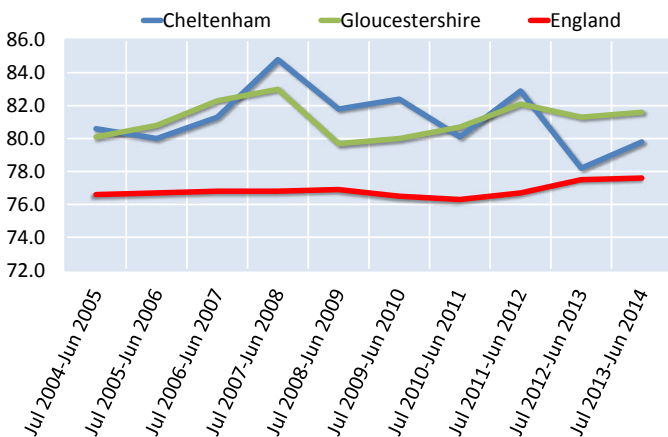
HOWEVER, PARTICIPATION IN WORK HAS FALLEN SINCE THE ONSET OF RECESSION AND HAS BEEN

FIGURE 5.3: ECONOMIC ACTIVITY RATE IN JUNE 2014



Source: Annual Population Survey, Office for National Statistics.

FIGURE 5.5: ECONOMIC ACTIVITY RATE 2005 TO 2014



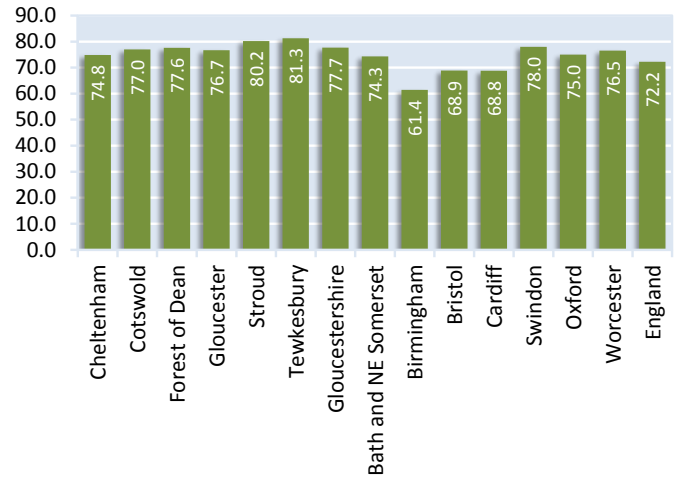
Source: Annual Population Survey, Office for National Statistics.

MORE SHARPLY AFFECTED THAN ACROSS GLOUCESTERSHIRE AND ENGLAND

Between June 2008 and June 2013, the percentages of working age people who were economically active and employed fell in Cheltenham (**Figures 5.5 and 5.6**). Economic activity fell from 84.8 per cent to 78.2 per cent while employment fell from 79.8 per cent to 73.8 per cent. Both increased slightly between June 2013 and June 2014 but remained well below pre-recession levels.

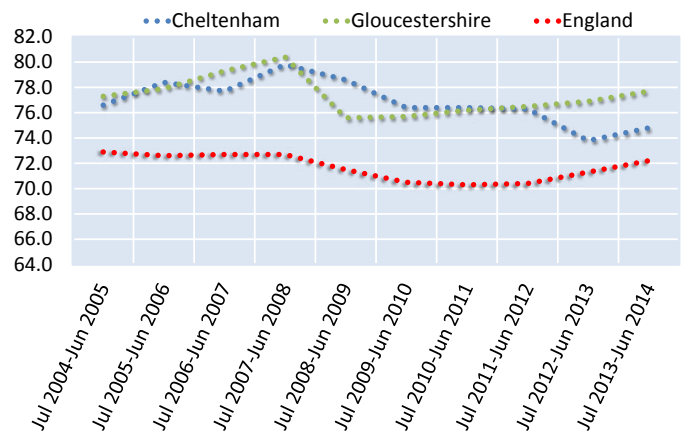
These trends were not mirrored across Gloucestershire, where there was a fall in work participation between June 2008 and 2009 and a rise in each subsequent year. Nationally, economic activity fell for three years (2008-2011) while employment fell for two years (2008-2010) before beginning to recover.

FIGURE 5.4: EMPLOYMENT RATE IN JUNE 2014



Source: Annual Population Survey, Office for National Statistics.

FIGURE 5.6: EMPLOYMENT RATE 2005 TO 2014



Source: Annual Population Survey, Office for National Statistics.

A FALL IN ECONOMIC ACTIVITY HAS MEANT A RISE IN ECONOMIC INACTIVITY. THE MOST COMMON REASON FOR ECONOMIC INACTIVITY IN CHELTENHAM IS BEING A STUDENT

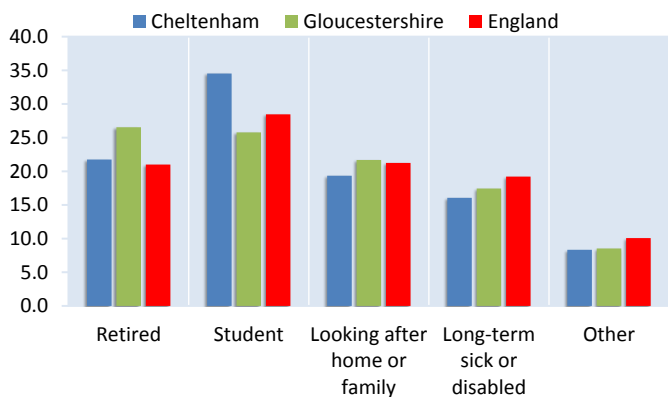
Between June 2008 and June 2013, economic inactivity rose in Cheltenham, from 15.2 per cent to 21.8 per cent, but has since fallen slightly to 20.2 per cent in June 2014

At the time of the 2011 Census, being a student was the most common reason for economic inactivity in Cheltenham, as detailed in Figure 5.7. The percentage of the economically inactive who were students (34.5 per cent) was also much higher than across Gloucestershire (25.8 per cent) and England (25.8 per cent).

The rise in economic activity in Cheltenham may therefore have been caused by more people going into/remaining in education as work opportunities diminished during and following the recession, although there was no similar long-term increase in inactivity in comparator areas with high percentages of inactive students (Bath, Oxford and Worcester).

Within Gloucestershire, being a student was also the most common reason for economic activity in Gloucester, although at 24.0 per cent, this was less common than in Cheltenham. In the remaining four Gloucestershire districts, around a third of inactivity was due to retirement.

FIGURE 5.7: PERCENTAGE OF ECONOMICALLY INACTIVE RESIDENTS BY REASON FOR INACTIVITY, 2011



Source: 2011 Census, Office for National Statistics.

THE RISE IN INACTIVITY HAS BEEN FORCED BY ECONOMIC CONDITIONS, WITH A SHARP RISE IN THE PERCENTAGE OF THE INACTIVE THAT WANT A JOB

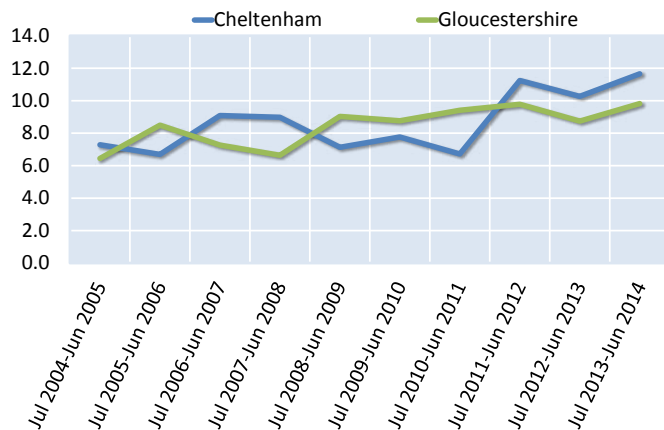
In June 2014, almost one third (32.8 per cent) of economically inactive people in Cheltenham wanted a job – much higher than in June 2008 (26.1 per cent). This was also much higher than the national average (24.8 per cent) but similar to Gloucestershire (32.3 per cent).

HENCE THERE HAS BEEN A RISE IN SPARE CAPACITY IN THE POTENTIAL CHELTENHAM AND GLOUCESTERSHIRE WORKFORCES

Between June 2009 and June 2014, the number of working age people who were unemployed (i.e. out of work but looking for work) and inactive but wanted a job rose by 3,800 – or from 7.1 per cent of the working age population to 11.7 per cent (Figure 5.8). This highlights that spare capacity in Cheltenham’s resident workforce has increased, i.e. an increase in the number and percentage of people out of work but wanting to work.

The same is true across Gloucestershire. During the same period, the number of people out of work but wanting to work grew by 3,200 (suggesting that this increase was driven by Cheltenham).

FIGURE 5.8: PERCENTAGE OF WORKING-AGE RESIDENTS THAT ARE UNEMPLOYED OR INACTIVE BUT WANT A JOB



Source: Annual Population Survey, Office for National Statistics.

POPULATION

POPULATION GROWTH HAS BEEN SLOWER THAN AVERAGE IN CHELTENHAM

In 2013, 115,900 people lived in Cheltenham – representing 19.1 per cent of Gloucestershire’s population. Between 2003 and 2013, Cheltenham’s population grew by 6.0 per cent, as indicated in **Figure 5.9**. This was slower than growth across Gloucestershire (6.4 per cent), England (7.9 per cent) and most comparator areas. Within Gloucestershire, growth ranged from 2.7 per cent in the Forest of Dean to 11.7 per cent in Gloucester.

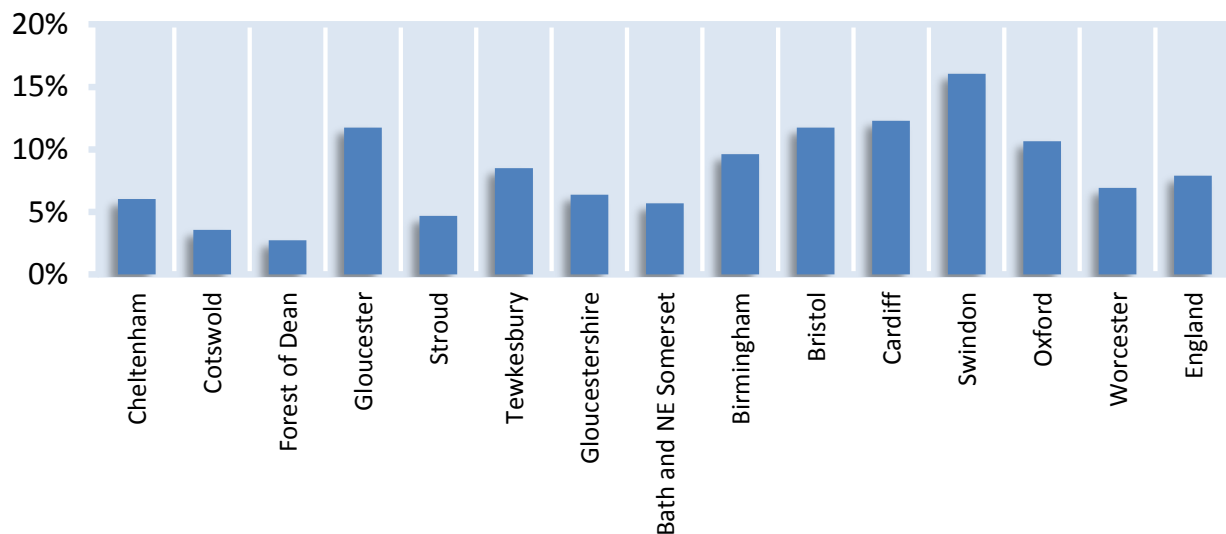
LONG-TERM GROWTH IN THE NUMBERS OF WORKING AGE PEOPLE HAS BEEN SLOWER THAN IN OTHER PEER EMPLOYMENT CENTRES

In 2013, there were 75,600 people of working age living in Cheltenham. These represented almost two-thirds (65.2 per cent) of Cheltenham’s population. This was a slightly higher share than across Gloucestershire (62.3 per cent) and England (63.8 per cent) and the highest share of the six Gloucestershire districts.

While growth in the number of working age people in Cheltenham (6.8 per cent) was similar to the England average (6.9 per cent) between 2003 and 2013, it was much faster than growth across Gloucestershire (5.0 per cent).

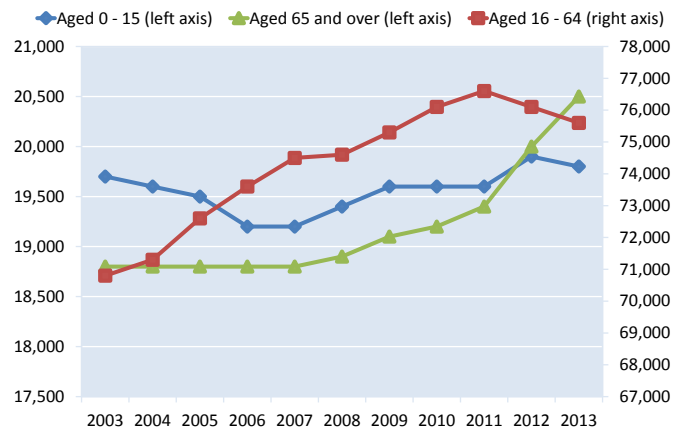
However, growth was much slower than in other peer employment centres: Swindon (15.4 per cent), Cardiff (15.1 per cent), Gloucester (13.1 per cent), Bristol (13.0 per cent), Birmingham (11.3 per cent), Oxford (9.3 per cent) and Worcester (7.1 per cent).

FIGURE 5.9: CHANGE IN TOTAL POPULATION 2003 TO 2013



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

FIGURE 5.10: POPULATION BY AGE IN CHELTENHAM



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

THE NUMBER OF WORKING AGE PEOPLE HAS FALLEN OVER THE PAST TWO YEARS

Between 2011 and 2013 the number of working age people fell in Cheltenham, by 1,000. In contrast, the number of people of retirement age (65 and over) rose by 1,100 while the number of young below (0-15 years) grew by 200, as detailed in **Figure 5.10**.

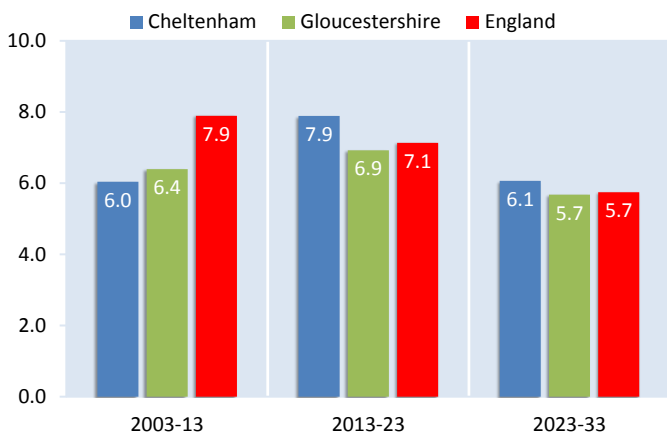
The working age population has also fallen recently across Gloucestershire. Between 2011 and 2013, the number of people aged 16-64 fell by 1,700 across the county, although the number of young and older people continued to rise. Within the county, the largest fall in the working age population occurred in Cheltenham, followed by Stroud (900), Cotswold (500) and Forest of Dean (300). The working age population continued to rise in Gloucester and Tewkesbury.

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

Population growth in Cheltenham is expected to accelerate 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 5.11).

Between 2013 and 2023, Cheltenham’s population is expected to grow by 7.9 per cent, followed by growth of 6.1 per cent between 2023 and 2031. Growth over these two decades is expected to exceed the England average and most neighbouring districts and comparator areas.

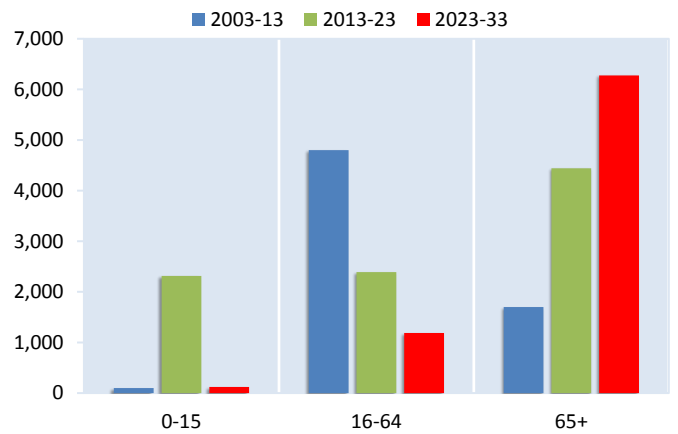
FIGURE 5.11: ACTUAL AND PROJECTED POPULATION CHANGE IN CHELTENHAM BY DECADE (PERCENTAGE CHANGE)



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

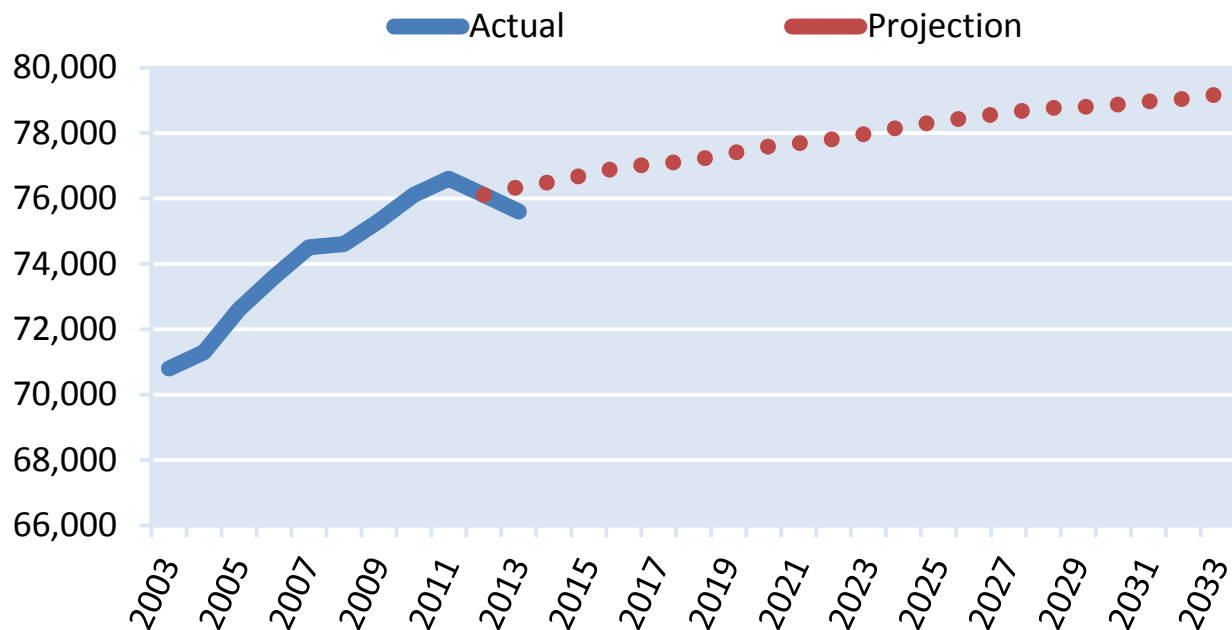
Over the next 20 years, growth is expected to be strongest among those aged 65 and over as illustrated in Figure 5.12. Growth among young people (aged 0-15 years) is expected to accelerate during 2013-2023 but to then slow considerably in the following decade. The working age population is expected to continue to grow but growth is expected to slow. However, these projections might be optimistic given that they were produced before the latest estimates of a fall in the total and working age population in Cheltenham in 2013 (Figure 5.13).

FIGURE 5.12: 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 5.13: ACTUAL AND PROJECTED CHANGE IN THE WORKING AGE POPULATION IN CHELTENHAM



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

OFFICIAL POPULATION PROJECTIONS MIGHT BE REGARDED AS SLIGHTLY LOWER THAN REASONABLE TO EXPECT, DUE TO ASSUMPTIONS OF LOW LEVELS IN IN-MIGRATION FROM THE REST OF THE UK

The Objectively Assessed Housing Needs of the Cheltenham, Gloucester and Tewkesbury Joint Core Strategy (November 2014) points out that the latest population forecasts were based on flow/migration rates from the 2007-2012 period. This might be considered as a period when UK flows between local areas were lowered by the recession and economic downturn.

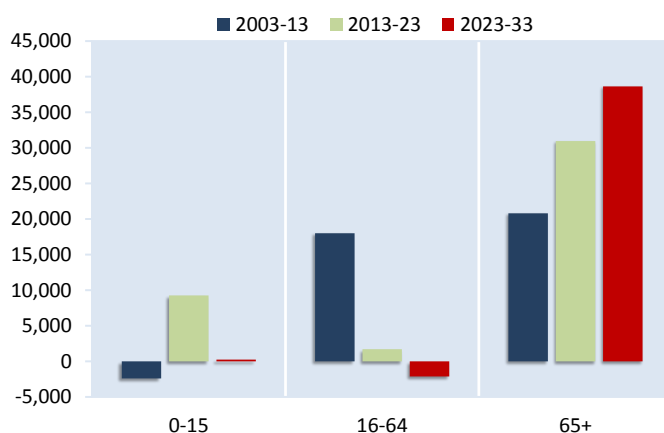
For their Joint Core Strategy (JCS), the local authorities of Cheltenham, Gloucester and Tewkesbury have taken expert advice that population projections are likely to be higher than the official forecast. The population projections on which the JCS is based assume that Cheltenham’s populations grows faster than suggested by the latest ONS projections (as set out in the 2012-based Sub-national population projections reported in this economic assessment). This has the effect of increasing the 16-64 population.

In this instance, expert advice given to the Joint Core Strategy suggests that population will increase by 17,400 between 2011 and 2031 compared to the official projection of 15,600 (2012-based Subnational Population Projections published in 2014).

Based on the adjusted population projections used for the JCS, there jobs projections can be met by forecast growth in the local workforce.

During 2013-2023 and 2023-2033, Gloucestershire’s population is expected to grow by 6.9 per cent and 5.7 per cent respectively – similar to growth across England. However, growth is projected to be driven largely by growth in the retirement age population. Growth in the population aged 0-15 years is expected to grow by 8.6 per cent during 2013-2023 and then slow considerably to 0.2 per cent during 2023-2033 (**Figure 5.14**). The working age population is expected to grow by 0.5 per cent during 2013-2023 and then fall by 0.6 per cent during 2023-2033. At district level, working age populations are expected to fall in Cotswold, Forest of Dean and Stroud. However, the current methodology used by the ONS for the latest population projections might underestimate levels population growth as pointed out in the studies supporting the Joint Core Strategy mentioned above – and the workforce could grow slightly during 2023-2033 rather than decline.

FIGURE 5.14: ACTUAL AND PROJECTED POPULATION CHANGE BY AGE GROUP (TOTAL NUMBER OF RESIDENTS)



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

BENEFIT CLAIMANTS

CHELTENHAM HAS A LOW PERCENTAGE OF PEOPLE CLAIMING UNEMPLOYMENT BENEFIT

The percentage of people claiming Jobseekers Allowance (the claimant count rate) is low in Cheltenham. In October 2014, 1.3 per cent of working age people living in Cheltenham were claiming Jobseekers Allowance – the same as across Gloucestershire and much lower than the England average (2.1 per cent). The claimant count rate in the district has also now fallen back to pre-recession levels. Across Gloucestershire, the percentage of unemployment benefit claimants ranged from 0.7 per cent in Cotswold to 2.2 per cent in Gloucester.

Mirroring the national picture, the claimant count rate in Cheltenham is highest among young people (1.6 per cent among 16-24 year olds) but much lower than national averages across all age groups.

TRENDS IN NUMBERS OF UNEMPLOYMENT BENEFIT CLAIMANTS SUGGEST THAT THE LABOUR MARKET HAS TIGHTENED FOR ADMINISTRATIVE & SECRETARIAL AND SALES & CUSTOMER SERVICE JOBS

In October 2014, the numbers of Jobseekers Allowance claimants living in Cheltenham was highest among those previously working in Administrative & Secretarial and Sales & Customer Service jobs as Figure 5.15 illustrates. Since the onset of recession, the shares of all claimants previously working in these occupations has risen considerably – from 10 per cent of all claimants in October 2007 to 25 per cent in October 2014 for Administrative & Secretarial workers, and from 10 per cent of all claimants to 27 per cent for Sales & Customer Service workers.

The rise in the number of Administrative & Secretarial claimants has been driven by general office assistants/clerks while the rise in Sales & Customer Service claimants has been driven by sales and retail assistants.

In contrast, the share of all claimants previously working in Elementary occupations has fallen (from 33 per cent of all claimants in October 2007 to 21 per cent of all claimants in October 2014). The fall in the number of claimants from Elementary occupations has been driven by labourers in building & woodworking trades and labourers in other construction trades, suggesting a strengthening of economic conditions in Cheltenham's Construction sector.

THE SHARE OF ALL OUT-OF-WORK BENEFIT CLAIMANTS IS HIGHEST AMONG CLAIMANTS OF EMPLOYMENT AND SUPPORT ALLOWANCE/INCAPACITY BENEFIT

In May 2014, there were 5,650 claimants of out-of-work benefits in Cheltenham. This represented 7.5 per cent of

the working age population – the same as across Gloucestershire and much lower than nationally (9.8 per cent).

Almost two thirds (62 per cent) of all out-of-work benefit claimants were claimants of Employment and Support Allowance/Incapacity Benefit, i.e. those unable to work because of illness or disability. This was similar to the county-wide and national picture.

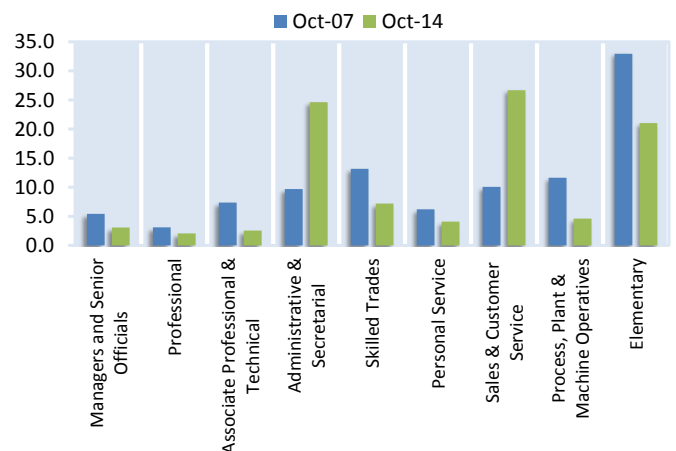
THE NUMBER OF OUT-OF-WORK BENEFIT CLAIMANTS HAS FALLEN OVER THE PAST TEN YEARS, PARTICULARLY AMONG LONE PARENTS

Between May 2004 and May 2014, the number of out-of-work benefit claimants fell in Cheltenham, by 530, or 9 per cent. This was a sharper fall across Gloucestershire (3 per cent) but the same as across England. The fall was most pronounced among lone parent claimants (a fall of 42 per cent). This mirrored the national picture.

THE NUMBER OF OUT-OF-WORK BENEFIT CLAIMANTS HAS RISEN IN GLOUCESTER AND TEWKESBURY

The reason for the lower-than-average fall in out-of-work benefit claimants across Gloucestershire was a rise in claimants in Gloucester and Tewkesbury. In these districts, the number of claimants rose by 8.5 per cent and 1.3 per cent respectively. Both experienced a rise in the number of Jobseekers Allowance claimants while Gloucester also experienced a rise in the number of Employment and Support Allowance/Incapacity Benefit claimants.

FIGURE 5.15: SHARE OF ALL JOBSEEKER'S ALLOWANCE CLAIMANTS BY OCCUPATION IN CHELTENHAM



Source: Department for Work and Pensions.

QUALIFICATIONS

CHELTENHAM'S RESIDENTS HAVE AN IMPRESSIVE QUALIFICATIONS PROFILE. HOWEVER, THIS IS NOT FULLY USED BY THE SKILLS REQUIREMENTS OF JOBS BASED IN CHELTENHAM

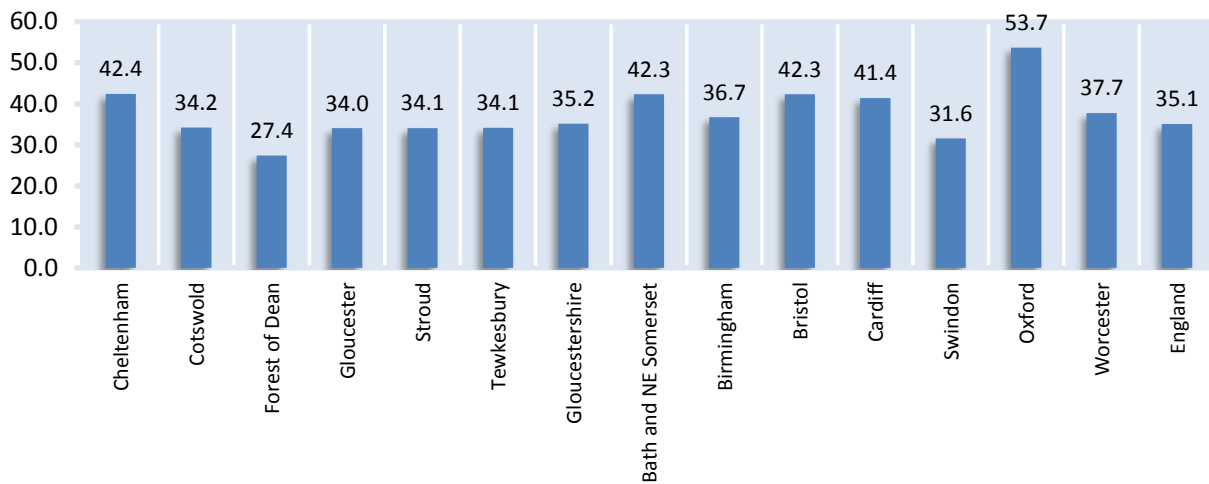
In 2011, 42.4 per cent of people working in Cheltenham held a qualification at Level 4 or above (equivalent to degree level or above). This was much higher than the Gloucestershire and England averages (35.2 per cent and 35.1 per cent) and higher than all comparator areas apart from Oxford – as indicated in **Figure 5.16**.

The picture is similar for qualification rates at Level 2 and above (equivalent to five A*-C GCSEs and above). In 2011, almost three quarters (73.7 per cent) of people working in Cheltenham were qualified to Level 2 and above. Again, only Oxford (76.1 per cent) had a higher rate (**Figure 5.17**).

IN-COMMUTING TO CHELTENHAM APPEARS TO BE HIGHEST AMONG PEOPLE WITH LOW TO INTERMEDIATE QUALIFICATION LEVELS

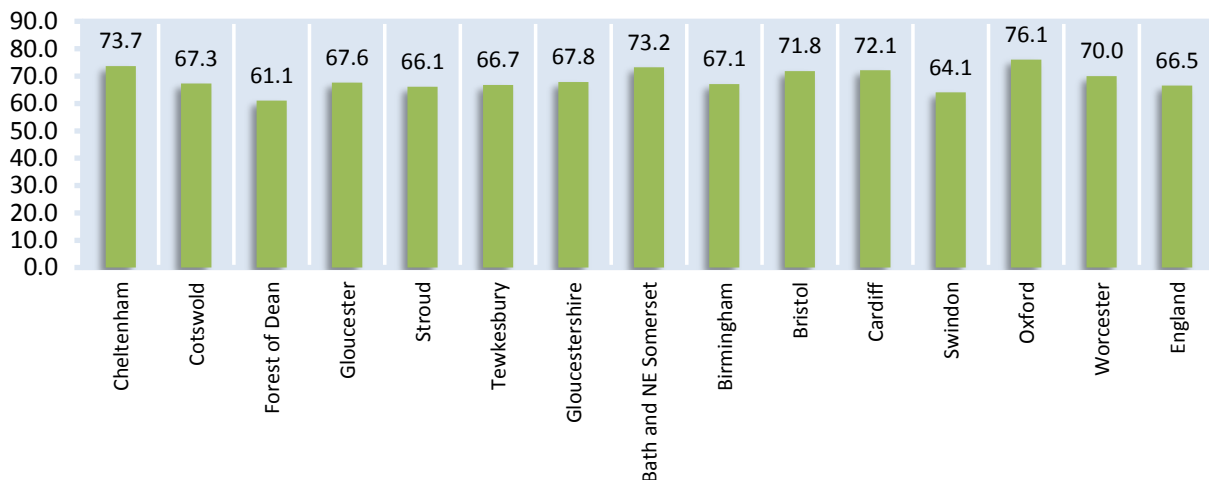
In 2011, there were more people working in Cheltenham than employed residents living in Cheltenham at all qualification levels. The differences were most pronounced at Levels 1-3. This could suggest that in-commuting was highest among people with low to intermediate qualification levels. However, it could also be because the workplace population figures include older workers (aged 65-74) who tend to be more poorly qualified than the working age population, while the residence based figures relate only to the working age population.

FIGURE 5.16: SHARE OF WORKERS IN CHELTENHAM WITH LEVEL 4+ (DEGREE EQUIVALENT OR HIGHER) QUALIFICATIONS IN 2011



Source: 2011 Census, Office for National Statistics. Note: this is the workplace population – those working in Cheltenham (but not necessarily living there).

FIGURE 5.17: SHARE OF WORKERS IN CHELTENHAM WITH LEVEL 2+ (EQUIVALENT TO 5 GCSE'S AT GRADES A TO C OR HIGHER) QUALIFICATIONS IN 2011



Source: 2011 Census, Office for National Statistics. Note: this is the workplace population – those working in Cheltenham (but not necessarily living there).

THE QUALIFICATIONS PROFILE ACROSS THE REST OF GLOUCESTERSHIRE IS LESS IMPRESSIVE, WITH BELOW AVERAGE RATES OF HIGHLY QUALIFIED PEOPLE IN THE REMAINING DISTRICTS

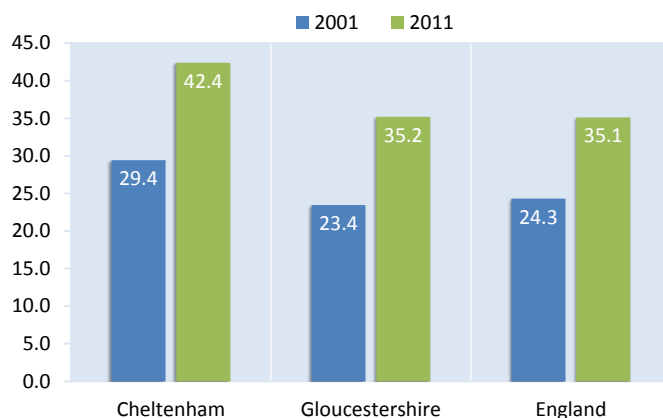
In 2011, the remaining five districts in Gloucestershire had below average rates of people qualified to Level 4 and above, ranging from 27.4 per cent in the Forest of Dean to 34.2 per cent in Cotswold. Forest of Dean and Stroud also had below average rates of people qualified to Level 2 and above.

QUALIFICATIONS RATES HAVE IMPROVED DRAMATICALLY OVER THE PAST TEN YEARS

Between 2001 and 2011, the percentage of people working in Cheltenham that were qualified to Level 4 and above increased by 13.0 percentage points (from 29.4 per cent to 42.4 per cent), as **Figure 5.18** illustrates. This was a larger increase than in all neighbouring districts and comparator areas apart from Worcester. This improvement will in part be due to older people (who are generally more poorly qualified) falling out of the 16-74 population over the ten-year period, but also signifies that demand for high-level skills has grown in the area.

The improvement at Level 2 and above was also significant – at 10.5 percentage points – but less than across Gloucestershire and England (12.1 and 11.3 percentage points respectively).

FIGURE 5.18: SHARE OF WORKERS QUALIFIED TO LEVEL 4+ (DEGREE EQUIVALENT OR HIGHER) IN 2001 AND 2011



Source: 2001 and 2011 Census, Office for National Statistics

OCCUPATIONS: THE TYPES OF JOBS UNDERTAKEN

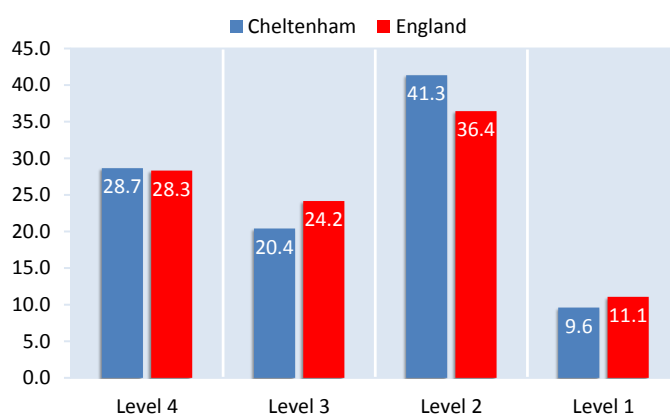
DESPITE CHELTENHAM'S IMPRESSIVE QUALIFICATIONS PROFILE, THE SKILLS PROFILE OF CHELTENHAM'S WORKFORCE – IN TERMS OF OCCUPATIONS UNDERTAKEN – IS POORER THAN AVERAGE

In 2011, Cheltenham had a lower-than-average percentage of people working in the most highly skilled jobs. While the percentage of people working in Level 4 occupations (managers & senior officials and professionals) was slightly higher than the national average (29 per cent compared to 28 per cent), the percentage working in Level 3 occupations (associate professionals and skilled trades occupations) was much lower than average (20 per cent compared to 24 per cent) (**Figure 5.19**). This was largely due to Cheltenham having a lower-than-average percentage of skilled trades workers.

By contrast, Cheltenham had a high percentage of Level 2 workers (administrative & secretarial, caring, leisure & other services, sales and customer service, and process, plant & machine operatives). This was largely due to Cheltenham having a very high percentage of administrative & secretarial workers (18 per cent compared to the national average of 11 per cent – as detailed in **Figure 5.20** over the page), along with a higher-than-average percentage of sales & customer service workers (10 per cent compared to 8 per cent).

The percentage of people in Cheltenham working in administrative & secretarial occupations was also stark when compared to all neighbouring districts and comparator areas.

FIGURE 5.19: OCCUPATIONAL PROFILE BY SKILLS LEVEL IN 2011



Source: 2011 Census, Office for National Statistics.

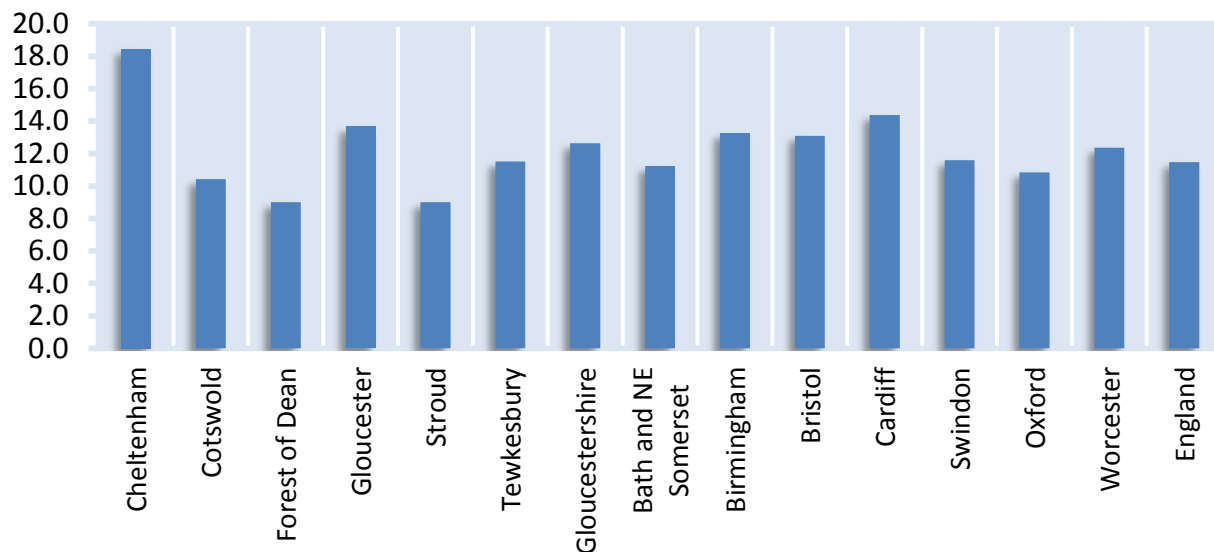
A LARGE NUMBER OF IN-COMMUTERS TO CHELTENHAM WORK IN ADMINISTRATIVE & SECRETARIAL OCCUPATIONS

A large number of in-commuters to Cheltenham work in administrative & secretarial occupations. There was also in-commuting by people working in sales & customer service occupations, caring, leisure & other service occupations, and elementary occupations. At the same time, there was out-commuting by people working in professional and associate professional occupations and process, plant & machine operatives (**Figure 5.21**). This ties in with Cheltenham having a weaker qualifications profile on a workplace basis than a residence basis, as described above.

THE NUMBER OF PEOPLE WORKING IN PROFESSIONAL JOBS HAS INCREASED SHARPLY OVER THE PAST TEN YEARS BUT THERE HAS ALSO BEEN A FALL IN NUMBERS WORKING IN OTHER HIGH-SKILLED JOBS

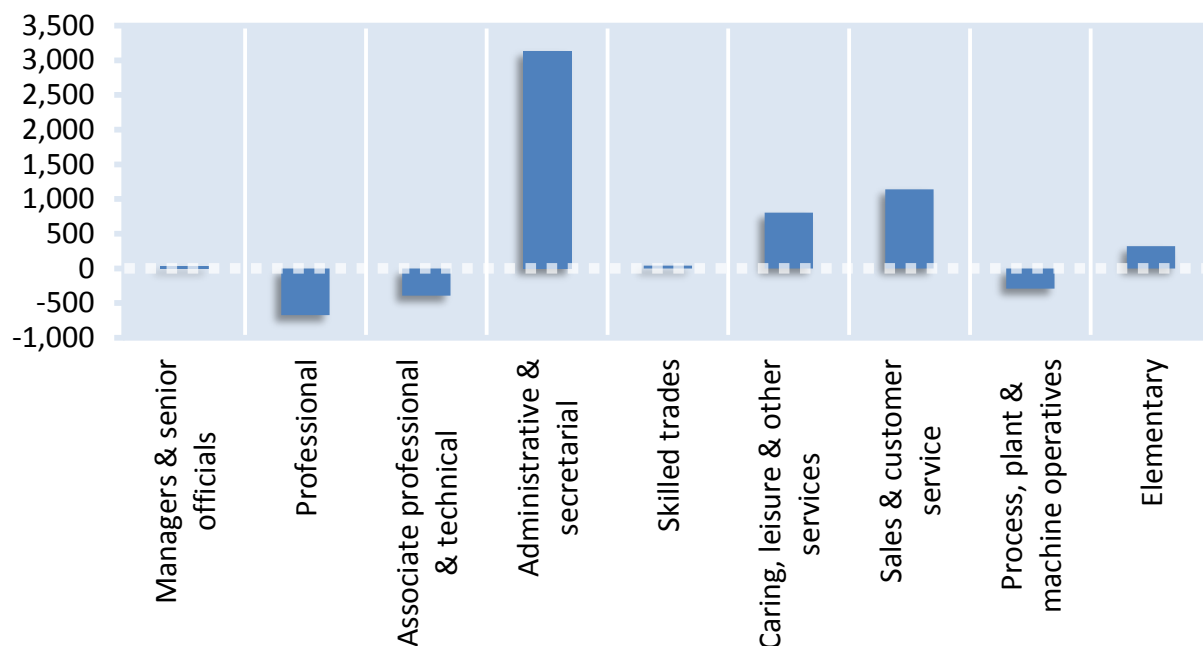
Between 2001 and 2011, there was a strong increase in the number of people working in professional occupations in Cheltenham (+4,700). There was also a large increase in the number of caring, leisure and other service workers (+2,000). However, there was also a large fall in numbers of people working in other high-skilled occupations in this period: a fall of 2,500 managers & senior officials and 2,200 associate professionals.

FIGURE 5.20: SHARE OF WORKERS UNDERTAKING ADMINISTRATIVE AND SECRETARIAL JOBS IN 2011



Source: 2011 Census, Office for National Statistics.

FIGURE 5.21: DIFFERENCE BETWEEN TYPES OF JOB UNDERTAKEN BY PEOPLE WORKING IN CHELTENHAM VERSUS RESIDENTS IN 2011



Source: 2011 Census, Office for National Statistics.

EARNINGS

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

In 2014, full-time workers in Cheltenham earned an average of £27,310 per year. This was lower than the national average of £27,487, as indicated in **Figure 5.22**. This is consistent with Cheltenham's weaker-than-average occupational profile. However, average earnings in Cheltenham are higher than across the rest of Gloucestershire and four of its comparator areas.

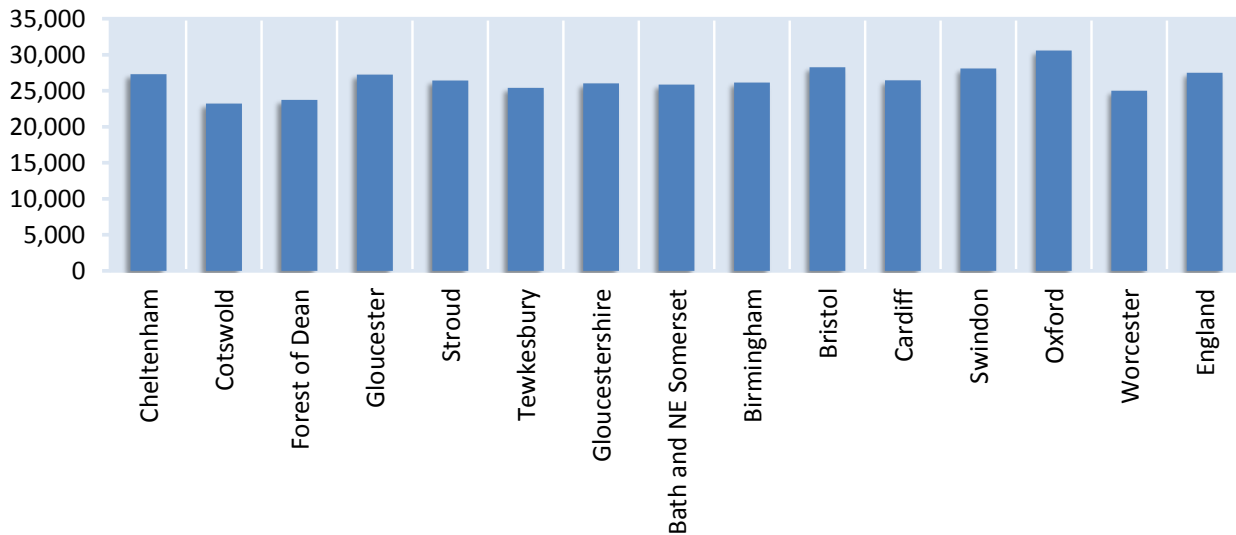
AVERAGE EARNINGS HAVE GROWN SLOWLY AND HAVE FALLEN OVER THE PAST TWO YEARS

Between 2008 and 2014, average earnings in Cheltenham grew by 4.0 per cent, as detailed in **Figure 5.23**. This was lower than national average growth (7.6 per cent) but higher than across Gloucestershire (2.9 per cent). Low earnings growth over the six year period was caused by a fall in average earnings between 2012 and 2014.

RESIDENCE-BASED AVERAGE EARNINGS ARE HIGHER THAN WORKPLACE-BASED EARNINGS

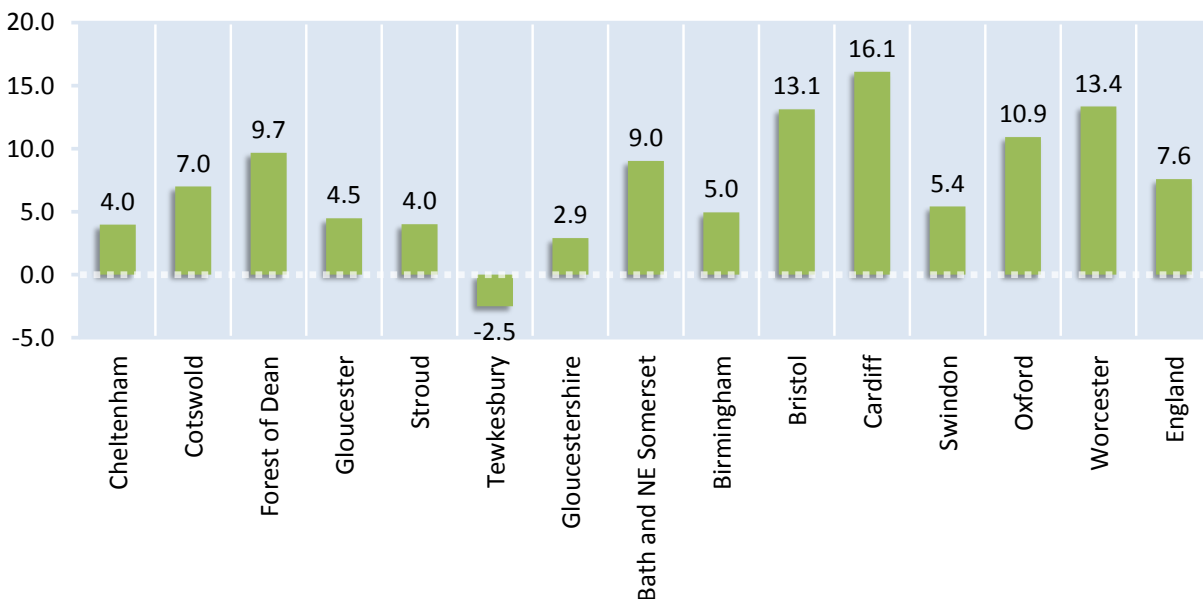
In each year between 2008 and 2014, the average earnings of Cheltenham's residents have exceeded the average earnings of Cheltenham's workers. This reflects residents' stronger qualifications and occupational profile.

FIGURE 5.22: AVERAGE ANNUAL WORKPLACE EARNINGS IN 2014



Source: 2011 Census, Office for National Statistics.

FIGURE 5.23: AVERAGE EARNINGS GROWTH BETWEEN 2008 AND 2014



Source: 2011 Census, Office for National Statistics.

6. PLACE

HOUSING MARKET

HOUSE PRICES IN CHELTENHAM ARE HIGHER THAN AVERAGE AND HAVE GROWN RAPIDLY OVER THE PAST 15 YEARS

In 2012, the average house price in Cheltenham was **£200,000**, as detailed in **Figure 6.1**. This was 9 per cent higher than the England average (£183,500). As detailed below, Cheltenham’s dwellings tend to be smaller than average, hence a like-for-like price comparison between two similar properties would be likely to show even higher comparative prices in Cheltenham. The average house price across Gloucestershire in 2012 was 1 per cent higher than the national average (£185,000). Prices ranged from £141,975 (23 per cent below average) in Gloucester to £267,250 (46 per cent above average) in Cotswold.

House prices have grown rapidly in Cheltenham over the past 15 years. Between 1997 and 2012, the average house price in Cheltenham grew by 213 per cent – the fastest rate of growth across the Gloucestershire districts and faster than the England average (206 per cent) – as detailed in **Figure 6.2**.

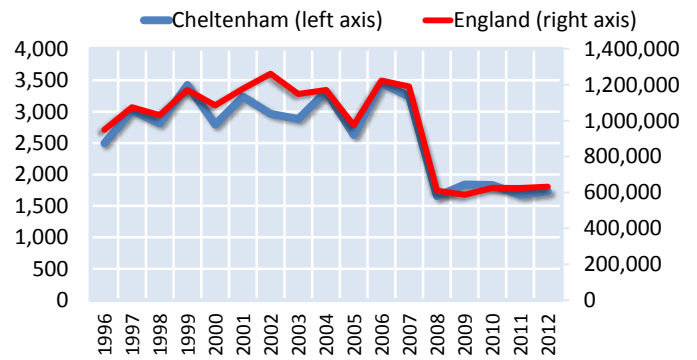
CHELTENHAM’S HOUSING MARKET REMAINS WEAK FOLLOWING THE RECESSION

Unlike other Gloucestershire districts, house prices in Cheltenham have risen above their 2007 peak, following a dip in prices during and following the economic and housing market downturn. In Cheltenham, house prices in 2012 were 5 per cent above their 2007 level, compared to

3 per cent above pre-recession levels across England and 2 per cent below Gloucestershire’s pre-recession levels.

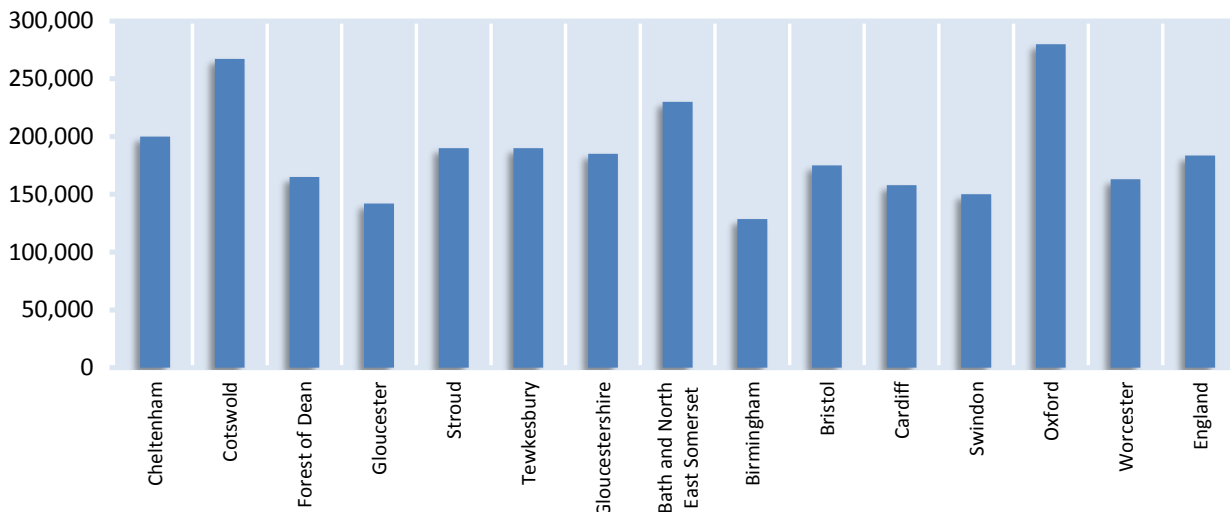
However, the housing market has far from recovered, with the volume of housing sales remaining well below their long-term average. Between 2008 and 2012, house sales in Cheltenham averaged 1,747 per year – 43 per cent below 1997-2007 annual average housing sales. Similar trends have occurred across Gloucestershire and England with sales falling to 41 and 46 per cent of long-term average sales (**Figure 6.3**). This indicates that there is a lack of confidence among consumers to take on large debts/major purchases while potential buyers are suffering from stricter mortgage conditions.

FIGURE 6.3: NUMBER OF HOUSE SALES IN EACH YEAR



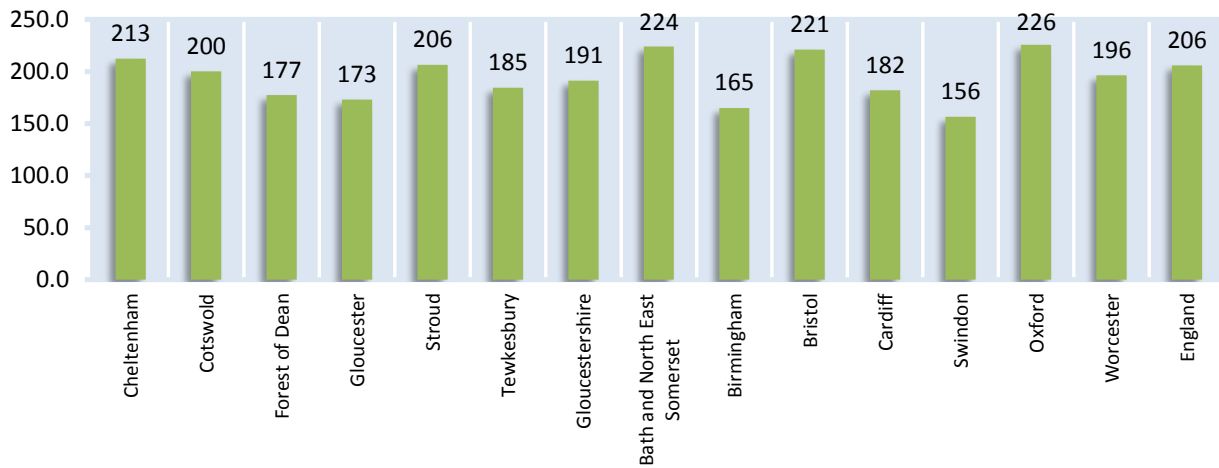
Source: Department for Communities and Local Government.

FIGURE 6.1: AVERAGE HOUSE PRICES 2012



Source: HM Land Registry / Department for Communities and Local Government.

FIGURE 6.2: HOUSE PRICE INFLATION 1997 TO 2012



Source: HM Land Registry / Department for Communities and Local Government.

THE PRICE OF THE CHEAPEST HOUSING IN CHELTENHAM HAS GROWN SLIGHTLY FASTER THAN THE NATIONAL AVERAGE

In 2012, the lower quartile house price in Cheltenham was £149,780 – 20 per cent above the lower quartile house price across England (125,000), while the lower quartile house price across Gloucestershire was 11 per cent higher than the national average (£139,000). At district level, lower quartile house prices ranged from £114,500 (8 per cent below average) in Gloucester to £200,000 (60 per cent above average) in Cotswold (Figure 6.4).

Lower quartile house prices have grown slightly faster than the national average. Over the past 15 years, lower quartile house prices in Cheltenham grew by 206 per cent (Figure 6.5), more than the increase across Gloucestershire (196 per cent) and England (184 per cent). When examining long term trends, whilst lower quartile house prices in Cheltenham (and Gloucestershire) have been slightly more volatile than in England as a whole, they have moved broadly in line with England prices.

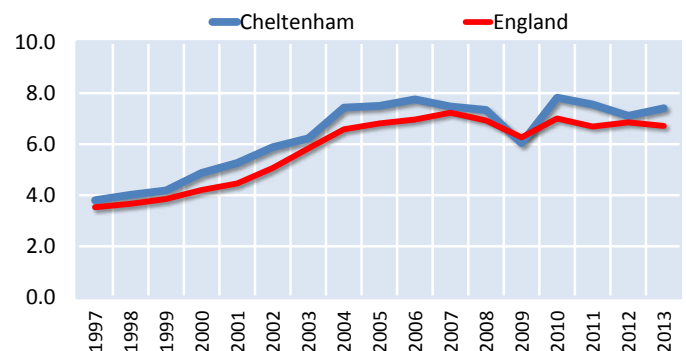
However, this was lower than average house price growth over this period (213 per cent). This is because there has been no recovery in lower quartile house prices since the onset of recession, suggesting that economic conditions and mortgage availability have toughened most for those on the lowest incomes. This has also been the case across Gloucestershire and England, where lower quartile house prices remain below the 2007 peaks.

HOUSING AFFORDABILITY HAS DECLINED RAPIDLY OVER THE PAST 15 YEARS

In 2013, the average house price was 7.4 times average earnings in Cheltenham – compared to 4.0 times average

earnings in 1998 as Figure 6.6 details. Housing is also less affordable than across Gloucestershire and England, where average house prices were 6.9 and 6.7 times average earnings in 2013.

FIGURE 6.6: AVERAGE HOUSE PRICE TO AVERAGE EARNINGS RATIO



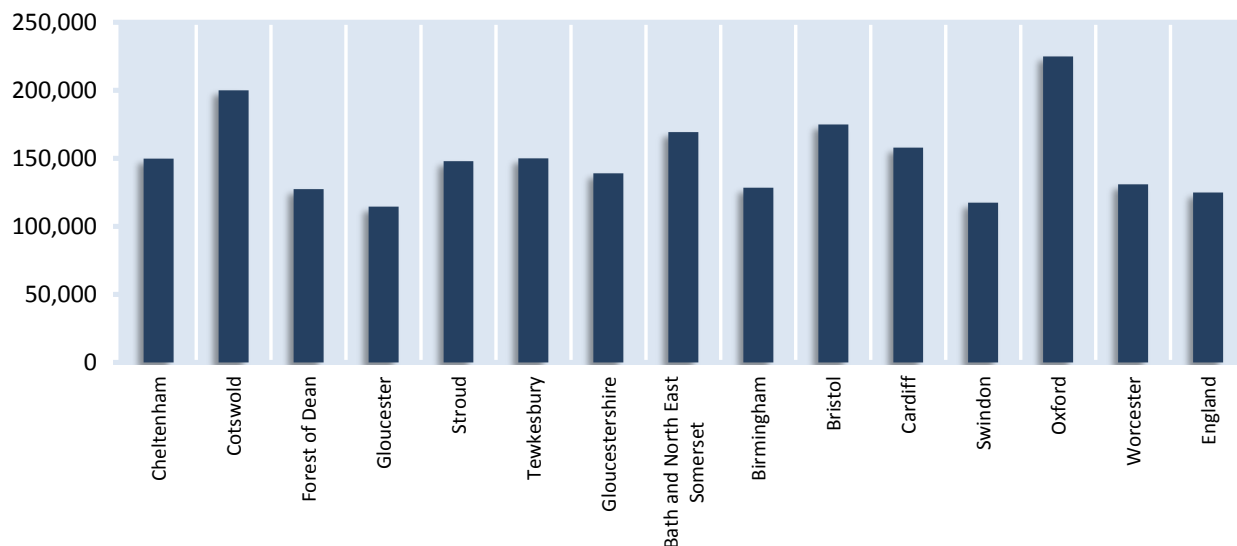
Source: HM Land Registry / Department for Communities and Local Government and Annual Survey of Hours and Earnings (Office for National Statistics).

HOUSING IS LEAST AFFORDABLE FOR THOSE ON THE LOWEST INCOMES

In 2013, the lower quartile house price in Cheltenham was 7.8 times lower quartile earnings, making it relatively more expensive than average-priced housing for those on average incomes (ratio of 7.4). This was also the case across Gloucestershire. Nationally, the lower quartile house price to earnings ratio was lower than the average house price to earnings ratio.

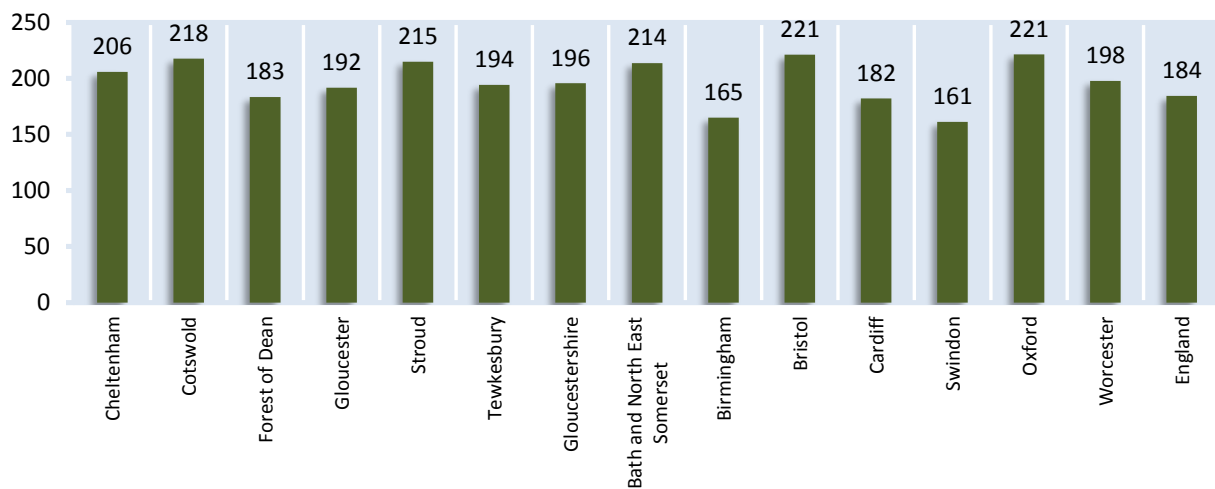
As with average house prices, lower quartile house prices are relatively less affordable in Cheltenham than across Gloucestershire (lower quartile house price to earnings ratio of 7.2) and England (ratio of 6.5).

FIGURE 6.4: LOWER QUANTILE HOUSE PRICES IN 2012



Source: HM Land Registry / Department for Communities and Local Government

FIGURE 6.5: LOWER QUANTILE HOUSE PRICE INFLATION 1997-2012



Source: HM Land Registry / Department for Communities and Local Government

HOUSING STOCK

GROWTH IN CHELTENHAM'S DWELLING STOCK HAS BEEN SLIGHTLY LOWER THAN AVERAGE

In 2013, there were 53,430 dwellings in Cheltenham. This was the second highest number of dwellings of all six Gloucestershire districts after Gloucester (Figure 6.7) and represented 20 per cent of the 273,410 dwellings in Gloucestershire.

Growth in Cheltenham's dwelling stock has been slightly lower than average. Between 2003 and 2013, the number of dwellings in the district grew by 3,040 (Figure 6.8), or 6 per cent (Figure 6.9) – lower than across Gloucestershire (9 per cent) and England (8 per cent). At district level, growth in the dwelling stock ranged from 6 per cent in Cheltenham to 13 per cent in Gloucester.

HOUSING GROWTH HAS BEEN CONCENTRATED AMONG PRIVATE SECTOR HOUSING

Over the past decade, the number of private sector dwellings in Cheltenham has increased the most (+3,233),

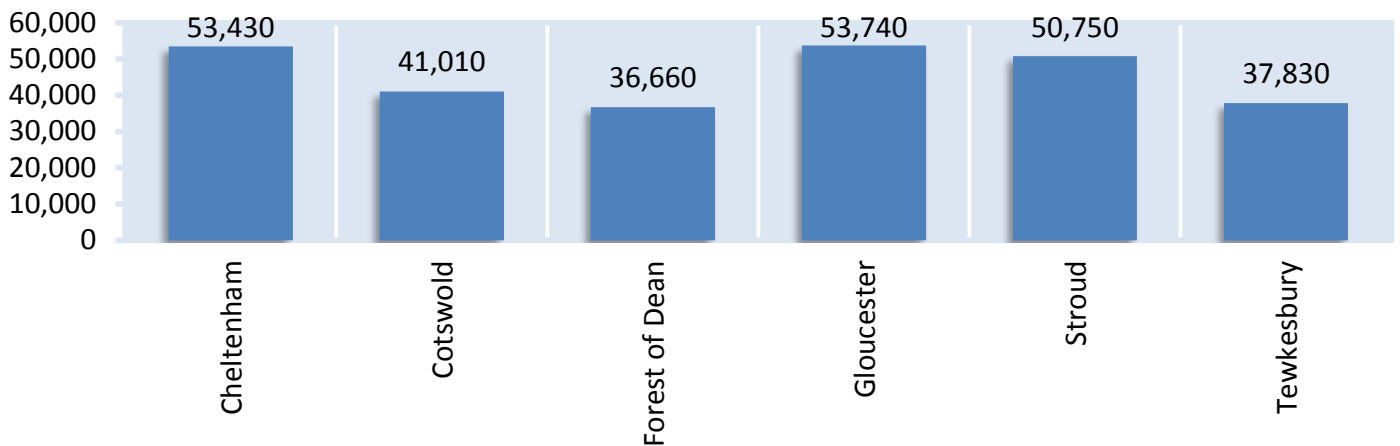
while the number of local authority dwellings has fallen (-466) – a national and countywide trend.

NEW ADDITIONS TO THE HOUSING STOCK FELL SHARPLY DURING AND FOLLOWING THE ECONOMIC DOWNTURN BUT ARE RECOVERING AT A STRONGER RATE THAN THE NATIONAL AVERAGE

Between 2006/07 to 2010/11, new additions to the housing stock in Cheltenham fell sharply from +790 net new homes to -10 as Figure 6.10 shows. House building has since started to recover with a steady rise to +410 net additional dwellings in 2013/14. The recovery has been stronger than across England.

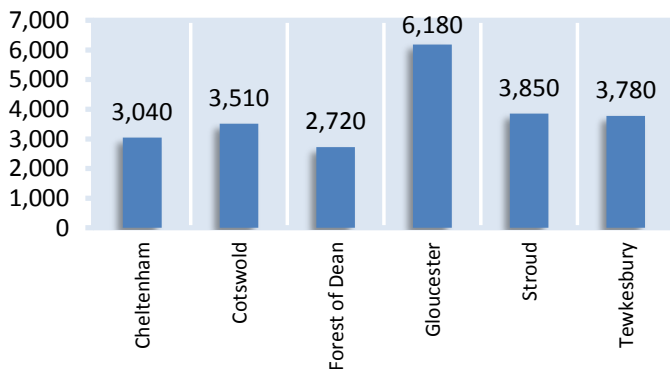
Trends have been similar across Gloucestershire with net additional dwellings falling from 3,310 in 2007/08 to 1,650 in 2010/11 and steadily rising to 2,700 in 2013/14. Again the recent rise in net new housing has been stronger than across England.

FIGURE 6.7: NUMBER OF DWELLINGS IN EACH DISTRICT IN GLOUCESTERSHIRE IN 2013



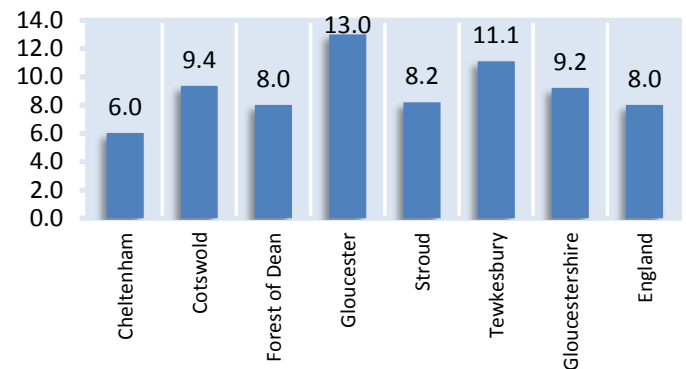
Source: Department for Communities and Local Government.

FIGURE 6.8: CHANGE IN NUMBER OF DWELLINGS BETWEEN 2003 AND 2013



Source: Department for Communities and Local Government.

FIGURE 6.9: PERCENTAGE CHANGE IN NUMBER OF DWELLINGS BETWEEN 2003 AND 2013



Source: Department for Communities and Local Government.

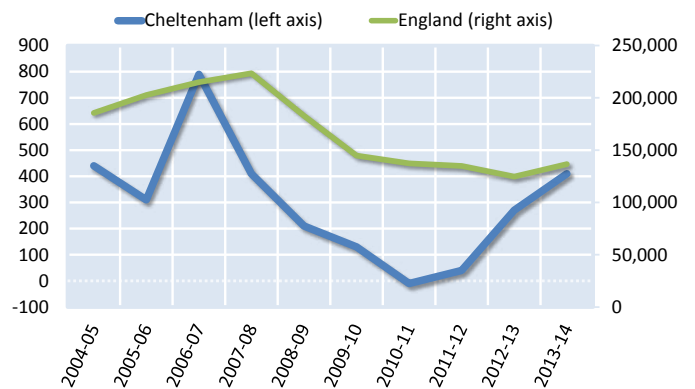
In 2013/14, there were 230 net additional affordable homes in Cheltenham. This represented 56 per cent of all net additional dwellings in the district.

THE NUMBER OF VACANT DWELLINGS HAS FALLEN IN CHELTENHAM

In 2013, there were 1,628 vacant dwellings in Cheltenham. This represented 21 per cent of all vacant dwellings in Gloucestershire – similar to Cheltenham’s share of the total dwelling stock. The number of vacant dwellings also represented 3 per cent of all dwellings in the district – the same as across Gloucestershire and England.

Between 2004 and 2013, the number of vacant dwellings fell in Cheltenham – by 186, or 10 per cent – similar to the national average fall (11 per cent). However, the number of vacant dwellings increased across Gloucestershire – by 997, or 14 per cent, with large increases in Forest of Dean (505) and Stroud (669).

FIGURE 6.10: NET ADDITIONAL DWELLINGS IN CHELTENHAM AND ENGLAND EACH YEAR BETWEEN 2004 AND 2014



Source: Department for Communities and Local Government.

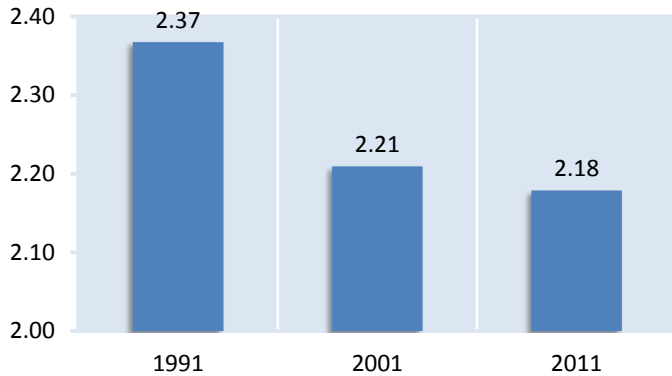
HOUSING TYPE, SIZE AND TENURE

A number of indicators show that the requirement for smaller housing in Cheltenham has increased: a fall in average household size, an increase in the number of one-person households, a large increase in the number of dwellings with 1-3 rooms, and an increase in the number of flats.

AVERAGE HOUSEHOLD SIZE HAS DECREASED

Cheltenham has experienced falling average household size, which is in line with national and county trends. The average number of persons per dwelling in Cheltenham was 2.18 in 2011, down from 2.37 in 1991, as detailed in **Figure 6.11**.

FIGURE 6.11: AVERAGE HOUSEHOLD SIZE IN CHELTENHAM IN 1991, 2001 AND 2011



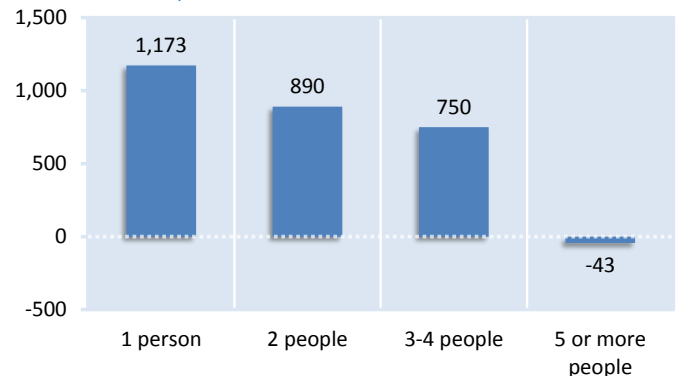
Source: 1991, 2001 and 2011 Census, Office for National Statistics.

THE NUMBER OF ONE-PERSON HOUSEHOLDS HAS INCREASED CONSIDERABLY OVER THE PAST TEN YEARS

Average household size is smaller in Cheltenham than county and nationwide. In 2011, 70 per cent of households were one or two person households, compared to 67 per cent across Gloucestershire and 64 across England (**Figure 6.13**). Cheltenham had the highest percentage of one person households in Gloucestershire.

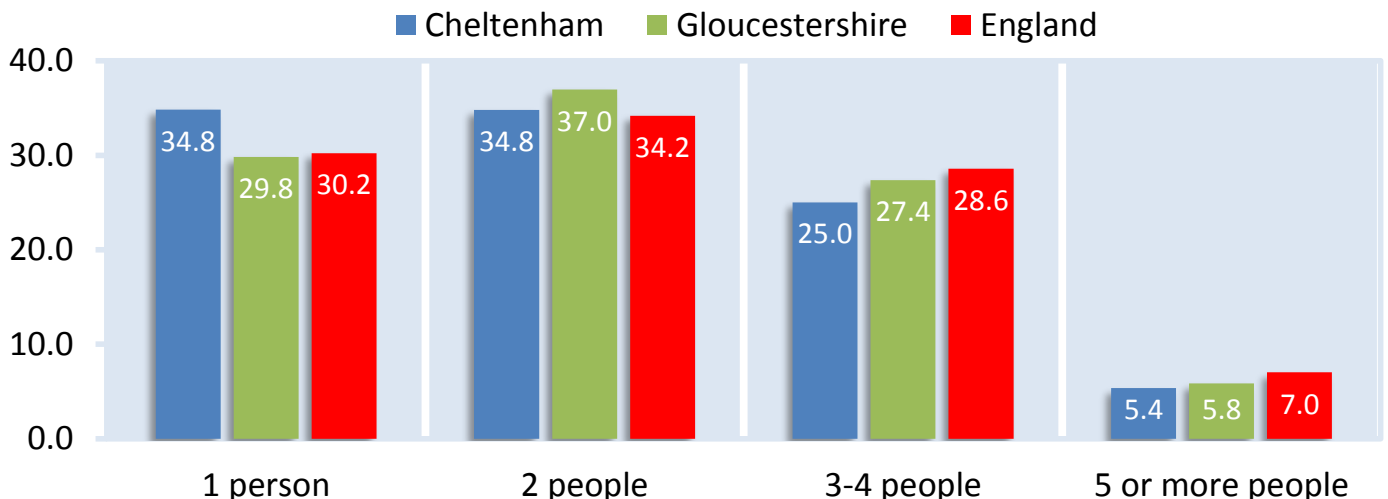
Between 2001 and 2011, the number of one person households in Cheltenham increased by 1,173 (Figure 6.12)– making up 42 per cent of all household growth in the district, compared to 36 per cent of all household growth across Gloucestershire and 32 per cent across England. The number of large households (5 or more people) fell by 43. Similar trends occurred across Gloucestershire, with a large rise in one and two person households and a fall in households of 5 or more people.

FIGURE 6.12: CHANGE IN HOUSEHOLD SIZE IN CHELTENHAM BETWEEN 2001 AND 2011 (TOTAL HOUSEHOLDS)



Source: 2001 and 2011 Census, Office for National Statistics.

FIGURE 6.13: HOUSEHOLD SIZE IN 2011



Source: 2011 Census, Office for National Statistics.

CHELTENHAM HAS THE HIGHEST PROPORTION OF SMALL DWELLINGS IN GLOUCESTERSHIRE AND THERE HAS BEEN A LARGE INCREASE IN THE NUMBER OF SMALL DWELLINGS OVER THE PAST TEN YEARS

In 2011, 16 per cent of all households lived in a dwelling with 1-3 rooms. This was the highest percentage across Gloucestershire and higher than the Gloucestershire and England averages (11 and 14 per cent) as detailed in **Figure 6.14**. In contrast, Cheltenham had the smallest percentage of households living in large dwellings (6+ rooms) of all Gloucestershire districts.

Between 2001 and 2011, there was a large increase in the number of households living in small dwellings (18 per cent – similar to the Gloucestershire and England averages). There was no change in the number of households living in dwellings with 4-5 rooms and an 8 per cent increase in the number of households living in large dwellings (6 or more rooms).

A HIGHER THAN AVERAGE PERCENTAGE OF HOUSEHOLDS IN CHELTENHAM LIVE IN FLATS, WHILE THE NUMBER OF FLATS IN THE DISTRICT HAS INCREASED SHARPLY OVER THE PAST TEN YEARS

The most common property type in Cheltenham is semi-detached houses (32 per cent of all households in 2011) – mirroring the County and national averages. Just 18 per cent of Cheltenham households lived in detached houses in 2011. This was the lowest percentage across Gloucestershire and lower than the Gloucestershire and England averages (31 and 22 per cent).

In contrast, a much higher percentage of Cheltenham households lived in flats. At 28 per cent, this was significantly higher than any other Gloucestershire district and was higher than the Gloucestershire and England averages of 15 and 22 per cent. This ties in with the findings above: a higher than average percentage of Cheltenham households living in small dwellings.

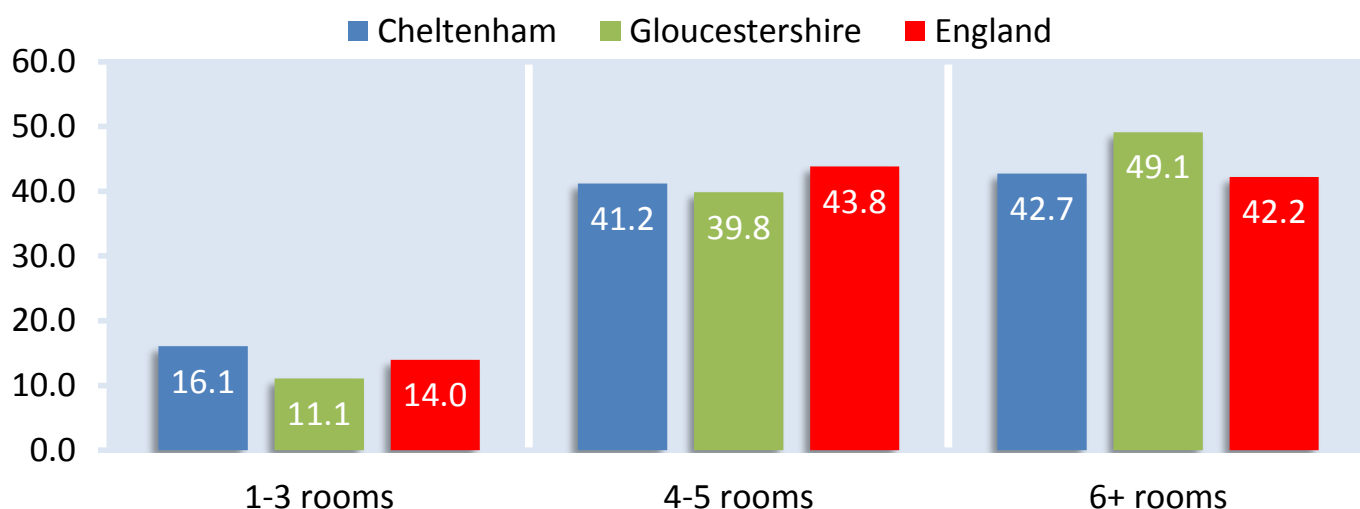
The number of flats in Cheltenham has increased sharply over the past ten years. Between 2001 and 2011, the number of flats increased by 19 per cent. This mirrored countywide and national trends, with the number of flats increasing by 24 and 22 per cent across Gloucestershire and England. There were small and lower-than-average increases in the numbers of households living in detached, semi-detached and terraced houses and a fall in the number of caravans and mobile homes.

A HIGHER THAN AVERAGE PERCENTAGE OF PEOPLE IN CHELTENHAM LIVE IN PRIVATE RENTED ACCOMMODATION

Almost two-thirds of people in Cheltenham own their own home: in 2011, the most common tenure of households in Cheltenham was owner occupation – 65 per cent of all households – lower than the Gloucestershire average (70 per cent) but similar to England (64 per cent).

Cheltenham has a higher than average percentage of households living in private rented accommodation and a lower than average percentage of people living in social rented accommodation. In 2011, 23 per cent of households lived in private rented accommodation, compared to 18 per cent across England. In contrast, 12 per cent of households lived in social rented accommodation, compared to 18 per cent across England (**Figure 6.15**).

FIGURE 6.14: DWELLING SIZE IN 2011



Source: 2011 Census, Office for National Statistics.

THERE HAS BEEN A LARGE INCREASE IN THE PRIVATE RENTED SECTOR IN CHELTENHAM

In Cheltenham, Gloucestershire, and England as a whole, the private rented sector has increased dramatically since 2001, although growth in Cheltenham (77 per cent) is lower than that recorded nationally (89 per cent). There has also been significant growth in the ‘other social rented’ sector, i.e. social rented other than from a local authority (38 per cent in Cheltenham and 47 per cent across England). Also reflecting national trends, there has been a fall in the number of households that own their home with a mortgage/shared ownership.

As noted in the Gloucestershire Strategic Housing Market Assessment (SHMA) 2014, growth in the private rented sector alongside the related availabilities of other tenures has had a notable impact on housing market dynamics and the decisions made by households within the housing market.

The report ‘Who Lives in the Private Rented Sector’ published in January 2013 by the British and Social Housing Foundation (BSHF) notes that the growth in the private rented sector at the start of this century was caused by the availability of buy-to-let mortgages allied to

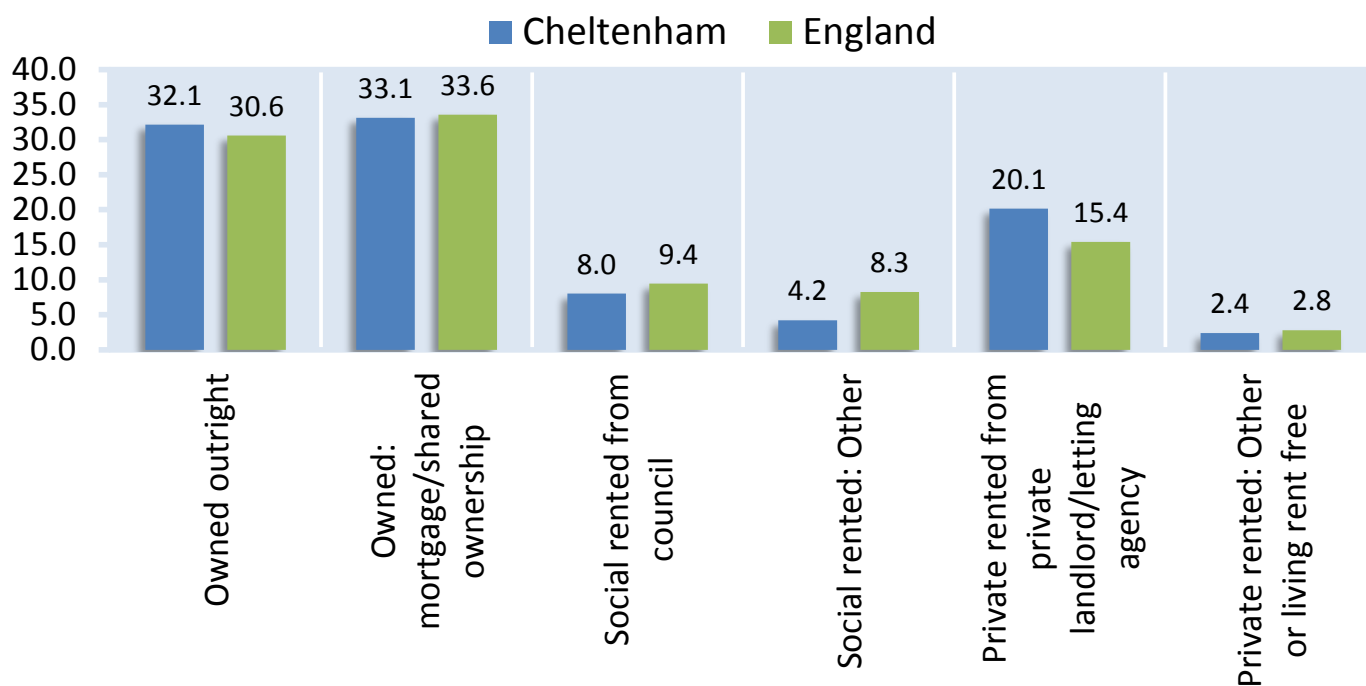
rising house prices which led to the sector being considered a good investment.

The economic downturn from mid-2007 onwards changed these conditions but the private rented sector continued to grow. In more prosperous areas, the growth has been driven by the inaccessibility of owner-occupation due to both high house prices and unfavourable mortgage lending criteria.

Gloucestershire can be considered a more prosperous area and much of the growth recorded in the private rented sector in the County has been from employed households, although the inaccessibility of social housing for households unable to afford market accommodation has also driven growth of the sector.

The 2011 Census also revealed that the number of people aged between 15-29 years in the County increased by over 9,500 between 2001 and 2011, resulting in additional demand for private rented accommodation. Discussions with letting agents reflected that some of the increased activity over the last few years was a consequence of more demand from young people sharing, but also from couples who do not yet wish to buy.

FIGURE 6.15: HOUSING TENURE IN 2011, PERCENTAGE SHARE OF HOUSEHOLDS



Source: 2011 Census, Office for National Statistics.

HOUSEHOLD PROJECTIONS

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.

PROVISION OF NEW DWELLINGS IN CHELTENHAM HAS KEPT PACE WITH HOUSEHOLD FORMATIONS OVER THE PAST 20 YEARS

Comparison of dwellings and household trends in Cheltenham suggest that the overall provision of new dwellings in Cheltenham has kept pace with household formations over the past 20 years. In 2011, the numbers of dwellings in Cheltenham was 4.3 per cent higher than the number of households, compared to 3.3 per cent and 3.4 per cent higher in 1991 and 2001.

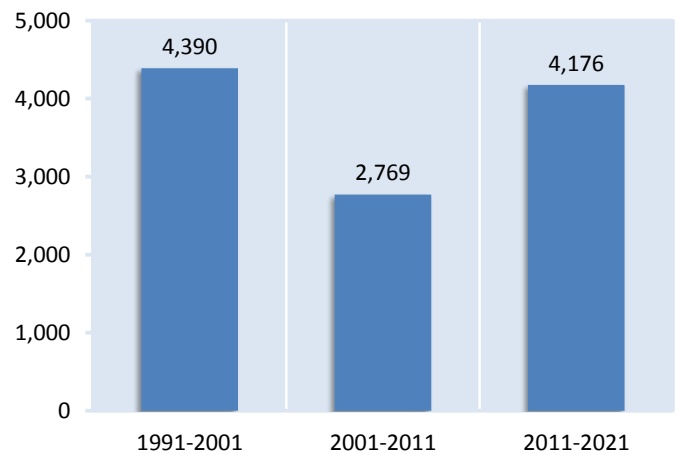
Between 2011 and 2021, the Department for Communities and Local Government (DCLG) projects that the number of households in Cheltenham will grow by 4,176 – or 418 per year (Figure 6.16). This is much higher than the historic trend of household growth over the past ten years – 2,769 new households, or 277 per year.

In the expert advice submitted to the Joint Core Strategy, a higher rate of household formation has been proposed – that households will grow by 5,200 between 2011 and 2021 (see The Objectively Assessed Housing Needs of the Cheltenham, Gloucester and Tewkesbury Joint Core Strategy, November 2014).

AVERAGE HOUSEHOLD SIZE IS PROJECTED TO DECREASE WITH A SHARP INCREASE IN THE NUMBERS OF HOUSEHOLDS WITH ONE PERSON OR ONE COUPLE AND WITH NO DEPENDENT CHILDREN

Average household size is projected to decrease in Cheltenham over the next ten years. By 2021, DCLG projects that there will be on average 2.15 people per household, down from 2.18 in 2011. The number of households is expected to increase most among those with one couple, with or without children, (+2,085) and one person (+1,252). The increase in one person and one couple households is expected to make up 80 per cent of the total increase in households between 2011 and 2021. More than half (55 per cent) of the increase in new households is expected to be among those with no dependent children (+2,301).

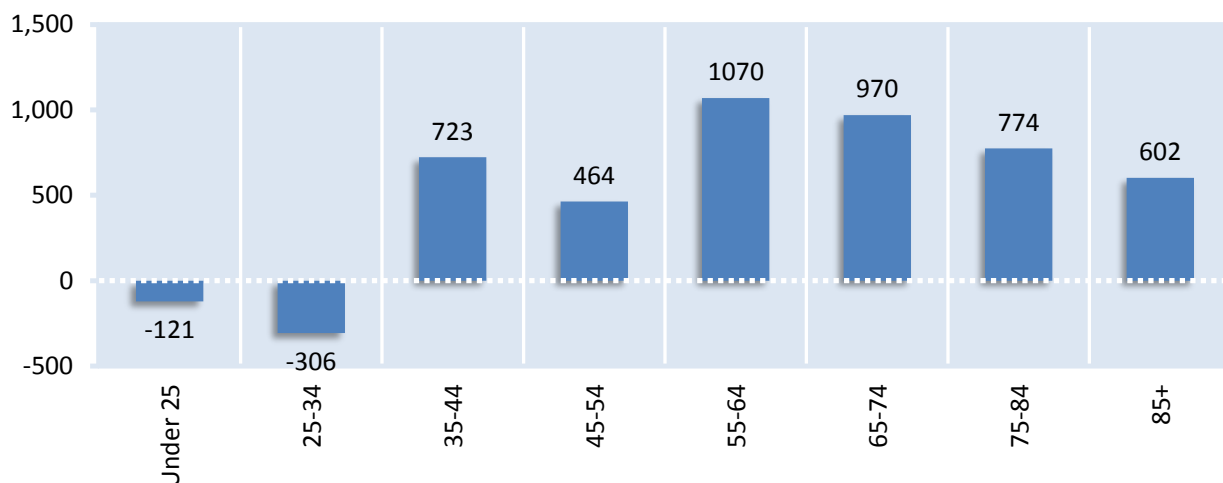
FIGURE 6.16: ACTUAL AND PROJECTED NET ADDITIONAL HOUSEHOLDS IN CHELTENHAM



Source: Department for Communities and Local Government.

Between 2011 and 2021, the number of new households is expected to increase most among those with household representatives aged between 55-64 years followed by those aged 65-74 years (Figure 6.17). The number of young households is expected to decrease – by 427 among household representatives aged 34 and under.

FIGURE 6.17: PROJECTED CHANGE IN HOUSEHOLDS BY AGE IN CHELTENHAM 2011 TO 2021



Source: Department for Communities and Local Government.

COMMERCIAL AND INDUSTRIAL PROPERTY

RATEABLE FLOOR SPACE IN RETAIL AND OFFICE USES HAS INCREASED OVER THE DECADE TO 2012

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 (**Figure 6.18**). All uses, apart from industrial, had increased their rateable floor space between 2002 and 2012.

As **Figure 6.20** indicates, 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).

What is noticeable is the lower rateable values of office floorspace in Gloucestershire districts including Cheltenham, compared to other centres such as Bath, Birmingham, Bristol, Cardiff and Oxford. Industrial floorspace 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.

FIGURE 6.19: RATEABLE FLOOR SPACE IN CHELTENHAM, THOUSANDS OF SQUARE METRES



Source: Valuation Office Agency.

FIGURE 6.20: RATEABLE VALUES IN CHELTENHAM £ PER SQUARE METRE



Source: Valuation Office Agency.

FIGURE 6.18: RATEABLE FLOORSACE AND VALUES BY USE CLASS IN 2012

| | Floorspace, thousands of square metres | | | | | Rateable values £ per square metre | | | |
|-------------------------|----------------------------------------|---------|---------|------------|--------|------------------------------------|---------|------------|-------|
| | Total | Retail | Offices | Industrial | Other | Retail | Offices | Industrial | Other |
| Gloucestershire | 6,602 | 1,245 | 1,009 | 3,970 | 378 | 131 | 80 | 36 | 51 |
| Cheltenham | 1,218 | 389 | 359 | 416 | 54 | 165 | 88 | 39 | 78 |
| Cotswold | 827 | 161 | 103 | 484 | 79 | 132 | 81 | 38 | 44 |
| Forest of Dean | 872 | 84 | 34 | 697 | 57 | 65 | 45 | 22 | 36 |
| Gloucester | 1,444 | 373 | 318 | 678 | 75 | 126 | 74 | 39 | 67 |
| Stroud | 1,202 | 151 | 86 | 897 | 68 | 94 | 58 | 34 | 40 |
| Tewkesbury | 1,038 | 86 | 110 | 797 | 45 | 124 | 98 | 45 | 40 |
| Bath and NE Somerset UA | 1,313 | 371 | 215 | 610 | 117 | 199 | 131 | 30 | 69 |
| Birmingham | 11,594 | 2,267 | 1,985 | 6,538 | 804 | 131 | 132 | 33 | 72 |
| Bristol, City of UA | 4,949 | 1,101 | 1,151 | 2,394 | 303 | 146 | 135 | 37 | 72 |
| Cardiff | 3,675 | 1,070 | 985 | 1,328 | 292 | 176 | 117 | 41 | 72 |
| Oxford | 1,175 | 375 | 366 | 323 | 111 | 220 | 128 | 46 | 87 |
| Swindon UA | 2,768 | 502 | 523 | 1,611 | 132 | 166 | 90 | 43 | 72 |
| Worcester | 1,182 | 295 | 183 | 633 | 71 | 140 | 81 | 35 | 72 |
| ENGLAND | 544,415 | 111,198 | 89,250 | 304,853 | 39,114 | 150 | 155 | 37 | 68 |

Source: Valuation Office Agency.

TRAVEL TO WORK AND WORKING FROM HOME

LARGER-THAN-AVERAGE PERCENTAGES OF PEOPLE WORKING IN CHELTENHAM TRAVEL SHORT DISTANCES TO WORK AND TRAVEL ON FOOT OR BICYCLE, REFLECTING THE URBAN NATURE OF THE DISTRICT

Despite being an area of in-commuting, a large percentage of people working in Cheltenham in 2011 travelled less than 5km from their home to their workplace (48 per cent, compared to 35 per cent across England) – as depicted in **Figure 6.21**. This reflects the fact that Cheltenham is an urban area with people living and working in the district living close to their place of work.

In contrast, Cheltenham had a lower-than-average percentage of workers travelling intermediate distances to work (23 per cent travelling between 5 and 20km, compared to the national average of 33 per cent). The percentage of people travelling long distances to work – 20km or more – was similar to the national average (13 per cent compared to 14 per cent).

The most popular method of travelling to work by people working in Cheltenham is by car/van, with over half of

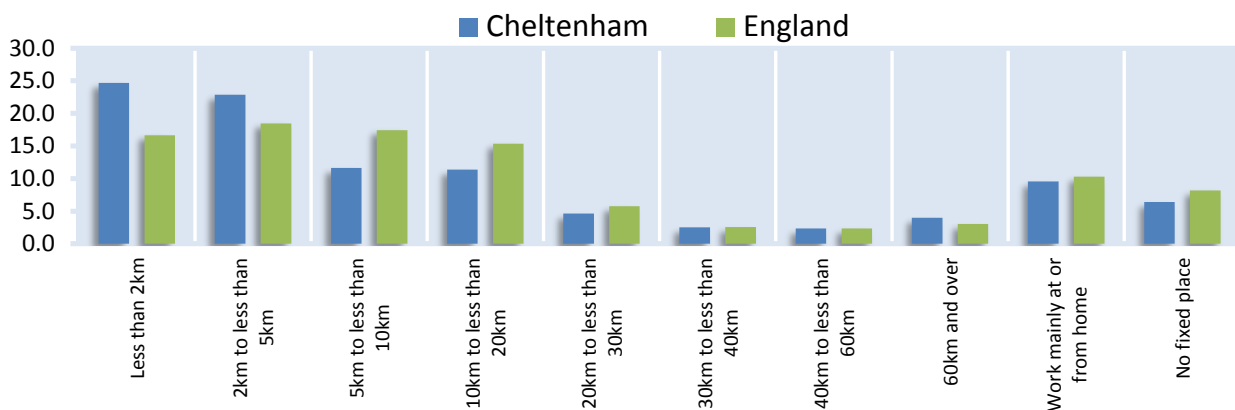
people opting for this method of travel (55 per cent, similar to the national average of 54 per cent).

The fact that Cheltenham is an urban area also means a large percentage of people working in the district travel to work on foot or bicycle (22 per cent of workers, compared to 10 per cent across England). In contrast, a much lower percentage of workers travel to work by train, underground, metro, light rail or tram (1 per cent, compared to the national average of 9 per cent).

THERE HAS BEEN A LARGE INCREASE IN THE NUMBERS OF PEOPLE TRAVELLING TO WORK ON FOOT AND WORKING FROM HOME

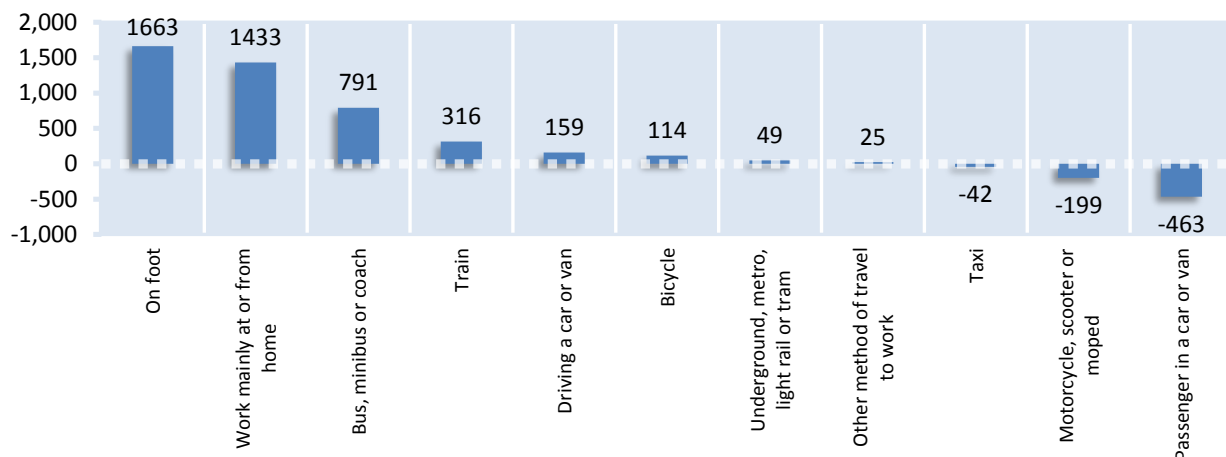
Between 2001 and 2011, there was a very large increase in the number of people working in Cheltenham travelling to work on foot (+1,700, or +19 per cent, compared to a 10 per cent increase across England) as indicated in **Figure 6.22**. This suggests that a large proportion of the 3,000 net additional jobs created between 2001 and 2011 were filled by people living very close to their place of work. There was also a large increase in the number of people working at or from home (+1,400), mirroring national trends.

FIGURE 6.21: DISTANCE TRAVELLED TO WORK IN 2011



Source: 2011 Census, Office for National Statistics.

FIGURE 6.22: CHANGE IN MODE OF TRANSPORT TO WORK BY RESIDENTS BETWEEN 2001 AND 2011



Source: 2001 and 2011 Census, Office for National Statistics.

TRAFFIC CONGESTION

AVERAGE VEHICLE SPEEDS ARE FASTER ON GLOUCESTERSHIRE A ROADS THAN THE NATIONAL AVERAGE BUT HAVE DECLINED OVER THE PAST TWO YEARS

In 2013/14, the average vehicle speed on locally managed A roads during the weekday morning peak in Gloucestershire was 28.6 miles per hour. This was faster than the national average of 24.3 miles per hour, suggesting that roads are less congested. However, the average road speed has declined by 1.1 mile per hour over the past two years (equivalent to a 4 per cent fall, the same as across England).

The Department for Transport provides data on average speeds during the weekday morning peak for A roads in Gloucestershire. The following provides information on roads within or that pass through Cheltenham. It shows that the fastest average speeds are found on the A435 while the slowest (and therefore most likely congested) route is the A4013. Average speeds have declined, and hence congestion has likely increased, on most routes. The largest declines in speed have occurred on the following roads:

- A4013 northbound – a 15 per cent decline in the average speed during the weekday morning peak over the past three years
- A40 westbound – a 9 per cent decline over the past three years
- A435 southbound – an 8 per cent decline over the past six years
- A46 northbound – a 5 per cent decline in the past year

A40: A 9 PER CENT DECLINE IN THE AVERAGE WESTBOUND SPEED OVER THE PAST THREE YEARS

The A40 is a major trunk road connecting London to Goodwick (Fishguard), Wales. The road travels through Cheltenham town centre along at least two parallel routes. Afterwards it becomes dual carriageway out of Cheltenham (past GCHQ) and has a junction with the M5 motorway.

Data is available on average speeds on the A40 within Gloucestershire. During July 2013-June 2014, the average westbound speed during the weekday morning peak was 26.4 miles per hour (faster than the national average) while the average eastbound speed was 23.6 miles per hour (slower than the national average).

There has been little change in the average eastbound speed over the past three years but the average westbound speed has declined by 9 per cent since July 2010-June 2011 with a sharp decline in the past year.

A4013: A CONGESTED ROAD WITH DECLINING SPEEDS

The A4013 is a short link road on the western outskirts of Cheltenham. Average speeds on this road are the slowest of all A roads in Cheltenham: 13.3 miles per hour northbound in July 2013-June 2014 and 16.5 miles per hour southbound – much slower than the national and Gloucestershire averages. Average speeds have declined considerably on the northbound route – by 15 per cent over the past three years.

A4019: A SLIGHT DECLINE IN AVERAGE SPEEDS OVER THE PAST FEW YEARS

The A4019 is a semi-rural A-road running out of Cheltenham with similar average road speeds to the national average (22.2 miles per hour eastbound and 24.5 miles per hour westbound). The average eastbound speed has declined by 4 per cent over past year while the average westbound speed declined 3 per cent over past three years.

A435: FASTER SPEEDS THAN THE NATIONAL AVERAGE BUT A SHARP DECLINE IN THE AVERAGE SPEED ON THE SOUTHBOUND ROUTE

The A435 is a main road in England running between Birmingham and Cirencester and passes through the centre of Cheltenham. It has faster average speeds than the national and Gloucestershire averages: 31.4 miles per hour northbound and 30.0 miles per hour southbound. However, average speeds have declined in both directions. On the southbound route, there was a sharp decline between 2007/08 and 2008/09 with a total decline of 8 per cent over the past six years. The average speed on the northbound route has fallen by 4 per cent over the past four years.

A46: A SHARP DECLINE IN THE AVERAGE NORTHBOUND SPEED OVER THE PAST YEAR

The A46 starts east of Bath and ends in Cleethorpes (North East Lincolnshire), but it does not form a continuous route. After a gap filled in by the A435, the A46 reappears on its original route in the centre of Cheltenham before heading through Stroud. The southbound route has a similar average speed to the national average (24.1 miles per hour) with little change over the past few years. But the average speed on the northbound route has declined sharply over the past year, by 5 per cent, to 22.9 miles per hour, having been on an upward trend over the previous five years.



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

APPENDIX B: Site Analysis and Employment Land Review

For Cheltenham Borough Council

January 2015

Glenn Athey

Natalie Blaken



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1. INTRODUCTION

INTRODUCTION

- 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

- 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 20th 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 £12billion Government Programme to revitalise local economies. The Growth Deal for Gloucestershire 2014 focusses upon 3 priority area 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 £62.5million of investment. £11.7 m has been confirmed in 2015/16 and £16.6m 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

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 Flexburn (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:

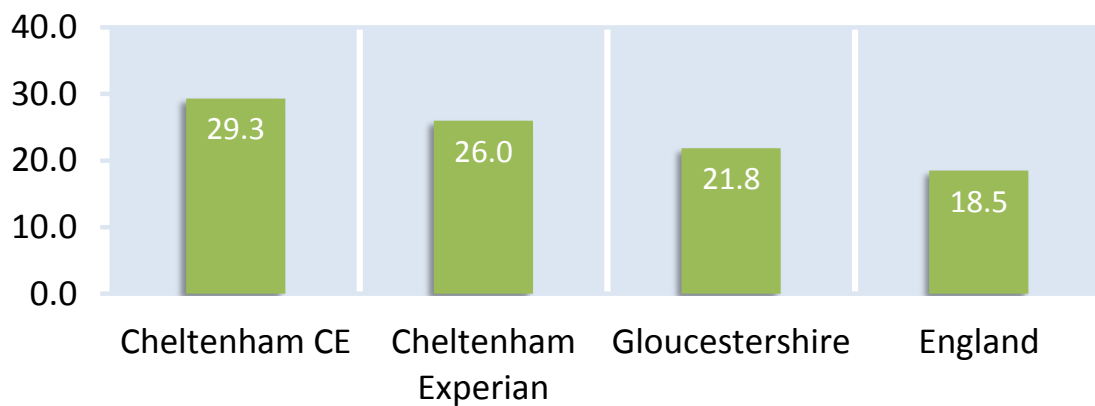
- Cheltenham has a large quantum of office space but is not enough to meet demand;
- The offer is mostly concentrated in small size office space in regency and older buildings (80 per cent are less than 500 sq m);
- A number of structural weaknesses in the portfolio of available premises exist, particularly 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

- 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.

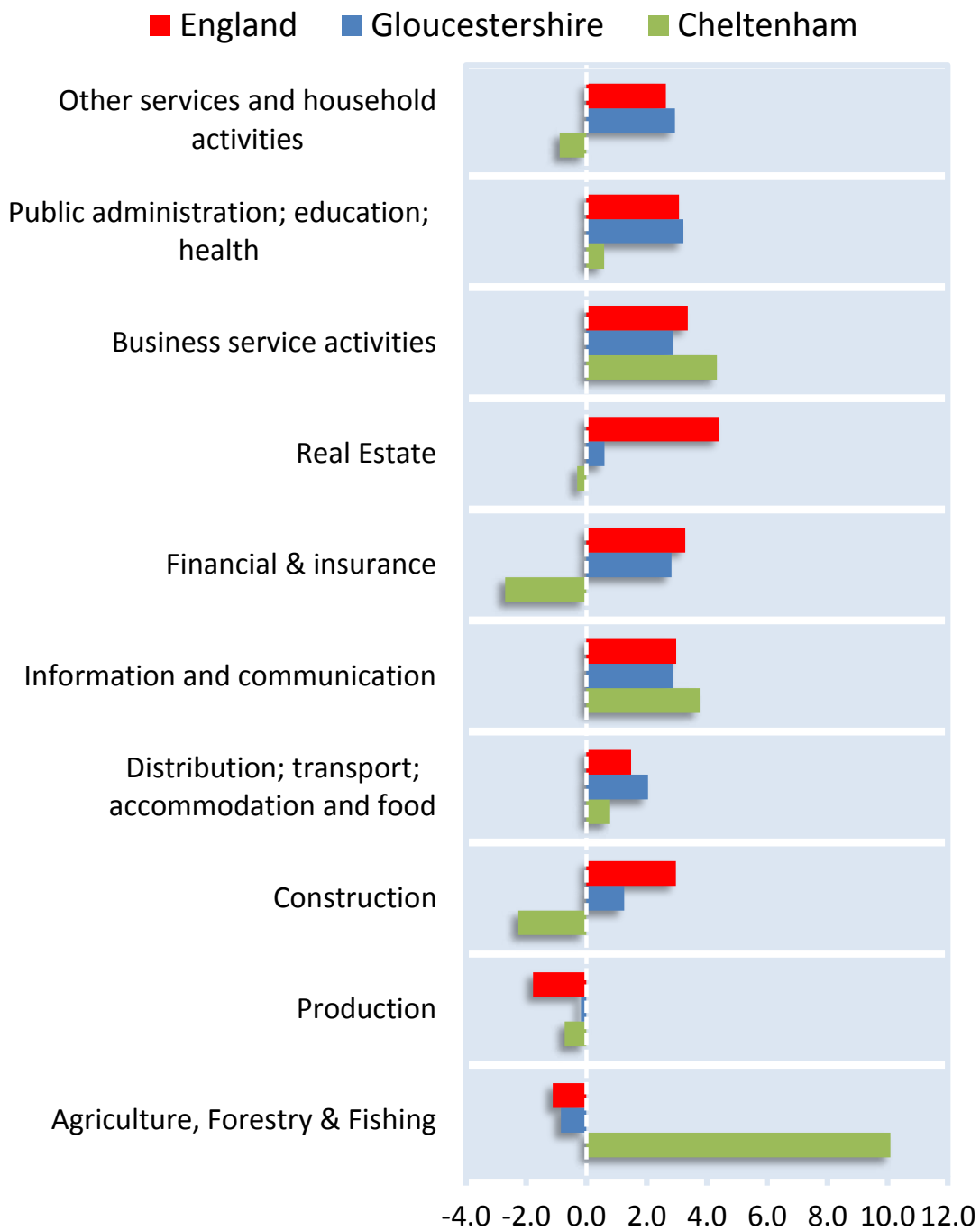
FIGURE 4.1: SHARE OF ECONOMIC OUTPUT GENERATED BY PUBLIC ADMINISTRATION, EDUCATION AND HEALTH IN 2011



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

- 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 5th 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 1ST APRIL 2014

6.13 The Borough's Non Residential Land Use report sets out employment land commitments at 1st 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 1st 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 1st April 2014 as:

FIGURE 6.5: LAND SUPPLY POSITION FOR CHELTENHAM BOROUGH COUNCIL (COMPLETIONS AND COMMITMENTS) FOR B CLASS LAND AT 1ST 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 |
| Gross Land Supply | 22 ha |
| Losses since 2011 | -6.9 ha |
| Expected Losses | - 4.3 ha |
| Total losses | -11.2 ha |
| Net Land Supply | 10.8 ha |

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 1st 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 1ST 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 |
| Total | 33,248 | 28,667 | 4,580 | 13.16 | -22,116 | -11,129 | --10,007 | -2.85 |

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 31st 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 1st 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 31st 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 st 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 |
| Total | -2,682 | 2.36 | 11,132 | 10.31 | 8,450 | 12.67 |

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 31st 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

- 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 ¹ | | | |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | LOCATION | | DESCRIPTION OF PREMISES | TYPE OF OCCUPIERS |
| | Type | Description | | |
| High Quality Office (Grade A) | <u>Town Centre</u> ² ; <u>Edge of Centre</u> ³ ; and <u>Well Connected</u> ⁴ | 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> ⁵ | 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. |
| High Street (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. |
| Regency Office | 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 th 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 |

¹ 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.

² Defined as the Core Commercial Area

³ of Core Commercial Area

⁴ To 'main road network'

⁵ Main A roads such as Tewkesbury Road and Gloucester Road (A40),

| PREMISES TYPE | CHARACTERISTICS ¹ | | | |
|--------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | LOCATION | | DESCRIPTION OF PREMISES | TYPE OF OCCUPIERS |
| | Type | Description | | |
| Business Park | Edge of Centre; Well Connected; and maybe <u>Poorly Connected</u> ⁶ | 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> |
| Industrial Estate | 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> |

⁶ To 'main road network'

| PREMISES TYPE | CHARACTERISTICS ¹ | | | |
|-------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 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> |
| Single Occupier | <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> |
| Other / Informal | <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 21st 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 ¹ | | | |
|------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------|
| | 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 |
| High Quality Office | 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 | <p>business.</p> <p>Planning applications for business park space to provide office accommodation imminent on Green Belt locations on the edge of the town</p> <p>Improving connectivity to services and facilities.</p> <p>Improving opportunities for sustainable travel</p> | |
| High Street | Amber | <p>Centrally located to access a wider range of services and facilities. Good levels of footfall.</p> <p>Vacancy rates are relatively low due to the lack of prime office space in the town centre.</p> | <p>Cost of refurbishment and low return</p> <p>Smaller and older accommodation does not meet flexible space required by business</p> | <p>Town centre regeneration projects to improve quality of offer and relationship with other parts of the town.</p> | <p>Outstanding planning commitments show some threat from other uses, such as retailing and residential, including assisted living homes.</p> |
| Regency Office | Amber | <p>Unique business space offering culturally rich regency premises/location for professional based organisations.</p> <p>Anticipate strong and maintained demand for professional business space in the historic core at Imperial Square, Promenade, St</p> | <p>Cost of maintenance and refurbishing historic premises can be high with low returns. There is a high frequency of vacancies (over supply).</p> <p>Regency premises provide limited flexibility to allow alterations and build extensions. This can constrain</p> | <p>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.</p> | <p>Changes of use to dwellings are a significant threat (via permitted development rights) and reduce the available office stock in the town centre</p> <p>Grow on space from Regency property is limited.</p> |

| 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 th Century office blocks impact the historic setting of Cheltenham's regency buildings | | |
| Business Park | 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. |
| Industrial Estate | 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 |
| Single Occupier | 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> |
| Other / Informal | 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

- 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 20th 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.

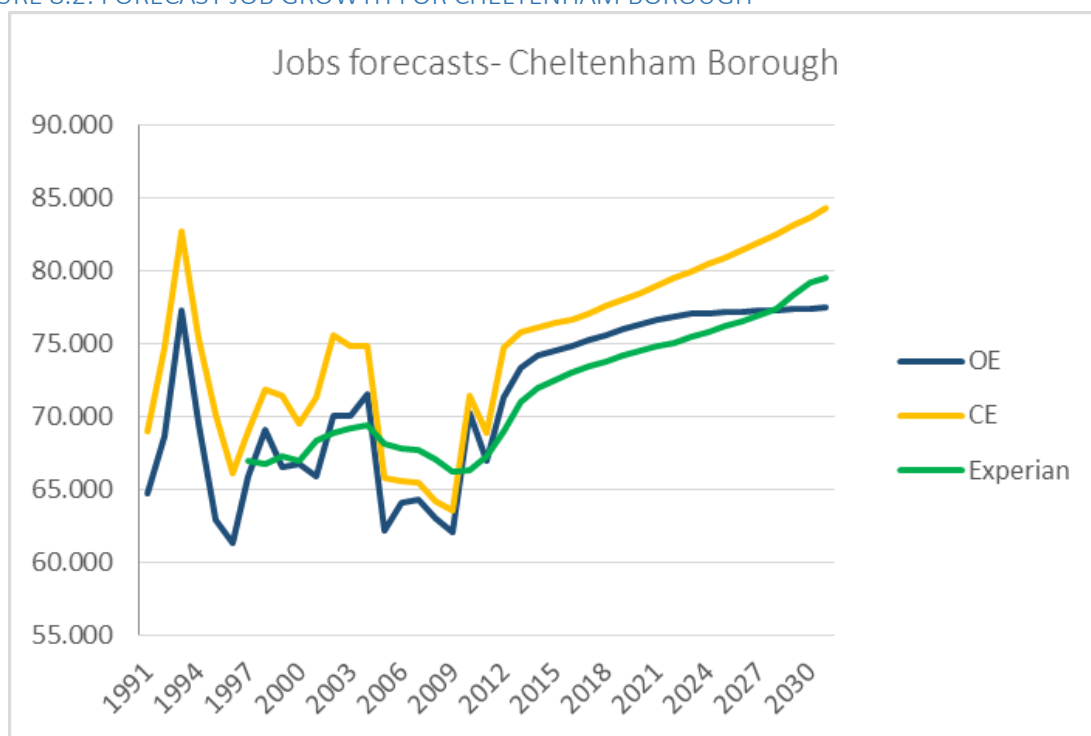
FIGURE 8.1: TOTAL FORECAST JOB GROWTH COMPARISON BETWEEN GLOUCESTERSHIRE AUTHORITIES

| 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.

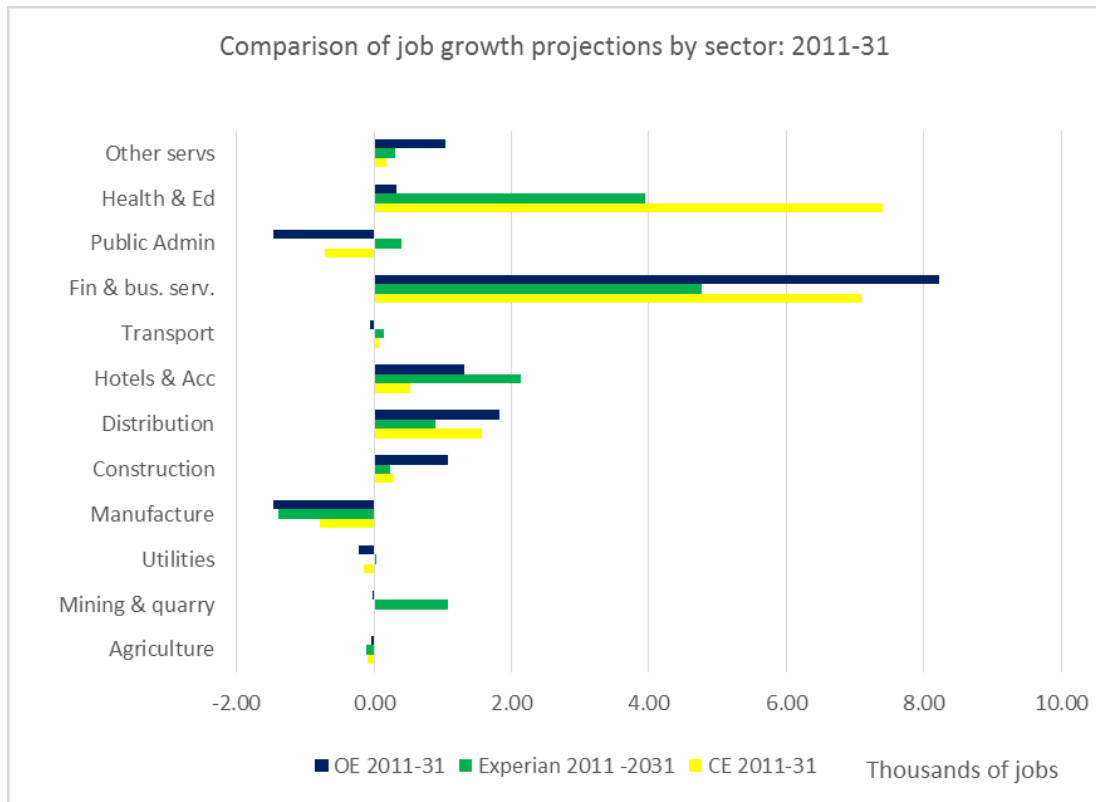
8.10 There are significant differences between the forecasts. The forecasts are built up using a combination of a national view on the prospects for the different sectors of the economy and local data on the demand for services and the performance of different sectors. Therefore there are different views 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.

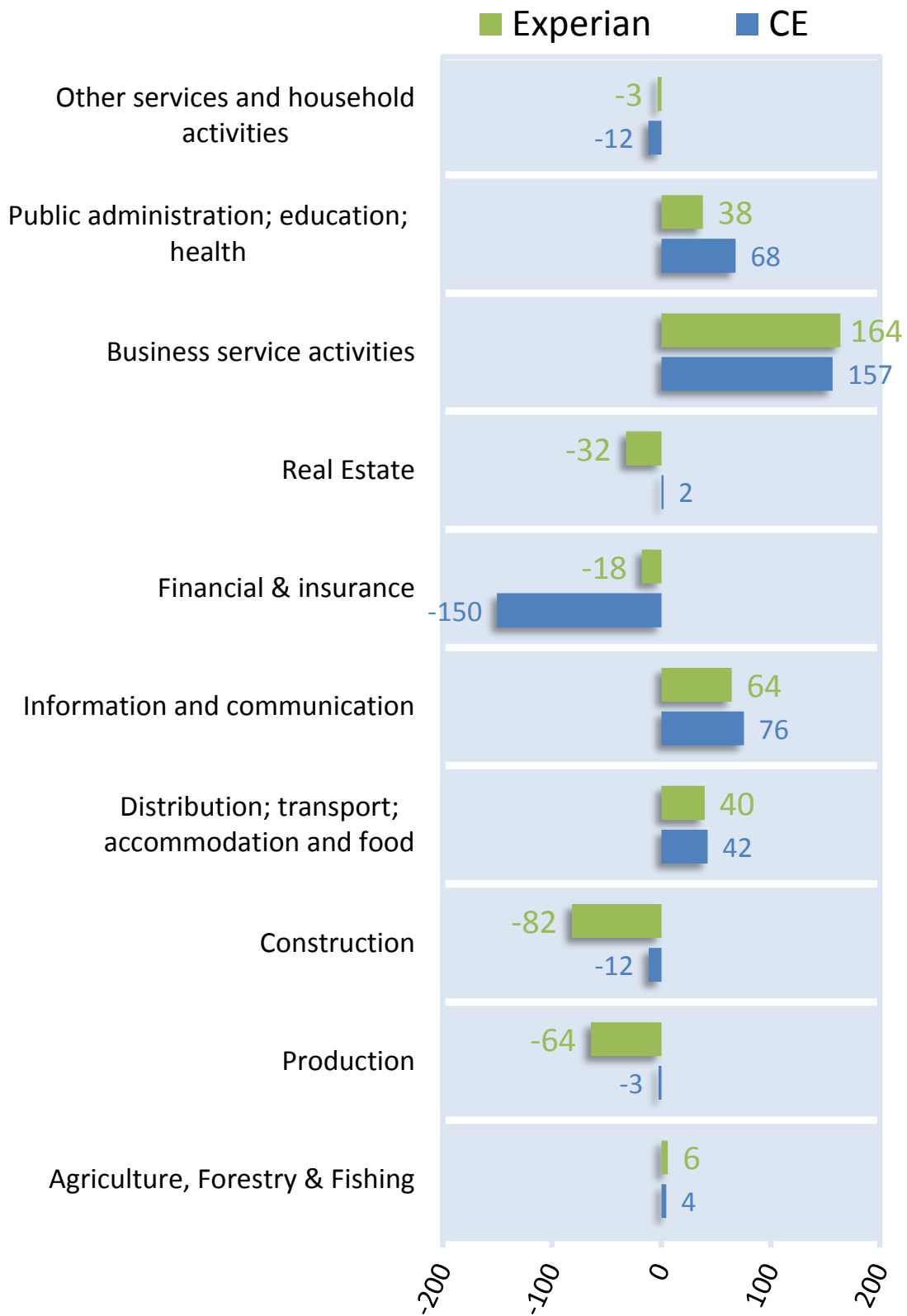
FIGURE 8.4: COMPARISON OF TOTAL EXPERIAN, CE AND OE JOB GROWTH 2011 TO 2031



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 Total | 6,375 | 3,733 | 5,706 | 5,271 |
| Other | 4,183 | 8,510 | 9,630 | 7,441 |
| Total | 10,558 | 12,243 | 15,336 | 12,712 |

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 Total | 2,363 | 2,353 | 1,433 | 2,050 |
| Other | 952 | 5,261 | 6,691 | 4,301 |
| Total | 3,315 | 7,614 | 8,124 | 6,351 |

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

- 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 |
| Cheltenham | 19.7 | 15.5 | 22.6 | 7.2 | 29.9 | 12.1 |
| Gloucester | 19.2 | 18.3 | 7.0 | 2.9 | 12.8 | 11.6 |
| Tewksbury | 22.5 | 17.7 | 15.9 | 7.5 | 19.4 | 15.5 |
| Total | 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 |
| B1 | 12 | 15 | 15 | 19 | 18 | 22 |
| B2 | -12 | -16 | -6 | -7 | -11 | -14 |
| B8 | 4 | 5 | 3 | 3 | 6 | 7 |
| Total | 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 |
| B1 | 60,700 | 48,238 | 77,363 | 28,613 | 89,967 | 41,425 |
| B2 | - 49,765 | -61,901 | - 23,865 | -31,672 | - 43,951 | 38,295 |
| B8 | 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

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

APPENDIX C: Consultation report

For Cheltenham Borough Council

January 2015

Glenn Athey

Natalie Blaken



SUMMARY

Interviews and meetings were held with 25 stakeholders to discuss the opportunities and challenges facing Cheltenham's economy and its positions as a business location. The main perceptions summarised here.

THERE WERE CONSENSUS VIEWS ON FOUR KEY PRIORITIES FOR THE CHELTENHAM ECONOMY:

1. Providing sites and permissions for suitable office space: The need for solutions to provide a range of sites and premises to support business growth, including modern, large offices as well as 'move-on' space for growing new businesses.
2. Actively supporting business growth: The need for a stronger vision for growth and change over the next 20 years that encompasses a wider range of sectors than currently.
3. Improvements to transport and parking: particularly to the west of the town and the city centre, including measures to ease congestion (such as building a ring road/northern relief road), better car parking provision, easier customer access for retail businesses, and measures to encourage modal shift from cars to public transport.
4. Supporting expansion of GCHQ: who are actively looking for an expansion location for themselves and locations for subcontractors.

CHELTENHAM IS NOT COMPETITIVE AS A BUSINESS LOCATION

High costs, poor access, congestion, lack of parking, lack of large modern office space, lack of capacity for purpose built accommodation/sites for high end professional and technology businesses, lack of workforce skills, and lack of local HE and FE capability suitable for industry/skills needs. Hence there was a lack of compelling business rationale to be there unless serving a customer base, e.g. retail, business to business services, personal services, leisure, hotels, etc. Direct competitors in terms of alternative business locations included Gloucester, with its available sites and premises; London, Birmingham, Bristol and Bath for business HQs; and Tewkesbury with its available land and sites at J9.

CHELTENHAM'S CHANGING ROLE AS A BUSINESS LOCATION

Cheltenham's role as a manufacturing location and as a services industry HQ location has diminished. HQs have moved out of the town. While globalisation/restructuring is one major cause, according to numerous business stakeholders, the Gloucestershire area has lack of access to markets and availability of skills specialisms or national assets compared to other UK locations.

LOW BUSINESS CONFIDENCE IN CHELTENHAM AS A LOCATION FOR BUSINESS GROWTH

An over-riding impression, particular amongst business stakeholders consulted, was the low levels of confidence in Cheltenham as a business location in terms of its competitive offer, costs, sites and premises, and access to talent.

TRENDS IN REAL ESTATE AND PROPERTY DEMAND

Three key trends were identified: 1. the loss of business accommodation for other uses, 2. insufficient high quality accommodation for new and expanding businesses, and 3. increasing demand for smaller units.

INTRODUCTION

CANVASSING AND REPORTING PERCEPTIONS AMONGST CHELTENHAM'S KEY STAKEHOLDERS

Interviews and meetings were held with 25 business leaders, property agents and consultants, business organisations and representatives and council leaders in Cheltenham between November 2014 and January 2015.

It is important to note that this document reflects perceptions as stated during stakeholder consultations. This summary report presents issues and perceptions that were commonly held across stakeholders. Whilst there is some measure of strength of feeling and market feedback, they must be considered alongside other evidence such as the economic assessment and review of employment sites and land.

THE CONSULTATION EXERCISE

The purpose of the consultation was to understand, in real-time the practical policy issues and market dynamics facing Cheltenham as a business location. The main insights sought include the following:

- To assess strengths, weaknesses, opportunities, threats for the Cheltenham economy;
- Understand the role of Cheltenham as a business location and its key strengths and weaknesses;
- Develop a sense of the critical economic priorities in Cheltenham, particularly relating to key sectors, growth and decline;
- Gain insight into real estate and property trends and demand, including the key development sites, assets and opportunities;
- Improved understanding of private sector views about opportunities, barriers and critical issues;
- Understand the relationships and interdependencies with surrounding/adjacent districts, such as Gloucester and Tewkesbury.

The key findings from this consultation are detailed below.

WHAT ARE THE MAIN PRIORITIES AND NEEDS FOR THE CHELTENHAM ECONOMY?

1. PROVIDING SITES AND PERMISSIONS FOR SUITABLE OFFICE SPACE

If established and start-up businesses in Cheltenham want to be ambitious, there is nowhere for them to move to and grow within the town. Consultees stressed the need for more provision of larger modern, high grade offices and a new business park to compete with the likes of Gloucester. CBC needs to allocate land for growth as a top priority while a strategic fund to buy key sites would be helpful.

2. ACTIVELY SUPPORTING BUSINESS GROWTH

CBC needs to be more growth-orientated with a stronger vision for growth and change over the next 20 years. There is a general feeling that the major growth sectors in the town are the care sector – supporting Cheltenham's ageing population – and retail. Top priorities include allocating land for growth, helping indigenous companies to expand and improving the offer for start-up businesses. More could be done to promote and support Cheltenham's engineering base, attract engineering talent to the area and ensure it can compete on a global scale.

3. IMPROVEMENTS TO TRANSPORT AND PARKING

Many consultees emphasised the need for transport improvements in and around Cheltenham – particularly to the west of the town and the city centre, including measures to ease congestion (such as building a ring road/northern relief road), better car parking provision, easier customer access for retail businesses, and measures to encourage modal shift from cars to public transport.

4. SUPPORTING EXPANSION OF GCHQ

GCHQ are actively looking for an expansion location for themselves and locations for subcontractors. CBC needs to support GCHQ with the space to expand within Cheltenham and actively influence their plans.

HOW DO YOU PERCEIVE CHELTENHAM AS A BUSINESS LOCATION?

Apart from quality of life and Cheltenham's retail offer, consultees were critical of Cheltenham as a business location. Negative feedback included high costs, poor access, congestion, lack of parking, lack of large modern office space, lack of capacity for purpose built accommodation/sites for high end professional and technology businesses, lack of workforce skills, and lack of local HE and FE capability suitable for industry/skills needs. Hence there was a lack of compelling business rationale to be there unless serving a customer base, e.g. retail, business to business services, personal services, leisure, hotels, etc.

WHO ARE CHELTENHAM'S MAIN DIRECT COMPETITORS?

Other centres have become much more competitive and attractive, particularly Gloucester, with sites and premises being brought on-stream. Cheltenham and Gloucester are a functional economic area in terms of business location and labour market. It is therefore easy for firms to move to or locate in Gloucester and tap into the workforce and amenities of Cheltenham.

Unaffordable housing and office space is also an issue for attracting and retaining skilled labour and young people within Cheltenham. Rising property costs are pushing out creative and innovative new starts/early stage businesses and young entrepreneurs are moving out to places like Gloucester which have cheaper housing, better sites and premises, and less congestion.

Businesses with HQs in the area noted strong competitors further afield, such as London, Birmingham, Manchester, Bristol and Bath. Competition was particularly strong in terms of attracting skilled labour with more attractive career opportunities elsewhere.

Tewkesbury is a major future competitor with many of the proposed major sites within its boundaries. Hence there is likely to be further denudation of the company base from Cheltenham. Continued business out-migration seems inevitable, particularly as transport improvements and high quality business parks and offices will occur far into the future (20+ years).

Some consultees questioned whether or not company relocation to nearby areas was a big issue. Some saw Cheltenham as having a role as a retirement area with a focus on retail and leisure while Gloucester had the role as the area's business hub. If CBC does not see this as Cheltenham's role, it needs a stronger vision for growth in the town. Others also thought that there was too much competition between Cheltenham, Gloucester and Tewksbury when they should be working together for growth across the entire area.

HOW HAS THE STRUCTURE OF THE CHELTENHAM ECONOMY CHANGED OVER THE PAST 5-10 YEARS?

Cheltenham's role as a manufacturing location and as a services industry HQ location has diminished. HQs have moved out of the town. While globalisation/restructuring is one major cause, the Gloucestershire area has lack of access to markets and availability of skills or national assets compared to other UK locations. The vision of Cheltenham as being a location for retail business HQs is highly unrealistic. It does not have any of the supply chain or industry leadership roles or functions that would lead to a compelling reason for a retail HQ location (e.g. proximity to fashion industry, proximity to HQs of major retail multiples, in catchment for retail SEOs). When thinking about HQs, important questions to ask include: 1. Would a corporate HQ actively choose to locate in Cheltenham – if not, why not? 2. What has been CBC's response to HQ closure and relocation? 3. What will be the implications of a much reduced profile as an HQ location? In terms of being an HQ for engineering businesses, Cheltenham struggles to attract skilled labour to the area.

Other trends have included growth in the retail, leisure and care sectors and GCHQ expansion alongside other businesses selling their sites and moving out. Some business sites have also been sold for housing.

However, many consultees had seen little overall change as the area is dominated by small businesses and low-paid jobs. Few consultees thought that there would be any significant growth in Cheltenham's economy over the next 5-10 years, largely due to lack of development sites and CBC having little vision for change.

It was suggested that 90 per cent of future inward investment opportunities would come from follow-on expansion and investment from existing firms.

WHAT ARE THE TRENDS IN REAL ESTATE AND PROPERTY DEMAND?

Consultees highlighted three key trends: 1. the loss of business accommodation for other uses, 2. insufficient high quality accommodation for new and expanding businesses, and 3. increasing demand for smaller units.

There has been strong growth in residential development in the town. Consultees noted that Regency buildings were being converted from business accommodation to residential/leisure/tourism use, largely because landlords could attract higher returns from change of use. An oversupply of office space means that office rents have been suppressed and undervalued. The key question is how to replace loss of Regency office floorspace with alternative sites/offers. If Cheltenham is to compete with nearby areas, it needs to create more high quality, flexible office space, such as at Eagle Tower.

Many consultees stressed that there was insufficient high grade office space within the town and few sites for expanding businesses. Once a business has outgrown a Regency terrace, there are few alternative properties of sufficient scale and quality. There are also no sites available for Cheltenham to attract a large employer to the town and no soft landing space for inward investors. Some businesses have moved from ageing accommodation to modern sites in Gloucester and Tewkesbury.

Demand for property has also increased for small businesses as the number of large businesses in the town has declined. Consultees noted that there were not enough smaller sites in the town, compared to Gloucester, and not much easy-in easy-out workspace for small business, with short lease terms and low rents.

WHAT DO YOU REGARD AS THE KEY DEVELOPMENT OPPORTUNITIES, SITES, OR ASSETS IN CHELTENHAM?

- **North place car park:** CBC received £7.8m for the site, which it is putting back into Boots Corner. A developer had been acquired but is now pulling out and wants to sell the site;
- **The urban extension site** offers some employment land for businesses who are moving out of Regency buildings as well as for future demand;
- **J10 M5**, perhaps a high quality business or technology park. Need to be strict about use, i.e. should be high value added/technology/professional;
- The **airport** is a key site. It currently makes a loss and does not have commercial flights. Its economic and commercial value is poor, yet it has a prime position and could satisfy the development needs of the County;
- Recent developments such as the **Brewery** are not cutting-edge enough, e.g. on-street rather than an enclosed mall;
- **Cheltenham Borough Homes** – the local housing association own 5,000 homes but they are not ambitious enough, i.e. they only plan to construct 100 homes. There are no joint equity schemes or key worker schemes like in other localities with tight housing markets and there is no innovation and no strategy to housing.

A NUMBER OF CONSULTEES HIGHLIGHTED INFRASTRUCTURE ISSUES IN AND AROUND CHELTENHAM:

ROADS

- The A417 is the only single track road between London and Cheltenham. Dualling needs to happen as a priority;
- The GCHQ roundabout is very congested at rush hour;
- The link for North Cheltenham with the M5 is a one-way junction and bottleneck. Becoming a two-way junction would open up opportunities for industrial development and housing. However, there are no budgets, plans or indications on how road access will be managed until the J10 works are complete (which is indeterminate). Congestion issues will be eased for some parts of the town by J10 upgrade, but a lot of issues and business relocations might occur in the 20-30 years it takes for this to be complete;
- The J10 and urban extension will only work as sites if a ring road is built to relieve roads in the town centre, i.e. a ring road from A46 at Bishop's Cleave round to A417 to provide access to J10 and fast access to M4.

TRAINS

- More and faster trains are needed to London: The line has been dualled but trains have not become quicker and there has been no increase in the number of trains;
- Better links are needed to the train station, which is outside the town. This could include more park and ride services while a light rail solution from the racecourse to the city centre and rail station would be helpful;
- Old train lines could be opened up as cycleways.

PARKING

- Availability and cost is a major issue and advocacy of underground parking has got nowhere. Consultees would like to see a strategic parking land review.

WHAT CAN THE COUNCIL DO / CONTINUE TO DO TO SUPPORT THE ECONOMY?

It was suggested that CBC needs to be more active in locational/land/premises issues as the County Council has not been active in recent years and GFirst is not taking a role for land assembly. It needs to provide larger high grade offices, help indigenous companies to expand, invest in transport and deliver strategic infrastructure. In terms of the urban extension and J10 development, CBC needs to get the right developers and identify firms interested in moving.

At present, consultees stressed that the timescales for planning and development are far too lengthy. In terms of the J9 at Tewkesbury, this has been under development for 30 years. There is also conflict between conservation and development, causing delays and adding to costs. This needs to be made less obstructive. Planning use is also too tightly defined, e.g. B2 office space. More flexibility would speed up development. Some consultees did not have the impression that CBC wants to move forward and develop the town as it has not been forthcoming with allocating land.

CBC needs a stronger vision for Cheltenham's role as a business location over the next 20-30 years. Consultees noted that CBC needs to be more dynamic, get in 'growth mode', redefine Cheltenham's role as a business location, shape the economy of the borough, and have a coherent response to loss of HQs. At present, there is a lack of open, public debate about the future role and aims of Cheltenham and how it relates to the wider county, UK and global economy.

Some consultees noted conflict between becoming a thriving employment site vs. a sleepy retirement town, with lots of care and residential developments on employment sites. There appears to be no huge desire from CBC to attract big employers with most growth coming from restaurants and small shops. There was also concern over a perceived lack of support for the town's manufacturing/engineering base with all attention focusing on retail/services growth.

More active support for businesses is needed. CBC needs to implement key account management and show that it is interested in supporting and retaining key employers in the area. Consultees stressed that CBC needed to do more for business, be realistic about what businesses need, and engage more with the business community. Some businesses noted little/no dialogue with CBC despite being major employers in the area.

CBC could also facilitate joint working between major employers in the town to see where there may be opportunities for creativity/entrepreneurship/ or further use of skills.

Strong joint working is required by CBC. In terms of economic development, joint working around key priorities is needed as well as using partner strengths. Consultees stressed the need for CBC to become a lot more proactive in engaging with key businesses, agencies, public sector partners. At present, many stakeholders feel isolated. It would also be useful to create a joint task force to take forward each major initiative in the town, e.g. urban extension, reconfiguring Regency town for 21st century, etc.

CBC also needs to work closely with Gloucester and Tewkesbury through the Joint Core Strategy (JCS), e.g. Tewkesbury has a role as a major source of land for expansions to meet demand pressure from Cheltenham. However, the JCS needs to be more strategic – it is currently all about numbers rather than identifying what sites and land assets are needed where and for what purposes.

CBC also needs to continue its support of Cheltenham Development Task Force, and extend its role where appropriate.



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