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Planning Design Economics

CHELTENHAM BOROUGH COUNCIL

EMPLOYMENT LAND REVIEW

July 2007

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EXECUTIVE SUMMARY

1. This Employment Land Study has been prepared by Nathaniel Lichfield and Partners on behalf of Cheltenham Borough Council. It forms part of the background analysis that is to inform the forthcoming Local Development Framework and the delivery of the Council's Economic Development Strategy. The study is intended to assist the Borough Council in its assessment of the state of the local economy, its consideration of the role of existing employment sites and their contribution to the local economy, and in making decisions on the need to allocate new land to ensure a balanced portfolio of employment sites. It will also help to inform the debate on complimentarity with Gloucester and Tewkesbury.

2. Following the advice contained in the (then) ODPM *Employment Land Reviews Guidance Note* (2004), this study focuses upon the employment land needs for the group of B Use Classes (i.e. B1, B2 and B8). However, in line with the approach contained within the emerging Regional Spatial Strategy for the South West, regard is also given to the important contribution of non-B class sectors towards the employment generation and the strength of the local economy.

Economic Profile of Cheltenham

3. Cheltenham forms part of the South West Region's 'north east triangle', which encompasses the main centres of Bath, Bristol, Cheltenham, Gloucester and Swindon. This area is recognised as a major economic powerhouse within the South West: despite being one of seven functional zones within the region, it accounts for 43% of the region's population, 48% of its jobs and 50% of the South West's GVA.

4. Cheltenham benefits from above-average levels of economic activity and very low levels of Job-Seekers Allowance claimants. Wage and skill levels are also high within the town, contributing towards and reflecting its economic strength.

5. Economic growth has been relatively steady in Cheltenham over recent years with a 3.7% increase in the proportion of the economically active population in employment between 2000 and 2006. This was substantially higher than the figures for Gloucestershire, the South West and Great Britain.

6. The employment structure of Cheltenham is dominated by the distribution, hotel and restaurant, and public administration sectors. However, the finance and business sector is more important in terms of GVA output.

Current Supply of Employment Land

7. Cheltenham is one of the key commercial centres in Gloucestershire, a characteristic that is reflected in the relatively high level of office floorspace per thousand residents. However, the overall supply of business space in Cheltenham is proportionally the lowest in all of Gloucestershire.

8. Although Cheltenham is relatively well supplied with office premises in comparison with surrounding districts, it is evident that there is insufficient office space to meet market requirements or to provide for an adequate level of flexibility of choice. It also has a limited supply of factory and warehouse units. This represents a weakness that might detract possible investors and may result in the relocation of existing businesses out of the Borough if they are unable to meet their expansion needs locally.

9. A particular weakness in terms of the existing supply of premises relates to the lack of any business parks or enterprise parks. Given the nature of the local economy, this represents a major shortcoming and results in many businesses being forced to adapt premises that are not ideally suited to their requirements.

10. In addition to an overall limited amount of employment space, Cheltenham’s business stock is, on average, relatively small in size. The relatively small scale of business units may further limit the extent to which a wide range of employment needs might be met and as such, may serve to curtail Cheltenham’s ability to attract and retain modern business users within the existing and emerging business sectors.

11. A substantial amount of employment land has been lost since 1991. This scale of loss is of concern, particularly where, as detailed above, there is a limited supply of employment land and premises to serve the needs of existing and future businesses. This clearly highlights the need for more provision to be made for employment development.

	Change (ha)	Net Position (ha)
Since 1991	Gains: 7.74 Losses: 22.33	-14.59
Extant Planning Permission	Gains: 7.85 Losses: 2.93	4.92
Net Position		**-9.67**

The Cheltenham Property Market

12. Despite the shortage of employment land, demand for commercial property in Cheltenham is strong. The strong economy, together with a perception of the quality of the town and its workforce help to maintain demand for premises within the Borough.

13. During the 12 months to the end of March 2007, Gloucestershire First received 271 land and property enquiries from a range of companies that were seeking business land and premises specifically in Cheltenham. Whilst this by no means represents the total level of business interest in Cheltenham, it does show that a large number of companies (of varying types, sizes and locations) are interested in locating in Cheltenham. The lack of available premises may well serve to deter such potential investors.

14. There is a clear demand in Cheltenham for well located, modern, flexible, multipurpose units which can be adapted for use by all business sectors. In particular, there is a real demand for premises within business park or enterprise park locations. Cheltenham does not presently have any such sites which could provide needed modern, high specification office accommodation for a variety of sectors which is in particular demand at present.

Comparator Assessment

15. An understanding of the future prospects of Cheltenham in terms of economic growth and investment can be gained by reviewing its relationship with and the strength of adjoining areas. Of particular relevance to Cheltenham are the other centres within the North Eastern Triangle, as well as Stratford-on-Avon and Birmingham to the north.

16. The North East Triangle is the most prosperous and economically diverse economic zone within the South West. Its continued growth has resulted from the close proximity of the three city regions: Cheltenham/Gloucester, Bristol and Swindon. The key growth sectors within the North East Triangle are expected to be ICT, the creative industries and biotechnology.

17. Focussing on Cheltenham and Gloucester in particular, it is envisaged that the future development of the two conurbations will help to enhance their relative positions as commercial centres. It is increasingly recognised that they have the capacity to complement each other and thereby establish a stronger economic base. Gloucester has a diverse economy with particular strengths in the public administration and banking & finance sectors. Whilst there has been significant decline in the manufacturing sector, unemployment in the city has continued to fall.

18. Other centres in the North East Triangle include Swindon and Bristol. Both conurbations are prosperous, with Bristol containing over half the employment in the South West Region. The city has a diverse range of employment, including a world-renowned media sector, the largest employment base in banking & finance outside of London, the professions, the arts and the creative industries. Swindon benefits in particular from its strategic location and good transport access and has buoyant IT, telecommunications, financial services and automotive manufacturing sectors.

19. Beyond the North East Triangle lies Birmingham, significantly larger than Cheltenham and known as Britain's "Second City". It is strategically located and is identified as having great potential for growth in the tourism, ICT and environmental technologies sectors. Also located to the north of the Triangle is Stratford-on-Avon, which shares a number of similarities with Cheltenham, including its size and historical associations. However, due to its connection with William Shakespeare, Stratford is a world famous tourist destination which attracts around 3 million visitors a year.

Qualitative Assessment of Existing Employment Sites

20. An assessment was carried out of the characteristics and quality of existing employment sites in Cheltenham, in terms of their suitability for employment use against the criteria derived from the 2004 *Employment Land Reviews Guidance Note*. Each site was scored on a scale of 1 (very poor) to 5 (very good) to provide an indication of the overall ranking of sites in terms of their locational, sustainable development, environment and marketability factors.

21. A total of 84 existing "significant" employment sites (174ha) were assessed in this way, the list being developed from the larger employment sites designated in the 1997 adopted Cheltenham Local Plan, supplemented by input from the Council's strategic land use and economic development teams. Whilst the smaller individual businesses in the borough were generally not included, their role in Cheltenham is not to be understated, as cumulatively, they provide a significant source of employment.

22. Based upon their scorings against sustainable development criteria, the employment sites were ranked in terms of their quality as employment sites, providing an indication of the better performers in the Borough relative to others. The assessment identified 19 (33.5ha) existing sites of very good quality, 42 (117.0ha) of good quality, 18 (21.8ha) of average quality and 5 sites (1.7ha) of poor quality.

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

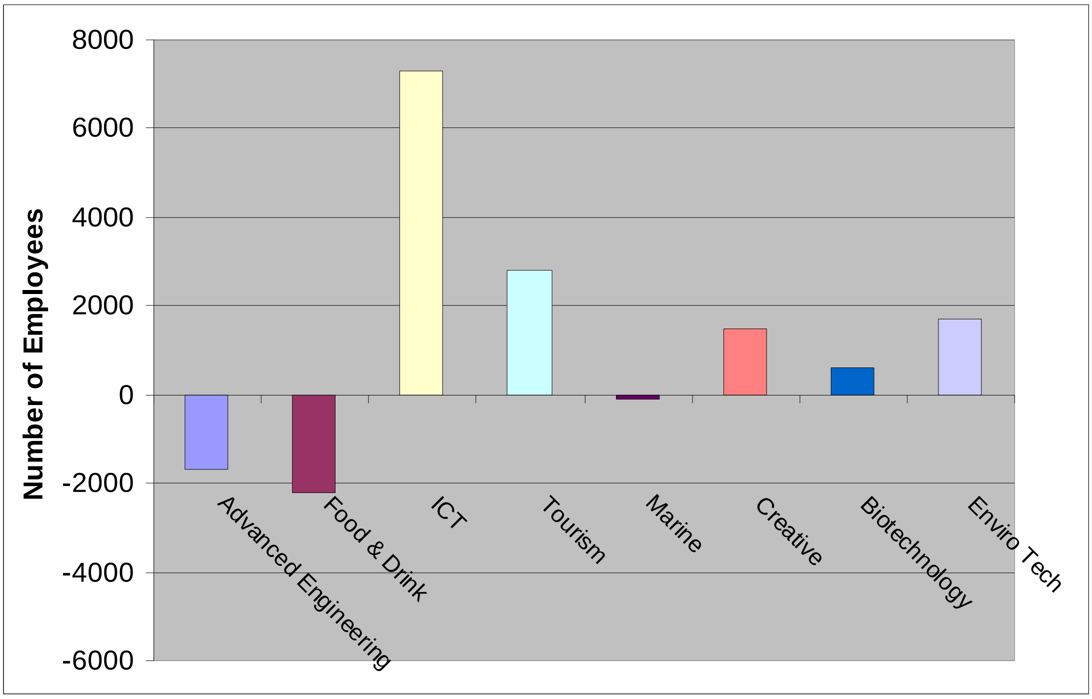
employment space, it is essential for the maintenance of the Borough's economy that all existing employment land should continue to be used for that purpose.

Cheltenham's Future Potential for Economic Growth

25. Cheltenham and Gloucester are jointly recognised by the Regional Economic Strategy as forming a key centre which has the potential to exercise a more significant role within the region. The RES states that the South West region should be *'bold and visionary in the transformation of its cities and larger towns'.* In seeking to achieve this objective, the RES recognises the need for Cheltenham to diversify its economic base so that it can maintain its contribution to the regional economy. In achieving its full economic potential, the RES identifies a number of key challenges for the town. These include the need to deliver a supply of high quality sites to accommodate further growth.

26. This regional vision is reflected on a more local level through the Gloucestershire Economic Strategy, the Economic Development Strategy for Cheltenham and the Draft Urban Economic Strategy. Each of these documents seek to enhance the strength of the local economy and identify the key challenges that must be addressed in order to achieve this aim. A key theme imbued within each of these documents is that of change, and the need to identify opportunities, build upon existing strengths and overcome current problems in order to realise the economic potential of Gloucestershire generally and Cheltenham in particular. This has direct relevance to the matters under consideration in this study as the need for additional land for business development in Cheltenham is commonly recognised as being a particular challenge that is to be addressed if the town's economy is to reach its full potential.

27. Cheltenham's economy is expected to grow substantially over the next 20 years, although the rate and level of change will not be evenly distributed across all economic sectors: whilst some will expand, others will decline:



Future Need for Employment Space

28. A range of indicators have been taken to inform our assessment of the broad scale and type of employment land that will be required in the future. In cases where different indicators have been contradictory, a balance has been drawn.

29. Forecasts of employment growth for Cheltenham Borough to 2026 have been prepared by adjusting the forecasts for the Cheltenham Travel to Work Area, which were undertaken by Cambridge Econometrics on behalf of the South West Regional Assembly, to reflect the anticipated growth in Cheltenham Borough.

30. The Cambridge Econometrics data sets out the number of jobs that are to be provided in 19 different economic sectors. These sectors were divided into B1, B2 and B8 categories. Those sectors that do not fall within these B Use Classes were also identified. Based upon the two growth scenarios prepared by Cambridge Econometrics, the following job growth levels were identified:

	2.8% Scenario No. Jobs		3.2% Scenario No. Jobs	
	2006-2016	2006-2026	2006-2016	2006-2026
Office (B1)	1,455	2,695	1,675	2,990
Manufacturing (B1c/B2)	-1,450	-2,930	-1,180	-2,655
Distribution (B8)	450	940	525	1,040
Total B Class Jobs	**455**	**705**	**1,020**	**1,375**
Other Jobs	3,600	5,965	4,635	7,480
TOTAL JOBS	**4,055**	**6,670**	**5,655**	**8,855**

31. This shows that future job growth in the B-use classes over the next 20 years will be predominantly in office-based sectors with a smaller level of absolute growth (although a similar level as a proportion of the existing scale of these sectors) in the distribution sector. Importantly, this also demonstrates the centrality of non-B sector jobs to the local economy and the need for the Borough Council to encourage these sectors as well as those that have traditionally been associated with job creation.

32. Employment levels were translated to space requirements by using typical ratios of jobs to floorspace and average plot ratios. Allowance was also made for spaceless growth within the different employment sectors. An allowance was also made for the potential release of surplus manufacturing land for distribution purposes. However, it was not considered that all surplus manufacturing land is likely to be used for Class B8 sectors due to issues relating to the phasing of release, the location and quality of the land and its attractiveness to potential inward investors.

33. In addition to the amount of land specifically needed for employment development, it is normal and prudent to provide an additional allowance on top of this initial estimate to:

- Provide a margin for error;
- Allow developers and occupiers a reasonable choice of sites;
- Enable normal market movement;
- Give some flexibility while old premises are redeveloped and new premises are coming forward;

- Allow for some limited release of existing employment sites to other uses; and
- Cope with factors such as some allocated sites not coming forward.

34. A 50% allowance above forecast requirements would allow for a level of flexibility and choice as well as for present unmet needs to be satisfied.

35. Based upon an understanding of the likely level of economic growth in Cheltenham to 2026 and the pressure for additional land for employment purposes, the 3.2% scenario was recognised as being the most appropriate and the most likely to result in sufficient land being released for future development.

36. Accordingly we recommend that provisions should be made for a total of 30ha new employment land over the period from 2006 to 2026:

B1 (ha)	B8 (ha)	TOTAL
18	9	27

37. It is not recommended that any additional allowance should be made to reflect the loss of employment land prior to 2006. The focus should be upon meeting future needs rather than seeking to remedy past losses. In the context of a constrained past supply, an employment land provision of 30ha will be sufficient to meet the emerging needs over the period to 2026, in accordance with the jobs requirement contained within the draft RSS.

38. In the longer term, a greater focus is likely to be placed upon office based jobs in higher density premises in the town centre and in out-of-centre business park locations. We recommend that provision should be made for two medium-sized out-of-town business park (each of up to 10ha) in easily accessible locations which should provide good quality B1 space to meet the needs of different users. The provision of two, rather than one scheme would ensure an element of choice of location and would also improve the delivery and deliverability of the overall level of growth that is proposed. The size of individual units should be varied to reflect the needs of different users.

39. As part of the town centre development schemes, provision should be made for new Class B1 office space. This will contribute towards an increased supply of

employment space whilst also broadening the range of uses within the town centre and enhancing its vitality and viability.

40. In addition to Class B1 land, there will also be a future requirement for distribution land. Whilst some of this need can be met on existing manufacturing sites, it is recommended that an additional provision of 9ha land should be made available. This should seek to meet the needs of smaller and medium sized operations rather than larger logistics operations which have less demand to locate in Cheltenham.

41. Rather than seeking just to meet job forecasts, Cheltenham Borough Council should strive to exceed them, recognising the considerable benefits that this will offer in terms of economic growth and an improvement in the town's overall profile. This will necessitate tough decisions in terms of the release of employment land but will deliver considerable benefits in terms of growth and would result in the 'bold *and visionary transformation'* that the RES calls for.

Future Employment Land

42. In seeking to meet the land requirements set out above, it will be important to ensure that identified sites are sustainable in terms of their location, access, surrounding uses, the sensitivity of the surrounding area, the availability of labour and services, their suitability for development and their attractiveness to the market and deliverability.

43. The recommendations set out in this report in terms of potential development locations are provisional only and further assessment will be required in respect of a range of factors (including accessibility, landscape and ecology etc) prior to the confirmation of any sites.

44. The geographical context of Cheltenham creates a number of strategic constraints in terms of the presence of the AONB, the greenbelt and the extent to which the urban area overlaps the Borough boundary.

45. Having considered potential options in Cheltenham in some detail and without prejudice to on-going and future work by and on behalf of the Borough Council, we have identified the following sites as being suitable for future employment development:

Location	Area (ha)	Type of Development	Phase
Town Centre		Office	2006-2016
Leckhampton	5	Office/Light Industrial	2006-2016
Grovefield Way	5.1	Office	2006-2016
Fiddler's Green	8	Industrial	2016-2026
West Kingsditch	9.75	Industrial	2006-2016
North West Urban Expansion	10*	Mixed	2016-2026
TOTAL	**37.85**		

* as initial phase of development to 2026

46. We believe that all of these sites have capacity for development in employment and economic terms. The total amount of development land offered by these sites is in excess of the stated requirement to 2026. In identifying such an over-supply of land, we have sought to provide a basis by which the Borough Council might progress towards its best consideration of the most suitable sites for future growth, ensuring that the employment land requirement might still be met, even in the event that some of the sites are considered not to be suitable for development, for reasons that have not been considered within the scope of this study.

47. Recognising that the period to 2026 is likely to be covered by two (or more) LDF periods, we have identified phasing options for the identified sites. Those sites identified for development in the first phase have the capacity to come forward within the next ten years and do not suffer from any constraints that might delay their release for development. By contrast, Fiddlers Green and the North West expansion, whilst capable of making an important and welcome contribution to the economy of Cheltenham, are less likely to come forward in the initial phase to 2016.

Policy Assessment

Current Policy

48. The Cheltenham Local Plan Second Review was adopted in July 2006 (although is presently subject to a legal challenge). In the absence of any exclusive employment allocations, the Plan contains two policies relating to employment development, Policies EM1: Employment Uses and EM2: Safeguarding of Employment Land.

49. Policy EM1 establishes the particular circumstances whereby the development or change of use of land for employment use will be permitted. Excluding the allocations made for mixed-use, the lack of any exclusive employment allocations in Cheltenham means that the only land safeguarded for development is that which is already in employment use. However, there is very limited scope for expansion in such areas and it therefore follows that the Local Plan fails to provide for the necessary provision of additional employment land and facilities.

50. Policy EM 1 also provides for the inclusion of employment uses within new mixed use proposals, subject to Policy CP6. Whilst the provision of employment uses as part of mixed use development can make an important contribution to the local economy, Policy EM1 fails to provide adequate guidance on the location and nature of mixed use schemes. Greater clarity should be achieved through the inclusion of a separate policy, to ensure that mixed use development schemes do not have a detrimental impact upon the strength of any particular economic sector.

51. Policy EM2 provides a safeguard by which employment land and buildings might be protected from redevelopment for other purposes. It is rooted in an understanding of the importance of retaining existing employment land for its current purpose. Whilst the criteria set out in the policy appropriately provide an element of flexibility to allow the release of employment land for other forms of development where acceptable and desirable, the effectiveness of the policy is undermined by a lack of clarity. There needs to be a robust basis for the determination of applications or the protection of employment land and the maintenance of economic diversity.

Suggested Policy Approach

52. Recognising the need to address the issues that influence and local area within Cheltenham, we have provided guidance on appropriate policies for inclusion within the Core Strategy.

53. There is a requirement for 30ha of new employment land to be provided in Cheltenham over the period to 2026. In accordance with guidance, the Core Strategy should establish this requirement and indicate broad locations within which such development is to be focused. It should not, however, address detailed locational matters as specific employment sites and premises should be identified in Area Action Plans. The kind of uses that should be encouraged are not only the traditional

employment sectors but also the key growth sectors, such as ICT, biotechnology and financial services.

54. In order to protect the economic position of Cheltenham, it is recommended that the LDF should contain a policy setting out the importance of safeguarding the role and future expansion of existing employment facilities within the urban area. Proposals for the redevelopment of any employment site in Cheltenham should necessitate evidence that all reasonable endeavors have been made to market the site for continued employment purposes but that these have been unsuccessful.

55. There may be circumstances where a mixed-use development proposal would be suitable for a particular site if the range of employment opportunities are enhanced, the vitality of the site is improved and its contribution to the local community promoted. However, the redevelopment of employment sites for mixed use should only be permitted if the applicant can demonstrate that the economic diversity of the area will be maintained.

56. Cheltenham has a broad local economy and its diversity will continue to be a particular strength in the longer term. The identified growth sectors, including ICT, biotechnology, financial services and environmental technology, will require an adequate choice of well located, high quality employment space that will accommodate a range of office, R&D and light industrial operations. At present there are no business parks in Cheltenham and it is evident that the development of such would be important to the continued strength of the town's economy.

57. Over the course of the LDF period, it is likely that proposals will be made for development on sites that have not specifically been allocated for employment purposes. Whilst the LDF should provide guidance on the criteria to be used in the assessment of any such "windfall" proposals, government guidance states that the Core Strategy should focus on topic-related policies rather than use-related ones. On this basis it would be neither necessary nor appropriate for the LDF to contain a specific policy dealing with business development on non-allocated land. However, Cheltenham Borough Council must ensure that the generic development control policies cover those issues that are relevant to the determination of business development proposals.

1.0 INTRODUCTION

1.1 This employment land study has been commissioned by Cheltenham Borough Council to inform its forthcoming Local Development Framework (LDF) and the delivery of its Economic Development Strategy. It is intended to assist the Borough Council in its consideration of the role of existing employment sites and their contribution to the local economy and in making decisions on the need to allocate new land to ensure a balanced portfolio of employment sites.

1.2 Specific requirements of the study are to:

- Analyse the existing employment stock within Cheltenham Borough and consider its role, fitness for purpose and its contribution to the local economy;
- Provide a qualitative review of all significant sites in the existing portfolio in Cheltenham;
- Review existing sites and premises and provide a list of any that are unsuitable or unlikely to continue in employment use and to establish gaps in the market;
- Identify and recommend additional sites to be considered in the LDF process as potential locations for employment development; and
- Review existing Local Plan policies and review whether these are fit for purpose within Cheltenham's LDF.

1.3 The approach of the study follows Guidance on undertaking employment land reviews[1] published by the Office of the Deputy Prime Minister (ODPM) (now the Department for Communities and Local Government – DCLG). It focuses on employment land needs for the group of B Use Classes i.e. B1 (business), B2 (industry) and B8 (warehousing/distribution)[2].

1.4 The draft Regional Spatial Strategy (RSS) for the South West has introduced a new approach which sets out a job – rather than a land – requirement. This represents an important departure from previous strategic guidance which has tended only to consider employment land. Accordingly, and recognising that job creation outside of

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[1] *Employment Land Reviews Guidance Note*, ODPM, Dec 2004.
[2] The Use Classes (Amendment) Order 2005 defines employment land and premises as follows:

B1	(a)	Offices, not A2 (financial and professional services)
	(b)	Research and development, studio, laboratories, high tech
	(c)	Light industry
B2		General Industry
B8		Storage and Distribution: wholesale warehouse, distribution centres, repositories

the B class sectors can now contribute towards the RSS process, some other employment generating uses are considered as part of this study.

1.5 Requirements for both employment land and floorspace are considered in the employment land audit and references to ‘employment space’ are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

1.6 The overall process by which employment needs have been assessed, and how they would feed into the LDF process, is illustrated by Figure 1.1. Some of these stages were undertaken by Cheltenham Borough Council and its other advisors prior to the commencement of this study.

1.7 A key input to this process was consultation with various stakeholders by way of interviews and a questionnaire (refer Appendix 1). These sought to gauge the opinion of those with an interest in the supply of employment land, including employers, business groups, property agents, landowners and developers. As part of this project, we have reviewed and have sought to assimilate the findings of these consultations. Along with other research, this has helped to inform our understanding of the local economic and employment context and our appreciation of some of the key issues that exist within Cheltenham. As part of our work, we have liaised with a number of land agents to ascertain whether any of the concerns and issues that they had previously raised have changed and to discuss the deliverability and viability of our employment land forecasts.

1.8 Other key inputs included an assessment of existing business premises and locations. NLP advised Cheltenham Borough Council on the survey of existing premises and reviewed the results of this research to ensure a consistency and accuracy of approach. This was informed by a number of site visits which were undertaken as part of a benchmarking exercise.

1.9 In addition, a review of recent trends in the local property market and demand for different types of employment space was undertaken, based upon a review of published statistics relating to levels of development, business enquiries, business activity rates and vacancy levels. This process helped to inform our assessment of the need for additional land for business purposes which also relied upon employment forecasts which have been undertaken by Cambridge Econometrics on behalf of the South West Regional Assembly in preparation of the draft Regional Spatial Strategy.

1.10 The study also draws on previous regional employment land studies and other documents including property market information, local and regional economic strategy documents, relevant planning policy documents and published economic statistics. A number of these studies have also formed part of the evidence base for the emerging Regional Spatial Strategy for the South West. Documents which the study has drawn upon are listed in the Document References section of the Appendices.

1.11 The study considers potential future employment locations and makes recommendations on sites that should be considered by Cheltenham Borough Council as part of its LDF process. It is recognised that these recommendations are preliminary as the decision of which sites to allocate for emplyometn (and other) purposes will depend upon a wide range of issues relating to traffic, landscape, ecology and the need for other forms of development. These matters fall beyond the scope of this study but will guide the on-going plan making process by Cheltenham Borough Council.

1.12 The report is structured as follows:

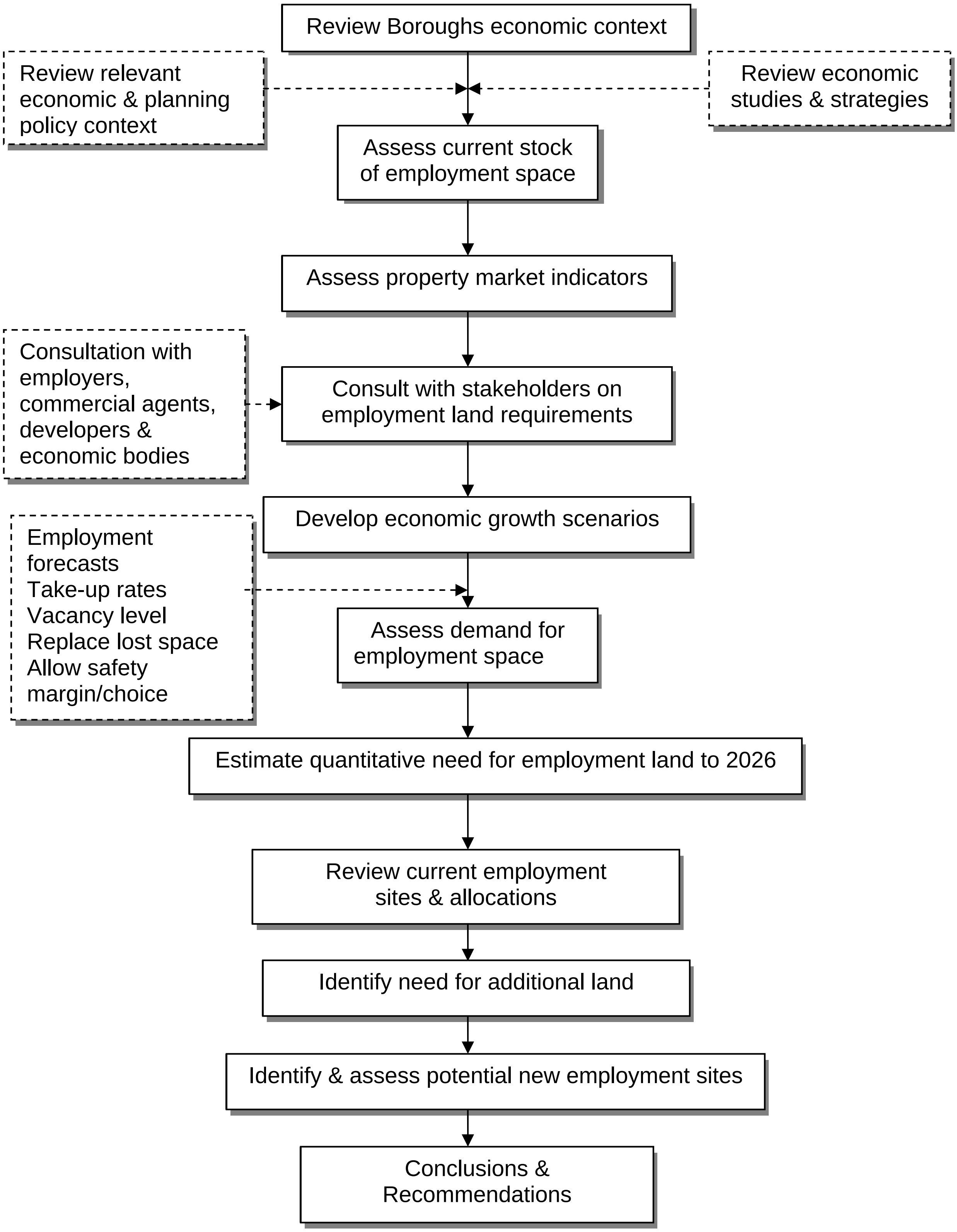
- An overview of current economic conditions and recent trends in the Borough and adjoining areas that may affect the need for employment space (Chapter 2);
- An assessment of the current stock of employment space in Cheltenham and recent trends in development activity (Chapter 3);
- A review of the Cheltenham property market, particularly demand and supply for different types of employment space and any gaps in provision (Chapter 4);
- A review of other locations in the sub-region such as Tewkesbury and Cirencester. This specifically considers the inter-relationship between Cheltenham and Gloucester and their functional importance within the 'North East' Triangle and the South West in general (Chapter 5);
- A review of existing employment sites in the Borough in terms of their quality and adequacy to meet future needs, and scope for release or redevelopment (Chapter 6);
- A consideration of the potential future economic role of the Borough and specific sectors which have potential for growth (Chapter 7);

- An assessment of the balance of supply/demand of employment land, how much additional land, and what types, need to be allocated and any sites to be re-allocated for other uses (Chapter 8);

- A review of possible locations for future employment development (Chapter 9);

- Conclusions and recommendations (Chapter 10).

Figure 1.1: Cheltenham Employment Land Study Methodology



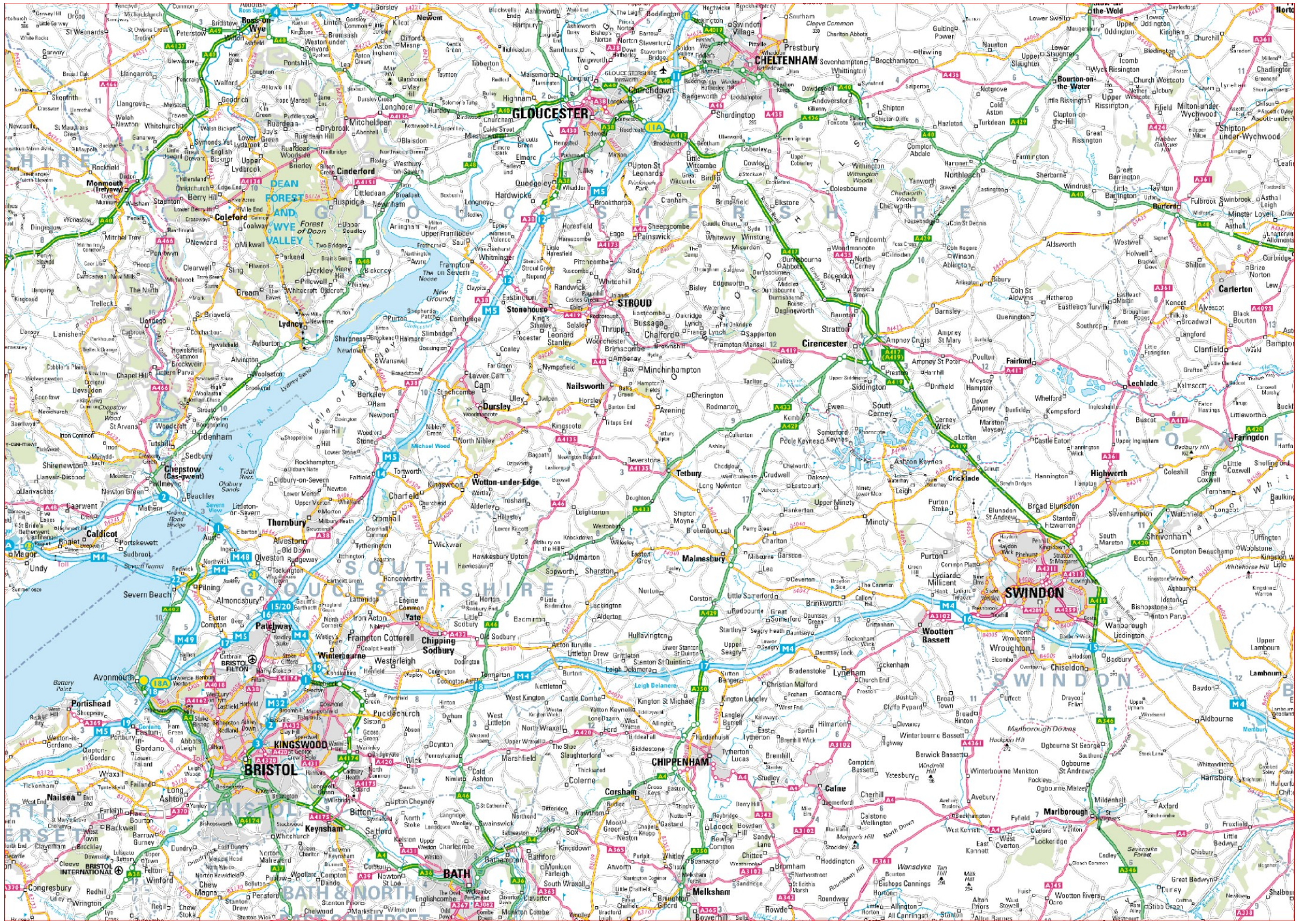
2.0 ECONOMIC PROFILE OF CHELTENHAM

2.1 This chapter provides an economic profile of Cheltenham and considers the recent performance of its economy relative to that of Gloucestershire, the South West region and the UK as a whole. The analysis examines a range of indicators relating to employment, economic activity and the local labour market. It concludes with an analysis of the Borough's main strengths, weaknesses and opportunities.

Economic Role

2.2 Cheltenham is a Regency Spa town located to the north of the South West region in the County of Gloucestershire. Gloucester City is situated approximately 15km away to the south west. Cheltenham Borough covers an area of approximately 4,680 hectares, a small proportion of the County as a whole. It is surrounded by the district of Tewkesbury except to the south east where it borders the district of Cotswold. Cheltenham is served by the M5 motorway and by mainline railway links

2.3 **Figure 2.1: Cheltenham in the Sub-Regional Context**



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2.4 Despite being a largely rural County, a key characteristic of Gloucestershire is that it has two large settlements (Cheltenham and Gloucester) in close proximity to one another. This has particular implications in terms of the distribution of goods and services, the availability of jobs and the role of these two centres within the wider area in Gloucestershire.

2.5 Although Cheltenham Borough largely coincides with the urban area of Cheltenham, it also extends into the surrounding countryside; 17% of the land within the Borough is designated as greenbelt land whilst 22% has been designated as an Area of Outstanding Natural Beauty (source: Cheltenham Local Plan). In spite of this, the boundaries of Cheltenham Borough are drawn relatively tightly around the urban area. As a result, there is a relatively limited amount of land that might be suitable and available for future employment development.

2.6 Cheltenham is part of the 'north east triangle'[3], an area of the South West region which encompasses the Bristol-Bath, Swindon-Cheltenham-Gloucester axes and is reinforced by motorway connections and mainline services to London and other UK Cities, Europe (via the Eurostar) and London Heathrow and other major airports. This area has been recognised as acting as a key 'powerhouse' to the South West economy. The key regional role of the north east triangle is demonstrated by the fact that, despite being one of seven functional zones within the South West region, the triangle currently accounts for 48% of all the region's jobs, 43% of its population and 50% of the South West's GVA.

2.7 The economy of Cheltenham is relatively affluent and is heavily reliant on the financial / business and public service sectors. It remains a key location for offices within Gloucestershire. Retailing also has an important role to play, with Cheltenham being ranked 24th nationally in the MHE retail index and 36th in the Experian retail ranking[4]. In the South West, only Bristol is higher in these rankings.

2.8 As a Regency spa town, Cheltenham has long been a popular tourist destination, bolstered by its associations with horse racing and its proximity to the Cotswolds. The

[3] Reference was initially made to the North East Triangle in the work undertaken by DTZ for the South West Regional Development Agency. It was established as a means by which the functional importance of the main centres in the north east of the region might be better understood.

[4] MHE and Experian are two alternative national retail rankings. They score different centres based upon each location's provision of multiple national retailers and anchor store strength. The difference in position between the two rankings is due to slight differences in methodology and assessment criteria.

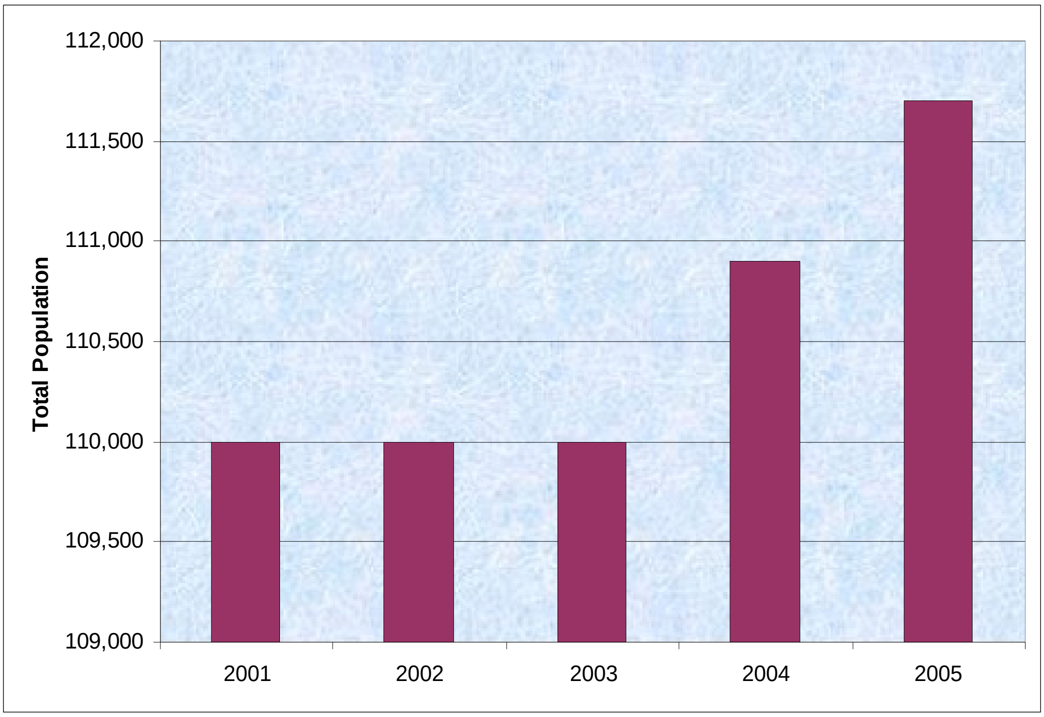
Council is currently funding[5] a Civic Pride Project which aims to further improve the public realm and promote good design in the town. The project has identified a number of sites to be redeveloped (including Royal Well, North Place car park and St James Square), which will assist in rejuvenating the town centre and help Cheltenham work towards its stated objective of *“becoming the most beautiful town in England”*. Cheltenham is also a centre for education, being home to a number of schools, as well as four of the five University of Gloucestershire campuses and a new Gloucestershire College campus on Princess Elizabeth Way. The University of Gloucestershire has over 9,000 students and, with around 43,000 enrolled students (mostly part-time), Gloucestershire College is one of the largest further education colleges in the UK. The strength of the education sector in the town is reflected in the higher than average skill levels of the local population.

Population

2.9 Cheltenham Borough has a population of 111,700. It has the highest local authority population in Gloucestershire and accounts for 2.2% of the South West regional population. Between 1991 and 2005, population within Cheltenham grew by 4.4%, about the same as the national growth rate in that period. The population remained stable between 2001 and 2003 at 110,000 but saw an increase of 1.5% over the subsequent two years (source: ONS, 2005).

[5] In association with Gloucestershire County Council and SWRDA.

Figure 2.2: Cheltenham: Total Population 2001-2005



Source: NOMIS, 2006.

2.10 According to midyear population estimates from 2005, a slightly higher proportion of Cheltenham's total population is of working age compared to Gloucestershire and the South West and broadly level to that of the UK as a whole. Figure 2.3 below shows that at 59.36%, the number of working age people as a proportion of the total population is 1.5% higher than that of the South West.

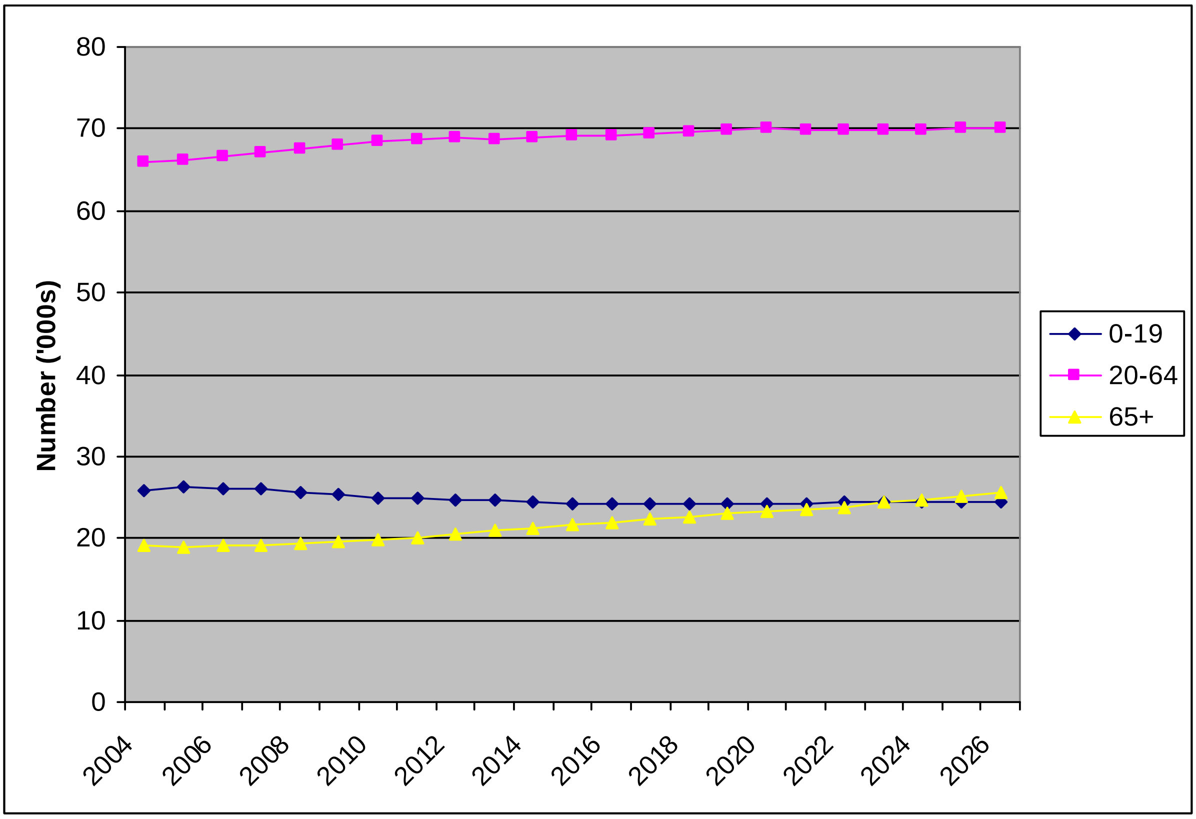
Figure 2.3: Working Age Population 2005

	Cheltenham (%)	**Gloucestershire (%)**	**South West (%)**	**UK (%)**
Working Age Population	59.36	58.12	57.77	59.44

Source: ONS, 2005 – midyear population estimates.

2.11 ONS 2004-based population projections forecast that the current population composition is set to change significantly. By 2026, Cheltenham's total population is estimated to increase by 7.1% to 120,200 people. Over this period (2007 to 2026), the number of children and young people aged under 19 will fall by 5.8%, whilst the number of economically active persons[6] will rise by 4.5%. The number of people aged over 65 is forecast to rise dramatically by 34.03%. In 2026, 21.3% of the population will be over 65 years of age, compared to 58.3% of working age and 20.4% of less than 19 years old.

Figure 2.4: Cheltenham Population Projections to 2026



Source: ONS 2004-based sub-national population projections

2.12 This change in population structure in Cheltenham, which will result in a greater number of pensioners and falling levels of working age people, is likely to have implications for the planning of a wide range of functions including health, education and economic development.

2.13 Another factor which may have an impact on population structure in Cheltenham is the growth in migrant workers. Overall, international migration is the major driver of population growth in the UK and this is likely to continue for the foreseeable future, in

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[6] A weakness of the NOMIS and ONS data is that population figures are grouped into 5 year bands. Whilst the age of economic activity has historically been 16 to 65, trends towards people remaining in full time education until the age of 18 or beyond has meant that economic activity age range has shifted and that the category of children and young people has similarly expanded. Accordingly, we have adopted the following age ranges for each category: children and young people 0-19; economically active 19-64; retired 65+.

no small part due to the accession of ten new states to the European Union in 2004 (source: *Crossing borders: Responding to the local challenges of migrant workers*, Jan 2007, Audit Commission). Whilst the precise effect this will have on the Borough is inherently difficult to predict, in general, migrant workers tend to be young, with few dependents and concentrated in jobs at the higher and lower ends of the wage scale. They often have qualifications and skills beyond those needed for the role and are prepared to travel further for work than other low paid workers.

Economic Activity

2.14 A greater proportion of Cheltenham's working age population is economically active than in both the South West and the UK as a whole. This high level in Cheltenham reflects the position throughout the whole County. The level of economic activity in Cheltenham can be further highlighted by the fact that the many students at the University of Gloucestershire and Gloucestershire College would be included within the working age population (i.e. over 19 years but below 64 years) but will not be economically active as they are still in full time education. The implication of this is that the relative economic activity rate amongst those that are available for work would be even higher. There are, however, no available figures to quantify this probable position.

2.15 As of April 2007, 2.2% of Cheltenham's resident working age population claimed the Job-Seekers Allowance (JSA) (NOMIS, 2007). This figure is slightly higher than that of Gloucestershire (1.7%) and the South West (1.5%) but less than that of Britain as a whole (2.5%). Since 2000, JSA claimants in Cheltenham have fluctuated between a minimum of 1.8% (October 2002, April 2003, April/July/October 2004) and a maximum level of 2.5% in January 2000.

Figure 2.5: Economic Activity within Cheltenham 2006

	Cheltenham (%)	Gloucestershire (%)	South West (%)	UK (%)
Economically Active	81.4	82.5	80.4	78.3
In Employment	78.7	79.5	77.6	74.3
Employees	69.3	67.8	66.7	64.6
Self Employed	9.4	11.5	10.4	9.2

Percentages are based on working age population, except unemployed, which is based on the number of economically active persons.
Source: NOMIS, 2006 – annual population survey (April 2005 – March 2006)

Current Economic Conditions

2.16 Employment growth has been relatively steady in Cheltenham over recent years, with a 3.7% increase in the proportion of the economically active population in employment between 2000 and 2006 (NOMIS, 2006). This was substantially higher than the figures for Gloucestershire (-1.9%), the South West (-0.5%) and Great Britain (0.2%).

2.17 As shown by Figure 2.6 below, the employment structure of Cheltenham Borough is dominated by two sectors, the distribution, hotels & restaurant sector and public administration. Together, these two sectors employ some 32,700 people and account for nearly 60% of employment (NOMIS, 2005). This sector has shown an above average level of growth of 24.8% between 1995 and 2005. This compares with a 17.7% increase at the national scale.

2.18 In 2004, the public service sector accounted for £562 million in Cheltenham and represented 24% of local GVA in 2004 – broadly equivalent to its share of national GVA (24%) (GLMIU, 2007). Public administration accounts for 32% of local public service output and 30% of public service employment within Cheltenham; defence is the main contributor to this sub-sector locally, highlighting the significance of GCHQ within the local economy.

2.19 In 2004, the output of the distribution, hotels and catering sector was £495 million. This represented 21% of local GVA and over the period from 1994 to 2004, the output from this sector locally grew at an average of 4.9% per annum – slightly below the level of growth of local GVA as a whole (5.4% per annum) (GLMIU, 2007).

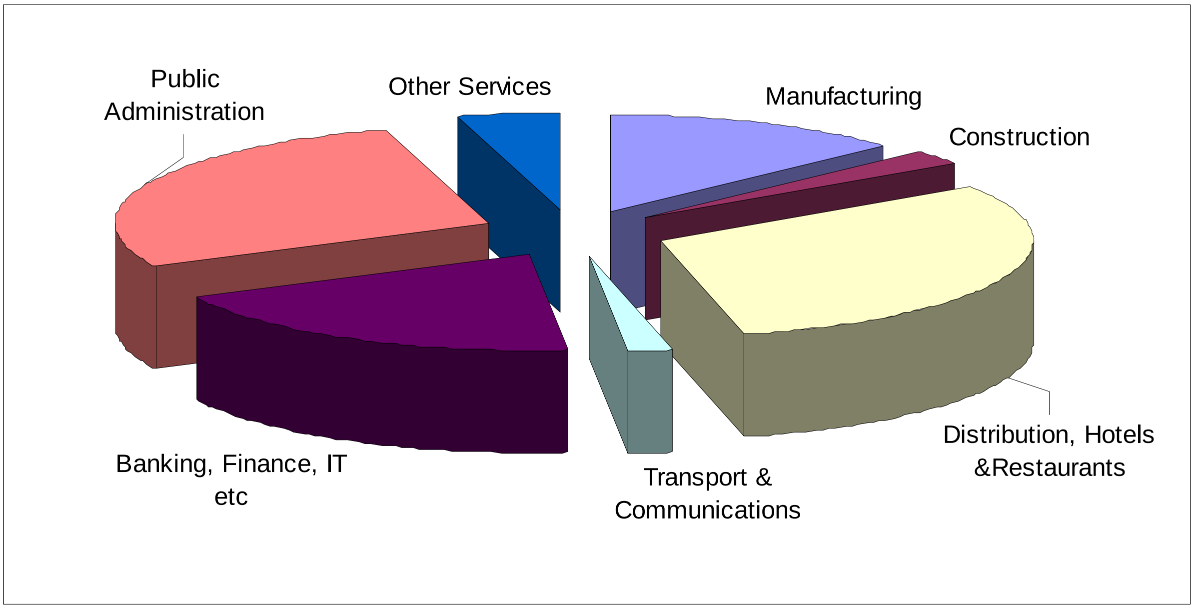
2.20 Banking & finance is also an important sector within Cheltenham, employing 10,600 people, although its dominance has declined in recent years. In 2000, the proportion of the workforce employed in the banking & finance sector peaked at 23%, but by 2005 this had fallen to 19%. In spite of the decline in the workforce level, this sector has grown at a faster rate than local GVA as a whole, at 7.9% per annum (GLMIU, 2007) albeit that this was slightly below the national growth rate (8.5%). Both locally and nationally, this sector was the highest contributor to GVA in 2004 accounting for 29% locally and 28% nationally (GLMIU, 2007).

2.21 The continuing growth of this sector in spite of a decline in employment levels indicates that output from banking and finance is not wholly reliant upon the growth in the size or number of businesses. This is a trend that has been replicated elsewhere in the local (and national) economy.

2.22 A number of economic sectors experienced reductions between 1995 and 2005. These include manufacturing (fell by 19.3% from 9,054 to 7,300 employees), construction (fell by 19.1% from 1,730 to 1,400 employees) and transport & communications (fell by 17.0% from 1,325 to 1,100 employees) (NOMIS, 2005). Whilst the representation of manufacturing within Cheltenham is significant and continues to be higher than that of the region (11.4%) and the UK as a whole (11.1%), employment in this sector in Cheltenham is forecast to decline by a further 22% by 2015. Such a change is in accordance with national trends.

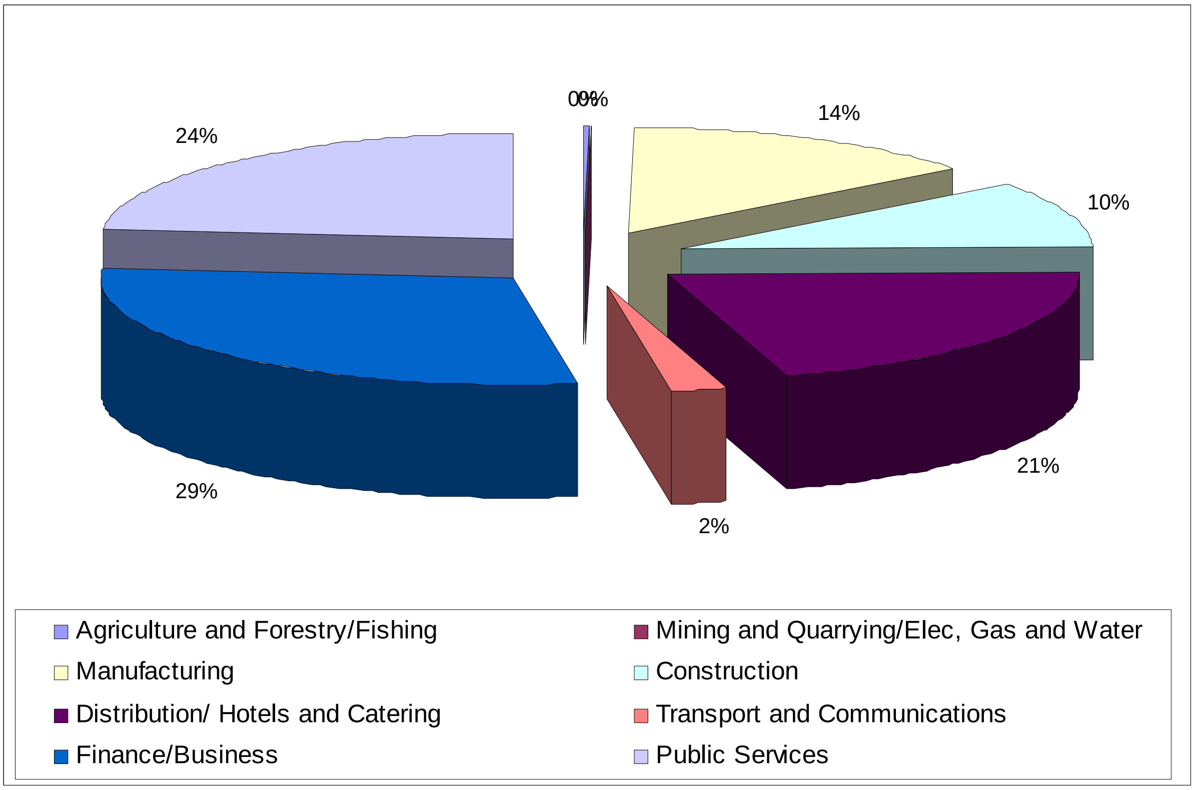
2.23 In 2004, the manufacturing sector accounted for 14% local GVA with an output of £336 million. In spite of the decline in the number of employees within the manufacturing sector, it grew by 3.5% per annum between 1994 and 2004 – below the rate of local GVA generally. Local growth in this sector has been considerably higher than that of national growth in the sector (1.2% per annum) (GLMIU, 2007). These figures suggest that growth in manufacturing has not been driven by a rise in the number of businesses but rather through technological and efficiency improvements, particularly as a result of increased levels of automation.

Figure 2.6: Distribution of Employees in Cheltenham by Sector, 2005



Source: NOMIS, 2005.

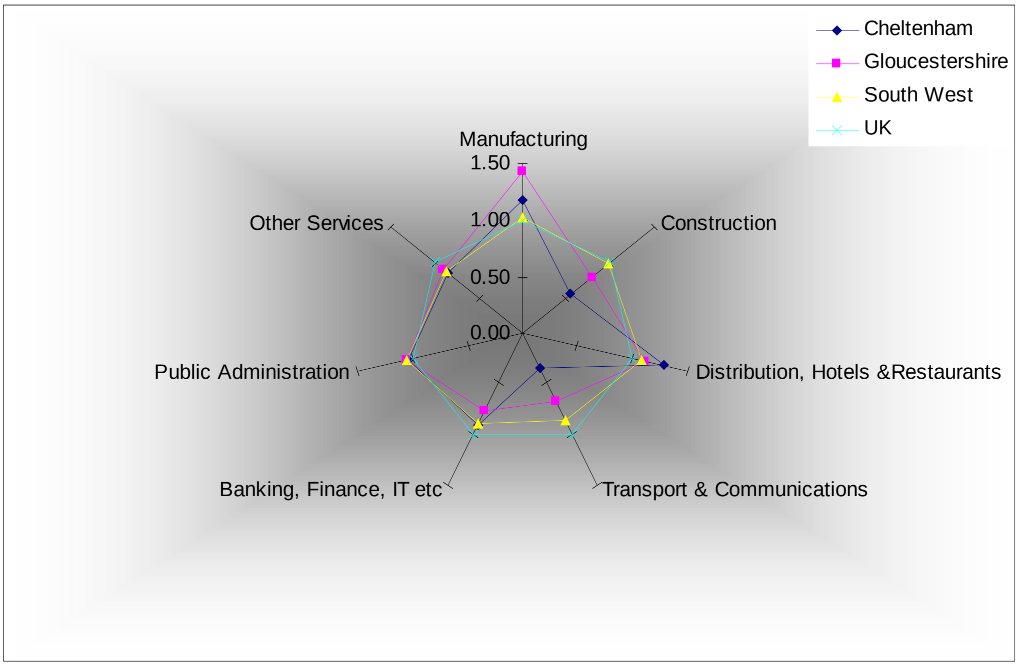
Figure 2.7: Cheltenham GVA per output sector, 2004



Source: GLMIU, 2007

2.24 The Location Quotient is a measure of the concentration of an industry in a region compared with the national average. In examining the key employment sectors in the South West, Gloucestershire and Cheltenham separately, Figure 2.8 below sets out the LQ scores for the national, regional, county and Borough levels.

Figure 2.8: Location Quotients



Source: NOMIS 2005.

2.25 The radar chart demonstrates the importance of seven different economic sectors in the South West, Gloucestershire and Cheltenham in relation to their role in the UK economy. The location quotient of each sector on the UK basis is shown to be 1. An LQ above 1 for Cheltenham, Gloucestershire or the South West would indicate a relative concentration of a particular economic sector (above the national average), whilst an LQ of less than 1 would indicate a local shortfall of a particular sector, compared to the national average.

2.26 This LQ analysis highlights the following key points:

- The relative importance of the distribution, hotels & restaurants in Cheltenham in relation to the county and region (which have an above average concentration of distribution and tourism facilities compared to the UK as a whole).

- Whilst manufacturing is less concentrated in Cheltenham than in Gloucestershire, it is substantially more focused in Cheltenham than in the South West and UK as a whole. However, the strength of the manufacturing sector is forecast to decline with a large number of jobs being lost from this part of the economy. The manufacturing sector as defined by NOMIS includes a broad range of categories including advanced engineering (defined as the manufacture of motor vehicles, aircraft and other related machinery and electrical and optical equipment) which is well represented in Cheltenham. As a result of national and international economic trends, including the movement of operations towards lower cost centres in the Far East and elsewhere, the advanced manufacturing sector is also expected to decline in the future. However, it is not expected to disappear altogether and some of the more advanced activities will remain and may even increase in this area.

- The public administration and banking & finance sectors are equally important in Cheltenham as in the UK.

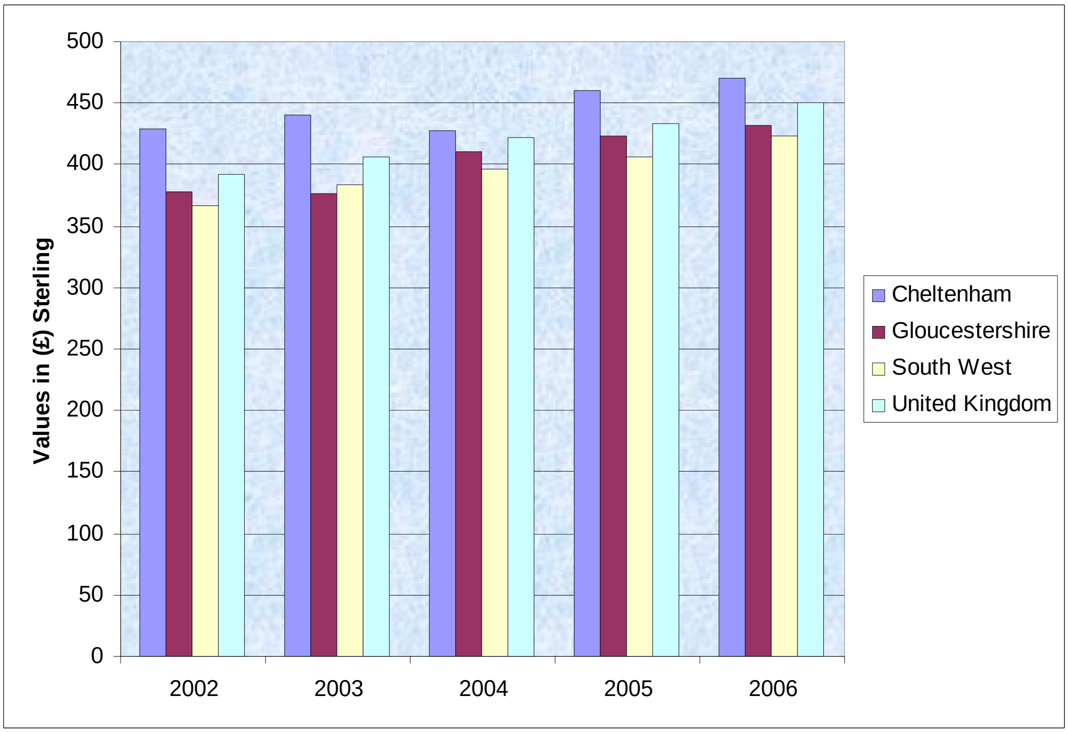
- The banking & finance sector is substantially less significant to the Gloucestershire and South West economy than to the economy in Cheltenham and the UK as a whole.

- The construction and transport & communications sectors are substantially less significant in Cheltenham than in Gloucestershire, the South West and the UK. This is due to the location of Cheltenham in relation to other, larger centres which have been able to develop a stronger image within these sectors. Furthermore, whilst Cheltenham is located very close to the M5 motorway and Gloucester airport and benefits from direct rail links, the airport is not located within Cheltenham and the M5 does not run through the Borough. As a result, Cheltenham has no employment land allocations alongside these key points and is therefore slightly less well suited towards the growth of these infrastructure dependant sectors. Additionally, Cheltenham has an image as a very high quality town whose economy is focused principally upon other commercial sectors (principally those relating to B1 space) rather than construction, transport and communications.

Income Levels

2.27 In terms of earnings, workers living in Cheltenham generally earn around £20 more a week than the UK average, and around £45 more than workers in the South West as a whole (NOMIS, 2006). Earnings in Cheltenham have shown a general increase in recent years, rising by 9.9% between 2002 and 2006. This reflects the high skill levels of Cheltenham residents and generally high quality employment opportunities.

Figure 2.9: Average Weekly Wage by Place of Residence (gross)



Source: NOMIS, 2006.

Qualifications

2.28 Figure 2.10 comprises the qualifications of those of working age population in Cheltenham with the county, regional and national averages (NOMIS, 2005). Cheltenham performs well, with qualifications exceeding the average national figures for all NVQ levels.

2.29 40.4% of Cheltenham's population has a HND, Degree or Higher Degree Level qualification or equivalent. Reflecting its status as a University town, this figure is 13.9% higher than the county and national averages. Cheltenham also has an above average proportion of the total working population with further education qualifications. At 9.1%, the proportion of the population with no qualifications at all in Cheltenham is around 1.3% lower than the average county level and 5.2% lower than the national level.

2.30 These figures support the role of Cheltenham as a key commercial centre and a town that benefits from a large number of skilled and professional jobs that would require and attract people with higher qualifications.

Figure 2.10: Qualifications (Jan 2005 – Dec 2005)

Qualifications	Cheltenham (%)	Gloucestershire (%)	South West (%)	UK (%)
NVQ4 and above*	40.4	29.5	26.5	26.5
NVQ3 and above**	56.6	47.9	46.0	44.4
NVQ2 and above***	73.7	67.3	66.2	62.9
NVQ1 and above****	86.3	83.8	82.0	77.2
Other Qualifications*****	4.6	5.7	7.9	8.4
No Qualifications******	9.1	10.4	9.9	14.3

(% is a proportion of total working age population)
Source: NOMIS, 2005

NVQ4 and above*	*e.g. HND, Degree and Higher Degree level qualifications or equivalent*
NVQ3 and above**	*e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent*
NVQ2 and above***	*e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent*
NVQ1 and above****	*e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent*
Other Qualifications*****	*includes foreign qualifications and some professional qualifications*
No Qualifications******	*No formal qualifications held*

Deprivation Indicators

2.31 The Social Disadvantage Research Centre[7] has produced and published a set of Indices of Deprivation. These indices provide a range of information including detailed breakdowns for small areas (Super Output Areas) and aggregate summary statistics for each local authority.

2.32 Summary measures of the overall Index of Multiple Deprivation (IMD) have been produced at local authority level, which describe different aspects of multiple deprivation in each area. Each of these is designed to capture a particular way in which a local authority may experience multiple deprivation. No single summary is

[7] The Social Disadvantage Research Centre (SDRC) is an inter-disciplinary social research group carrying out policy related research within the Department of Social Policy and Social Work at the University of Oxford.

favoured over another, as there is no best way of describing and comparing multiple deprivation. More specifically:

- **Local concentration** – shows the severity of multiple deprivation in each authority, measuring 'hot-spots' of deprivation
- **Extent** – the proportion of a district's population that lives in the most deprived Super Output Areas in England
- **Average Scores and Average Ranks** – two ways of depicting the average level of deprivation across the entire district
- **Income Scale and Employment Scale** – the number of people experiencing income and employment deprivation respectively

2.33 There are 354 local authorities and districts (LADs) in England. For each measure, each LAD is given a rank and a score. A rank of 1 indicates that the area is most deprived according to the measure and 354 is least deprived.

2.34 Cheltenham's ranks range in score from 159 (rank of local concentration) to 238 (rank of average rank) out of 354. The average of the Borough's ranks is calculated at 195, which places Cheltenham in the upper (less deprived) half of the ranking. However, in spite of this picture of overall prosperity, Cheltenham contains three areas (Hesters Way, Oakley, West Central Cheltenham) which have been identified as regeneration priority areas. These collectively include one third of Cheltenham's residents.

2.35 The Indices of Multiple Deprivation 2004 combine indicators across seven domains (Income, Employment, Heath deprivation and disability, Education, skills and training deprivation, Barriers to Housing and Services, Living Environment deprivation and Crime) into a single deprivation score and rank for each area. This information is available for Super Output Areas (neighbourhood areas that are smaller than wards) and thereby allows a more accurate understanding of the areas of Cheltenham that suffer from multiple deprivation.

2.36 A broad band of deprivation exists in Cheltenham, running from Hesters Way and Springbank, through St. Pauls and across to Oakley. Within this area, there are five deprivation hot-spots that are amongst the 20% most deprived areas in the country:

- St. Pauls - Manser Street / Hudson Street / Granville Street area (ranked 2138 out of 32,482);
- Springbank - Welch Road area (ranked 4148);

- Oakley - Mersey / Avon and Humber road areas (ranked 4695);
- Hesters Way - Hesters Way Road (ranked 4698)
- Hesters Way - Princess Elizabeth Way (ranked 5130)

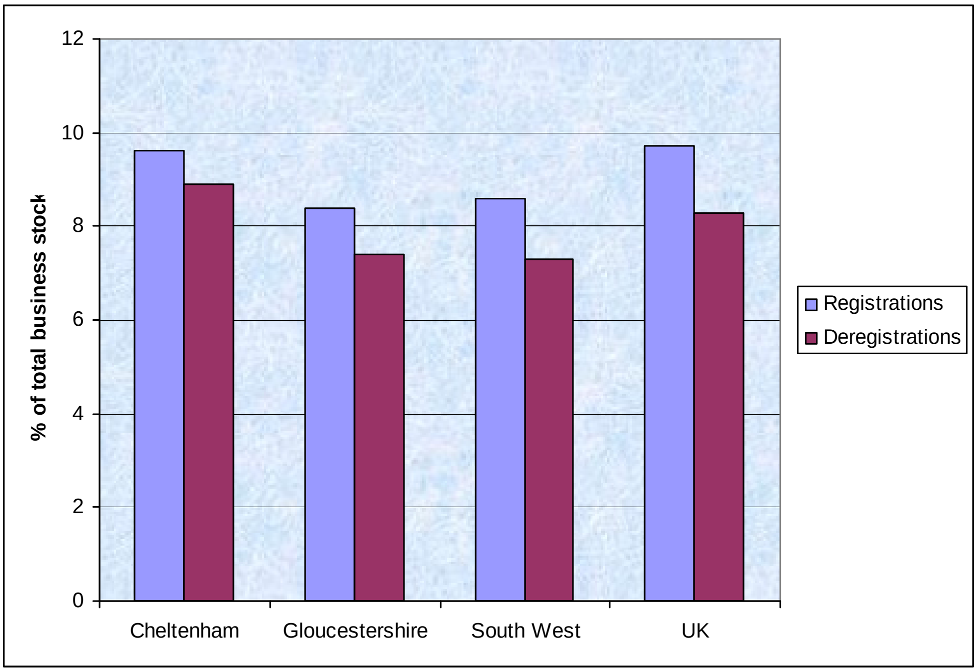
Source: Office of the Deputy Prime Minister, Indices of Deprivation 2004. Cited in Cheltenham's Regeneration Foundation Strategy 2006-2009

2.37 By contrast, and reflecting the overall level of prosperity in Cheltenham, the town has four areas that are in the top 2.5% of least deprived areas in the country.

VAT Registered Businesses

2.38 VAT registration is seen as a useful proxy for economic health, with high rates of new registration indicating favourable business conditions. It provides an insight into the level of entrepreneurship and the health of the local business community. Figure 2.11 below sets out the level of VAT registrations and deregistrations as a percentage of business stock for 2005. This is recognised by NOMIS as the best official guide to the pattern of business start-ups and closures, indicating the entrepreneurship levels and economic health. However, this approach does not record the very smallest businesses which operate below the threshold for VAT registration. In 2006, this threshold stood at £61,000.

Figure 2.11: VAT Registrations and Deregistrations 2005

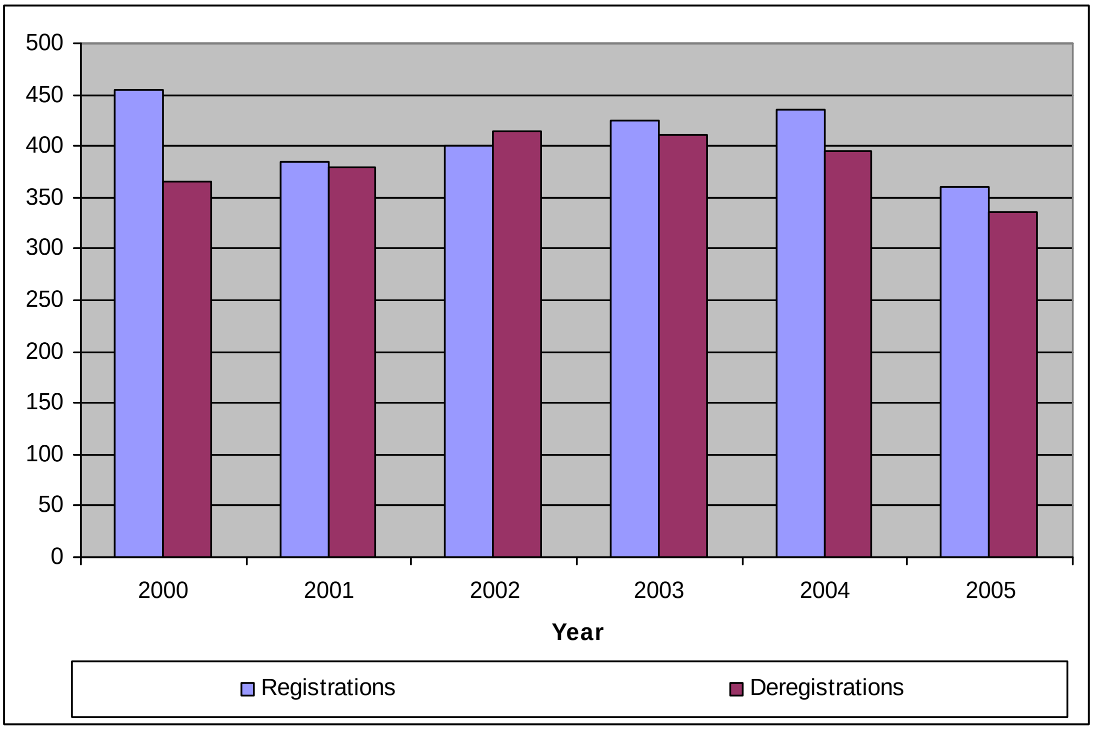


Source: NOMIS, 2006.

2.39 The proportion of registrations in Cheltenham is above that of Gloucestershire and the South West but slightly below the UK level. Whilst the proportion of deregistrations in the Borough is similarly above the county and regional levels and also the national level, registrations of businesses in Cheltenham are 0.7% above deregistrations, indicating that business stock is growing.

2.40 This pattern of a steady growth in the business stock has been seen in Cheltenham since 2000 (except for 2002 when there was a small decline). However, the level of growth has tended to have been modest, highlighting an overall small level of growth.

Figure 2.12: VAT Registrations and Deregistrations in Cheltenham, 2000-2005



Source: NOMIS, 2006.

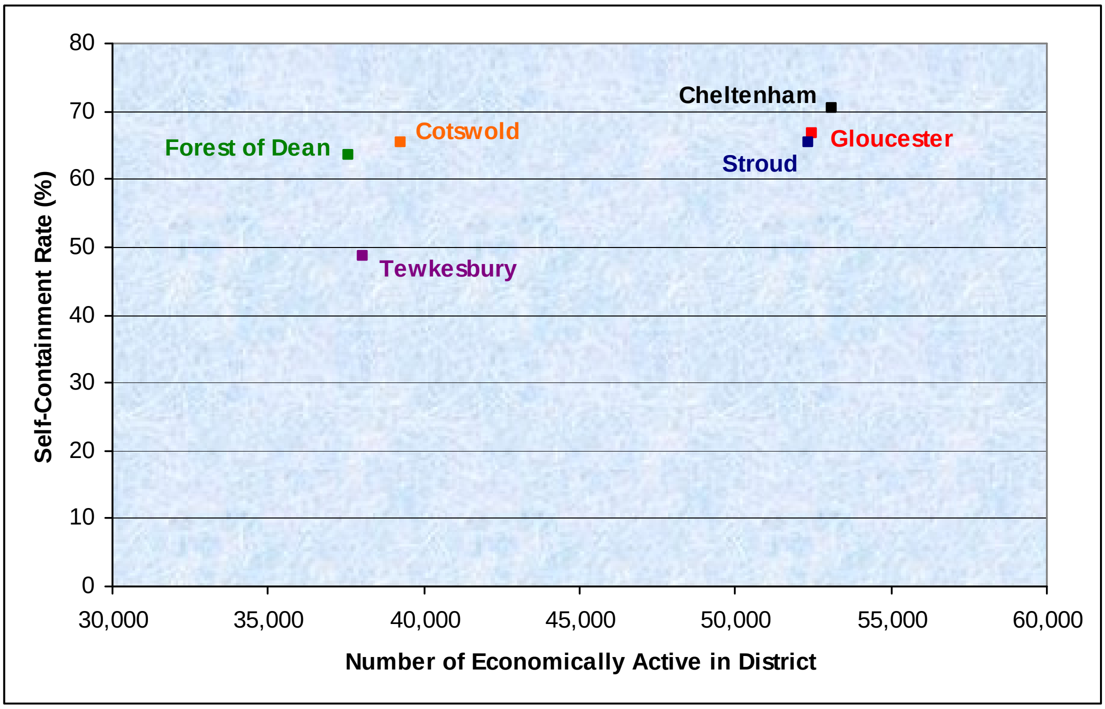
Commuting Patterns

2.41 The proportion of the resident labour force that both lives and works in an area is illustrated by the self-containment rate, which provides a measure of the balance of jobs to workers. Areas with a high level of employment relative to residents tend to have higher self-containment rates and therefore a higher figure supports the notion that job opportunities within a particular area are sufficient to meet the needs of local residents.

2.42 Based upon 2001 Census data, Cheltenham has nearly 20,000 people travelling into the Borough to work, filling 35% of all jobs based there. Most of these in-commuters come from Gloucester and the adjoining Borough of Tewkesbury.

2.43 At the same time, 30% of Cheltenham's economically active population regularly commute out to work elsewhere. However, over half of these work in nearby Tewkesbury (33% of out-commuters) or Gloucester (20% of out-commuters). This indicates that most workers living in Cheltenham tend not to travel long distances to their place of work. Only 8% of Cheltenham's working residents work outside of Gloucestershire, with a small minority (0.67%) of economically active residents regularly commuting to London.

Figure 2.13: Self-Containment Rates, 2001



Source: 2001 Census

2.44 Furthermore, as Figure 2.13 shows, Cheltenham has the highest level of self-containment (70%) when compared with other districts within Gloucestershire. This provides further evidence of a strong local economic base within which employment opportunities are sufficient to meet local requirements both in terms of number and type.

Conclusion

2.45 Figure 2.14 highlights the key strengths and weaknesses within the economic profile of the Borough

2.46 Whilst there are a number of opportunities for economic development set out within the analysis, addressing the weaknesses in Cheltenham will be important in improving its economic profile.

2.47 Cheltenham's population has been fairly stable but has started to grow over the last two years. Combined with a slightly higher than average working population and a high number of well-qualified workers, Cheltenham's labour supply is a major strength. Additionally, the higher than average pay in the Borough should encourage the retention of existing workers and the attraction of new labour. This clear evidence of the quality of the local workforce within Cheltenham represents an important attraction for businesses and is significant in encouraging local businesses to remain in Cheltenham.

2.48 Whilst manufacturing is still an important industry in Cheltenham, this sector is forecast to decline over the next decade. However, the Borough has a buoyant service sector and the distribution, hotels & restaurants sector is particularly strong. Whilst the dominance of banking & finance has decreased over the last five years this is, and will remain, an important sector within the local economy.

2.49 Whilst business stock in Cheltenham is growing, albeit slowly, business de-registrations are higher than the County, Regional and UK levels.

Figure 2.14: SWOT Analysis – Cheltenham

STRENGTHS	WEAKNESSES
• Strategic location • High average weekly pay • Low level of unemployment • High proportion of economically active • Growing business stock • High level of educational attainment within labour force	• High proportion of business deregistrations • Constrained boundary of the Borough – limited land that is suitable for new development
OPPORTUNITIES	**THREATS**
• Importance of office sector • Importance of distribution, hotels and restaurants	• Population forecast – lower proportion of working age persons • Declining manufacturing sector • Decreasing dominance of banking and finance

3.0 CURRENT SUPPLY OF EMPLOYMENT LAND

3.1 This chapter assesses the current stock of employment land in Cheltenham Borough, as well as the amount which is committed or is being developed in the short term. It looks at both the amount of employment land and the quantity of built employment floorspace, broken down by broad types of employment uses – primarily offices (use class B1(a)), warehousing/storage/distribution (B8) and manufacturing (B1(c)/B2). The amount of employment land that has been lost to other uses is also examined.

3.2 The current stock of employment space within Cheltenham Borough was assessed from the following sources:

a) floorspace in individual premises held in the Valuation Office Agency (VOA) 2006 business valuation records;

b) commercial floorspace data for local districts provided by DCLG;

c) information on employment land and floorspace provided by Cheltenham Borough Council;

d) a visual inspection of the mix of land uses in the main employment areas in Cheltenham.

Main Employment Areas

3.3 The main existing employment areas in Cheltenham are considered in Chapter 6. A range of provision exists, including:

- **Industrial Estates**: there are a number of industrial estates within or on the edge of the town, such as Kingsditch and Lansdown Industrial Estates and Churchill Trading Estate. These range in size from 0.38ha (Crooks Industrial Estate) to 40ha (Kingsditch Industrial Estate). They tend to be occupied by a mix of users and uses including manufacturing, offices, warehousing as well as some ancillary retail and sui generis uses.

- **Large Single Occupier Sites**: the key single occupier site is the 17ha GCHQ campus at Gloucester Road on the western side of the town although a number of single occupier sites exist, including those occupied by Spirax Sarco.

- **Town Centre Offices**: the attractive Town Centre accommodates a large amount of office space, accommodating a range of professional and other businesses.

- **Institutional Offices**: a number of organisations such as GCHQ, UCAS, the Inland Revenue and the Department for Social Security are located in large individual offices.

- **Small Starter Units:** there are a range of small industrial or office units on various industrial estates and within the Town Centre.

- **Low Cost Business Premises:** there are a range of relatively affordable business premises available within some of the industrial estates and in freestanding locations. These accommodate a range of office, workshop and smaller scale industrial users.

Existing stock of Employment Floorspace

3.4 Data on the stock of commercial and industrial property within local authority areas is provided by the DCLG and the Valuation Office Agency (VOA). The Valuation Office Agency revalues commercial and industrial property every five years to set business rate values in line with an assessment of the current commercial and industrial rental market. The statistics used in this assessment for 1st April 2006 are based on the 2005 Value Office Agency revaluation.

Supply of Employment Floorspace in Gloucestershire

3.5 Figures 3.1 and 3.2 below shows the number of premises and total floorspace of B class employment generating premises in Cheltenham and adjoining districts by main categories.

Figure 3.1: Number of Employment Premises in Cheltenham and Adjoining Districts

District	Offices*	Factories	Warehouses	Total
Cheltenham	1,083	483	283	1,849
Gloucester	924	577	461	1,962
Tewkesbury	463	573	353	1,389
Stroud	610	931	531	2,072
Forest of Dean	291	798	370	1,459
Cotswold	651	638	502	1,791

Source: DCLG/VOA, April 2006. Based on 2005 data

* Offices includes commercial and other offices
Note that these figures differ to the VOA figures for Cheltenham specifically due to the two sources using different bases

Figure 3.2: Class B Employment Floorspace in Cheltenham and Adjoining Districts

District	Offices* ('000sqm)	Factories ('000sqm)	Warehouses ('000sqm)	Total ('000sqm)
Cheltenham	350	309	151	810
Gloucester	326	448	391	1,165
Tewkesbury	113	611	294	1,018
Stroud	91	596	291	978
Forest of Dean	41	580	164	785
Cotswold	100	257	249	606

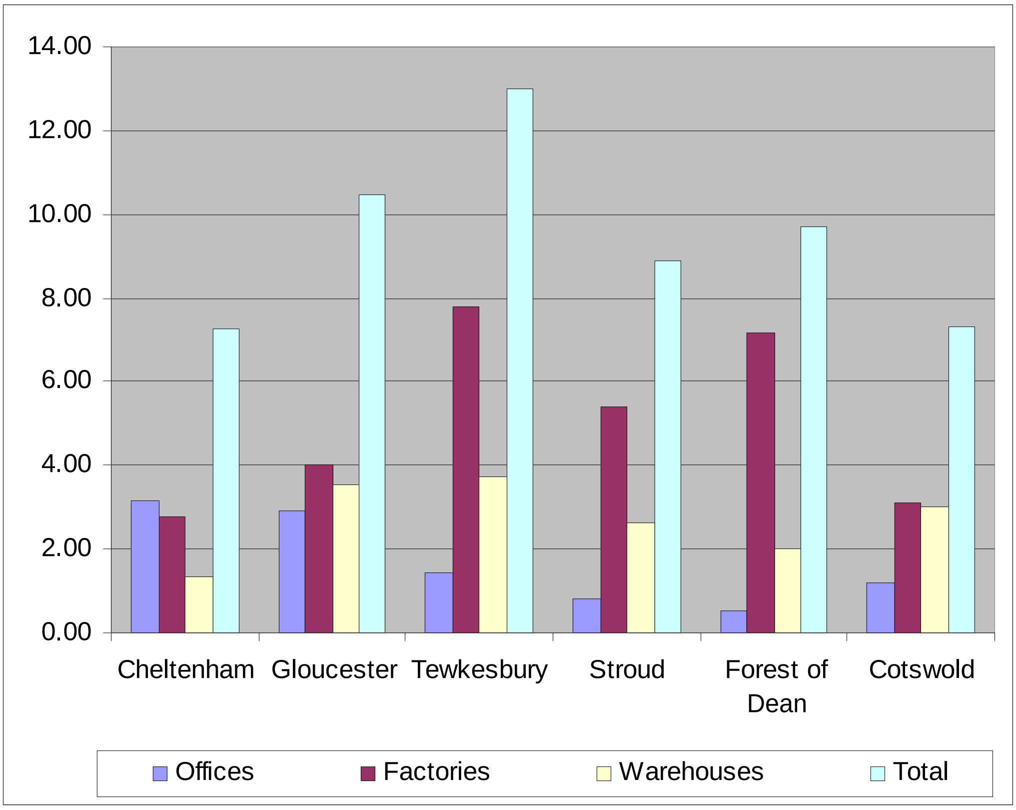
Source: DCLG/VOA, April 2006. Based on 2005 data
* Offices includes commercial and other offices
Note that these figures differ to the VOA figures for Cheltenham specifically due to the two sources using different bases

3.6 Cheltenham has a higher number of office units than the neighbouring local authority areas and a greater overall supply of office floorspace. However, the number and size of factory and warehouse units is more restricted in Cheltenham than in the neighbouring authority areas (except for the amount of factory floorspace which is lower in the Cotswolds)

3.7 The effect of these differences is that whilst Cheltenham has a large number of business units in relation to neighbouring districts (except for Gloucester and Stroud), the overall quantum of floorspace is much more restricted, being less than Gloucester, Tewkesbury and Stroud and only marginally greater than the Forest of Dean.

3.8 Cheltenham and the surrounding districts vary considerably in size. With a population of 111,700, Cheltenham is larger in population terms than the surrounding areas (despite being physically smaller). Figure 3.3 considers the supply of business space in terms of the relative size of each settlement. This shows that whilst Cheltenham is relatively well supplied with offices in comparison with neighbouring local authority areas, it has a limited overall supply of factory and particularly warehouse units. The limited supply of industrial units may constrain Cheltenham's potential to compete against adjoining areas and also limits its attractiveness as a location for industrial inward investors and for existing occupiers that are looking to expand or relocate. Alternatively, the limited supply of industrial units could be viewed as an exemplar of Cheltenham's economic profile which is different to that of surrounding districts.

Figure 3.3: Employment space ('000sqm) per 1,000 residents in surrounding districts



Source: DCLG/VOA, April 2006 & NLP Analysis.

3.9 Cheltenham is recognised as one of the key commercial centres in Gloucestershire, a characteristic that is reflected in the relatively high level of office floorspace per thousand residents. However, the overall supply of business space in Cheltenham is proportionally the lowest in all of Gloucestershire. It is evident from the views expressed by local businesses and property agents that the premises that are available remain insufficient to satisfy the level of demand that exists or to provide an appropriate basis for flexibility and choice within the market. This point was recognised by the previous Local Plan Inspector who stated that:

> *'I agree with those objectors who argue that the existing provision [of employment land] in the Borough offers a very limited choice of location and quality of sites or buildings. This is not necessarily an argument to allow such sites to be redeveloped for other uses … However it convinces me of the need for additional land, not simply to meet a numerical requirement or to achieve conformity with the Structure Plan, but to widen the choice of sites for existing firms, or firms new to the area, and to ensure a quality and range of provision which is almost wholly lacking in the existing employment sites.'* (Cheltenham Borough Local Plan Second Review 1991-2011, paragraph 12.23)

3.10 This shortage is particularly important in relation to offices because, whilst there is a large amount of office floorspace within the Borough, this is not sufficient to meet the current demand for such facilities or to provide for an appropriate level of flexibility and choice.

3.11 Whilst a lower supply of factory or warehousing might not be viewed as a strategic weakness for Cheltenham's local economy which is orientated towards different economic sectors, a relatively low overall supply of business space does represent a weakness which could detract possible investors and might result in existing businesses relocating out of the Borough if they are unable to meet their expansion needs locally.

Employment Provision in Cheltenham

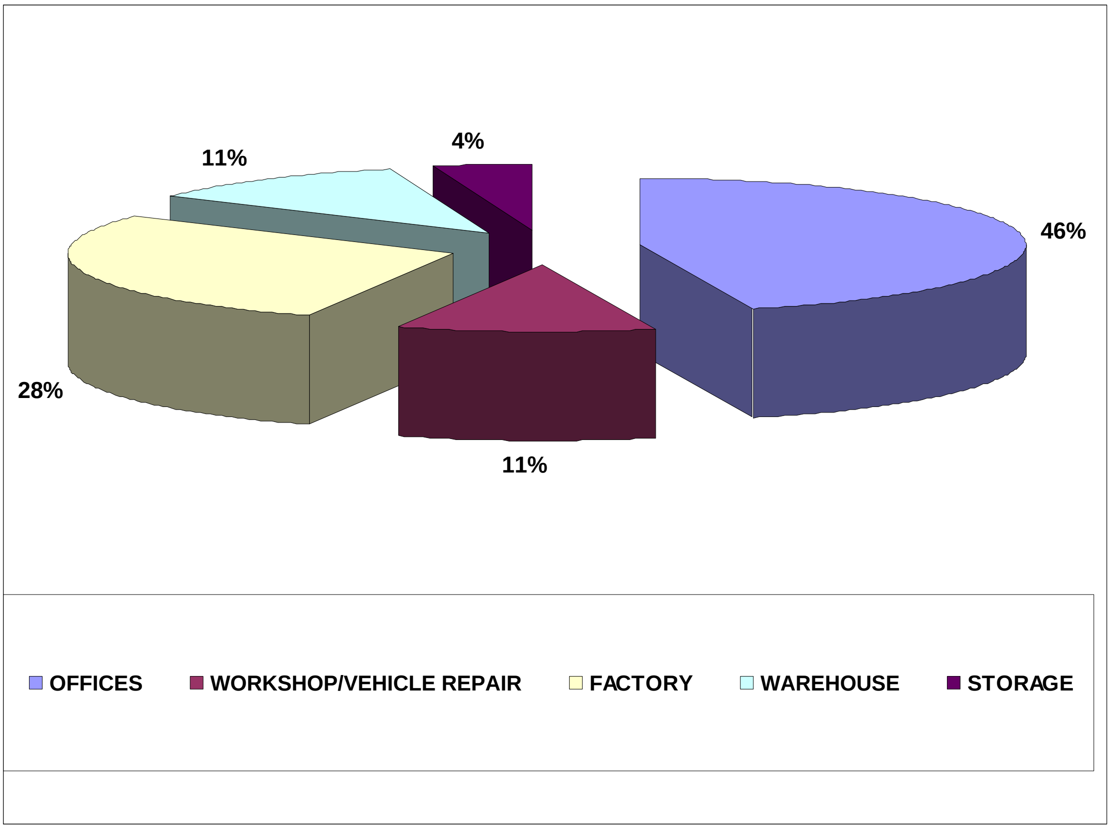
3.12 Figure 3.4 provides a more detailed breakdown of employment space within Cheltenham and illustrates the spread of different types of premises across the Borough. This highlights both the significance of offices within the overall business stock and the fact that they form a lower share of employment space. Whilst factories and warehouses account for only 21% of business units, they account for a similar amount of floorspace (c. 45%) as offices which account for some 60% of business units.

Figure 3.4: Breakdown of Employment Space in Cheltenham, 2006

Business Unit	No. Units	Total Space (sqm)	Average Unit Size (sqm)
Offices	1,226	458,904	374.31
Workshops/Vehicle Repairs	429	112,073	261.24
Factories	135	288,784	2,139.14
Warehouses	154	115,190	747.98
Storage Land and Premises	153	41,542	271.52
Total	2,097	1,016,493	484.74

Source: VOA, 2006
Note that these figures differ to the VOA figures for Cheltenham specifically due to the two sources using different bases

Figure 3.5: Employment Space in Cheltenham by Type, 2005



Source: VOA, 2006

Size of Units

3.13 Whilst Cheltenham is a significant commercial centre, the comparatively lower proportion of office floorspace reflects the higher job/floorspace ratios of office uses and the presence of large scale manufacturing activities within the Borough. There are 21 factories in Cheltenham of more than 5,000sqm in size; these account for 60% of the total factory floorspace and 17% of total B class floorspace within the Borough. Whilst there are a large number of storage and warehousing units within Cheltenham, few of these are of a large scale. There are no warehouse units of more than 10,000sqm in size. A total of 30 warehouse/storage units are more than 1,000sqm in size; these account for 60% of storage/warehousing floorspace but only 7% of total B class floorspace within the Borough.

3.14 Figure 3.6 provides a breakdown of employment premises by different size bands. This shows that there is a reasonable spread of units across a range of sizes albeit that there is a particularly high concentration of small/medium units (less than 500sqm), which make up over 80% of all premises. Particularly noticeable is the large proportion of small office units. Almost 90% of office units in Cheltenham are less than 500sqm in size. By contrast, only one third of factory units fall within the category of units less than 500sqm. It should be noted, however, that most of the very large premises (over 5,000sqm) include both offices and factories.

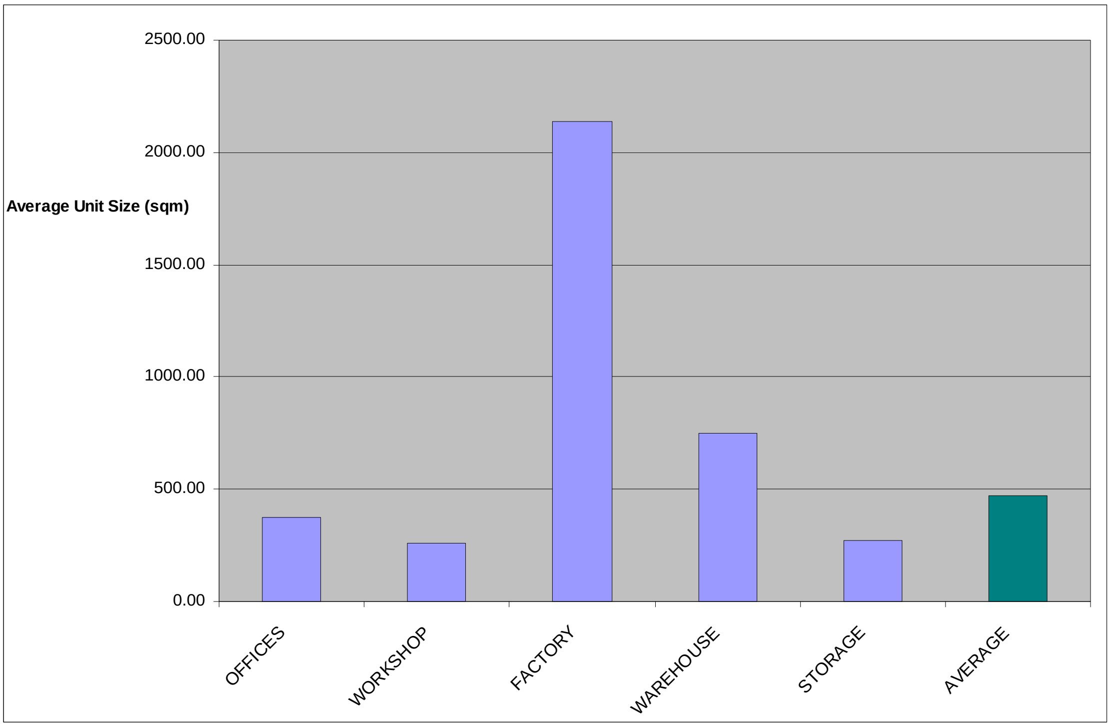
Figure 3.6: Breakdown of Employment Floorspace by Size of Units

Size	Offices	Workshop/ Vehicle Repair	Factory	Warehousing	Storage	Total	% Stock
Under 50sqm	331	68	2	0	47	448	21.36
50-100sqm	324	96	3	8	37	468	22.32
100-500sqm	416	205	40	87	59	807	38.48
500-1,000sqm	79	46	29	29	8	191	9.11
1,000-5,000sqm	54	14	40	28	1	137	6.53
More than 5,000sqm	22	0	21	2	1	46	2.19
All	**1,226**	**429**	**135**	**154**	**153**	**2,097**	**99.99**

Source: VOA, 2006
Note that these figures differ to the VOA figures for Cheltenham specifically due to the two sources using different bases

3.15 Figure 3.7 provides further details of the average size of units in each of the different sectors. The average size of all employment units in Cheltenham is 485sqm and only factories and warehouses have an average unit size that is greater than this figure. However, despite being large in the context of Cheltenham, the average size of factories and warehouses (2,139sqm and 747sqm respectively) is relatively small in comparison to facilities elsewhere in the region and the country.

Figure 3.7: Average Unit Size



Source: VOA, 2006

3.16 Figure 3.8 below considers the average size of Class B units in Cheltenham and the surrounding area. Despite having the second highest average office size of the five authorities, the average sizes of factories and warehouses are much more limited in Cheltenham. This characteristic of generally small units is reflected in the total level of commercial floorspace which, despite the high number of individual units, is relatively limited.

Figure 3.8 Average size of Class B units in Cheltenham and adjoining Districts

District	Offices* (sqm)	Factories and Workshops (sqm)	Warehouses and Storage (sqm)	Total (sqm)
Cheltenham	323.18	639.75	533.57	438.07
Gloucester	352.81	776.43	848.16	593.78
Tewkesbury	244.06	1,066.32	832.86	732.90
Stroud	149.18	640.17	548.02	472.01
Forest of Dean	140.89	726.82	443.24	538.04
Cotswold	153.61	402.82	496.02	338.36

Source: DCLG/VOA, April 2006. Based on 2005 data. NLP analysis, 2007.
** Offices includes commercial and other offices*
Note that these figures differ to the VOA figures for Cheltenham specifically due to the two sources using different bases

3.17 Whilst small businesses (which would require small premises) do make up a large proportion of all firms within Gloucestershire and contribute greatly to the local economy, the average size of business units in Cheltenham represents an issue that may curtail Cheltenham's ability to effectively attract and retain modern business users within the existing and emerging business sectors.

3.18 **Office units** in Cheltenham are generally larger than those in Tewkesbury, Stroud, Forest of Dean and Cotswold and are only slightly smaller than those in Gloucester. Over the period from 2000 to 2006, Cheltenham has witnessed the largest scale of growth in the average size of units – an increase of 16.25%, compared to a decline of 4.4% in Gloucester and a decline of 14.3% in Tewkesbury.

3.19 By contrast, the average size of **factory and workshop units** in Cheltenham (640sqm) is small in the context of other Gloucestershire districts. Indeed, since 2000, the average size of factory and workshop units in Cheltenham have declined by over 10%, albeit that this trend has been evident throughout the County.

3.20 Cheltenham has a limited overall supply of **warehousing and storage units** compared to other districts in Gloucestershire. However, the average size of such units in Cheltenham is higher than that of the Forest and Dean and Cotswold. In addition, Cheltenham is one of only three areas to have experienced an increase in the average size of units between 2000 and 2006.

Figure 3.9: Percentage Change in Average Unit Size, 2000-2006

District	Offices	Factories and Workshops	Warehouses and Storage
Cheltenham	16.27	-10.67	4.73
Gloucester	-4.37	-15.28	-12.75
Tewkesbury	-14.28	-6.49	-3.40
Stroud	10.85	-8.52	10.52
Forest of Dean	7.52	-13.20	2.90
Cotswold	0.89	-4.91	-14.83

Source: DCLG/VOA. April 2006. Based on 2005 data.
Note that these figures differ to the VOA figures for Cheltenham specifically due to the two sources using different bases

Summary of Existing Stock of Employment Space

3.21 The information contained in this section provides a detailed analysis of the current supply of employment premises in Cheltenham in comparison to that elsewhere in Gloucestershire. The key findings are summarised in Figure 3.10:

Figure 3.10: Summary of Existing Stock of Employment Space

Strengths	Weaknesses
• High number of offices and greater overall supply of office floorspace than other districts. • In accordance with the nature of the local area as a commercial centre, office facilities make up a larger proportion of the overall employment stock.	• Despite office provision, the supply remains insufficient to meet the needs of existing and new companies or to provide for a required level of market flexibility and choice. • More limited number and size of industrial premises than in surrounding districts • Overall quantum of employment space is limited. • Relatively small scale business units, limiting the ability to serve a wide range needs and may curtail Cheltenham's ability to effectively attract and retain modern business users within the existing and emerging business sectors.

3.22 The key message emerging from these various sources of information is that Cheltenham suffers from a particular shortage of employment floorspace. Despite the low level of unemployment and the general strength of the local economy detailed in Chapter 2, this evidence points towards a shortage of business premises. As recognised by the previous Local Plan Inspector, this 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.

Existing Employment Land Provision

3.23 Having considered the current context in Cheltenham in terms of the provision of business premises, this section considers its current position in terms of employment land provision. It is based upon the information supplied to NLP by Cheltenham Borough Council from its monitoring records as of 1 May 2007.

3.24 The Gloucestershire Structure Plan requires 507ha of land to be made available for employment development in Gloucestershire over the period from 1991 to 2011. Of this amount, only 12ha (2.5%) is required within Cheltenham.

3.25 Paragraph 7.2.1 of the Structure Plan notes that the aim of this policy is not to allocate an amount of land equivalent to that which is likely to be taken up in the Plan period but to provide a supply which will not constrain investment. It goes on to say that these figures represent a net increase over land in employment use at the beginning of the Plan period. If land in employment use at the beginning of the period is lost to any other use, then it will be necessary to allocate other land elsewhere to compensate.

3.26 Although some employment land has been developed in Cheltenham in recent years, the Borough has experienced a substantial net loss in employment land since 1991. The position at 1 May 2007 is summarised in Figure 3.11 below:

Figure 3.11: Employment land provision at 1 May 2007

	Area (ha)
Sites developed since mid 1991	7.74
Sites lost since mid 1991	-22.33
Net change since mid 1991	-14.59

Source: Cheltenham Borough Council, 2007

3.27 **Completions** on 27 individual employment sites in the 16 years to May 2007 provided an additional 7.74ha employment land with an average completion rate of 0.5ha per annum. However, this additional development must be set against a high level of employment land losses. Completions on 62 sites over the same period resulted in the loss of 22.33ha employment land at an average rate of 1.4ha per annum.

3.28 The net effect of these developments is that employment land in Cheltenham has been lost at an average rate of 0.91ha per annum.

3.29 The completions have involved the creation of additional employment land have generally been of a small scale. The average size of all completions has been 0.29ha whilst the sites have ranged in size from 0.005ha to 2.83ha. As Figure 3.12 below shows, the gains have related to a range of types of employment uses, most significantly those falling within Class B1.

Figure 3.12: Employment Land Completions in Cheltenham by Use, 1991-2007

Use Class*	Area completed (ha)
B1	4.1456
B2	0.66
B8	0.8058
B1/B2	0.16
B1/B8	0.64
Sui Generis	1.27
Unknown Use Class	0.06
Total	**7.7414**

Source: Cheltenham Borough Council
** for schemes with a mix of B uses, all uses are indicated*

3.30 A schedule of the sites that made up this provision is contained within Appendix 2.

Emerging Supply

3.31 The amount of additional employment land supply likely to come forward can be gauged through an analysis of **extant planning permissions**. Permission has been granted for 21 employment related developments which will result in an additional 7.85ha employment land coming forward. All of these outstanding permissions relate to planning applications that were approved in or after 2004, implying that a reasonable proportion of these commitments have a prospect of being implemented. However, as Figure 3.13 indicates, these developments cover a limited range of employment types.

Figure 3.13: Outstanding Employment Permissions in Cheltenham by Use

Use Class	Number of Permissions	Area (ha)
B1a	14	1.22425
B1c/B2/B8	4	3.0222
B2/B8	3	3.6068
Total	**21**	**7.85325**

Source: Cheltenham Borough Council

3.32 Whilst permission has been granted for development that would result in a further loss of employment land, the implementation of all outstanding permissions would result in a net gain in employment land. However, in the context of the amount of land that has been lost since 1991, the implications of this gain upon the overall employment provision in Cheltenham would be relatively modest.

3.33 A schedule of the sites that made up this provision is contained within Appendix 3.

Loss of Employment Space

3.34 Over the period from 1991 to 2007, completions on 62 sites in Cheltenham resulted in the loss of 22.33ha B Class employment land at an average rate of 1.38ha per annum. The average size of the sites that have been lost is 0.36ha and the sites have ranged from less than 0.01ha to more than 4ha. The majority of losses – extending to over 12ha – have been to residential use. Over 6ha of employment land has been lost to retail. Details of these developments are set out in Appendix 4.

3.35 In addition, planning permission has been granted for 34 proposals which will result in the further loss of 2.93ha employment land. 18 of these permissions relate to changes of use whilst the others relate to the redevelopment of existing sites for non-employment purposes. The majority of these permissions are for the redevelopment or change of use of existing employment sites and premises for residential purposes. In six cases, Cheltenham Borough Council has sought to halt the loss of employment land through changes of use but planning permission has been granted at appeal. Appendix 5 provides a schedule of these permissions.

3.36 Figure 3.14 below provides a broad overview of change in the supply of B class employment space since 2000 in Cheltenham and the surrounding Gloucestershire districts. It shows that Cheltenham is the only area to have experienced a loss in both factory and warehousing floorspace, albeit that this has been offset by a substantial increase in office floorspace and the number of office units.

Figure 3.14: Change in Employment Floorspace in Gloucestershire, 2000-2006

District	Offices* ('000sqm)	Factories ('000sqm)	Warehouses ('000sqm)	Total ('000sqm)
Cheltenham	74	-24	-10	40
Gloucester	27	9	-62	-26
Tewkesbury	31	47	75	153
Forest of Dean	3	19	24	46
Cotswold	10	13	-9	14

Source: DCLG/VOA, 2000-2006.
** Offices includes commercial and other offices*

3.37 Cheltenham was the only local authority area in Gloucestershire to experience a reduction in factory floorspace over the period from 2000 to 2006. However, this loss of 24,000sqm was countered by an increase in the number of factory units over this period from 465 in 2000 to 483 in 2006. Such dichotomous trends may have been the result of the reduction in the size of some factory premises together with the development of new (smaller) factory units due to trends such as the automation of processes and the introduction of new business processes. The overall quantum of factory floorspace (over 309,000sqm) and the number of factory units (more than 483) highlights the continued role of manufacturing as a component within the local economy.

3.38 By contrast, there has been a decline in both the number of warehouse units and the total warehousing floorspace within the Borough. However, the average size of units has actually risen over this period, suggesting that in the most part, the losses have related to some of the smaller units which were less well suited to modern warehousing and distribution purposes. Despite this increase in the average size of units, storage and warehousing premises in Cheltenham remain relatively small and are not ideally suited to meet the needs of modern warehousing and logistics users. This has resulted in Cheltenham not being able to compete effectively against surrounding locations and may result in planning applications for the redevelopment of warehousing space on the grounds that the existing provision is not appropriate to existing business requirements.

Summary of Employment Land Position

3.39 Figure 3.15 provides a summary of the existing and emerging position detailed above, based upon Cheltenham Borough Council's monitoring records:

Figure 3.15: Employment Land Position in Cheltenham

	Change (ha)	Net Position (ha)
Since 1991	Gains: 7.74 Losses: 22.33	-14.59
Extant Planning Permission	Gains: 7.85 Losses:2.93	4.92
Net Position		**-9.67**

Conclusion

3.40 For a town of its size and importance, Cheltenham suffers from a comparative shortage of employment land. Whilst it has a comparatively large supply of office units, this remains insufficient – in quantum and quality – to meet the needs of existing and potential future businesses. In addition, Cheltenham suffers from a shortage of industrial units, a characteristic that may result in the loss of businesses or potential investment to surrounding districts.

3.41 An additional pressure relates to the size of commercial units. 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.

3.42 Whilst Cheltenham is a key commercial centre in Gloucestershire, it is facing increasing competition from surrounding centres – both for inward investors and also for those businesses that are currently located within Cheltenham. The continued increased supply of business space in these locations is likely to increase the pressure upon Cheltenham and the need to identify additional land for employment purposes.

4.0 THE CHELTENHAM PROPERTY MARKET

4.1 This section describes the current property market conditions in Cheltenham and the factors which affect them. These findings are based on the Cheltenham Business Development Survey 2005, which involved a survey of businesses in the Borough (641 respondents although not all respondents answered all of the questions) and more in depth interviews with 42 businesses, 6 property agents that are active in the local area and 4 other economic development organisations. An analysis of commercial property availability databases and published reports on the property market was also carried out.

General

4.2 Demand for commercial property remains strong in Cheltenham across the whole range of business sectors and sizes of units. The companies interviewed indicated that they wished to remain in the Borough due to the quality of life it offers, citing positive factors such as the architecture, environment, education, quality retailing, thriving night-time economy and its attractive setting within the Cotswolds.

4.3 However, the perception amongst property agents and businesses is that this demand for commercial property is not being met, especially for freehold units. Indeed, it was felt that the market is being restricted by a lack of employment land and premises. Much of the existing stock is seen as being poorly located, in poor condition and in need of updating. Many businesses were said to occupy inferior premises because whilst there is no alternative office or industrial accommodation within the Borough, they are committed to remaining in Cheltenham.

4.4 It was felt that Cheltenham lacks new buildings, does not have any major business parks or enterprise sites and has only limited opportunities for the redevelopment of brownfield land. In addition, it was also suggested that many of the sites that are currently being marketed may not be realistically viable due to issues of contamination, infrastructure and lower returns when compared with housing or retail (e.g. Tewkesbury Road). Another problem cited was the issue of traffic, both in terms of the congestion in the town and a lack of parking provision.

4.5 The respondents stated that communications between businesses and the Council have improved in recent years, with programmes put in place such as the

Cheltenham Business Partnership and the *'Listening to Business'* Programme. These have not only helped to build relationships and contacts between organisations, but have also enabled the Council to determine the issues are being faced by major employers. Gloucestershire First was also seen as a useful source of information and assistance although agents were thought to have a better knowledge of Cheltenham and are considered to be better able to deal with larger enquiries from outside investors.

4.6 An important initiative that is currently in place in Cheltenham is the Civic Pride project. The purpose of this is to implement a range of schemes that will preserve the local regency heritage whilst also revitalising the street scene in Cheltenham. This will include improvements to the buildings, roads and open spaces. It is anticipated that the scheme will attract investment from the private sector to add more leading retailers and other commercial users as well as smaller independent traders to the vibrant mix of shops and services already present in the town.

4.7 Cheltenham Borough Council has identified three sites within the town centre – North Place car park & Portland St, Royal Well and St James Square car park – which are to be redeveloped as Civic Pride projects. It is intended that these scheme will further improve the quality of the town centre and will help to enhance its attractiveness as an investment location. It is likely that these proposals will include some new employment provision although these measures to enhance the quality of Cheltenham town centre would need to be associated with a further increase in commercial floorspace in order to meet existing and anticipated future levels of demand and to accommodate business activity.

Office Market

4.8 Despite a relatively high supply of office space, in terms of the number of units and the amount of floorspace, there was clear agreement among the respondents that there is not enough employment land or office accommodation in Cheltenham. Respondents also commented that the stock that exists is generally too old and inflexible to meet modern business requirements.

4.9 The respondents acknowledged that Cheltenham is a prime market for offices in the County, with a well developed cultural image, high standard of living and attractive Regency/Georgian architecture. However, whilst the Regency stock is recognised as offering a 'quality address', there was clear agreement that inside it is often unsuitable, inefficient and ill-maintained. Many office-based companies housed in Regency accommodation find it expensive and difficult to use. For example, users have reported that such space cannot meet requirements for open plan layouts or enhanced IT access. It was argued that these companies are forced to adapt to their premises because of the lack of any alternatives. The implication of this ‘adopt and adapt’ approach may be that the perceived attractiveness of these premises is greater than it is in reality as they are being taken up, adapted and occupied even though they do not specifically meet the particular needs of users.

4.10 Whilst it was recognised that the current office supply in the town centre should be protected, many respondents cited an additional need for an out of town business park to provide modern, high specification and larger scale office accommodation. The interviewees stated that the prevalence of small units in the Cheltenham office sector made it particularly difficult for businesses which wished to expand. Indeed, home-grown businesses such as Cheltenham & Gloucester Building Society and Endsleigh Insurance have already moved into much larger premises outside of the Borough. The majority of finance and banking businesses and other services surveyed indicated that they do not expect to remain in Cheltenham in the longer term (i.e. 10 years) as there are insufficient opportunities in the town to expand.

Industrial Land / Premises

4.11 The respondents felt that there was a lack of supply of flexible, modern industrial premises in Cheltenham. The existing industrial estates were described as being generally tired and outdated and it was argued that demand at locations such as Kingsditch Trading Estate was only strong due to a lack of alternatives. It was stated that where sites have been marketed (such as at Tewkesbury Road) there were obstacles to redevelopment for employment purposes such as contamination and infrastructure problems, whilst the comparatively lower rental returns for employment uses made higher value competing land uses such as housing or retail more attractive as redevelopment options. Fragmented ownership and long leases were also thought to create conditions where the prospects of redevelopment were substantially reduced.

4.12 Whilst most businesses wished to stay in Cheltenham for its customer base and workforce, there are some examples of companies relocating outside of Cheltenham for modern industrial stock, including PMF Corus to Tewkesbury Business Park. There was a general feeling amongst respondents that the units that are available are often poorly located, too expensive, too small or too inflexible for modern industry. The lack of alternative modes of transport was also a common concern.

4.13 The loss of industrial land over recent years has served to augment these concerns and testifies to the extent to which industrial land and premises has been subject to increasing strong pressures from alternative land uses – including retail and particularly housing, in accordance with recent planning policy advice and the well publicised demand for additional residential development.

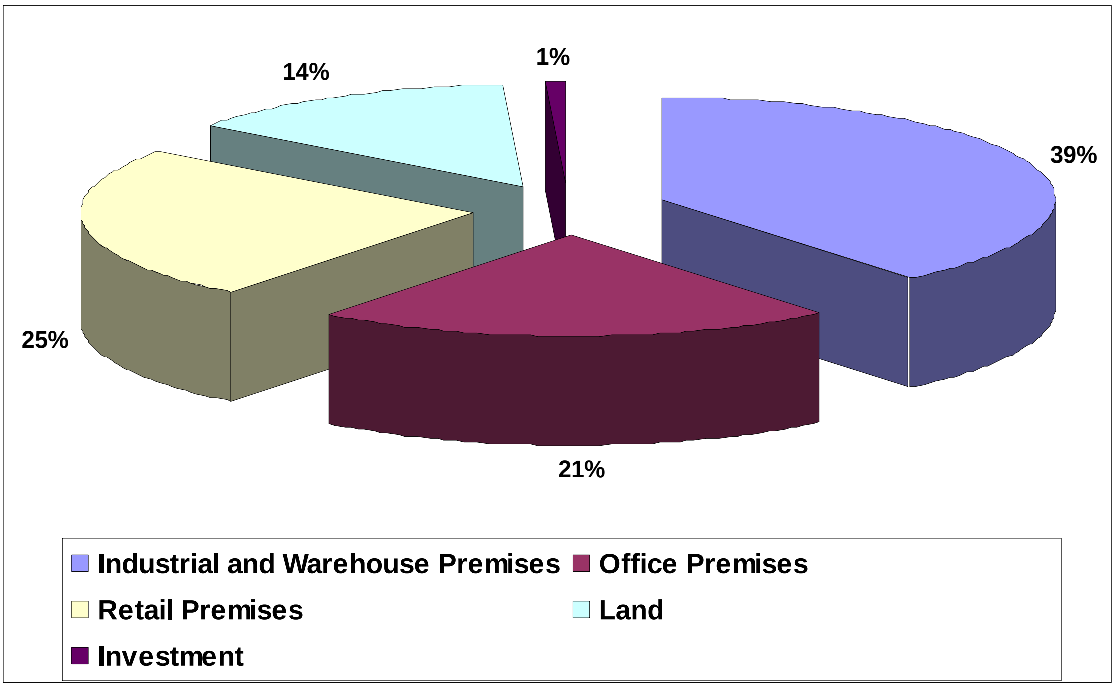
Enquiries

4.14 Gloucestershire First is the countywide economic partnership established to develop and support the economic well-being of the county. It brings together partners in the field of economic development to contribute to an overall strategic plan for the county. One of the services it provides is a register of properties from all the main agents and land/property owners in Gloucestershire. This is an important resource for those that are seeking to identify business space within the County.

4.15 During the 12 months to the end of March 2007, Gloucester First received 271 land and property enquiries from a range of companies that were seeking business land and premises specifically in Cheltenham. This represents a 55% increase on the number of Cheltenham-related enquiries received in the preceding 12 months. A further 240 enquiries were made relating to land and premises in Gloucester. However it must be highlighted that this increase is partly due to improved data capture methods.

4.16 Of the enquiries relating to Cheltenham, almost 40% were for industrial or warehousing premises and over 20% were for offices. The remaining enquiries related to retail units (25%), land (14%) or investment properties (1%).

Figure 4.1: Business Enquiries relating to Cheltenham (April 2006-March 2007)



Source: Gloucestershire First

4.17 The majority of enquiries were seeking small units: 61% of those that specified a size requirement (52% of all enquirers did not provide any size information) were seeking a unit of less than 5,000sqft whilst only 16% were seeking a unit of more than 50,000sqft. One would normally expect businesses that were seeking larger premises to employ the services of a land agent and those seeking smaller premises to make enquiries to Gloucestershire First. As such, these results are unsurprising.

4.18 41 of office-related enquiries included a size requirement. Almost 60% of these enquiries related to floorspace of up to 1,000sqft (93sqm) whilst over 85% related to floorspace of up to 5,000sqft (465sqm). By contrast, and reflecting the larger size of industrial properties, enquiries for industrial and warehouse premises have related to a wider range of sizes. 42% of those enquiries that specified a size requirement sought units of up to 5,000sqft (465sqm), whilst 47% sought units of more than 10,000sqft (929sqm).

4.19 Interest in Cheltenham Borough has been expressed by a range of different businesses involved in number of existing and emerging economic sectors. A number of enquiries for office space have come from firms involved in ICT sectors whilst enquiries for industrial land has come from traditional industrial activities such as mechanics, manufacturers and storage businesses, as well as from high tech science/technology based industrial users and Government Agencies.

Property Availability / Vacancy

4.20 Cheltenham's overall vacancy level for all commercial (i.e. non-domestic) property stood at 8% in 2004/05, falling slightly from 2002/03. This level is around the average for districts in Gloucestershire.

Figure 4.2: Vacancy levels in Cheltenham and the rest of the County

	2000/01	2001/02	2002/03	2003/04	2004/05
Cheltenham	9%	8%	10%	8%	8%
Cotswold	6%	5%	6%	7%	5%
Forest of Dean	9%	7%	10%	9%	9%
Gloucester	7%	9%	9%	8%	8%
Stroud	11%	14%	17%	15%	15%
Tewkesbury	6%	5%	6%	5%	7%

Source: DCLG Property Vacancy Rates in England, 2004/05

4.21 The Commercial and Industrial Floorspace Statistics shows that in April 2005, there was a total of 1,145,000sqm commercial and industrial floorspace in Cheltenham. The 8% vacancy rate for this period equates to a vacancy level of 91,600sqm at this point.

4.22 Some degree of vacancy (typically 10%) is vital for the effective and efficient operation of any market. The existence of vacant properties will help to facilitate movement, expansion and choice. Any market within which all premises are fully occupied is likely to be unable to sustain the required levels of flexibility and opportunity. Whilst a high level of vacancy can be viewed as a threat to the local economy, so can a very low level. The 8% vacancy figure is slightly below the 10% vacancy level which is typical in the normal operation of markets. Whilst this difference is only small, it does further highlight the suggestion that there is a shortage of space relative to current demand, a view that has been reflected by many local businesses that there is limited potential for new uses to be introduced in such locations.

4.23 Our discussions with agents revealed that vacancies in the industrial sector tended to be at higher levels and longer-term than for offices.

Start-up Space

4.24 There appears to be a reasonable supply of smaller office and industrial premises which would serve start up and small businesses both within the town centre and in more outlying areas. These include:

- Festival House, Jessop Avenue
- Cheltenham Business Village, Montpellier Drive/Bath Road
- workplace@the bramery, Alstone Lane.

4.25 The quality of the space and the areas within which they are located varies, as do the type of business space that is available in each location and the nature of the users that they serve. This means that the needs of a wide range of business start-ups and small firms could be met by existing premises in Cheltenham. However, the actual availability of space to new companies is a matter of some concern and may serve to limit the options for new companies that wish to locate in Cheltenham.

Gaps in the Property Portfolio

4.26 Despite the evident lack of employment land and the shortage of premises within Cheltenham, demand for commercial property remains strong. Cheltenham is recognised as a key spatial driver for the County and the prime location for offices in Gloucestershire. However, its profile as a strong and attractive business location is at risk due to the shortage of employment land which is becoming more severe as a result of the employment losses which outstrip the annual growth in the number of new jobs.

4.27 There is a clear demand in Cheltenham for modern, flexible, multipurpose units in good locations that can be adapted for occupation by all business sectors. Location is recognised as a motivation for many companies with visibility being vital to their success. However, respondents to the business survey have commented that employment space in Cheltenham is out-dated, over-priced and lacking the required facilities.

4.28 Expansion in the manufacturing sector is limited by a lack of suitable units. This creates a clear gap in the market for larger scale industrial units with the necessary infrastructure in place that are able to come forward at a pace to meet demand. Respondents have identified the land close to the M5 motorway as being particularly suitable for employment development even though land immediately adjacent to the M5 does not fall within Cheltenham Borough. Given the limited availability of land within the existing urban area that would be suitable for industrial development, release of land to the west of the Borough and therefore closer to the motorway would appear to be appropriate in sequential and market terms although it would need to be subject to an analysis of the particular suitability of individual sites. It is also important to ensure that an adequate distribution of sites can be achieved across the Borough and that potential development sites are not clustered in a relatively small area which may have potential issues relating to the delivery of development.

4.29 A further gap in the current property portfolio relates to business parks and enterprise sites. At present, Cheltenham does not have any such sites that are capable of meeting the needs of commercial users albeit that planning permission has recently been granted at appeal for the development of a business park at Grovefield Way. The development of an out of town business park could provide much needed modern, high specification office accommodation for a variety of sectors.

Supply in Adjoining Districts

4.30 Policy E1 of the Gloucestershire Structure Plan states that provision will be made for a choice of employment sites to provide for flexibility and competition in meeting the social and economic needs of communities. Employment land is to be provided in each District in accordance with the following indicative distribution:

Figure 4.3: Indicative Distribution of Employment Land

District	Indicative land requirement (ha)
Cheltenham	12
Cotswold	65
Forest of Dean	75
Gloucester	95
Stroud	100
Tewkesbury	160
TOTAL REQUIREMENT	**507**

4.31 In contrast to Cheltenham, which suffers from an acute shortage of employment land the surrounding districts benefit from a strong supply of employment land. Despite its rural nature, 21.6ha has been allocated in the Cotswold district[8], of which 5.1ha benefits from planning permission. Over 60% of the allocated land (13.5ha) is located at Cirencester, with other allocations at Tetbury (4.4ha), Moreton-in-Marsh (2.5ha) and Lechlade (1.2ha). Set against the Structure Plan requirement, this equates to a shortfall of 43.4ha (66.8% of the Structure Plan requirement).

4.32 Stroud and the Forest of Dean both benefit from larger employment land allocations, both in terms of the overall quantum of land and the scale of individual sites. In Stroud[9], a total of 57.9ha land has been allocated for employment development. This includes 19.4ha at Sharpness Dock, 17.2ha at Stroudwater Business Park and 11.6ha at Cam. Set against the Structure Plan requirement of 100ha, this equates to a shortfall of 42.1ha.

4.33 A total of 77.9ha employment land has been allocated in the Forest of Dean[10] on sites ranging from 0.6ha to 15ha in size. A total of 36.8ha land has been allocated for employment development in Lydney, whilst 26.1ha has been allocated in Cinderford and Ruspidge and 7.8ha in the Coleford group of settlements.

[8] Cotswold District Local Plan 2001-2011 adopted April 2006
[9] Stroud District Local Plan adopted November 2005

4.34 The Tewkesbury Borough Local Plan notes that compared to the Structure Plan requirement for about 160ha employment land within Tewkesbury Borough between 1991 and 2011, the available employment land within the Borough in mid 2003 totalled 193.13ha. As such, the Plan states that there is no overall shortfall of land in terms of the strategic requirement, albeit that there remains a need in certain parts of the Borough for the additional allocation of employment land where there is a local shortfall in the interests of reducing transport dependency.

4.35 The July 2006 Employment Land Supply position statement, prepared by Gloucester City Council, indicates that 52.14ha land was available but without planning permission on 31 July 2006. This is in addition to the 40.17ha remaining employment land with planning permission. However, in the context of a high level of losses, the position statement anticipates a shortfall of over 34.5ha employment land to 2011, assuming that all permissions and allocations are implemented.

4.36 The supply of employment land in the Forest of Dean and Tewkesbury exceeds the requirements set out in the Gloucestershire Structure Plan, whilst the employment land allocations in Stroud, Forest of Dean and Gloucester all highlight a shortfall against the Structure Plan requirement.

4.37 This availability of land within the surrounding districts, compared to the shortage in Cheltenham, creates a risk that businesses might establish in the surrounding areas in preference to Cheltenham Borough. The interviewees felt that Cheltenham is losing out to Gloucester, Tewkesbury and Cirencester and other areas as companies relocate away from the Borough and into surrounding areas that benefit from more land and less constraints. The relative availability of land in surrounding districts may serve to increase such perceptions.

Conclusion

4.38 Drawing upon the consultation exercises that have been undertaken with local businesses and agents, this chapter has considered the perception of the property market in Cheltenham. It has shown that Cheltenham is characterised by a strong demand for property across the whole range of business sectors and a wide range of sizes of units. Such high levels of demand are supported by Cheltenham's profile as an attractive and economically buoyant location. However, despite the strength of local demand for space, this is not presently being met.

[10] Forest of Dean District Local Plan adopted November 2005

4.39 There is a shortage of business units and potential development land in Cheltenham, a characteristic that is being made even more severe due to the scale and rate of losses of employment land and premises.

4.40 In addition to a quantitative shortage of employment space, it is also recognised that the existing employment space in Cheltenham suffers from qualitative deficiencies with much of the stock considered by respondents to be out-dated and lacking the required facilities. A number of structural weaknesses in the portfolio of available premises exists, particularly in terms of a lack of any business or enterprise parks.

4.41 Despite a number of important strengths, the shortage of suitable business space represents a threat to the on-going economic performance of Cheltenham. In order to prevent any loss of existing businesses and to increase its attractiveness to inward investors and start-up businesses and to be able to compete adequately with surrounding centres, it will be important to ensure that an increased supply of employment land and premises can be provided.

5.0 COMPARITOR ASSESSMENT

5.1 Following the assessment of its key strengths in the previous chapter, an understanding of the future prospects of Cheltenham in terms of economic growth and investment can also be considered by reviewing its relationship with and the strength of adjoining areas. In this chapter, we review the economic position of other centres within the region's North Eastern Triangle including Gloucester and Swindon. Consideration should also be given to Bristol which, although larger and economically more significant than Cheltenham, could reasonably be compared to the combined Cheltenham-Gloucester area. In addition to considering each of these centres individually, we also review the role and importance of the North East Triangle as well as the joint role of Cheltenham and Gloucester within the sub-region.

5.2 A brief review of the main strengths, growth prospects and constraints of each of these areas is provided below to highlight the different strengths of these areas and the prospects for them all to contribute towards an enhanced profile for the North East Triangle.

The North East Triangle

5.3 Cheltenham and Gloucester form one of the three City regions within the North East Triangle. This Triangle is defined by both the Regional Economic Strategy and the Regional Spatial Strategy as the largest, most prosperous and most economically diverse economic zone within the South West.

5.4 Whilst the profile and position of Bristol as the regional capital and the key economic centre of the South West has contributed towards the strength of the North East Triangle, its continued development and prosperity has been because of, and not in spite of, the close proximity of three City Regions: Bristol, Cheltenham/Gloucester and Swindon. In the light of this and given the forecast level of continued growth in the sub-region, it is evident that existing complementary position of the three City Regions can be maintained in the future.

5.5 Each individual area within the North East Triangle is forecast to experience a similar pattern of growth and decline within different economic sectors. As a result, the sub-region is expected to remain the most important area within the South West for all economic sectors except for Marine Technology.

5.6 Whilst the forecast levels of economic growth within the North East Triangle in sectors such as ICT, the creative industries and biotechnology is substantially greater than for other areas, so too are the losses in advanced engineering and food and drink.

5.7 The level of such losses reflects the scale of these sectors within the Sub-Region and whilst this does create a potential source of vulnerability in terms of actual numbers of job cuts, the North East Triangle is well placed to cope with any such structural shifts. The challenge, however, would be to ensure that those employees displaced from declining sectors are able to find appropriate alternative employment. In many cases elsewhere in the UK, this has been a particular problem and has had a bearing upon the overall vitality of the local economy. Looking specifically at the North East Triangle, Appendix 6 shows that the West of England (Bristol) area is expected to suffer from the greatest levels of employment decline. Cheltenham and Gloucester is forecast to experience a greater impact than Swindon in terms of job losses and is likely to be particularly vulnerable to losses in the aerospace and mechanical engineering sectors.

5.8 The key growth sector within the North East Triangle is expected to be ICT. Much of this is associated with service sectors and growth will therefore be particularly concentrated in those centres that are forecast to experience expansion in other sectors. The North East Triangle is expected to accommodate 60% of regional employment change in ICT. Half of this is forecast growth is to be in Bristol with Cheltenham and Gloucester forecast to accommodate a greater share of new jobs in this sector than Swindon.

5.9 Building upon the film studio developments at the University of Gloucestershire and the arts and media development at Gloucestershire College, Cheltenham and Gloucester is similarly forecast to accommodate a slightly greater share of new jobs in the Creative Industries than Swindon. The creative Industries sector has already been identified by Cheltenham Borough Council as potential growth area. Bristol is again expected to be dominant in this sector building upon its worldwide reputation for media excellence,

5.10 The 1999 report on Biotechnology Clusters led by the then Minister for Science, Lord Sainsbury, noted that at a time when a number of important biotechnology clusters were becoming well developed in the UK (such as Cambridge, Oxfordshire, London and the South East), the South West had failed to establish any more than a very limited profile in this sector, mainly built around the University of Bristol. The report recognised the significance of clusters and noted how the establishment of a critical mass of biotechnology activities in a single area could perform a self-perpetuating role wherein new businesses are attracted to locate alongside established companies. Although the North East Triangle is forecast to accommodate up to 9,000 jobs in the biotechnology sector, this growth is more modest than for other sectors. Over half of this is expected to be located in Swindon which could potentially draw upon its proximity to Oxford to attract new investment.

5.11 The increased political and social significance of environmental issues has contributed towards the development of the environmental technology sector. The Joint Environmental Monitoring Unit indicates that environmental industries are expected to grow at a rate of 3.6% nationally per annum to 2010. The main driver of this is expected to be increased levels of regulation and social awareness. This sector is forecast to account for some 7,500 additional jobs to 2026 in the NE Triangle which will be relatively evenly distributed between Bristol, Cheltenham and Gloucester and Swindon. Cheltenham Borough Council has recognised the potential opportunity of green industries which has the capacity to bring about economic growth and also to increase the well-being of local communities. The challenge for Cheltenham in the longer term will be whether it can continue to support the growth of environmental industries or whether it would suffer from competition from Bristol or Swindon.

Cheltenham and Gloucester

5.12 Gloucester City and Cheltenham Borough have been identified as the prime commercial centres for the County. Both areas offer opportunities to cater for the workspace requirements of local and national companies in a wide range of economic sectors including high-tech manufacturing, distribution and business and financial services.

5.13 It is envisaged that the future development of Cheltenham and Gloucester will help to enhance their relative positions as commercial centres. Rather than viewing the two centres as competitors, it is increasingly being recognised that they have the capacity to complement one another and thereby to establish a stronger economic base which is better placed to withstand the increasing pressures of competition from surrounding centres.

5.14 The two centres have additionally been identified as providing a key knowledge hub for the development of growth sectors in association with the University of

Gloucestershire. However, at present there are insufficient business incubators linked with the University, hospitals and major companies to enhance key sectors such as biotechnology and advanced engineering. Whilst a modest growth in biotechnology (600 jobs) and a forecast 1,700 jobs in environmental technology will create a demand for specialist facilities, it is anticipated that some 1,700 jobs will be released from the advanced engineering sector.

5.15 It is anticipated that 7,300 new jobs will be created in the ICT sector and 1,500 in the creative industries in Cheltenham and Gloucester. This is expected to translate into a demand for high specification B1 offices and light industrial/R&D space.

5.16 Whilst much of the additional employment space will be in edge-of-town business park locations, some will be suited to inner urban locations. The regeneration of Gloucester Docks is likely to establish a strong supply of suitable accommodation, although the lack of sites in Cheltenham Borough is recognised to be restraining economic growth.

5.17 Cheltenham and Gloucester together contain 105,600 resident workers, of which 76% work within the two authorities. This represents the second highest level of self-containment in the whole of the South West (behind Swindon) and demonstrates that the 118,429 job opportunities that are presently available within Cheltenham and Gloucester are largely appropriate to meet the needs of the resident workforce.

5.18 Paragraph 8.3.4 of the emerging Regional Spatial Strategy states that where employment and property markets overlap and cross administrative boundaries, local authorities should work together to establish a realistic picture of need and respond to it across that area. The proximity of Cheltenham and Gloucester creates important opportunities for the delivery of future growth in accordance with this approach.

5.19 Whilst Gloucester has traditionally operated in the shadow of Cheltenham, this is starting to change as a result of the limited capacity for development within Cheltenham and the positive effects of the Gloucester Heritage Urban Regeneration Company which is promoting a number of major developments including the regeneration of Gloucester Docks. In addition, the development of Gloucester Business Park and the RAF Quedgeley / Eastchurch site will provide a large amount of new employment floorspace for Gloucester.

5.20 A more integrated future development strategy could draw upon the development potential and capacity of Gloucester. Between 1991 and 2005, employment land take-up averaged 2.78ha per annum. According to the January 2007 SWRDA Review of the Supply and Demand of Sites in the South West, The current supply of land in Gloucester amounts to 97.8ha, of which 44% is available in the short term. By contrast, Cheltenham experienced a net loss of 13.56ha of employment land between 1991 and 2006 and has a medium term supply of only 5.9ha employment land. However, much of this is likely to be released for housing rather than for employment related development.

5.21 Cheltenham and Gloucester have the opportunity to develop in an integrated manner whereby the comparative strengths of each centre – including the land supply in Gloucester – might be relied upon to deliver an enhancement in the profile and position of both centres as locations for economic activity.

Gloucester

5.22 Lying approximately 15km to the south west of Cheltenham, Gloucester has a diverse economy with particular strengths in the public administration and banking & finance sectors. Traditionally associated with manufacturing, the city has a growing retail sector with major tourism and leisure potential. However, whilst tourism contributes significantly to Gloucester's economy, there are a number of structural problems in the city which may be impacting on the market, e.g. increased car use, a shortage of parking and a lack of overnight accommodation.

5.23 Gloucester has a population of 111,300 (ONS, 2005), which is expected to grow over the next few years. The city's labour force is large but comparatively young and low-skilled. Average earnings are lower than the county and national averages. The economic structure of Gloucester is broadly similar to that on the regional and national level, except for an over-representation in public administration and banking & finance and an under-representation in manufacturing. There has been a drastic decline in manufacturing employment in recent years, with percentage losses more severe than that of the county or UK as a whole.

5.24 Employment growth in Gloucester over the last five years has been lower than the county, regional and national averages, probably due to the decline of the manufacturing sector. There has also been a general decrease in business registrations over the last 10 years and the overall stock of VAT registered businesses in the city has fallen. Whilst the majority of business units in the city are small and medium-sized enterprises, there is a lack of managed workspace across Gloucester and no science parks throughout the whole county. The closure of Gloucester Innovation Centre has also resulted in the loss of businesses from the city. However the development of Gloucester Business Park and the RAF Quedgeley / Eastchurch site will provide a large amount of new employment floorspace for Gloucester. Gloucester Heritage Urban Regeneration Company is also promoting a string of major new developments, such as the regeneration of Gloucester Docks.

5.25 As set out in Figures 5.1 and 5.2, Gloucester is substantially cheaper than both Bristol and Bath as an office location and also slightly cheaper as an industrial location.

Figure 5.1: Office Rental Values as of 1 July 2006

£/sqm/annum	Gloucester	Bristol	Bath
Modern, self contained suite of over 1,000sqm in town centre location	125	250	220
Modern, self contained suite of 150-400sqm in town centre location	135	250	235
Good quality, small scale office (50-150sqm) within converted Georgian/Victorian house or similar	100	200	180

Source: VOA, 2006

Figure 5.2: Industrial Rental Values as of 1 July 2006

£/sqm/annum	Gloucester	Bristol	Bath
Small starter unit of 25-75sqm	80	90	80
Nursery unit of 150-200sqm	75	85	75
Industrial/warehouse unit of 500sqm	65	75	65
Industrial/warehouse unit of 1,000sqm	55	70	60

Source: VOA, 2006

5.26 The public sector is the largest employer in Gloucester, consisting of the public administration, education and health sub-sectors. Local government is represented in the city by both the City and County Councils, the education sub-sector has the University of Gloucestershire and new Gloucestershire College campus and the health sector is larger than average, with the presence of Gloucester Royal Hospital and the headquarters of Gloucestershire Primary Health Trust.

5.27 Gloucester has a number of major financial institutions, with finance accounting for approximately 40% of jobs in the finance & business sector. Other significant sub-sectors include labour recruitment, legal / book-keeping and miscellaneous business activities. However, computing activities account for only around 3% of the sector, and there is virtually no employment in research & development.

5.28 Whilst the manufacturing sector has lost around a quarter of its jobs over recent years, unemployment has continued to fall, suggesting that there was previously an over-reliance on manufacturing for jobs. Compared to the national situation, Gloucester has a significantly higher than average concentration of employment in the manufacturing sub-sectors of machinery & equipment, food products and medical & precision instruments. Most of these are associated with advanced engineering and so are likely to be among the better performing sub-sectors over the next 10 years.

Swindon

5.29 Swindon lies some 50km south east of Cheltenham. It is the largest economic centre within Wiltshire and one of the most prosperous areas in the South West region, having attracted considerable inward investment in the past, although this has subsided in recent years. The town's success in attracting investment and business activity largely reflects its location on the M4 motorway and mainline railway and its good road links to Heathrow and Bristol airports and Southampton and Avonmouth docks.

5.30 A range of IT, telecommunications and financial services companies have based themselves in Swindon, such as Lucent Technologies and Zurich. Some of Swindon's high-technology industries, such as the semi-conductor sector, have contracted in recent years, as a result of international market conditions. Swindon also has a strong manufacturing cluster centred on the automotive industry, much of it linked to the Honda engine and assembly plant, and the BMW Swindon Pressings plant which produces body components for the Mini. The town is also attractive to the distribution and logistics sector, given its proximity to two motorway junctions and an adequate lower-skilled labour supply, as demand for such facilities overspills from the South East.

5.31 With no Green Belt constraints, employment land is in good supply, and industrial and office rents are much lower than Oxford. Most of Swindon's commercial property is in out-of-town business and office parks and there are understood to be considerable unimplemented consents for further out-of-town office developments, and outstanding employment land allocations. City-centre office accommodation is limited and dated, and the centre is poorly perceived at present as an important office location. However, as part of substantial regeneration initiatives led by the New Swindon Company, a series of major new developments are proposed within the town centre.

5.32 Swindon's future economic prospects appear strong, centred primarily on business services. Whilst some sectors of high-technology manufacturing are also expected to perform strongly, these are likely to remain small by comparison. A major new development is planned for the Swindon Gateway, for 1,800 new homes and new employment facilities.

Bristol

5.33 Bristol is the regional capital and major economic centre of the South West. Whilst substantially larger than Cheltenham, with a population of 398,300 Bristol faces competition from Cheltenham and Gloucester when they are considered together.

5.34 Situated approximately 65km to the south west of Cheltenham, Bristol is a major hub for the national rail and road networks (including the M4 and M5) and has its own port and international airport. Bristol is highly-self contained and draws in labour from a wide area. The city contains over half the employment available in the South West.

5.35 Employment in manufacturing in Bristol has declined dramatically over the last 25 years, to levels significantly lower than the regional and UK averages. However, there is a diverse range of employment within Bristol, including the professions, the arts, creative industries, environmental technology and training and information services. As a city that has a worldwide reputation for media excellence, Bristol has a thriving media industry which is represented by companies such as Aardman Animations and the BBC.

5.36 Bristol is home to the largest employment base in the banking & finance sector outside of London, providing a significantly larger proportion of jobs than the regional and UK averages. The city's role as an administrative centre has been boosted by a number of major banking, legal, insurance and finance companies moving to the city in recent years. Increasingly important sub-sectors include contact centres and direct marketing, which have emerged to support the wider sector growth.

5.37 There is a large stock of 1960s and 1970s office buildings which are suitable for redevelopment or refurbishment and there has been significant redevelopment in the city centre in recent years. There has also been new development in the north fringe of the city, which has resulted in some decentralisation of offices and retailing from the centre.

5.38 Tourism has become increasingly important in the city in recent years, with the Harbourside and new attractions including @t Bristol contributing to a Centre of Cultural Excellence. Bristol is also the highest ranked shopping centre in the South West (Experian).

Birmingham

5.39 Approximately 80km to the north of Cheltenham is Birmingham, the UK's "Second City". With a population of over 1 million, the city grew to prominence as a major industrial centre, but now relies heavily on the service sector. Birmingham is considered to be the driving force of the West Midlands Region and also an emerging world-city.

5.40 Birmingham is to the west of the geographical centre of the UK and is a major road, rail and canal transport hub. It is served by the M5, M6, M40 and M42 motorways and has its own international airport.

5.41 In comparison with the West Midlands and UK as a whole, Birmingham has relatively high unemployment and a less skilled workforce (NOMIS). Whilst manufacturing remains integral to Birmingham's economy, the sector has declined dramatically in recent years, with the proportion of the workforce it employs falling from 23% in 1995 to 12% in 2005 (NOMIS). In contrast, the service sector is the largest source of employment in the city (83.3% in 2005, NOMIS) and is likely to continue as such for the foreseeable future (Birmingham Economy). For instance, as a major focus for financial and administrative services, Birmingham has emerged as the UK's largest office centre outside of London.

5.42 Birmingham's reputation as a "concrete jungle" has been addressed by significant redevelopment in the city centre in recent years, including schemes such as the Selfridges building and Millennium Point. Indeed, tourism is becoming increasingly important to the city, with the number of people employed in the sector growing by 41% between 1995 and 2005[11] (NOMIS). Birmingham is Britain's second largest retail centre and is home to the historic Bull Ring, the country's busiest shopping centre.

5.43 The West Midlands Regional Development Agency has identified 10 key sectors which have considerable potential for growth within Birmingham over the next 10 years, including transport technologies, ICT, media and environmental technologies. Such sectors are supported by the presence of three universities and availability of modern commercial accommodation such as Aston Science Park and Birmingham Research Park.

Stratford-on-Avon

5.44 Approximately 55km north east of Cheltenham, and 60km south of Birmingham, lies the district of Stratford-on-Avon. It has a population of around 119,000 (NOMIS) and covers 979sqkm of South Warwickshire, including the towns of Stratford-upon-Avon, Alcester, Shipston on Stour, Southam. The area is generally prosperous, having benefited from the transfer of business and population from the south of England, and also attracting "commuter households" from Coventry and the West Midlands.

5.45 There are a wide variety of businesses in Stratford, ranging from traditional rural-based activities to a growing information and communication research sector. Whilst farming, agriculture and manufacturing have experienced difficulties over recent years, the proportion of employees in the finance and IT sector grew from 19.2% to 27.1% between 1995 and 2005 and is now significantly higher than the UK average (NOMIS, 2007). Leading firms in these sectors include NFU Mutual headquarters at Stratford-upon-Avon and the Ford Premier Automotive Group Design and Engineering Centre at Gaydon.

5.46 As a popular international tourist destination, the proportion of people employed in the tourism sector in Stratford-on-Avon is also greater than the national average (11.2% in 2005 in Stratford-on-Avon compared with 8.1% in the UK as a whole, NOMIS). Due to its association with William Shakespeare, the principal town of Stratford-upon-Avon fares particularly well, attracting approximately 3 million visitors a year, despite only having a population of around 23,000. Popular features of the town include its historic core and numerous leisure attractions including the Royal Shakespeare Company.

[11] 34,800 employee jobs.

5.47 Stratford has low unemployment and a generally skilled workforce, although the District's population is older than that of the UK average (NOMIS). There is a high supply of employment land (Stratford-on-Avon District Annual Monitoring Report 2006) and in the main, local businesses appear satisfied with their premises (*Coventry and Warwickshire Survey of Employers 2002: Key Findings for Stratford On Avon District*). Recent developments include the Gaydon Proving Ground and South Warwickshire Business Park in Southam, which provides high specification industrial, warehouse and office buildings.

Conclusion

5.48 Each of the main centres within the North East Triangle has a unique set of strengths and weaknesses. This is an important attribute which will ensure that the sub-region can continue to perform its existing role as the economic centre of the region.

5.49 Gloucester has a diverse economy with particular strengths in the public administration and banking & finance sectors. Whilst there has been significant decline in the manufacturing sector, unemployment in the city has continued to fall. Tourism makes a significant contribution to the Gloucester's economy, which also has a growing retail sector. However, the city's labour force is comparatively young and low-skilled, with average earnings lower than the county and national averages.

5.50 Swindon is a prosperous town, benefiting from its strategic location and good transport access through substantial inward investment in recent years. It has buoyant IT, telecommunications and financial services sectors as well as a strong automotive manufacturing cluster. There are no Green Belt constraints and employment land is in good supply.

5.51 With a larger population than Cheltenham and Gloucester combined, Bristol is the regional capital and major economic centre of the south west and contains over half the employment available in the region. Bristol has a worldwide reputation for media excellence and has the largest employment base in the banking & finance sector outside of London. The city is also home to a diverse range of employment, including the professions, the arts and the creative industries. However, office and industrial rents are higher than for Gloucester, Swindon and Cheltenham.

5.52 As Britain's "Second City", Birmingham is significantly larger than Cheltenham and has an emerging reputation as a world-city. It is strategically located and highly accessible by several means of transport. Whilst Birmingham grew to prominence as an industrial city, the service sector now provides the majority of employment. A number of sectors are identified as having great potential for growth in the city over the next decade, including tourism, ICT and environmental technologies. However, the rate of unemployment in the city is relatively high and the workforce is less skilled than the UK average.

5.53 Stratford-on-Avon shares a number of similarities with Cheltenham, including similar-sized populations, a skilled but older workforce and the historical associations of the towns. However, due to the connection with William Shakespeare, Stratford is a world-famous tourist destination which attracts around 3 million visitors a year. There are a wide variety of businesses in the town, but the finance and IT sector is of particular significance.

5.54 Whilst Cheltenham benefits from a number of key economic strengths, it suffers from a lack of employment land, which restricts the expansion of indigenous firms and encourages investors in all sectors to seek premises outside of the Borough. Unless resolved, this matter has the potential to undermine future growth prospects, to the detriment not only of Cheltenham, but of the North Eastern Triangle as a whole.

6.0 QUALITATIVE ASSESSMENT OF EXISTING EMPLOYMENT SITES

6.1 This chapter assesses the characteristics and quality of existing employment sites in Cheltenham. An assessment was made of each site's suitability for employment use in terms of the criteria outlined below. These were derived from the ODPM's 2004 *Employment Land Reviews Guidance Note*. Each site was scored on a scale of 1 (very poor) to 5 (very good) to provide an indication of the overall ranking of sites in terms of their locational, sustainable development, environment and marketability factors. Each of the factors and examples of the site characteristics which would merit scores of 1 and 5 are set out in Figure 6.1 below:

Figure 6.1: Criteria for Site Assessments

Criteria	Assessment Scorings	
	1 (Very Poor)	**5 (Very Good)**
Quality of buildings	Poor quality building(s). Unattractive and in a poor state of repair. Has a detrimental impact upon the surrounding area.	Very high quality and attractive building(s). Well maintained and makes a positive contribution to the wider area.
Noise	Dirty site upon which activities are noisy and emit significant odours.	Very clean and tidy site, free from any particular environmental problems (i.e. quiet, clean and odourless).
Smell		
Dirt		
State of the external areas and public realm	Poor quality external areas; poorly maintained; poor layout / design.	Very high quality public areas/ good quality design; well maintained.
Car/ lorry parking/ cycle parking/ disabled spaces	No parking available on site for any vehicles.	Ample, safe parking on site for cars, service vehicles and bicycles; adequate provision of spaces for disabled people.
Internal circulation	Difficult / narrow roadways; poor visibility; congestion; inadequate turning area/ layout necessitating awkward manoeuvring.	Wide / easily accessible roadways with limited congestion; good visibility; separate entrance and egress / generous turning area.
Servicing	No provision on site for service vehicles.	Ample provision for service vehicles on site; easily accessed with generous space for manoeuvre.
Adjacent land uses constraining operations or quality of use	Site surrounded by uses that are entirely insensitive and inconsistent and that will have a detrimental impact upon on-going activities at the subject site.	Site surrounded by employment uses or other similar uses that are not incompatible with its employment function.
Local facilities for workforce	No facilities for workforce within 300m of site.	A wide variety of local facilities available within short walking distance of the site, including

Criteria	Assessment Scorings	
	1 (Very Poor)	5 (Very Good)
		shops / cafes / banks.
Strategic access	Over 5 miles from motorway junction or dual carriageway.	On junction of motorway or dual carriageway.
Site access	Difficult / narrow road access via residential (etc) roads; sloping / bending access roads; difficult site junction; congested roads.	Easy local access via free moving, good quality roads; generally limited levels of congestion and unconstrained junctions.
Space around the building(s)	Absolutely no space around building(s) for expansion.	Large quantities of space available for expansion in all directions.
Amenity of adjacent occupiers	Surrounding uses are highly sensitive / detrimentally impacted by activities on site.	Surrounding uses are compatible with and not detrimentally affected by activities on site.
Access by public transport	Remote site with poor and infrequent public transport access; 1 bus service per hour or less with limited number/range of destinations.	Close to railway station and bus stops offering a frequent public transport connections to a number of areas.
Quality of local community	Poor quality local community with poor facilities.	Very high quality local community with good local facilities.
Image of area	Unattractive, poor quality surrounding area.	Attractive and very high quality part of town.
Market attractiveness	Low profile, poor quality appearance, attracts lower end uses, high level of vacancies, difficult to let, constraints on development, low level of market activity.	High profile / high quality appearance, low level of vacancies (<10%), units rarely available, quick turnover, new investment.

6.2 The appraisal criteria set out in Annex E of *Employment Land Reviews Guidance Note* (refer Appendix 7) were used as a basis for our assessment of the quality, market demand and availability of the existing employment land portfolio in Cheltenham. This ODPM guidance was adapted to ensure that the criteria used were relevant to the situation in the Borough. For example, Criteria 3.2 relating to the proximity to rail, sea and air freight was not included as Cheltenham Spa railway station does not have any freight facilities and the airport is of a greater distance from the sites than is recognised as advantageous in the criteria laid out above.

6.3 A total of 84 existing employment sites were assessed in this way, totalling 174ha of employment land. The list of sites was developed from the larger employment sites designated in the 1997 adopted Cheltenham Local Plan and shown on the 1997 proposals map. It was supplemented by input from the Council's strategic land use and economic development teams, including desk top analysis and visits across the Borough to identify sites (originally undertaken in 2006 and updated in 2007).

6.4 The list of 84 sites provided an overall view of total employment land supply in Cheltenham, which comprised sites of varying characteristics. In accordance with the *Employment Land Reviews Guidance Note* and for reasons of practicality, the sites assessed were mostly limited to the “significant” sites. However, whilst the smaller individual businesses in the Borough were generally not included, their role in Cheltenham is not to be understated. Cumulatively, such businesses are a significant source of employment space and form an important part of the Borough’s market.

6.5 Based upon their scorings against sustainable development criteria, the employment sites were ranked in terms of their quality as employment sites. Such rankings are intended to indicate the better performing sites relative to others in the Borough. The sites were then classified as very good (scoring 65 or above), good (64 to 55), average (54 to 45) or poor (44 or below) quality. The groupings were based on an overall view of each site in the context of Cheltenham as whole and judgements as to the logical scoring boundary of each category (i.e. the “good” and “average” categories both have a range of 10 points). The sites categorised as very good would tend to have good primary and local road access, fewer incompatible uses nearby, a prominent or an otherwise attractive location and would contain modern premises and lower vacancy rates. By contrast, the poorest sites would tend to have older buildings in a worse condition, being more distant from major trunk roads and/or with constrained local access and would tend to have a less attractive local environment. Individual assessments and scorings for the sites are contained in Appendices 8 and 9.

6.6 Figure 6.2 below shows the characteristics and the potential of the sites in the ‘Very Good’, ‘Good’, ‘Average’ and ‘Poor’ quality categories. Descriptions of the sites, broadly in rank order, is provided in Appendix 8.

Figure 6.2: Ranking of Existing Industrial Sites

Site Ref	Site	Type	Area (ha)	Score	
75	Gloucester Road - GCHQ Benhall Site	B1 Office	16.99	**72**	**Very Good**
47	Promenade - Cheltenham Borough Council, Wiggin & Co	B1 Office	0.55	**71**	
43	Montpellier Drive, Bath Road	B1 Office	1.33	**70**	
44	Jessop Avenue - Vertex Financial Services (formerly Marlborough Stirling)	B1 Office	1.79	**70**	
74	121 - 133 Promenade	B1/A2/A1	0.33	**70**	

48	Royal Crescent and St George's Place	B1 Office	1.35	**70**	
66	Bath Mews, Bath Parade	B1	0.09	**69**	
56	Old Bath Road and Thirlestaine Road	B1 Office	2.93	**69**	
67	St James's Square, St James's House	B1	1.10	**69**	
49	The Quadrangle, Promenade	B1/A2	0.17	**68**	
52	Vittoria House, Vittoria Walk	B1 Office	0.18	**68**	
53	St Georges Road - Magistrates Court, Social Security Government Offices	B1 Office	0.75	**67**	
34	Cirencester Road - Spirax Sarco	B1 Office	0.50	**67**	
61	Parker Court and Brailsford House, Knapp Lane	B1	0.05	**67**	
51	Bayshill Road - Kraft	B1 Office	0.49	**67**	
70	Lypiatt Road	B1/A2	0.54	**66**	
55	Lansdown Road and Lypiatt Lane - Westbury Homes, Brewin Dolphin, Azur Group	B1 Office	1.29	**66**	
42	St Margaret's Road and North Place	B1	0.30	**65**	
65	New Barn Lane - UCAS	B1 Office	2.73	**65**	
20	Princess Elizabeth Way	B2/B8/SG	5.19	**64**	**Good**
22	Hatherley Lane, The Redding's	B1/B2/C1/D2	8.57	**64**	
60	Vittoria Walk and Oriel Road	B1/SG	0.84	**64**	
68	Parabola Road - Inland Revenue offices	B1	0.15	**63**	
4	Cheltenham Trade Park, Arle Road	B1/SG	3.83	**62**	
13	Kingsditch, Block 6	B2	5.71	**62**	
14	Kingsditch, Block 7	B2/SG/D2	5.54	**62**	
73	Tebbit Mews, Winchombe Street	B1	0.12	**62**	
1	Gloucester Road-Travis Perkins	Sui Generis	3.39	**62**	
8	Kingsditch block 1	B1/B2/A1/SG	10.51	**62**	
9	Kingsditch, Block 2	B2/A1/SG	7.72	**62**	
10	Kingsditch, Block 3	B2/B8/SG	6.66	**62**	
11	Kingsditch, Block 4	B2/SG	9.65	**62**	
12	Kingsditch, Block 5 (Spirax Sarco)	B2	6.62	**62**	
57	Bath Road and Suffolk Road	B1/A2	0.93	**62**	
40	Ambrose Street and Knapp Road	B1/B2	0.21	**62**	
69	Parabola Road/ Montpellier Street	B1	0.15	**61**	
19	Charlton Kings Industrial Estate	B1/B2	1.43	**61**	
37	Blaisdon Way	SG	3.13	**61**	
80	Kingsmead Industrial park	B2/B8/SG	3.36	**60**	
58	Winchcombe Street - Sign Craft	B1	0.14	**60**	
59	Wellington Street and Bath Road	B1/A1/A2	0.36	**60**	
21A	Village Road	B2	1.37	**60**	
38	Tewkesbury Road, Block 3			**59**	
54	The Barlands, London Road - Alan Dick	B1 Office	2.53	**59**	
2A	Workplace at the Bramery, Alstone Lane	B1 Office	0.28	**59**	
21B	Village Road, Tungum Ltd, Douglas Equipment Ltd	B2	0.70	**59**	
29	Tewkesbury Road, Block 1	A1/B1/B2/B8	2.75	**58**	
64	Colletts Drive and Lower Mill Street	A1/SG	0.68	**57**	
45	Swindon Road - Ebley Tyre and Exhaust Centre	B1/B2/SG	0.09	**57**	
2B	The Bramery, East of St Georges, Alstone Lane	B1/B2	1.39	**57**	
3	St Georges Road, Spirax Sarco	B2	1.25	**57**	
24	Bouncers Lane - Premiere Products	B2	2.58	**56**	
6	Tennyson Road - Spirax Sarco	B2	0.92	**56**	
16A	Maida Vale Business Centre, Liddington Trading Estate	B1/B2	0.34	**56**	
15A	Churchill Trading Estate / Mead Road	B1/B2/SG	2.46	**55**	
30	Tewkesbury Road, Block 2	B2/SG	5.25	**55**	
36	Chapel Lane and Commercial Street	B1	0.01	**55**	
7	Battledown Industrial Estate, Hales Road	B2/SG	4.19	**55**	
2C	St Georges Business Park, Alstone Lane	B1/B2	0.53	**55**	

28	Lypiatt Street and Tivoli Walk	B1/B2	0.13	**55**	
2E	The Vineyards, Access off Gloucester Road	B1/B2	4.43	**55**	
2D	Alstone Lane Trading Estate, Alstone Lane	B1/B2	0.87	**54**	**Average**
25	Cromwell Road - Kohler Mira Ltd	B2	2.87	**54**	
31	Swindon Road-Lyndon Design & Car dealers	SG	0.80	**54**	
27	Lansdown Crescent Lane	B1/B2	0.55	**54**	
62	Ambrose Place and Clarence Street - JMS Motors	SG	0.04	**52**	
72	Bloomsbury Street/Market Street	B1	0.04	**51**	
18	Leckhampton Industrial Estate.	B2	0.89	**51**	
33	Carlton Street and Hewlett Road - AVM Storage, AC Reeves Upholstery	B1/B8	0.08	**51**	
32	Brunswick Street - RW Burt & Co Autobody Repairs, G & L Motors	B2/SG	0.13	**51**	
39	Grove Street and Burton Street	B2/SG	0.43	**50**	
71	Lower High Street - J R Laboratories	B2	0.07	**50**	
15B	Naunton Park Industrial Estate, Churchill Road	B1/B2/SG	2.46	**48**	
63	Stoneville Street and Gloucester Road	B1/B2	0.40	**48**	
16B	Liddington Trading Estate	B1/B2	2.59	**48**	
50	Arle Court, Gloucester Road - Keltruck, Easy Mix	B2/SG	0.91	**47**	
46	Milsom Street, Swindon Road and King Street	B1/B2/SG	0.31	**46**	
23	Prestbury Road and Cleevemont Close	B2/SG	2.48	**46**	
5	Lansdown Industrial Estate, Gloucester Road	B1/B2/B8	5.87	**46**	
17	Crooks Industrial Estate	B1/B2	0.38	**44**	**Poor**
2F	Advanced Coated Products, Access via Gloucester Rd	B2	1.14	**44**	
41	Blacksmiths Lane, Prestbury			**42**	
26	Keynsham Street	B2/SG	0.11	**42**	
35	Francis Street and Exmouth Street	B1/B2/SG	0.07	**39**	

Overview of Employment Sites

6.7 Very good and good sites are often larger, have good strategic and local road access, fewer incompatible uses nearby, a prominent or otherwise attractive location and tend to have more modern premises and lower vacancy rates.

6.8 All of the ‘Very Good’ sites benefit from buildings and public realms of an excellent or good quality, with low levels of noise, smell and dirt. Parking provision is generally good and strategic and site access at least average. Most sites are located in and around the town centre and public transport accessibility is usually good. In addition, all of the sites provide office accommodation, with no industrial sites scoring a ‘Very Good’ quality rating.

6.9 All of the ‘Good’ sites benefit from buildings and public realms of a good or reasonable quality, with small levels of noise, smell and dirt. The sites included in this section provide a mixture of office accommodation and industrial uses.

6.10 The employment sites which have been identified as being of ‘average’ quality are predominantly home to industrial and sui generis uses such as motor vehicle repairs.

Most have average quality buildings and average levels of noise, smell and dirt. In general, strategic access is adequate to poor and public transport accessibility is average. The attractiveness of these sites to the market is generally average to good, suggesting that they are commercially viable.

6.11 By contrast, the poorest sites are often smaller with older buildings in a poor condition, would be more distant from major trunk routes and/or with constrained local access and would tend to have a less attractive local environment. Any consideration of the potential release of employment sites for other uses should focus upon these sites although it needs to be recognised that some sites ranked as poorer quality on these criteria are nevertheless important in the local economy as they can serve firms requiring lower cost space.

6.12 All of the 'poor' quality sites are industrial in nature, generally with low quality buildings, but mostly with average levels of smell, noise and dirt. Parking, servicing provision and local site access is generally poor or worse. Whilst all the sites are located outside of the town centre, often with poor access to strategic routes, accessibility by public transport is average to good. The sites generally have no space for expansion of the existing buildings but are not particularly constrained in their operations by their adjacent land uses.

Conclusion

6.13 This assessment provided a thorough analysis of the significant employment sites in Cheltenham. The assessment identified 19 existing employment sites of very good quality (33.5ha of employment land in total), 42 of good quality (117.0ha in total), 18 of average quality (21.8ha in total) and 5 of poor quality (1.7ha in total). This indicates that 79 of the current employment sites in Cheltenham are of average quality or better, with 23% of sites ranked as very good. Whilst 27% of the employment sites assessed were found to be of average or poor quality, these sites only accounted for 14% of the total area of employment land studied (174.0ha in total). In accordance with ODPM guidance, the smallest sites in the Borough were generally excluded from the assessment; however, it is recognised that they play an important role in providing employment accommodation in the town. As such, they should also be protected from inappropriate proposals for redevelopment.

6.14 The survey revealed a variety of employment space in Cheltenham, ranging from high quality offices near the town centre to small industrial sites on the outskirts with poor strategic access. The majority of sites had buildings and public realms that were at least of an average quality. Vacancies were generally low and most sites were in a reasonable state of repair but with little room to expand, suggesting that all current employment land is fit for purpose.

6.15 Although Cheltenham is close to the M5 motorway, the fact that this does not pass through the Borough and therefore does not directly serve any of the Borough's employment locations has served to undermine the strategic accessibility of the existing estates. Areas to the east of the Borough suffer from lower levels of strategic accessibility, a factor that may reduce the attractiveness of some areas to prospective investors. Local and public transport access similarly varies in quality. Whilst some sites are easily accessible, benefit from clear and visible entrance junctions and are well served by public transport (although very few sites are well served by both bus and train services), others suffer from more constrained or difficult access and are not well related to existing public transport services.

6.16 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, such as Crooks Industrial Estate and Advanced Coated Products, appear to meet local needs for low cost employment space, suggesting that they should not be released for other uses. Chapter 4 identified that Cheltenham has a quantitative shortage of employment space, and on this basis, it is essential for the maintenance of the Borough's economy that all existing employment land should continue to be used for that purpose.

7.0 CHELTENHAM'S FUTURE POTENTIAL FOR ECONOMIC GROWTH

7.1 Before assessing future employment land needs in Cheltenham, the Borough's potential future economic role needs to be considered. This will reflect its economic strengths and weaknesses and the property market factors identified earlier, as well as economic aims for the area and the region.

Economic Outlook

Regional Economic Strategy

7.2 Cheltenham and Gloucester are jointly recognised by the Regional Economic Strategy (RES) as forming a key centre which has the potential to exercise a more significant role within the region. The RES states that the South West region will be *'bold and visionary in the transformation of its cities and larger towns'*, stating that the change will be on a scale that maximises the potential and competitiveness of the main centres, that it will respond to and create new markets and that it will help to achieve critical mass and address key structural challenges.

7.3 The RES recognises the need for Cheltenham to continue to diversify its economic base so that it can maintain its contribution to the regional economy. In some sectors, expected growth will mostly create low skills jobs and thus it will be essential that there are opportunities for skills progression. The document identifies several challenges for the town in achieving its full economic potential, including:

- Delivering a supply of sustainable sites and premises, for business growth to facilitate diversification;
- Providing high quality sites and premises, especially in the urban area, to accommodate further growth and maintain Cheltenham's share of regional employment;
- Establishing measures to deal with transport congestion;
- Co-operating closely with Gloucester, including more inclusive partnership working.

7.4 Central to the vision for the RES is a commitment to sustainable development and equality of opportunity. This will be achieved through the three strategic objectives relating to the creation of successful and competitive businesses which generate the wealth that are at the heart of the region's prosperous and sustainable future; the creation of strong and inclusive communities which harness the talents of everyone in order to improve individual and regional quality of life; and the creation of an effective and confident region which can attract and retain investment, visitors and businesses.

Gloucestershire Economic Strategy

7.5 The vision for the South West is replicated in the adopted Gloucestershire Economic Strategy. This document sets out the region's aspirations as being to achieve a high value added economy with a balance between sectors; a wide geographical spread of wealth; and a highly skilled and motivated workforce living in sustainable and socially inclusive communities in a quality environment.

7.6 In seeking to achieve this vision, the strategy has three broad aims:

- To address known deficiencies and short term problems facing the County;
- To identify the longer term economic programme that will help achieve the vision for Gloucestershire; and
- To build upon the County's existing strengths – importantly, this includes the key centres of Cheltenham and Gloucester.

7.7 The economic strategy for Gloucestershire combines a response to historic problems and deficiencies with measures that will guide the County towards the achievement of its long term vision. In so doing, it seeks to:

- Address social exclusion and issues relating to equality of opportunity;
- Ensure a more sustainable approach to development;
- Encourage innovation;
- Recognise the importance of added value;
- Adopt a pragmatic approach to partnership working; and
- Recognise the value of partnership working.

7.8 The strategy recognises the importance of both building upon the County's current strengths and realising its full potential. To this end, it identifies a range of existing and potential sectors upon which the local economy is likely to be based in the future.

Recognising that the County's economy is based upon a diverse portfolio of large, medium and small enterprises, the strategy emphasises the importance of maintaining the existing balance, in terms of its size and diversity whilst also seeking to attract new commercial activity in order to retain its dynamic character.

7.9 In seeking to enhance the level of economic activity and the overall strength of the local economy, the strategy recognises the importance of taking account of the skills, size and location of the workforce and also to focus upon those businesses that have a potential to innovate and add value.

7.10 The Gloucestershire Economic Strategy also considers land and premises issues. It recognises that whilst the County has a range of high quality strategic sites, many of the smaller sites throughout the County do not meet the standards needed by modern employers and that there is a lack of employment land in particular areas. The strategy accepts that there is a need to identify new strategic locations for employment in the longer term and also for improvements in infrastructure to support new development and to address existing problems.

Economic Development Strategy for Cheltenham (working document)

7.11 The economic development strategy for Cheltenham seeks to provide a basis for the continued promotion and development of the local economy over the next 10 years. Its aim is to enable Cheltenham to have a thriving and prosperous economy whilst enhancing its environmental and social fabric. The strategy is set within the context of the forefront issues which affect the prosperity and quality of life of businesses and residents of the town, including: climate change; globalisation; increasing and ageing population; communication and transport; housing and employment demand; economic volatility; decline of traditional industry; economic balance; and retention of the workforce.

7.12 The guiding principles for the Economic Development Strategy are as follows:

- To bring benefits to the whole town and to ensure a high quality of life for all – including improvements in jobs, income, human development, education, health and nutrition, culture and environmental sustainability;

- To embrace opportunities and to ensure flexibility to changing markets – to maximise opportunities within the shifting context of the local, sub-regional, regional and national economies;

- To support growth and investment in key business sectors – including finance and business services, public sector, distribution /hotels and catering and manufacturing;

- To promote sustainable economic development – by looking to technology, innovation and partnership to enable economic development whilst protecting natural capital and the environment for future generations; and

- To work in partnership – as laid out in the Urban Economic Strategy and Local Area Agreement, through coordinated support from the Council, service delivery partners and key stakeholders.

7.13 In considering potential growth sectors, the strategy refers to green/environmental industries as being particularly important, not only as a means of bringing about economic growth but also for the long-term increase in human well-being. Green industries and technologies are identified as an economic opportunity which Cheltenham must embrace, such as through the development of cutting-edge renewable technology and the removal of barriers to implementation.

7.14 Another key growth sector identified as being important to Cheltenham's economy is the creative industry. With its ability to compete in the world markets, this sector offers the potential for high growth and complements the region's move towards a knowledge-based economy. Cheltenham needs to support this sector and utilise creative hubs and incubator units to enable it to realise its economic potential.

7.15 The strategy also seeks to increase business investment and, in particular, to promote levels of entrepreneurship and to encourage business start-up and micro business growth. The strategy identifies the need to explore adequate facilities with education partners, such as incubator space and workspace provision for start-ups. Clusters of industries which provide business-to-business best practice and procurement opportunities should be encouraged.

Draft Urban Economic Strategy

7.16 Gloucestershire is unique in that it is a predominantly rural county with two major urban centres in close proximity to one another. In order to maximise the benefits that this concentration of main centres offers, Gloucestershire First has prepared a draft Urban Economic Strategy. This seeks to set out what urban Gloucestershire needs to achieve by 2015 to realise its economic potential. One of its key aims is to provide a basis to create and sustain competitive businesses that can take advantage of urban Gloucestershire's strengths to compete globally and regionally.

7.17 Rather than relating solely to Cheltenham and Gloucester, this report also relates to parts of Tewkesbury Borough and Stroud District as follows:

Tewkesbury Borough	**Stroud District**
Tewkesbury Town	Hardwicke
Ashchurch	Stonehouse
Brockworth	Stroud
Hucclecote	Thrupp
Churchdown	North Woodchester
Innsworth	South Woodchester
Longford	Nailsworth
Gloucestershire Airport	
Downty/Smiths	

7.18 A key delivery vehicle to the achievement of this objective is shown to be the specific encouragement of the knowledge economy in urban Gloucestershire by:

- Marketing its strength in the finance and business services sector
- Recognising and providing for the needs of the advanced manufacturing sector
- Increasing the representation of Government/national public sector organisations
- Supporting and encouraging the development and growth of the creative industries sector
- Encouraging the environmental technology sector

Summary of Economic Outlook

7.19 The achievement of these various objectives will depend upon the implementation of a series of initiatives relating to business engagement, training, business support, the facilitation of partnership working and the encouragement of innovation – matters that all fall beyond the scope of this study. However, the identification of an appropriate amount of well located and good quality space that meets the needs of key and growth business sectors is recognised in each of these documents and will be central to realising the important objectives set out in the various economic strategies.

7.20 In considering the amount, quality and possible locations of the land that is required, it is necessary to consider the particular sectors that are likely to shape the economy in the future. These will tend to have different land requirements which must be satisfied if growth forecasts are to be realised in Cheltenham. Before outlining the amount of employment land that is required in Cheltenham (Chapter 8) and the possible locations for new employment land (Chapter 9), the next section considers the potential for growth within a number of key sectors and the extent to which this is likely to shape space requirements.

Key Business Sectors and Potential Growth Sectors

7.21 The local economy in Cheltenham is broad and its diversity will continue to be a particular strength in the longer term. Whilst some sectors are less significant locally than regionally or nationally, others are more important. This section considers some of the key economic sectors in Cheltenham and considers the relative prospects for future progress and change.

Leisure and Tourism

7.22 The Leisure and Tourism sector includes hospitality activities as well as the operation of arts, sports, recreation and cultural facilities. The prospects for this sector are good within Gloucestershire and it is anticipated that an additional 2,700 jobs will be created in this sector in Gloucestershire to 2016 (source: Gloucestershire First/SWRDA *Gloucestershire Workspace Policy Framework)* and 2,800 will be created in Cheltenham and Gloucester to 2026 (source: *The Spatial Dynamics of Change in the Region's Key Sectors*. Report by DTZ for SWRDA)[12]. A variety of cultural and sporting festivals – particularly the Cheltenham Festival Programme – will enhance this profile as a leisure and tourism destination. Whilst this is an important economic sector which is likely to increase in scale in the future, it will not have any employment direct land implications within Cheltenham. This is because tourism and

[12] The figures for the periods to 2016 and 2026 set out in this Chapter are based upon separate sources (Gloucestershire First/SWRDA *Gloucestershire Workspace Policy Framework* and *The Spatial Dynamics of Change in the Region's Key Sectors*. Report by DTZ for SWRDA). Whilst these are not directly comparable, they are intended to provide a clear indication of the scale of change in the 9 key sectors over the periods to 2016 and to 2026. For the avoidance of doubt, the figures quoted represent the stated job change totals to 2016 and 2026.

leisure is not defined as a B Class category in the Use Classes Order (as discussed in paragraph 1.3). The land that is required for festivals therefore cannot be counted as 'employment land' even though such events do clearly generate many jobs and contribute substantially to the local economy in Cheltenham.

Advanced Engineering

7.23 Advanced Engineering relates to the manufacture of motor vehicles, aircraft and other related machinery and electrical and optical equipment. Despite an 18% decline in the number of manufacturing firms in Gloucestershire from 2000 to 2004, this sector is still represented by 600 companies which employ some 13,500 people (excluding Stroud and Tewkesbury) (source: *Gloucestershire Urban Economic Strategy 2007-2015*). The decline in this sector is expected to continue and is characteristic of the South West as a whole due to pressure on prices which is forcing production to lower cost locations. Employment forecasts in this sector show that 6,000 jobs are expected to be lost in the broad sector in Gloucestershire by 2016 (source: Gloucestershire First/SWRDA *Gloucestershire Workspace Policy Framework)* and approximately 1,700 jobs are expected to be lost in Cheltenham and Gloucester by 2026 (source: *The Spatial Dynamics of Change in the Region's Key Sectors*. Report by DTZ for SWRDA).

7.24 Despite this overall decline in the number of advanced engineering employees, some growth is expected to occur within particular sub-sectors. Cheltenham benefits from a strong concentration in advanced engineering activities and it is expected that any future investment in this sector in Cheltenham would be able to build upon its existing skills and companies. However, a lack of sites and workspace is recognised as preventing the growth of existing businesses and hinders the ability of new companies to locate in Cheltenham. It will therefore be important to provide land for the creation of new space to serve this sector. Suitable forms of workspace might include high quality manufacturing space, to include R&D functions in a business park/enterprise park type environment and incubator facilities to development niche sectors such as the medical instrumentation sector.

ICT

7.25 This relates to the manufacture of computers and tv/radio equipment as well as telecommunications and ICT consultancy activities. The North East Triangle (of the South West region) is the most significant part of the region in absolute terms with

64% of all ICT employment in the region within this area. There is an over-representation of the ICT sector, relative to other parts of the region, in Bristol, Swindon and Cheltenham and Gloucester where the prospects for ICT are strong, particularly in terms of software development.

7.26 It is anticipated that some 7,300 ICT jobs will be created in Cheltenham and Gloucester between 2006 and 2026 (source: *The Spatial Dynamics of Change in the Region's Key Sectors*. Report by DTZ for SWRDA). This will generate new demand for offices with high bandwidth infrastructure requirements rather than industrial premises. Recognising that this sector will perform particularly well throughout the South West Region, the DTZ report, *The Spatial Dynamics of Change in the Region's Key Sectors*, notes that demand is likely to be particularly concentrated upon the larger towns and cities, especially where growth in the Creative Industries is strong. Whilst the DTZ report does not specifically refer to Cheltenham as one of the locations that would be well placed to benefit from this growth, it is evident that the town is suited to provide for this growth, subject to the provision of appropriate high quality space in business park settings. The Gloucestershire Workspace Policy Framework recognises that key locational requirements for ICT firms include connectivity with high capacity ICT links, and availability of skilled staff, opportunities for clustering and quality of life considerations. Cheltenham's profile in respect of each of these factors helps to explain the level of growth that is expected in this sector. In addition, potential links between the University and ICT businesses would further contribute towards an increase in ICT growth levels.

Creative Industries

7.27 The Creative Industries sector has already forged an important role within the local economy in Gloucestershire. The study, *Creative Industries in Gloucestershire 2005*, prepared by Comedia on behalf of the Gloucestershire County Council and the District Councils states that in 2005 this sector employed almost 9,000 people in 1,900 companies, producing a turnover of some £808 million in the local economy.

7.28 The prospects for Creative Industries in the South West as a whole are very good. Bristol is the key centre for growth but Gloucestershire enjoys between a 10% and 14% share in this sector in the South West region. Compared to its share of 11% of the regional population, this shows that the County is performing well in this sector.

7.29 At the more local level, Cheltenham is also experiencing high levels of demand and development in this sector which includes architecture, the media, arts and crafts and the performing arts. It is dominated by SMEs and is expected to generate an additional 1,500 jobs in Cheltenham and Gloucester by 2026 (source: *The Spatial Dynamics of Change in the Region's Key Sectors*. Report by DTZ for SWRDA). Cheltenham Film Studios is a key media cluster where incubator space could be supported. Building upon this existing media hub, there is scope to attract additional skills and uses. The profile of Gloucestershire College could also be used as a further mechanism to encourage the further development of this sector.

7.30 The Economic Development Strategy for Cheltenham seeks to promote and encourage the growth of creative industries so that it might maintain a competitive position. It is recognised that the creative industry continues to change rapidly with the consolidation of media owners and the implementation of new technology. However, the strategy notes that this sector offers the potential for high growth, particularly with its ability to compete in international markets. In seeking to expand this sector, it is recognised that the type of accommodation that will be sought be companies within this sector will vary. In order to maximise the benefits from this sector, it will be important to ensure an adequate provision of appropriate space including business parks; high quality office and studio space within the town centre; incubator space at Cheltenham Film Studios; and high quality converted buildings for cultural industries such as arts and crafts and the performing arts.

Financial Services

7.31 Set against the growth of business services, there is expected to be a structural change in financial services. The key growth sector in this area will be local professional services, with some growth in insurance. In Cheltenham and Gloucester, financial services is a key sector and its representation in head office – as opposed to back office – activities will help to minimise the impact of off shoring. In spite of this, the draft Gloucestershire Urban Economic Strategy seeks to encourage financial and business services to locate in urban Gloucestershire and to provide innovative backroom services to businesses in nearby city regions.

7.32 Growth in this sector in Cheltenham would benefit from the presence of existing companies – which currently account for 38% of all businesses – and forecast employment growth. In order to maximise the benefits that are offered by this sector, it will be necessary to provide expansion space for existing companies and small, flexible space to develop a new micro-business base, as well as additional office facilities to accommodate expanding businesses.

Environmental Technology

7.33 The environmental technology sector is the fastest growing global industry after ICT, with future growth expected in waste management, renewable energies and environmental consultancy services. At present the North East triangle of the South West region is the largest zone in employment terms for this sector with 54% regional employment. Some 2,000 people are employed in this sector in Cheltenham and Gloucester, and a further 1,700 jobs are expected by 2026 (source: *The Spatial Dynamics of Change in the Region's Key Sectors*. Report by DTZ for SWRDA). There is significant potential to develop this emerging sector in Cheltenham.

7.34 The Cheltenham Economic Development Strategy looks to green industries and technologies *'as a key growth sector which will not only bring about economic growth but in the long term increase in the well being'* of the local population. This objective might be achieved in Cheltenham by providing incubator units to accommodate high-tech and consultancy firms and also to accommodate some of the bad neighbour uses that would be associated with this sector. Discussions with the waste department at Gloucestershire County Council have revealed that there is likely to be a need for new waste handling and management facilities in Cheltenham over the next 20 years, possibly located within the urban fringes of the town. There is also potential for the growth of businesses involving high-end recycling / processing; activities which are often relatively low-impact and can be readily compatible with other employment uses.

Biotechnology

7.35 There is good potential for growth in biotechnology across the region and in the Cheltenham and Gloucester TTWA where approximately 600 new jobs are expected in this sector between 2001 and 2026. Cheltenham has capacity to develop this emerging sector through the provision of incubator and 'move on' laboratory space within an enterprise park environment.

Distribution and Wholesale

7.36 The economic prospects for the distribution and wholesale sector are good with an increase of 2,500 jobs in Gloucestershire expected between 2001 and 2026. However, much of this is predicted to come forward in Gloucester City and Tewkesbury Borough, due to their strong accessibility from the M5. As a town presently lacking in sites immediately alongside the M5 motorway, Cheltenham would be most suitable for the development of smaller facilities as required by smaller scale distribution rather than strategic scale logistics operations.

Public Administration and Defence

7.37 With 5,500 employees, GCHQ is the largest employer Cheltenham. It is a part of the Civil Service that has been present in the town for over 50 years and its new building represents a £1.2bn Private Finance Initiative that includes a 30 year maintenance contract. Over this time the important role of GCHQ in matters of national security will continue and it is likely that its relative significance as an employer in Cheltenham will also be maintained.

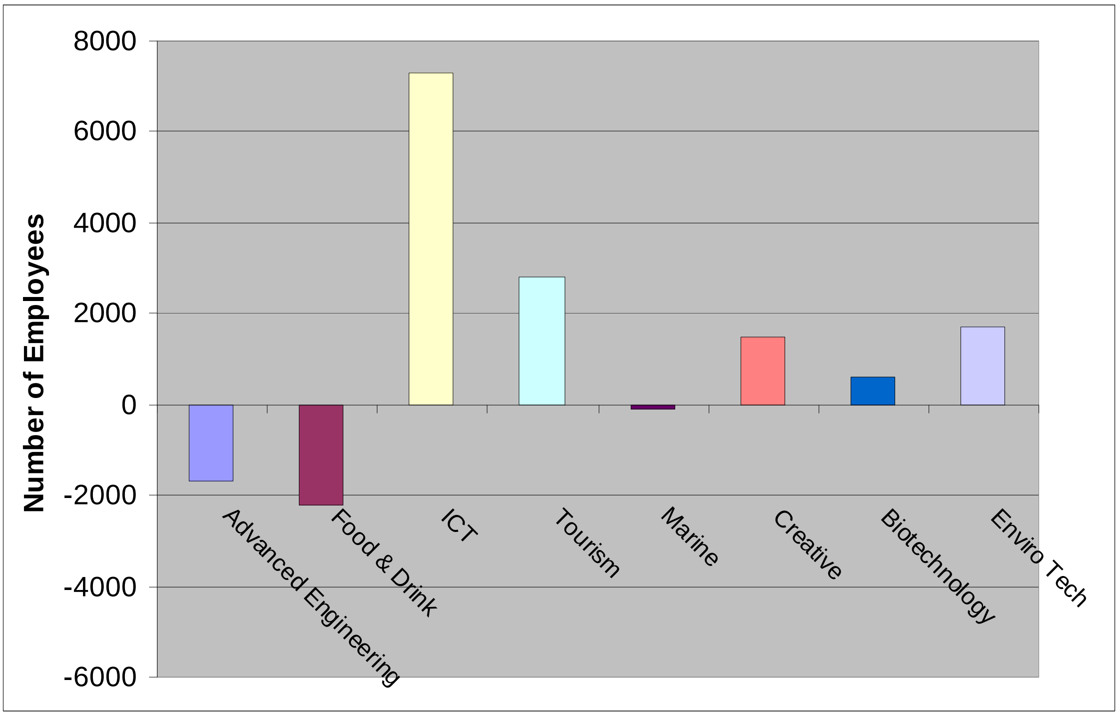
7.38 In 2004, Sir Michael Lyons published an independent review on the scope for relocating over 27,000 public sector jobs from London and the South East of England to other parts of the UK (the *Lyons Review*[13]). Whilst the Review itself did not make recommendations as to where departments should relocate, the accompanying research document by King Sturge[14] identified Cheltenham as a potential location for small-scale public administration and defence policy functions. Despite this, unlike Gloucester, the town has not been identified by SWRDA as a priority location for the potential creation of civil service jobs. This is clearly a missed opportunity and it is recommended that Cheltenham Borough Council should lobby SWRDA for the town to be added as a suitable location for government services.

[13] "Well Placed to Deliver? Shaping the Pattern of Government Service: Independent Review of Public Sector Relocation" by Sir Michael Lyons, March 2004. Commissioned by the Prime Minister and Deputy Prime Minister.
[14] "Independent Review of Public Sector Relocation: Comparative Assessment of Locations – Prepared for Sir Michael Lyons' Independent Review of Public Sector Relocation" by King Sturge. December 2003.

Conclusion

7.39 Changes in the levels of employment within each of these key sectors is likely to result in the need for the creation of specific amounts and types of space. In seeking to meet the specific requirements of different sectors and different users, it will be important to provide a balanced portfolio of land and premises so that local needs can be met. Figure 7.1 below shows the forecast changes in each of the key sectors in Cheltenham and Gloucester between 2001 and 2026 (source: *The Spatial Dynamics of Change in the Key Sectors,* DTZ, 2005).

Figure 7.1: Change in the Key Sectors 2001-2026



Source: DTZ, 2005.

7.40 This indicates a net increase of 9,900 jobs in the 8 key sectors in Cheltenham and Gloucester over the period from 2001 to 2026. Importantly, the Key Sectors Study recognises that, due to different definitions of industry sectors, it is not easy to compare the Key Sectors forecasts and the Cambridge Econometrics whole economy forecasts. In addition and by definition, the Key Sectors report looks only at those economic sectors that are of most significance at a regional level rather than providing an overall growth forecast for the economy as a whole.

7.41 As indicated by the above graph, there will be a need for a choice of well located, high quality employment space that will accommodate a range of office, R&D and light industrial operations. Looking at the region as a whole, section 7.2 of the Key Sector's report states that the key sectors will require a range of property solutions to facilitate their future growth, as follows:

- Biotechnology will require specialist incubator facilities.
- The potential decline in large aerospace manufacturing will mean that sites may become available.
- Growth in Environmental Technologies and parts of the Advanced Engineering sector will generate demand for high quality small and medium sized units which combine office and R&D/light industrial functions (B1).
- There will be an ongoing requirement for inner urban sites for growth in the tourism and leisure sector
- Large growth in ICT and the Creative Industries will mean a growing demand for high quality B1 office space.

7.42 The choice of available land and accommodation must be adequate both in terms of quality and quantity, ensuring that it is fit for purpose in terms of size, location and other requirements and provides a safety margin to allow for flexibility and market turnover. The size requirements for the space will vary, as will the locational requirements, although it is evident that the development of a high quality, high specification, well-located business park would be important to the continued strength of Cheltenham's economy.

7.43 The Economic Development Strategy for Cheltenham recognises that strong key sectors and key growth sectors provide opportunities for start up businesses and micro businesses. However, it recognises that the provision of workspace and incubator space should be explored so that start-ups might be supported and provided with the tools that they need to move forward. The strategy seeks to encourage clusters of industries which provided business to business best practice and procurement, recognising that these may help micro businesses to survive and grow.

7.44 In addition to making provision for new businesses it will also be important to provide space for businesses to expand without the need to relocate outside of the Borough wherever possible.

7.45 The next chapter considers the amount of land that is required and how this should be provided in order to adequately provide for these existing and emerging sectors.

8.0 FUTURE NEED FOR EMPLOYMENT SPACE

8.1 This chapter assesses the amount of employment space that is likely to be required in Cheltenham Borough over different periods to 2026. It also considers the types of space required.

8.2 To estimate the broad scale and type of further employment land that will be required in the future, a number of different indicators and factors have been considered. The two key factors that are commonly used in the assessment of future employment land needs are forecasts of employment growth and past trends of employment take-up. Other indicators can confirm estimates derived from such approaches or may point towards a need to adjust them. Some of these factors may pull in different directions and so a balance must be drawn between them.

Employment Growth

8.3 Forecasts of employment growth for Cheltenham have been prepared by Cambridge Econometrics on behalf of South West Regional Assembly in preparation for the draft RSS.

Regional economic growth forecast

8.4 Forecasts of employment growth for Cheltenham Borough up to 2026 have been prepared by adjusting forecasts for the Cheltenham Travel to Work Area, which are consistent with assumptions made for the Regional Economic Strategy. These forecasts reflect two slightly different scenarios of economic growth, both of which are based on past trends for the region over different parts of the period 1993-2005 (Appendix 11).

8.5 One scenario relates to a higher growth situation consistent with past growth rates of GVA achieved in the South West region (3.2% p.a.) and assumes future growth will be no worse than in the recent past, probably with continued success in attracting new investment to the Borough. The other forecast supposes a slighter lower rate of growth (2.8% p.a.), that would reflect poorer national/regional economic performance than in the past and/or failure of Cheltenham to capitalise fully on the growth sectors to which it aspires.

8.6 At the outset, it is important to recognise that such forecasts tend to be more reliable at regional and national scales than at the local economy level, but can indicate the broad scale and direction of growth in different economic sectors over the longer term. In addition, there is not always a straightforward relationship between employment change and employment land needs; additional employment space can be needed even if employment itself is falling, for example, if a manufacturing firm requires more space to enable greater automation and to achieve job reductions through productivity gains.

8.7 The Cambridge Econometrics forecast set out the number of jobs that are expected within the following 19 categories per year from 1991 to 2026:

1. Agriculture 2. Mining and Quarrying 3. Food, Textiles and Wood 4. Printing and Publishing 5. Chemicals and Minerals 6. Metals and Engineering 7. Electronics	8. Transport Equipment 9. Manufacturing 10. Electricity, Gas and Water 11. Construction 12. Distribution 13. Hotels and Catering	14. Transport and Communications 15. Banking and Finance 16. Other Business Services 17. Public Administration and Defence 18. Education and Health 19. Miscellaneous Services

8.8 These categories relate to the UK Standard Industrial Classification (SIC) code groups (UK SIC 92), as follows:

A. Agriculture, Hunting and Forestry B. Fishing C. Mining and Quarrying D. Manufacturing E. Electricity, Gas and	H. Hotels and restaurants I. Transport, Storage and Communication J. Financial Intermediation K. Real Estate, Renting and Business Activities L. Public Administration and	M. Education N. Health and Social Work O. Other Community, Social and Personal Service Activities P. Private Households with Employed Persons

Water Supply F. Construction G. Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	Defence; compulsory social security	Extra-Territorial Organisations and Bodies

8.9 Based upon the 2.8% and 3.2% growth forecasts, regional job increases between 2006 and 2026 are expected to range from 364,000 and 464,000 jobs. This equates to a forecast increase of between 14% and 18%.

8.10 Approximately 80% of future growth is expected to be based in the travel to work areas (TTWAs) of the 21 Strategically Significant Towns and Cities in the region. These areas accommodate 50% of the region's population, 60% of the employee jobs and generate 80% of the region's GVA. They are identified in the draft RSS as having the greatest capacity to accommodate necessary development.

8.11 Under both the 2.8% and the 3.2% growth scenarios, the key areas of growth in the South West as a whole are shown to include:

- Other Business Services
- Miscellaneous Services
- Distribution (including retail)
- Education and Health
- Hotels and Catering

8.12 By contrast, the following sectors are expected to experience the largest decline in job numbers across the region:

- Agriculture
- Mining and quarrying
- Manufacturing (except printing and publishing)

Cheltenham Borough Forecast

8.13 Job growth within the Cheltenham Travel to Work Area is forecast as being between 8,000 and 10,800 over the 20 years from 2006 depending upon the two scenarios. Data was obtained from the Gloucestershire Labour Market Information Unit to show the number of employees by ward for Cheltenham Borough and Cheltenham TTWA.

8.14 TTWAs have been defined by ONS as a means by which it is possible to assess commuting patterns. The key criterion is that, of the resident economically active population, at least 75% work in the area and that of everyone working in the area at least 75% actually live there; i.e. at least 75% of the economically active population in the Cheltenham TTWA work in Cheltenham whilst at least 75% of people working in Cheltenham live in the Cheltenham TTWA.

8.15 Of the 82,700 employees in the Cheltenham TTWA, 59,200 (71.6%) are contained within Cheltenham Borough. This information is set out in Appendix 12.

8.16 Cheltenham's share of regional GVA is likely to remain although its contribution to the region's jobs is likely to decline from 4.1% to 3.8% as its past (above regional-average) rate of job creation is likely to slow down. However, given that Cheltenham's population accounts for 2.2% of the South West population, it is evident that it will continue to make a disproportionately high contribution to the regional economy.

8.17 Paragraph 8.3.4 of the draft RSS requires local planning authorities to translate job forecasts to land requirements in the manner detailed in the Employment Land Review Guidance Note. The draft RSS notes that authorities will need to base their allocations of land on their understanding of the functional role of the town and local economic circumstances as well as upon the advice contained within the then Office of Deputy Prime Minister (ODPM) 'Employment Land Review Guidance Note' (Annex D)

8.18 In seeking to translate a jobs target into employment land requirements, a number of matters should be taken into consideration:

- The balance of office, industrial and warehousing (B Class) jobs and those that do not generate and 'employment land' requirement – such as in agriculture, mining, construction, hospitality, retail, leisure, health and education. Only a proportion of the total number of new jobs will be in sectors that generate a specific employment land requirement.

- Even in B Class sectors, additional jobs do not necessarily equate to a need for additional employment land. In many cases, additional staff can be accommodated within existing premises.

- Within an existing business location, there may be potential for new infill buildings that will satisfy demand but without having any impact upon the strategic land requirement.

- Different business sectors will have very different employment land requirements. For example, the amount of land required for an office development will vary considerably to the amount of land required for a strategic logistics centre that employed the same number of people.

- Similarly, the land requirements for a particular economic activity will vary according to location. For example, the density and land requirement of an office development in a town centre will differ to that in an out of centre business park location.

- The reuse of vacant land and premises may contribute towards a reduction in the amount of new employment land that may be required, albeit that a certain level of vacancy (typically about 10%) is necessary to ensure the efficient and effective operation of the market.

- The loss of employment in a particular sector may not necessarily result in the release of land. Job losses may come about as a result of the automation of a particular process or changes in the economic well-being of a company. This would not necessarily result in less land being required or, therefore, the release of surplus premises or land.

8.19 As set out above, forecasts of employment growth for Cheltenham Borough to 2026 have been prepared by adjusting the Cambridge Econometrics forecast for the Cheltenham Travel to Work Area. At present, Cheltenham Borough accounts for 71.6% of the Travel to Work Area. In line with the enhancement of employment opportunities within the Borough and in accordance with aspirations to reduce commuting levels and distances, it is reasonable to assume that this figure might increase modestly over the period to 2026 (i.e. an increased level of self-containment). On this basis, in translating the Travel to Work Area figures to Borough specific figures, we have assumed a gradual increase to 72.5% over the period to 2026 as follows in Figure 8.1:

Figure 8.1: Percentage of Cheltenham TTWA jobs Contained within Cheltenham Borough

Period	% of Cheltenham TTWA Jobs
2000-2008	71.6%
2009-2014	71.9%
2015-2020	72.2%
2021-2026	72.5%

Source: Cambridge Econometrics/GLMIU

8.20 Our figures for employment levels in Cheltenham Borough have been calculated by applying the discount rates set out above to each of the 19 individual sectors contained within the Cambridge Econometrics analysis. For example, this approach therefore assumes that between 2000 and 2008, 71.6% of jobs in each sector in the Cheltenham TTWA are contained within Cheltenham Borough. The number of jobs in each of the individual sectors within Cheltenham Borough is set out in Appendix 11.

8.21 The employment change in Cheltenham resulting from the 2.8% and the 3.2% forecasts are detailed in Figures 8.2 and 8.3 below. The method of calculation for the B1, B2 and B8 Use Classes is set out in Appendix 13.

Figure 8.2: Employment Change in Cheltenham 2006-2026 (3.2% scenario)

	No. jobs	
	2006-2016	2006-2026
Office (B1)	1,675	2,990
Manufacturing (B1c/B2)	-1,180	-2,655
Distribution (B8)	525	1,040
Total B Class Jobs	**1,020**	**1,375**
Other jobs	4,635	7,480
TOTAL JOBS	**5,655**	**8,855**

Source: Cambridge Econometrics/NLP, 2006

Figure 8.3: Employment Change in Cheltenham 2006-2026 (2.8% scenario)

	No. jobs	
	2006-2016	2006-2026
Office (B1)	1,455	2,695
Manufacturing (B1c/B2)	-1,450	-2,930
Distribution (B8)	450	940
Total B Class Jobs	**455**	**705**
Other jobs	3,600	5,965
TOTAL JOBS	**4,055**	**6,670**

Source: Cambridge Econometrics/NLP, 2006

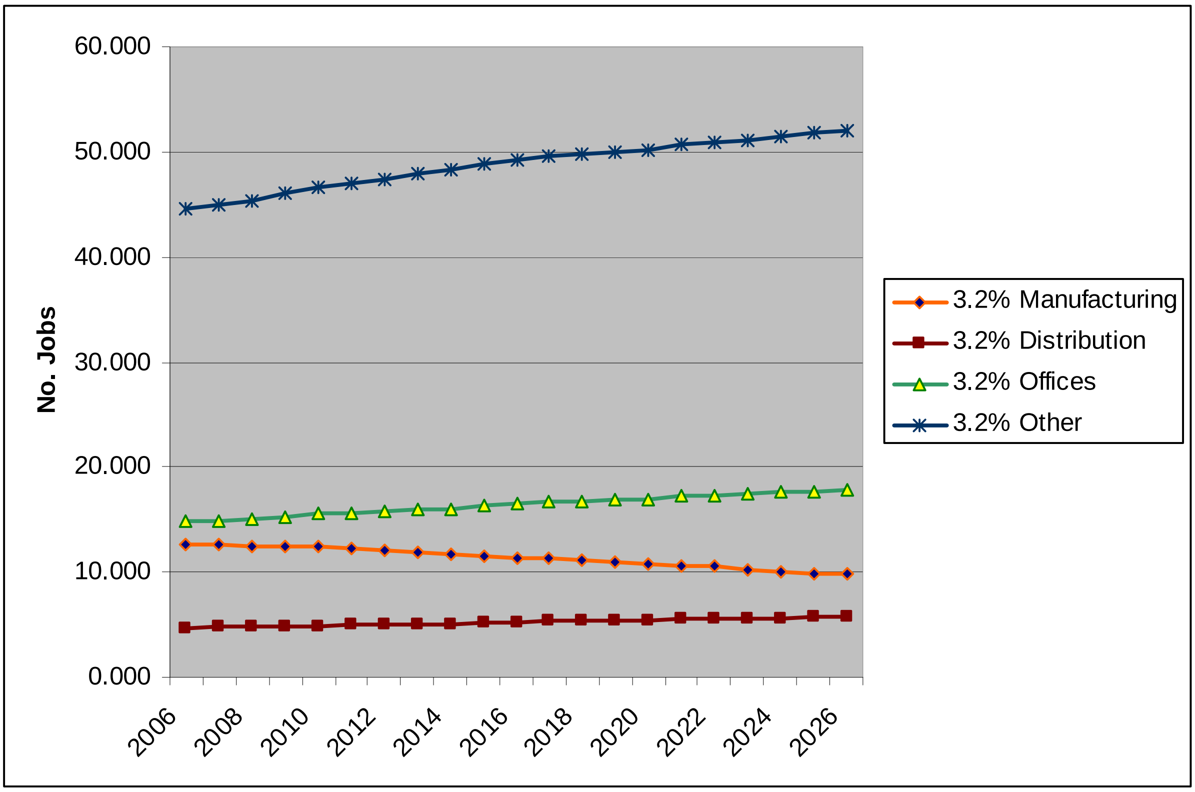
8.22 This shows that future job growth in the B-use classes over the next 20 years will be predominantly in office-based sectors with a smaller level of absolute growth expected in the distribution sector. Proportionally, the growth in each of these sectors is expected to be largely similar with about a 20% increase in the number of jobs in each sector between 2006 and 2026. By contrast, employment in the manufacturing sector is forecast to decline substantially. Due to the scale of manufacturing losses, the net scale of B-class employment growth is relatively constrained.

8.23 Figures 8.2, 8.3 and 8.4 also highlight the extent to which job growth in non-B class categories will be particularly important within Cheltenham over the next 20 years.

These sectors, which include activities such as agriculture, mining, hospitality, tourism and leisure, retail, education, health and defence, are expected to account for over 80% of job growth within the Borough. As well as demonstrating the anticipated changes in the employment profile in the Borough over the period to 2026, this establishes a need to consider the implications of all jobs, not just those that fall within the B Class sectors. This requirement has been established by the emerging Regional Spatial Strategy for the South West which sets out a jobs target for individual areas, rather than a more restrictive employment land target.

8.24 The differences between the 2.8% and the 3.2% scenarios are relatively limited, accounting for under 700 B-class jobs over the 20 year period and a difference in the total number of jobs in all sectors of only 2,185. In terms of the average annual requirement, the forecast scale of job growth (B1, B2, B8 and other jobs) is 442.75 jobs under the 3.2% scenario and 333.5 jobs per annum under the 2.8% scenario.

Figure 8.4: Future Employment Growth in Cheltenham



Source: Cambridge Econometrics/NLP, 2006

8.25 The scale of these anticipated future changes can be helpfully understood through an understanding of the level of change in recent years. The Cambridge Econometrics figures show that between 2000 and 2006, there was a modest decline in the office-based and manufacturing jobs (-4.1% and -6.1% respectively) and a slight increase in the number of warehousing jobs (4.5%). By contrast, the number of non-B class jobs has increased by 28.4% over this period, with a particular increase (22.18%) between 2000 and 2002. The Cambridge Econometrics figures show that, over the period from 2000 to 2006, the following non-B Class categories enjoyed particular growth as shown in Figure 8.5 below:

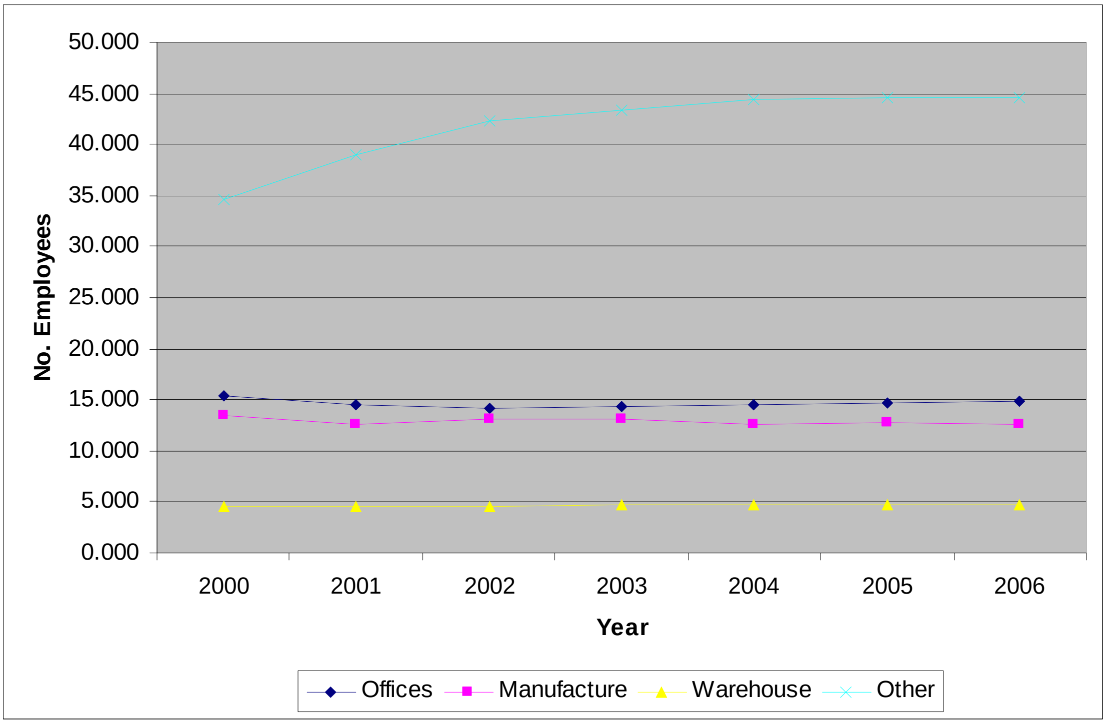
Figure 8.5: Jobs Created 2000-2006

Sector	Number of jobs created, 2000-2006	% change in number of jobs, 2000-2006
Construction	1,862	65
Hotels and Catering	2,434	49
Public admin and defence	2,220	35
Education and Health	3,294	38

Source: Cambridge Econometrics

8.26 The nature of employment changes in the office, manufacturing and warehouse sectors over this period – a time when GVA levels in Cheltenham were rising but new employment land was not forthcoming – highlights the sensitivity of the relationship between job growth and employment land. It helps to further demonstrate the need for additional land to be made available in order to achieve the scale of the employment increases that are anticipated to 2026.

Figure 8.6: Employment Change in Cheltenham 2000-2006



Source: Cambridge Econometrics/NLP, 2006

Employment Based Space Requirements

8.27 These employment forecasts can be converted to gross additional employment space requirements using typical ratios of jobs to floorspace for the different B uses. We have applied a set of ratios that have been prepared by NLP drawing upon various sources including published studies, operators' reports or information obtained directly from operators by NLP. These ratios have been widely used by NLP elsewhere and have been found to be robust and reliable. For this purpose, we have taken a ratio of 1 job per 35sqm for manufacturing sector activities. For distribution, we have taken a ratio of 1 job per 50sqm for general warehousing. No allowance has been made for larger-scale strategic distribution (1 job per 80sqm) as the nature of the Cheltenham distribution market is that it is better suited to smaller scale warehouse units rather than to larger, strategic facilities. The main requirements for B1 office space are likely to comprise business and financial services as well as key growth sectors such as ICT, the creative industries and environmental technologies. Accordingly, we have supposed a general office ratio of 1 job per 20sqm.

8.28 An average plot ratio of 0.4 is used in most cases, so that a 1ha site would be required to accommodate 4,000sqm employment floorspace. However, in view of the conclusion of the Cheltenham retail study which recommended a large-scale redevelopment of part of the town centre, it is considered that there is potential for new office floorspace to be provided within the existing town centre. On this basis, we have used a higher plot ratio of 0.6 for about one third of the additional B1(a) and (b) office space. Given the nature of Cheltenham town centre, it is not envisaged that schemes that achieve the very highest densities could be appropriately provided without affecting the amenity of existing users.

8.29 It has additionally been taken that a 10% of all additional new B1 and B8 sector jobs will be capable of being accommodated within existing occupied premises or as spaceless growth whilst automation and efficiency savings have meant that the loss of manufacturing jobs may not result in an equivalent loss of employment land. We have reasoned that at least 25% of the manufacturing jobs that are to be lost will not have any employment land implications – i.e. that it will result from efficiency savings and automation. This figure represents a conservative estimate of the number of jobs that would be likely to be accommodated as spaceless growth. However, this factor is commonly overlooked by assessments of employment land requirements. It is considered that this modest allowance therefore provides for a greater level of realism in the assessment of Cheltenham's employment land and will therefore contribute towards a more robust land forecast.

8.30 The Commercial and Industrial Floorspace Statistics shows that in April 2005, there was a total of 1,145,000sqm commercial and industrial floorspace in Cheltenham, much of which is in older buildings and of a small size that is generally less suited to modern business space requirements in terms of scale and quality. The 8% vacancy rate for this period equates to a vacancy level of 91,600sqm at this point. This figure is slightly below the 10% which is typical for the normal operation of markets to facilitate movement, expansion and choice and therefore supports the conclusion that there is currently a shortage of employment land and premises within the Borough. As such it is not considered that there is any scope for substantial levels of new business growth to be located within existing vacant space without having an adverse impact upon the effective operation of the market.

Figure 8.7: Gross Employment Floorspace Requirements in Cheltenham to 2026 (3.2% growth scenario)

3.2% Growth Scenario						
Use Class	**Job change**	**Less spaceless growth***	**Floorspace density (sqm/job)**	**Floorspace requirement (sqm)**	**Plot ratio (sqm/ha)**	**Land requirement (ha)**
B1	2,987	2,690	20	53,800	4,000/6,000	12
B1(c) /B2	-2,656	-1,992	35	-69,720	4,000	-17.4
B8	1,038	934	50	46,710	4,000	11.7

** see paragraph 8.29 - allowance of 10% for B1 and B8 and 25% for B1(c) and B2.*

8.31 The sum of the land requirement for B1, B2 and B8 Classes set out above cannot be taken to represent that amount of land that is required within the Borough and that will meet future employment and economic requirements. This is because it is net of the substantial reduction in B2 land that is expected over the period to 2026. To plan for this net figure would be to fundamentally under provide for future employment land requirements as it would be based on the (unreliable) assumption that all surplus B2 land would be beneficially reused for other employment purposes (including Class B1 functions).

8.32 It is not reasonable to expect that all of the 17.4ha B2 land that is to be released might be reused for employment. This is because the land requirements of B2 functions differ substantially to those of particularly B1 uses. However, both manufacturing and warehousing premises fall within the broader category of industrial property and, as such, their land requirements may be viewed as broadly analogous. Whilst this would give rise to a conclusion that manufacturing land that is to become available might theoretically be reused for warehousing and distribution purposes, this perception must be set against a careful consideration of issues relating to the phasing of land availability and the need to provide high quality sites and premises to attract inward investors and to encourage existing, expanding businesses to remain within the Borough.

8.33 For this reason, we would be concerned that an assumption that all of the B8 land requirements would met on surplus B2 land would not actually be realistic and that it would not serve the best interests of the local economy as it seeks to strengthen and diversify.

8.34 In the light of this, we consider that the most appropriate way forward would be to make identify sufficient land to serve 50% of the quoted B8 requirement (i.e. 6ha), in the expectation that the remaining 5.7ha would be delivered on surplus B2 land. This approach is considered to represent the most appropriate basis by which the various objectives can be met relating to the achievement of an efficient use of land; the identification of the most attractive sites for economic development; and the delivery of sufficient land to meet land requirements as they arise.

8.35 In the light of this, based upon the 3.2% growth scenario, we would recommend that the new land requirements that should be taken forward should be:

- 12ha for Class B1 purposes; and
- 6ha for Class B8 purposes

8.36 This implies a need for 18ha more employment land by 2026, excluding a safety margin, current supply and any future losses.

Figure 8.8: Gross Employment Floorspace Requirements in Cheltenham to 2026 (2.8% growth scenario)

2.8% Growth Scenario						
Use Class	**Job change**	**Less spaceless growth***	**Floorspace density**	**Floorspace requirement (sqm)**	**Plot ratio**	**Land requirement (ha)**
B1	2,696	2,425	20	48,500	4,000/5,000	10.8
B1(c) /B2	-2,929	-2,197	35	-76,895	4,000	-19.2
B8	937	843	50	42,165	4,000	10.5

** see paragraph 8.29 - allowance of 10% for B1 and B8 and 25% for B1(c) and B2.*

8.37 The conclusions set out above in respect of the 3.2% growth scenario are also relevant to this option. We would suggest that, of the B8 land requirement, 5.25ha should be set out as a target for *new* sites whilst the remaining 5.25ha can be expected to come forward on surplus B2 land. Again, we believe that this approach provides the most reliable basis by which growth in this important sector might actually be delivered within the period to 2026.

8.38 Under the 2.8% scenario, the requirement for an additional 10.8ha land for B1 purposes and 5.25ha new land for Class B8 purposes amounts to a total requirement of 16.05ha between 2006 and 2026, excluding a safety margin, current supply and any future losses.

8.39 Compared to the land requirement for distribution uses, the requirement for Class B1 uses appears modest. This is because the floorspace density for office functions is so much higher and it is supposed a relatively large number of new jobs would be accommodated in high density buildings in the town centre. In short, many more people can be accommodated within a smaller area of Class B1 land than within a similar area of B8 land.

Safety Margin

8.40 For planning purposes, it is normal and prudent to provide a fairly generous additional allowance on top of this initial estimate of land needs based on employment growth:

- to provide a margin for error given the uncertainties in the forecasting process;
- to allow developers and occupiers a reasonable choice of sites;
- to enable normal market movement with relocations and turnover of firms;
- to give some flexibility while old premises are redeveloped and new premises are coming forward;
- to allow for some limited release of existing employment sites to other uses (including the use of employment land for ‘ancillary’ (non-B Class) functions). Given the extent to which non-B category sectors are expected to contribute to the local economy in Cheltenham and the resultant pressure for land to be made available for non-B class uses this may become a particularly significant consideration; and
- to cope with factors such as some allocated sites not coming forward.

8.41 In many employment land studies, it has been common to add an allowance of up to 50% more to the estimated land need figure to provide this safety margin. Other approaches have considered an allowance of several years of past average take-up, to allow for delays in sites coming forward, to be adequate. Given the very low levels of past employment land take-up (due to the constrained supply of land and premises), the latter approach is not considered to be appropriate in this case.

8.42 Rather, a safety margin based upon a percentage of the estimated land needs is considered to be more appropriate. In the light of the considerable present shortage of employment land and the level of pent-up demand that has grown as a result, we consider that a high safety margin should be applied. A 50% allowance above forecast requirements would allow for a level of flexibility and choice in the future as well as for the present unmet needs of potential occupiers to be satisfied.

8.43 The additional flexibility allowance would increase the gross land requirements to:

Figure 8.9: Future Land requirements in Cheltenham, 2006-2026

Growth Scenario	B1	B8	TOTAL
3.2%	18	9	27
2.8%	16.2	7.875	24.075

8.44 Based upon our consideration of the local circumstances in Cheltenham in terms of the strength of the local economy, its capacity to accommodate growth and level of pent-up demand for growth that presently exists (due to previous failings to make adequate provision for employment land), we recommend that the figures contained within the higher growth scenario should be adopted and that provision should be made for a total of 30ha new employment land over the period 2006 to 2026.

8.45 This would be equivalent to an average supply of 1.5ha annually.

Past Losses

8.46 In assessing future land needs, one important consideration should be whether additional land should be identified to make up for past losses.

8.47 Taking into account changes since 1991 and outstanding planning permissions, the position as of 1 April 2006 equated to a net loss of 14.2ha employment land. These losses would have been associated with the closure or relocation of businesses (either within Cheltenham or elsewhere). The fact that the former employment sites were then released for other purposes means that they would not have been available for new businesses. This would have increased pressure on other land and premises to meet market demands and, together with the lack of allocated sites would have contributed towards the significant shortage of employment land within Cheltenham and the consequential a build-up in unmet demand.

8.48 The employment land forecasts that have been set out in this chapter are based upon an understanding of future changes in the local economy and the amount of land that will be required in order to satisfy emerging needs. They have been informed by an understanding of the current situation in terms of the level of unmet demand for employment land but do not seek to make an allowance for the replacement of land that has been lost since 1991.

8.49 There are numerous reasons why so much land was lost between 1991 and 2006. These relate to the relative attractiveness of sites for employment purposes, the pressure for other forms of development (particularly residential and retail) and also to the 1997 local plan only safeguarding employment sites that were designated on the proposals map and policy deficiencies in failing to prevent the inappropriate loss of employment land.

8.50 Regardless of why the businesses' requirements changed and the land was lost, it is evident that these changes have been absorbed by the local economy which remains strong. If it were decided that it would be appropriate to make provision to address past losses, we would be concerned about two important factors. Firstly, it may be difficult to establish an agreed start point for the assessment of losses. Secondly, there would be a concern as to whether 14.2ha development to make good past losses would be deliverable when added to emerging requirements.

8.51 In seeking to identify land at this stage for future needs, it is important to focus upon the emerging land requirements and to ensure that needs of both existing and future businesses are satisfactorily met and that future policies can provide a stronger basis by which employment land might be protected. This will include a consideration of the emerging structure of the economy and the amount and type of land that is required to 2026. In ensuring the future prosperity of Cheltenham, the key consideration should be that emerging needs can be satisfied within the Borough and that the level of unmet demand might be eased. We believe that this important objective will be achieved by identifying the amount and type of land set out above.

8.52 In essence, the focus should be upon meeting future needs rather than seeking to remedy past losses. In the context of a constrained past supply, the land requirement set out above, together with the generous safety allowance to allow choice and flexibility and to deal with existing shortages and pent-up demand, will be sufficient to meet the emerging needs over the period to 2026, in accordance with the jobs requirement contained within the emerging Regional Spatial Strategy.

8.53 When considering the loss of employment land, attention has traditionally been focused upon the redevelopment or release of land to any non-B Class uses. However, the emerging Regional Spatial Strategy sets the context for a different approach inasmuch as it contains a requirement for the number of jobs to be created, rather than the amount of employment land to be allocated. By implication, this could be taken as a justification for the redevelopment of employment land for other uses that create jobs (e.g. retail, leisure, healthcare, etc). In the main, we do not consider that this approach would be appropriate. Our analysis has separated B Class uses from 'other' job creating uses and has established an employment land requirement. This is in addition to the requirement for provision to be made for the creation of 7,480 extra 'other' jobs between 2006 and 2026 (3.2% scenario). In general, employment land should be protected for employment uses.

8.54 It is not possible to establish a land requirement for the non-B Class uses based upon the number of jobs that are likely to be established. This is because the land needs for these other sectors depend on a wider range of considerations. For example, the requirement for health-care or education facilities will depend upon the population structure of the local area whilst the requirement for retailing and leisure facilities will depend upon the social and demographic profile of the area as well as changing consumer tastes and requirements. The Cheltenham Borough Retail and Leisure

Study made provision for between 17,000 and 26,000sqm net comparison goods floorspace between 2006 and 2016.

8.55 In spite of this, it is recognised that some ancillary non-B Class uses that support on-site activities have can be beneficial to employment locations. In particular, the inclusion of child nurseries and hotel/conference facilities can represent an important benefit to an employment estate. Not only do they create jobs in their own right, they would also add value to a business park and provide a further basis by which businesses might be attracted to the area. However, a lack of relevant data makes it unfeasible to include a specific space requirement for non-B Class activities based on the number of jobs.

8.56 There is a need to balance the apparently conflicting pressures of the need for tighter controls to prevent the scale of the loss of employment land that has occurred in recent years and the increasing requirement for flexibility to recognise that some non-B class uses have substantial job creation potential and would be entirely appropriate within employment locations. This issue is considered in more detail as part of our analysis of the Planning Requirement for Employment Land at paragraph 8.80 below.

Other Forecasts

South West Employment Land Requirements 2006-2026: Forecasting Report

8.57 SWRDA commissioned DTZ to provide an assessment of the demand and supply of employment land, sites and premises in the South West of England over the period 2006 to 2026 (*The Demand and Supply of Employment Premises in the South West*). The resulting report was published in January 2007 and considers the demand for sites and premises to accommodate economic growth as a result of the RES 3.2% per annum GVA growth scenario. In considering the amount of B Class land that is likely to be required over the 20 year period to 2026, it assesses demand for office, industrial and warehousing space as well as for those non-B Class uses which could be expected to locate within employment areas. This category includes sui generis related functions such as motor trades and other facilities that would support and enhance the profile of employment locations.

8.58 The DTZ analysis presents two alternative scenarios for development at each of the 21 Strategically Significant Towns and Cities (SSTC) in the South West[15]. In the first instance, it considers the TTWA forecasts produced by Cambridge Econometrics in line with the 3.2% per annum regional GVA growth scenario. Thereafter, it presents an adjusted position which makes allowance for planning policy, aspiration and market factors. However, it does not specify how this figure was reached or which assumptions were incorporated into the analysis.

8.59 By applying an allowance of 10% to provide headroom in the market for range and choice, the employment land requirement for Cheltenham Borough the first scenario is 62ha compared to 39ha under the second scenario. These totals are based upon the following requirement figures:

Figure 8.10: DTZ analysis of Cheltenham Requirements to 2026

Scenario	Office (ha)	Other Business Space (ha)	Warehouse (ha)	Non B Use Class (ha)	TOTAL
Standard	4	37	11	10	62
Adjusted	4	20	5	10	39

Source: DTZ, 2006

8.60 Both scenarios forecast the land requirement in Cheltenham to be greater than that associated with our analysis of the Cambridge Econometrics data. However, if the B class land requirement (i.e. office, other business space and warehousing) set out in the DTZ adjusted figure is taken into account (29ha), this can be seen to be broadly analogous to the 30ha requirement based upon the 3.2% growth scenario.

8.61 As set out below, although it is very difficult to reliably estimate the amount of land that might be required for 'appropriate' non-B class activities within employment locations, we consider that the 50% safety margin would be sufficient to provide for such demands. We therefore do not make an additional allowance for such uses (as this cannot be achieved with any clear certainty).

[15] Bristol, Bath, Weston-Super-Mare, Chippenham, Cheltenham, Gloucester, Salisbury, Swindon, Trowbridge, Exeter, Plymouth, Dorchester, Torbay, Taunton, Bournemouth, Poole, Weymouth (including Portland), Yeovil, Newton Abbot, Bridgwater, Barnstaple, Cambourne/Pool/Redruth/Falmouth/Penryn/Truro

8.62 Notwithstanding this, it is apparent that both analyses conclude that the broad employment land requirement for Cheltenham to 2026 is similar at approximately 30ha.

8.63 As with our analysis, the DTZ review did not make any allowance for the additional identification of land to compensate for the sites lost between 1991 and 2006. The focus of our work and that of DTZ has been to concentrate upon emerging land requirements over the period to 2026 rather than specifically upon past changes.

Gloucestershire Labour Market Information Unit forecast

8.64 The GLMIU assessment used the Local Economic Forecasting Model (LEFM) developed by Cambridge Econometrics and the Institute for Employment Research to examine the predicted performance of the local economy in terms of employment and productivity over the period from 2003 to 2015.

8.65 The model demonstrated that employment is forecast to grow in Cheltenham Borough from 73,900 in 2003 to 76,800 in 2015. These figures are lower than those contained within the forecasts undertaken by Cambridge Econometrics for SWRDA which showed that employment is forecast to grow from 75,500 in 2003 to between 80,500 and 82,000 in 2015.

8.66 The LEFM identified a number of key growth sectors in Gloucestershire over this period, including the financial and business services, wholesale and retail distribution and hotels and catering. It similarly suggests that the manufacturing sector is likely to experience the most substantial decline over the period.

8.67 Whilst the general direction of these conclusions broadly reflect those of the Cambridge Econometrics forecasts, the specific details relating to actual growth levels do not concur. According to LEFM, overall employment in Cheltenham is forecast to grow by 4% between 2003 and 2015, compared with a national growth of 6% for this period. By contrast, the CE forecast suggests that the employment growth level for Cheltenham will be between 6% and 8%. The implication of this is that the GLMIU forecast would be a lower employment land requirement than has been suggested by the CE based analysis.

8.68 The GLMIU forecasts are less robust than those of Cambridge Econometrics, due to their reliance on the use of Local GVA. Whilst this measure makes use of as much local data as possible, where it is not available locally, it is estimated by extrapolating national data. In addition, the GLMIU forecast only considers the period to 2015 and cannot therefore be relied upon to provide a robust forecast of employment land needs for the RSS period to 2026.

Past Take-up Rates

8.69 Long term take-up rates of employment land can also provide a good basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. According to Cheltenham Borough Council's records, between mid-1991 and May 2007, a total of 7.74ha employment land was developed in Cheltenham. This equates to an average development rate of only 0.48ha per annum. This development rate represents only one third of the 1.5ha needed each year to deliver the identified land requirement to 2026.

8.70 The majority of this new land was used for Class B1 purposes (4.15ha for B1 plus and additional 0.16ha for B1/B2 and 0.64ha for B1/B8). This highlights the structure of the local economy and the relative level of demand for additional B1 space.

8.71 These limited past take-up rates reflect the views of local agents and businesses in Cheltenham who have expressed some concern regarding the present shortage of employment land within the Borough. It has repeatedly been indicated that this shortage is having and is likely to continue to have an impact upon the local economy in Cheltenham.

8.72 The limited levels of past take-up of employment land were based upon a constrained supply of land – due to a lack of site allocations. It was not due to a lack of interest in the area. As suggested by local agents, the area suffers from a pent-up demand for additional space and whilst the historical levels of development within Cheltenham cast some doubt over the deliverability of this scale of future growth, an increased availability of land would contribute towards the easing of levels of pent-up demand and hence, to a less constrained rate of take-up.

8.73 In this case there are therefore important reasons why past trends cannot be relied upon as a clear indicator of the general direction of future employment growth.

Other Indicators

8.74 **Levels of new business registrations** provide an indication of the number of new firms starting-up or expanding in the Borough. Information on business registrations and deregistrations is based upon VAT records which are recognised as providing a useful proxy for economic health and offers an insight into the level of entrepreneurship and health of the local business community. Business patterns as reflected by VAT records will influence the amount and type of employment space required in the future. Registrations of businesses above the threshold for VAT in Cheltenham have averaged 408 annually over the past 12 years, whilst an average of 337 VAT registered businesses have closed each year over this period. This equates to an average net gain of 71 businesses per annum. This growth in the business stock will generate a growing demand for additional employment space which will need to be met in Cheltenham in order to reduce the risk of businesses seeking to locate elsewhere.

8.75 Discussions with agents and businesses in Cheltenham have revealed a general feeling that businesses are being restricted by a lack of adequate employment space in the Borough. There was clear agreement that there had been no major **inward investment** in the town for many years, with any growth in the office market being entirely organic (i.e. from firms already in Cheltenham). Office **rental values** were said to have remained fairly stagnant at around £130-150/sqm (£12-14/sqft), whilst industrial rents are around £60-65/sqm (£5.50-6.00/sqft). These figures are slightly higher than those in Gloucester but are substantially cheaper than Bristol. Office rental values range from £100 to £135 in Gloucester and £200-£250 in Bristol, whilst industrial rental values range from £55-£80 in Gloucester and £70-£90 in Bristol.

8.76 **Vacancy levels** and floorspace availability provide another indicator of the balance between current supply and demand for employment space. A typical vacancy level in a normal market would be 10%. This would allow for movement and expansion of firms and a choice of locations from which they might operate. Average vacancy levels in Cheltenham stand at about 8%, albeit that vacancies in the industrial sector tend to be higher and longer-term than for offices. This indicator supports the qualitative evidence suggesting an existing shortage of business premises.

8.77 Other factors which could moderate future levels of employment space needed include the growing trend to relocate certain business operations to lower-cost locations overseas, often referred to as **"off-shoring"**. The industries with the highest propensity for this have typically included communications, banking and finance, and some business services, but with indirect effects on other sectors of the economy. At the same time, industrial firms are tending to move manufacturing operations to lower cost countries while maintaining UK distribution functions. Some recent studies suggest that while this trend may be slowing for business services, it may continue for lower-technology manufacturing. This may have particular implications for Cheltenham which is well represented in these sectors. Whilst it is difficult to quantify the extent to which this factor will affect employment land requirements with any certainty, it is evident that it should reduce employment land needs in the longer term.

8.78 Another factor is the ability to achieve economic growth without corresponding increases in demand for employment space or labour, known as **"smart"** or **"spaceless" growth**. This could reflect increased automation, labour productivity improvements, hot-desking, working from home, or more overtime working by current staff. Again, it is difficult to quantify the extent of this effect and recent studies have not shown any major changes in employment/space ratios so far. However, over time, a shift from industrial to higher density office based jobs should reduce land needs. This consideration is different to that of additional growth being accommodated within existing premises due to an existing surplus of space within offices, for which an allowance has been made.

8.79 At the same time, competition from other regional centres will be an important consideration. The strengths of and the supply of land within surrounding centres, compared to that of Cheltenham may have an effect upon the future level of investment within the Borough unless additional provision of potential sites can be made.

Planning Requirement for Employment Land

8.80 The approaches to the assessment of employment land requirements set out above each have some limitations. Employment forecasts are based upon assumptions which may not be achieved in practice in the future and may therefore not always entirely reflect the reality of local circumstances. They are also likely to underestimate demand from non B-class uses often found on employment sites e.g. waste recycling, depots or from inward investment. However, as detailed elsewhere, it is particularly difficult to reliably estimate the scale of such provision which will vary from location to location and may not necessarily even be located on employment sites.

8.81 In addition the land needs based on forecasts are sensitive to assumptions on the proportions of large scale distribution and town centre office space and moreover it is important to recognise that employment land forecasts cannot take allowance of specific policy factors. For example, specific aspirations to seek to promote a particular economic sector or sub-sector may have fundamental land implications which are not identified by forecasts.

8.82 There are a range of other factors that could inform future demand. In some cases, historically low levels of take-up may indicate structural difficulties that might suggest that future development rates might also be limited. However, whilst past take-up rates can be useful, they are based upon supply constraints and will not fully reflect changing policy and supply considerations or what will happen to the local economy in future as a result of considerations such as competing development sites and the investment attractions of regional competitors and increasing overseas competition. This is particularly evident in Cheltenham where past trends have been artificially low due to a heavily constrained supply of land.

8.83 In additional to a limited supply of land suitable for employment purposes, environmental constraints could similarly constrain employment growth although these would not be highlighted by past take-up rates.

Land Requirement in Cheltenham

8.84 Drawing together the above considerations, it is evident that there is a need for a significant increase in the amount of employment land over the next 20 years. This requirement relates both to land and premises for office use and for industrial (warehousing) purposes.

8.85 The specific identification and allocation of new sites would help to meet the recognised level of demand for additional employment space within the Borough and thereby to increase development rates to a level that reflects the job growth requirement contained within the emerging Regional Spatial Strategy.

8.86 In the longer term, a greater focus is likely to be placed upon office based jobs in higher density premises in the town centre and in out-of-town business park locations. Whilst a high proportion of job growth will be within this sector, it will require less land than will be needed for industrial uses.

8.87 In order to achieve the office requirement, we recommend that provision should be made for the development of two medium sized business parks (each of up to 10ha) which should provide good quality B1 space to meet the needs of different users. The development of two, rather than one scheme would help to offer an element of choice of location and would also improve the delivery and deliverability of the overall level of growth that is proposed. The size of the units should vary to accommodate both small and larger scale users. Provision should also be made for incubator type facilities to support new businesses, particularly those operating in key business sectors such as ICT, research and development, the creative industries and finance. The location of these new business parks should be carefully considered; they should be easily accessible and provide an attractive and high quality image that will meet the needs of expanding businesses and inward investors alike.

8.88 As part of the proposed town centre enhancements, provision should be made for additional office floorspace. This would be important in contributing towards an increased supply of commercial space whilst also broadening the range of uses with the town centre – and hence its vitality and viability. The market would strongly support an increased supply of office space within the town centre although it is recognised that there is only a limited scope for additional development within three key areas of opportunity. These are discussed in more detail in Chapter 9.

8.89 Whilst manufacturing sectors are forecast to decline, Cheltenham is likely to accommodate additional distribution growth. However, this would not be to the same degree and will not be coming forward at the same rate as other areas. Due to the current lack of access to the M5 motorway and other strategic roads, the current shortage of employment land (particularly that which would be suited to this form of development), and the strength of surrounding areas in terms of providing for this type of accommodation, it is considered that Cheltenham's future representation in this sector will be primarily limited to smaller scale units. Whilst possible future improvements to Junction 10 of the M5 would improve access between the north of the town and the Midlands, any benefits gained would be limited by the fact that the motorway does not run through Cheltenham itself. These assumptions have been factored into our assumptions about employee density levels but will also affect the market requirement for a large amount of land to be dedicated to this type of use.

8.90 In terms of industrial land requirements, we have already indicated that a proportion of growth can be expected to come forward on sites that will be released from B2 uses. In terms of the additional requirement for 9ha new land, provision should be made to release in the order of 0.5ha per annum. These facilities should seek to attract and accommodate smaller to medium sized operations rather than seeking to compete directly with surrounding districts in terms of large scale logistics operations for which there is less demand in Cheltenham.

8.91 Based upon an analysis of the Cambridge Econometrics 3.2% growth requirements to 2016 (as detailed in Figure 8.2), it is evident that the levels of growth detailed above would accord with the increase in employment levels to 2016 as well as to 2026. This is important as the employment land requirements set out would be expected to span the period of two LDFs. As a result, phasing of growth will be particularly important.

8.92 In order maximise economic growth in Cheltenham, the Council should seek to exceed the job forecasts set out above, where possible. In order to enable this, there should be regular and consistent monitoring of the number of jobs created over the period of the LDF. It is beyond the scope of this report to provide a detailed method for monitoring; a framework for monitoring may be established by the Regional Spatial Strategy.

Market Testing

8.93 These land requirement figures have been discussed with local agents that are active in Cheltenham. They have confirmed that this quantum of land would be sufficient to meet the overall level of market need whilst also offering for the flexibility and choice that investors seek, that it would be welcomed by the market and that it would be deliverable.

8.94 It was suggested that a failure to make provision for this level of growth would result in the failure to adequately address the existing shortages, to the overall and long term detriment of the local area.

Non-B Class Land

8.95 The Regional Spatial Strategy for the South West seeks to enhance the economic prosperity and quality of employment opportunities within the region. It recognises that jobs will be created in a wide range of activities and that these will contribute towards economic enhancements. As such, the RSS sets out a requirement for the creation of 10,750 jobs in the Cheltenham TTWA over the period to 2026. As detailed in Figure 8.1, this translates to a requirement for 8,855 additional jobs in Cheltenham Borough to 2026. A very high proportion of this relates to jobs in all other sectors that do not generate a specific employment land figure.

8.96 The emerging Regional Spatial Strategy accepts the importance of non-B class uses as generators of employment and as a basis for economic growth. In order to ensure that the aspirations detailed in Chapter 7 can be realised, it is important to make adequate provision for land that falls within these non-B class categories – for example, for retail, health, education, social, hotel and catering facilities. However, the quantification and identification of land required for these uses lies beyond the scope of this study

8.97 Although the approach now contained within the emerging Regional Spatial Strategy is to specify the total number of jobs that are to be provided in each area – in all sectors – it requires local planning authorities to translate the forecasts into employment land requirements. These would be based upon the number of jobs that are expected to be created within the B Class sectors. Whilst the introduction of a jobs-led approach provides an element of flexibility by indicating the critical important role that non-B Class sectors can perform in the local economy and the local jobs market, it does not do away with the continuing importance of B Class sectors as the basis of the economy. As such, it does not undermine the need for appropriate levels of suitable employment land to be made available.

8.98 In this study, we have identified the amount of employment land that is required in Cheltenham Borough between 2006 and 2026. This forecast has been based upon the number of jobs that are required and that are expected to come forward in a number of key B Class uses. The scale of employment land losses in Cheltenham since 1991 – mainly to retail and housing – is noted and it is important that this should not be replicated in the future. The allocation of good quality land that reflects market requirements will be important in delivering this requirement, as will policies that provide an appropriate basis for the protection of employment land. These matters are considered in more detail in Chapters 9 and 10.

8.99 Our general position is therefore that the 30ha employment land that is to be made available in Cheltenham should be reserved for employment (B Class) purposes. This will be important in helping to ensure that its role within the regional and national economy can be maintained and enhanced, in line with the vision contained within local, County and Regional economic strategies.

8.100 In spite of this position, Paragraph 8.3.5 of the emerging Regional Spatial Strategy notes the importance of on-site support facilities on strategic employment sites. For example, child-care, training or hospitality facilities can help to improve the attractiveness of the employment location and, despite a small loss of employment land, may contribute towards a more vibrant economic centre, thereby providing an overall local benefit. Such an approach may help to diversity employment opportunities and the attractiveness of the Borough as a business location.

8.101 The objective for Cheltenham Borough Council must be to ensure an appropriate basis for the greatest level of growth and sustained economic output. This might be achieved by adopting a more flexible approach wherein business centres are supported by appropriate ancillary facilities. These may include hospitality and conference facilities or a nursery.

8.102 In considering any such proposals, the key test should be their impact upon the viability of the location as a business centre. The non B-Class uses should remain ancillary to the principal employment use of the area by virtue of their use and scale. Consideration should thereby be given to the extent to which the facilities would be used by people working on the site compared to those with no other connection to the site.

8.103 In addition, car dealerships are commonly located in employment areas. Such uses are Sui Generis, although they share a functional relationship to vehicle repair centres (Class B2). Whilst they would not necessarily support their role and profile, the maintenance or establishment of vehicle dealerships in industrial locations would generally be appropriate, subject to the number and scale of such uses.

8.104 It is difficult to reliably estimate the amount of land that would be required for ‘appropriate’ non-B Class uses in employment areas. However, we consider that the safety margin that has been built into our assessment of land requirements would be sufficient to provide for these needs. The release of land for appropriate non-B Class uses, such as car dealerships and ancillary uses (hospitality and nursery functions) would therefore not be expected to have any detrimental effect upon the supply of land for business uses. It would therefore have no deletious impact upon the local economy in terms of constraining the land supply. Rather, as set out above, it could serve a beneficial role by providing important and necessary functions for use by businesses and workers.

Conclusion

8.105 The above assessment sets out a requirement for the provision of land to provide for 10,750 jobs in the Cheltenham TTWA to 2026. This translates to a Borough requirement of 8,855 jobs. Drawing upon floorspace densities, plot ratios and the requirement for a generous flexibility allowance to take account of the need for flexibility and choice and to address existing shortages and pent-up demand, this equates to a requirement for 30ha land for employment development.

8.106 This target should not be viewed as a limiting factor and if it is exceeded it can only be beneficial to the economy of the town. By contrast, if the Council does not provide the quantum of land set out above, the market for employment land in Cheltenham will be restricted and economic growth constrained. It is recognised that the existing shortage of employment land in Cheltenham has started to affect its relative position as a commercial centre. It has been one of the factors that has contributed to the decision of a number of high-profile companies to relocate out of the Borough and the stated concern of other firms that their future expansion aspirations may be constrained by the lack of suitable land within the Borough. Whilst the local economy in Cheltenham is strong, it could have been stronger if appropriate provision had been made in the past to meet employment needs.

8.107 The opportunity presently exists to seek to remedy the existing shortage of employment land. This will include making adequate provision for future requirements – including an allowance to ensure that developers and operators can be afforded an element of choice and flexibility in their location decisions. The application of a generous safety allowance as recommended would also provide a basis by which the current shortage of land and the resultant pent up demand might be addressed and by which sites of a suitable quality and variety (to offer choice) might be provided. This is different to making good past losses which is not recommended but rather seeks to provide the basis by which the delivery of future employment needs might not be constrained by the on-going and substantial levels of existing pent-up demand which have not yet been addressed.

8.108 Failure to make sufficient provision for employment land at this stage is likely to have substantial implications upon the long term economic profile of Cheltenham and may result in investment being redirected to surrounding centres. The next chapter considers a number of potential locations which may be considered for new employment development. Further work will be needed in respect of each of these (and other) locations as part of the LDF process and it is evident that the release of some greenbelt land will be necessary. Whilst this will involve difficult decisions, it is vital that a firm approach is taken and that sufficient land is allocated for employment development. Failure to do so would result in the weakening of Cheltenham's economic strength and profile and the undermining its future sustainability.

9.0 FUTURE EMPLOYMENT LAND

9.1 Having set out the amount of land that is required within Cheltenham, this chapter examines the potential locations in which it could be provided. In seeking to provide the basis for future growth and to overcome existing shortages, it will be important to ensure that identified sites are sustainable in terms of matters such as location, access, surrounding uses, sensitivity of the local area and the availability of labour and services, suitable for development and that they are sufficiently attractive to the market to be delivered. It should be noted that the recommendations made in this chapter are preliminary only and that substantial further assessment relating to a range of issues (e.g. traffic, landscape, ecology, housing etc) would need to be carried out before suitable sites are finalised and must be informed by the LDF Core Strategy.

9.2 In assessing possible locations for future employment development, the following factors are important in helping to ensure sustainable and equitable forms of development:

- Sites in or on the edge of the Cheltenham urban area
- Sites that are within or that are well located to the existing town centre
- Sites close to the main transport routes which have capacity for traffic growth and good public transport connections
- Sites with good links to the local labour supply and services but away from sensitive uses such as residential areas
- Sites that avoid areas with important environmental constraints such as international and national environmental/ecological/landscape designations, or flood risk areas
- Sites which would allow for the expansion of established employment areas

9.3 It is also important to ensure that the identified sites are attractive to the market and that they will be sufficient to satisfy the requirements of existing and future business and potential inward investors in terms of their location, size, quality and purpose. The current shortage of employment land in Cheltenham does not mean that all sites would automatically become attractive to the current and future market. Rather, the need to meet the considerable demand for employment land will necessitate even more consideration to be given to the market attractiveness of potential development locations to ensure that the Cheltenham might continue to serve as a strong economic centre and a location from which companies wish to operate. In seeking to identify possible locations for future employment development, our approach has been to ensure that commercially viable and attractive sites in areas that would be appropriate for development are highlighted for further consideration through the LDF process.

Constraints

9.4 22% of Cheltenham Borough forms part of the Cotswold Area of Outstanding Natural Beauty. At over 2,000 square kilometers, this is the largest AONB in Britain and because of its sensitivity to development pressures, a restrictive approach is required across this large area. Paragraph 22 of PPS7 states that major development should not take place in designated areas (such as AONBs), except in exceptional circumstances. It goes on to require demonstration that major applications are in the public interest before they are allowed to proceed. This would require an assessment of:

- The need for the development, including in terms of national considerations
- The cost of, and scope for, developing elsewhere outside the designated area
- Any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated

9.5 Although land in Cheltenham is sparse, there are potential opportunities outside of the nationally designated AONB (e.g. in the green belt). Moreover, it is unlikely that employment development in Cheltenham (with the exception of GCHQ) would be viewed in terms of national considerations and would thereby warrant the release of AONB land.

9.6 In the light of these considerations, employment development within the AONB in Cheltenham Borough would not be appropriate.

9.7 In addition, 17% of the Borough has been designated as a Green Belt. The objectives of the Green Belt designation are outlined at Gloucestershire level in the Structure Plan (paragraph 9.1.3), and include:

- Prevent coalescence of Cheltenham and Gloucester, and Cheltenham and Bishop's Cleeve
- Prevent urban sprawl
- Protect the individual identities and character of each settlement

9.8 There is a general presumption against development within the Green Belt and as such, this land could be viewed as a constraint to future development. However, the Green Belt does encompass potential options for future growth within Cheltenham, which has awakened calls for its early review. A review of the Green Belt has been undertaken in response to RPG10 and the emerging Regional Spatial Strategy. The importance of this study has been further bolstered by a recent appeal for employment development within the Green Belt. This was allowed due to the 'very special circumstances' in Cheltenham, caused by the lack of employment land to accommodate the substantial local need. The LDF process provides an opportunity to review and potentially amend the Green Belt boundaries.

9.9 Elsewhere, the extent of the urban area broadly reflects the Borough boundaries meaning that there is limited scope for expansion within Cheltenham Borough. When taking these criteria into account, it is evident that the number of potential locations in and around Cheltenham is limited and that some compromise will therefore be essential.

Other Considerations

9.10 Two further broad issues relating to the level of employment growth that might be appropriately accommodated within Cheltenham have come about as a result of the need for good accessibility and an adequate balance of land uses.

9.11 Firstly, Cheltenham's location, close to but not immediately alongside the M5 has served to limit its strategic accessibility, particularly given that Junction 10 is restricted to a northbound entry slip and a southbound exit slip only. The consequence of this is that the strategic accessibility of sites to the east of the town is much more limited than those to the west. Additionally, as the M5 passes through Tewkesbury Borough (and not Cheltenham), it is not possible to identify land immediately alongside the motorway to meet Cheltenham Borough's employment requirements even though this would be of particular interest to the local market.

9.12 Secondly, the need for other land uses (e.g. residential, retail and leisure) to be provided on the limited amount of available land within Cheltenham has resulted in pressure between different types of development. In addition, it has also further highlighted the need to achieve an appropriate balance of land uses. In the case of employment uses, it is important to ensure that they are located away from sensitive uses – particularly residential. However, whilst industrial premises may have an adverse impact upon a residential area, it is possible for further employment development to be included within a residential area without having a detrimental impact upon the surrounding area.

Cheltenham Urban Area

9.13 The Cheltenham urban area is relatively small and is quite densely developed. The open spaces within the town largely comprise parkland or recreational areas and there are few large redevelopment opportunities or windfall sites other than those that might arise through the redevelopment of existing employment areas. As set out in Chapter 6, there is very limited scope for additional development to be accommodated within or alongside existing employment estates. This is because in most cases, the sites are bordered by existing development or other constraints to future growth.

9.14 The main potential for further growth within the existing urban area would be the town centre. The Cheltenham Retail and Leisure Study identified a number of areas of opportunity within the town centre:

- Winchcombe Street/Albion Street
- North Place/Portland Street
- Royal Well

9.15 The study made reference to the inclusion of a hotel and/or conference facilities within any future leisure development at North Place/Portland Street. Such facilities could also serve local businesses and thereby perform an important role in supporting the local economy.

9.16 Whilst the retail and leisure study made no reference to the inclusion of office space as part of these development proposals, this would contribute to mixed use schemes as encouraged by PPS6. It would help to further enhance the vitality and viability of the town centre whilst also delivering an increased office supply which is important in relieving the pressure for commercial office space within Cheltenham town centre. However, in spite of the importance and benefit of identifying this land for employment related development, it is not possible at this stage to give a precise amount of land that might become available. This is because specific development proposals (or locations) have not yet been established in this area. However, we would recommend that the Borough Council should seek to encourage as much Class B1 office space within these town centre sites as possible in order to ensure the most sustainable and efficient use of the land.

Cheltenham Urban Area – Edge

9.17 The majority of open land in Cheltenham outside of the existing urban area has been designated either as part of the Cotswold AONB or as Green Belt. The shortage of land upon which development might be appropriate was recognised by the Inspector at the recent appeal relating to the land at North Road West/Grovefield Way:

> *'I see no realistic alternative to the use of land currently in the Green Belt if any strategic of locally significant provision of new employment land before 2011 is to be made in the Borough'*. (PINS Ref No: APP/B1605/A/06/2015866/NWF. Paragraph 19)

9.18 This approach accords with the policy basis contained within Policy SR11 of draft Regional Spatial Strategy for the South West which requires consideration to be given to the provision of urban extensions and revised green belt boundaries. Policy SR11 states that:

> *'Around the built-up areas of Gloucester and Cheltenham, the inner boundary of the green belt shall generally follow the limits of existing development or that already committed. The general extent of the Gloucester and Cheltenham green belt is maintained subject to changes in boundaries that will be defined in LDDs to:*
>
> - *Accommodate the urban extensions required for the longer-term development of Gloucester and Cheltenham…'*

9.19 The importance of delivering high quality development land within Cheltenham in order to meet the demands for growth in the town, together with the acute shortage of more appropriate development locations, means that some loss of Green Belt land will be inevitable in the future.

Eastern Edge

9.20 An area of 10 sq km at the east of Cheltenham – between Leckhampton and Noverton Park – is included in the Cotswolds Area of Outstanding Natural Beauty. This area is characterised by very high quality landscapes and an attractive character that is sensitive to development. A restrictive approach to development has therefore been established in order to safeguard and enhance the qualities of this area.

9.21 Major development is regarded as being inconsistent with the aims of AONB designation and for this reason, the allocation of land within this area for employment purposes would not be appropriate.

9.22 In addition, whilst the southern part of this area is served by the A40 (London Road) and the A435 (Cirencester Road), much of it suffers from access difficulties and is not well related to the M5 motorway. The creation of additional infrastructure which would be necessary to service any new development may undermine the quality of this land as part of an AONB.

9.23 For these reasons, and having undertaken a detailed desk and field based review of possible growth locations within the AONB, it is evident that there is no scope for employment growth in this area.

Southern Edge

9.24 Within much of the area to the south of Cheltenham (between the edge of the AONB at Leckhampton and Badgeworth Road), the existing urban area coincides with the Borough boundaries and there is very limited open space which might be able to accommodate future development.

9.25 The majority of the built up land to the south of Cheltenham is used for residential purposes. Local access varies although most areas are well related to the town centre – by car and public transport – and benefit from reasonable links with the M5 motorway. However, the residential character of this area means that careful consideration should be given to the nature of employment uses that might be appropriate.

9.26 The Green Belt Review found that whilst the open land to the south of Cheltenham does not perform a particularly strong role in preventing the coalescence of adjoining settlements, it is important in checking the unrestricted sprawl of the urban area and the land at Leckhampton (between Farm Lane and Leckhampton Road) also comprises high quality agricultural land.

9.27 The two main areas of open land to the south of Cheltenham include the land at Leckhampton and a smaller area of land to the south of Grovefield Way Lane, on either side of Sunnyfield Lane.

9.28 The large (60ha) area at **Leckhampton** contains high quality agricultural land and a number of nurseries and farm buildings. It is bound on three sides by existing housing areas and is served by the A46 (Shurdington Road) which provides access to the town centre. Motorway access at Junction 11 can be achieved relatively easily.

9.29 Despite reasonably good links with the town centre and Bath Road district centre, the area immediately around this site suffers from a limited supply of facilities for employees. However, it is likely to be relatively attractive to the local market as a location for a smaller scale development, possibly within a mixed use area.

9.30 Taking into account the presence of agricultural activities and the proximity of residential areas in the adjoining areas, we suggest that provision should be made for the allocation of 5ha land fronting Shurdington Road, at the junction of Kidnappers Lane for small scale office and potentially, light industrial development. It is likely that this would be most attractive to local businesses and although this is smaller than the scale of individual development suggested in Chapter 8 as being desirable, it is considered that, in this location, it would be both attractive and deliverable. A larger allocation in this area may be less likely to come forward unless it was phased into future LDF periods; such proposals should be informed by the LDF Core Strategy. The reason for this is because it is important to consider how much land is likely to be developed and then occupied in any area. We would be concerned that a large allocation in this location may serve to flood the market and undermine deliverability. In addition, a larger employment allocation may be less easily integrated within the surrounding residential context.

9.31 An allocation of this 5ha in this location would help to enhance the sustainability of the local community by providing local jobs and thereby contributing towards a reduction in the need to travel for work. Subject to the specific nature of end user on the site, it is not considered that the release of this site for employment development would have any unacceptable adverse impact upon the existing residential neighbours or upon the landscape setting of this part of Cheltenham. In the longer term, there may be scope for additional development in this location as part of a small-scale sustainable urban extension.

9.32 **Sunnyfield Lane** benefits from good local and strategic access via Grovefield Way which joins the M5 motorway to Cheltenham town centre. It is located within a residential area and enjoys good links to the town centre. However, there are limited local facilities within the immediate vicinity of the site. Two caravan parks are currently situated on Sunnyfield Lane and a number of private dwellings are located at the southern end of the road. The remaining land is open and is used for agricultural purposes.

9.33 An area of 1.8ha, located on the roundabout of Hatherley Way, Sunnyfield Lane and Grovefield Way was considered due to its visibility and its relationship with the existing built up area. Development in this area would act as a modest and logical rounding off opportunity. Due to its location alongside the roundabout junction, access into this site is better than for other sites on Sunnyfield Lane – a relatively narrow road that would not be well suited to accommodating a large number of traffic movements.

9.34 We would be concerned that an allocation of 1.8ha in this location may be overshadowed by the larger development nearby at North Road West and as such, that its market attractiveness and prospect of being delivered may suffer.

9.35 Whilst we recognise the importance of making sufficient employment land allocations, this should not result in the identification of inappropriate land for development. Having considered this site, we conclude that, by virtue of its location and relationship with the surrounding area, it should not be allocated as an employment site in the LDF.

Western Edge

9.36 The area to the west of the Cheltenham urban area – between the railway line and the A4019 – benefits from very good strategic access, being close to the M5 motorway and with good connections via the A40 to Junction 11 and via the A4019 to the constrained Junction 10. All of the land in this area has been designated as part of the Green Belt whilst an additional area around Hayden Green water reclamation works has also been reserved as a development exclusion zone.

9.37 Planning permission was recently granted at appeal for class B1 development on 6.4ha land at **Grovefield Way and North Road West**. This appeal decision is presently subject to a legal challenge by Cheltenham Borough Council.

9.38 This site is located to the immediate south of the A40 and south west of the Arle Court Park and Ride facility. The proposal included 5.1ha for employment development and 1.3ha for additional park and ride provision. In approving the appeal, the Inspector accepted that the scheme – on an area of flat land of no exceptional quality alongside the A40 – would not have a materially harmful impact upon the character or appearance of the area or the landscape setting of the town.

9.39 Recognising the market attractiveness of this part of Cheltenham, its strategic location and very good accessibility, and its suitability for development, as recognised by the recent appeal Inspector, it is considered that there would be scope for development in this area.

9.40 We consider that this site represents an appropriate location for employment development. Notwithstanding the current proceedings against the appeal decision, we recommend that it should be identified for development and that it should thereby be counted against the requirement that has been identified for Cheltenham to 2026.

9.41 To the south of this site is an area of 4.4ha (**south of North Road West)**. This area of land comprises a large, flat field, bound on all sides by mature vegetation. It is located on the edge of the urban area and is close to the M5. However, it enjoys a relatively strong rural character and represents one of the key points at which the Green Belt serves to maintain a suitable buffer between Cheltenham and Gloucester.

9.42 North Road West is a relatively narrow road with a number of houses and a community centre. It would not provide a particularly beneficial access for employment users and would not appear to have the capacity to accommodate a substantial increase in traffic movements.

9.43 Although development at Grovefield Way would appear to be appropriate, we would be concerned about the suitability of this location for development and the potential impact upon the character upon the local landscape area or upon the wider setting of the town as a whole. We therefore do not recommend that this site should be considered for additional employment development.

9.44 Another potential future development area is within the **development exclusion zone around the Hayden Green water reclamation works**, an area that is similarly well located to the town centre and to the strategic road network with local access being taken from Fiddlers Green Lane or via Hatherley Lane. Policy UI6 of the adopted Cheltenham Local Plan states that *'development likely to be seriously affected by odours from Hayden Water Reclamation Works will not be permitted'* within this area. However, not only is the exclusion zone non-statutory and thus subject to adjustment, but different uses will have different levels of sensitivity. For instance, industrial uses will generally be significantly less impacted upon by any smells than housing. It is noteworthy that residential development is already located immediately adjacent to the east of the exclusion zone boundary, suggesting that it would be equally appropriate to locate industrial uses close to but inside the existing boundary.

9.45 Notwithstanding this, there is no doubt that there are potential smell related problems associated with the works and the adjoining fields that are used for sludge disposal; on some occasions, this can extend beyond the exclusion zone. However, upgrades and technological advancements to the sewerage systems and improvements to the quality of treatment standards mean that there may be scope to reduce the exclusion zone to reflect more accurately a reduced area within which development may be affected by the sewage works. In such an event, there would be scope for the allocation of land for employment development.

9.46 Subject to detailed consideration and technical and environmental testing, we have identified an area of 8ha land fronting onto Fiddlers Green Lane that would be suitable for industrial development. This is likely to be less sensitive to disturbance from possible smells than other land uses and would benefit from this strategic location. It would not be likely to result in the loss of any high quality land and is unlikely to materially impact upon the landscape setting of this part of Cheltenham.

9.47 In considering potential locations for development within the development exclusion zone, regard was also given to other potential sites towards the north of the area. This area has the additional benefit of being further away from the water reclamation works and is also further away from existing housing areas. It would therefore be less likely to affect or be affected by existing nearby development. However, the strategic and local access to this part of the development exclusion zone is inferior to that further south whilst the landscape quality also creates some concern about the suitability of development in this area which is more attractive and more visible from the surrounding area. It also has a much stronger rural character and is more sensitive to potential harm as a result of development.

Northern Edge

9.48 The northern edge of Cheltenham – from Prestbury to Swindon Village – is characterised by a relatively wide area of open space between the existing urban boundary and the edge of the Borough. This area has all been designated as Green Belt land. The Green Belt Review found that only a small part of this area (at the North West) was of limited significance in terms of its ability to contribute towards the key aims of the Green Belt whilst much of the remaining area was shown to be of a high quality. A large part of the land – particularly towards the north east – was shown to be important in respect of the prevention of urban coalescence between Cheltenham and Bishop's Cleeve and was also recognised as performing an important role in respect of restricting urban sprawl although the environmental quality of this land was shown to be less significant.

9.49 This area is well served via the A40 at the west, as well as to the A435 and the B4632 further east. Due to the location of the M5 in relation to Cheltenham, the western part of this area benefits from better strategic access. Local access into much of this extensive area is limited and new development may necessitate the construction of new infrastructure.

9.50 A review of this area has highlighted the quality and visibility of many sites on the northern edge of Cheltenham – particularly in the area to the east of the railway line. The topography of the area means that any development would be highly visible from some distance away. On this basis, we do not consider that the area to the east of the railway line would be appropriate for employment development.

9.51 In spite of this conclusion, there would appear to be some potential for development at the **North West of Cheltenham – to the west of the railway**. The Green Belt Review indicated that there is potential for sustainable growth in this area. In particular, it highlighted that part of the Green Belt to the north west of Swindon Village was not performing any role in preventing the coalescence of neighbouring settlements and was of very limited environmental and historical significance. Whereas the area to the north east of Cheltenham is closely related to the Cotswolds AONB, this is more remote and benefits from no relationships with the AONB. In addition and importantly, it is evident that land to the west of the railway line is of much more limited environmental and visual quality than the land to the east. Development in this area would relate to the existing Kingsditch employment estate and would not be likely to be harmful to the setting of Cheltenham.

9.52 On this basis, we have identified a 9.75ha site to the west of the existing Kingsditch Industrial Estate for potential industrial development. This land, which is located to the north of Swindon Farm, would form a logical extension to Kingsditch. It would benefit from the locational, access and market benefits that are presently enjoyed by Kingsditch whilst also delivering additional – and much needed – industrial development in accordance with Cheltenham's recognised needs. The site benefits from good accessibility and is of limited environmental quality. Its release would therefore provide strong economic benefits without any evident locational or environmental shortcomings.

9.53 In addition, a mixed-use urban extension has been identified in the RSS on land within Cheltenham Borough and Tewkesbury. We have been advised that up to 143ha will be available for development within Cheltenham Borough, although the proportion of the land to be used has not yet been identified This land will be expected to accommodate a range of land uses including housing, employment, retail, leisure and open space.

9.54 It is not expected that this extension will commence until after the end of the Cheltenham Local Plan period (2011). Whilst this area may perform an important role in meeting the longer term development needs of Cheltenham and is likely to include employment uses in an early phase of development, it cannot be relied upon to deliver the more immediate requirements. Based upon the analysis set out in Chapter 8, we envisage that in the order of 7.5ha employment land will be required by 2011 and a further 20ha by 2026. However, it is considered that the other sites that have been identified in this chapter do have the potential for development in the shorter term to meet this emerging requirement.

9.55 Given that the extension is not expected to commence until after 2011, it is uncertain whether it would be fully completed by 2026. In the light of this and in order to ensure that the employment element can make the most positive contribution to the local economy – meeting the land requirement without flooding the market – an allocation of approximately 10ha should be considered for allocation in the LDF.

9.56 It is expected that additional employment development could be accommodated in this location and this should be considered for development in the period after 2026. In the event that some of the initial sites do not come forward as expected, the next LDF might include additional allocations for employment land in this area.

9.57 Part of this urban extension area is located within Tewkesbury District and so a collaborative approach to development should be adopted between the two authorities, recognising that regardless of whether development comes forward in Cheltenham or in Tewkesbury it will serve the Cheltenham TTWA. This approach to cross-boundary working is strongly advocated in the emerging Regional Spatial Strategy in areas where employment and property markets overlap and cross administrative boundaries. The promotion of a sustainable urban expansion that crosses over an administrative boundary but which will serve a SSTC represents an important case in point.

Conclusions

9.58 Any new allocations would need to be based on a detailed assessment of traffic capacity, the costs and feasibility of infrastructure requirements and the environmental cost and sustainability of such locations.

9.59 Without prejudicing that process, the most appropriate locations for future growth would appear to be at the following locations:

Figure 9.1: Potential Employment Development Locations

Location	Area (ha)	Type of development
Town Centre		Office
Leckhampton	5	Office / Light Industrial
Grovefield Way	5.1	Office
Fiddler's Green	8	Industrial
West Kingsditch	9.75	Industrial
North West Urban Extension	10*	Mixed (Office/Industrial)
TOTAL	**37.85**	

* as initial phase of development to 2026

9.60 At 37.85ha, the total amount of development land offered by these sites is in excess of the stated requirement to 2026. In identifying an over supply of land, we have sought to provide a basis by which the Borough Council might proceed towards its best consideration of the most suitable sites for future growth, drawing upon other research relating to, for example, infrastructure, access, landscape and ecological issues, the green belt and competing pressures for development.

9.61 We believe that, from an economic perspective, all of these sites are capable of coming forward. They all benefit from good levels of strategic accessibility and have the capacity to be adequately served by new infrastructure and extended public transport services. In addition, they also enjoy good connections into the town centre and are well related to existing (and proposed) residential areas.

9.62 Whilst most of these recommended sites are located in the Green Belt, it is evident that, given the constraints upon Cheltenham and the need for more growth, this is inevitable. The delivery of the necessary levels of future growth would therefore need to be associated with the partial release of Green Belt land in those areas where it would have no detrimental impact upon the achievement of the important objectives relating to the prevention of coalescence, the minimization of urban sprawl and the protection of the best quality open land.

9.63 In order that these sites can deliver the maximum benefit to the local area, it will be important that they can be delivered. Whilst we believe that all of the sites that we have suggested have the capacity to accommodate employment development (subject to further investigations) and that they are likely to be attractive to the market, we recognise that the size of Cheltenham Borough means that some sites are relatively close to one another and that their concurrent development or release into the market may not be in the best interests of the local economy. We therefore recommend that careful consideration should be given to phasing options.

9.64 We have identified sites that have the capacity of meeting employment land requirements to 2026. It is not expected that the emerging LDF would cover this lengthy period but rather that these sites would be released over two LDF periods. Given the existing shortage of employment land, the allocations should be frontloaded with regards to the emerging LDF.

9.65 We therefore recommend that, of the sites set out above, the following should be considered for in the first LDF phase:

Figure 9.2: Potential Phase 1 Employment Development Locations

Location	Area (ha)	Type of development
Town Centre		Office
Leckhampton	5	Office / Light Industrial
Grovefield Way	5.1	Office
West Kingsditch	9.75	Industrial
TOTAL	**19.85**	

9.66 The remaining sites should then be considered for allocation as part of the subsequent LDF:

Figure 9.3: Potential Phase 2 Employment Development Locations

Location	Area (ha)	Type of development
Fiddler’s Green	8	Industrial
North West Urban Extension	10*	Mixed (Office/Industrial)
TOTAL	**18**	

* as initial phase of development to 2026

9.67 The sites set out in Table 9.2 above as being appropriate for early development have been included on the basis that they do not suffer from constraints that might delay their release for development and that they would therefore be more likely to come forward within the period to 2016. Of the two sites that are identified for subsequent development (Table 9.3), the north western expansion is not expected to commence until 2011 and whilst development at Fiddler's Green may also only come forward in the longer term. Whilst we consider that these sites both have the capacity to make an important and welcome contribution towards Cheltenham's employment stock, they cannot be relied upon to provide a firm basis for growth in the shorter term.

9.68 We consider that the sites set out in Table 9.1 meet these requirements whilst also contributing towards the important and much needed increase in employment land in the Borough. It is not, however, considered that additional provision should be made to account for those losses experienced prior to the commencement of the LDF period.

9.69 We would reiterate that further assessment would be required prior to the agreement of proposed sites for allocation and that, given the requirement for 30ha employment land within the Borough, not all of these sites will be required for development in the period to 2026. However, we would also re-iterate the point that the employment targets should not be viewed as absolute maxima. Rather, if beneficial development is forthcoming which is supportive to the local economy, the Borough Council should seek to support this, including, if necessary, through the release of additional land for development. Careful monitoring of development levels would help to identify if such circumstances are emerging.

10.0 POLICY ASSESSMENT

Introduction

10.1 The recent changes to the Planning system as a result of the Planning and Compulsory Purchase Act and the subsequent introduction of Local Development Frameworks (LDFs) are an integral consideration for new employment policies. The purpose of this chapter is to review the existing Local Plan policies and to make recommendations on the changes that are necessary in the future to ensure that economic objectives can be achieved within the context of the revised development plan system. The analysis takes into account the findings of this study, discussions with Council officers and an understanding of the function of Core Strategy policies.

10.2 Recognising the need to address the policy issues that have, and continue to influence the local area within Cheltenham, this chapter addresses and makes recommendations on:

- the protection of existing employment areas;
- broad locations for new employment development;
- the appropriate treatment of windfall sites;
- the role of mixed-use developments; and
- the support of key economic sectors and SMEs.

10.3 The above issues will have implications for a number of different development plan documents. In this chapter we provide guidance on appropriate policies for inclusion within the Core Strategy. As independent consultants, these are our recommendations which may or may not be accepted by the Council. Until the LDF is adopted, the statutory development plan for the purpose of development control remains the Cheltenham Borough Local Plan Second Review: Adopted July 2006.

Guidance

10.4 In making recommendations for Cheltenham's employment policies, attention should be afforded to the relevant Core Strategy guidance, both in terms of national guidance[16] and good practice guidance[17]. *Planning Policy Statement 12* states that the Core Strategy is normally the first development plan document to be produced. It is a non-optional development plan document to which all other development plan documents must conform. National guidance requires that a Core Strategy should set out the key elements of the planning framework for the area. It should comprise a spatial vision and strategic objectives for the area; a spatial strategy; core policies; and a monitoring and implementation framework with clear objectives for achieving delivery. The document should contain clear and concise policies for delivering the strategy which are applicable to the whole of the authority's area or to specific locations within it. However, it should not identify individual sites, which should instead be addressed in the site specific Development Plan Documents or Area Action Plans.

Other Adopted Core Strategies

10.5 This chapter has also been informed by a review of policies contained within a number of recently adopted Core strategies for other local authorities[18]. Whilst the particular circumstances in each of these areas will vary and will not necessarily replicate those in Cheltenham, they do provide a good indication of the types of employment issues to be included within Core Strategies, having all been found to be sound by planning inspectors.

10.6 Whilst most of the Core Strategies reviewed contained a limited number of policies relating to employment land, they all set out the overall quantum of employment land required. Some also provided guidance on the strategic distribution in key locations or settlements within their area. In addition, several Core Strategies provided some guidance on the type of employment land that is likely to be required; for example, the Plymouth Core Strategy emphasised that that the new employment land will *"accommodate both traditional employment uses (B1, B2, B8), as well as other priority economic growth sectors"*.

10.7 In each of these cases we would anticipate that the policies would provide a strategic setting for the Core Strategy and then be augmented by a site specific context in

[16] PPS12: Local Development Frameworks.
[17] Planning Advisory Service *Core Strategy Guidance* and the Planning Officers Society *Policies for Spatial Plans: A guide to writing the policy content of Local Development Documents.*
[18] South Cambridgeshire District Council, Hambleton District Council and Plymouth City Council.

subsequent Development Plan Documents. This is the proper approach which should also be adopted by Cheltenham.

Summary

10.8 In accordance with national policy and guidance, the new employment policies for the Cheltenham Core Strategy should:

- Provide the central policies for delivering the spatial vision and objectives of the LPA;
- Set out the spatial objectives, stemming from the spatial vision for the plan period;
- Translate the spatial objectives into non-site specific policies, though strategic sites can be identified;
- Guide the broad pattern of development and constrain across the whole area;
- Reflect the RSS; and possibly,
- Contain generic non-site specific development control policies applicable to a range of different types of development.

Current Policy

10.9 The Cheltenham Local Plan Second Review was adopted in July 2006 but is presently subject to a legal challenge on the basis that the Council did not follow the recommendations of the Local Plan Inspector and did not allocate land solely for employment development, although six sites have been allocated for mixed-use development in Policy PR2. In the absence of any exclusive employment allocations, the Plan contains two policies relating to employment development – Policy EM 1: Employment Uses and Policy EM 2: Safeguarding of Employment Land. This section considers the purpose, scope and effectiveness of these policies and highlights those issues that would need to be addressed as part of the LDF process.

Policy EM 1: Employment Uses

10.10 Policy EM1 establishes the particular circumstances whereby the development or change of use of land for employment use will be permitted. The specific criteria that are listed includes where the proposal:

a) *Involves land already in employment use; or*

b) *Is on a land safeguarded for employment uses in this plan; or*

c) *Forms part of a mixed use development in accordance with policy CP6 (mixed use development); and*

d) *Accords with policies CP4 (safe and sustainable living), CP6 (mixed-use development), BE10 (residential character in conservation areas), and HS 7 (loss of residential accommodation)*

10.11 This policy seeks to contribute towards the achievement of Local Plan Objectives 19 to 'maintain and enhance the economic vitality of the Borough' and 20 to 'maintain economy diversity'. Excluding the allocations made for mixed-use, the lack of any exclusive employment allocations in Cheltenham means that the only land that is safeguarded for development (criterion b) is land that is already in employment use (as set out in criterion a). By implication, it follows that these two criteria relate to the same background position – i.e. a presumption in favour of employment development in existing employment locations. However, as Chapter 6 has shown, there is very limited scope for expansion in such areas. By implication it follows that the Local Plan therefore fails to provide for the necessary provision of additional employment land and facilities.

10.12 The only exception to this is that Policy EM1 also provides for the inclusion of employment uses within new mixed use proposals subject to the provisions of Policy CP6 which states that:

'Mixed use development will be permitted and may be required on suitable sites:

a) *where the uses are compatible with each other and adjoining land uses; and*

b) *for schemes attracting a significant number of trips, only in the Core Commercial Area; or*

c) *for other scheme, only in the Core Commercial Area, district or neighbourhood centres, or in locations which are highly* *accessible by a regular choice of means of transport, excluding the residential parts of the conservation areas.*

Where mixed uses are proposed on employment land proposals will be subject to Policy EM 2 (safeguarding of employment land)'

10.13 Whilst the provision of employment uses as part of mixed use locations can make an important contribution to the local economy, this policy may have resulted in permission being granted for mixed-use redevelopment proposals containing Class B1 uses at the expense of existing Class B2 and B8 premises. This would change the shape of the local economy to the detriment of the diversity and balance of employment uses, even if the same number of jobs were retained on site.

10.14 Mixed use development proposals are important and can deliver substantial local benefits. However, the inclusion of reference to mixed use schemes within Policy EM 1 fails to provide an adequate response to the need for clear guidance on the location and nature of mixed use schemes.

10.15 Greater clarity could be achieved through the inclusion of a separate policy relating to such proposals. This should provide guidance on the determination of mixed-use proposals that would result in the redevelopment of industrial land for a scheme to include office purposes (or vice versa) and would help to ensure that the proposals for mixed use development schemes do not have a detrimental impact upon the strength of any particular economic sector.

10.16 In the absence of any allocated sites, policy EM 1 fails to provide the basis for the development of new employment facilities that do not form part of a mixed use scheme on sites that are not currently in employment use. As such it fails to recognise or respond to the need to actively encourage employment land on other appropriate land. This is a particularly important shortcoming in the context of the significant level of employment land losses that have been experienced in Cheltenham over the period since 1991.

10.17 In short, the current policy position serves to constrain opportunities for sustainable economic growth within Cheltenham in line with market requirements. This has had a negative impact upon the economic position of the Borough as it has affected the scale of and rate at which new land has been able to come forward for employment development.

Policy EM 2: Safeguarding of Employment Land

10.18 Policy EM 2 provides a safeguard by which employment land and buildings might not be redeveloped for other purposes. It states that:

> *'A change of use of land and buildings in existing employment use, or if unoccupied to a use outside Use Classes B1, B2 or B8 inclusive will not be permitted, except where:*
>
> *a) buildings on the land were constructed and first occupied for residential use; or*
>
> *b) the retention of the site for employment purposes has been fully explored without success (note 1); or*
>
> *c) the proposed use is sui generis but exhibits characteristics of B1, B2 or B8 employment uses and which should appropriately be located on employment land (note 2); or*
>
> *d) development of the site for appropriate uses other than B1, B2 or B8 and criteria (c) will facilitate the relocation of an existing firm to a more suitable site within the Borough (note 3); or*
>
> *e) employment use creates unacceptable environmental or traffic problems which cannot be satisfactorily resolved'.*

10.19 This policy is rooted in an understanding of the importance of retaining existing employment land for its current purpose. As such it is based upon an appreciation of the level of losses that have occurred since 1991 and it is intended that it will contribute towards the maintenance of economic diversity (Objective 20) and to safeguard land and buildings in existing employment use, or if unoccupied, last in employment use (Objective 21).

10.20 Between 1991 and 2006, a total of 14.2ha employment land was lost at an average rate of 1.45ha per annum. There is no clear evidence to suggest that this rate of loss has fallen substantially since the adoption of the Local Plan and a total of 34 extant planning permissions remain which, if implemented, would result in the loss of a further 2.93ha employment land.

10.21 Not only has the scale of employment land losses been significant but it is evident that these have been particularly concentrated upon specific sectors. As demonstrated in Chapter 3, whilst office floorspace has increased since 2000, Cheltenham Borough has experienced a particular loss in industrial floorspace. It is forecast that the loss of factory floorspace will continue in the future. When set against the lack of any new employment floorspace, this trend could undermine the potential to maintain economic diversity within the Borough.

10.22 The criteria set out in Policy EM2 appropriately provide an element of flexibility to allow the release of employment land for other forms of development where this would be acceptable and desirable. However, the effectiveness of the policy has been shaped by the differing utility of these criteria.

10.23 Of particular concern is criterion (b) which seeks to ensure that the retention of the site for employment purposes has been fully explored but without success. The wording of this criterion and the accompanying note are insufficiently precise to ensure that the required level of clarity can be offered to developers and consistency of approach can be achieved by development control officers. For example, the policy does not detail the minimum period over which the retention of a site should be sought and does not specify the nature of the reasonable endeavours that would be expected in respect of marketing strategies.

10.24 Whilst it is important to ensure an element of flexibility to allow for the release of those sites that are not longer suited for employment purposes and upon which other uses would be more beneficial, this criterion has proven to be insufficiently robust to protect sites. It has been misinterpreted by some applicants and it has been difficult for the local planning authority to establish specific requirements in respect of the exploration of retention for business purposes. It has therefore failed to achieve its aims relating to the protection of the best employment land and economic diversity.

10.25 In summary, it is necessary for this important criterion to be clarified so as to establish the particular requirements and thereby to avoid the continued unacceptable loss of employment land.

10.26 Criterion (c) recognised that some sui generis uses exhibit characteristics of B-class uses and that they can therefore be appropriate within employment locations. This criterion provides an acceptable level of flexibility to support the development of other land uses which are commonly and appropriately located within employment estates.

10.27 Criteria (d) and (e) similarly provide a reasonable level of flexibility, recognising that the redevelopment of an employment site might result in the appropriate relocation of existing business premises or that it might help to overcome problems which might not otherwise be resolved. However, (d) might also open the prospect of increased losses of employment land should businesses wish to sell their land to a higher price use to facilitate a move to another employment site. Nonetheless, whilst criteria (d) and (e) are important matters and would facilitate the beneficial redevelopment of specific sites, it should be noted that they have not been commonly applied in Cheltenham. Rather, the majority of losses have been to retail and residential uses, thereby falling under criterion (b); there have also been a (smaller) number of losses to sui generis uses in accordance with criterion (c).

10.28 Policy EM2 also sets out the circumstances in which mixed-use development will be permitted on employment land.

> a) *'any loss of existing floorspace would be offset by a gain in the quality of provision through modernisation of the existing site. This should secure or create employment opportunities important to Cheltenham's local economy, and*
>
> b) *the loss of part of the site to other uses does not have a detrimental impact on the range of types and sizes of sites for business uses in the area nor the continuing operation of existing business sites; and*
>
> c) *the use is appropriate to the location and adds value to the local community and area'.*

10.29 These criteria are to be read in conjunction with criterion (c) of Policy EM1. As set out above, there is a concern that this policy would permit the proposals that would result in changes to the economic structure of the Borough. Clarity should therefore be provided as to the evidence that is to be sought in respect of the likely gain in the quality and provision of sites.

10.30 It is considered that these criteria could be more appropriately set out in a specific mixed use policy. This would ensure a greater level of clarity and would ensure a more consistent basis by which economic growth might be promoted.

Summary

10.31 The key failing of policy EM1 is that it is 'inward looking' in perspective and that it fails to respond to the local context of no employment land allocations and substantial recent land losses. It fails to provide a basis for new employment land to come forward and thereby fails to ensure that additional growth can be achieved in line with market requirements.

10.32 In addition, Policy EM2 has failed to safeguard adequately the Borough's employment land. Whilst it is important to provide an element of flexibility to ensure that land that is no longer able to meet economic needs can be released for other purposes, this should be set against a presumption in favour of the retention of employment land where appropriate. This policy has failed to provide a sufficiently robust basis for the determination of applications or the protection of employment land and the maintenance of economic diversity. Reference should be made within the policy to each of these considerations and, in particular the need for all reasonable endeavours to be made over a specified period of time (say, 12 months) to retain the site for employment use. This should therefore place the onus on the developer to demonstrate that the site should be released for other forms of development, albeit within the context of a flexible approach that allows for redevelopment and changes of use to land to meet current and emerging needs and economic and physical circumstances.

10.33 Of further note, the reference to mixed use developments is confusing and is insufficient to provide an appropriate basis for the encouragement or promotion of sustainable mixed use schemes that will maintain and enhance the strength of the local economy without adversely affecting its diversity or the continued operation of specific operations in individual locations.

10.34 In view of the current economic climate in Cheltenham and the observed vulnerability of Cheltenham's current policy context it will be important for these issues to be addressed in the emerging Local Development Framework, within the Core Strategy.

Suggested Policy Approach

Quantum of Employment Land

10.35 As set out in Chapter 8, there is a requirement for 30ha new employment land to be provided in Cheltenham over the period to 2026. In accordance with guidance, the Core Strategy should establish this requirement and indicate broad locations within which such development is to be focused. It should not, however, address detailed locational matters as specific employment sites and premises should be identified in the Area Action Plans.

10.36 The kinds of uses that should be encouraged are not only the traditional employment sectors (i.e. B1, B2 and B8), but also the key growth sectors. As outlined in Chapter 7, these include ICT, biotechnology, creative industries, financial services, environmental technology and small scale distribution and warehousing. Whilst many of these key growth sectors will fall into B1, B2 and B8 use classes, some of the activities involved may also include A1, A2, D1, D2 and sui generis uses.

10.37 A typical policy might be framed in the following way:

> *"The Council will provide for 30 hectares of employment land during the period 2006-2026. Traditional employment sectors (B1, B2 and B8) and other key growth sectors will be accommodated on a range of sites and premises identified in the Area Action Plans. Such development will, in particular, be located in:*
>
> *(i) The town centre as the core location for new office development;*
>
> *(ii) The proposed North West urban extension as a location for new employment development."*
>
> *And other appropriate sites identified in the Site Allocations Development Plan Document.*

Safeguarding of Employment Land

10.38 As has been established elsewhere in this report, the long-term economic viability of Cheltenham will depend not only upon the identification of sufficient land for employment needs, but also upon the protection of such land from loss to other forms of development. A key objective in the planning process is to ensure an adequate balance between different types of land uses and, to this end, it must also seek to ensure that pressure for one form of development does not result in an insidious loss of existing uses.

10.39 In order to protect the economic position of Cheltenham, it is recommended that the LDF should contain a policy setting out the importance of safeguarding the role and future expansion of existing employment facilities within the urban area. Proposals for the redevelopment of any employment site in Cheltenham (not just the 84 reviewed above) should necessitate evidence that all reasonable endeavors have been made to market the site for continued employment purposes but that these have been unsuccessful. This requirement should relate to the length of the marketing period and also to the approach that has been adopted, for example in terms of setting an adequate price for the premises and ensuring that no unreasonable restrictions are placed upon potential occupiers. Elsewhere[19], a minimum marketing period of one year has been found to be acceptable.

10.40 An appropriate policy might state:

> *"Development of existing or proposed employment land or buildings for non-employment uses will not be permitted unless:*

[19] North Wiltshire Local Plan – Inspectors Report, May 2006, Paragraph 10.27.

(i) the retention of the site for employment purposes has been considered and proven to be economically unviable. This will require the applicant to demonstrate that all reasonable endeavours have been made to market the site for employment purposes but without success. The site should be marketed for a reasonable period of time (usually one year, starting when the site first becomes freely available on the market), at market value and with no unreasonable restrictions on the nature of potential occupants;

(ii) the proposed use is sui generis, but exhibits characteristics of B1, B2 or B8 employment uses and would appropriately be located on employment land (note 1);

(iii) employment uses create unacceptable environmental or traffic impacts which cannot be overcome to the satisfaction of the Council.

Note 1: Sui generis uses may require an employment site location where they exhibit characteristics of B1, B2 or B8 uses, such as the production of materials or the storage of goods. Sui generis uses may include car sales, builders' yard, vehicle or tool hire business; this list is not exhaustive and other uses may be relevant."

Mixed-Use

10.41 In encouraging a more efficient use of land, Cheltenham Borough Council should support the delivery of land uses that will be most acceptable to the local context and will offer the greatest possible benefits to the local community. There may be circumstances where a mixed-use development proposal would be suitable for a particular employment site if the range of employment opportunities are enhanced, the vitality of the site is improved and its contribution to the local community is promoted. In such cases, the Council should be flexible in allowing the release of employment land.

10.42 However, the redevelopment of employment sites for mixed-use should only be permitted if the applicant can demonstrate that the economic diversity of the area will be maintained. Changes in the type of employment on a site (e.g. the loss of B2/B8 space to B1) may lead to changes in the profile of an area and its economy and must be fully justified by the applicant. Compliance with the policy relating to the safeguarding of employment land must also be ensured.

10.43 A typical policy might be worded thus:

"The redevelopment of employment sites for mixed use will be permitted where it can be demonstrated that the change in the amount or type of employment provision will not have a detrimental impact on the local economy. Proposed schemes will be required to:

(i) ensure the retention of a strong economic base in Cheltenham;

(ii) enhance the quality of the site;

(iii) contribute to the character of the area and strength of Cheltenham's economy;

(iv) conform to all other relevant policies throughout the LDF, including the Safeguarding of Employment Land."

Key Sectors and Small Businesses

10.44 As identified in Chapter 7, Cheltenham has a broad local economy and its diversity will continue to be a particular strength in the longer term. Whilst some sectors are less significant locally than regionally or nationally, others are more important. To meet the specific requirements of different sectors and different users, it will be important to provide a balanced portfolio of land and premises so that local needs can be met.

10.45 Particular growth sectors which have been identified in this study include ICT, biotechnology, creative industries, financial services, environmental technology and small scale distribution and warehousing. Not only does this suggest the need for continued development of the Borough's skill base, but also the provision of an adequate choice of well located, high quality employment space that will accommodate a range of office, R&D and light industrial operations.

10.46 At present, there are no business parks in Cheltenham and this has served to undermine the attractiveness of the area as a business location. Whilst the size and location requirements for the space will vary, it is evident that the development of a high quality, high specification, well-located business park would be important to the continued strength of Cheltenham's economy.

10.47 The provision of workspace that encourages the establishment and growth of microbusinesses and other SMEs will also be important to the local economy.

10.48 A typical policy might state:

"The Council will support the development of high quality employment space in the form of two business parks. Suitable locations for such schemes will be set out in the Specific Allocations Development Plan Document and Area Action Plans."

Windfall Sites

10.49 Over the course of the LDF period, it is likely that proposals will be made for development on sites that have not specifically been allocated for employment purposes. For example, a housing market crash or major employer looking for a very large site could result in the release of residential land for employment uses. Whilst the scale and impact of the proposals is likely to vary considerably, it will be important to ensure a transparent and effective mechanism to determine any such applications. Accordingly, the LDF should provide guidance on the criteria to be used in the assessment of any such development proposals.

10.50 Planning Policy Statement 12 states at Paragraph 2.28 that Local Development Frameworks should contain a limited suite of policies which set out the criteria against which planning applications for the development of land and buildings will be considered. The purpose of such policies is to ensure that development accords with the spatial vision and objectives set out in the Core Strategy. However, Paragraph 2.29 cautions local planning authorities against producing a compendium of use-related development control policies *"which can be repetitive and quickly become out-of-date".* Rather, it suggests that the focus should be on topic-related policies such as the promotion of residential amenity, protection of landscape and natural resources, nature conservation, accessibility and transport issues and the protection of viability and vitality.

10.51 On this basis, it would be neither necessary nor appropriate for the LDF to contain a specific policy dealing with business development on non-allocated land. However, Cheltenham Borough Council must ensure that the generic development control policies cover those issues that are relevant to the determination of business development proposals. Proposals for windfall development should be approved where the new development can be shown to have the capacity to make a positive contribution to the local economy and the potential to ensure a greater level of social equality within Cheltenham without adversely affecting the quality of the environment.

11.0 CONCLUSION

11.1 This study has been commissioned by Cheltenham Borough Council to inform its forthcoming LDF and the delivery of its economic development strategy. It is intended to assist the Council on its decisions relating to the retention of existing employment sites and the allocation of new land to ensure a balanced portfolio of employment sites. In particular, it reviews existing employment sites; considers key and emerging economic locations within the Borough; identifies sites for consideration within the LDF process as possible employment locations; and reviews existing Local Plan policies and makes recommendations on future LDF policies.

The Local Context

11.2 Cheltenham forms part of the important North East Triangle, an area of the South West region which encompasses the Bath-Bristol, Swindon-Cheltenham-Gloucester axes. This area has been recognised as a key 'powerhouse' of the South West economy and performs a primary role within the region. Despite being one of seven functional zones within the South West region, it accommodates 43% of the region's population but provides 48% of the region's jobs and generates 50% of its GVA.

11.3 Cheltenham benefits from a strong economy and is recognised as being a key commercial centre within the South West, the North East Triangle and within Gloucestershire. The local economy is supported by high levels of economic activity and above-average levels of income and qualifications. It has also enjoyed high and steadily increasing levels of employment and economic growth in recent years.

11.4 The employment structure of Cheltenham Borough is dominated by the distribution, hotels & restaurant and public administration sectors. Together, these account for 60% of employment in the Borough. However, in terms of GVA output, the finance & business sector is the most important. This sector has exhibited the counter trends of increasing GVA but declining employment levels, a trend that has similarly occurred in the manufacturing sector. In both cases, this trend demonstrates that GVA growth has not been due to an increasing number of businesses or employees but rather, due to efficiency and technological improvements.

11.5 Allied with high levels of economic growth has been a steady growth in business stock, as demonstrated by VAT data. However, a shortage of employment land has been recognised as a major weakness in Cheltenham and something that might serve to undermine the economic strength of the Borough in the longer term.

11.6 Whilst Cheltenham is relatively well supplied with office space in comparison with neighbouring local authority areas, it has a limited supply of factory and warehouse space and its overall supply of employment space is proportionally the lowest in Gloucestershire. This has been a relatively longstanding concern – the previous Local Plan Inspector accepted that the existing supply of employment land within the Borough offered a limited choice of location and quality of sites.

11.7 A key characteristic of the employment land provision in Cheltenham is that has fallen dramatically in recent years. Over the period from 1991 to 2007, 7.74ha employment land was developed but 22.33ha was lost to other uses. This equates to a net loss of 14.59ha employment land. This level of loss serves to increase the local perception that demand for commercial property is not being met and that the market is being restricted by a lack of employment land and premises. In many cases, those premises that do exist are not ideally suited to modern commercial purposes (for example, the attractive Regency style buildings within Cheltenham town centre are not able to easily accommodate ICT cabling or climate control systems and are similarly not geared towards the needs of modern, open plan working arrangements.)

11.8 An important weakness in Cheltenham is that it lacks any major business parks or enterprise parks. There is limited potential for the development of such facilities given that there are limited opportunities for brownfield redevelopment and similarly limited amounts of greenfield land outside of the AONB and greenbelt. There is a clear and recognised demand for modern, flexible, multipurpose units in good locations that can be adapted for occupation by all business sectors. This demand includes a requirement for incubator and start-up space to meet the needs of new companies. Whilst it is acknowledged that meeting these demands will be difficult, it is critical that sufficient provision is made to overcome the existing shortage of land and premises and to ensure that future needs can be made. In the context of changing economic and demographic circumstances – both in Cheltenham and elsewhere – the implications of a failure to made adequate land available for development will be the continued loss of investment potential and existing businesses to surrounding, competing locations.

11.9 Whilst the economic prognosis for Cheltenham is good, the continued shortage of land and buildings represents a particular threat which should be addressed as part of the LDF process. In addition, over the period to 2026, the population structure is expected to change substantially with a 34% increase in the number of people aged over 65; by 2026, 21% of the population will be aged over 65, compared to 20% aged under 19 and 58% of working age. This population structure will have significant implications for the planning of a wide range of functions – including economic development.

Existing Employment Locations

11.10 A total of 84 sites were assessed, totaling 174ha employment land. These relate to the most significant employment sites rather than to all sites. Although smaller sites were not included in our assessment, their role should not be underestimated as they cumulatively make an important contribution to the overall quantum of local employment land and to the local economy.

11.11 19 sites were found to be of very good quality and 42 were of good quality. These sites occupy a total of 150.5ha – 86% of the total area associated with the existing sites. By contrast, 18 sites were found to be of average quality (21.8ha) and only 5 of poor quality (1.7ha).

11.12 Very good and good sites are generally larger, have good strategic and local road access, fewer incompatible uses nearby, a prominent or otherwise attractive location and tend to have more modern premises and lower vacancy rates.

11.13 By contrast, the poorest sites tend to be smaller with older buildings in a poor condition, would be more distant from major trunk routes and/or with constrained local access and would tend to have a less attractive local environment. However, these were found to serve a local economic role and were considered to be generally fit for purpose. It was therefore concluded that, given the existing shortage of employment space within Cheltenham, these sites should not be released for other purposes.

Future Employment Requirements

11.14 The overriding aspiration at a local and regional level is to promote the local economy in order to ensure that it might be able to make a greater contribution towards the expanding national economy. The achievement of this aim will depend upon being able to identify and provide sufficient land for development and also upon the promotion and encouragement of existing key and likely emerging sectors. A number of key and potential growth sectors have been identified as having some potential in Cheltenham, including:

- Leisure and Tourism – Cheltenham benefits from its role as a high quality Regency Spa town and also as the basis of a number of cultural and sporting events (including the Cheltenham Festival programme). It is expected that this sector will expand substantially over the RSS period to 2026, albeit that this will not have any direct employment land implications.

- Advanced engineering – although this sector is expected to decline overall within Cheltenham and Gloucester (and within the South West as a whole), Cheltenham has a strong concentration in advanced engineering and future investment is expected to build upon existing skills and companies.

- ICT – the prospects for the ICT sector are strong throughout the North East Triangle, including Cheltenham. The town's profile in respect of the availability of skilled staff, opportunities for clustering, connections with the University and the quality of life each contribute towards its potential as a growth location for ICT activities.

- Creative Industries – building upon the existing media hub and the profile of Gloucestershire College, there is scope for further expansion in the creative sector which includes architecture, the media, arts and crafts and the performing arts.

- Financial Services – it is expected that this sector will experience a structural change with growth in professional services and insurance and a particular focus upon Head Office, rather than back office, functions.

- Environmental Technology – an increased level of awareness and concern of environmental issues has resulted in this becoming the fastest growing global industry after ICT. The Cheltenham Economic Development Strategy looks to green industries and technologies as a key local sector. It is expected that the growth will relate to consultancy firms and waste handing and management facilities.

- Biotechnology – there is good potential for further growth in biotechnology, both in the South West region and in Cheltenham which could develop this emerging sector through the provision of incubator and ‘move on’ space within an enterprise park environment.

- Distribution and Wholesale – whilst Cheltenham is not ideally suited to large scale logistics operations, it would be appropriate for the smaller scale facilities required by smaller scale distribution operations.

- Public Administration and Defence – Cheltenham has long been associated with GCHQ and is now recognised as a major centre of activity for UK national security operations. It was not, however, included in the Lyons review as a potential location for public sector relocation. This is a missed opportunity and SWRDA should seek to lobby for Cheltenham to be added as a suitable location for government services.

11.15 In order to meet the growth requirements of these key and emerging sectors, it will be necessary to make provision for additional employment land in Cheltenham. Following the failure of the adopted Local Plan to make any allocations for employment purposes, it is evident that new provision is vital if Cheltenham is to retain its economic role within Gloucestershire and the South West region.

11.16 Estimates of employment growth requirements were taken from the work undertaken by Cambridge Econometrics on behalf of the South West Regional Assembly in preparation for the Draft RSS. We drew upon the two scenarios (high growth and low growth) that were adopted by Cambridge Econometrics and translated the employment forecast figure for the Cheltenham Travel to Work Area to a figure for Cheltenham Borough specifically:

Figure 11.1: Employment Change in Cheltenham 2006-2026 (3.2% Scenario)

	No. jobs	
	2006-2016	2006-2026
Office (B1)	1,675	2,990
Manufacturing (B1c/B2)	-1,180	-2,655
Distribution (B8)	525	1,040
Total B Class Jobs	**1,020**	**1,375**
Other jobs	4,635	7,480
TOTAL JOBS	**5,655**	**8,855**

11.17 In translating these figures to a recommended employment land figure, we took into account the following considerations:

- The need for a safety margin to provide for an element of flexibility and choice in the market and to ensure that current pent-up demand caused by a shortage of available land does not have a longer term impact upon the economic health of the Borough.
- An appreciation that only a proportion of the total number of new jobs to be created will be in sectors that generate a specific employment land requirement.
- Variations in employment land requirements and plot ratios and densities between different sectors and locations.

11.18 The forecast figures were also set against other indicators including:

- Other forecasts undertaken for Cheltenham
- Past take-up rates (albeit that these have been artificially low in the past due to policy constraints)
- Levels of new business registrations
- Levels of inward investment

- Rental values

- Vacancy levels

11.19 Drawing upon these considerations, our analysis showed that the gross land requirement to 2026 is 30ha. This comprises in the order of 20ha B1 and 10ha B8 uses. It translates to an annual development rate of 1.5ha and has been accepted by local agents as being appropriate in Cheltenham. It was suggested that a failure to make provision for this level of growth would result in a failure to adequately address existing shortages, to the overall and long term detriment of the local area.

11.20 In the context of past trends, the future employment land requirement is substantial – 1.5ha per annum compared to a past completion rate of 0.48ha per annum and a net annual completion rate of -0.91ha (i.e. a loss of 0.91ha per annum). The delivery of this required level of growth will not be easy. Cheltenham suffers from a number of structural constraints to future growth including a constrained urban area which in many areas runs up to the Borough boundary, a substantial AONB area to the east of the Borough (accounting for 22% of the Borough) and a large greenbelt (accounting to 17% of the Borough). It is probable that much of the additional employment land will need to be located within the greenbelt. Whilst this will involve complex decisions – which will necessitate additional research that goes beyond the scope of this study – it is of the utmost importance to ensure that an appropriate level of employment land is made available to meet emerging needs.

11.21 Cheltenham has suffered from the non-allocation of employment land in the adopted Local Plan. Some businesses have relocated away from the Borough whilst others have decided not to invest in the area. In addition, some existing companies have failed to realise their expansion aspirations. Whilst the local economy remains strong, it could have been stronger if adequate provision had been made for employment growth at an earlier stage. Cheltenham's role as the main commercial centre in Gloucestershire is now under threat from an increasingly strong Gloucester and its relative position might further deteriorate in the future if the opportunity to make adequate provision for employment land is not realised at this stage.

11.22 Our analysis has considered potential growth locations within Cheltenham. These preliminary recommendations will be subject to further work relating to a range of issues (e.g. traffic, landscape, ecology, housing etc) that will need to be undertaken as part of the LDF process.

11.23 We have recommended that the following sites should be considered for further employment development:

Figure 11.2: Potential Economic Development Locations

Location	Area (ha)	Type of development	Comment
Town Centre		Office	Growth opportunities were identified in the Cheltenham Retail and Leisure Study: Winchcombe Street/Albion Street; North Place/Portland Street; and Royal Well. Recommended for release in first LDF period
Leckhampton	5	Office / Light Industrial	Recommended for release in first LDF period
Grovefield Way	5.1	Office	Recommended for release in first LDF period Planning permission recently granted at appeal for this business park scheme although this is now subject to a legal challenge by CBC
Fiddler's Green	8	Industrial	Recommended for release in second LDF period
West Kingsditch	9.75	Industrial	Recommended for release in first LDF period
North West Urban Extension	10	Mixed (Office/Industrial)	Recommended for release in second LDF period
TOTAL	**37.85**		

11.24 Although not all of these sites will be specifically required, we believe that all have the capacity to accommodate employment development (subject to further investigations) and that they are likely to be attractive to the market. In addition, we recognise that the size of Cheltenham Borough means that some sites are relatively close to one another and that their concurrent development or release into the market may not be in the best interests of the local economy. We therefore recommend that careful consideration should be given to phasing options.

11.25 We have identified sites that have the capacity of meeting the employment land requirements to 2026. It is not expected that the emerging LDF would cover this lengthy period but rather that these sites would be released over two LDF periods. Given the existing shortage of employment land, the allocations should be frontloaded with regards to the emerging LDF. On this basis and subject to more detailed investigations, 19.85ha should be considered for allocation during the first LDF period with 18ha being subsequently considered.

11.26 This is a substantial amount of land and will be important in supporting B Class employment jobs and in enhancing the overall strength and quality of the local economy. However, whilst the provision of employment land is of undoubted importance to the local economy, this should also be set against a clear understanding of the number of jobs that are likely to be generated in non-B class sectors.

11.27 As set out above, in the order of 80% of the anticipated net increase in employment levels between 2006 and 2026 is expected to come forward in non-B class sectors. Although a specific consideration of these sectors falls beyond the scope of this report, this does emphasise the critical importance for Cheltenham Borough Council of strongly supporting job creation in all sectors and not only in traditional (B Class) employment sectors. This approach is now supported in the emerging Regional Spatial Strategy for the South West which includes a jobs-based strategy, i.e. setting out the number of jobs that are required within specific areas rather than simply defining the amount of employment land that should be allocated.

11.28 In seeking to enhance the strength of the local economy in Cheltenham, the Borough Council should recognise the economic and employment potential of all sectors and should promote job growth in all areas, and not just those that fall within the traditional B Class sectors.

11.29 In delivering the required quantum of employment land – particularly in the case of the North West urban expansion, Cheltenham Borough should seek to adopt a collaborative approach and engage with neighboring authorities, particularly Tewkesbury. This will be important in highlighting a clear recognition of the extent to which Cheltenham’s influence extends beyond the Borough boundaries and will also be significant in promoting a more robust basis for ensuring economic growth within the Travel to Work Area, in accordance with the requirements of the emerging Regional Spatial Strategy.

Policy Assessment

11.30 The two employment policies contained within the adopted Local Plan tend to be overly inward looking and have failed to provide an adequate basis for employment land to come forward and have also failed to provide the required flexibility to protect existing employment sites but to allow their release where they are no longer able to meet economic needs.

11.31 In view of the current employment context in Cheltenham and the observed vulnerability of its policy context, it is recommended that the LDF should take into account the following key policy issues:

- Quantum of employment land to be made available
- Consideration of mixed use proposals
- Promotion of key sectors and mixed businesses
- Assessment of windfall sites for development

11.32 In addition to establishing and implementing the policies, careful consideration should also be given to the need to monitor employment land changes against these policies.

11.33 In addition to the existing monitoring of planning permissions by location, use class, area (site area and floorspace area) and status (completed, under construction, not started), consideration should be given to monitoring the following additional indicators related to changes in employment land:

- overall changes in the stock of employment space;
- number of years supply of remaining employment land;
- levels of commercial property vacancy / availability;
- amounts of employment land by type with extant permissions;
- numbers of planning permissions approved / refused that involve B class uses;

- changes in jobs in different employment sectors;

11.34 To achieve a more consistent approach to monitoring of the employment development across the Cheltenham TTWA, the Borough Council, the County Council and neighbouring local planning authorities could seek to agree an approach that assembled appropriate data to monitor change in that area.

11.35 This monitoring information should be set out in an annual monitoring report and consideration might also be given to holding an annual forum of employment land stakeholders to understand qualitative factors affecting employment land and to exchange views on property market conditions and issues.