

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

APPENDIX A: Cheltenham Economic Assessment

For Cheltenham Borough Council

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1. INTRODUCTION AND SUMMARY

INTRODUCTION

AN ASSESSMENT OF THE ECONOMIC PERFORMANCE AND CHARACTERISTICS OF CHELTENHAM

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

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

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

INTRODUCING CHELTENHAM

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

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

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

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

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

SUMMARY: ECONOMIC PERFORMANCE AND OUTLOOK

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

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

ECONOMIC PERFORMANCE

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

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

JOB GROWTH

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

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

PRODUCTIVITY

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

KEY FACTS: ECONOMIC PERFORMANCE AND OUTLOOK

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

SUMMARY: INDUSTRY TRENDS

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

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

PUBLIC ADMINISTRATION, EDUCATION & HEALTH

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

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

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

BUSINESS SERVICES

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

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

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

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

RETAIL

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

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

INFORMATION AND COMMUNICATION

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

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

PRODUCTION

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

KEY FACTS: INDUSTRY TRENDS

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

SUMMARY: ENTERPRISE AND INNOVATION

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

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

ENTERPRISES AND ENTREPRENEURSHIP

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

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

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

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

FOREIGN OWNERSHIP OF BUSINESSES

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

KEY FACTS: BUSINESS AND INNOVATION

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

INNOVATION

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

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

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

SUMMARY: PEOPLE

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

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

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

COMMUTING

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

HEADLINE LABOUR MARKET TRENDS

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

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

POPULATION

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

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

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

BENEFITS CLAIMANTS

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

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

QUALIFICATIONS

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

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

OCCUPATIONS

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

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

KEY FACTS: PEOPLE

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

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

EARNINGS

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

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

SUMMARY: PLACE

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

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

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

HOUSING MARKET

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

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

HOUSING STOCK

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

HOUSING TYPE, SIZE AND TENURE

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

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

HOUSEHOLD PROJECTIONS

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

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

TRAVEL TO WORK

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

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

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

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

KEY FACTS: PLACE

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

2. ECONOMIC PERFORMANCE AND OUTLOOK

ECONOMIC GROWTH

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

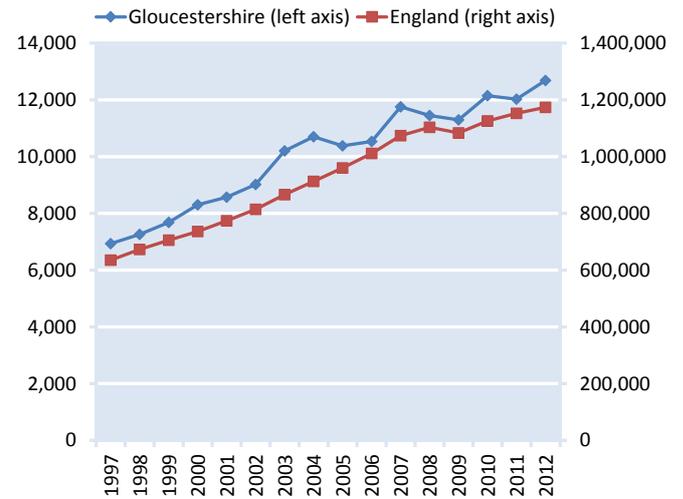
Economic growth in Gloucestershire has been slightly slower-than-average over the past 15 years. As detailed in **Figure 2.1**, between 1997 and 2012, Gloucestershire's GVA (economic output) grew by 82.9 per cent (a nominal growth figure that does not take into account inflation) to £12.7 billion – slightly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

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

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

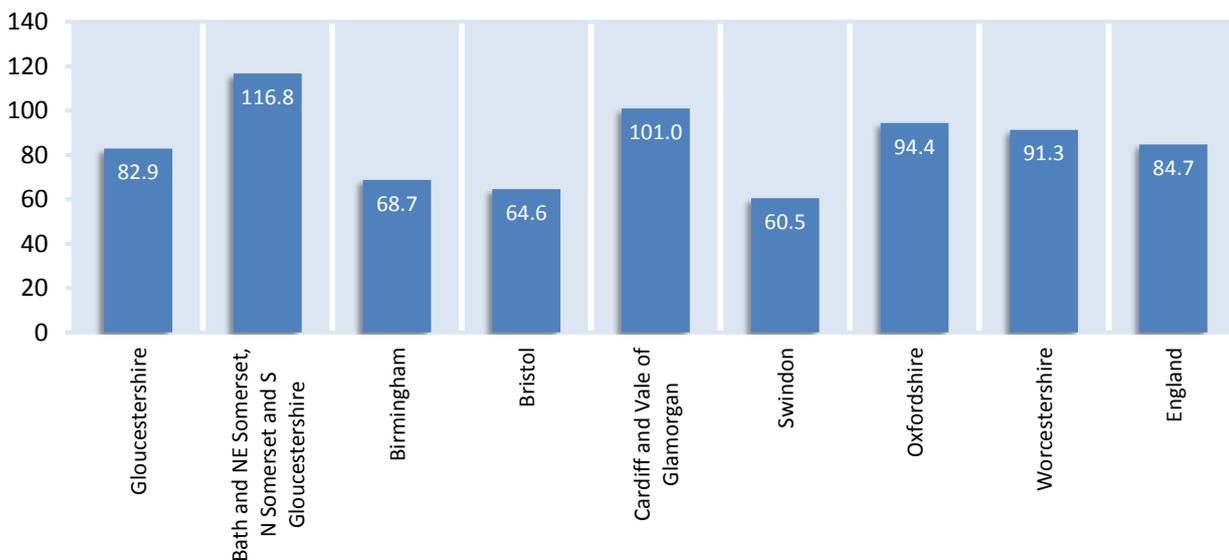
Between 1997 and 2004, Gloucestershire's economy grew by 54.2 per cent, far exceeding national average growth (43.7 per cent). This is reflected in **Figure 2.2** which details the value of total economic output since 1997. From 2004, growth in Gloucestershire, at 18.6 per cent between 2004 and 2012,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

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



Source: Office for National Statistics.

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



Source: Office for National Statistics.

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

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

FIGURE 2.3: CHANGE IN GVA BETWEEN 2007 AND 2009

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

Source: Office for National Statistics.

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

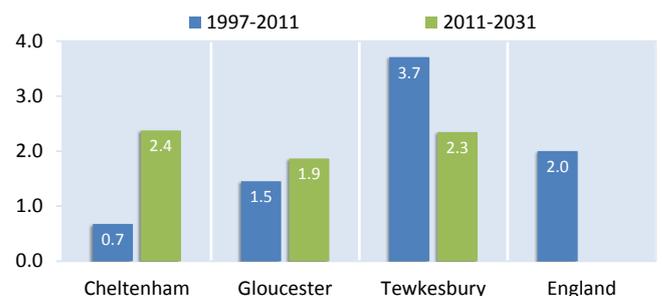
It is estimated that Cheltenham’s economy generated between £2.4 billion and £2.7 billion in economic output in 2011. Forecasters predict that this could grow to between £3.5 billion to £4.8 billion by 2031. This compares to forecast growth to between £3.8 and £4.5 billion for Gloucester and £2.6 to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

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

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

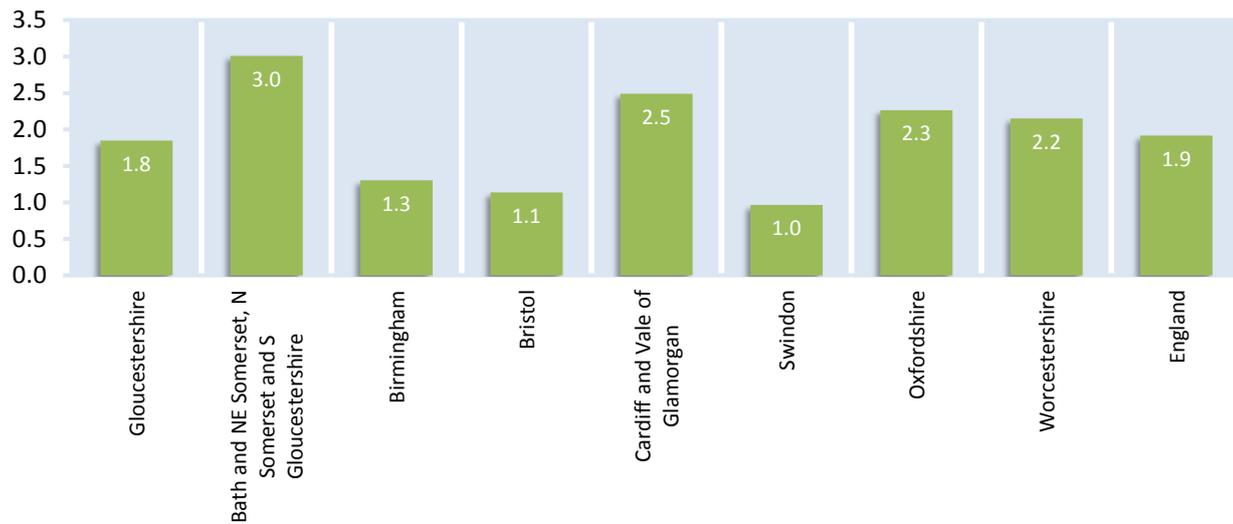
High rates of future economic growth are forecast. As depicted in **Figure 2.4**, between 2011 and 2031, an average of the three forecasts suggests that GVA in Cheltenham is expected to grow by an average of 2.4 per cent per annum (constant prices). This is much higher than growth over the past 14 years,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

FIGURE 2.4: ESTIMATED AND FORECAST ANNUAL RATES OF ECONOMIC GROWTH



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

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



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

JOBS GROWTH

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

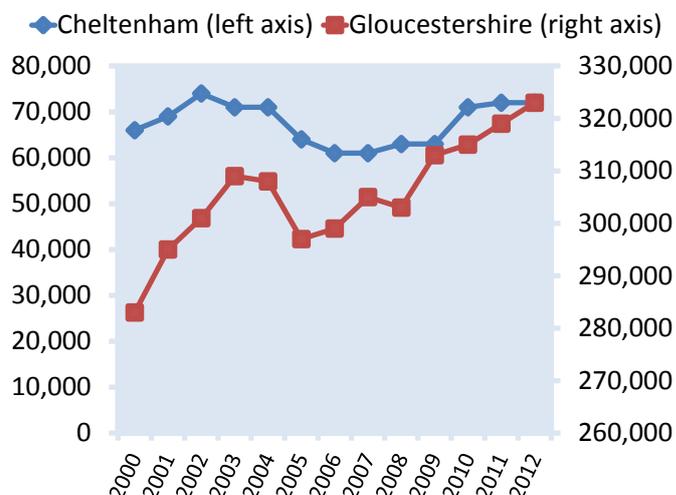
Jobs have grown strongly across Gloucestershire County over the past 12 years. Since 2000, 40,000 net new jobs have been created in the county, equivalent to growth of 14.1 per cent. This is much higher than growth across England (7.6 per cent). Districts contributing the largest numbers of additional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

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

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

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

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



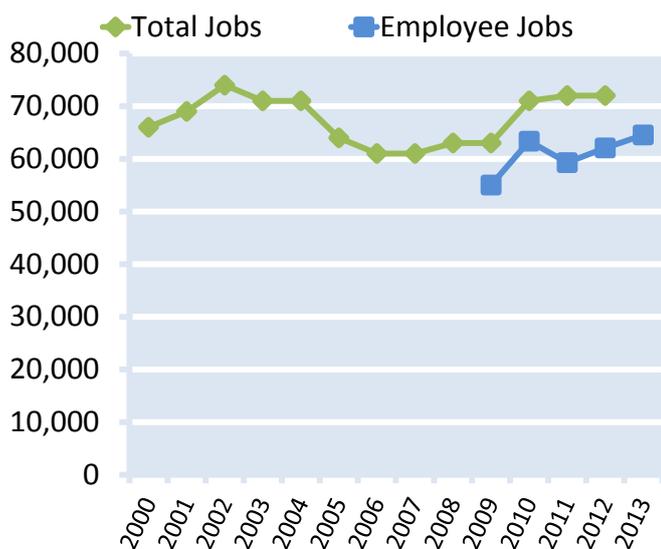
Source: Jobs Density, Office for National Statistics.

FIGURE 2.7: GROWTH IN JOBS BETWEEN 2000 AND 2012

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

Source: Jobs Density, Office for National Statistics.

FIGURE 2.8: TOTAL JOBS AND EMPLOYEE JOBS IN CHELTENHAM



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

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

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

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

FIGURE 2.9: ACTUAL AND FORECAST JOBS GROWTH

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

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

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

The forecast picture is mixed for Gloucester, with one forecaster predicting a continuation of trend growth and the remaining two forecasting an acceleration of growth. As above, Oxford Economics is the most pessimistic, predicting 5.0 per cent growth in jobs between 2011 and 2031 – or 169 net additional jobs per year, compared to 167 between 2000 and 2012. Experian is the most optimistic, forecasting 13.9 per cent growth in jobs, or 501 net additional jobs per year.

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

ECONOMIC FORECASTS ARE POLICY NEUTRAL – THEY DO NOT TAKE INTO ACCOUNT ANY PLANS OR FUTURE PUBLIC INVESTMENTS

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

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

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

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

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

PRODUCTIVITY

GLOUCESTERSHIRE'S PRODUCTIVITY CHALLENGE

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

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

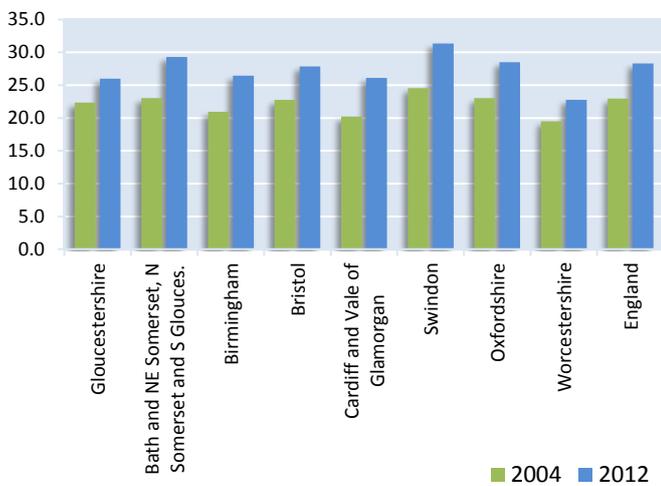
Gloucestershire's rate of productivity growth has not kept pace with national rates, resulting in continued relative decline. While productivity has grown in Gloucestershire, it has grown much more slowly than average, meaning that productivity rates have declined relative to England and all comparator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

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

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

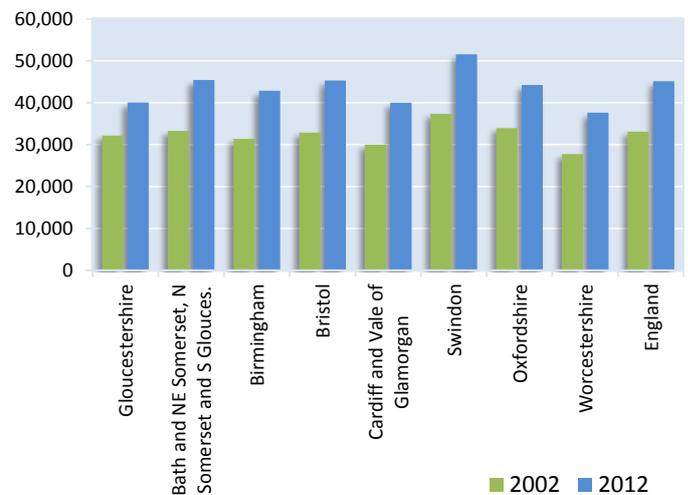
Of all comparator areas, Swindon had the highest levels of productivity in 2012 and the highest rates of productivity growth. Productivity was lowest in Worcestershire but, as above, growth rates have been higher than in Gloucestershire.

FIGURE 2.10: GVA PER HOUR WORKED IN 2004 AND 2012



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

FIGURE 2.11: GVA PER FILLED JOB IN 2004 AND 2012



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

3. INDUSTRY TRENDS

ECONOMIC OUTPUT BY INDUSTRY IN GLOUCESTERSHIRE (OFFICIAL ESTIMATES)

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

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

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

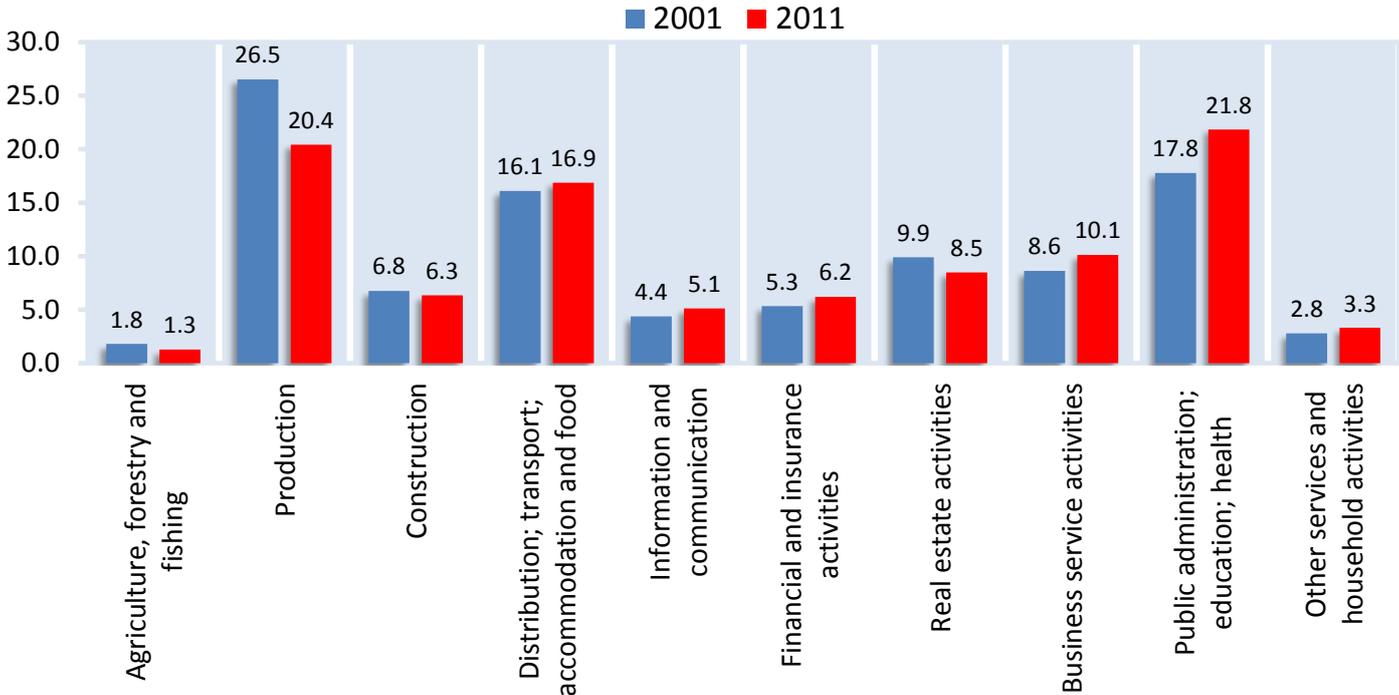
In 2011, Public Administration, Education & Health produced 21.8 per cent of Gloucestershire’s total GVA, compared to 18.5 per cent of England’s total GVA, while Production produced 20.4 per cent of Gloucestershire’s GVA, compared to just 12.7 per cent nationally. In contrast, all private sector services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

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

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

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

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



Source: Office for National Statistics.

PUBLIC SECTOR OUTPUT HAS GROWN RAPIDLY OVER THE PAST FEW YEARS

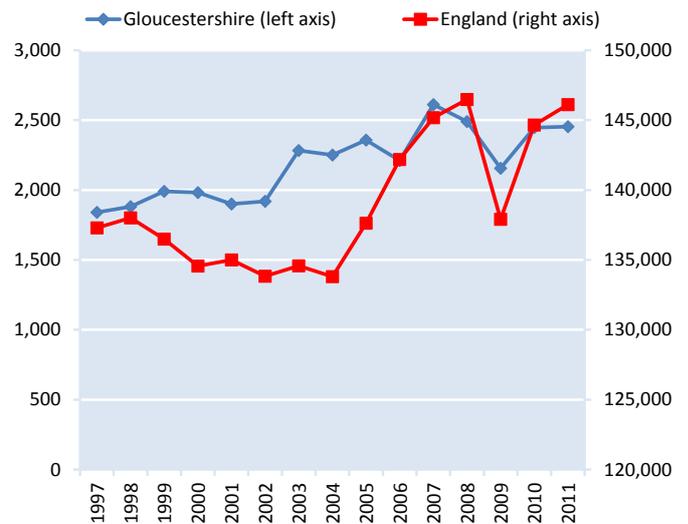
Public Administration/Education/Health is by far the fastest growing sector in Gloucestershire. Between 1997 and 2011, GVA produced by the Public Administration/Education/Health sector grew by £1.3 billion, or 113.0 per cent (109.0 per cent across England). In this period, GVA produced by this sector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

THE CONTRIBUTION FROM THE PRODUCTION SECTOR HAS DECLINED

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

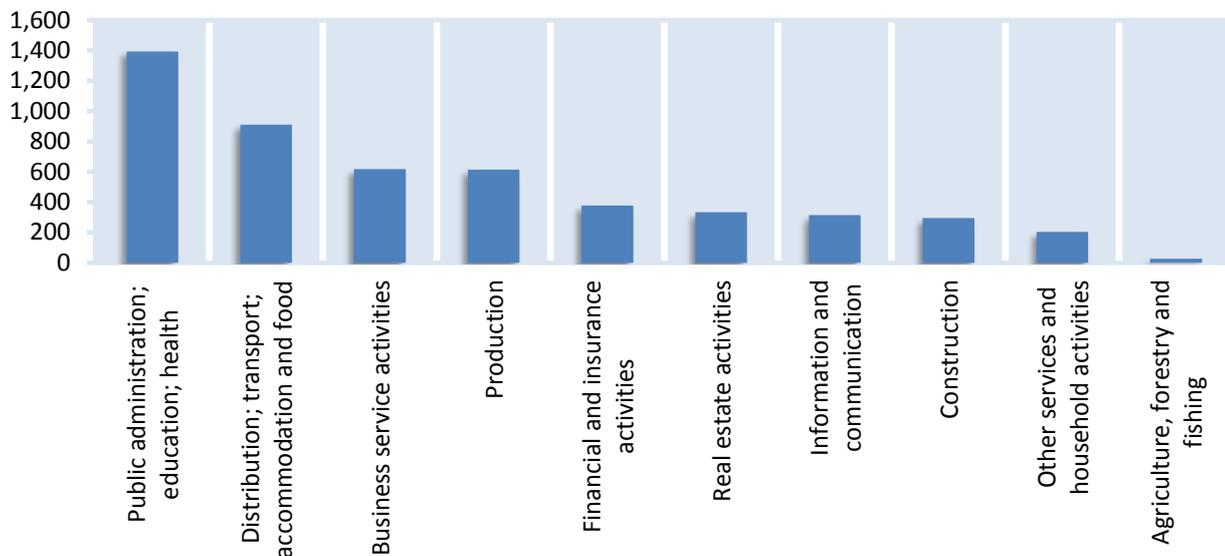
between 2007 and 2009. Growth has since picked up but GVA remains below pre-recession levels.

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



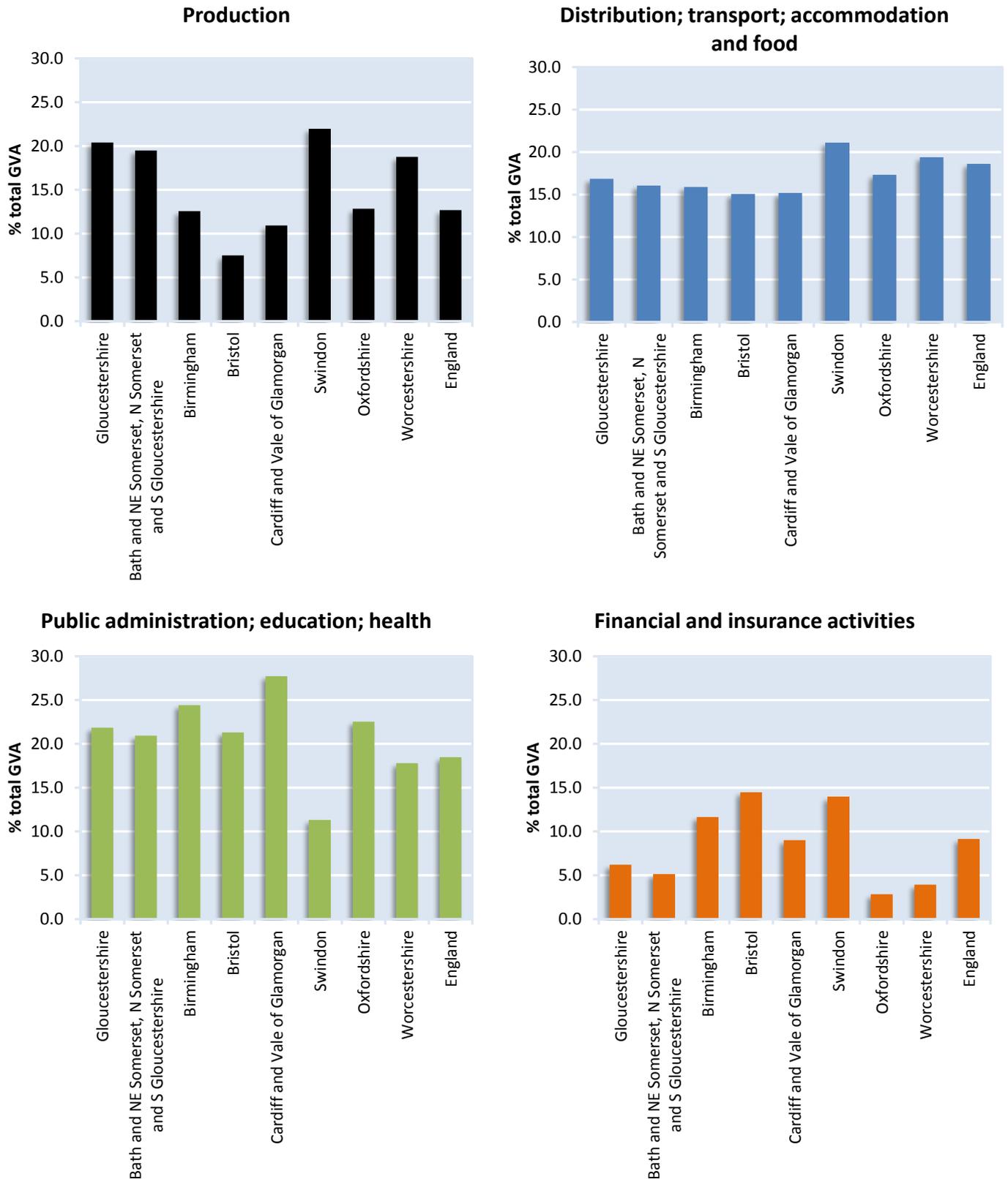
Source: Office for National Statistics.

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



Source: Office for National Statistics

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



Source: Office for National Statistics.

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

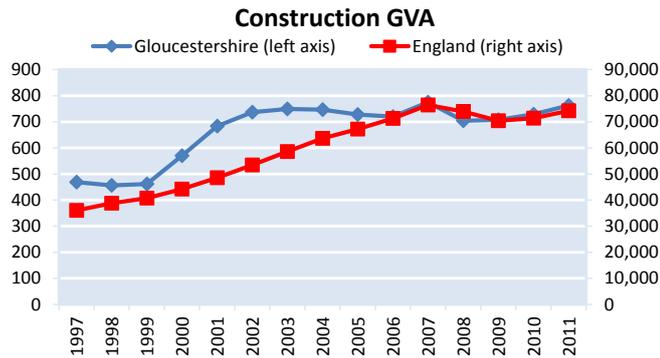
Between 1997 and 2011, growth in property-related sectors – Construction and Real Estate Activities – was much lower than the national average: GVA in Gloucestershire’s construction sector grew by 62.7 per cent compared to England average growth of 105.9 per cent, while growth in the real estate sector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

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

REAL ESTATE GVA WAS VERY BADLY AFFECTED BY THE RECESSION

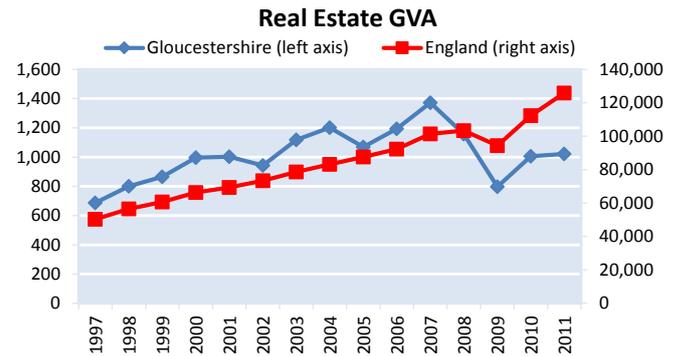
Real estate GVA was very badly affected by the recession, with output dropping by a third in just two years. In 2011, real estate GVA remained below pre-recession levels (Figure 3.6). Before the recession, growth in the sector had been similar to average. Construction sector GVA began to slow much earlier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

FIGURE 3.5: CONSTRUCTION INDUSTRY GVA 1997 TO 2011



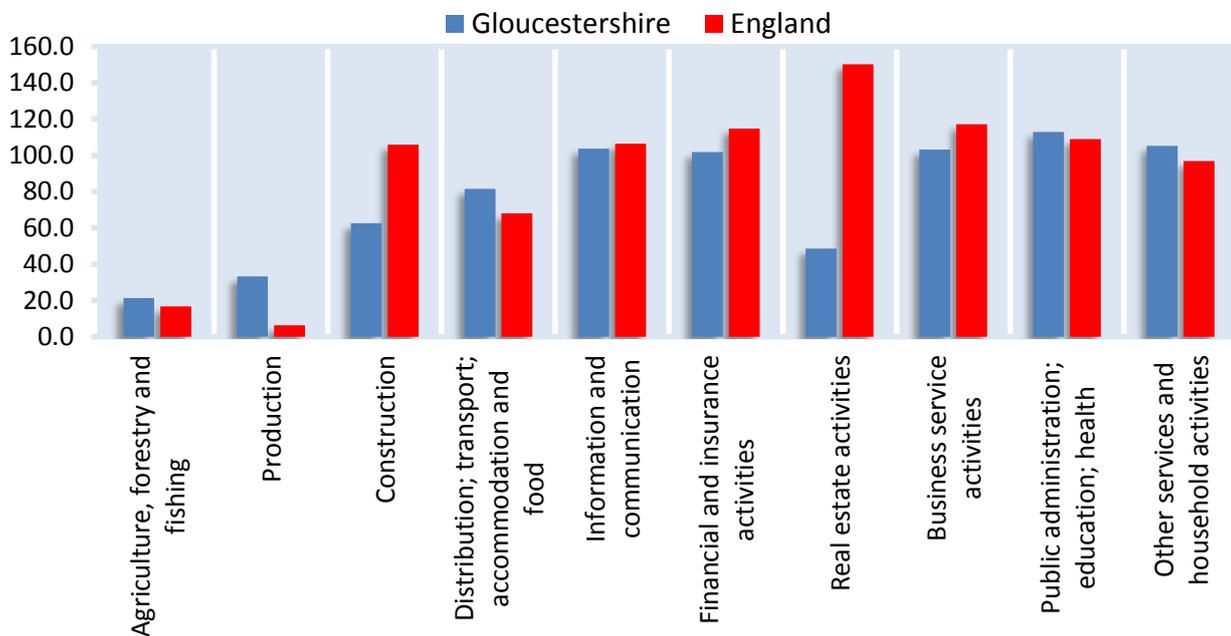
Source: Office for National Statistics

FIGURE 3.6: REAL ESTATE INDUSTRY GVA 1997 TO 2011



Source: Office for National Statistics.

FIGURE 3.7: TOTAL GVA GROWTH BY SECTOR 1997 TO 2011



Source: Office for National Statistics.

ECONOMIC OUTPUT BY INDUSTRY IN CHELTENHAM

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

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

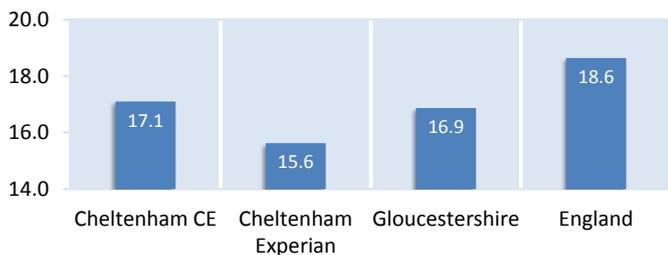
FIGURE 3.8: SHARE OF ECONOMIC OUTPUT GENERATED BY PUBLIC ADMINISTRATION, EDUCATION AND HEALTH IN 2011



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

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

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



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

BUSINESS SERVICES HAS BEEN THE FASTEST GROWING SECTOR IN CHELTENHAM

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

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

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

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

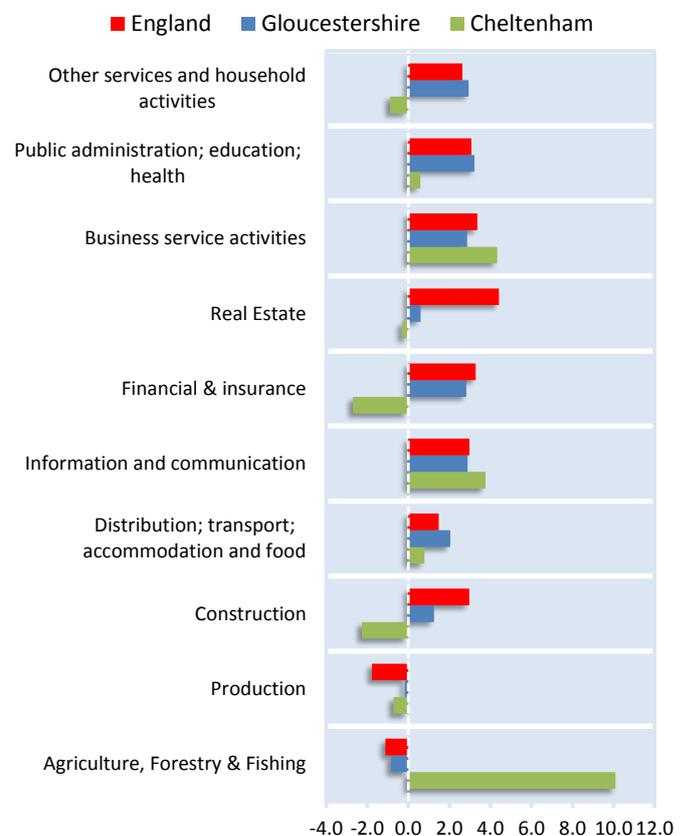


Source: Cambridge Econometrics, Experian, Office for National Statistics.

FIVE SECTORS HAVE DECLINED IN CHELTENHAM

In this period, **five sectors declined in Cheltenham**: Production, Construction, Finance & Insurance, Real Estate, and Other Services. Apart from the Production Sector, these falls in GVA were not mirrored county- or nation-wide (**Figure 3.11**).

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



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

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

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

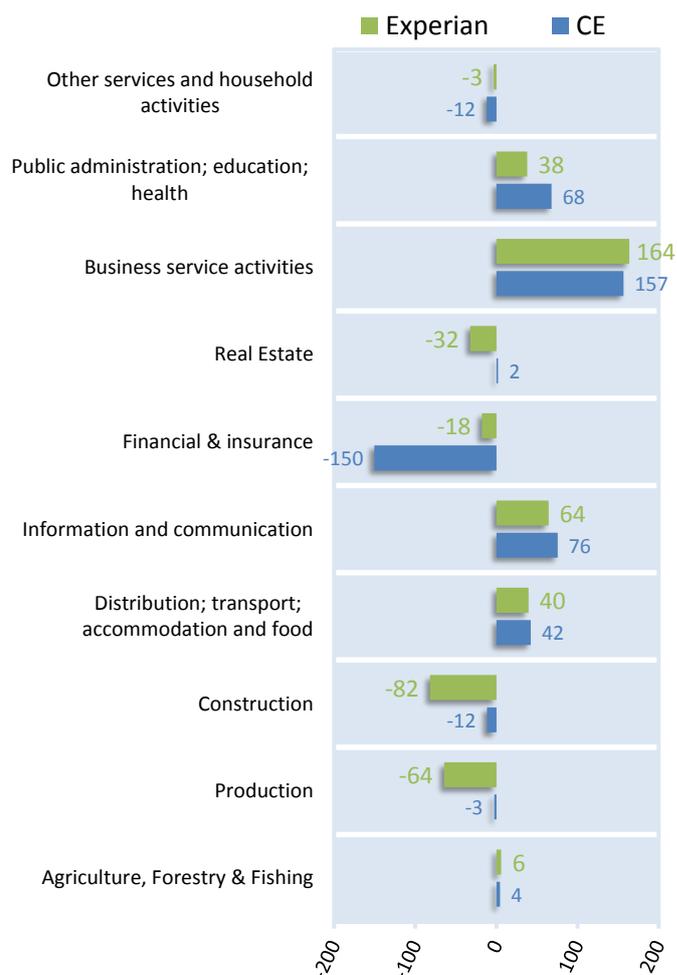
In terms of growth rates, Cambridge Econometrics predicts that the Real Estate sector will be the fastest growing sector in Cheltenham between 2011 and 2031 (7.5 per cent growth in GVA per annum). Experian predicts that Information and Communication, Business Services and Real Estate will be the fastest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

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

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

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

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



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

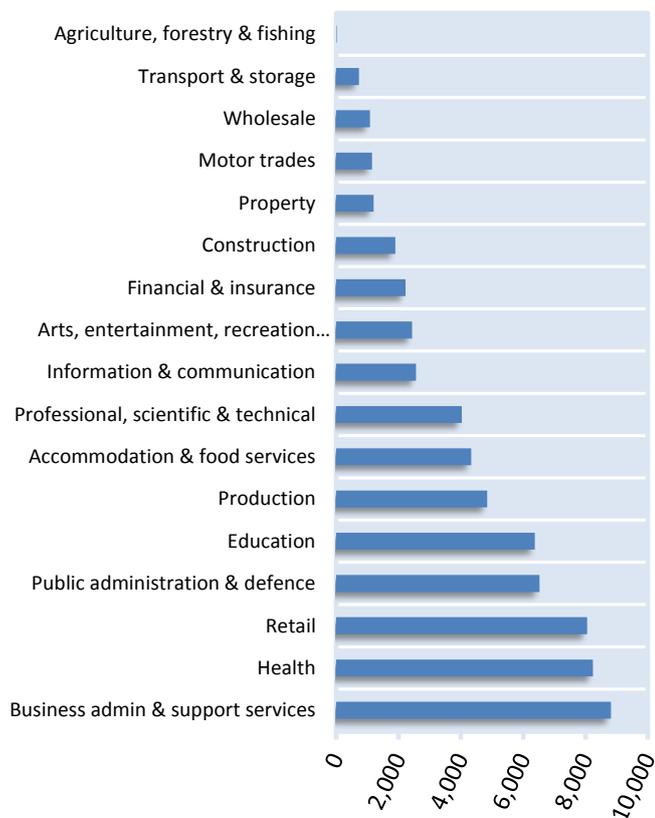
JOBS AND EMPLOYMENT BY INDUSTRY

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

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

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

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



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

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

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

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

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

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

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

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

- Production in Stroud (27.0 per cent), Tewkesbury (25.8 per cent), Forest of Dean (19.5 per cent) and Gloucester (11.2 per cent)
- Retail in Cheltenham (12.5 per cent), Gloucester (11.3 per cent) and Cotswold (11.0 per cent)
- Accommodation & Food Services in Cotswold (11.8 per cent)
- Business Administration & Support Services in Cheltenham (13.7 per cent)
- Public Administration & Defence in Cheltenham (10.1 per cent)
- Education in Forest of Dean (14.7 per cent) and Cotswold (11.3 per cent)
- Health in Gloucester (22.6 per cent), Forest of Dean (14.2 per cent), Cheltenham (12.8 per cent) and Stroud (11.4 per cent).

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

- Cheltenham: Defence Activities (8.7 per cent) and Hospital Activities (6.6 per cent)
- Forest of Dean: Primary Education (5.8 per cent)
- Gloucester: Hospital Activities (10.7 per cent)
- Stroud: Manufacture of Instruments and Appliances for Measuring, Testing and Navigation (6.0 per cent) and Primary Education (5.2 per cent)
- Tewkesbury: Manufacture of Instruments and Appliances for Measuring, Testing and Navigation (5.8 per cent)

INDUSTRIAL SPECIALISMS

CHELTENHAM HAS A VERY HIGH CONCENTRATION OF EMPLOYMENT IN DEFENCE

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

LQs show that Public Administration and Business Administration & Support Services are important sectors for the Cheltenham economy. Employment in Public Administration & Defence is more than twice as concentrated in Cheltenham as the national average, with an LQ of 2.2. Employment in Business Administration & Support Services is also almost twice as concentrated in Cheltenham, with an LQ of 1.6 (**Figure 3.14**). Much lower concentrations of employment, compared to the England average, are found in the primary industries (Agriculture, and Mining, Quarrying & Utilities), Transport & Storage, and Wholesale.

A more detailed look at industry LQs and employment totals shows that, **within Public Administration & Defence, Cheltenham has an extremely high concentration of employment in the defence industry** (employing 5,600 with 41.9 times the share of employment than the England average), as detailed in **Figure 3.15**.

Within the Business Administration & Support Services sector, the highest LQs are found in 'Other Business Support Activities' (employing 2,600 with 5.4 times the share of employment compared to the England average), and Tour Operator Activities (400; 5.0).

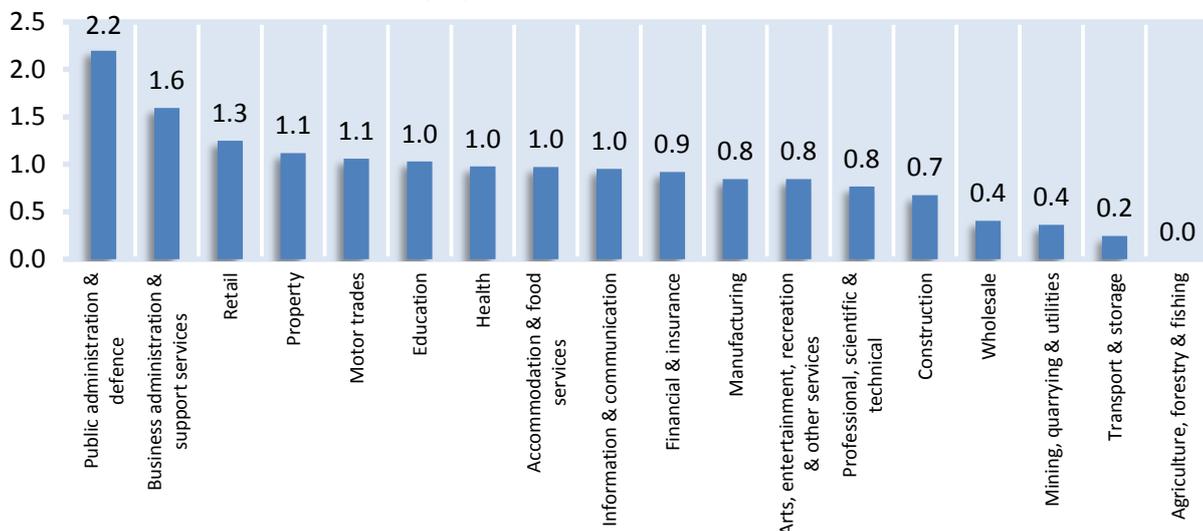
GLOUCESTERSHIRE HAS A HIGH CONCENTRATION OF EMPLOYMENT IN MANUFACTURING

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

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

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

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



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

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

Industry (4-digit standard industrial classification)	Location Quotient (compared to England)	employees
2891 : Manufacture of machinery for metallurgy	71.90	100
2814 : Manufacture of other taps and valves	44.80	1,000
8422 : Defence activities	41.94	5,600
2751 : Manufacture of electric domestic appliances	31.97	700
2572 : Manufacture of locks and hinges	14.45	300
9004 : Operation of arts facilities	6.91	200
8299 : Other business support service activities n.e.c.	5.37	2,600
7912 : Tour operator activities	4.98	400
6511 : Life insurance	3.72	200
5811 : Book publishing	3.69	200
8129 : Other cleaning activities	3.54	300
4729 : Other retail sale of food in specialised stores	3.30	200
9601 : Washing and (dry-)cleaning of textile and fur products	2.57	200
7711 : Renting and leasing of cars and light motor vehicles	2.39	300
8121 : General cleaning of buildings	2.32	2,100
6629 : Other activities auxiliary to insurance and pension funding	2.25	500
6832 : Management of real estate on a fee or contract basis	2.02	400
4642 : Wholesale of clothing and footwear	1.92	200
4771 : Retail sale of clothing in specialised stores	1.90	1,600
4322 : Plumbing, heat and air-conditioning installation	1.87	500
3030 : Manufacture of air and spacecraft and related machinery	1.72	300
4110 : Development of building projects	1.66	200
4772 : Retail sale of footwear and leather goods in specialised stores	1.64	200
8542 : Tertiary education	1.63	1,500
8730 : Residential care activities for the elderly and disabled	1.63	900
6622 : Activities of insurance agents and brokers	1.58	400
4511 : Sale of cars and light motor vehicles	1.58	600
4759 : Retail sale of furniture, lighting equipment and other household articles in specialised stores	1.50	300
4791 : Retail sale via mail order houses or via Internet	1.49	300
8623 : Dental practice activities	1.42	300
4939 : Other passenger land transport n.e.c.	1.41	200
8610 : Hospital activities	1.35	4,300
7311 : Advertising agencies	1.34	400
6202 : Computer consultancy activities	1.34	1,000
9602 : Hairdressing and other beauty treatment	1.33	400
8531 : General secondary education	1.32	2,000
6831 : Real estate agencies	1.32	500
9311 : Operation of sports facilities	1.25	400

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

EMPLOYMENT TRENDS BY INDUSTRY IN CHELTENHAM

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

Between 2009 and 2013, employment in Cheltenham grew strongly in Public Administration & Defence (+5,200 employees), Office Administrative, Office Support & Other Business Support Activities (+2,100 employees) and Services to Buildings and Landscape Activities (+1,800). These are all sectors with specific specialisms in Cheltenham (i.e. high location quotients).

As illustrated in **Figure 3.16**, within the Public Administration & Defence sector, the increase in employment was almost entirely driven by an increase in Defence employment (+5,600). This trend was linked to Cheltenham's sector specialism, with a fall in Defence employment nationally. However, some of these growth assumptions may be inaccurate and due to the inadequacies of the dataset (Business Register and Employment Survey) which estimate that there were only 20 employees in defence activities in 2009. It may well be the case the employees in large facilities such as GCHQ were (perhaps mistakenly) ascribed to another region in terms of their location.

Within Office Administrative, Office Support & Other Business Support Activities, the increase in employment was almost entirely concentrated among Other Business Support Service Activities (+2,200). Growth in Cheltenham in this sector accounted for 10 per cent of all growth across England (+21,000).

Within Services to Buildings and Landscape Activities, the increase in employment was boosted by strong growth in the General Cleaning of Buildings sector (+1,600). This trend was also linked to Cheltenham's sector specialism, with a fall in General Cleaning of Buildings employment nationally.

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

Within Travel Agency, Tour Operator & Other Reservation Service and Related Activities, employment was boosted by growth in Tour Operator Activities (+300), with growth accounting for 8 per cent of all growth across England.

Within Manufacture of Electrical Equipment, growth was concentrated entirely within Manufacture of Electric Domestic Appliances (+400), with this growth accounting

for 58 per cent of all national employment growth in this sector.

Growing sectors with no particular existing strengths in Cheltenham were:

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

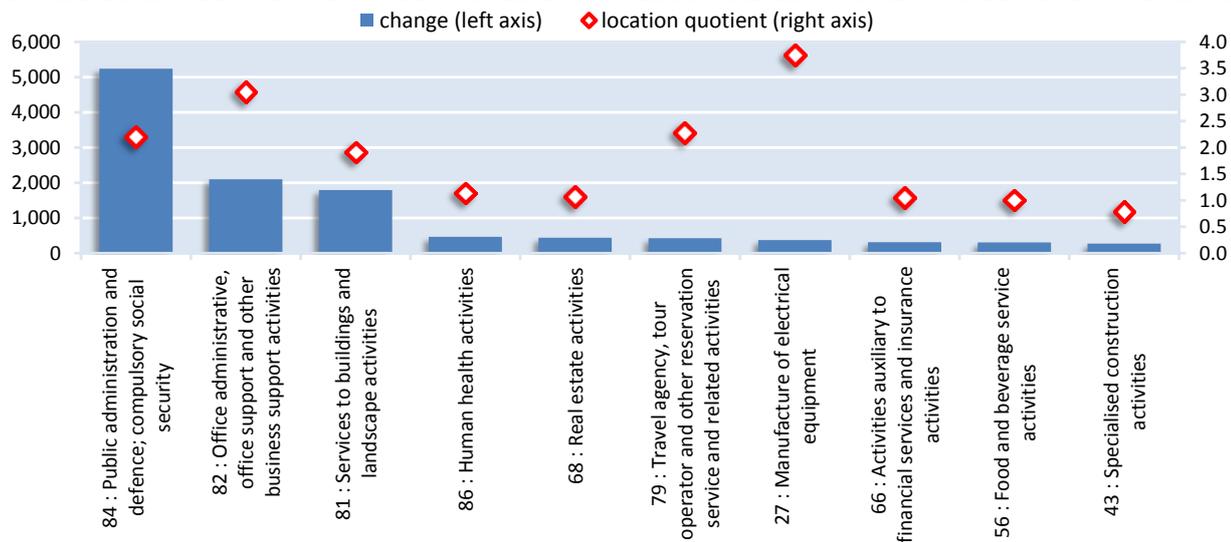
EMPLOYMENT IN LEGAL & ACCOUNTING ACTIVITIES, SOCIAL WORK ACTIVITIES AND TELECOMMUNICATIONS HAS DECLINED SIGNIFICANTLY IN CHELTENHAM

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

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

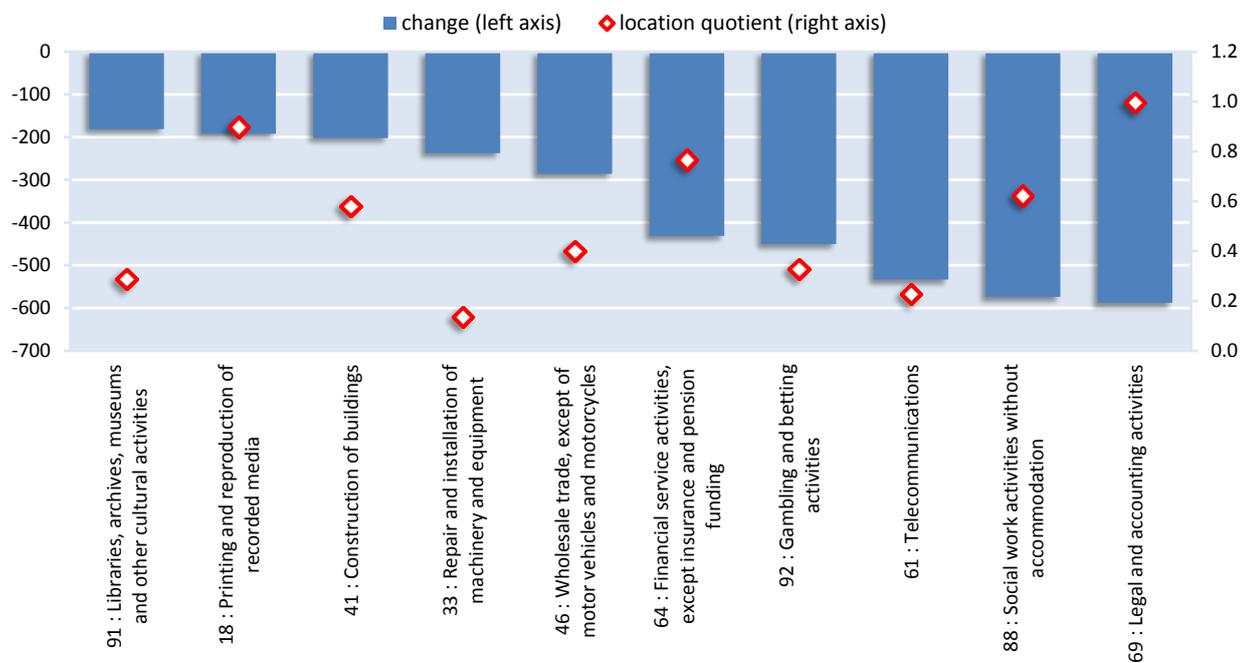
- Within Legal & Accounting Activities, the fall in employment was driven by Accounting, Bookkeeping, Auditing Activities & Tax Consultancy (-500) and was against the trend of national growth in this sector.
- Within Social Work Activities without Accommodation the fall in employment was driven by Other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

FIGURE 3.16: EMPLOYMENT CHANGE IN CHELTENHAM 2009 TO 2013 – TOP 10 FASTEST GROWING SECTORS



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

FIGURE 3.17: EMPLOYMENT CHANGE IN CHELTENHAM 2009 TO 2013 –10 SECTORS WITH LARGEST DECLINE



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

EMPLOYMENT TRENDS BY INDUSTRY IN GLOUCESTERSHIRE

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

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

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

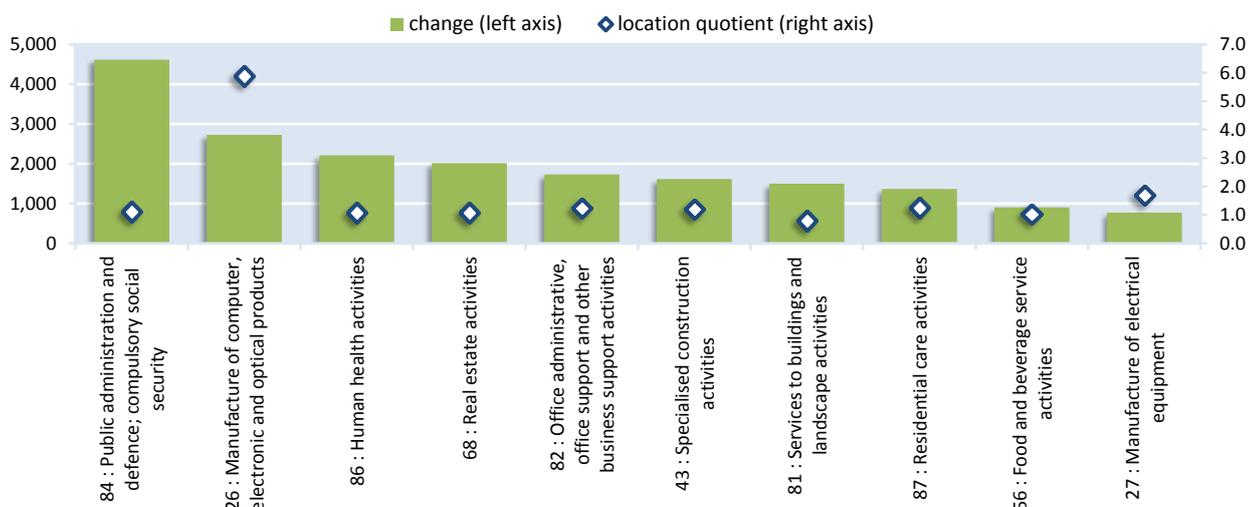
Employment growth in some of the fastest-growing sectors county-wide was driven by employment growth in Cheltenham's specialist sectors:

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

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

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

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



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

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

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

IN SIX SECTORS, FALLING EMPLOYMENT MIRRORED NATIONAL DECLINE:

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

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

IN FOUR SECTORS, EMPLOYMENT FELL AGAINST NATIONAL EMPLOYMENT GROWTH:

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

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

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

FIGURE 3.19: EMPLOYMENT CHANGE IN GLOUCESTERSHIRE 2009 TO 2013 – 10 SECTORS WITH LARGEST DECLINE



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

FORECASTS OF EMPLOYMENT CHANGE BY INDUSTRY

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

Between 2011 and 2031, an average of forecasts by Cambridge Econometrics, Experian and Oxford Economics suggests there will be a large increase in Health employment between 2011 and 2031 (+3,700), followed by an increase in Business Administration & Support Services and Professional, Scientific & Technical employment (Figure 3.20). Production employment is expected to decline by 1,000 while Public Administration & Defence employment is forecast to fall by 600.

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

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

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

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

FIGURE 3.20: AVERAGE FORECAST EMPLOYMENT CHANGE BY SECTOR USING THREE FORECASTS (CAMBRIDGE ECONOMETRICS, EXPERIAN, OXFORD ECONOMICS)

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

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

BUSINESS UNITS BY SECTOR/INDUSTRY

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

In 2014, there were 5,735 business units in Cheltenham. The Professional, Scientific & Technical sector had by far the highest number of business units, at 1,090 (**Figure 3.21**) – almost one fifth (19 per cent) of all business units in Cheltenham. This was followed by Retail (695, 12 per cent) and Information & Communication (570, 10 per cent). The chart in **Figure 3.22** plots the number of business units by sector against the number of employees.

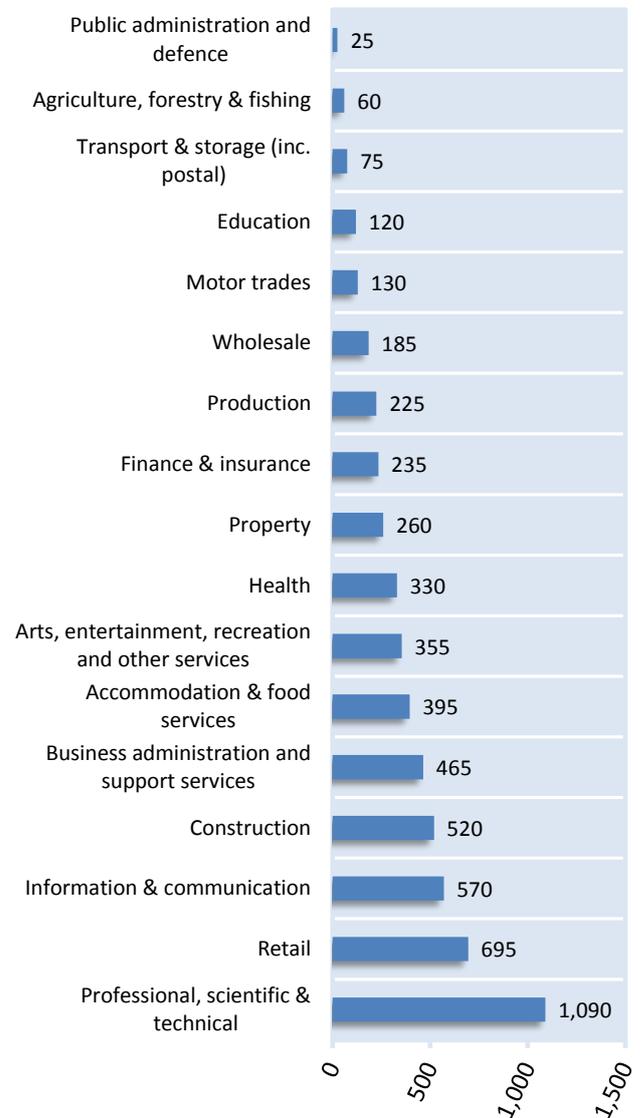
Above average levels of business units and employees: It shows that five sectors have above average levels of business units and employees: Professional, Scientific & Technical, Retail, Business Administration & Support Services, Health, and Accommodation & Food Services.

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

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

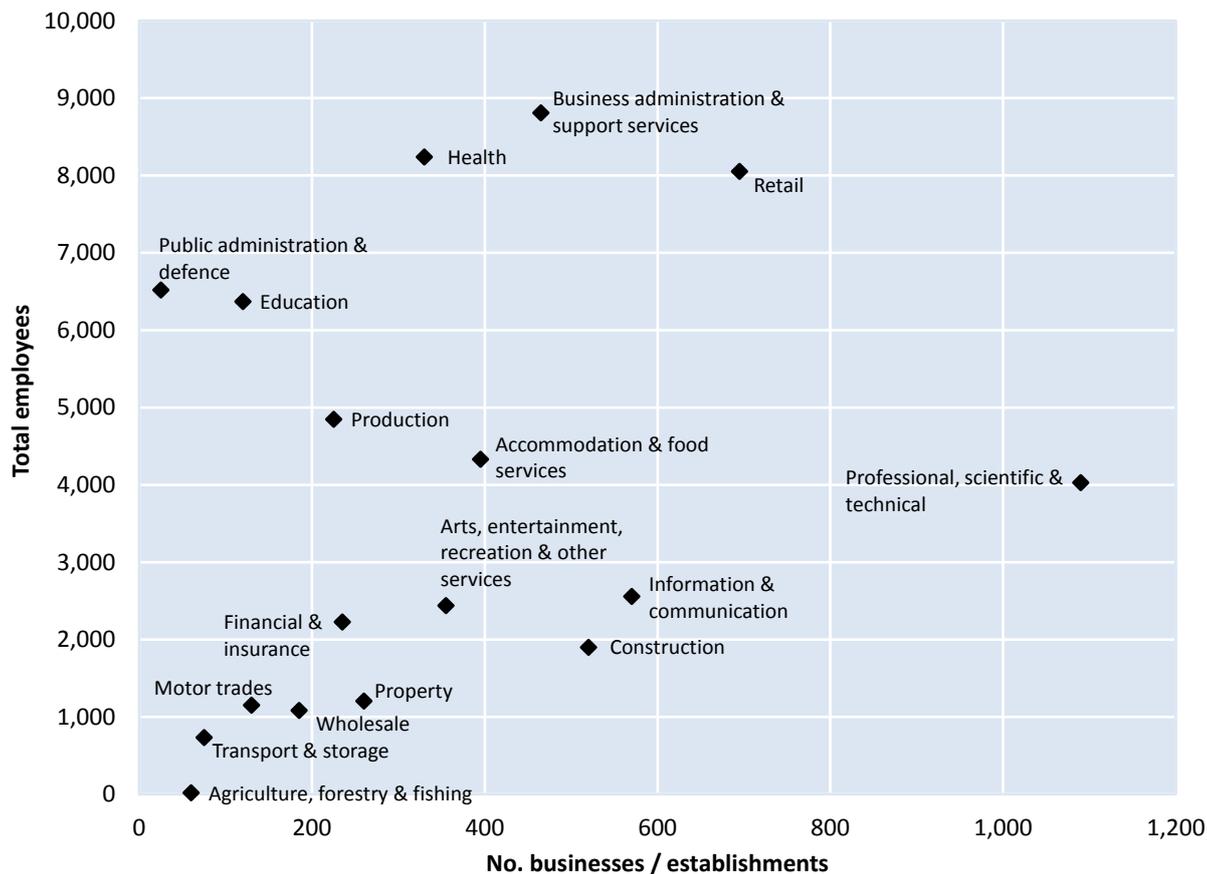
Below average levels of business units and below average levels of employees: Six sectors have below average levels of business units and below average levels of employees: Property, Finance & Insurance, Wholesale, Motor Trades, Transport & Storage, and Agriculture, Forestry & Fishing.

FIGURE 3.21: NUMBER OF BUSINESSES IN CHELTENHAM BY SECTOR



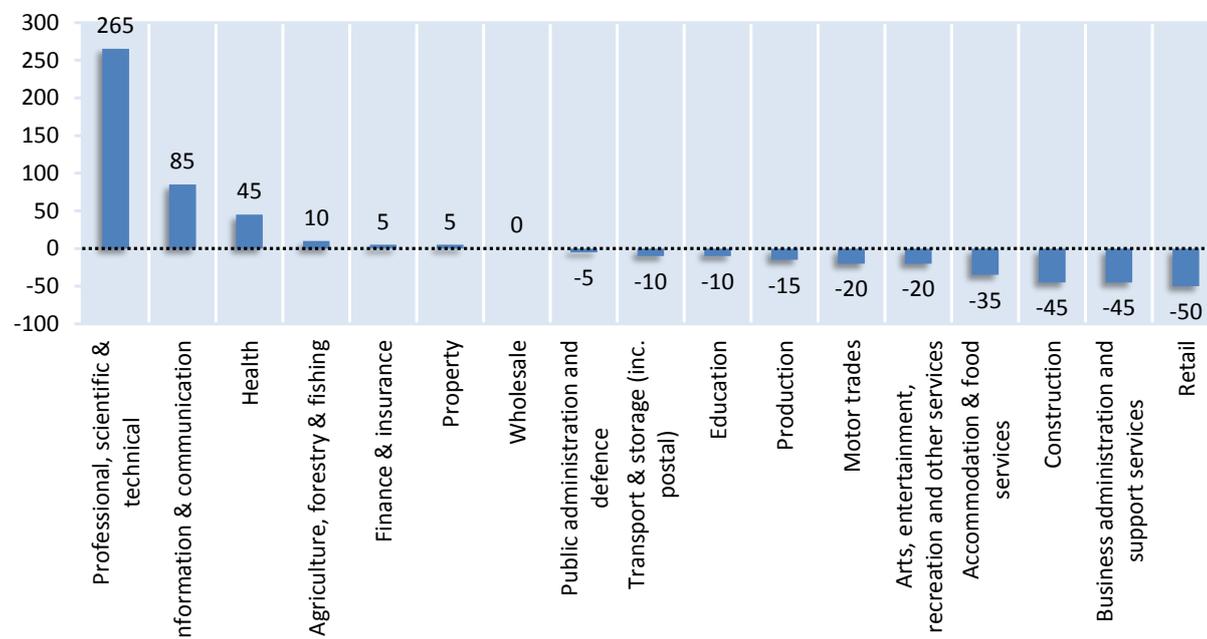
Source: Business Counts, Office for National Statistics

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



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

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



Source: Business Counts, Office for National Statistics.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. ENTERPRISE AND INNOVATION

ENTERPRISES AND ENTREPRENEURSHIP

CHELTENHAM HAS A STRONG AND GROWING BUSINESS BASE

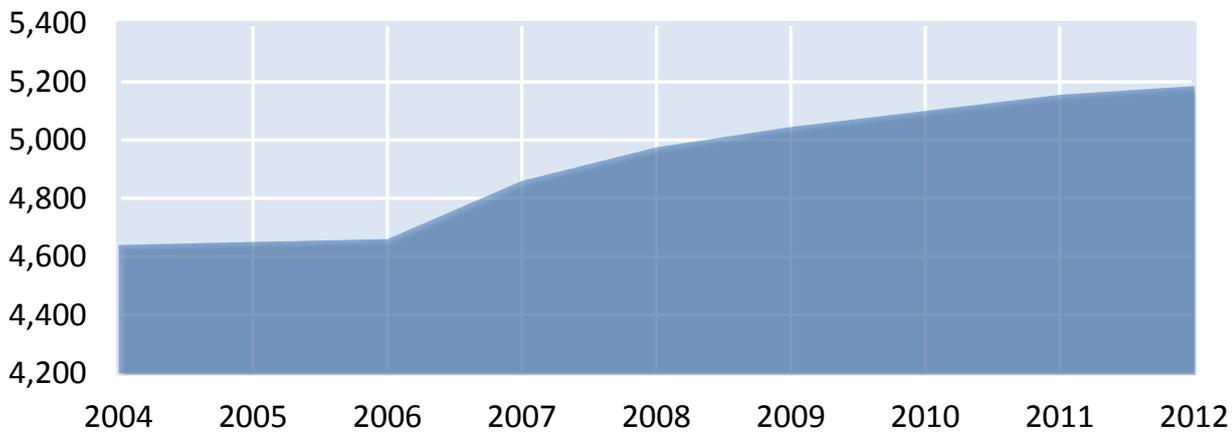
In 2012, there were 5,185 enterprises in Cheltenham – almost one fifth (19.6 per cent) of all enterprises in Gloucestershire.

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

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

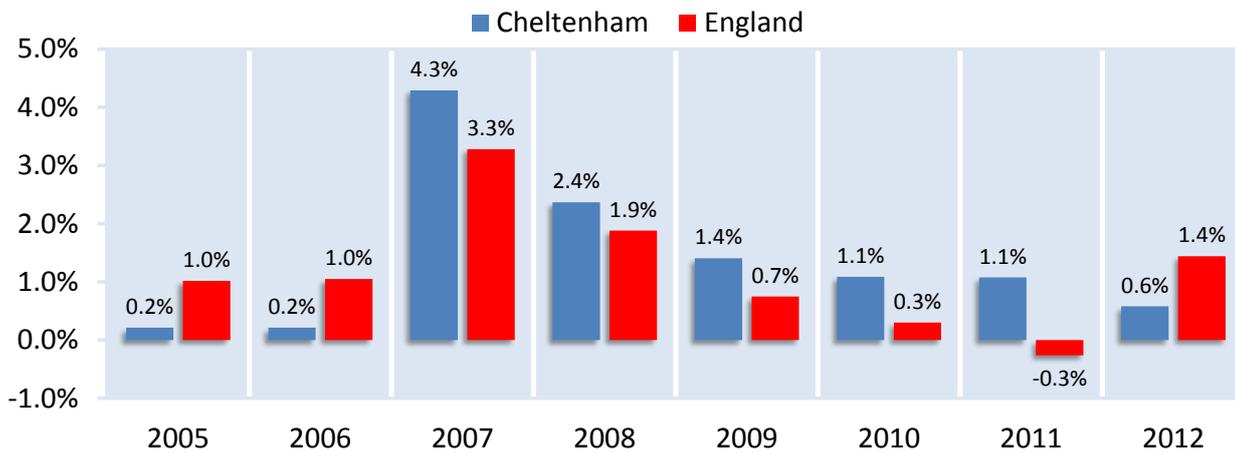
Looking at annual growth rates, growth in Cheltenham’s business base was strongest in 2007 (4.3 per cent) and has been on a downward trend since, possibly in line with the economic downturn (Figure 4.2). This was consistent with national trends with annual growth being stronger than across England between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

FIGURE 4.1: TOTAL ACTIVE ENTERPRISES IN CHELTENHAM 2004 TO 2012



Source: Business Demography 2012, Office for National Statistics.

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



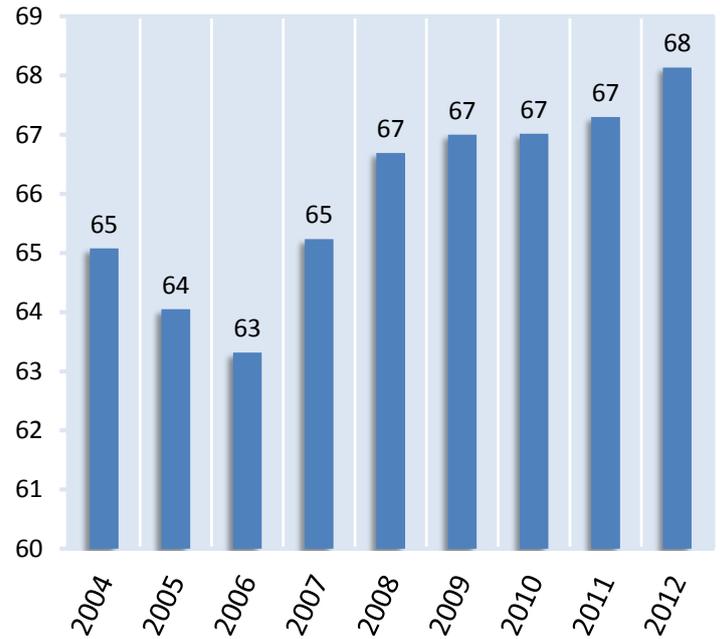
Source: Business Demography 2012, Office for National Statistics.

CHELTENHAM HAS A STRONG RATE OF ENTREPRENEURSHIP

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

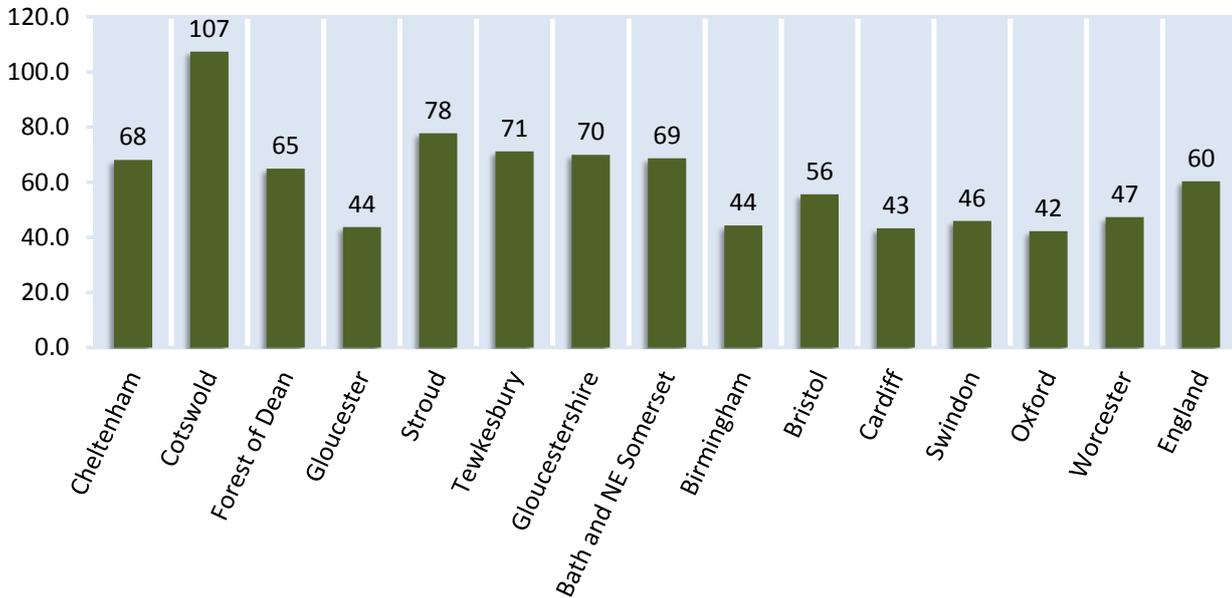
The number of enterprises has also grown at a faster rate than the working age population over the past eight years. In 2004, there were 65 enterprises per 1,000 working age people, growing to 68 by 2012 (Figure 4.4).

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



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

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



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

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

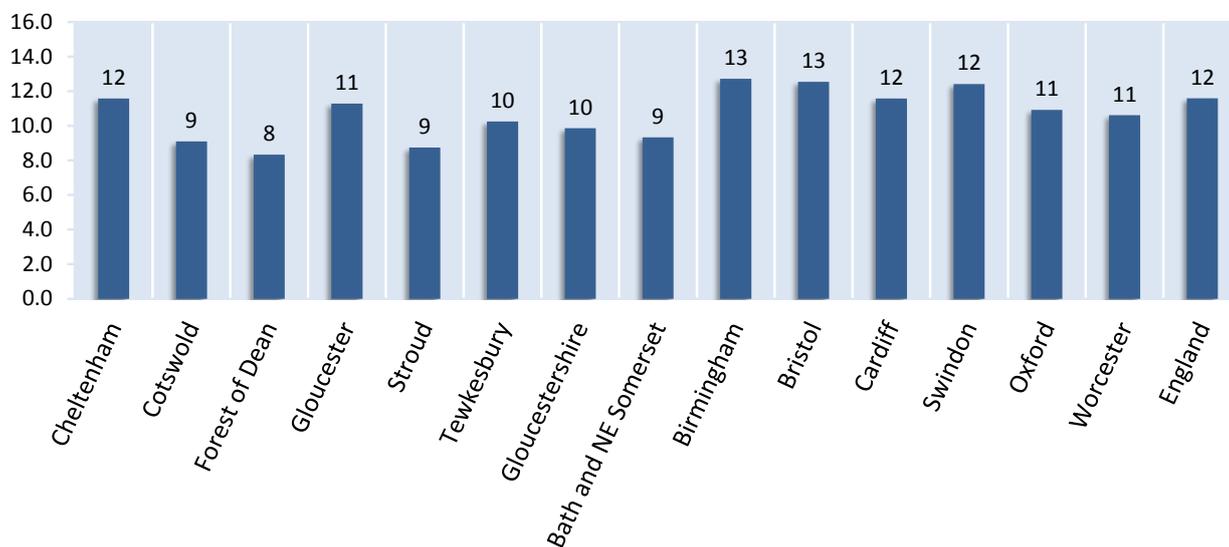
In 2012, 12 new businesses per 100 active enterprises started in Cheltenham as detailed in **Figure 4.5**. This was the same rate as across England, as has been the case for the past four years. Start up rates across Gloucestershire were lower than average in 2012 (10 per 100 active enterprises). This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

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

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

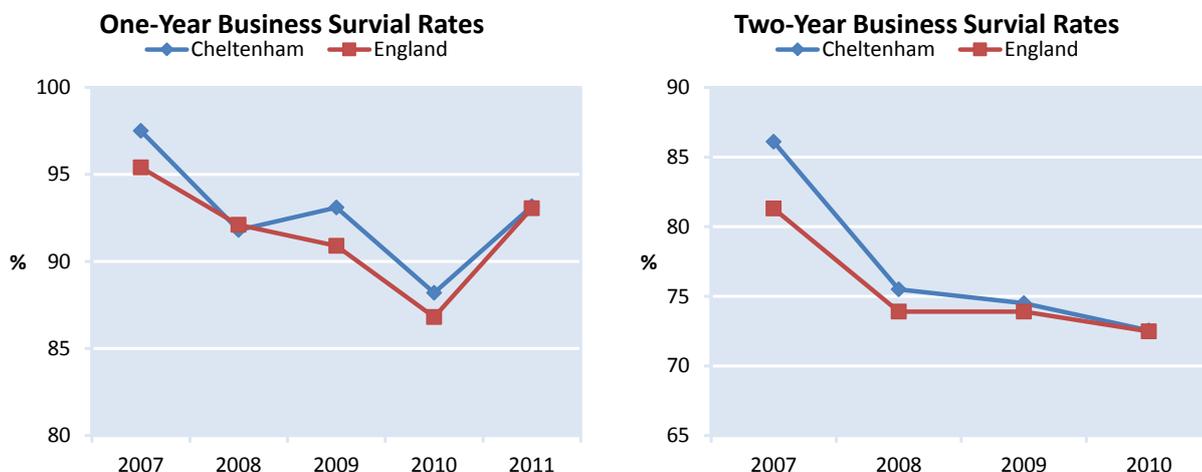
Business survival was badly affected by recession (as it was nationally) but has begun to recover. Between 2007 and 2010, the percentage of businesses surviving for one year fell from 97.5 per cent to 88.2 per cent. However, survival increased significantly in 2011, to 93.2 per cent. This trend also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

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



Source: Business Demography 2012, Office for National Statistics.

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



Source: Business Demography 2012, Office for National Statistics.

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

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

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

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

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

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

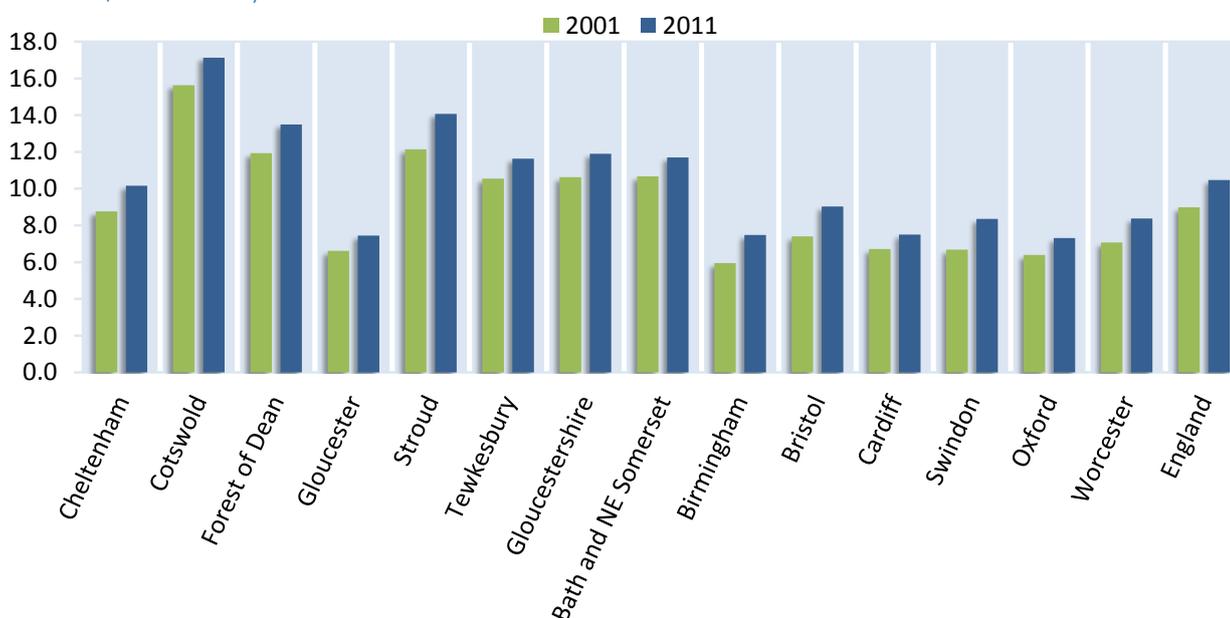
Almost one quarter (23.0 per cent) of all turnover in Cheltenham was produced by foreign-owned businesses.

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

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

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

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



Source 2001 and 2011 Census, Office for National Statistics.

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

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

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

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

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



Source: UK Business 2013, Office for National Statistics.

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

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

Source: UK Business 2013, Office for National Statistics.

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

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

Source: UK Business 2013, Office for National Statistics.

INNOVATION

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

Product Market Strategies are defined within the UK Employer Skills Survey 2013 by aggregating responses to a series of questions exploring pricing strategies, approaches to innovation and the nature of the product market (the extent to which the market attracts a 'premium' and the extent of customisation of products and services in the market). Aggregating these responses classifies almost half of private sector employers in the UK as having a high or very high product market strategy indicating that their competitive success is not dependent on price, they pursue innovation, they compete on quality and/or they offer customised goods or services.

In Gloucestershire, 54 per cent of private sector businesses were defined as having high or very high Product Market Strategies – much higher than the national average of 45 per cent.

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

- 32 per cent said that demand for their goods/services were not at all price dependent or slightly price dependent compared to the England average of 28 per cent

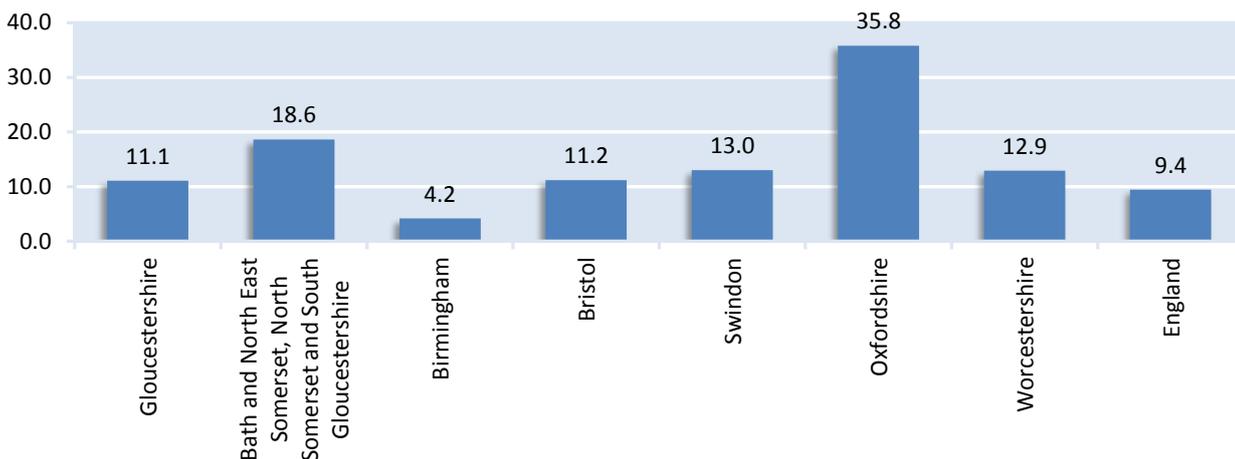
- 38 per cent said that they often/very often lead the way, compared to the England average of 35 per cent
- 65 per cent said they competed in a market for high/premium quality goods and services, compared to the England average of 59 per cent

THE RATE OF PATENTING IS HIGHER THAN AVERAGE IN GLOUCESTERSHIRE

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

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

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



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

CHELTENHAM HAS A LOWER-THAN-AVERAGE BASE OF SCIENCE AND TECHNOLOGY PROFESSIONALS

In 2011, there were 2,500 science, research, engineering and technology professionals working in Cheltenham and 900 science, engineering and technology associate professionals. The number of science, engineering and technology professionals and associate professionals represented 5.4 per cent of the workforce (Figure 4.12). This was lower than the national average and most neighbouring and comparator areas.

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

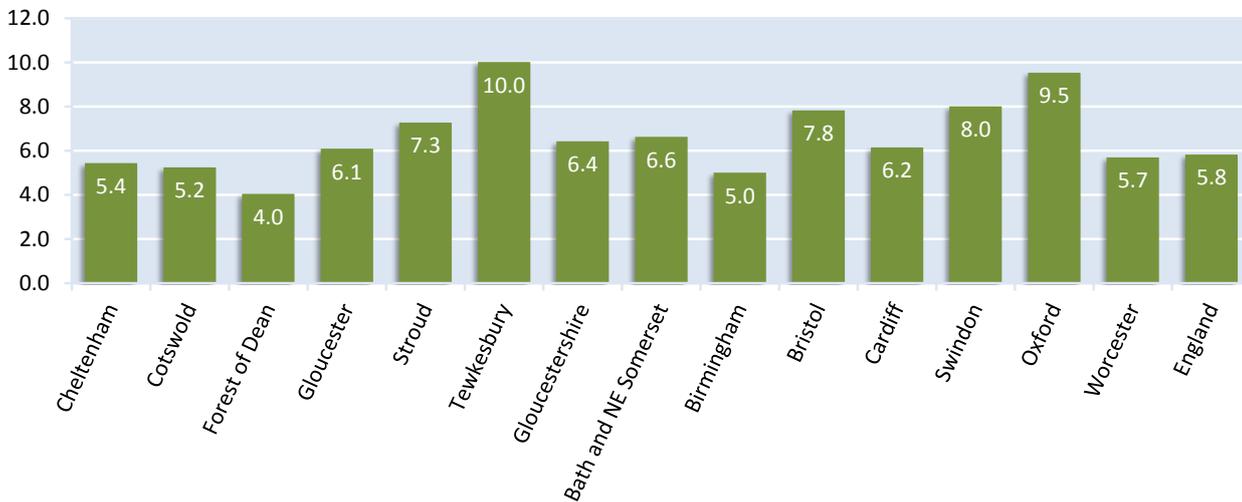
County-wide, the share of science, engineering and technology professional and associate professionals was high (6.4 per cent), with the highest rates in Tewkesbury (10.0 per cent) and Stroud (7.3 per cent). This could relate to the high percentages of Production sector jobs in these districts.

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

Despite the lower-than-average presence of science and technology professionals in Cheltenham, there is a strong presence of information technology and telecommunications professionals in the district. Information technology and telecommunications professionals represented 45 per cent of all science, engineering and technology professionals and associate professionals – higher than across England (38 per cent) and all neighbouring and comparator areas. Information technology and telecommunications professionals also represented 2.5 per cent of the total workforce in Cheltenham (Figure 4.13), higher than the England and Gloucestershire averages (2.2 and 2.3 per cent).

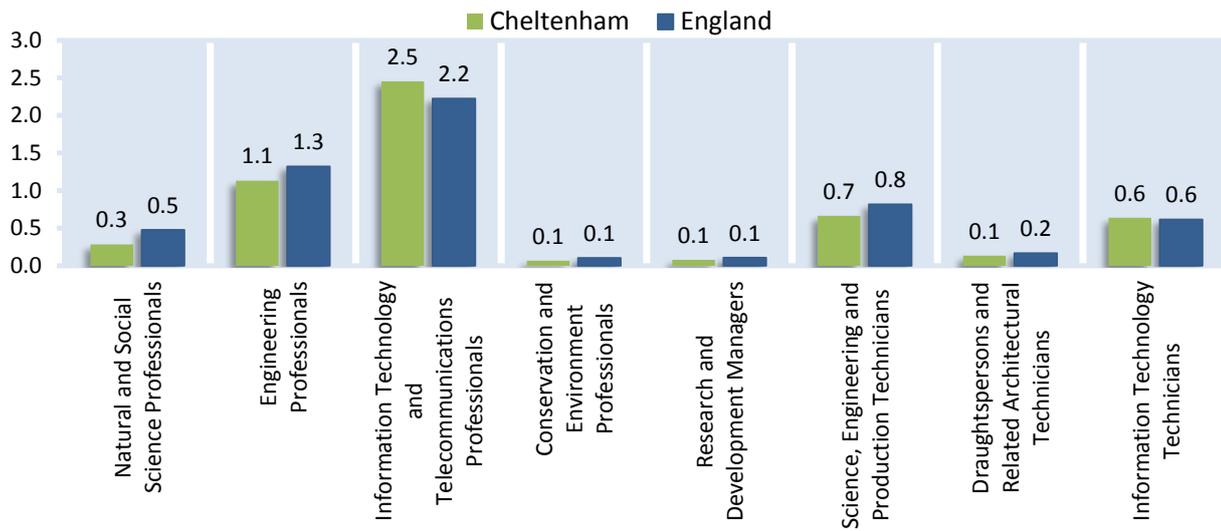
In Tewkesbury, the strong presence of science, engineering and technology professionals and associate professionals is boosted by high percentages of information technology and telecommunications professionals (3.7 per cent of all workers compared to 2.2 per cent across England) engineering professionals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

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



Source: 2011 Census, Office for National Statistics.

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



Source: 2011 Census, Office for National Statistics.

5. PEOPLE

COMMUTING

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

In 2011, 58,300 workers lived in Cheltenham while 76,000 people worked in Cheltenham. Other key commuting data is presented in **Figure 5.1** and **Figure 5.2** and is summarised as follows:

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

19,200 IN-COMMUTERS COME FROM OTHER GLOUCESTERSHIRE DISTRICTS

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

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

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

FIGURE 5.1: WORKERS IN CHELTENHAM BY PLACE OF RESIDENCE

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

Source: 2011 Census, Office for National Statistics.

FIGURE 5.2: WHERE CHELTENHAM RESIDENTS WORK

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

Source: 2011 Census, Office for National Statistics.

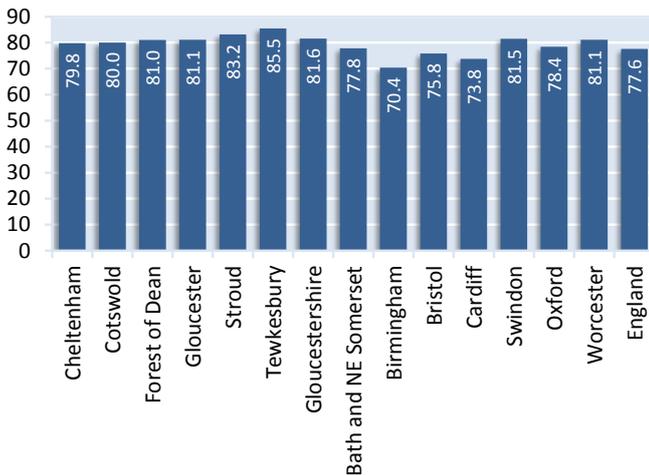
HEADLINE LABOUR MARKET TRENDS

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

In June 2014, 79.8 per cent of working age people living in Cheltenham were economically active, i.e. either in work (employed) or actively looking for work (unemployed), as detailed in **Figure 5.3**. This was higher than the England average (77.6 per cent) but lower than across Gloucestershire (81.6 per cent). 74.8 per cent of working age people were also in employment – higher than the England average (72.2 per cent) but lower than across Gloucestershire (77.7 per cent), as detailed in **Figure 5.4**.

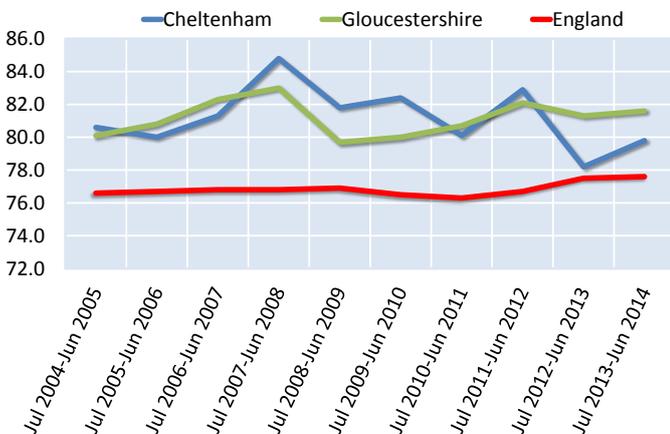
HOWEVER, PARTICIPATION IN WORK HAS FALLEN SINCE THE ONSET OF RECESSION AND HAS BEEN

FIGURE 5.3: ECONOMIC ACTIVITY RATE IN JUNE 2014



Source: Annual Population Survey, Office for National Statistics.

FIGURE 5.5: ECONOMIC ACTIVITY RATE 2005 TO 2014



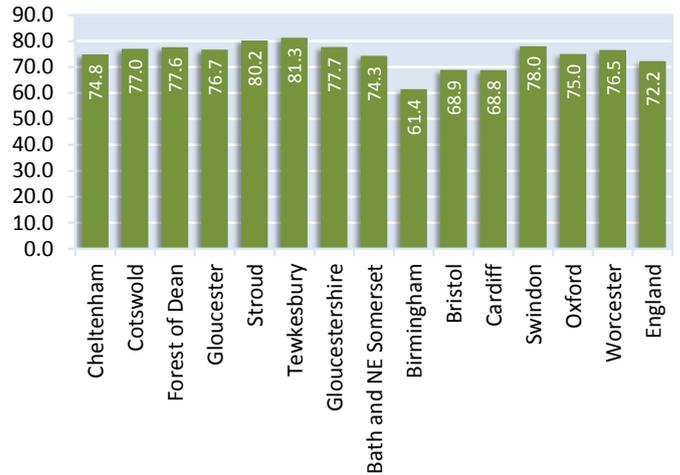
Source: Annual Population Survey, Office for National Statistics.

MORE SHARPLY AFFECTED THAN ACROSS GLOUCESTERSHIRE AND ENGLAND

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

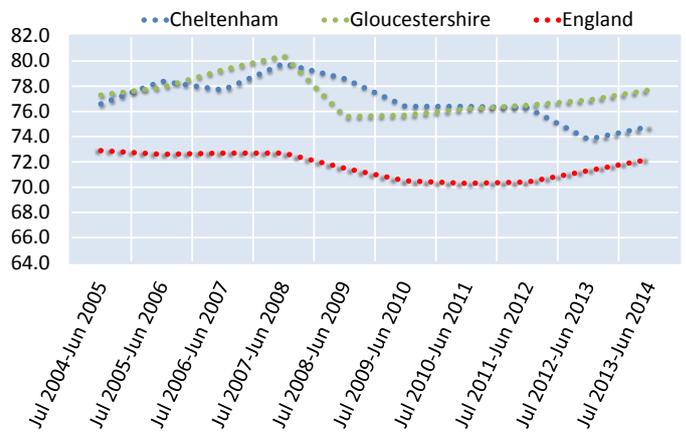
These trends were not mirrored across Gloucestershire, where there was a fall in work participation between June 2008 and 2009 and a rise in each subsequent year. Nationally, economic activity fell for three years (2008-2011) while employment fell for two years (2008-2010) before beginning to recover.

FIGURE 5.4: EMPLOYMENT RATE IN JUNE 2014



Source: Annual Population Survey, Office for National Statistics.

FIGURE 5.6: EMPLOYMENT RATE 2005 TO 2014



Source: Annual Population Survey, Office for National Statistics.

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

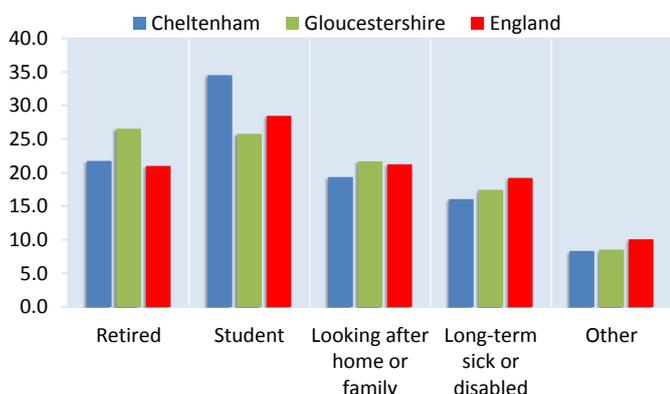
Between June 2008 and June 2013, economic inactivity rose in Cheltenham, from 15.2 per cent to 21.8 per cent, but has since fallen slightly to 20.2 per cent in June 2014

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

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

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

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



Source: 2011 Census, Office for National Statistics.

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

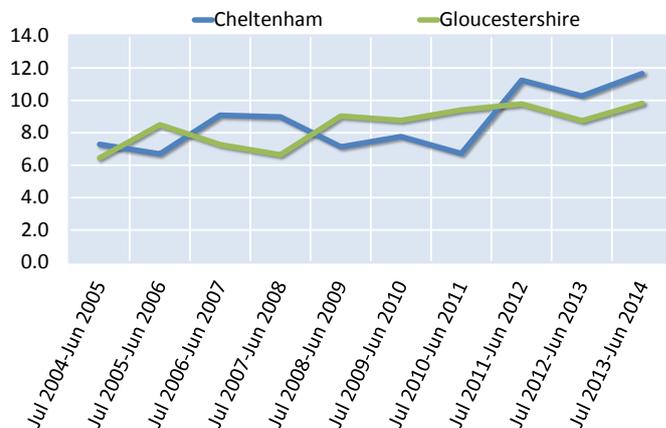
In June 2014, almost one third (32.8 per cent) of economically inactive people in Cheltenham wanted a job – much higher than in June 2008 (26.1 per cent). This was also much higher than the national average (24.8 per cent) but similar to Gloucestershire (32.3 per cent).

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

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

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

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



Source: Annual Population Survey, Office for National Statistics.

POPULATION

POPULATION GROWTH HAS BEEN SLOWER THAN AVERAGE IN CHELTENHAM

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

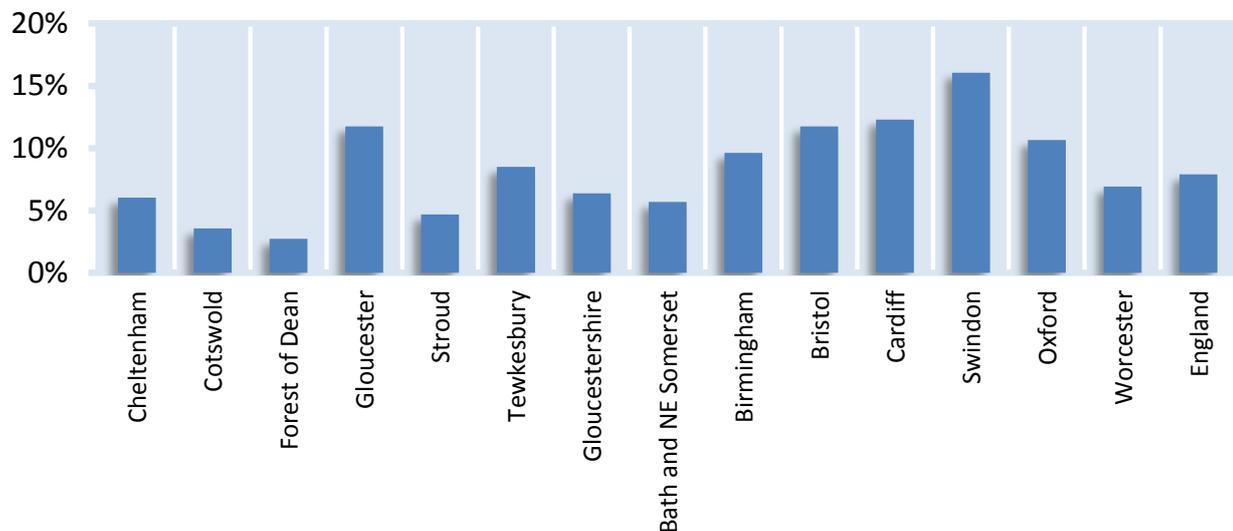
LONG-TERM GROWTH IN THE NUMBERS OF WORKING AGE PEOPLE HAS BEEN SLOWER THAN IN OTHER PEER EMPLOYMENT CENTRES

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

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

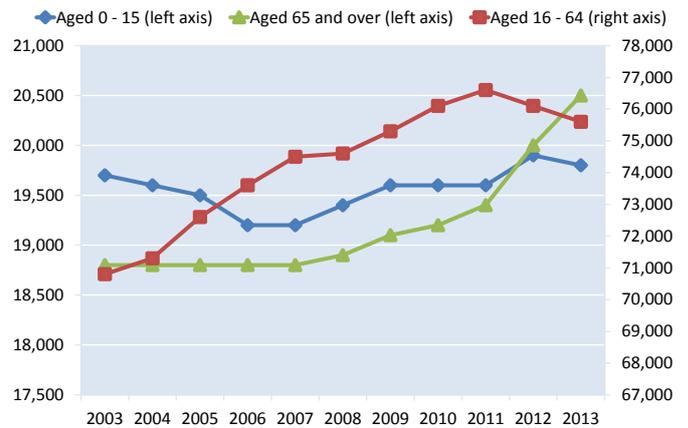
However, growth was much slower than in other peer employment centres: Swindon (15.4 per cent), Cardiff (15.1 per cent), Gloucester (13.1 per cent), Bristol (13.0 per cent), Birmingham (11.3 per cent), Oxford (9.3 per cent) and Worcester (7.1 per cent).

FIGURE 5.9: CHANGE IN TOTAL POPULATION 2003 TO 2013



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

FIGURE 5.10: POPULATION BY AGE IN CHELTENHAM



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

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

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

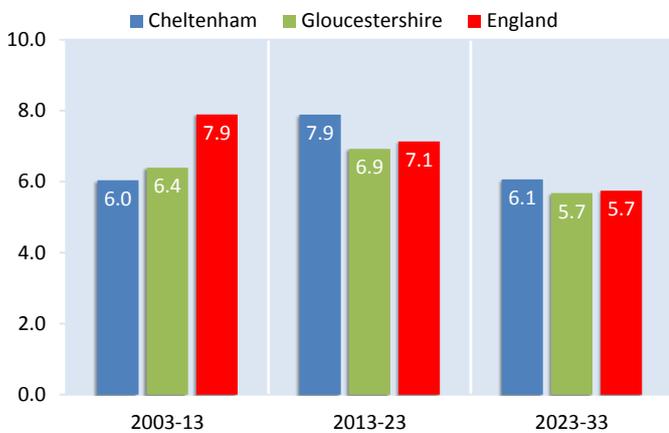
The working age population has also fallen recently across Gloucestershire. Between 2011 and 2013, the number of people aged 16-64 fell by 1,700 across the county, although the number of young and older people continued to rise. Within the county, the largest fall in the working age population occurred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

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

Population growth in Cheltenham is expected to accelerate over the next decade, driven by growth in the number of people of retirement age. Growth in the working age population is projected to slow (Figure 5.11).

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

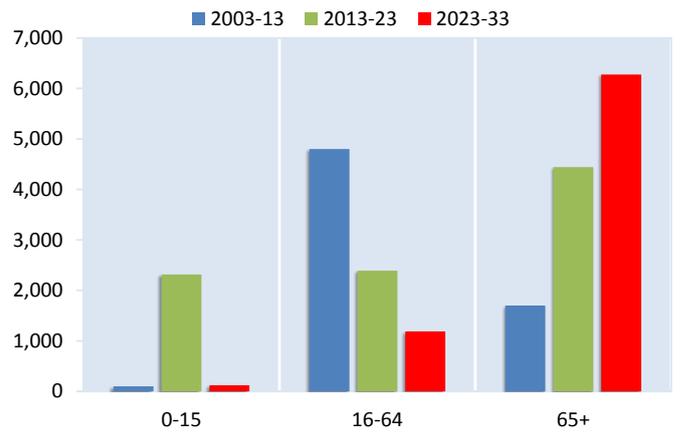
FIGURE 5.11: ACTUAL AND PROJECTED POPULATION CHANGE IN CHELTENHAM BY DECADE (PERCENTAGE CHANGE)



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

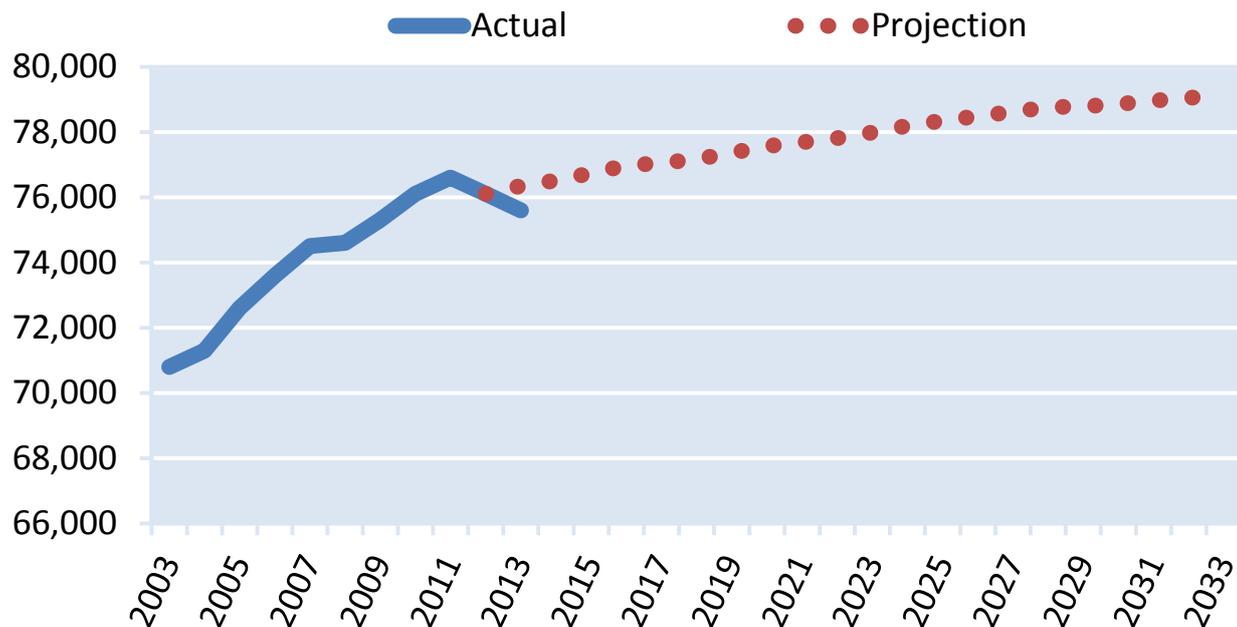
Over the next 20 years, growth is expected to be strongest among those aged 65 and over as illustrated in Figure 5.12. Growth among young people (aged 0-15 years) is expected to accelerate during 2013-2023 but to then slow considerably in the following decade. The working age population is expected to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

FIGURE 5.12: ACTUAL AND PROJECTED POPULATION CHANGE IN CHELTENHAM BY AGE GROUP (TOTAL NUMBER OF RESIDENTS)



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

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



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

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

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

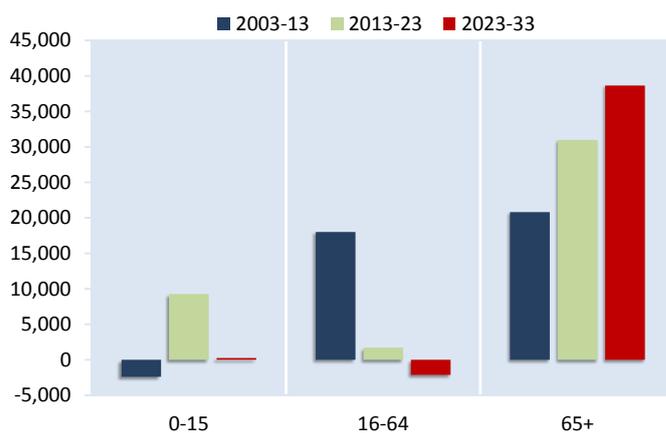
For their Joint Core Strategy (JCS), the local authorities of Cheltenham, Gloucester and Tewkesbury have taken expert advice that population projections are likely to be higher than the official forecast. The population projections on which the JCS is based assume that Cheltenham’s populations grows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

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

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

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

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



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

BENEFIT CLAIMANTS

CHELTENHAM HAS A LOW PERCENTAGE OF PEOPLE CLAIMING UNEMPLOYMENT BENEFIT

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

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

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

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

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

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

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

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

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

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

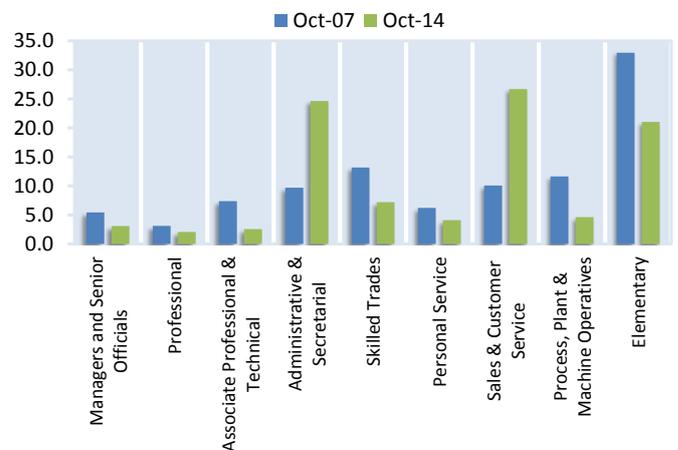
THE NUMBER OF OUT-OF-WORK BENEFIT CLAIMANTS HAS FALLEN OVER THE PAST TEN YEARS, PARTICULARLY AMONG LONE PARENTS

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

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

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

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



Source: Department for Work and Pensions.

QUALIFICATIONS

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

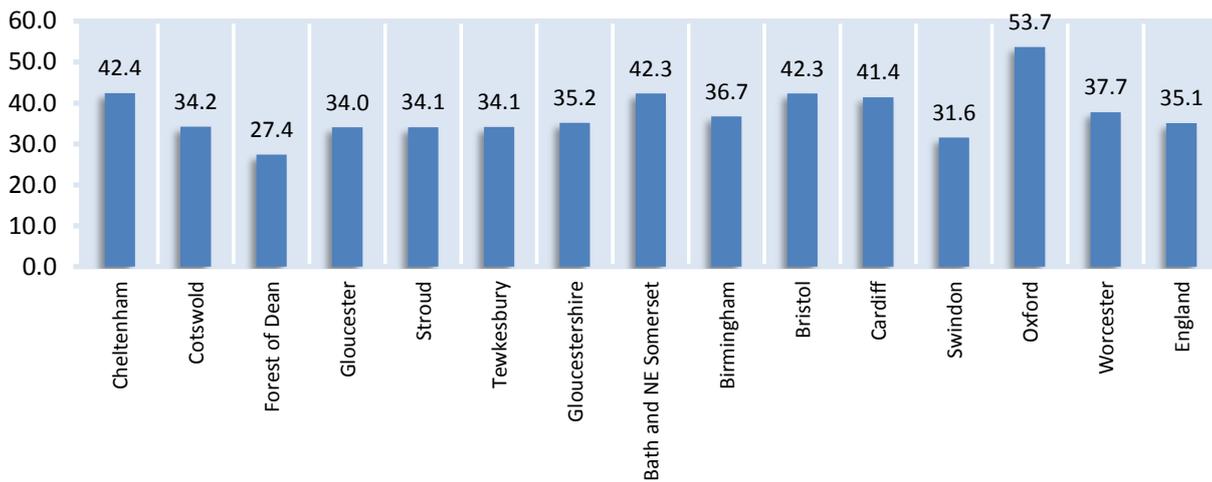
In 2011, 42.4 per cent of people working in Cheltenham held a qualification at Level 4 or above (equivalent to degree level or above). This was much higher than the Gloucestershire and England averages (35.2 per cent and 35.1 per cent) and higher than all comparator areas apart from Oxford – as indicated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

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

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

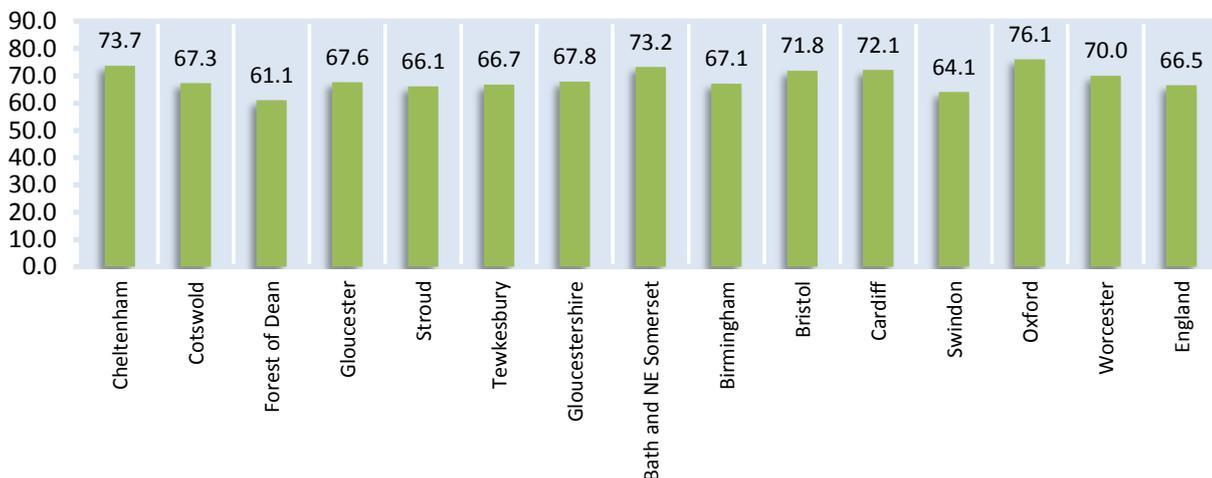
In 2011, there were more people working in Cheltenham than employed residents living in Cheltenham at all qualification levels. The differences were most pronounced at Levels 1-3. This could suggest that in-commuting was highest among people with low to intermediate qualification levels. However, it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

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



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

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



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

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

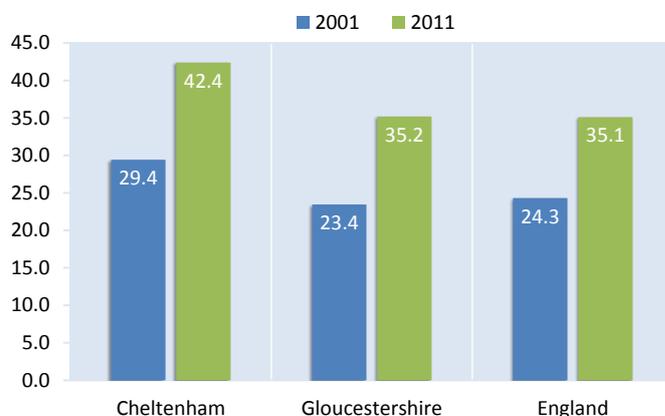
In 2011, the remaining five districts in Gloucestershire had below average rates of people qualified to Level 4 and above, ranging from 27.4 per cent in the Forest of Dean to 34.2 per cent in Cotswold. Forest of Dean and Stroud also had below average rates of people qualified to Level 2 and above.

QUALIFICATIONS RATES HAVE IMPROVED DRAMATICALLY OVER THE PAST TEN YEARS

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

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

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



Source: 2001 and 2011 Census, Office for National Statistics

OCCUPATIONS: THE TYPES OF JOBS UNDERTAKEN

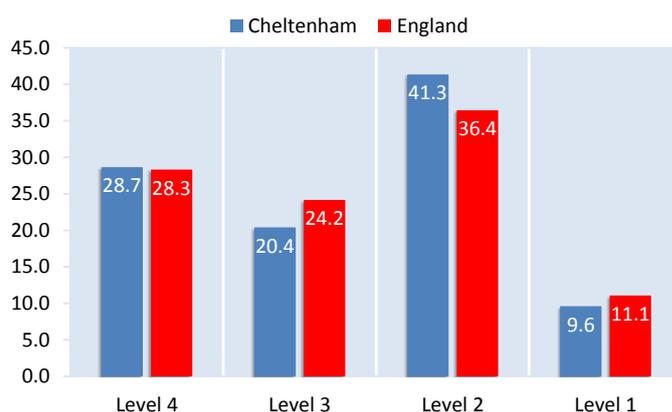
DESPITE CHELTENHAM'S IMPRESSIVE QUALIFICATIONS PROFILE, THE SKILLS PROFILE OF CHELTENHAM'S WORKFORCE – IN TERMS OF OCCUPATIONS UNDERTAKEN – IS POORER THAN AVERAGE

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

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

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

FIGURE 5.19: OCCUPATIONAL PROFILE BY SKILLS LEVEL IN 2011



Source: 2011 Census, Office for National Statistics.

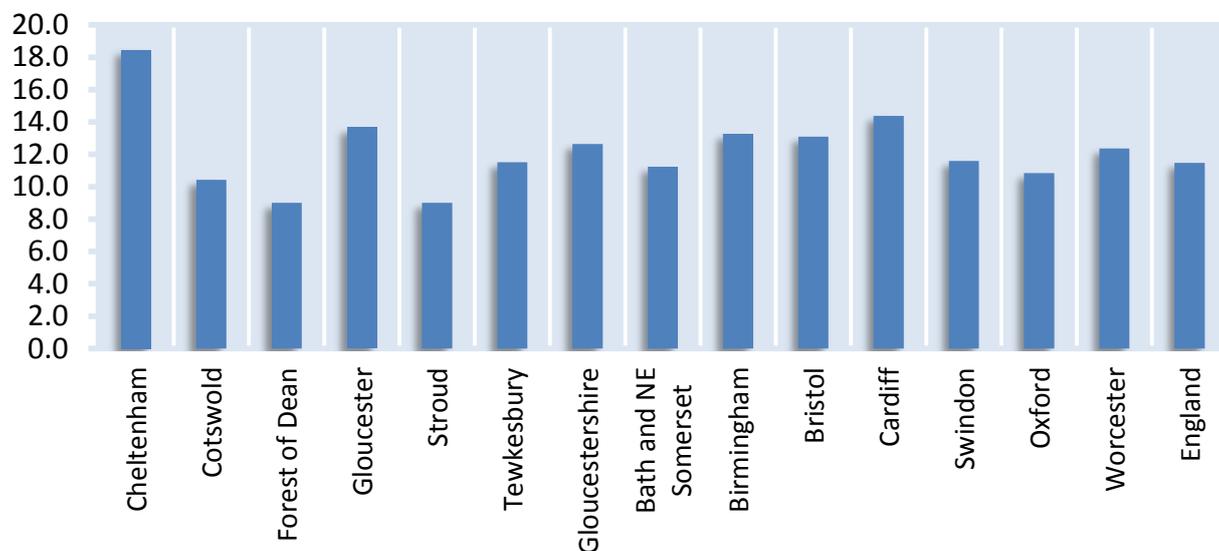
A LARGE NUMBER OF IN-COMMUTERS TO CHELTENHAM WORK IN ADMINISTRATIVE & SECRETARIAL OCCUPATIONS

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

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

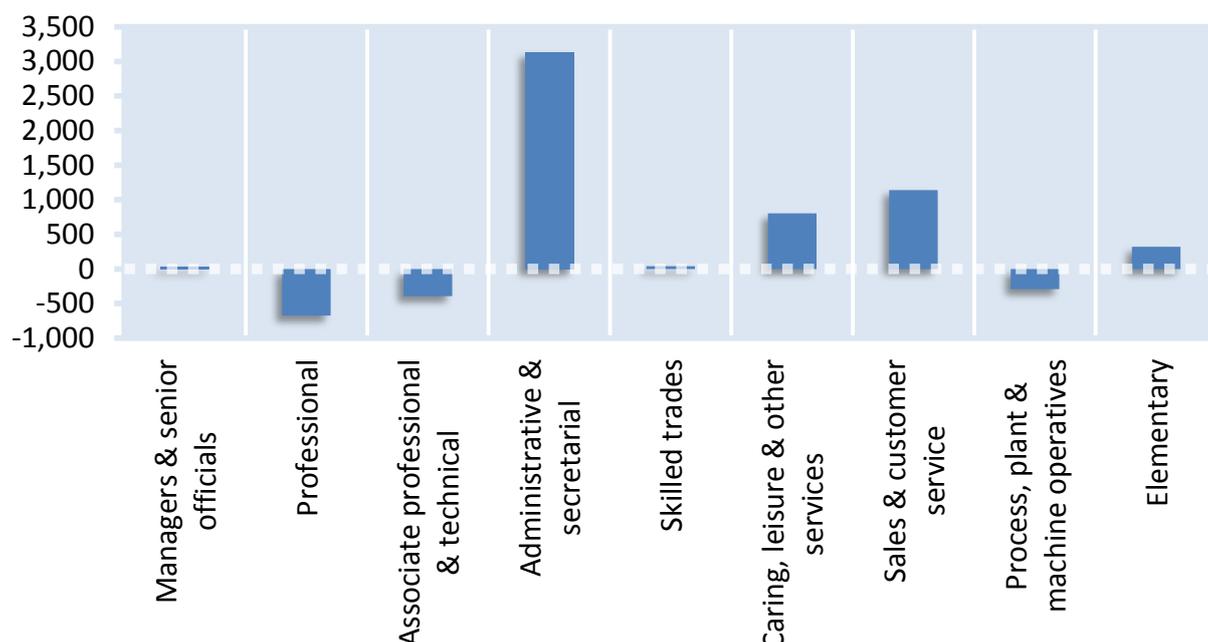
Between 2001 and 2011, there was a strong increase in the number of people working in professional occupations in Cheltenham (+4,700). There was also a large increase in the number of caring, leisure and other service workers (+2,000). However, there was also a large fall in numbers of people working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

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



Source: 2011 Census, Office for National Statistics.

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



Source: 2011 Census, Office for National Statistics.

EARNINGS

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

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

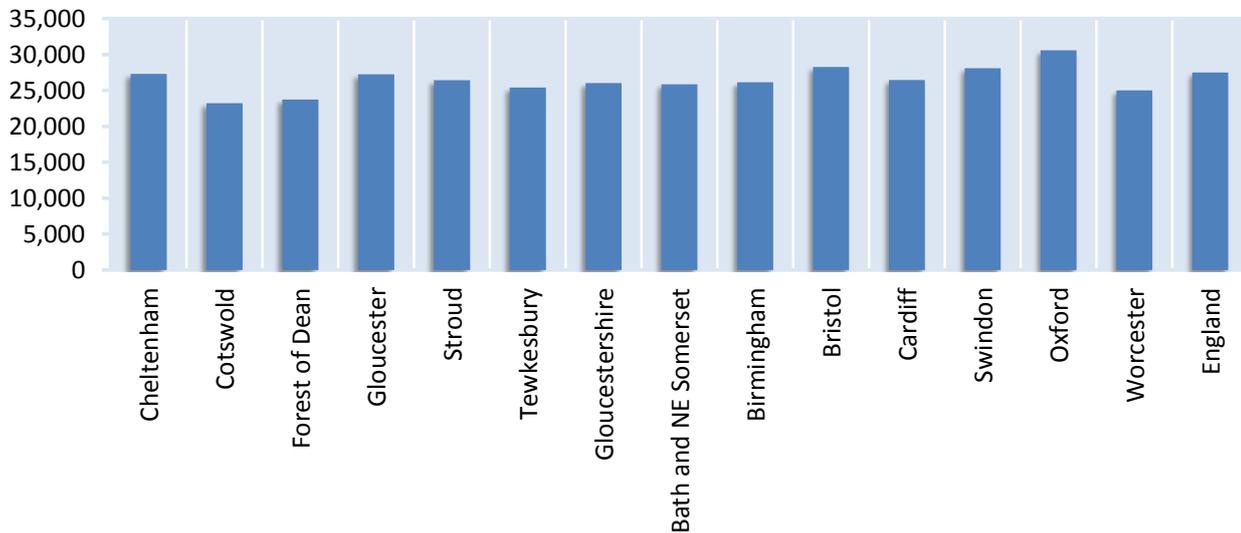
AVERAGE EARNINGS HAVE GROWN SLOWLY AND HAVE FALLEN OVER THE PAST TWO YEARS

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

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

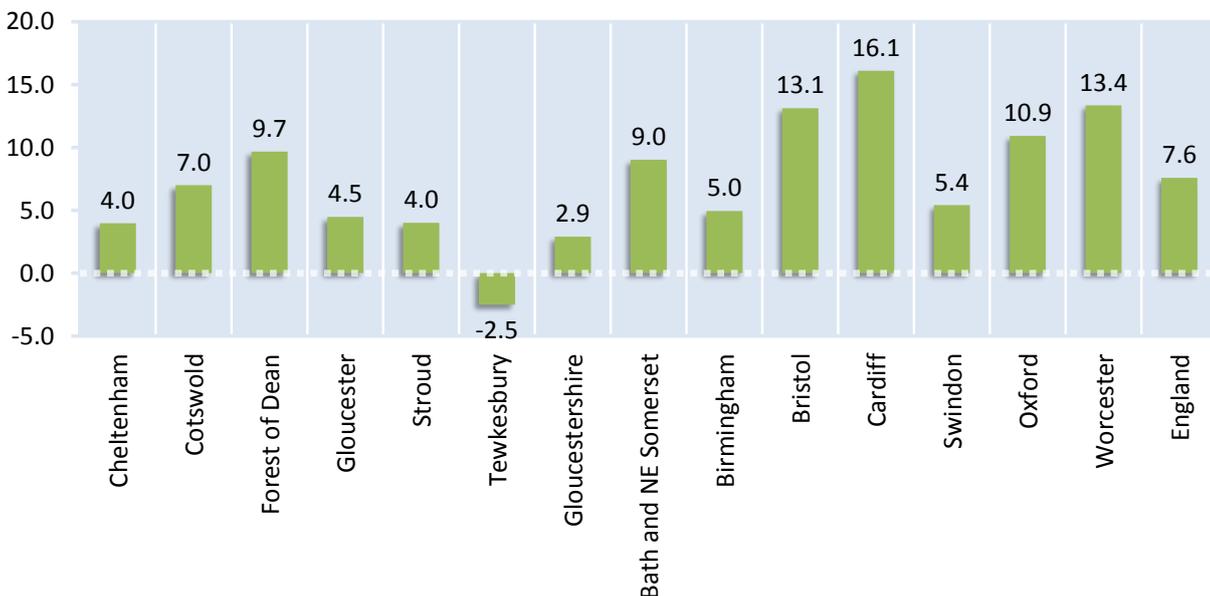
In each year between 2008 and 2014, the average earnings of Cheltenham's residents have exceeded the average earnings of Cheltenham's workers. This reflects residents' stronger qualifications and occupational profile.

FIGURE 5.22: AVERAGE ANNUAL WORKPLACE EARNINGS IN 2014



Source: 2011 Census, Office for National Statistics.

FIGURE 5.23: AVERAGE EARNINGS GROWTH BETWEEN 2008 AND 2014



Source: 2011 Census, Office for National Statistics.

6. PLACE

HOUSING MARKET

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

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

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

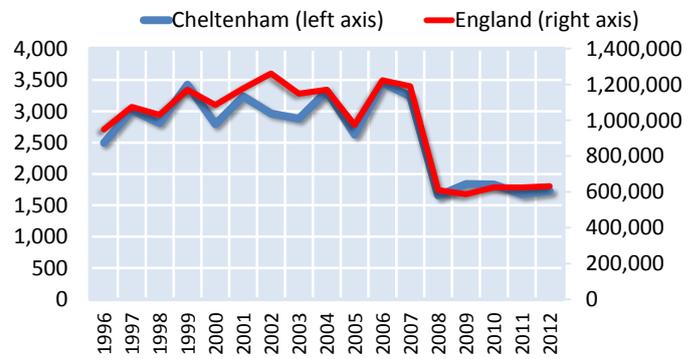
CHELTENHAM’S HOUSING MARKET REMAINS WEAK FOLLOWING THE RECESSION

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

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

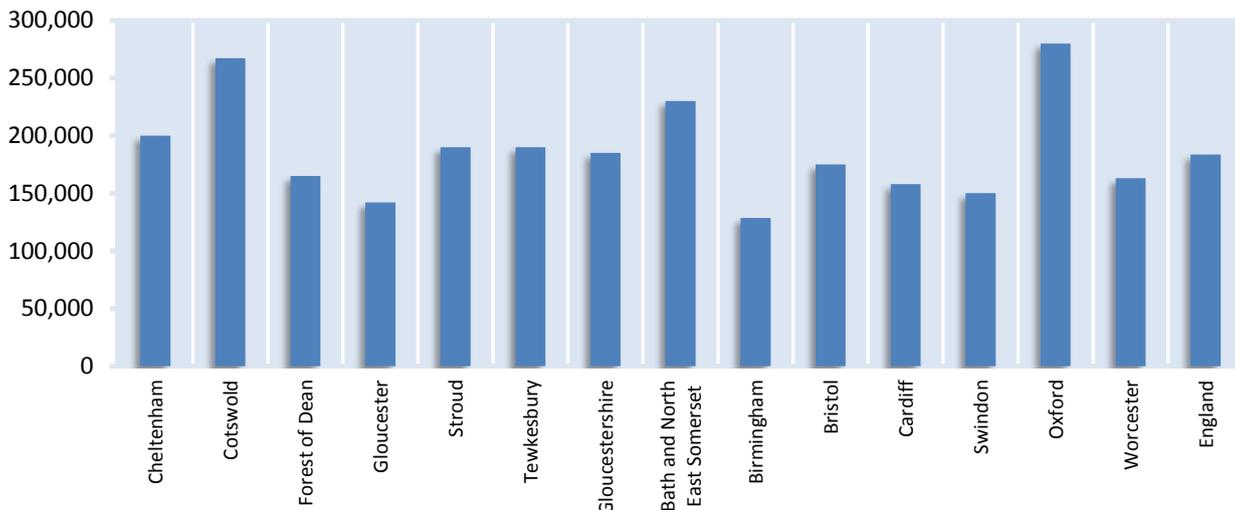
However, the housing market has far from recovered, with the volume of housing sales remaining well below their long-term average. Between 2008 and 2012, house sales in Cheltenham averaged 1,747 per year – 43 per cent below 1997-2007 annual average housing sales. Similar trends have occurred across Gloucestershire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

FIGURE 6.3: NUMBER OF HOUSE SALES IN EACH YEAR



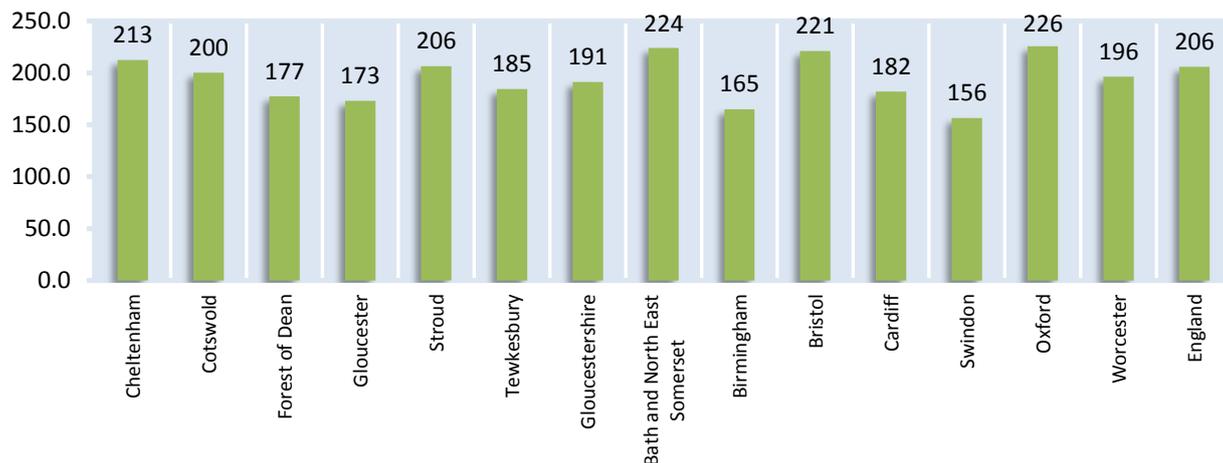
Source: Department for Communities and Local Government.

FIGURE 6.1: AVERAGE HOUSE PRICES 2012



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

FIGURE 6.2: HOUSE PRICE INFLATION 1997 TO 2012



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

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

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

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

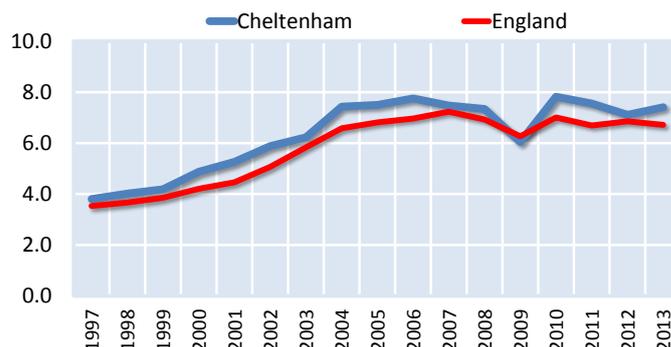
However, this was lower than average house price growth over this period (213 per cent). This is because there has been no recovery in lower quartile house prices since the onset of recession, suggesting that economic conditions and mortgage availability have toughened most for those on the lowest incomes.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

HOUSING AFFORDABILITY HAS DECLINED RAPIDLY OVER THE PAST 15 YEARS

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

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

FIGURE 6.6: AVERAGE HOUSE PRICE TO AVERAGE EARNINGS RATIO



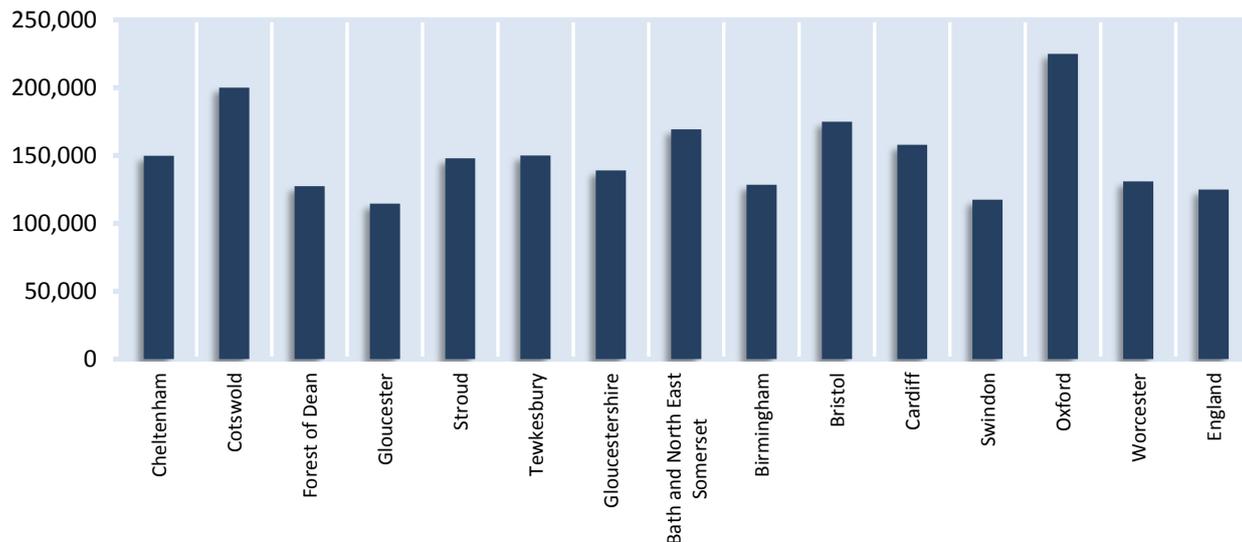
Source: Source: HM Land Registry / Department for Communities and Local Government and Annual Survey of Hours and Earnings (Office for National Statistics).

HOUSING IS LEAST AFFORDABLE FOR THOSE ON THE LOWEST INCOMES

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

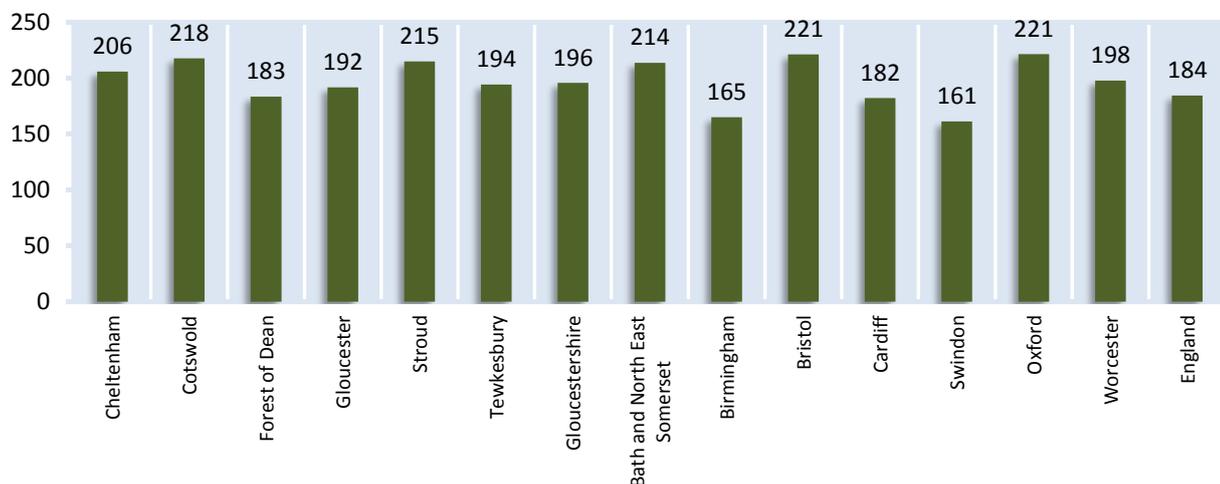
As with average house prices, lower quartile house prices are relatively less affordable in Cheltenham than across Gloucestershire (lower quartile house price to earnings ratio of 7.2) and England (ratio of 6.5).

FIGURE 6.4: LOWER QUANTILE HOUSE PRICES IN 2012



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

FIGURE 6.5: LOWER QUANTILE HOUSE PRICE INFLATION 1997-2012



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

HOUSING STOCK

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

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

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

HOUSING GROWTH HAS BEEN CONCENTRATED AMONG PRIVATE SECTOR HOUSING

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

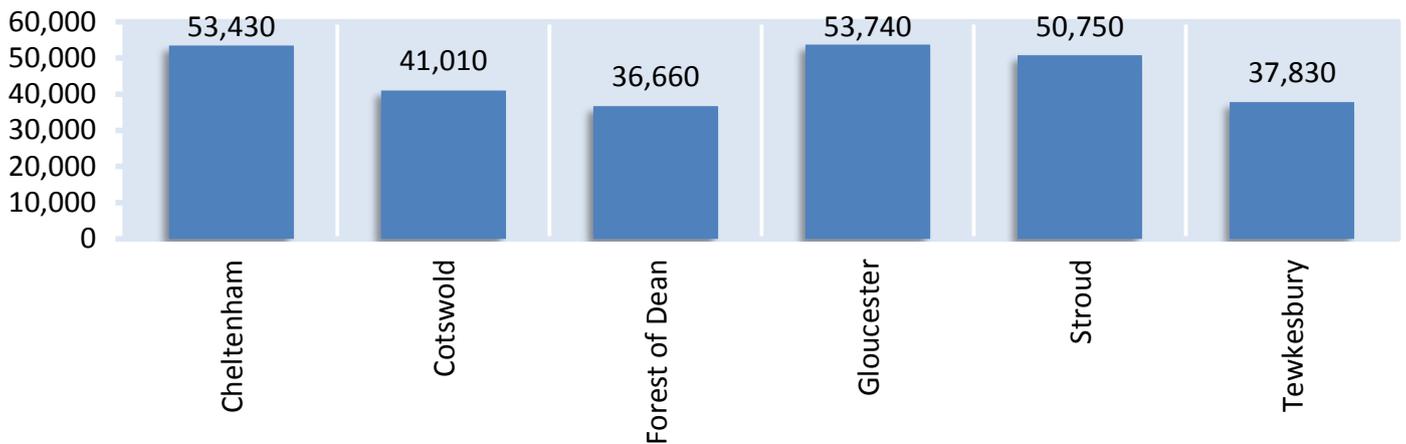
while the number of local authority dwellings has fallen (-466) – a national and countywide trend.

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

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

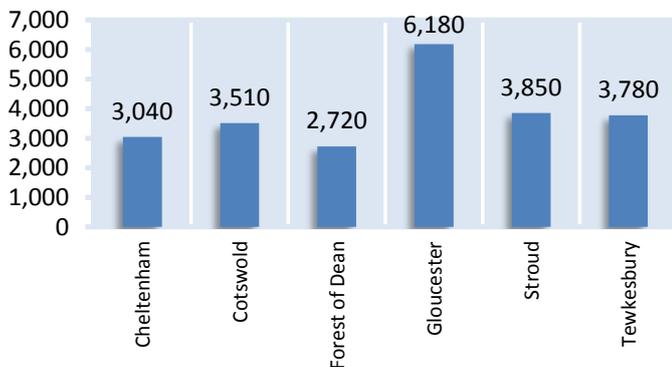
Trends have been similar across Gloucestershire with net additional dwellings falling from 3,310 in 2007/08 to 1,650 in 2010/11 and steadily rising to 2,700 in 2013/14. Again the recent rise in net new housing has been stronger than across England.

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



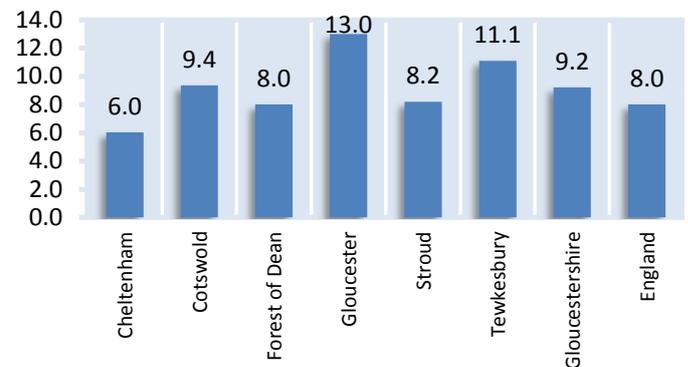
Source: Department for Communities and Local Government.

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



Source: Department for Communities and Local Government.

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



Source: Department for Communities and Local Government.

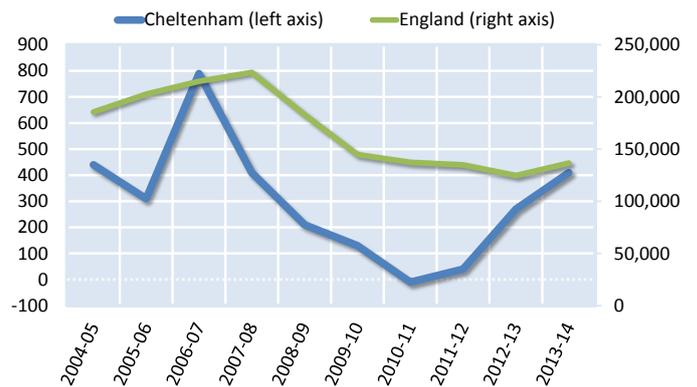
In 2013/14, there were 230 net additional affordable homes in Cheltenham. This represented 56 per cent of all net additional dwellings in the district.

THE NUMBER OF VACANT DWELLINGS HAS FALLEN IN CHELTENHAM

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

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

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



Source: Department for Communities and Local Government.

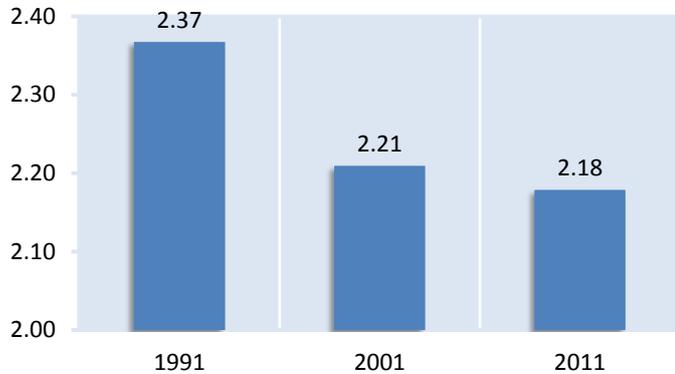
HOUSING TYPE, SIZE AND TENURE

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

AVERAGE HOUSEHOLD SIZE HAS DECREASED

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

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



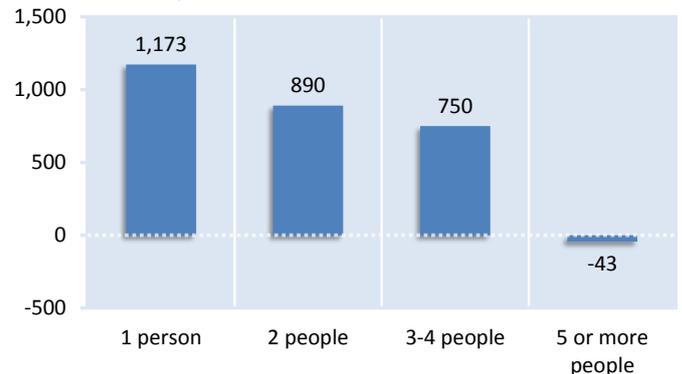
Source: 1991, 2001 and 2011 Census, Office for National Statistics.

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

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

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

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



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

FIGURE 6.13: HOUSEHOLD SIZE IN 2011



Source: 2011 Census, Office for National Statistics.

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

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

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

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

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

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

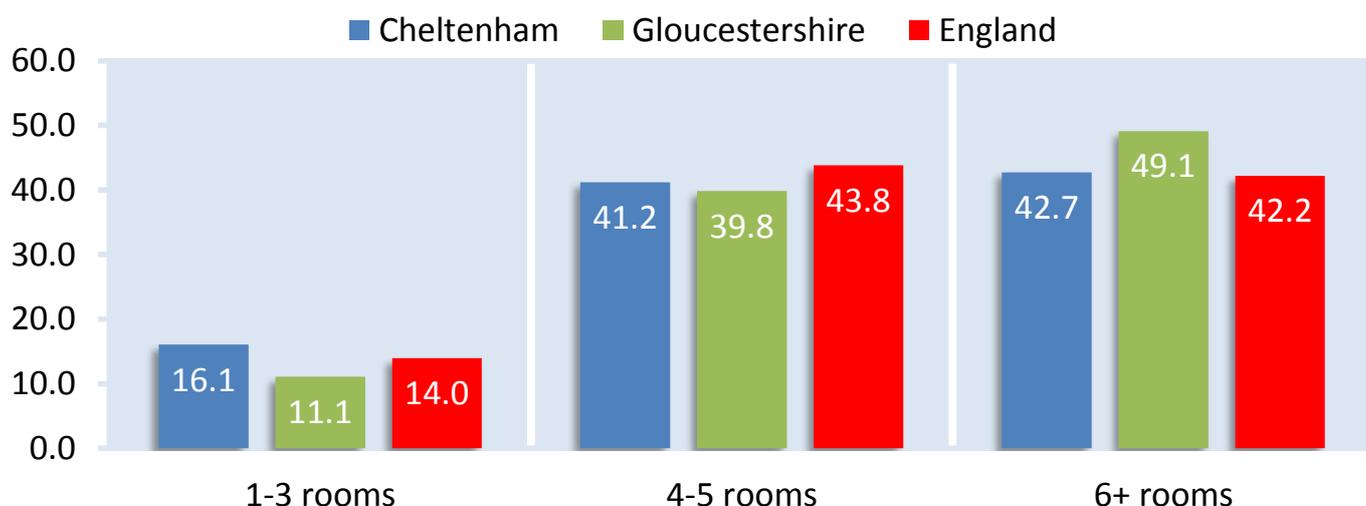
The number of flats in Cheltenham has increased sharply over the past ten years. Between 2001 and 2011, the number of flats increased by 19 per cent. This mirrored countywide and national trends, with the number of flats increasing by 24 and 22 per cent across Gloucestershire and England. There were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

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

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

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

FIGURE 6.14: DWELLING SIZE IN 2011



Source: 2011 Census, Office for National Statistics.

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

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

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

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

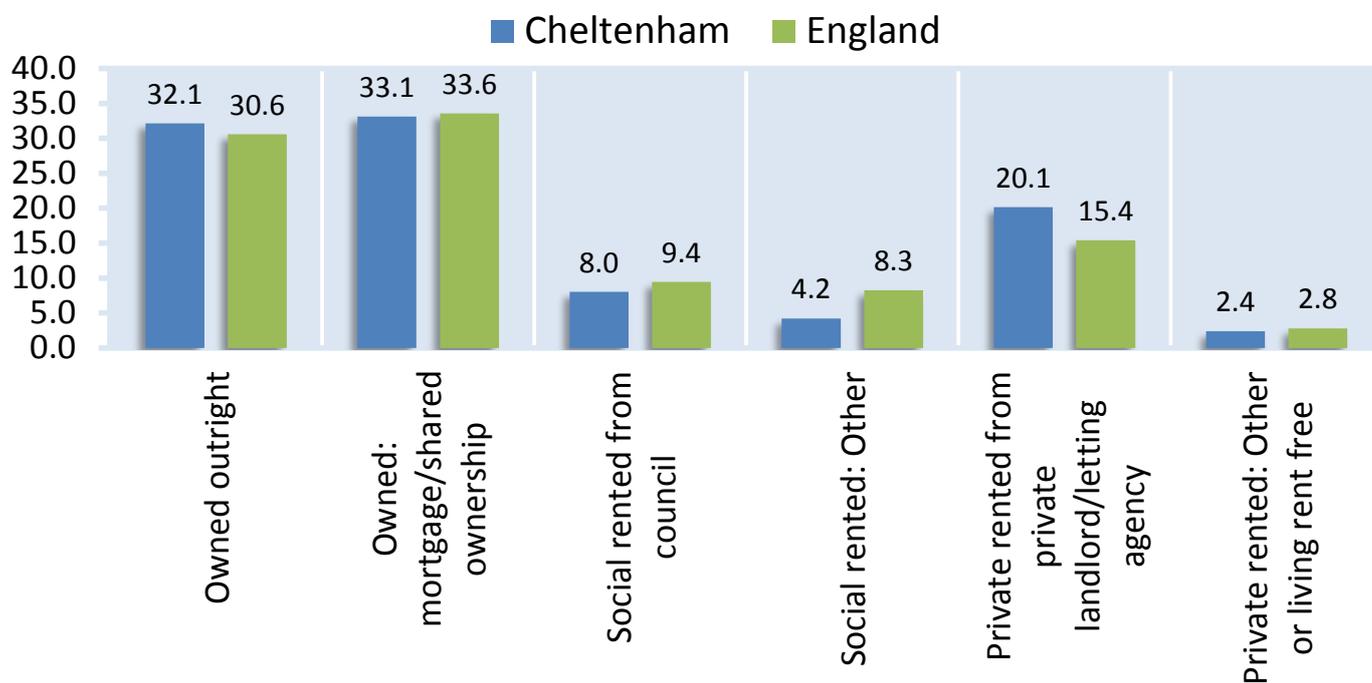
rising house prices which led to the sector being considered a good investment.

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

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

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

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



Source: 2011 Census, Office for National Statistics.

HOUSEHOLD PROJECTIONS

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

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

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

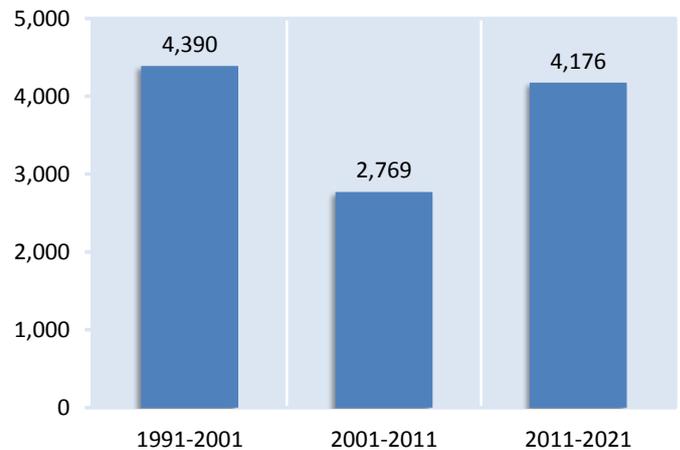
Between 2011 and 2021, the Department for Communities and Local Government (DCLG) projects that the number of households in Cheltenham will grow by 4,176 – or 418 per year (Figure 6.16). This is much higher than the historic trend of household growth over the past ten years – 2,769 new households, or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

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

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

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

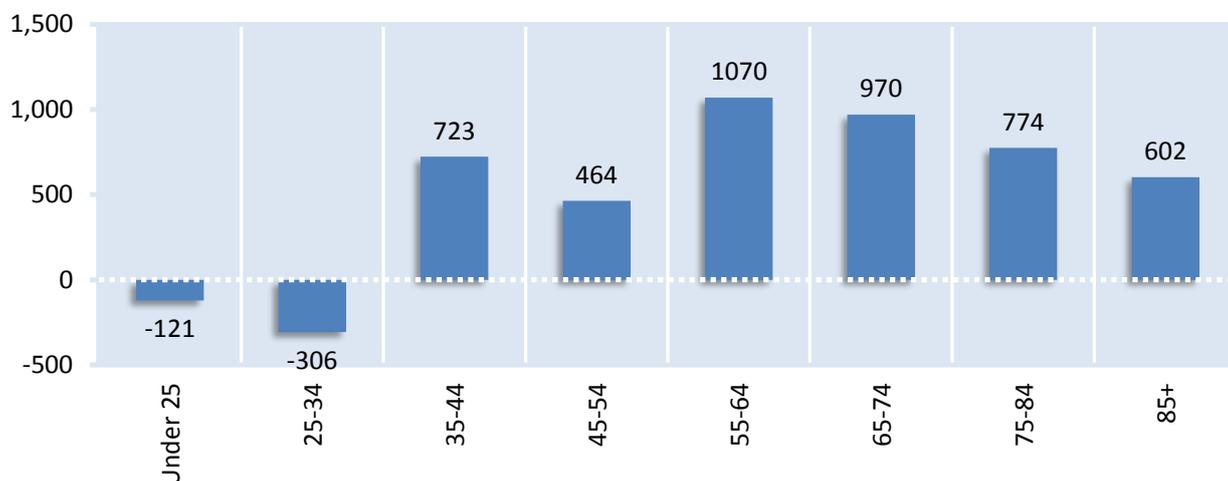
FIGURE 6.16: ACTUAL AND PROJECTED NET ADDITIONAL HOUSEHOLDS IN CHELTENHAM



Source: Department for Communities and Local Government.

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

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



Source: Department for Communities and Local Government.

COMMERCIAL AND INDUSTRIAL PROPERTY

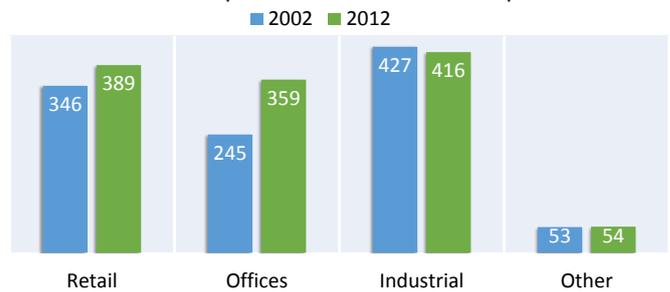
RATEABLE FLOOR SPACE IN RETAIL AND OFFICE USES HAS INCREASED OVER THE DECADE TO 2012

There were **389,000 sq. metres of retail floor space eligible for business rates in 2012**; 359,000 sq. metres of office floor space; and 416,000 sq. metres of industrial floor space (**Figure 6.18**). All uses, apart from industrial, had increased their rateable floor space between 2002 and 2012.

As **Figure 6.20** indicates, rateable values per sq. metre in 2012 were £165 for retail (above the England average of £150); £88 for office (below the England average of £155); and £39 for industrial (above the England average of £37). Rateable values per sq. metre for offices were notably higher in areas such as Bath and North East Somerset (£131), Bristol (£135) and Oxford (£128).

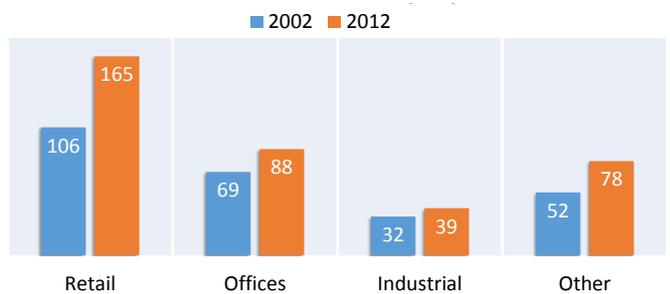
What is noticeable is the lower rateable values of office floorspace in Gloucestershire districts including Cheltenham, compared to other centres such as Bath, Birmingham, Bristol, Cardiff and Oxford. Industrial floorspace values are lower than all other classes across all areas. This may be an influential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

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



Source: Valuation Office Agency.

FIGURE 6.20: RATEABLE VALUES IN CHELTENHAM £ PER SQUARE METRE



Source: Valuation Office Agency.

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

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

Source: Valuation Office Agency.

TRAVEL TO WORK AND WORKING FROM HOME

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

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

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

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

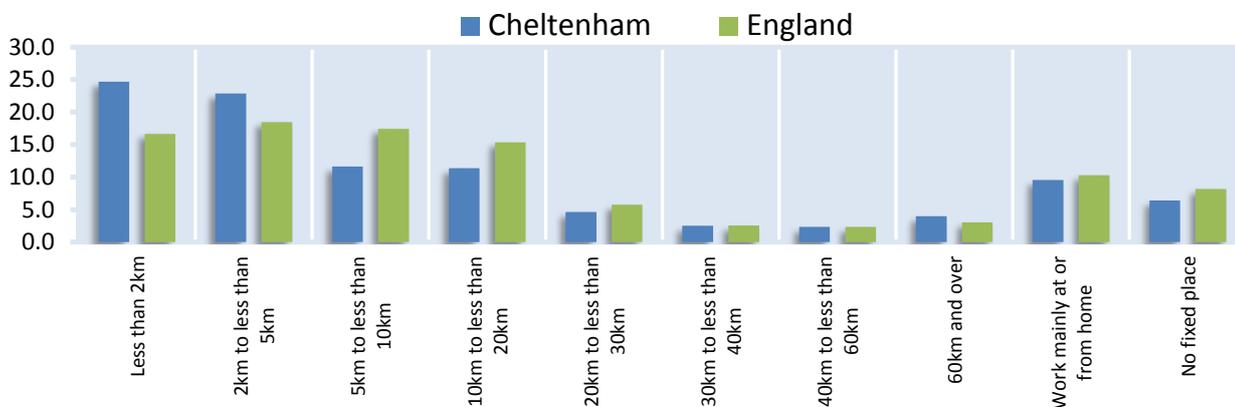
people opting for this method of travel (55 per cent, similar to the national average of 54 per cent).

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

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

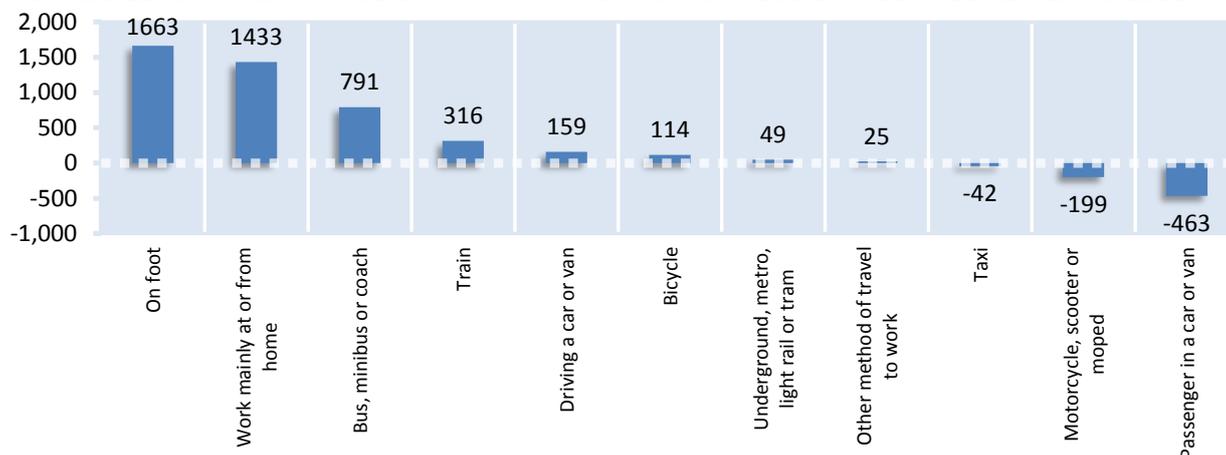
Between 2001 and 2011, there was a very large increase in the number of people working in Cheltenham travelling to work on foot (+1,700, or +19 per cent, compared to a 10 per cent increase across England) as indicated in **Figure 6.22**. This suggests that a large proportion of the 3,000 net additional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

FIGURE 6.21: DISTANCE TRAVELLED TO WORK IN 2011



Source: 2011 Census, Office for National Statistics.

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



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

TRAFFIC CONGESTION

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

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

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

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

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

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

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

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

A4013: A CONGESTED ROAD WITH DECLINING SPEEDS

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

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

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

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

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

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

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



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