

# Economic Development Strategy for Cheltenham

2007 – 2017

## Vision

To enable Cheltenham to have a thriving and prosperous economy whilst enhancing our environmental and social fabric.

This strategy will focus on how Cheltenham Borough Council, with the support of partners, stakeholders and the participation of the business community, will support economic development and business growth in a way that does not compromise the quality of life of present and future generations.

### Economic Overview

The economy of Cheltenham is facing new challenges and no one can be certain how the area will develop over the next ten years. However, assuming that growth will continue on current economic trends, detailed economic profiling provided by Gloucestershire Labour Market Information Unit is summarised in Appendix A and provides the basis for this strategy.

Since the production of the 2001 Economic Development & Regeneration strategy for Cheltenham, changes in global, national, regional and local economic conditions have impacted on Cheltenham and brought to the forefront issues which affect the prosperity and quality of life of the businesses and residents of the town.

To set the context for this strategy some of these issues have been outlined briefly below. In particular the intensifying impact of globalisation and the growing challenge of climate change:

- **Climate Change** –Cheltenham's Climate Change Strategy states, "*climate change is now widely regarded as the most pressing environmental problem confronting mankind at the outset of the 21<sup>st</sup> Century*". The 2007 Gloucestershire Energy Strategy reinforces this message and highlights the need to encourage businesses of all sizes to realise the business and investment opportunities that will arise from a sustainable energy economy. We need to adapt which means being prepared for changes in the environment and we need to mitigate, which means reducing our environmental impact and using technology to generate less polluting forms of energy. As the draft Regional Spatial Strategy<sup>1</sup> states, we need to respect environmental limits and meet the challenge of climate change. We need to embrace the principles of environmental sustainability and in particular reduce the carbon footprint of enterprises.
- **Globalisation** – With an increasing volume and variety of cross-border transactions in goods and services there is a growing economic interdependence of countries worldwide. Economically this homogenising of worldwide processes brings greater international exchange but at the same time has led to substantial structural economic changes with an increase in export of manufacturing to other parts of the world and subsequent decline of domestic blue collar work in the UK. This has contributed to decreasing levels of regional output being exported to overseas markets, with a shift of headquarters to outside the region. This draws out the need to be competitive and increase business investment; supporting key sectors but also focusing on new products, knowledge and technology to provide jobs and create an

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<sup>1</sup> See Appendix C, Strategic Context

entrepreneurial culture. In addition the population who were involved in traditional industries need to gain transferable skills to take advantage of the work opportunities that exist.

**Other issues that need to be taken into account include:**

- **Increasing population** – It is forecast by Government that net immigration in the South West will be 780,000- 835,000 people in the next twenty years. This needs to be properly managed so that we utilise skills and encourage entrepreneurship leading to more start up businesses. Migration for work has been welcomed by the Government, the Confederation of British Industry and the Trades Union Congress and overall it is now seen as the main driver of population change in the UK<sup>2</sup>. Macroeconomic studies consider that migrant workers are net contributors to the economy<sup>3</sup> and we need to work with educational partners to address the needs of our current and future labour force, supporting job opportunities for all.
- **Ageing population-** Compared to the national average, Gloucestershire has a different age structure with 17.6% of people aged 65 or over compared to just 16.2% nationally. This older population demographic affects the pattern of demand for employment, services and goods. As the older workforce progress towards retirement we need to ensure that skills and experience are not lost by supporting initiatives such as part-time working and the retention of marketable skills. We also need to promote an attractive labour market to retain our workforce and look at both the cost of housing and diversity of employment opportunities as factors which influence the decision to work in Cheltenham.
- **Communication & Transport** - The rise in car ownership and the resulting congestion coupled with an increased population adds pressure to the main transport routes in Gloucestershire. The impact of this on the environment and on economic prosperity is significant. We need to look at opportunities to encourage investment in infrastructure which will play a part in reducing the impact on the environment. We need to encourage greater use of e-commerce, telecommunications and public transport schemes which will reduce congestion.
- **Housing & Employment Demand** – In the south west there is growth in single person households which is partially due to an ageing population. The market emphasis on the provision of larger dwellings has now started to reverse with 40% of new homes having one/two bedrooms in 2004<sup>4</sup>. In terms of employment growth, forecasts in the Regional Spatial Strategy (RSS)<sup>5</sup> identify the need for Cheltenham to accommodate 10,750 new jobs over the plan period (2006 – 2026). The 'Demand and supply of employment land and premises in the South West' produced by DTZ in January 2007 states, "there are serious concerns over the ability of Cheltenham to meet the RSS objectives". The emerging Employment Land Audit and Local Development Framework will provide a base upon which we need to move forward and again, we need to ensure that investment can be accommodated within our environmental goals.
- **Economic volatility** - There has been an increase in economic volatility which can be seen as resulting from global or national economic instability including terrorism. We need to ensure flexibility to changing markets and influences and support new opportunities and growth sectors.
- **Decline of traditional industry**– In the south west there is a relatively high rate of hard-to-fill vacancies due to problems with both quality and quantity of labour. The south west has experienced a faster rate of job losses in the local manufacturing

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<sup>2</sup> Crossing border , Audit Commission January 2007

<sup>3</sup> Crossing borders, responding to the local challenges of migrant workers, Audit commission January 2007

<sup>4</sup> State of the South West, South West Observatory

<sup>5</sup> See Appendix C for further details

sector compared to nationally<sup>6</sup>. In addition the anticipated growth of e-commerce may be detrimental to the retailing in the town centre as more shopping is carried out on-line, affecting employment and production levels. We need to look for job opportunities for all, recognising that job losses in certain industries may lead to the need for re-skilling. We need to ensure that people in this position are able to take advantage of new work opportunities and avoid social exclusion.

- **Economic balance** - Pockets of deprivation still remain in Cheltenham and as the European Regional Policy states “Economic growth is sustainable when it is accompanied by measures designed to reduce poverty, social exclusion and environmental problems.” With pockets of low income co-existing with areas of comparable wealth leading to potential economic and social disengagement, we need to ensure that work continues to tackle these issues and barriers to engagement are addressed by increasing skills, improving job opportunities and developing enterprise<sup>7</sup>.
- **Retention of the workforce** - Skill levels in Cheltenham are relatively high. However there needs to be recognition that an increase in skills does not necessarily mean improvements in the skills of local workforce as the workforce is more and more mobile. There still remain areas where the population does not benefit from education and learning. We also need to recognise the decline in traditional industries and ensure that this workforce can gain the skills to work, earning money and avoiding social exclusion. We need to recognise these needs and enable these young people and adults to engage in the society and economy. We need to address the problems of attracting and retaining skilled workers.

These are only some of many economic drivers which are affecting Cheltenham’s economy and, as mentioned above, for the purposes of this strategy they provide only a brief overview of a wider picture.<sup>8</sup> What these economic, environmental and social drivers appear to show is, “a world of dynamic demographic and technological change”<sup>9</sup> one in which enabling a vision of prosperity requires Cheltenham to remain competitive and be prepared for the future socially, environmentally and economically.

## Guiding Principles

### To bring benefit to the whole of Cheltenham and ensure a high quality of life for all

This strategy will aim not only for economic growth as an increase in the value of goods and services produced by an economy, measurable by Gross Domestic Product (GDP) and Gross Value Added (GVA)<sup>10</sup>, but successful economic development. Economic development by definition is the creation of economic wealth for all citizens within the diverse layers of society. It is a complex multi-dimensional concept that involves improvements in human well-being. It is typically measured in terms of jobs and income, but it also includes improvements in human development, better education, improved health and nutrition, choice, a richer cultural life and environmental sustainability. Simply put it is creating the maximum amount of wealth and the best quality of life for as many people as possible. This strategy will be guided not only by levels of GDP/GVA and increased economic growth, but by a wider and longer term goal which looks to improve quality of life for the people of Cheltenham now and in the future.

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<sup>6</sup> The Economy of Gloucestershire 2005, An overview of trends in local productivity and employment 1993-2003 GLMIU

<sup>7</sup> State of the South West , South West Observatory

<sup>8</sup> Looking at the economy of Cheltenham from a macroeconomic level uses a top-down approach where the analysis starts with larger aggregates however, this strategy also uses microeconomics which is a bottom-up approach using theoretical and evidential support including that found in the GLMIU economic profiling.

<sup>9</sup> South West Regional Economic Strategy 2006 - 2015

<sup>10</sup> The Economy of Cheltenham, An overview of trends in local productivity and employment 1993-2003 GLMIU (2006) Gross Value Added measures the value of an economy’s goods and services before taxes and subsidies on them are taken into account. GVA is a more accurate measure of the value added by economic activity and avoids estimating Gross Domestic Product which at a sub-national level is difficult because it involves the calculation of the effect of taxes and subsidies on goods and services at this level.

## **Sustainable Economic Development**

This strategy will be guided by *'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'*.<sup>11</sup> As seen in the Gloucestershire Sustainable Energy Strategy the implications and costs of climate change are a challenge to us all. The effect of unsustainable economic development will, in the long term, hinder the economic growth of Cheltenham and be detrimental to the well-being of the people. There is much that can be built upon including sustainable tourism and demonstrating the difference resource efficiency can make to businesses. To this end this strategy supports sustainable development and will look to technology, innovation and partnership to enable economic development whilst protecting our natural capital<sup>12</sup> and our environment for future generations aiming for a low carbon economy.

### **To be flexible to changing markets and embrace opportunities**

This economic development strategy reflects the STERN<sup>13</sup> review which states, "all economies undergo continuous structural change; the most successful economies are those that have the flexibility and dynamism to embrace the change". To be successful this strategy needs to be flexible to maximise opportunities within the shifting challenges that are presented at a national level, looking at both the short and long term advantages of its objectives and actions. We need to remain competitive and look to compete in this global economy. As such the council needs to have up to date information on both the local, sub-regional, regional and national economy and the action plan leading from this strategy will be subject to review.

### **To support growth and investment into key business sectors and sectors which have high productivity and turnover and contribute the most towards Cheltenham's economy.**

Finance and business services, public sector, distribution/hotels and catering (including retail) and manufacturing are the key sectors which currently contribute the most towards Cheltenham's economic growth and show the most potential for growth. The objectives and subsequent actions in this strategy will be guided towards supporting and promoting these key economic drivers so that they fulfil their economic potential and are resilient to detrimental global, regional and local economic pressures.

### **To work in partnership**

Cheltenham Borough Council needs to work in partnership in order to build Cheltenham's economic wealth and move towards the strategic vision. It will need to support partnership work as laid out in the emerging Urban Economic Strategy and the Local Area Agreement and maximise the value of this work. In the Gloucestershire economic strategy the value of working in partnership is highlighted as one of five principles which exemplify its approach to economic development. There needs to be coordinated support for this strategy from the Council, service delivery partners and key stakeholders and a level of commitment for strategies and action plans which add to the economic development of the borough. Cheltenham needs to optimise these partnerships to ensure that it has a voice and an influence in the wider economic, environmental and social arena.

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<sup>11</sup> Securing the Future Delivering UK Sustainable Development Strategy March 2005

<sup>12</sup> Natural capital is a metaphor for the mineral, plant and animal formations of the Earth's biosphere when viewed as a means of production – Wikipedia

<sup>13</sup> STERN review 2006

## Objectives

1. To increase business investment
2. To ensure that investment can be accommodated within environmental goals
3. To address employment needs and opportunities
4. To support growth sectors within Cheltenham
5. To create an entrepreneurial culture and to support small business growth.

### 1 To increase business investment

#### a) To continue to develop liaison work with key employers

Businesses are the driving force behind economic development as they continue to create wealth and provide jobs. As it states in the regional economic strategy for the south west “successful, competitive businesses create the wealth that is at the heart of the region’s prosperous and sustainable future”. Cheltenham has a fairly affluent economy with growth rate in 2003<sup>14</sup> which is faster than that of national GVA. We need to ensure that businesses continue to thrive and grow. A culture within the council needs to be further developed in which contact with businesses and understanding them is ongoing and accepted. “Economic development interventions are not classic public services, they seek to influence the way in which businesses and markets perform”<sup>15</sup> and to do this requires successful private sector interventions. We need to work with partners, such as Gloucestershire First, to consult and inform businesses of developments which affect their investments to ensure that they are prepared for changes and able to make use of opportunities. In addition, local businesses need to be able to feed into strategies and plans set by the council and to be encouraged to commit to partnership work so that they can be involved in setting the agenda for Cheltenham.

Although some of the reasons that businesses choose to invest lie outside of our direct control, we need to be aware and responsive to business issues and recognise what can be achieved with knowledge and in partnership with stakeholders. To do this there needs to be opportunities for regular dialogue between the council and the business community to build business intelligence. In addition, we need to recognise that business issues that arise may require cross-agency working and endeavour to present a coherent offer of support.

#### b) To raise the profile of Cheltenham as an investment opportunity

To build economic growth we need to push Cheltenham forward as an investment opportunity to businesses outside the borough and support businesses within Cheltenham looking to grow. Cheltenham has many strengths that can make it appealing to new businesses including good accessibility to other major cities, a relatively high income of homeowners and good quality local amenities such as schools and healthcare.<sup>16</sup> We need to uphold, promote those positive elements for which Cheltenham is recognised including its culture and festivals, its successful regional shopping centre<sup>17</sup>, Cheltenham Racecourse, its educational facilities, including Gloucestershire University amongst others. Building on a “total quality” approach adopted in the 2001 economic development and regeneration strategy, Cheltenham needs to retain and build the quality of its offer, avoiding complacency and achieving a sustainable competitive advantage whilst complementing other nearby developments such as those in

<sup>14</sup> This is from 2003 statistics which provide the most up to date information in the GLMIU economic model

<sup>15</sup> The role of city development companies in English cities and city regions – a consultation 2006

<sup>16</sup> Survey of property price advice October 2006 placed Cheltenham as the best place to live out of the country’s 1,833 postcode areas

<sup>17</sup> CACI Retail Footprint placed Cheltenham as 30<sup>th</sup> in the top UK and Ireland retail shopping centres in the county

Gloucester, Oxford, Bristol, Swindon and Cardiff. We need to promote the public realm, the town's fine architectural heritage and the attractive environment. In particular, this will be further enhanced through Civic Pride<sup>18</sup> which will provide encouragement to the dynamic cultural provision that makes the town appealing as a place to live in and attract new businesses and investment. At the same time it will attract tourists and shoppers, and further develop the town as an outstanding visitor destination.

We need to understand the business offer in Cheltenham and recognise the challenges and barriers that businesses face now and in the future. Cheltenham's economy is strongly influenced by wider regional, UK and global economic drivers. New technologies are changing the nature of products and services and economic value in the UK is based increasingly on knowledge. We need to work to identify and promote new emerging business opportunities including those which come from shifts in the wider marketplace. Within this changing economy we need to recognise the benefit of promoting the whole of urban Gloucestershire adding to our individual strengths and tapping into a wider market share through greater resources and a higher profile. We need to look to the Urban Economic Strategy and Local Area Agreements to move forward through a partnership approach. We also need to promote our key sectors and growth sectors looking to clusters of industries, focused sectors, quarters and hubs<sup>19</sup> as ways to attract investment and increase the ability of companies to compete on a national and global basis. Inward investment enquiries should be dealt with effectively and demand for sites should feed into establishing the need for employment land. The council should be business-friendly and welcoming particularly as the level of advice and support by local authorities and support organisations is an important consideration to businesses making an investment decision.

## **2 To ensure that investment can be accommodated within environmental goals<sup>20</sup>**

a) To ensure that there is an adequate range of business premises for inward investment and business expansions

The regional spatial strategy sets out that Cheltenham will need 10,750 additional jobs by 2026 to cater for the level of growth in the town, taking into account the travel to work areas<sup>21</sup>. This growth will rely on adequate business sites and housing. Economic wealth can come from innovation, research and development and a consolidation of business activities. Examination of existing resource use can lead to greater productivity and a reduction of waste and carbon emissions. Home working, live/work units, virtual businesses and distance learning, which retain levels of production but ease pressure on the environment and infrastructure, should be explored further.

The availability of employment sites and the protection of existing employment sites is important if economic growth is not to be impeded. Further provision will rely on the emerging LDF, Cheltenham's employment land audit and the existing Gloucestershire workspace strategy all of which will in turn be delivered by Cheltenham's local development framework. Any provisions need to correlate to current demand and predicted business growth ensuring a balance is achieved between jobs and housing. The challenge will be investigating the scope and viability of developing on existing brownfield sites, the identification of new sites and the reassessment of current employment land. Cheltenham needs to have a voice at sub-regional and countywide initiatives so that it can influence planning issues such as transport, housing and employment. In addition, it should enable development to be of a good quality, innovative and sustainable with high-tech design and cutting edge technology whilst also enhancing Cheltenham's existing provision. The environmental and social cost of development needs to be weighed up as it is clear that the quality of Cheltenham's

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<sup>18</sup> Appendix C, Strategic Context

<sup>19</sup> Prosperous Economies, beyond the white paper LGA 2006

<sup>20</sup> Environmental goals, Regional special strategy defines as "eroding the environmental quality and the life systems on which we all depend. This means lower consumptions, lifestyles which are more resource efficient.

<sup>21</sup> Travel to Work Areas and the 2001 Census: initial research. Final report to the Office of National Statistics, University of Newcastle (2005).

environment directly affects its prosperity. We need to ensure sustainable economic development, allowing growth whilst improving quality of life for the people of Cheltenham now and in the future.

#### b) Sustainable transport infrastructure to meet visitor and business needs

There is an important interrelationship between the economy and transport. Economic growth without improvements and investment in infrastructure can lead to economically damaging levels of congestion. There needs to be adequate transport links to ensure that journeys within, in to and out of Cheltenham do not impede economic growth. Interventions to improve and add to the existing infrastructure need to be realistic and balanced, focusing on optimising conditions to promote the social, economic and environmental well-being of the area.<sup>22</sup> On a regional scale key transport routes have been identified in Gloucestershire such as congestion on the A417/419, the M4 access route and rail services to London which, if improved, could help facilitate ease of movement in Gloucestershire. At a borough level the retail and leisure study and civic pride will push forward plans to reduce the amount of traffic through Cheltenham's town centre improving the environment, congestion and safety. It is important that the road system has capacity in line with the level of development set out in the regional spatial strategy, the emerging local development framework and the existing local plan that developer contributions support investment in the transport system. Transport capacity should enable movement of visitors, employees and freight without creating physical barriers to the accessibility of different areas and be in keeping with the regency environment which is a key contributor to Cheltenham's economic wealth.

With car ownership forecast to increase we need to ease congestion and to recognise the impact on climate change. There needs to be a good quality and viable public transport system which reduces the percentage of car users and moves Cheltenham towards being a carbon neutral borough. In line with the regional priorities we need to "improve the region's transport network through ensuring new developments reduce the need to travel by car, increasing the availability of public transport"<sup>23</sup>. Only 20% of Cheltenham work trips are to central areas presenting challenges on providing an adequate public transport system for all. Car sharing, business transport plans and park and ride usage which relocates parking stock to the edge of the town needs to be encouraged and promoted whilst ensuring that town centre parking is sufficient not to deter visitors and businesses to the area. In addition there needs to be good facilities for cyclists and pedestrians. There also should be an adequate rail service for residents and businesses including a good rail-freight provision. Cheltenham's Station needs to be upheld as a critical asset to the town and better links between the station and the town centre should be supported. In addition, due to the long term projected growth in Cheltenham, development of the rail network which moves towards meeting demand and balancing our environmental goals should also be supported.

### 3 To address employment needs and opportunities

#### a) To work with educational partners to meet the employment need.

We need to ensure that Cheltenham retains low unemployment and that barriers to employment are addressed. Relatively Cheltenham has highly qualified residents, however, it also has an older population profile suggesting that the workforce may need to be re-trained to access today's labour market. In addition, competitiveness and innovation harnessed by strong skill levels is increasingly important for businesses to compete in a rapidly changing global and local economy. Skills need to be relevant and provide real returns for individuals and should be portable to deliver mobility in the labour market for individuals and employers.<sup>24</sup> The unemployed, including hard-to-reach groups, need to be able to gain the skills to be attractive to the local labour market and its needs. In addition, opportunities within the local labour market need to be promoted so this labour market is appealing to all demographics of

<sup>22</sup> Gloucestershire local transport plan 2006-2011

<sup>23</sup> Gloucestershire local transport plan 2006-2011

<sup>24</sup> Leitch Review, final report December 2006

Cheltenham including new graduates, an older population and minority groups such as ethnic minorities, migrants, disabled people and women. To do this we have to understand what the labour force looks like now and where there are gaps in the skill levels of employees. We need to work with our educational partners and the Learning and Skills Council who are committed to “improving the skills and qualifications of learners and providing employers with the skilled employees they need, to compete.”<sup>25</sup>

Currently, Cheltenham has low unemployment and the existing workforce needs to be able to access and progress to better quality local jobs through gaining new transferable knowledge and skills. This avoids a labour market where there is little room for internal job progression, no education or training and wages that relate only to market forces. Employers need to be informed of support programmes that will enable them to improve their workforce. Business support services should seek not only to address skill gaps but to provide advice on a range of issues such as business systems, competitiveness and environmental sustainability which can be barriers to economic growth.

#### b) Support job opportunities for all

As access to information technology increases and as a nation we become more mobile, job opportunities are geographically spread wider than ever before. We need to use ICT to overcome distance, ensuring that businesses are able to access and use new technology and that employers are aware of practical systems they can put in place to make their businesses more attractive to the local labour force including flexible working, provision for childcare, green travel plans which can reduce congestion at peak times and improvements in the working environment. Encouraging employment amongst a full range of occupations and skill levels will provide diversity of work which will minimise unemployment. With challenges presented by jobs that have been lost or under threat there is a clear need to continue efforts to provide job opportunities for all local residents as well as focussing on overall economic growth.

#### c) To support economic regeneration and economic participation in disadvantaged areas

There are areas of higher unemployment in some wards in Cheltenham. The Index of Multiple Deprivation 2004 places St Paul’s in the top 10% of “most deprived super output areas”<sup>26</sup> which indicates that these areas tend to have high unemployment, low education, skills and training and a poor quality of environment. Residents in Cheltenham, including those in community regeneration areas need to be able to overcome barriers to employment enabling them to contribute to the economy and to increase their quality of life. To reduce the cycle of deprivation, skills, training and business services in these areas should be adapted to meet residents and businesses’ needs. As highlighted in the Local Area Agreement for Gloucestershire<sup>27</sup> we need to support programs which assist incapacity benefit claimants to contribute to the economy. Community and social enterprises, including the Credit Union play an important role and help remove obstacles to employment and self employment.

### **4 To support growth sectors within Cheltenham**

#### a) To remove barriers to green industries and support their growth

Industrialisation and economic development has brought about an improvement in the standard of living for many. However, it is clear that in the long term unsustainable economic development will be detrimental to economic growth and quality of life. Objectives and actions to mitigate and adapt to climate change can be seen in many key documents

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<sup>25</sup> Raising our game: Our Annual Statement of Priorities 2007/08

<sup>26</sup> Super Output Areas are a continuous geography of areas of approximately equal population size. It is to this level that indices of deprivation have been measured- Communities and local government 2004

<sup>27</sup> Appendix C strategy context



including 'securing the future delivering UK sustainable development strategy March 2005', the STERN review and on a local level the Gloucestershire sustainable energy strategy. As the market widens for environmental investment, Cheltenham must embrace this economic opportunity. This strategy will look to green industries and technologies as a key growth sector which will not only bring about economic growth but in the long term increase the well-being of its citizens.

The value of energy and associated industries is estimated to be £7 billion<sup>28</sup> in Gloucestershire by 2020 and the worldwide market in environmental services is already worth \$515 billion. Re-appraising business systems to improving energy efficiency and cut waste can significantly improve a company's success. BP has demonstrated that focusing on energy efficiency within its own business has added over \$650 million to its profitability. There is a shift in priorities as some businesses are now seeing environmental superiority and local procurement as a source of competitive advantage; consumer demand is also changing to drive forward green growth. In the 2006 community consultation Cheltenham residents placed waste, recycling and sustainable development as one of their top priorities for the people of Cheltenham. With directives, standards and targets at a UK level aimed at the consumption of fewer resources, increased recycling and the promotion of alternative energy, green industries and technologies will contribute more and should contribute more to Cheltenham's economy. Cutting-edge renewable technology needs to be embraced to drive forward a reduction in carbon production and enable us to realise our environmental goals. Cheltenham's businesses are turning toward this growing market, however, barriers such as the cost of implementing green technology, need to be addressed. The council should look for innovative ways to ensure that its own portfolio of sites reflect its green ambitions. Good access to information, environmental best practice, technology and innovation is required.

#### b) To realise the economic potential of the Creative Industries Sector in Cheltenham

Creative media businesses are identified as: "those industries which have their origin in individual creativity, skill talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property."<sup>29</sup> This sector offers the potential for high growth particularly with its ability to compete in the world markets. The creative industries are identified by South West RDA as an "emerging sector" of the regional economy. The growth of this sector and its associated intellectual property fits with the regions move towards a knowledge-based economy. In Gloucestershire nearly one in twenty of all people employed in the county work in a creative sector enterprise and due to the sectors scale and diversity it has; "substantial potential to contribute to local and regional economic goals"<sup>30</sup> Cheltenham already has strong creative industries which need to be built upon; around the film studio, developments at the University of Gloucestershire, Pittville Campus, the screenwriters festival and the arts and media department at the Gloucestershire Collage. We need to support this sector and utilise creative hubs and incubator units to realise its economic potential.

The creative industry continues to change rapidly with consolidation of media owners and the implementation of new technology. Therefore, the skills of these creative industries need to be enhanced to maintain a competitive position. In the Comedia report, May 2006, which looks at creative industries in Gloucestershire it states that over 60% of creative businesses had not used any business support and work needs to be done with educational partners to develop support programs which recognise the needs of this sector.

### **5 To create an entrepreneurial culture and to support small business growth.**

#### a) To provide and promote coherent, accessible support

The regional economic strategy in line with the Treasury's national "drivers of productivity" puts innovation, creativity and enterprise as an economic driver which is central to the

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<sup>28</sup> Energy for Sustainable Development (ESD), Gloucestershire First preparation for Energy Strategy

<sup>29</sup> Department of Culture, Media & Sport publication Creative Industries Mapping Document 2001

<sup>30</sup> Comedia report, May 2006 Gloucestershire First

continued development of a successful and competitive economy.<sup>31</sup> Within Cheltenham the strong Finance and Business sector has shown better than average GVA, but between 1998 and 2003 employment has decreased. This high productivity but low employment suggests that efficiencies of practice and innovation can be seen as factors which influence this sectors growth<sup>32</sup>. The creation of new business and the growth of small business is particularly important for Cheltenham's economy as around 42% of employees in Cheltenham (26,000 people) work for a company with less than 50 employees.<sup>33</sup> Finding out what these businesses need to grow is a key challenge and requires fostering strong relationships with support providers and businesses themselves. We also should look to partners outside the region for examples of best practise. Local business needs should be reflected in the support that they are able to access and where gaps in provision are identified we should work with partners to facilitate solutions. In addition, we need to inform wider policies and legislation of local business requirements and look for opportunities at a regional and national level to fill emerging gaps and build on successful programmes.

The Lisbon agenda in March 2000 set the European Union the goal of becoming "the most dynamic and competitive knowledge-based economy in the world" by 2010. The Regional Economic Strategy and the Gloucestershire Economic Strategy all look to supporting small businesses and encourage innovation. We need work to foster a culture of innovation and should ensure coherent and accessible business support that recognises local business needs and provide a platform for economic growth.

b) To have adequate facilities for business start up and micro business growth.

Strong key sectors and key growth sectors provide opportunities for start up businesses and micro businesses. In addition the strong educational base found in Cheltenham with the Gloucestershire Collage and the University of Gloucestershire leads to many highly skilled graduates with potential to utilise cutting edge technology and innovation. Adequate facilities, such as incubator space and workspace provision should be explored with education partners so that start ups are supported and provided with the tools they need to move forward. Clusters of industries which provide business to business best practise and procurement opportunities should be encouraged.

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<sup>31</sup> Regional economic strategy for the South West

<sup>32</sup> The Economy of Cheltenham, An overview of trends in local productivity and employment 1993 - 2003

<sup>33</sup> The Cheltenham Story 2006, Gloucestershire County Council

## Cheltenham's Economy – an overview

This information has been produced from a variety of sources including the profiling carried out by Gloucestershire Labour Market Information Unit (GLMIU) which produces a variety of labour market and economy related data and reports. GLMIU uses the Cheltenham Economic Model, developed in 1999 by economist Owen Nankivell to provide details on the local economy.<sup>34</sup> The evidence that supports this strategy is based on 2003 figures which is the latest economic profile we have available at this time.

### The regional and sub-regional context

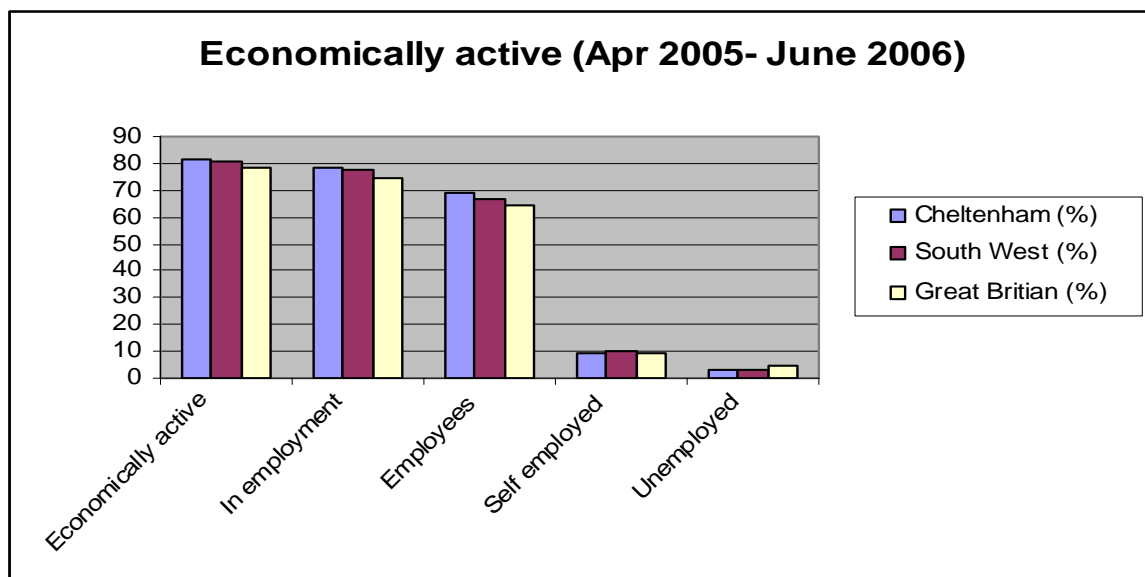
Cheltenham is one of the principal towns of Gloucestershire and is part of the northeast triangle of the South West, encompassing the Bristol-Bath, Swindon-Cheltenham-Gloucester axis, re-enforced by motorway standard road connections. This zone has been referred to as the 'economic motor' for the region, boasting the highest skills and income levels of any economic activity zone in the south west region.

### Population

Cheltenham has a total population of 111,700 (in 41,141 households) and a working age population of 69,700. At 62.4% of the population this is higher than levels in the South West (59.9%), and similar to Great Britain levels (62.1%)<sup>35</sup>

### Employment levels and economic activity (Apr 2005-Mar 2006)

The chart below<sup>36</sup> shows the percentage of those in Cheltenham who are economically active, in employment, employees, self employed and unemployed. Estimates suggest that Cheltenham has an economically active population of 55,700 (81.4%) which compares favourably with South West (80.4%) and Great Britain (78.3%) levels. Of the 53,800 people in employment, 47,400 were employees and 6,400 self employed.



<sup>34</sup> In order to estimate GDP the model uses three methods of measurement: the output, income and expenditure approaches. Each approach measures the income produced from economic activity in the economy in different ways.

<sup>35</sup> Mid year population estimates through ONS Crown Copyright Reserved (NOMIS), for this working age is taken as 16-64 males/16-59 females.

<sup>36</sup> Annual population survey, through ONS ONS Crown Copyright Reserved (NOMIS)

## Productivity<sup>37</sup>

Cheltenham has a fairly affluent economy. In 2003 Cheltenham's Gross Value Added (GVA) at basic prices stood at £2,451 million and GVA per head in Cheltenham stood at £22,280, 135% of the national average. Cheltenham's rate of growth for the period 1993 to 2003 was greater than that of national GVA rising at an average of 6.4% per annum against a growth rate of 5.5% per annum for Great Britain. This growth is reflected in earnings in 2006 and can be seen in the chart below. The chart also shows there is still a difference in earnings between male and female workers and emphasise that we should look to support job opportunities for all.

## Earnings by resident in pounds (2006)<sup>38</sup>

	Cheltenham	South West	Great Britain
<b>Gross Weekly/ Annual Pay</b>			
Full Time Workers	470.7 (Annual pay £24,794)	423.5	449.6
Male Full Time Workers	514.3 (Annual pay £27,381)	471.2	490.5
Female Full Time Workers	404.8 (Annual pay £21,134)	358.8	387.6
<b>hourly pay</b>			
Full Time Workers	12.3	10.53	11.26
Male Full Time Workers	12.95	11.35	11.91
Female Full Time Workers	10.79	9.39	10.28

## Qualifications<sup>39</sup>

Cheltenham has relatively highly qualified residents with 27,600 (40.4%) with qualifications relating to NVQ4 which is significantly above the South West and Great Britain's percentage of qualified residents at this level which, for both areas, are 26.5%.

	Cheltenham (numbers)	Cheltenham (%)	South West (%)	Great Britain (%)
NVQ4 and above	27,600	40.4	26.5	26.5
NVQ3 and above	38,700	56.6	46.0	44.4
NVQ2 and above	50,400	73.7	66.2	62.9
NVQ1 and above	58,900	86.3	82.0	77.2
Other Qualifications	3,200	4.6	7.9	8.4
No Qualifications	6,200	9.1	9.9	14.3

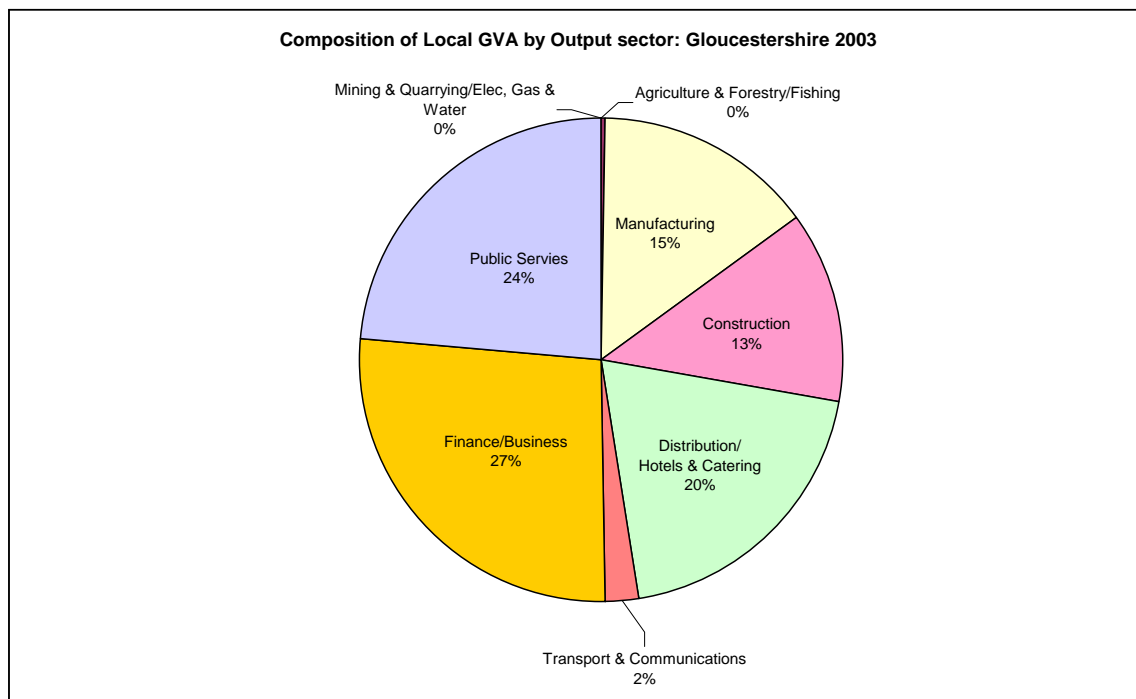
## The principal industrial sectors.<sup>40</sup>

<sup>37</sup> The Economy of Cheltenham, An overview of trends in local productivity and employment 1993-2003 GLMIU (2006) Gross Value Added measures the value of an economy's goods and services before taxes and subsidies on them are taken into account. GVA is a more accurate measure of the value added by economic activity and avoids estimating Gross Domestic Product which at a sub-national level is difficult because it involves the calculation of the effect of taxes and subsidies on goods and services at this level.

<sup>38</sup> Annual survey of hours and earnings – ONS Crown Copyright Reserved (NOMIS) resident analysis, note: these are median earnings in pounds for employees living in the area

<sup>39</sup> Annual population survey, Jan 2005- Dec 2005, note: numbers and % are for those of working age (16 - 59/64) and % is a proportion of total working age population ONS Crown Copyright Reserved (NOMIS)

In 2003 the sectors that were currently contributing the most GVA to Cheltenham's economy comprised: Finance and Business, Public Services, Distribution/Hotels and Catering (including Retail) Manufacturing and Construction as illustrated in the pie chart below.



### Finance/Business Sector

The Finance/Business sector accounted for 26% of Cheltenham's GVA in 2003. The sector is made up of a mixture of activities, from Banking and Insurance activities to Real Estate and Computer Services. This sector has shown good growth and produced significant GVA. Locally the sector's share of GVA in 2003 was slightly higher than its share in 1993, of 25%. Both locally and nationally the Finance/ Business sector has shown better than average growth, with local growth averaging 7.1% per annum slightly lower than national growth which averaged 7.4%.

In 2003 employment in the sector stood at 11,000. The sector accounted for 18% of employment, a significantly lower proportion than the sector accounted for in terms of GVA, indicating that this is not a particularly labour intensive sector. Growth in output in this sector was accompanied by slightly above average growth in employment over the 10 years since 1993, at 1.7% per annum. By way of a breakdown in 2003 output in this sector was dominated by Real Estate, accounting for 32% of output, and Other Business, accounting for 37%.

### Manufacturing

UK manufacturing has been experiencing decline for many years as UK companies struggle to compete with the cost of production on mainland Europe, China and more recently from India and Mexico. Nationally the Manufacturing sector has grown at a significantly slower rate than overall GVA, resulting in its share of GVA dropping significantly, from 21% in 1993. However, UK Trade and Investment draws our attention to manufacturers using a vast skilled labour force to build a sector that is highly adaptable, high end and specialised and that this cutting edge technology is "a new industrial revolution" and a shift away from traditional

<sup>40</sup> The Economy of Cheltenham. An overview of trends in total productivity and employment 1993 – 2003 GLMIU (2006)

manufacturing. The Aerospace industry, for example, grew nationally 18.5% in the first quarter of 2006, compared with the same period in 2005.

The Manufacturing sector in Cheltenham retained most of its share of GVA which in 1993 was 16% and in 2003 was 15%, with a 2003 output of £361 million. Between 1993 and 2003 output of the local Manufacturing sector has increased at an average rate of 5.7% per annum, which was only slightly lower than local GVA as a whole. Over the ten year period growth per annum in the local sector has been markedly higher than that of the sector nationally, which was 2.6% per annum. However, it is anticipated that this sector will start to exhibit decline in line with the UK trend as cost pressures increase.<sup>41</sup>

In 2003 employment in the manufacturing sector stood at 8,400 and accounted for 13% of employment, a similar contribution to that made by the sector to output. Over the whole 10 year period between 1993 and 2003, employment declined by -0.2% per annum which seems to indicate that GVA growth in the local sector was not so much driven by employment growth. The Gloucestershire Economic Strategy highlights the issues of recruitment into manufacturing and how engineering in particular, suffers from a poor image among young people. This has led to recruitment difficulties and low take-up of courses for school leavers. In contrast technological advances and efficiencies of practice, including issues surrounding automation appear to have influenced the overall productivity of the manufacturing sector, enabling it to continue to grow.

There are four key sub-sectors within the local Manufacturing sector: Machinery accounted for 30% of the sector, Electrical and Instrument for 16%, Paper and Publishing for 14% and Metals for 13%.

### **Construction**

In 2003 output of the Construction sector stood at £317 million and accounted for 13% of local GVA, significantly more than was the case nationally, where the sector accounted for 6%. Of all the sectors locally, output of the Construction sector increased the most over the 10 year period, rising at an average of 11.6% per annum, significantly higher than local GVA as a whole. Growth in the local sector was higher than that of the sector nationally, where growth was 7.8% per annum. As a result of this growth, the contribution made by the sector to local GVA increased significantly over the 10 year period, from 8% in 1993. This sector could be influenced by changes in the housing market particularly with the levels of growth anticipated in the regional spatial strategy and the local development framework.

In 2003 employment in the Construction sector stood at 1,900 and accounted for 3% of employment a significantly lower proportion than its GVA. Employment in this sector has shown a very low level of growth, with a growth rate of 0.6% per annum over the 10 years, significantly below growth in local employment as a whole. This low level of employment growth would seem to indicate that the increase in GVA in the local sector was not only driven by growth in the size or number of businesses but also through technological advances and efficiencies of practice and market changes in supply and demand.

### **Distribution, Hotels & Catering**

Distribution, Hotels and Catering is a large employment sector for Cheltenham and accounts for an output of £489m in 2003. Locally, the Distribution, Hotels and Catering share of GVA in 2003 at 20% similar to what it was in 1993 at 21%. Over this period, output of the local sector averaged a 6.1% increase per annum, slightly below the national growth of 6.5% for the sector.

In 2003 local employment in this sector stood at 17,100 and accounted for 28% of employment which is a significantly higher percentage than the sector contributed to GVA (20%). This indicates that this is a particularly labour intensive sector with higher than average employment; possibly due to the dominance of the sub-sectors of Retail and

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<sup>41</sup> See Economic Overview

Catering which in 2003 accounted for 80% of all employment in this sector but only 69% of the output. However, it is the growth in retail and catering that has driven growth of GVA in the overall sector, with outputs rising as employment levels increase.

Cheltenham continues to attract investment though the strength of this sector. However, neighbouring competition in the Retail and Catering sub-sectors is anticipated from the £200m redevelopment of Gloucester Quays. Further afield, the New Swindon Company are extending the Brunel Centre, the Bristol Broadmead Shopping Centre will complete its 310,000 sq ft expansion in 2008 and the second phase of the St David's Shopping Centre development at Mermaid Quay in Cardiff Bay will be completed.

### **Public Service Sector**

The Public Service sector accounted for £578 million and represented 24% of local GVA in 2003, this is roughly the same percentage of GVA as the sector represents nationally, at 23%. Locally the public service sector's share of GVA in 2003 was slightly lower than the sectors share in 1993 which was 27%. Between 1993 and 2003 output of the local sector has increased at an average of 4.9% per annum, rising at a slower rate than local GVA as a whole. The local Public Service sector grew at a slower rate than the sector nationally, where growth was 5.6% per annum.

In 2003, employment in the sector stood at 22,400 and accounted for 36% of employment-a significantly higher percentage than the sector contributed to GVA, indicating that this is a labour intensive sector. Over the 10 year period, employment in the sector has only risen by 0.6% per annum as with GVA in this sector, rising at a slower rate than local employment as a whole. The Public Services sector is the sector where patterns in GVA most closely follow patterns in employment, reflecting the labour intensive and/or non-profit making nature of large parts of the sector.

The significant sub-sectors within Public Services sector are Public Administration, Education and Health. Each sub-sector accounts for a similar percentage of output as it does employment and all three sub-sectors have shown positive growth in output over the 10 year period with Public Administration at 4% per annum, Education at 3.5% per annum and Health at 6.8% per annum. Only Health has risen at a rate above average for the sector.

### **Employment**

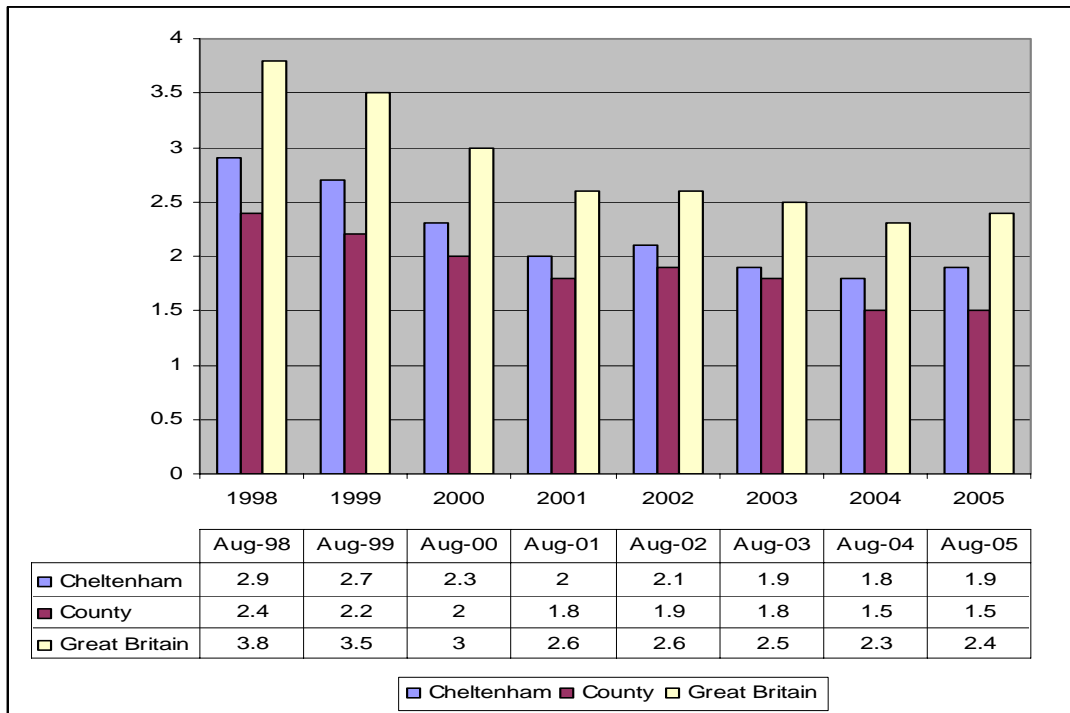
In 2003, employment in Cheltenham stood at 62,000. The ten years since 1993 have seen a rise in local employment levels, at an average of 1.3% per annum. This low level of increase in local employment may indicate that while business growth (in terms of size) and creation in the area have been a contributing factor to the rise in local GVA over this period, other factors such as technological advances and efficiencies of practice and market changes in supply and demand have also influenced productivity.

### **Rates of Unemployment<sup>42</sup>**

Unemployment in the Cheltenham Borough fell by a percentage point between 1998 and 2005. However, the rate was fairly stable at just under 2% between 2003 and 2005. This is slightly above the County level, but has been consistently below the national level since 1998.

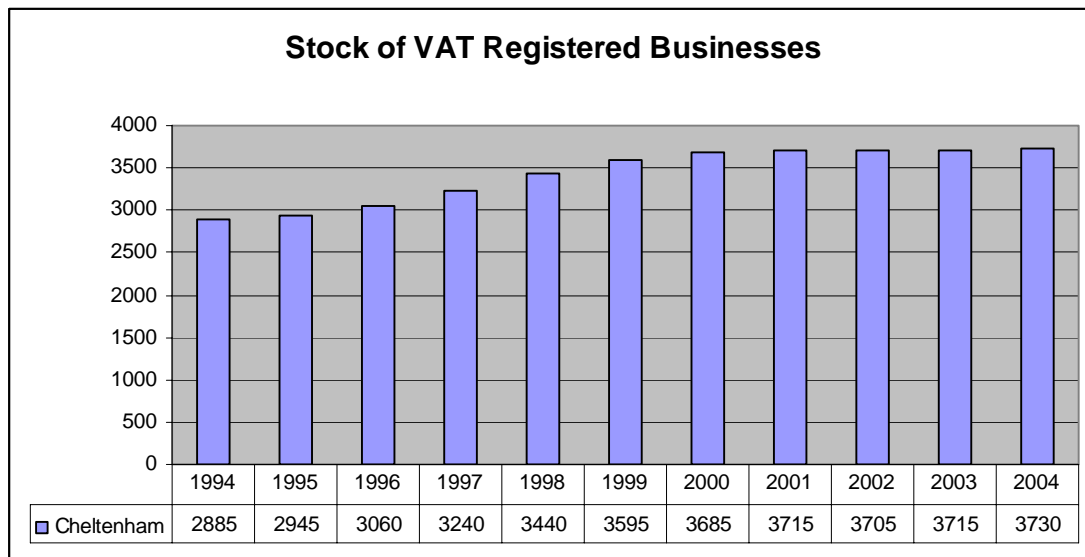
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<sup>42</sup> Nomis 2005, GLMIU



### Business Creation & Loss<sup>43</sup>

Since 1994 there has been a 29.3% increase in the stock of VAT registered businesses in the Cheltenham Borough. This is well above both the county (14.1%) and England & Wales level (13.5%) and reflects the relative health of the local economy. However, since 2001 there has been very little change, which can be compared to an annual increase of around 6% in the late 1990s.



There are significant numbers of small businesses in Cheltenham with around 42% of employees in Cheltenham working for a company with less than 50 employees. While this is below the County level of 49% (due to the presence of some large employers in the Borough such as GCHQ), it still equates to over 26,000 workers.

<sup>43</sup> VAT registrations and stocks/de-registrations by industry (NOMIS). ONS Crown Copyright Reserved. Provided by GLMIU



An analysis of economic circumstances in the town has led to the following identification of strengths, weaknesses, opportunities and threats (SWOT analysis)

## Appendix B

### Strengths – weaknesses – opportunities – threats

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Strategic transport position with good road networks (M4, M5) good links to three major regional airports, Heathrow, and proximity to London</li> <li>• Economic boundaries are much wider than administrative boundaries</li> <li>• Broad economic base with above national average levels of growth and GVA/capita</li> <li>• Skilled labour force</li> <li>• High quality environment and local heritage</li> <li>• Vibrant social and cultural sector and associated tourist infrastructure (art, music, restaurants, café/bars, heritage)</li> <li>• Strong retail centre with particular strength in comparative shopping.</li> <li>• Thriving private education sector, including a number of language schools</li> <li>• The University of Gloucestershire and Gloscat</li> <li>• Airport</li> <li>• Strong history of partnership working and strong voluntary and community sector</li> <li>• Festivals and racecourse</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Poor rail service to London</li> <li>• Administrative boundaries do not coincide with the boundaries of the local economy</li> <li>• Quantity of green field sites and brown field sites available for employment use, coupled with pressure on residential development</li> <li>• Areas of deprivation in the Lower High Street, St Pauls, Whaddon Lynworth and Priors and Hesters Way</li> <li>• Road access and congestion (both real and perceived) and restricted access to the town centre</li> <li>• Lack of affordable car parking or adequate public transport</li> <li>• Absence of high quality IT/business parks</li> <li>• Relatively low number of residents between 25-40 years old</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Building on and promoting the interrelationship between Cheltenham and its neighbouring districts, relating to local area agreements and the urban economic strategy</li> <li>• Financial and business services and hotels and catering are sectors with good growth rates</li> <li>• Good national forecasts for eating out</li> <li>• Town centre improvements and Civic Pride initiative</li> <li>• Greater exploitation of the arts, and the museum project</li> <li>• Ongoing need for IT services</li> <li>• Presence of many sectors that can offer flexible employment</li> <li>• Elmbridge Court development</li> <li>• Olympics 2012 and twinning links</li> <li>• Potential strategic employment allocations coming through the Regional Spatial Strategy</li> <li>• Sector skill development</li> <li>• Local development framework employment land allocations and the outcomes of the regional spatial strategy</li> <li>• Growth in the environmental sector</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• National trend of manufacturing decline</li> <li>• Retail and tourist competition from neighbouring districts and from e-commerce</li> <li>• The impact of, and legislation relating to climate change</li> <li>• Comprehensive Spending Review</li> <li>• Financial services outsourcing work outside of the UK</li> <li>• Above average per capita income is dependent on high levels of commuters who have a lesser stake in the local economy</li> <li>• Land constraints imply improvement of productivity (scope rather than scale) with negative effects on possible job expansion</li> <li>• Long-term further socio-economic fragmentation of town into 'rich and poor' parts, partly due to the decline of demand for unskilled and semiskilled blue collar workers and to other social and housing pressures</li> <li>• Above average dependence on financial and business services and public administration</li> <li>• One person households contributing to</li> </ul>

	<p>pressure on land allocations</p> <ul style="list-style-type: none"><li>• Strength of sterling – exporting or competing against imports</li><li>• World politics and conflicts leading to destabilisation and a rise in oil prices.</li><li>• Reorganisation of business support services – LSC / Business Link</li><li>• Local development framework employment land allocations and the outcome of the regional spatial strategy</li></ul>
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### Strategic framework

#### The Wider Context

Cheltenham's economy cannot be looked at in isolation as it is influenced by wider regional, UK and global economic drivers. Cheltenham must remain competitive and flexible to change and have a voice to raise local issues and influence the wider agenda.

#### World and UK Economy

New technologies are changing the nature of products and services and economic value appears to be based increasingly on knowledge. Developed countries can be seen moving away from manufacturing to service based industries. Economic Policy outlook appears to be fairly united, however, central banks are tightening in light of inflation, asset bubbles and higher commodity prices. Looking to the US, Federal Funds rates have increased and there is a slowdown in the residential property market. However, there is evidence that US economic growth has and will moderate "The risk is that the world economy is stronger this year than expected, but forecasts for 2007 may yet prove to be too high"<sup>44</sup>

The UK economy has also had an uptake in the first quarter of 2006, however, in the long term there are many factors which may lead to a slowing of economic performance. There is the possibility of raised interest rates, high energy costs, drop in exports and many other factors including the Comprehensive Spending Review 2007.

#### Regional

GVA per head for south west England is lower than the national average but this must be looked at in light of the strong south east of England. In 2003 the South West was ranked fifth overall in terms of regional GVA per head.<sup>45</sup>

**Regional Economic Strategy for South West England 2006-2015**, published by the South West England Regional Development Agency, has the following vision:

**"South West England will have an economy where the aspirations and skills of our people combine with the quality of our physical and cultural environment to provide a high quality of life and sustainable prosperity for everyone"**

The three strategic objectives laid out to realise this vision are successful and competitive business, strong and inclusive communities and an effective and confident region. It highlights the key economic drivers as innovation, skills and environment. It is important to note that since the decision to establish Regional Development Agencies was taken by Government in 1997 the South West Regional Development Agency (SWRDA) is tasked with ensuring the long-term economic success of the region, they therefore have the ability to support projects that build upon their objectives. In addition, SWRDA is responsible for promoting the South West as an area for investment and will seek to attract and retain domestic and foreign direct investment. The UK continues to attract the most inward investment in Europe and is the second largest recipient of overseas direct investment; attracting 40% of US, Japanese and Asian investment into the EU<sup>46</sup>. Cheltenham Borough Council, partners and stakeholders will need to work with SWRDA to optimise economic benefit to the borough.

**Regional Spatial Strategy** is an emerging regional policy document which aims to support sustainable economic growth in the South West, in line with the vision of the Regional Economic Strategy. It promotes the priority sectors as identified in the RES and looks to 'realise the potential' in those areas which offer the greatest opportunities for growth. The RSS has firm guidelines of what should be achieved in the South West. Cheltenham is

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<sup>44</sup> SWRDA Economic Review, Third Quarter: August 2006

<sup>45</sup> The Economy of Gloucestershire 2005, GLMIU

<sup>46</sup> The Economy of Gloucestershire 2005, GLMIU

identified as a strategically significant town and as such will need to make a provision for the developments highlighted within the RSS. This includes job growth in the Cheltenham travel to work area of 10,750 jobs over the plan period of 20 years.

## **County Level**

**The Gloucestershire Economic Strategy 2003-2014** prepared by Gloucestershire First on behalf of its partners has a vision for Gloucestershire as;

**“A high value-added economy with a balance between sectors, a wide geographical spread of wealth and a highly skilled and motivated workforce living in sustainable and socially inclusive communities in a quality environment”**

Gloucestershire First's role is to influence economic debate to ensure that within the South West the county is represented. Supported by the South West RDA and the borough councils', they influence business strategy and promote the county's economic potential. In addition, they support emerging sectors, embrace technology and ensure that education within the borough has provision to reflect demand. During 2005, Gloucestershire First assisted over 300 existing companies and potential investors with investment enquiries<sup>47</sup>. Cheltenham Borough Council supports Gloucestershire First and will look to further develop this partnership to optimise opportunities in the borough.

## **Surrounding Councils, Urban Economic Strategy and Local Area Agreement**

The policies and strategies of the surrounding councils to Cheltenham will directly affect the economy of Cheltenham. Geographical boundaries are of less importance to investors than the quality of the environment and opportunities within an area. The production of an urban economic strategy and the existing rural economic strategy will promote a partnership approach to issues faced in Gloucestershire, and coupled with the emerging local area agreements should create a solid base from which objectives can be delivered. The local area agreement for Gloucestershire aims to help partners, such as Stroud District Council, Tewksbury District Council and Cheltenham Borough Council, to work across boundaries and join up at a local level to achieve shared outcomes that respond to local and national priorities. The urban economic strategy aims to realise the economic potential of urban Gloucestershire by working in partnership and collaboration with other urban areas, such as Gloucester City Council. Within these strategies and local development frameworks, it is important that Cheltenham and surrounding areas complement each other and build on their strengths. We should look for the economic benefits of working with Bristol, Oxford and Birmingham which as “core cities” can be seen as a focus of economic wealth which should benefit Cheltenham.

## **Local Context**

The Economic Development Strategy will sit within a hierarchy of council plans that influence and shape the council's decisions and actions. As well as providing its own priorities and actions it will be part of a broad borough-wide agenda.

**The Cheltenham Borough Council's Sustainable Community Strategy** will be finalised in 2007. This will set out an aspiration long-term goal of how the borough can develop and improve:

**"We want Cheltenham to stand for a sustainable quality of life, where people, families, their communities and businesses thrive; but in a way which cherishes our cultural heritage and does not compromise the quality of life of present and future generations”**

One of the key objectives within this strategy will be economic development and regeneration. This objective will focus on ensuring that Cheltenham has a vibrant and sustainable economy

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<sup>47</sup> The Economy of Gloucestershire 2005, GLMIU

with a diverse employment and a commitment to excellence and innovation in retail, creative industries, green industries. It will highlight the need for a co-ordinated approach to physical, social and economic regeneration whilst also taking into account the development needs of the business community now and in the future. It will also work towards providing a first class education system, skills development and lifelong learning opportunities.

**Cheltenham Borough Council's Business Plan** will also be finalised in 2007. It will reflect the vision and the objectives of the emerging Sustainable Community Strategy and develop an economic development service that will support a thriving and sustainable local economy.

**Local Development Framework**, the Planning and Compulsory Purchase Act came into force in 2004 and sets out significant changes to be made to the planning system. This Government Act requires the existing Cheltenham Borough Local Plan to be replaced with a new style of development plan known as a Local Development Framework (LDF). The Cheltenham Borough LDF will be one of the most important documents published by the council. It deals with development and is a new spatial approach to planning, helping to conserve the special environment of Cheltenham and identifying sites which will be needed for future development. The policies set out in the plan will influence decisions on planning applications and support the council's proposals for managing traffic in the town. The economic strategy will feed into the LDF and seek to embrace the opportunities that arise out of this process.

**Civic Pride** is now in its third stage with the aim of preserving Cheltenham's regency heritage whilst at the same time revitalising the street scene, including the buildings, roads and open spaces. The scheme is important to economic development as it will attract investment from the private sector to add more leading retailers and other commercial users as well as smaller independent traders to the vibrant mix of shops and services already present in the town.

**The Economic Development Strategy (EDS)** has been developed in light of the visions and guiding principles set out in the strategies above. In addition, it will be guided by emerging council strategies and baseline information on Cheltenham. It will replace the current economic development and regeneration strategy (2001) for Cheltenham and will be key in influencing the direction of developing strategies and documents such as the local development framework, local area agreements, civic pride and the urban economic strategy.