



## **TOWN AND COUNTRY PLANNING ACT 1990**

### **S. 78 PLANNING APPEALS**

#### **APPEALS BY Hinton Properties (Grovefield Way) Ltd**

**SITE: Land off Grovefield Way, The Reddings, Cheltenham, GL51 6RF**

#### **APPEAL 1 - APP/B1605/W/18/3200395**

**Hybrid application seeking detailed planning permission for a 5,034 sq.m of commercial office space (Use Class B1), 502 sq.m day nursery (Use Class D1), 1,742 sq.m Aldi food retail unit (Use Class A1), a 204 sq.m Costa Coffee retail unit and drive-thru (Use Classes A1 and A3), with associated parking, landscaping and infrastructure works. Outline planning permission sought for the erection of 8,034 sq.m of commercial office space (Use Class B1), together with associated car parking, landscaping and infrastructure works, with all matters reserved (except access).**

#### **APPEAL 2 - APP/B1605/W/18/3214761**

**Hybrid application seeking detailed planning permission for 5,914 sq.m of commercial office space (Use Class B1), 502 sq.m day nursery (Use Class D1), 1,742 sq.m food retail unit (Use Class A1), with associated parking, landscaping and infrastructure works. Outline planning permission sought for the erection of 8,034 sq.m of commercial office space (Use Class B1), together with associated car parking, landscaping and infrastructure works, with all matters reserved - except access (resubmission).**

**Proof of Evidence by Dr. Glenn Athey**

**on behalf of Cheltenham Borough Council**

**December 2018**

Athey Consulting Limited, Trading as "My Local Economy" Registered in England and Wales No. 7771760  
Registered office address: 25 Claygate Road, Cambridge, CB1 9JZ  
Contact: glenn@mylocaleconomy.org, Tel: 01223 655181 / 07799 880317  
www.mylocaleconomy.org

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# 1. Expertise in economics and economic development

1.1 My name is Glenn Athey, I have a Ph.D in regional economic development, a Master's degree in European Political Economy and a BA honours degree in Economics and Geography. I am the Managing Director at Athey Consulting Limited (trading as My Local Economy) which has been trading for seven years, and specialise in all aspects of economic analysis, statistical analysis, and local and regional economic development. I am particularly experienced in analysing the characteristics and performance of local economies and labour markets, and formulating and advising on local economic and skills strategies. I have 23 years of experience as an economist, policy and strategy advisor working in this field.

1.2 I have a substantial track record in working for local authorities in Cheltenham, the Joint Core Strategy area, and Gloucestershire. As a consultant, I researched and wrote the Local Economic Assessment in Cheltenham in 2015 and 2018, advised on the 2015 economic strategy for Cheltenham, and also wrote an economic assessment for Gloucester, and advised on their economic strategy in 2017. Further I have provided economic analysis and advice to the JCS in March 2018.

1.4 I have also undertaken economic analysis and strategy development work for Hertfordshire County Council, Stockton-on-Tees Borough Council, Harlow Council, Luton Borough Council, Norfolk County, Suffolk County, West of England Combined Authority, Skills Development Scotland and the Welsh Government. I have undertaken many economic impact ex ante and ex post appraisals of economic development projects, including property investments. Recently they have included economic impact appraisals of A bioscience incubator on Cambridge Science Park (2018), Ipswich Waterfront Innovation Centre (2017), the AGRIA Innovation Centre at Rothamstead Research (2017), and an evaluation of Stockton regeneration programme (2016).

1.4 I have a track record working as a senior officer within economic development organisations. Between 2001 and 2011 I worked as: Director of Research and Intelligence at the East of England Development Agency, Head of Business Economics and Policy at London Development Agency, and Senior Labour Market Economist at Scottish Enterprise.

1.5 Since 2011 I have been the Managing Director of Athey Consulting Limited, a consultancy trading as "My Local Economy", which offers expert advice, analysis, and support to local and regional authorities.,

1.6 The evidence which I have prepared and provided for this appeal is true and I confirm that the opinions expressed are true and professional opinions.

## 2. Introduction and scope of evidence

2.1 This Proof of Evidence has been prepared on behalf of Cheltenham Borough Council, the Local Planning Authority (LPA). It relates to two Planning appeals made by Hinton Properties (Grovefield Way) Ltd pursuant to Section 78 of the Town and Country Planning Act 1990.

2.2 The Appeal follows the LPA's refusal to grant planning permission for two planning applications. Both applications were 'hybrid' applications, including 'full' and 'outline' elements for schemes involving a large food store, office development and other uses.

2.3 The first application scheme comprised a discount foodstore, a children's day nursery, a 'drive-thru' coffee shop and office buildings. It was refused by the LPA's Planning Committee in December 2017.

2.4 The second application comprised a similar scheme which, in essence, removed the coffee shop unit and replaced it with office space. It was refused by the LPA's Planning Committee in October 2018.

2.5 The LPA's objections to the schemes relate principally to the extent of 'non-B class' uses on this employment site and related concerns about urban design and consequent dilution of the character and function of this employment location.

2.6 The application descriptions and more detailed content are set out in the Statement of Common Ground (SOCG).

2.7 My evidence focuses on the economic case and uses published national and local economic policies, and official statistics from the Office for National Statistics. I explain why, in my professional view, the LPA's Planning Committee decisions to refuse to grant planning permission were justified when considered against national and local economic policies, plans and strategies, and the evidence underlying these, as well as the opportunity costs of the proposed use of the site, compared to sole use for B1a premises.

2.8 My evidence is supported by the more detailed and specialist evidence of Mr Staddon, who covers planning matters, and Mr Tomaney, who covers urban design matters.

# 3. Policy and strategy context

## NATIONAL POLICY AND STRATEGY CONTEXT

3.1 Local economic development policy now sits firmly within the framework of the UK Industrial Strategy. In November 2017 the government published Building a Britain Fit for The Future which sets out the industrial strategy. The industrial strategy sets out Five Foundations of economic policy: Ideas (R&D, innovation), People (skills and education), Infrastructure (broadband, energy, transport), Business environment (support for specific sectors and SMEs), and Places (tackling regional disparities).

3.2 The strategy argues that improving these Foundations will help the economy tackle several ‘Grand Challenges’, and the process of tackling the Challenges will help improve the Foundations. The Challenges listed in the strategy are: AI and the data revolution (how to embed and maximise the advantages of AI and data), Clean growth (low carbon technologies across the economy), Mobility (low carbon transport, automation, infrastructure), and Aging society (healthcare and labour market challenges).

3.3 The strategy also lists a number of ‘sector deals’ or partnerships between certain sectors and the government. The number of sector deals is likely to grow as more sectors approach the government for support. The deals listed in the strategy are Life sciences, Construction, AI, Automotive, and Creative industries.

3.4 Specifically for localities, Local Industrial Strategies (designed by Combined Authorities and Local Enterprise Partnerships) are to deliver economic growth across the UK, helping to develop high growth clusters where appropriate.

3.5 National Planning Policy Framework 2018 (NPPF para 80) states ‘planning decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on supporting economic growth and productivity, taking into account local business needs and wider opportunities for development’. This concurs with the importance of driving productivity improvements as also set out in the UK’s Industrial Strategy.

## COUNTY / LOCAL ENTERPRISE PARTNERSHIP POLICY AND STRATEGY CONTEXT

3.6 The 2018 Strategic Economic Plan for Gloucestershire 3.0 has three major priorities: Promotion, Skills and Connectivity. The strategy highlights the need to attract and retain successful businesses in high value sectors and the next generation of talented workers. In skills, the main objectives include providing and nurturing the next generation of talented, highly employable, and productive individuals to meet the needs of local business, especially those in sectors with high growth potential.

3.7 The 2018 plan cites delivering the Local Industrial Strategy for Gloucestershire as the alignment of its strategic priorities to the five foundations of productivity identified in the UK Industrial Strategy.

## JCS POLICY AND STRATEGY CONTEXT

3.8 The Joint Core Strategy, adopted in December 2017 sets out the long-term vision and objectives for the area together with strategic policies for shaping new development and locations for new development up to 2031. Together, these policies help to provide a strategic planning framework for the JCS area, which guides future planning decisions and helps to achieve the overall vision for the area.

3.9 The main strategy objectives (out of 9), as relevant to this planning application include:

Strategic Objective 1 – Building a strong and competitive urban economy: Develop the potential of the JCS area for further economic and commercial investment by: Providing the right conditions and sufficient land in appropriate locations to support existing businesses and attract new ones, particularly from the major high-tech and knowledge-based industries, tourism, retail and the leisure sector, to rebalance the local economy away from its public sector dominance, improve the area’s economic resilience, support a highly-skilled workforce and continue to provide a focus for economic growth within the county;

Strategic Objective 2 – Ensuring vitality of town centres. Create the conditions for maintaining and strengthening a balanced hierarchy and network of city, town and district centres by: Providing for sufficient retail, leisure, employment, social, cultural, tourist and other appropriate uses within the designated centres, to improve their vitality and viability, supporting accessibility and environmental improvements and town centre regeneration measures; Prioritising the delivery of key regeneration sites; Supporting a diverse retail offer across the three main designated centres of Gloucester, Cheltenham and Tewkesbury to complement each other and thereby increase competitiveness with centres outside the JCS area.

3.10 In March 2018, Athey Consulting completed a project for the JCS to analyse the economy, and determine key economic priorities and issues for consideration by JCS authorities. The key recommendations included changing from 8 current JCS growth sectors to 4 sectors, which reflect growth trends and prospects, and also more sensibly combine several sectors into 1. Aerospace, engineering and advanced manufacturing, Cyber and information technology, Energy, and Business, financial and professional services.

3.11 Much of the analysis concerned the practical implications of meeting the ambitions set out in the JCS and borough plans and strategies, particularly in terms of providing employment land and ensuring its viability and development is relevant to the needs of local industries and employers. The report analysed the competitiveness of the locational offer of the JCS area and how this compared to other successful major business and technology parks and sites, such as Cambridge Science Park, Milton Park in Oxford, and Green Park in Reading. It was recommended that several locational attributes needed to be further developed and promoted, including: a vibrant, competitive economy with increased job opportunities and a strong reputation for being an attractive place in which to invest; access to talent, and ability to attract

and retain talent - the key location factor for knowledge-based industries and advanced manufacturing; talent; promoting open campus / high amenity sites / sense of place-making; space and venues for collaboration and networking; flexibility of sites and premises – clustering; attractive for career development / further opportunities for growth; space for consolidation and further phases of growth; and highly attractive and accessible places in which to live, work and socialise. Overall, the JCS area lacks B1 land designations and viable (i.e. development-ready) sites for B1 developments. The JCS area currently cannot compete with other nearby business and technology park land designations for B1 use in places such as Oxfordshire and Bristol. The implication for sites such as Grovefield Way are that, they offer an opportunity to provide new, high quality B1 premises that are significantly in demand in the current market environment.

## CHELTENHAM POLICY AND STRATEGY CONTEXT

3.12 Cheltenham’s Economic Development Strategy 2007-2017 vision is to “enable Cheltenham to have a thriving and prosperous economy whilst enhancing our environmental and social fabric.” It’s guiding principles include: economic growth and successful economic development (the creation of economic wealth for all citizens within the diverse layers of society); sustainable economic development; to be flexible to changing markets and embrace opportunities; and 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.

3.13 Cheltenham’s Economic Development Strategy 2007-2017 objectives are: 1. To increase business investment, 3. To ensure that investment can be accommodated within environmental goals, 3. To address employment needs and opportunities, 4. To support growth sectors within Cheltenham, and 5. To create an entrepreneurial culture and to support small business growth.

3.14 Cheltenham’s economic strategy was informed by a research exercise and recommendations provided in a report in 2015<sup>1</sup>. The main conclusions were that: although Cheltenham has a highly attractive quality of life and a highly skilled workforce, it significantly lacked modern office (Grade A) premises, a modern business park and suitable sites to accommodate the expanding cybersecurity industry. Existing regency office buildings were less sought after as office accommodation and were being converted into residential and leisure uses. Existing business parks and industrial parks required upgrades and improvements to attract higher value uses. There was a lack of ‘move on’ space once a firm grows to 50+ employees or 1,000 sq m +. Given the aged, and poor quality of existing premises, current office rental values were slightly too low to attract speculative developments. The lack of suitable office accommodation was reflected in the decline in HQ functions in Cheltenham. A key conclusion from this report was that “productivity is lower than expected and focus should be placed upon attracting and supporting businesses which add high value GVA (Gross Value Added) into the economy.”

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<sup>1</sup> [https://www.cheltenham.gov.uk/downloads/file/4174/final\\_report\\_-\\_evidence\\_to\\_support\\_the\\_cheltenham\\_economic\\_strategy](https://www.cheltenham.gov.uk/downloads/file/4174/final_report_-_evidence_to_support_the_cheltenham_economic_strategy)

## SUMMARY: STRATEGY AND POLICY CONTEXT

3.15 National, county and local economic policies and strategies prioritise support for high growth industries. Where retail is mentioned as a local priority for support – this explicitly concerns the existing designated retail centres. Detailed analysis conducted for the JCS authorities and Cheltenham has concluded that there is a significant lack of development-ready employment land, and a particular lack of modern Grade A office space.



# 4. Economic and market context and trends

## LOCAL ECONOMIC ASSESSMENTS

4.1 Two local economic assessments were completed by Athey Consulting Limited for Cheltenham Borough – in 2015, and 2018. This analysis included: an analysis and overview of industrial trends, industrial specialisation, sources of employment growth; an analysis of skills, jobs, remuneration; and an assessment of employment land supply and demand, and likely future trends in demand

4.2 The Cheltenham Economic Review, a local economic assessment for Cheltenham, was completed by Athey Consulting Limited in March 2018, and update to the previous edition from 2015. This was commissioned in order to provide an up-to-date evidence base for the Joint Core Strategy, to be consistent with updated local economic assessments for Gloucester and Tewkesbury, and economic analysis provided for the JCS area. It was found that Gloucestershire's rates of economic growth (as evidenced by the Office for National Statistics's Sub-Regional GVA Estimates) have been consistent with the national average, and the recession affected the county less. In terms of growth by industry, GVA growth has been strong in ICT and Business services industries.

4.3 Jobs growth (as evidenced by the Office for National Statistics's Workforce Jobs estimates) in Cheltenham has been strong since 2009. Cheltenham supported 76,000 workforce jobs<sup>2</sup> in 2015. Between 2000 and 2015, 10,000 net new jobs were created. This was equivalent to 15.2% total growth in jobs, or 0.94% per annum – the same rate as the England average. Cheltenham supported 65,500 employee jobs<sup>3</sup> in 2015. Employee jobs grew at a rate of 4.3% over the past year from 2014 to 2015. Employee jobs data reveals no change between 2010 and 2015, compared to a total rate of growth of 7.7% in England (or 1.5% per annum).

4.4 Cheltenham has experienced good rates of growth in its business population, and there are more enterprises per working-age adult than the national average and many other comparator areas. The borough has experienced lower rates of business births, but higher business survival rates. Science and technology industries have grown significantly, with a strong ICT and cyber security sector in particular. Although Cheltenham's business base has grown – the rate of growth has not picked up sharply, as it has nationally since 2013.

4.5 In 2016, the largest employment sectors in Cheltenham were Wholesale and retail (10,500 employees, or 16.0% of all employees), Health and social care (9,500 employees, 14.5%), Retail (10,200 employees, 16.1%), Administrative and support services (7,000, 10.7%), and Education (7,000 employees, 10.7%). The structure of Cheltenham's economy, in terms of employment in industries, is slightly different to the national average. There are higher shares of employment in Administrative and support service activities (Cheltenham: 10.7%; England: 9.2%), Public administration and defence; compulsory social security (Cheltenham: 9.9%; England: 4.0%),

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<sup>2</sup> Workforce Jobs are the sum of jobs including those supported by employers, self-employment, government-supported trainees, and Her Majesty's Armed Forces.

<sup>3</sup> Employee jobs are total jobs excluding the self-employed, government supported trainees and Her Majesty's Armed Forces.

Education (Cheltenham: 10.7%; England: 9.0%), and Human health and social work activities (Cheltenham: 14.5%; England: 12.8%). There are lower shares of employment compared to nationally in Manufacturing and Professional, scientific and technical activities.

4.6 The sectoral composition of employment change in Cheltenham is quite different to the England average. Manufacturing employment increased by 0.3% nationally compared to a 16.7% (-2,500 jobs) decline in Cheltenham. Wholesale and retail employment increased by 4.0% nationally compared to a decrease of 4.5% (-500 jobs) in Cheltenham

4.7 In terms of labour supply and demand, with high rates of economic participation (as evidenced by the Office for National Statistics's Annual Population Survey), workforce supply constraints in the borough may mean that much of the future jobs growth can only be accommodated by further housing growth, or in-commuting by surrounding boroughs.

## INDUSTRY TRENDS

4.8 **Figure 1** details employee job trends between 2011 and 2015 and between 2015 and 2017. The trend analysis is separated like this, because the data series, the Business Register and Employment Survey (Office for National Statistics), changed the methodology for the survey for the 2015-2017 series so it is not directly comparable to the earlier series (2008-2015). This analysis reveals that, within Cheltenham, the highest rates of jobs growth has occurred in Accommodation and food service activities, Information and communications, and Financial and insurance activities. Employment has declined in public services and manufacturing.

4.9 In Cheltenham, employee jobs growth in Food retail (SIC 4711) was flat between 2011 and 2015 and slight growth (1.7% annual rate of growth) between 2015 and 2017. Food and beverage service activities (SIC 56) increased markedly over both periods. All office-based industries (SIC sections J to O) showed some growth between 2011 and 2015, but marked decline between 2015 and 2017 – significantly due to decline in public administration jobs. Childcare jobs (SIC 8891) did not change much. As **Figure 2** reveals, jobs growth trends in the JCS area were very similar to Cheltenham

### Future industry growth trends

4.10 **Figures 3 and 4** provides a summary of actual annual growth rates in jobs, and forecast growth in jobs for selected industries in the JCS area. Forecasts are taken from the three forecasters commissioned to input into the JCS. These forecasts do not provide detailed breakdowns to detailed industrial categories, so we will observe the most relevant SIC section classification.

4.11 As can be seen, the following sectors show historical and projected growth across all three forecasters: Transportation and storage; Accommodation and food service activities; Information and communication; Financial and insurance activities; Real estate activities; Professional; scientific and technical activities; and Other service activities.

4.12 There is a mix of decline and growth historically, and forecast in: Electricity, gas, steam and air conditioning supply; Construction; Wholesale and retail trade; repair of motor vehicles; Administrative and support service activities; Public admin and defence; compulsory social security; Education; Human health and social work activities; and Arts, entertainment and recreation.

4.13 Low growth or contraction in employment is evidence and forecast in: Manufacturing; and Water supply; sewerage, waste management etc.

**FIGURE 1: EMPLOYEE JOBS 2011 TO 2017 IN CHELTENHAM**

CHELTENHAM	EMPLOY- MENT 2011	EMPLOY- MENT 2015	5-YEAR ANNUAL GROWTH RATE 2011- 2015	EMPLOY- MENT 2017	3-YEAR ANNUAL GROWTH RATE 2015- 2017
PROJECT-SPECIFIC					
Retail (SIC 47)	7,800	7,600	-0.5%	7,400	-1.1%
Food retail (SIC 4711)	2,400	2,400	0.0%	2,500	1.7%
Food and beverage service activities (SIC 56)	3,200	4,000	4.2%	5,200	10.0%
Office-based (J, K, L, M, N, O)	20,300	25,400	4.6%	19,900	-7.8%
Childcare – daycare (SIC 8891)	400	400	0.0%	500	3.6%
ALL SECTORS (SIC SECTIONS)					
A : Agriculture, forestry and fishing	0	100	11.8%	0	-24.6%
C : Manufacturing	4,800	3,800	-4.6%	3,800	0.0%
D : Electricity, gas, steam and air conditioning supply	0	0	14.9%	0	0.0%
E : Water supply; sewerage, waste management and remediation activities	500	100	-33.9%	300	71.0%
F : Construction	1,800	2,100	4.0%	2,400	3.8%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	10,500	10,500	0.0%	10,000	-1.6%
H : Transportation and storage	900	900	0.0%	800	-5.9%
I : Accommodation and food service activities	3,800	4,800	4.8%	6,500	11.0%
J : Information and communication	2,400	2,800	3.0%	4,300	15.6%
K : Financial and insurance activities	1,600	2,000	4.2%	3,000	14.5%
L : Real estate activities	800	1,100	7.1%	1,000	-3.9%
M : Professional, scientific and technical activities	3,500	5,500	9.5%	6,000	2.9%
N : Administrative and support service activities	5,500	8,000	7.8%	5,000	-14.5%
O : Public administration and defence; compulsory social security	6,500	6,000	-1.6%	700	-52.3%
P : Education	7,000	6,500	-1.5%	6,500	0.0%
Q : Human health and social work activities	8,000	9,000	2.4%	8,500	-1.9%
R : Arts, entertainment and recreation	900	1,000	2.1%	1,000	0.0%
S : Other service activities	1,000	1,100	2.4%	1,300	0.0%
Total	59,500	65,500	1.9%	61,000	-2.6%

Source: Business Register and Employment Survey, Office for National Statistics. Note that the methodology for estimating employee jobs using this survey changed in 2016, and therefore figures from 2015 (reworked using the new methodology) to 2017 are not compatible with the 2009-2015 dataset.

FIGURE 2: EMPLOYEE JOBS 2011 TO 2017 IN THE JCS AREA (CHELTENHAM, GLOUCESTER, TEWKESBURY)

CHELTENHAM	EMPLOY- MENT 2011	EMPLOY- MENT 2015	5-YEAR ANNUAL GROWTH RATE 2011- 2015	EMPLOY- MENT 2017	3-YEAR ANNUAL GROWTH RATE 2015- 2017
PROJECT-SPECIFIC					
Retail (SIC 47)	17,500	17,200	-0.3%	17,500	0.5%
Food retail (SIC 4711)	6,600	6,600	0.0%	6,800	0.6%
Food and beverage service activities (SIC 56)	7,300	8,800	3.6%	10,900	7.1%
Office-based (J, K, L, M, N, O)	49,400	55,000	2.1%	51,800	-1.9%
Childcare – daycare (SIC 8891)	1,100	1,200	2.2%	1,400	3.2%
ALL SECTORS (SIC SECTIONS)					
A : Agriculture, forestry and fishing	500	500	1.4%	400	-5.1%
C : Manufacturing	18,300	17,500	-0.8%	16,800	-1.4%
D : Electricity, gas, steam and air conditioning supply	1,500	1,800	3.2%	1,800	0.0%
E : Water supply; sewerage, waste management and remediation activities	800	600	-8.0%	900	16.2%
F : Construction	6,100	7,600	4.5%	8,600	4.2%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	25,500	26,000	0.4%	26,000	-0.6%
H : Transportation and storage	4,800	5,900	4.3%	4,400	-9.5%
I : Accommodation and food service activities	9,100	10,800	3.3%	13,300	7.2%
J : Information and communication	5,000	5,900	3.3%	8,300	12.0%
K : Financial and insurance activities	7,800	7,800	0.0%	8,600	3.6%
L : Real estate activities	1,900	2,300	3.8%	2,300	-0.7%
M : Professional, scientific and technical activities	9,100	12,800	6.9%	13,800	2.5%
N : Administrative and support service activities	13,000	15,300	3.2%	13,000	-5.2%
O : Public administration and defence; compulsory social security	12,600	11,000	-2.7%	5,900	-18.8%
P : Education	15,800	13,300	-3.4%	13,600	0.9%
Q : Human health and social work activities	23,000	28,000	4.0%	25,500	-3.1%
R : Arts, entertainment and recreation	2,300	2,400	0.2%	2,500	2.1%
S : Other service activities	2,700	3,000	2.5%	3,000	-1.3%
Total	265,000	283,000	1.3%	170,000	-0.7%

Source: Business Register and Employment Survey, Office for National Statistics. Note that the methodology for estimating employee jobs using this survey changed in 2016, and therefore figures from 2015 (reworked using the new methodology) to 2017 are not compatible with the 2009-2015 dataset.

**FIGURE 3: INDUSTRY EMPLOYMENT GROWTH IN THE JCS AREA – ACTUAL AND FORECAST ANNUAL PERCENTAGE CHANGE**

SECTOR	EVIDENCE: HISTORIC TREND – ANNUAL RATE OF GROWTH IN EMPLOYEE JOBS		FORECAST ANNUAL GROWTH RATE IN EMPLOYEE JOBS		
	5-year, 2011-2015 based	3-year, 2015-2017 based	OE 20-year 2015-34	CE 18-year 2014-31	Experian 20-year 2015-34
PROJECT SPECIFIC					
Wholesale and retail (G)	0.4%	-0.6%	0.2%	0.1%	0.3%
Accommodation and food service activities (I)	3.3%	0.6%	0.2%	0.1%	1.2%
Office-based (J, K, L, M, N, O)	2.1%	-1.9%	0.5%	0.3%	0.9%
Human health and social work activities (Q)	4.0%	0.4%	-0.8%	-0.6%	1.2%
ALL SECTORS (SIC SECTIONS)					
C : Manufacturing	-0.8%	-1.3%	-1.0%	-1.0%	-0.6%
D : Electricity, gas, steam and air conditioning supply	3.2%	-1.4%	-3.4%	-2.8%	0.8%
E : Water supply; sewerage, waste management etc	-8.0%	-0.2%	-1.3%	-0.5%	-
F : Construction	4.5%	1.0%	-1.4%	0.6%	1.5%
G : Wholesale and retail trade; repair of motor vehicles	0.4%	0.4%	-0.2%	0.8%	0.3%
H : Transportation and storage	4.3%	0.5%	1.0%	0.7%	1.0%
I : Accommodation and food service activities	3.3%	0.6%	0.2%	0.1%	1.2%
J : Information and communication	3.3%	0.3%	0.3%	0.4%	0.6%
K : Financial and insurance activities	0.0%	0.1%	0.5%	0.8%	0.8%
L : Real estate activities	3.8%	1.0%	0.3%	0.4%	1.5%
M : Professional, scientific and technical activities	6.9%	1.1%	0.1%	0.6%	1.2%
N : Administrative and support service activities	3.2%	1.0%	1.0%	-0.4%	1.6%
O : Public admin and defence; compulsory social security	-2.7%	-0.9%	1.0%	0.4%	-0.5%
P : Education	-3.4%	-0.1%	0.9%	0.8%	0.7%
Q : Human health and social work activities	4.0%	0.4%	-0.8%	-0.6%	1.2%
R : Arts, entertainment and recreation	0.2%	1.0%	-0.1%	0.3%	0.7%
S : Other service activities	2.5%	1.1%	0.3%	0.9%	1.0%

Source: Business Register and Employment Survey, Office for National Statistics; JCS commissioned forecasts from Oxford Economics, Cambridge Econometrics and Experian.

**FIGURE 4: INDUSTRY EMPLOYMENT GROWTH IN THE JCS AREA – ACTUAL AND FORECAST CHANGE**

SECTOR	EVIDENCE: HISTORIC TREND – ANNUAL GROWTH IN EMPLOYEE JOBS (THOUSANDS)		FORECAST ANNUAL GROWTH IN EMPLOYEE JOBS (THOUSANDS)		
	2011-2015 based	2015-2017 based	OE 20 year 2014-34	CE 18 year 2014-31	Experian 20 year 2014-34
<b>PROJECT SPECIFIC</b>					
Wholesale and retail (G)	0	-170	60	40	70
Accommodation and food service activities (I)	180	520	50	40	130
Office-based (J, K, L, M, N, O)	930	-1,970	300	270	580
Human health and social work activities (Q)	190	-170	100	-120	390
<b>ALL SECTORS (SIC SECTIONS)</b>					
C : Manufacturing	-220	0	-280	-40	-130
D : Electricity, gas, steam and air conditioning supply	0	0	-30	0	20
E : Water supply; sewerage, waste management etc	-160	40	0	-180	-
F : Construction	70	80	110	10	190
G : Wholesale and retail trade; repair of motor vehicles	0	-170	60	10	70
H : Transportation and storage	0	-50	20	120	60
I : Accommodation and food service activities	180	520	50	40	130
J : Information and communication	70	430	20	30	40
K : Financial and insurance activities	70	290	10	140	70
L : Real estate activities	60	-40	40	40	60
M : Professional, scientific and technical activities	330	160	130	80	170
N : Administrative and support service activities	430	-1,160	170	-20	290
O : Public admin and defence; compulsory social security	-100	-3,140	-90	80	-70
P : Education	-100	0	-20	180	120
Q : Human health and social work activities	190	-170	100	-120	390
R : Arts, entertainment and recreation	20	0	30	70	30
S : Other service activities	20	0	50	290	60

Source: Business Register and Employment Survey, Office for National Statistics; JCS commissioned forecasts from Oxford Economics, Cambridge Econometrics and Experian. Colour coding key: **red** = declining according to all historic trends and forecasts; **black** = growing according to all historic trends and forecasts; **blue** = mix of decline and growth evidenced and forecast.

## PART-TIME WORKING, REMUNERATION AND ECONOMIC BENEFITS

### Part-time working and hours worked

4.14 As indicated in **Figure 5**, the majority of employees in retail in Cheltenham work part-time. In 2017, 70.0% of all employees in Retail (SIC 4711) were part-time, compared to 36.8% for all industries, and 25.1% for office-based industries. This is slightly higher than the national average (England), where 69.0% of retail employees work part-time. 60.0% of employees in Food and beverage services activities (SIC 56) in Cheltenham worked part-time. 60.0% of employees in Child care activities (SIC 8891) were part-time.

**FIGURE 5: PART-TIME AND FULL-TIME EMPLOYMENT IN 2017**

TOTAL EMPLOYEES	Cheltenham	JCS	Gloucestershire	England
Retail (SIC 4711)	2,500	6,800	10,500	850,500
Food and beverage service activities (SIC 56)	5,000	10,800	19,500	1,535,500
Office-based (SIC J, K, L, M, N, O)	19,900	51,800	79,300	8,166,000
Child day-care activities (SIC 8891)	500	1,400	2,100	178,000
<b>TOTAL</b>	<b>60,900</b>	<b>168,500</b>	<b>285,400</b>	<b>25,821,000</b>
<b>FULL-TIME EMPLOYEES</b>				
Retail (SIC 4711)	700	1,900	2,800	264,000
Food and beverage service activities (SIC 56)	2,100	4,200	7,500	611,000
Office-based (SIC J, K, L, M, N, O)	14,700	39,600	59,500	6,260,000
Child day-care activities (SIC 8891)	200	600	900	87,000
<b>TOTAL</b>	<b>38,000</b>	<b>111,500</b>	<b>188,200</b>	<b>17,512,500</b>
<b>PART-TIME EMPLOYEES</b>				
Retail (SIC 4711)	1,800	4,800	7,500	586,500
Food and beverage service activities (SIC 56)	3,000	6,500	12,000	924,500
Office-based (SIC J, K, L, M, N, O)	5,000	12,500	19,300	1,906,500
Child day-care activities (SIC 8891)	300	800	1,300	91,000
<b>TOTAL</b>	<b>22,400</b>	<b>57,200</b>	<b>96,900</b>	<b>8,307,600</b>
<b>% OF TOTAL EMPLOYEES THAT ARE PART-TIME</b>				
Retail (SIC 4711)	70.0%	70.7%	71.4%	69.0%
Food and beverage service activities (SIC 56)	60.0%	60.5%	61.5%	60.2%
Office-based (SIC J, K, L, M, N, O)	25.1%	24.2%	24.3%	23.3%
Child day-care activities (SIC 8891)	60.0%	59.3%	58.8%	51.1%
<b>TOTAL</b>	<b>36.8%</b>	<b>33.9%</b>	<b>33.9%</b>	<b>32.2%</b>

Source: Business Register and Employment Survey, Office for National Statistics. Employment numbers are rounded to the nearest one-hundred to maintain confidentiality.

4.15 **Figure 6** presents national data for hours worked in the UK by detailed industry, from the Annual Survey of Hours and Earnings (ASHE). Note that this data source is not robust enough to give results at local geographies by detailed industries, due to sample sizes.

4.16 ASHE data concludes that the average hours worked in the relevant industrial sectors were:

- > 28.8 hours per week in Retail sale in non-specialised stores with food, beverages or tobacco predominating
- > 27.2 hours per week in Food and beverage service activities
- > 35.6 hours per week in Information and communication
- > 34.4 hours per week in Financial and insurance activities
- > 33.6 hours per week in Real estate activities
- > 34.2 hours per week in Professional, scientific and technical activities
- > 33.2 hours per week in Administrative and support service activities
- > 34.2 hours per week in Public administration and defence; compulsory social security
- > 29.9 hours per week in Child day-care activities
- > 33.2 hours per week, on average in all industries (total employment)

4.17 In sum, there is conclusive statistical evidence that demonstrates that jobs are more likely to be part-time or involve lower hours worked per week than average in both retail, food and beverage service, and childcare/day nursery jobs. In contrast, office-based jobs are more likely to be full-time and involve higher than average hours worked weekly.



**FIGURE 6: AVERAGE HOURS WORKED IN UK, 2018**

Description	SIC Code	Number of jobs (thousand)	Average - Mean
ALL EMPLOYEES		26,417	33.2
MANUFACTURING	C	2,479	39.0
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	D	186	37.7
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	E	169	41.8
CONSTRUCTION	F	974	38.9
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	G	3,796	32.7
Retail sale in non-specialised stores with food, beverages or tobacco predominating	4711	823	28.0
TRANSPORTATION AND STORAGE	H	1,059	40.2
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	I	1,550	28.2
Food and beverage service activities	56	1,247	27.2
INFORMATION AND COMMUNICATION	J	1,012	35.6
FINANCIAL AND INSURANCE ACTIVITIES	K	972	34.4
REAL ESTATE ACTIVITIES	L	371	33.6
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	M	1,899	34.2
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	N	1,581	33.2
PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	O	1,348	35.3
EDUCATION	P	3,714	28.4
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Q	3,959	31.8
Child day-care activities	8891	162	29.0
ARTS, ENTERTAINMENT AND RECREATION	R	587	27.5
OTHER SERVICE ACTIVITIES	S	478	29.9
NOT CLASSIFIED		12	32.5

Source: Annual Survey of Hours and Earnings, Office for National Statistics

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/industry2digitsicashetable4>

## Remuneration

4.18 **Figure 7** details data on average earnings in the UK by industry. As can be seen, annual and hourly earnings in office-based industries are markedly higher than retail, food and beverage service activities, and child day care activities. Pay rates are a particularly low for part-time workers in retail, food and beverage service activities and child day care.

4.19 **Figure 8** presents data on average annual pay increases by industry. There is no marked differenced between the industries under consideration for the planned development, apart from retail in non-specialised stores (4711), which have experienced much higher than average annual rates of pay increase.



**FIGURE 7: AVERAGE (MEDIAN) EARNINGS BY INDUSTRY IN THE UK**

	SIC code	Annual average (median) earnings £			Hourly average (median) earnings £		
		All	Full-time	Part-time	All	Full-time	Part-time
ALL EMPLOYEES		24,006	29,574	10,146	12.78	14.37	9.35
MANUFACTURING	C	28,699	30,025	12,399	13.87	14.18	10.00
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	D	38,615	40,323	15,279	19.57	20.01	13.15
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	E	29,912	31,022	13,907	13.38	13.52	11.40
CONSTRUCTION	F	30,199	32,623	10,554	14.37	14.75	10.97
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	G	18,749	24,551	9,000	9.78	11.51	8.28
Retail sale in non-specialised stores with food, beverages or tobacco predominating	4711	13,616	20,724	9,432	8.79	10.28	8.20
TRANSPORTATION AND STORAGE	H	27,688	29,534	12,478	12.53	12.96	10.41
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	I	12,857	19,719	7,037	8.15	9.22	7.83
Food and beverage service activities	56	11,760	19,747	6,907	8.05	9.19	7.83
INFORMATION AND COMMUNICATION	J	37,503	40,833	11,500	19.32	20.21	12.85
FINANCIAL AND INSURANCE ACTIVITIES	K	37,439	42,025	14,533	20.12	21.36	12.93
REAL ESTATE ACTIVITIES	L	25,155	28,413	10,678	13.42	14.18	10.58
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	N	20,042	25,432	8,516	10.27	11.44	8.71
PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	O	30,302	33,492	13,002	16.06	16.58	11.99
EDUCATION	P	23,398	31,235	10,671	15.04	17.25	10.45
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Q	20,609	26,288	11,966	12.67	13.80	11.00
Child day-care activities	8891	13,093	16,478	8,389	10.00	11.00	9.24
ARTS, ENTERTAINMENT AND RECREATION	R	17,344	24,752	6,803	10.00	11.83	8.73
OTHER SERVICE ACTIVITIES	S	19,144	25,865	8,744	11.02	12.87	8.85

Source: Annual Survey of Hours and Earnings, Office for National Statistics

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/industry2digitsicshetable4>

**FIGURE 8: ANNUAL PERCENTAGE CHANGE IN ANNUAL AVERAGE (MEDIAN) EARNINGS BETWEEN 2017 AND 2018**

	SIC code	Annual percentage change in annual average (median) earnings between 2017 and 2018, %		
		All	Full-time	Part-time
ALL EMPLOYEES		2.2	2.8	2.9
MANUFACTURING	C	3.5	2.9	4.0
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	D	1.4	1.0	15.3
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	E	4.4	3.8	0.0
CONSTRUCTION	F	2.6	4.6	6.2
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	G	3.9	3.2	4.7
Retail sale in non-specialised stores with food, beverages or tobacco predominating	4711	6.2	6.5	6.4
TRANSPORTATION AND STORAGE	H	0.1	1.0	-3.2
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	I	-2.6	3.6	2.6
Food and beverage service activities	56	-2.6	3.7	2.5
INFORMATION AND COMMUNICATION	J	3.4	4.6	4.8
FINANCIAL AND INSURANCE ACTIVITIES	K	2.5	3.5	3.7
REAL ESTATE ACTIVITIES	L	3.6	3.5	4.8
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	N	5.8	3.3	8.9
PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	O	4.0	3.5	0.1
EDUCATION	P	2.0	1.8	1.6
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Q	4.1	3.4	3.0
Child day-care activities	8891	3.4	3.8	6.7
ARTS, ENTERTAINMENT AND RECREATION	R	4.0	4.8	1.7
OTHER SERVICE ACTIVITIES	S	0.7	2.6	4.6

Source: Annual Survey of Hours and Earnings, Office for National Statistics

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/industry2digitsicshetable4>

## Economic output per worker

4.20 From the National Accounts and Workforce Jobs data series from the Office for National Statistics, it is possible to estimate economic output (GVA) per worker by industrial category in 2016. As can be seen from **Figure 9**, GVA per worker is much higher for office-based industries compared to Wholesale and retail, Accommodation and food, and Human health and social work activities. For example, Information & Communication industries generated £75,200 in GVA per worker in 2016 compared to £38,500 in Wholesale and retail trade industries.

**FIGURE 9: GVA PER WORKER IN 2016**

Industrial Category (SIC sections)	SIC code	GVA (£ millions) in 2016	Workforce jobs in December 2016	GVA per worker £
Agriculture, forestry & fishing	A	10,528	443,000	23,800
Mining & quarrying	B	21,505	63,000	341,300
Manufacturing	C	176,996	2,634,000	67,200
Electricity, gas, steam & air conditioning supply	D	28,454	143,000	199,000
Water supply, sewerage, waste & remediation activities	E	17,458	211,000	82,700
Construction	F	108,124	2,238,000	48,300
Wholesale & retail trade; repair of motor vehicles and motorcycles	G	191,530	4,980,000	38,500
Transport & storage	H	77,180	1,742,000	44,300
Accommodation & food service activities	I	52,877	2,372,000	22,300
Information & communication	J	106,740	1,419,000	75,200
Financial & insurance activities	K	115,280	1,127,000	102,300
Real estate activities	L	242,789	549,000	442,200
Professional scientific & technical activities	M	134,325	3,052,000	44,000
Administrative & support service activities	N	80,987	2,982,000	27,200
Public admin & defence; compulsory social security*	O	81,347	1,467,000	55,500
Education	P	100,662	2,969,000	33,900
Human health & social work activities	Q	127,913	4,288,000	29,800
Arts, entertainment & recreation	R	25,837	1,021,000	25,300
Other service activities	S	39,033	931,000	41,900
Private households	T	8,082	71,000	113,800
All jobs	A-T	1,747,647	34,703,000	50,400

Source: UK GVA estimates, December 2017, Office for National Statistics; and UK Workforce Jobs series, Office for National Statistics.

## EMPLOYMENT LAND SUPPLY AND DEMAND

### Employment Land – Policy Led Demand

4.21 The JCS states the Objectively Assessed Need (OAN), 2011 to 2031, is at least 33,500 dwellings with 5 percent be added to the OAN to increase the provision of affordable housing and add flexibility and a minimum of 192 hectares of B-class employment land to support approximately 39,500 new jobs (JCS Policy SP1). The strategic employment allocations are expected to deliver at least 84 hectares of B-class employment land, District Plans 48 hectares together with an existing capacity of 63 hectares.

### Policy led demand compared to forecast demand

4.22 **Figure 10** below reports 3 economic forecasts commissioned in 2015 to inform the JCS examination. The table also details the outcomes of an ‘LEP adjusted scenario’ by B Class type for each economic forecast. The JCS adopted employment policy SP1 builds upon the LEP adjusted scenario for the period 2011 to 2031, adding a further 10 hectares to make an allowance for losses and an additional 20 hectares to support opportunities to attract the cyber security sector.

4.23 The calculated B1 employment land required to support the baseline forecasts ranges between 2.4 hectares to 52.4 hectares. The B1 Class employment land required for the LEP adjusted scenario ranges between 33.8 hectares to 58.1 hectares. The uplift is 5.7 hectares or 11

percent increase (Experian B1 Use class); 31.4 hectares or 1308 percent increase (Cambridge Econometrics B1 Use Class) and 10.8 hectares or 28 percent increase (average B1 use class). The LEP Adjusted scenario for all B classes represents an uplift of 127.1 hectares or 369 percent above the average baseline, in part due to an aspiration to reverse the decline of, and support manufacturing B2 Class employment.

4.24 The average of the baseline employment forecasts reports that 44.5 percent of total employment change between 2011 and 2031 is B1 Employment uses (JCS Employment Land Update 2015, NLP). Sectors falling within B1 Use Class include ICT, Finance and Insurance, Professional, Technical and Scientific Services, Business Support Services, Real Estate, Head office and management consultancy, other Professional Services, IT Services, Media, Legal and Accounting. Importantly, key growth sectors identified in JCS, which form part of the rationale for an uplift above the baseline forecasts have a B1 Class land requirement: namely Aviation, Cyber Technology, Financial, Information Technology, Marketing and Public Relations.

4.25 The JCS seeks to address this, in part, by providing high quality employment land in appropriate locations to support existing businesses and attract new ones' (JCS Strategic Objective 1) and ensuring Development Plans make appropriate employment allocations. A move from the baseline economic forecasts to a 'Policy on' scenario adopted in the JCS represents a distinct economic challenge, particularly in today's uncertain economic environment. A range of interventions will be needed to ensure the JCS is fully implemented, including protection of B Class employment land for B Class uses.

**FIGURE 10: B CLASS LAND REQUIREMENT FOR FORECASTS AND LEP ADJUSTED SCENARIO**

		Baseline	LEP Adjusted
Experian	B1	52.4	58.1
	B2	10.8	118.4
	B8	24.1	30.7
	Total	87.3	207.8
Cambridge Econometrics	B1	2.4	33.8
	B2	-7.5	81.5
	B8	-2.5	13.4
	Total	-7.7	128.8
Oxford Economics	B1	40.2	54.4
	B2	-23.0	66.4
	B8	12.4	27.1
	Total	29.6	147.9
Average	B1	38.2	49.0
	B2	-8.5	88.9
	B8	4.7	23.7
	Total	34.4	161.5
Policy	Losses Allowance		10.0
	Cyber Security		20.0
	Total		191.5

Source: NLP Employment Land Update, 2015

## Policy Supply

4.26 The appellant agrees that there is a shortfall in the availability of employment land within the Borough. Previous employment land reviews in 2011, the Sites Analysis and Employment Land Review 2015, Athey Consulting, together with the NLP Employment Land Assessment Update October 2015, undertaken to inform the JCS, confirms the scarcity of high quality B-class employment land supply compared to anticipated future needs.

### Joint Core Strategy Gloucester, Cheltenham and Tewkesbury 2017

4.27 In response, the JCS makes strategic allocations including Strategic Employment Allocations at A4 – North West Cheltenham and A7 - West Cheltenham.

4.28 A4 – North west Cheltenham: The strategic allocation will provide 4,283 new homes, a 10 hectare office park and 13 hectares of non B Class employment including retail, healthcare and community facilities, new primary and secondary school, and 100 hectares of green infrastructure. The Tewkesbury Employment Land Review 2016 considers it to be a very good quality site available from 2026. Major infrastructure works will be required at Junction 10 of the M5 in order to release the site.

4.29 A7 – West Cheltenham: Cyber Park will provide approximately 1,100 new homes, create a specialist employment site on 45 hectares of land next to the Government Communications Head Quarters (GCHQ), delivering a highly accessible ‘honeypot’ for the cyber security and high tech supply chain to locate alongside the national cyber innovation centre. The developer vision suggests phase 1 will be delivered within 5 years and phase 2 for future development. Cyber Business Park has been awarded £22 million of government Growth Deal funding to accelerate its development and underpin highway infrastructure needs.

### Cheltenham Plan Pre Submission Reg 19

4.30 Policy EM3, Cheltenham Plan Pre Submission Reg 19 supports traditional B Class uses and those sui generis uses which exhibit the characteristics of B Class uses on allocated sites:

- a) Land south of Jessop Avenue, Town Centre (E1) 0.34 hectares
- b) Land south of Hatherley Lane, The Reddings (E2) 0.86 hectares
- c) Land north-west of Grovefield Way, The Reddings 6.4 hectares (E3)
- d) Land at Chelt Walk, Town Centre (E4) 0.68 hectares

### Supply Trends - Continued loss of employment land and floorspace

4.31 The Employment Land Reviews and local monitoring evidence including Non Residential Land Use Reports detail a continued loss of B1 class land to alternative uses and a limited pipeline supply of alternative office accommodation in Cheltenham. **Figure 11** below shows B1 completions between April 2013 to March 2018. Cheltenham’s monitoring reports a net loss of over 4 ha of B1 employment land since 2013 and a net increase of 13,000 m<sup>2</sup> of floorspace.

This floorspace is predominantly north of Hubble Road (11,191m<sup>2</sup>) comprising two new office buildings associated with GCHQ.

**FIGURE 11: B1 CLASS COMPLETIONS, CHELTENHAM BOROUGH 2013 TO 2018**

	Hectares	m <sup>2</sup>
2013/14	-3.47	-3,527
2014/15	-1.77	2,787
2015/16	-0.17	1,583
2016/17	-0.05	8,144
2017/18	1.07	4,646
Total	-4.38	13,633

Source: Non-Residential Land Use Reports 2013 to 2018, Cheltenham Borough

4.32 This trend is also reflected in sites under construction at March 2018, reporting a net loss of 0.45 hectares and over 1,000 m<sup>2</sup> of floorspace. Excluding the appeal site, extant planning permissions for B1 development at March 2018 report a net total of 1.68 hectares and 5,153 m<sup>2</sup>.

### **Business Parks offer – Red status**

4.33 Cheltenham Economic Strategy: Developing Cheltenham as a business location - Appendix B: Site Analysis and Employment Land Review for Cheltenham Borough Council January 2015 states the lack of business park space is a structural weakness in the land portfolio. The report notes that the type of occupiers utilising business parks are microbusinesses and SMEs (up to 250 employees) servicing the local market and are increasingly becoming more reliant on trade outside of Cheltenham; technology and professional services; and specialist trade, manufacturers, suppliers and services, requiring a mixture of office space and warehouse space. Their vulnerability to change of use from retail and SG uses (especially car show rooms) is noted due to visibility along main road network.

4.34 Cheltenham has a very limited Business or Enterprise Park offer for professional and technology businesses with modern, flexible space for a high quality, innovative business profile. The report confirms that extant planning permission for Grovefield Way needs to be maximised as a short term opportunity for a business park environment to meet business needs.

4.35 The 6.4 hectare site at Grovefield Way is the largest single business park opportunity for immediate and short term B1 requirement in the Borough ahead of the strategic employment allocations west and north west of Cheltenham. The lack of available alternative employment sites in Cheltenham, together with clear and distinct high quality and competitive offers in neighbouring locations may undermine its business success and ultimately retention of businesses in the town.

### **Rateable floorspace**

4.36 Analysis of hereditaments from the Valuation Office Agency was undertaken as part of the 2018 Local Economic Assessment. This reveals that floor space in retail and office uses has increased over the decade to 2015/16. In Cheltenham, there were 343,000 sq. metres of retail floor space eligible for business rates in 2015/16; 310,000 sq. metres of office floor space; and

397,000 sq. metres of industrial floor space (Figure 4.7). All uses, apart from industrial, had increased their rateable floor space between 2005/06 and 2015/16.

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

4.38 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 floor space values are lower than all other classes across all areas.

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

**FIGURE 12: RATEABLE FLOORSPACE AND VALUES BY USE CLASS IN 2015/16**

Area	Floorspace, thousands of square metres					Rateable values £ per square metre			
	Total	Retail	Offices	Industrial	Other	Retail	Offices	Industrial	Other
Cheltenham	1,144	343	310	397	94	170	94	40	92
Gloucester	1,471	364	283	692	132	131	72	40	75
Tewkesbury	1,127	73	109	864	81	136	99	41	57
Gloucestershire	6,674	1,118	927	4,041	588	137	81	35	62
ENGLAND AND WALES	577,712	105,031	89,037	321,855	61,789	151	153	37	78

Source: Valuation Office Agency.

**FIGURE 13: CHANGE IN RATEABLE PROPERTY SQUARE METRES AND RATEABLE VALUE 2005/06 TO 2015/16**

Area	Actual increase in floorspace, thousands of square metres, over 10 years				Actual increase in rateable value per square metre over 10 years			
	Retail	Offices	Industrial	Other	Retail	Offices	Industrial	Other
Cheltenham	30	64	-31	3	26	8	6	20
Gloucester	50	2	-141	31	16	0	8	10
Tewkesbury	17	24	73	8	37	23	4	12
Gloucestershire	112	125	-98	46	24	9	5	11
ENGLAND AND WALES	6,685	5,616	-17,447	5,201	23	23	4	9
Area	Percentage increase sqm over 10 years				Percentage increase in rateable value per m2 over 10 years			
	Retail	Offices	Industrial	Other	Retail	Offices	Industrial	Other
Cheltenham	9.6	26.0	-7.2	3.3	18.1	9.3	17.6	27.8
Gloucester	15.9	0.7	-16.9	30.7	13.9	0.0	25.0	15.4
Tewkesbury	30.4	28.2	9.2	11.0	37.4	30.3	10.8	26.7
Gloucestershire	11.1	15.6	-2.4	8.5	21.2	12.5	16.7	21.6
ENGLAND AND WALES	6.8	6.7	-5.1	9.2	18.0	17.7	12.1	13.0

Source: Valuation Office Agency.



## Property Demand and Supply

4.40 This section provides an updated analysis of the current property market and site availability to ascertain the nature and level of demand for office, retail, and childcare / personal services accommodation.

4.41 Property market consultations and employment reviews consistently confirm the lack of available business space in Cheltenham to meet demand. It is a long-standing constraint on the competitiveness of Cheltenham. Cheltenham Economic Strategy 2015 and NLP Economic Assessment in 2015 reports the property portfolio view on the available stock, summarised below:

- > Cheltenham has a large quantum of office space but is not enough to meet demand nor necessarily fit for purpose;
- > The offer is mostly concentrated in small size office space in regency and older buildings (80% are less than 500 sq m);
- > A number of structural weaknesses in the portfolio of available premises exist, particularly in terms of a lack of any business or enterprise parks.
- > Existing industrial sites should be upgraded to improve market attractiveness and offer.
- > Upgraded sites will be likely to improve the Gross Value Added (GVA) performance and attractiveness to higher value manufacturing and engineering, finance and business services.
- > The new analysis highlights the continued lack of quality A grade office space with Jessop Avenue being the only current development opportunity within the town centre for new office space.
- > The analysis also highlights the number of significant and important businesses on single occupier sites where there are constraints to the potential expansion of those businesses at that location.
- > Attractive locations for business are highlighted as Neptune Business Park and properties at Jessops Way.
- > There are relatively low vacancy rates within industrial site even though some developments of average or poor quality. This could reflect the lack of availability of alternative premises.
- > The report also notes the ageing stock, particularly those premises that no longer meet modern business needs and single occupier sites that are adversely affected by amenity or access constraints.

4.42 Consultations with the property market identified the main priorities and needs for the Cheltenham economy; its first is to provide accommodation for suitable office space. Consultees stressed the need for more provision of larger modern, high grade offices and a new business park to compete with the locations such as Gloucester.

4.43 The property demand for high quality office stock, in accessible locations is highlighted by two local agents in response to a recent planning permission for 3,680 sq m of office



accommodation at Hatherley Place in October 2018. Robert Hitchins Ltd, said: ‘We’re very pleased to be able to provide this new-build office space to such a high spec in Cheltenham where accommodation of this size and quality is scarce. The excellent location of Hatherley Place and the rarity of new-build so close to the centre of Cheltenham is a huge bonus and we are confident that this development will attract a lot of occupier interest’. Alder King added: ‘For many years Cheltenham has been starved of good quality new-build office space and this development will provide much-needed Grade A stock in a superb location.’

4.44 The local property market confirms shortage of an appropriate site and premises portfolio in the short term for B1 class uses, given the longer lead in time for the strategic allocations. The planning pipeline supply identifies a net loss of almost 4.5 hectares of B1 class land since April 2013. Extant planning consents report a net total of 1.68 hectares and 5,153 m<sup>2</sup> excluding the appeal site.

4.45 A review of property market availability at November 2018 shows a total availability of 12,700 sqm with 5,900 sqm office space at Honeybourne Place development available from Q1 2019. This city centre site, Grade A office, represents 47 percent of the available stock. In total 80 percent of the stock located in the city centre with 3,000 sqm (24 percent) available in smaller properties (less than 500 sqm).

**FIGURE 14: OFFICE STOCK AVAILABILITY, NOVEMBER 2018**

	sqm	% stock
Total City Centre / New	6,317	50%
Total City Centre / Modern / Refurbished	3,081	24%
Total City Centre / Regency	2,015	16%
Total City Edge	1,035	8%
Total Gloucestershire Campus	249	2%
Total	12,696	

Source: Estates Gazette, Rightmove

4.46 The Valuation Office Agency 2012 reported a rateable business space of 359,000m<sup>2</sup> in Cheltenham. Simply assuming consistent levels of stock since 2012 suggests that current market availability is 3.5 percent of the total stock. This lack of stock limits churn in the market, limits the opportunities for existing businesses to grow or new businesses to invest and will consequently adversely impact the competitiveness of Cheltenham as a business location. As the largest employment allocation capable of delivery in the short term, the shortage of B1 class space in the pipeline, the confidence in 2 key property agents to deliver and let high quality office space in Cheltenham, Grovefield Way will make a key contribution to the competitiveness of Cheltenham and the delivery of the JCS policy objectives.

## **SUMMARY: ECONOMIC AND MARKET CONTEXT AND TRENDS**

4.47 Gloucestershire continues to experience high rates of economic growth. Rates of economic growth have been particularly strong in ICT and business services activities – that typically will operate in offices in business and technology parks.

4.48 Jobs growth, and the rate of growth in the business population has been strong in Cheltenham, Food retail (SIC 4711) was flat between 2011 and 2015 and slight growth (1.7% annual rate of growth) between 2015 and 2017. Food and beverage service activities (SIC 56) increased markedly over both periods. All office-based industries (SIC sections J to O) showed some growth between 2011 and 2015, but marked decline between 2015 and 2017 – significantly due to decline in public administration jobs. Childcare jobs (SIC 8891) did not change much.

4.49 According to recent trends and economic forecasts commissioned for the JCS, a range of office-based industries show consistent historic and forecast trends in jobs growth: Information and communication. Financial and insurance activities, Real estate activities, and Professional, scientific and technical activities.

4.50 The majority of employees in Retail (70.0%), Food and beverage services (60.0%), and Child day care (60.0%) work part-time. Whereas, on average, 25.1% of workers in Office-based industries worked part-time. Annual and hourly earnings in office-based industries are markedly higher than retail, food and beverage service activities, and child day care activities. Pay rates are a particularly low for part-time workers in retail, food and beverage service activities and child day care. In sum, there is conclusive statistical evidence that demonstrates that jobs are likely to be lower-paid, part-time or involve lower hours worked per week than average in both retail, food and beverage service, and childcare/day nursery jobs. In contrast, office-based jobs are more likely to be paid above the national average, full-time, and involve higher than average hours worked weekly.

4.51 GVA per worker is much higher for office-based industries compared to Wholesale and retail, Accommodation and food, and Human health and social work activities. For example, Information & Communication industries generated £75,200 in GVA per worker in 2016 compared to £38,500 in Wholesale and retail trade industries.

4.52 The local property market confirms shortage of an appropriate site and premises portfolio in the short term for B1 class uses. The policy aspirations are significantly higher than the forecasts with 'B1 uses' identified as key growth sectors across Cheltenham and the wider JCS area. Cheltenham continues to see a loss of B1 land across the Borough with alternative planning pipeline supply being limited to approximately 2 hectares and 6,000m<sup>2</sup> (net figures) at March 2018 excluding the appeal site. The Business Park offer in Cheltenham is determined as RAG status RED. The strategic allocations will require significant infrastructure interventions and therefore have medium to long term lead in times confirmed by the Employment Land Reviews. Business Parks, such as Grovefield, outside of the town centre, and accessible to the strategic road network contribute to meeting the demand from key growth sectors for high quality business space for new business including start up, expansion and substantive professional space.

4.53 Grovefield Way is the only significant new business park site in Cheltenham that will make a meaningful contribution to short-term B1 business requirements.

# 5. Economic outcomes from different planning permission scenarios

## ASSESSING THE JOBS DENSITY ASSUMPTIONS OF THE PLANNING APPLICATIONS

5.1 The economic impact appraisal relies on jobs density assumptions (the number of workers per square metre) for different activities (office-based, retail foodstore, café and child day-care nursery) – to calculate the number of jobs. In turn, assumptions are made about the salaries of these jobs, and the levels of economic output (GVA = Gross Value Added) in order to calculate economic impacts. The economic appraisals which accompany the planning applications report the operational Full Time Equivalent (FTE) jobs as 1,039 (2018 application) and 1,018 (2016 application) jobs. Equally other consultees have compared these job assumptions with previous employment assumptions, particularly the extant consent for 16,800m<sup>2</sup> of office accommodation.

5.2 This section seeks to ensure that the job density assumptions are valid, and considered on a consistent basis to the new HCA densities guide published in 2015 and a consistent understanding of floorspace.

5.3 Firstly, the current methodology for calculating job densities is set out in the Homes and Communities Agency, Employment Densities Guide 2015. The previous 2010 Guide (used in the 2014 application) split the office sector into General Office use (B1a), Call Centres use (B1a), IT / Data Centres use (B1a), Business Park use (B1a) and Serviced Office use (B1a). General offices density equated to 12sqm per job (Net Internal Area or NIA). The JCS calculations for B1 floorspace are based upon 12.5 sqm per job.

5.4 The 2015 Employment density guide is much more closely aligned to the type of activity undertaken within the property rather than its location or building type. There are five sub-sectors which have identifiable occupancy trends:

- > Corporate 13 sqm (NIA)
- > Professional services 12 sqm (NIA)
- > Public sector 12 sqm (NIA)
- > Technology, media and telecoms (TMT) 11 sqm (NIA)
- > Financial and insurance 10 sqm (NIA)

5.5 Secondly, each assessment needs to be made on a consistent understanding of floorspace. The 2016 Hardisty Jones Assessment confirms the B1 commercial floorspace amounts to 13,068sqm with a Gross Internal Area or GIA (5,034 sqm in full and 8,034 sqm in outline). The equivalent 2018 assessment assumes the total GIA is 13,633 sqm Gross Internal Area (5,903sqm in full and 7,730 sqm in outline). The floorspace for the full application should be expected to increase given the replacement of the coffee shop with office floorspace. However, the outline commercial proposition should be consistent with the 2016 application floorspace and its respective assessment.

**FIGURE 15: FTE JOBS SCENARIOS AND TESTS FOR 2014, 2016 AND 2018 APPLICATIONS**

	GEA	GIA as stated or >5%	NIA (>15%)	Job density sq m	FTE Jobs	Job density sq m	FTE Jobs
Extant Business Park 2014 GEA	16,800	15,960	13,566	10	1,357	13	1,044
Extant Business Park 2014 GIA		16,800	14,280	10	1,428	13	1,098
2016 application - Assume 13,068sqm B1 office GEA							
detailed commercial	5,034	4,782	4,065	10	406	13	313
supermarket	1,742				26		26
nursery	502				25		25
coffee shop	204	194	165	15	11	15	11
outline commercial	8,034	7,632	6,487	10	649	13	499
TOTAL					1,117		874
2016 application - Assume 13,068sqm B1 office GIA							
detailed commercial		5,034	4,279	10	428	13	329
supermarket		1,742			26		26
nursery		502			25		25
coffee shop		204	173	15	12	15	11
outline commercial		8,034	6,829	10	683	13	525
TOTAL					1,173		916
2018 application - Assume 13,948sqm B1 office GEA							
detailed commercial	5,914	5,618	4,776	10	478	13	367
supermarket	1,742				26		26
nursery	502				25		25
outline commercial	8,034	7,632	6,487	10	649	13	499
TOTAL					1,177		917
2018 application - HDJ 13,633 B1 office GIA							
detailed commercial		5,034	4,279	10	428	13	329
supermarket		1,742			26		26
nursery		502			25		25
outline commercial		8,034	6,829	10	683	13	525
TOTAL					1,162		905

Source: 2014, 2016 and 2018 Planning Application Forms, Hardisty Jones 2016 and 2018 Economic Assessments, HCA Employment Density Guide; 3<sup>rd</sup> Addition, 2015.

5.6 Proposed schemes may be presented as a Gross External Area (GEA) measurement. To convert these to a Gross Internal Area (GIA), the general benchmark is a reduction of 5%. Gross internal to net internal ratios can vary significantly according to use: For office space the gross internal figure is typically 15-20% higher than net internal space. In the calculations below the table below is 15% is assumed. 10 sqm represents financial and insurance occupiers; 13 sqm represents a Corporate occupier. **Figure 15** below illustrates:

- > The total for both the 2016 and 2018 applications ranges between 905 and 1,177 FTE jobs with at least 51 of these FTE jobs in non-B Class uses. The midpoint is 1041 FTE.
- > The difference in FTE jobs between the 2016 and 2018 assessments is 60 FTE jobs when assuming 10 sqm per job and 43 FTE jobs when assuming 13sqm per job.
- > The more significant difference is between the extant 2014 planning consent GIA and the 2018 application with a calculated loss of 266 FTE jobs.
- > In each instance the mid-range points for 10 sqm and 13 sqm density assumptions for both the 2016 and 2018 assessments fall within a 10 percent range of the Hardisty Jones

assessments. But it should be noted, that floorspace density assumptions can vary depending on the final use of the development sites.

> The A1 and D1 uses this is based on primary employment data provided by the appellant.

## APPRAISING THE ECONOMIC BENEFITS AND IMPACTS OF THE PROPOSED DEVELOPMENTS AND ALTERNATIVE OPTIONS

5.7 This section uses economic evidence and data to model the likely economic benefits and impacts of the proposed developments. The Economic Impact Assessment provided by Hardisty Jones Associates, provide an assessment, but there is no detailed appendices with data sources and methodologies in order to examine the provenance of the underlying data and assumptions.

5.8 Also in the developer's economic impact assessment, there is no sensitivity analysis in terms of a counterfactual position – i.e. that the proposed floorspace is entirely taken up by B1 office use; or alternative development options – i.e. that single story buildings for retail, café and nursery are replaced by multi-storey office buildings. As we do not have access to the full disclosed data sources from the Economic Impact Assessment, what we have done in this section is, using the floorspace assumptions detailed in the Economic Impact Assessment – we have applied data benchmarks derived from Office for National Statistics datasets to estimate total annual salaries and GVA generated. We have analysed the impacts from direct jobs on site, and have not examined net impacts.

5.8 To be clear – we analyse this data, and conduct some economic impact modelling based on eight scenarios, as presented in **Figure 16**:

Scenario 1) appeal proposal A

Scenario 2) appeal proposal B

Scenario 3) An all-office development using floorspace for B1a use (with no other uses) as detailed in the planning application (appeal proposal A)

Scenario 4) An all-office development using floorspace for B1a use (with no other uses) as detailed in the planning application (appeal proposal B)

Scenario 5) appeal A replacing foodstore, café, nursery with 6373.5 m<sup>2</sup> of multi-storey office buildings, as detailed in Mr Staddon's Expert statement.

Scenario 6) appeal B replacing foodstore, nursery with 4988 m<sup>2</sup> of multi-storey office buildings as detailed in Mr Staddon's Expert statement.

Scenario 7) scenario 5 with 25% less floorspace in additional office buildings due to frontage/design issues, to reflect practical considerations raised by Mr Tomaney.

Scenario 8) scenario 6 with 25% less floorspace in additional office buildings due to frontage/design issues, to reflect practical considerations raised by Mr Tomaney.

**FIGURE 16: APPLYING JOBS DENSITY CALCULATIONS TO A COUNTERFACTUAL SCENARIO WHERE ALL FLOORSPACE IS USED FOR B1A OFFICE**

Planning designation		Floor-space m2	Density <sup>v</sup>	Jobs <sup>w</sup>	Average annual salary <sup>x</sup>	Total salaries <sup>y</sup>	GVA per worker <sup>z</sup>	Total GVA <sup>+</sup>
<b>SCENARIO 1) APPEAL PROPOSAL A</b>								
A1	Aldi Foodstore	1,740	67.0	26	12,818	332,885	38,500	999,851
A3	Costa coffee drive thru	204	10.2	20	12,076	241,520	22,300	446,000
D1	Happy Days Nursery	502	20.1	25	12,662	316,550	29,800	745,000
B1a	Offices – Full	5,034	13.8	365	29,397	10,729,813	71,900	26,242,976
B1a	Offices - Outline	8,034	13.8	583	29,397	17,124,218	71,900	41,882,414
	TOTAL scenario 1	15,514		1,018		28,744,986		70,316,241
<b>SCENARIO 2) APPEAL PROPOSAL B</b>								
A1	Aldi Foodstore	1,740	67.0	26	12,818	332,885	38,500	999,851
D1	Happy Days Nursery	502	20.1	25	12,662	316,550	29,800	745,000
B1a	Offices - Full	5,914	13.8	429	29,397	12,605,505	71,900	30,830,545
B1a	Offices - Outline	8,034	13.8	583	29,397	17,124,218	71,900	41,882,414
	TOTAL scenario 2	16,190		1,062		29,729,723		74,457,809
<b>SCENARIO 3) ALL OFFICE DEVELOPMENT USING FLOORSPACE IN PLANNING APPLICATION (APPEAL PROPOSAL A)</b>								
B1a	Full application	5,034	13.8	365	29,397	10,720,861	71,900	26,221,084
B1a	Outline application	8,034	13.8	582	29,397	17,109,933	71,900	41,847,474
B1a	Office floorspace on land released by foodstore and nursery	2,446	13.8	177	29,397	5,209,223	71,900	12,740,717
	TOTAL	15,514		1,124		33,040,017		80,809,275
<b>SCENARIO 4) ALL OFFICE DEVELOPMENT USING FLOORSPACE IN PLANNING APPLICATION (APPEAL PROPOSAL B)</b>								
B1a	Full application	5,914	13.8	428	29,397	12,594,989	71,900	30,804,825
B1a	Outline application	8,034	13.8	582	29,397	17,109,933	71,900	41,847,474
B1a	Office floorspace on land released by foodstore & nursery	2,242	13.8	162	29,397	4,774,766	71,900	11,678,123
	TOTAL	16,190		1,173		34,479,687		84,330,422
<b>SCENARIO 5) APPEAL A REPLACING FOODSTORE, CAFE, NURSERY WITH 6373.5 M2 OF MULTI-STOREY OFFICE BUILDINGS</b>								
B1a	Full application	5,034	13.8	365	29,397	10,720,861	71,900	26,221,084
B1a	Outline application	8,034	13.8	582	29,397	17,109,933	71,900	41,847,474
B1a	Office floorspace on land released by foodstore & nursery	6,374	13.8	462	29,397	13,573,582	71,900	33,198,267
	TOTAL	19,442		1,408		41,404,376		101,266,825
<b>SCENARIO 6) APPEAL B REPLACING FOODSTORE, NURSERY WITH 4988 M2 OF MULTI-STOREY OFFICE BUILDINGS</b>								
B1a	Full application	5,914	13.8	428	29,397	12,594,989	71,900	30,804,825
B1a	Outline application	8,034	13.8	582	29,397	17,109,933	71,900	41,847,474
B1a	Office floorspace on land released by foodstore & nursery	4,988	13.8	361	29,397	10,622,896	71,900	25,981,479
	TOTAL	18,936		1,372		40,327,817		98,633,778
<b>SCENARIO 7) SCENARIO 5 WITH 25% LESS FLOORSPACE IN ADDITIONAL OFFICE BUILDINGS DUE TO FRONTAGE/DESIGN ISSUES</b>								
B1a	Full application	5,914	13.8	428	29,397	12,594,989	71,900	30,804,825
B1a	Outline application	8,034	13.8	582	29,397	17,109,933	71,900	41,847,474
B1a	Office floorspace on land released by foodstore & nursery	4,780	13.8	346	29,397	10,180,186	71,900	24,898,700
	TOTAL	18,728		1,357		39,885,108		97,550,999
<b>SCENARIO 8) SCENARIO 6 WITH 25% LESS FLOORSPACE IN ADDITIONAL OFFICE BUILDINGS DUE TO FRONTAGE/DESIGN ISSUES</b>								
B1a	Full application	5,914	13.8	428	29,397	12,594,989	71,900	30,804,825
B1a	Outline application	8,034	13.8	582	29,397	17,109,933	71,900	41,847,474
B1a	Office floorspace on land released by foodstore & nursery	3,741	13.8	271	29,397	7,967,172	71,900	19,486,109
	TOTAL	17,689		1,281		37,672,093		92,138,408

<sup>v</sup> Floorspace, and floorspace density have been initially calculated from Hardisty Jones and Associates Economic Impact Appraisals. <sup>w</sup> Jobs are from Hardisty Jones and Associates Economic Impact Appraisals or calculated using their floorspace densities per use classification. <sup>x</sup> This is the Annual average salary of the most relevant industrial category from 2017: Retail sale in non-specialised stores with food, beverages or tobacco predominating SIC 4711, Food and beverage service activities SIC 56, Child day-care activities SIC 8891, Office based - average of 5 median salaries for industries J, K, L, M, N O. <sup>y</sup> This is a product of jobs x annual average salary. <sup>z</sup> This is calculated using Workforce Jobs Estimates and UK GVA estimates. <sup>+</sup> This is a product of jobs x GVA per worker.

5.9 **Figure 17** summarises the modelled economic impacts. As can be seen, the original planning proposals have the lowest numbers of jobs, salaries and GVA. This reflects the lower density uses as well as the lower pay and GVA per worker of retail and food and beverage activities. For example, simply replacing the original proposal for office, retail, café and nursery provision (Scenario 1) with an all-office development (Scenario 3) with the same floorspace results in 9.4% more jobs, 13.0% higher total salaries, and 13.0% higher total GVA per annum.

5.10 It is more plausible to redesign the site to more efficiently accommodate multi-story office buildings as detailed in Mr. Staddon’s evidence (Scenarios 5 and 6). The impacts in these scenarios are even higher – providing jobs, earnings and GVA 30% to 45% higher than the original planning applications.

5.11 As advised by Mr Tomaney, there are design and frontage issues to take into consideration for the site. If we reduce total floorspace in Scenarios 5 and 6 by 25% to give us Scenarios 7 and 8, then the additional jobs and impacts remain significant. Scenario 7) has 338 more jobs (+33.2%), £11.1 million additional total earnings per annum (+38.8%), and £27.3 million in additional GVA per annum (+38.7%) compared to Scenario 1).

5.12 Significantly, this implies that the opportunity costs to the economy of permitting the original planning applications with retail, café and childcare use to be high.

**FIGURE 17: SUMMARY OF ECONOMIC IMPACTS OF 8 SCENARIOS**

<b>Scenario</b>	<b>Jobs</b>	<b>Total salaries</b>	<b>Total GVA</b>
Scenario 1) appeal proposal A	1,018	28,744,986	70,316,241
Scenario 2) appeal proposal B	1,062	30,379,158	74,457,809
Scenario 3) all office development using floorspace in planning application (appeal proposal A)	1,124	33,040,017	80,809,275
Scenario 4) all office development using floorspace in planning application (appeal proposal B)	1,173	34,479,687	84,330,422
Scenario 5) appeal A replacing foodstore, café, nursery with 6373.5 m2 of multi-storey office buildings	1,408	41,404,376	101,266,825
Scenario 6) appeal B replacing foodstore, nursery with 4988 m2 of multi-storey office buildings	1,372	40,327,817	98,633,778
Scenario 7) <i>scenario 5</i> with 25% less floorspace in additional office buildings due to frontage/design issues	1,357	39,885,108	97,550,999
Scenario 8) <i>scenario 6</i> with 25% less floorspace in additional office buildings due to frontage/design issues	1,281	37,672,093	92,138,408

## SUMMARY: ECONOMIC OUTCOMES FROM DIFFERENT PLANNING PERMISSION SCENARIOS

5.13 The jobs density assumptions from the Hardisty Jones and Associates (2018) Economic Impact Assessment seem fairly robust in terms of assumptions from existing Homes and Communities Agency Guidance. Although, the job density scenarios illustrate the volatility in number of jobs likely to be created depending upon the assumptions about the type of occupier and the floorspace assumptions.

5.14 The appellant's economic impact appraisal omits to consider an analysis of alternative development scenarios. Comparing Scenario 1) with Scenario 7): namely if the site were redesigned for multi-story office buildings that met urban design requirements, Scenario 7) has 338 more jobs (+33.2%), £11.1 million additional total earnings per annum (+38.8%), and £27.3 million in additional GVA per annum (+38.7%) compared to Scenario 1).

5.15 Even simply replacing the floorspace of the initial planning applications with all B1a use results in higher jobs and impacts. Replacing the original proposal for office, retail, café and nursery provision (Scenario 1) with an all-office development (Scenario 3) with the same floorspace results in 9.4% more jobs, 13.0% higher total salaries, and 13.0% higher total GVA per annum.

5.16 If we look at all the 'all-office' scenarios, the opportunity costs to the economy of permitting the original planning applications with retail, café and childcare use are high. There are no economic or strategic advantages from allowing non-office uses to go ahead.



## 6. Conclusions from the policy and economic context and analysis

6.1 In terms of policies and strategies, these support the promotion of high value-added jobs and developments that can enhance productivity and rates of economic growth. Retail development is supported in existing centres. There is no economic strategy at the local or county level which explicitly supports out-of-town retail provision.

6.2 Research and advice to the JCS authorities as part of the strategy development process indicated that non- B1a uses on business and technology parks could be used to enhance the attractiveness and quality of locational offer to services and technology workers and professionals. Apart from the child care provision, none of the proposed uses in the appellant's case significantly enhance the locational offer.

6.3 Cheltenham and the JCS area have demonstrated strong jobs growth, including in office-based industries (but not public services). This is forecast to continue.

6.4 There is an overall lack of employment land supply in terms of immediately available land and premises, and a lack of Grade A Office space. The Grovefield Way site offers is development ready for Grade A office premises – and such sites are in short supply, particularly in Cheltenham.

6.5 Whereas office-based jobs offer more full-time work, at salaries at or above the national average for all industries, jobs in retail, food and beverages, and child care offer jobs that are predominantly part-time and low-paid.

6.6 The appellant's economic impact appraisal omits to consider an analysis of alternative development scenarios. Comparing Scenario 1) with Scenario 7): namely if the site were redesigned for multi-story office buildings that met urban design requirements, Scenario 7) has 338 more jobs (+33.2%), £11.1 million additional total earnings per annum (+38.8%), and £27.3 million in additional GVA per annum (+38.7%) compared to Scenario 1).

6.7 In sum, there is a significant opportunity cost in granting the proposed development planning permission in terms of quality of jobs, number of jobs, pay, and GVA benefits.

**Glenn Athey, Managing Director, Athey Consulting Limited**

**10 December 2018**