Gloucestershire First/SWRDA

Gloucestershire Workspace Policy Framework Technical Appendix 1: Economic Context

March 2005

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A Final Report

by

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1 TECHNICAL APPENDIX 1: ECONOMIC CONTEXT

1.1 INTRODUCTION

This Technical Appendix sets out the key economic trends and issues affecting Gloucestershire. The section provides an overview of the economic performance of the County, focusing on economic performance, human capital, business base, infrastructure, environment, and brief profiles of each District/Borough area.

1.2 ECONOMIC PERFORMANCE

1.2.1 Productivity

Gross Value Added (GVA) is an indicator of productivity published by ONS. Table 1.1 shows that GVA per head in Gloucestershire is consistently above the South West average, although it continues to lag between the UK average.

Table 1.1: GVA per Head 1999-2001

Area	1999	2000	2001
UK	£13,396	£13,937	£14,566
South West	£12,083	£12,527	£13,216
Gloucestershire	£13,060	£13,521	£14,062

Source: ONS

Data from Cambridge Econometrics reveals that GVA in total increased in Gloucestershire by 25.8% between 1991-2001. Table 1.2 presents the increases in GVA over this period, showing that the highest increases in GVA were within the financial and business services sector; Government and other services; Distribution and Retail; and Transport and Communications. The Table also shows that productivity in all sectors is set to grow over the period 2001-2015.

Table 1.2: GVA % Growth 1991-2015

Sector	% Change 1991-2001	% Change 2001-2015
Agriculture	17	20
Mining and Quarrying	63	1
Manufacturing	7	12
Electricity, Gas and Water	31	25
Construction	31	50
Distribution	42	54
Hotels and Catering	13	40
Transport and Communications	114	83
Financial and Business Services	43	65
Government and Other Services	28	39
Total	**26**	**38**

Source: Cambridge Econometrics

1.2.2 Employment

The Annual Business Inquiry identifies that there are 249,498 employees in employment in Gloucestershire as at 2002. Cheltenham Borough and Gloucester City Districts accommodate the greatest proportion of these jobs with 25% and 24% respectively. Forest of Dean has the lowest proportion of all jobs in the County with 10%, which reflects the position of the Forest as a smaller business location.

Employment in the County has increased since 1995 by 30,829 jobs or 14.1%, following the recession of the early 1990s, which resulted in the shedding of nearly 8,000 jobs.

1.2.3 Unemployment

Unemployment rates nationally continue to fall and remain at a low rate of 2.6% for the UK as at January 2004. The unemployment rate in the South West is even lower at 1.7% for the region, the same rate as Gloucestershire (GLMIU).

Within the County, each District has pockets of unemployment as highlighted in Table 1.3. The table shows that Westgate in Gloucester has the highest rate of unemployment of any ward in the County at 9.4%, followed by Innsworth in Tewkesbury Borough with 7.4%. In terms of gender unemployment, male unemployment levels are considerably higher than female unemployment levels. The highest rates of male unemployment can be found in Westgate (11.8%), Innsworth (11.1%), and Matson (8.6%).

Table 1.3: Ward Unemployment Figures – January 2004

Cheltenham	Cotswold	Forest	Gloucester	Stroud	Tewks
St. Paul's 5.2%; St. Mark's 4.1%; Pittville 4.0%; Hesters Way 4.0%.	Cirencester Watermoor 2.3%; Blockley 2.1%.	Broadwell 4.8%; Ruardean 4.1%; Cinderford 4.0%; Newland 3.7%.	Westgate 9.4%; Matson 6.5%; Barton 5.2%; Eastgate 4.5%.	Central 5.6%; Dursley 3.2%; Uplands 3.0%.	Innsworth 7.4%; Brockworth Moorfield 4.3%; Tewkesbury Town 3.9%; Tewkesbury Prior's Park 3.8%.
Borough Av. 2.5%	**District Av. 1.3%**	**District Av. 2.3%**	**City Av. 3.0%**	**District Av. 1.8%**	**Borough Av. 1.7%**

Source: GLMIU
Note: Unemployment figures are resident-based.

1.3 HUMAN CAPITAL

1.3.1 Population Trends

The population of Gloucestershire, as at 2001 according to the Census of Population was 564,559.

Analysis of population change from the 1991 and 2001 Censuses of Population suggests a 5.3% increase in the Gloucestershire population (28,600 persons), which is comparable to the change regionally over the period of 5.1%.

A more detailed analysis of the Census of Population 2001 population pyramids for Gloucestershire and the South West reveals that there is a slightly higher proportion of residents between 15-64 years of age (representing more or less the working age groups) in Gloucestershire, with 64.1% compared to the regional position of 63.5%. In addition, Gloucestershire has proportionally a greater number of young residents and fewer elderly residents compared to the South West with 18.5% of 0-14 year olds and 17.4% of 65+ year olds in the County compared to 17.9% and 18.6% for the region.

In terms of the changes in age groups between 1991 and 2001 in Gloucestershire and the South West, analysis of the two Censuses of Population reveals that the population growth rate for 0-14 year olds between 1991-2001 in Gloucestershire was higher at 8.2% compared to 7.2% for the South West. In terms of the 15-64 age group, Gloucestershire growth rate at 6.2% was lower over the ten year period than the South West, which increased at a rate of 7.1%. In addition, Gloucestershire experienced a greater increase of elderly residents of 65+ years old of 7.6% compared to the growth in the region of 6.0%.

Data on migration reveals how attractive some locations are in the County as places to live. The Censuses of Population 1991 and 2001 indicates that Cheltenham had the highest level of net in-migration of 1.4% of the total population. The other Districts had net in-migration percentages of between 0.3-0.8%. However, Gloucester City, over the ten-year period experienced a net out-migration of 0.1% - the only District in the South West to experience such a trend, which may reflect in part the attractiveness of the City as a place to live. Please note that the closure of RAF Quedgeley in the 1990s may account in part for this statistic.

It will be important for Gloucestershire to retain a greater share of residents of working age to ensure that there is a large and skilled labour force available to cater for the economic growth and development in the County.

In terms of population projections, Table 1.4 presents the population estimates and projections produced by ONS. The table shows that the population in Gloucestershire is set to grow at a slower rate between 2001-2011 compared to the previous ten year period (1991-2001). The population in the County is set to increase from 565,000 to 593,000 between 2001-2011, a proportional increase of 3.4%, which is in-line with the national growth rate. In contrast, the South West as a whole, is set to increase at a faster rate than both Gloucestershire and the UK at 5.6%.

Table 1.4: Population Estimates and Projections for Gloucestershire (000s)

Area	1991	2001	2011	2016	% Change 1991-2001	% 2001-2011
UK	57,439	59,051	61,022	62,134	2.8	3.3
SW	4,688	4,937	5,213	5,333	5.3	5.6
Glos	536	565	584	593	5.4	3.4

Source: ONS

However, the Structure Plan Third Alteration (Deposit Draft) makes provision for an additional 36,000 dwellings over the period 2001-2016, which is likely to significantly increase the population beyond the population projections produced by ONS.

The TEMPRO population projections produced by the Department for Transport, factors in policy changes and initiatives into the forecasts to create more realistic population projections. The projections for Gloucestershire indicate a resident population of 604,000 by 2016.

1.3.2 Labour Markets

The ratio between workplace to resident employment provides an indication of the level of self-containment of the economies of each District within the County. Net importers of labour, not surprisingly are Cheltenham (Ratio of 1.4) and Gloucester (Ratio of 1.3), whereas the net exporters of labour are Forest of Dean (Ratio of 0.8) and Stroud District (Ratio of 0.9). Cotswold and Tewkesbury both have ratios of 1.0, which indicates a good balance between workplace and resident employees.

The problem of out-commuting in the Forest of Dean is highlighted in the recent 'Forest of Dean Employment Study' undertaken by WM Enterprise in 2003. The study found that just under 40% of residents worked outside of the District, largely in locations elsewhere in the County, such as Gloucester and Cheltenham.

1.3.3 Economic Activity Rates

According to the latest Labour Force Quarterly Survey there were 273,000 economically active people of working age in Gloucestershire as at August 2003. This equates to an economic activity rate of 82.1%, which is higher than the South West rate of 81.9%, and the national GB rate of 79.5%. The County male economic activity rate of 87.3% as at October 2003 remains higher than the female economic activity rate of 75.9%. Both of these rates were higher than the GB rates, although the proportion of female economic active residents in the South West is 77.4%, a higher rate than Gloucestershire.

Some of the divergence in economic activity rates may be explained by higher levels of part time working, 28.4% in Gloucestershire compared to 25.4% for GB. Gloucestershire also has a higher level of self employed, 14.4%, compared to GB average 12.2% (LFS August 2003).

Economic activity rates are set to increase in the future if the Government's plans to increase the retirement age to 70 years of age are adopted.

1.3.4 Education and Skills

The occupational structure of the County is set out in Table 1.5. The Table shows that Gloucestershire has lower proportions of managers and senior officials, professionals, and associate professionals and technical occupations compared to the Great Britain average. The County has a greater proportion of skilled trades and personal services compared to either the national or regional averages.

On the negative side, Gloucestershire has a higher proportion of employees in elementary occupations compared to national and regional averages.

In general terms, there is a need to increase the proportion of managerial and professional occupations and reduce the proportion of elementary occupations in order to enhance the pool of skills and increase competitiveness.

Table 1.5: Occupational Structure in Gloucestershire

Occupation	% GB	% SW	% Gloucestershire
Managers and Senior officials	14.7	14.7	14.4
Professional	12.2	11.4	11.5
Associate Professional and Technical	13.9	13.2	13.4
Admin. And Secretarial	12.5	12.2	11.3
Skilled Trades	11.7	12.7	14.3
Personal Services	7.5	8.6	9.1
Sales and Customer Services	7.9	7.9	6.2
Plant and Machine Operatives	7.8	7.1	6.8
Elementary	11.6	12.1	12.9

Source: Labour Force Survey Sept-Nov 2003 – NOMIS

There are a greater proportion of 16-19 year olds in full-time education in Gloucestershire at 58.4% compared to South West at 55.7% and GB at 52.3% reflecting the structure of higher education institutions in the County. In terms of educational attainment, Gloucestershire has a higher proportion of its population with NVQ level 3 or above qualifications at 46.1% compared to GB with 44.4%. The proportion of Gloucestershire's population with NVQ level 4 qualifications at 25.6% is slightly higher than the GB average of 25.3%. The proportion of both NVQ level 3 and 4 or above for Gloucestershire is lower than the South West average.

Results of the National Employers Skill Survey 2003, which surveyed 882 employers in the County, highlighted several areas of skills shortages. The principal occupations identified by employers in Gloucestershire in most demand were 'Skilled Trades', 'Associate Professionals' and 'Personal Services'. Companies highlighted "too few applicants with the required skills" as the principal reason for finding it hard to fill vacant posts.

The County shows good levels of economic activity and educational attainment, which will help to widen the skills and knowledge base. However, there is a need to address the skills shortages identified by companies in the County to maintain its attractiveness to knowledge-based industries.

1.3.5 Knowledge Base

The structural changes in the economy, with the development of the service economy and the knowledge economy in particular has placed greater emphasis on presence and quality of educational institutions and research centres to enable the growth of innovation and new sectors.

The Cambridge-Oxford Arc of Innovation demonstrates the influence of knowledge hubs in developing and attracting investment in R&D and spin-off hi-tech manufacturing businesses. Gloucestershire's location on the edge of the ARC has enabled it to benefit from the recent investment from Oxford Innovation in setting up the Cotswold Innovation Centre in the North Cotswolds.

Gloucestershire, with the recently formed University of Gloucestershire, Royal Agricultural College, Hartpury College and GlosCAT (Gloucester and Cheltenham College of Art and Technology) together with good quality schools and local colleges, has the ability to strengthen its reputation and image as a centre of excellence for particular specialisms. The University of Gloucestershire includes a Business School, The Countryside and Community Research Unit; and Leisure and Sport Research and has expertise in ICT and multi-media activities. The Gloucestershire Year of Innovation starting in Autumn of 2004 is designed to increase the creativity and innovative capacity within the County to improve business competitiveness.

GlosCAT is one of the largest FE Colleges in the UK with a dedicated Engineering Technology Centre, IT Centre of Excellence as well as having a good reputation for the creative industries, including art and design and media.

The Royal Agricultural College is one of the principal agricultural and land management institutions in the country. The RAC has a dedicated research department, specialising in sustainable agricultural and rural development; food chain studies; and equine studies. Hartpury College also specialises in land-based research in agriculture, animal and veterinary science and equine studies.

In addition to the institutions, the County also accommodates the Campden & Chorleywood Food Research Association.

In the wider sub-region, the University of Bristol, University of Bath and the University of the West of England located at Bristol have strong expertise in engineering and biotechnology with several dedicated centres of research that have secured significant research grants. This strong expertise is providing the conditions to create spin-out enterprises through incubation centres set up by the Universities. The incubators include the Innovate Centre at University of the West of England, University Gate Incubator and SETsquared pre-incubation unit at University of Bristol and the University of Bath's innovation centre and SETsquared pre-incubation unit[1] at their Oakfield Campus in Swindon. In addition, SWRDA in association with the Universities and the private sector is establishing Bristol Science Park that will become a major innovation location for high technology firms in the north of the region.

The Sub-regional Knowledge Exchange is a model that is being promoted within the northern part of the South West to promote closer working arrangements between Universities to share academic expertise. The University of Gloucestershire, Royal Agricultural College, University of the West of England, University of Bristol, University of Bath and Bath Spa University College are involved in establishing a model that links students and businesses to academic and R&D expertise across the sub-region. This would enable potential entrepreneurs to tap into expertise within Universities not in the immediate area. For example, in terms of advanced engineering and biotechnology potential entrepreneurs in Gloucestershire could seek advice from University of Bristol, University of Bath and University of the West of England, which have a stronger expertise in these sectors in comparison to the University of Gloucestershire.

[1] SETsquared is a joint initiative of Bristol, Bath, Southampton and Surrey Universities to support knowledge-based high-growth potential enterprises in Southern England. The incubator provides business mentoring and guidance, low cost serviced office space and events and networking opportunities and is aimed at staff and students developing business ideas as well as external entrepreneurs.

More details regarding incubators and Science Parks are provided in Technical Appendix Four.

1.4 BUSINESS BASE

1.4.1 VAT Registrations

The key driver of the economy and workspace are the businesses in the County. A strong, diverse and developing business base, which incorporates start-ups, existing companies, and inward investors are essential elements to develop a successful economy.

In Gloucestershire, the economy is dominated by small businesses. According to the ONS, 85% of businesses in the County employ fewer than ten people and 93% employ fewer than 20 people. This is reflected in the focus of the commercial property market on relatively small requirements.

Data on VAT registrations and deregistrations has been used as a proxy indicator for understanding patterns in business start-ups. Although not a perfect match due to the VAT threshold it is the best available data. The data is broken down by sector using the Standard Industrial Classification (SIC) 1992.

The statistics show that at the end of 2002, there were 20,410 VAT registered businesses in Gloucestershire, with an average of 1,900 registrations and 1,700 deregistrations each year.

Table 1.6 shows the changes in stocks over the period 1995-2002. The table shows that there has been a net increase of 1,375 VAT registered businesses in the County over the past 7 years. The key growth sectors in terms of business development are real estate with a net increase of 1,725 or 41% reflecting in particular the growth in computer and related industries (ICT) in the County. In addition, hotels and restaurants sector has experienced a net increase of 155 businesses or a 13.6% increase in stock between 1995-2002.

Table 1.6: VAT Registered Businesses 1995-2002

Sector (Standard Industrial Classification 1992)	**Net Change in Number**	**Net % Change**	**Stock As At end-2002**
Agriculture & Fishing	-220	-9.7	2,045
Mining, Energy & Water	0	0	30
Manufacturing	-115	-5.7	1,890
Construction	50	2.3	2,260
Wholesale & Retail	-250	-5.8	4,070
Hotels & Restaurants	155	13.6	1,295
Transport & Communications	80	9.8	895
Financial Intermediation	5	3.2	160
Real Estate, Renting and Business Activities	1,725	40.6	5,975
Public Administration & Other	-80	-5.2	1,470
Education & Health	25	8.5	320
Total	1,375	7.2	20,410

Source: NOMIS

Conversely, agriculture and fishing; manufacturing; wholesale and retail and public administration and other have experienced a net decrease in stock over the 7 year period.

In general terms, real estate and wholesale and retail sectors account for the largest number of businesses in Gloucestershire with support from agriculture and fishing; construction, manufacturing, public administration and other; and hotels and restaurants.

Table 1.7 shows the rate of business growth over the past six years between 1997-2002 for Gloucestershire compared against the regional and national position. The table shows that the rate of business development has been slightly lower than that of the South West and the UK over the period at 3.3%, indicating that the County has a good entrepreneurial base, which has potential to be expanded in future years.

Table 1.7: Stock of VAT Registered Businesses in Gloucestershire 1997-2002

Area	1997	1998	1999	2000	2001	2002	% Change 1997-2002
Glos	19,755	20,195	20,450	20,585	20,560	20,410	3.3
South West	15,8095	16,0725	16,2345	16,3410	16,3795	16,3465	3.4
UK	1,681,335	1,715,400	1,736,365	1,754,915	1,762,355	1,762,110	4.8

Source: NOMIS
Note: Stock at end of each year. VAT Threshold at the end of 2001 was annual turnover of £54,000

1.4.2 Survival Rates

Data from the Small Business Service on business survival rates suggests a slight improvement in Gloucestershire. Three-year business survival rates have increased from 66.2% to 67.8% for businesses registered over the period 1993-99. This change of 1.6 percentage points is below the South West average of 4.6 percentage points and UK figure of 4.4 percentage points.

As at 2001, one-year survival rates in Gloucestershire stood at 92%, slightly below the regional (93%) and UK (92.2%) averages. Gloucestershire has seen lower growth for one-year survival rates of 4.8 percentage points compared to 6.0 and 5.9 percentage points for the South West and UK respectively between 1993-2001.

1.5 INFRASTRUCTURE

1.5.1 Transportation

Transportation infrastructure is an important factor in the economic fortunes of the County. The key road routes through Gloucestershire that are important to businesses and employees are the M5 and A417/9 dual carriageway linking the M5 to the M4 between Gloucester and Swindon.

The M5 passes in close proximity to Gloucester, Cheltenham and Tewkesbury, which, not surprisingly are the key business locations within the County, where the three Major Strategic Employment Sites are located. Recent improvements to M5, including the construction of Junction 11A and improvements to Junction 12 has increased its attractiveness to developers and occupiers with rapid access to the national network.

The dualling of the A417/9 may have increased the road's attractiveness as a route for businesses between the M4 and M5, but the environmental quality of the Cotswold Hills through which it passes has restricted any major economic development along the route. The brand-new Gloucester Business Park at the northern extremity of the road and sites to the east of Swindon at the southern extremity offer the two key locations along this route, with smaller premises and sites available at the market town of Cirencester.

The “Missing Link”, which is a section of single carriageway road along the A417/9 that runs along the edge of the Cotswold escarpment produces a bottleneck that causes major traffic congestion. This represents the principal road transportation issue for the County, which affects both the business community and local residents. It is hoped that a higher standard dual carriageway will be built to resolve the issue, which should be added to the roads programme during 2004.

The remainder of the County has weaker road connections, which limits to some extent opportunities to attract inward investment to these areas. The central part of the Forest of Dean and parts of the North Cotswolds and Vale of Evesham are far from the national road network, and therefore are unlikely to attract the type of companies that require a highly accessible location for markets and staff.

The Gloucester south west bypass due to be constructed by 2011 will open up the Western Waterfront area of Gloucester Docks and the employment areas to be found in this area, enabling opportunities for redevelopment and renewal.

In terms of passenger rail connectivity, the County has certain strengths and weaknesses. There are high-speed rail services (First Great Western) between London Paddington and Cheltenham Spa, with stops at Kemble (near Cirencester), Stroud, Stonehouse and Gloucester. This daily hourly service enables travel times of just over two hours to the Capital. The train service from Birmingham New Street to London Paddington also stops at Ashchurch at 08:23 each morning (Monday to Friday). In addition, the station at Moreton-in-Marsh is on the mainline service from London Paddington to Birmingham New Street. The other stations at Lydney, Cam and Dursley, and Ashchurch provide services to the keys stations to access other parts of the UK.

One of the key weaknesses of the current rail system in the County is Gloucester Station not being on the mainline, which requires train services to come off the mainline into Gloucester Station and back out. Gloucestershire County Council is working to address this issue with feasibility work being undertaken on a new proposed Gloucester Parkway Station. The Parkway Station would be on the mainline and encourage operators currently not serving Gloucester, most notably Virgin Trains to stop in the City. Virgin Trains operates a number of services in the North of England and Scotland and the Parkway Station is seen as essential to attracting Virgin services to Gloucester.

Two further stations are being assessed for possible opening at Bristol Road, Stonehouse and Charfield, just outside the County in South Gloucestershire. Both stations would provide local services.

The pattern of stations across the Country reveals that there are large geographical gaps in provision, requiring people to travel by car or public bus. Due to the rurality of many parts of the County, the level of public transport remains a key restraint for people trying to access job opportunities. The principal bus services remain focused on Cheltenham and Gloucester, the principal employment locations within the County.

Rail freight still remains a medium to long term commercial proposition for distributors, although most Counties are gearing up for this potential, due to the increasing financial burdens being placed on road haulage companies, with the advent of toll roads and the prospect of greater road taxes in the future. There are four potential rail freight opportunities in Gloucestershire at MOD premises at Ashchurch, Lydney, RAF Quedgeley and Sharpness Docks. The MOD at Ashchurch may extend its rail freight operations into more commercial activities, although continuing military action may limit its future development. Around Lydney Station there is capacity to develop a freight hub, although according to Gloucestershire County Council this would require investment and is likely to be small scale. The site at RAF Quedgeley is considered to be a longer term prospect as considerable investment required to connect into the rail network coupled with the current demand for such a facility makes development uneconomic in the short term. However, a rail freight hub has the potential to be brought forward at Sharpness Docks in the short term, and according to Gloucestershire County Council, the infrastructure costs are likely to be relatively inexpensive.

In terms of sea ports, Sharpness Docks on the Bristol Channel provides extensive cargo-handling facilities, accommodating vessels up to 6,000 dwt. The Docks have yet to become a significant freight terminal, although there is potential with its proximity to the M5 and proposed rail freight depot to expand distribution operations. In contrast, Royal Portbury Docks located south of Sharpness at Avonmouth remains the principal port for the greater Bristol area handling vessels of up to 130,000 dwt, with direct rail and motorway access. The handling capacity dwarfs that of Sharpness.

Business air travel is still dominated by Heathrow airport, and Gloucestershire's location, within a two-hour rail or drive-time offers businesses good accessibility, although not as rapid as centres in the South East, such as Reading, Uxbridge and Hounslow. Within the County charter flights are available at Gloucestershire Airport located between Gloucester and Cheltenham, with Bristol Airport offering principal European-wide flights. A recent study by the Transport Research Laboratory into the future of Gloucestershire Airport recommends investigating ways to increase the runway to make it more attractive to larger corporate jets; consider modest extensions to operating hours; and potentially selling the airport, which is currently owned by Cheltenham Borough and Gloucester City Councils. There are no plans to close the airport.

Travel-to-work patterns for the County taken from the Census of Population reveals that 94% of residents travel to work by car, with only 6% by public transport, which reinforces the need for improvements in services to provide workers with a choice of alternative transport modes.

The need for business travel is likely to continue, especially for external meetings. However, with technological advances the use of video conferencing is likely to increase and perhaps in time reduce the need for some types of business meetings.

1.5.2 Telecommunications

The use of ICT to drive the knowledge-based economy is leading to greater flexibility in working patterns and the locational requirements of business. At present, ADSL broadband connectivity is an essential business tool in order to communicate effectively with the customers. In Gloucestershire, the coverage of broadband remains patchy.

Within the South West 85% of households now have broadband available, with local exchanges being upgraded constantly. In Gloucestershire, our initial review by postcode highlighted some pockets of no coverage, although many villages are due to be upgraded in the next 12 months. The areas with no coverage at present are generally rural villages, outside of the principal towns and market towns. In the Cotswolds, a number of settlements do not have broadband, however, the larger villages such as Bourton-on-the-Water, Stow-on-the-Wold and Moreton-in-Marsh are being prepared for Broadband. A similar story prevails across the County.

There will remain a few locations, which will be too distant from an exchange to access broadband technology at present, but BT are undertaking trials to allow users at a greater distance than possible at the moment to access broadband. If this is successful and implemented then the vast majority of Gloucestershire's population will be able to access broadband.

1.6 ENVIRONMENT

1.6.1 Physical

The County is renowned for its high quality environment and diversity of landscapes, which includes the Cotswold Hills, Forest of Dean and Wye Valley, Stroud Valley, and the Vale of Evesham. Over 50% of the land area has Area of Outstanding Natural Beauty (AONB) status. In addition, there are a high number of listed buildings and other environmental designations.

It is recognised that the brand of Gloucestershire as a cohesive entity is not as strong as the component parts, such as the Forest of Dean and Wye Valley, and the Cotswolds in particular.

The environmental quality of Gloucestershire coupled with cultural assets can be an important pull factor for businesses seeking workspace. The quality of the environment can provide businesses with a prestigious location that is attractive to both clients and staff. In this regard, Cheltenham with its regency architecture and cultural offer has traditionally had a competitive advantage over Gloucester City in terms of attracting office occupiers. However, the recent improvements to Gloucester town centre and establishment of the Urban Regeneration Company for the central area should help to provide a new impetus to the office market.

The quality of the environment is also attractive to companies seeking a more rural location that reflects the type of business they are involved in. The Cotswolds and Stroud Valleys have been relatively successful in offering workspace within market towns or villages for both service based industries and manufacturers.

1.6.2 Housing

The availability, quality and price of housing in the County can be another determinant in where people set up business operations, especially in regards to inward investors. Table 1.8 highlights a number of housing indicators for the Districts in Gloucestershire. The highest house prices in the County can be found in Cotswold District, where semi-detached properties are priced on average at over £220,000, considerably higher than some Districts such as Gloucester City in particular.

All Districts have experienced significant increases in house prices, between approximately 90-125%. The Forest of Dean appears to be becoming more attractive as a place to live with the highest average increase in house prices of 125%.

Affordability continues to be an issue in the County, which can impact on the recruitment of staff, especially in lower paid jobs. The house price to income ratios for the Districts reveal that Cheltenham has the highest ratio at 5.25, with Tewkesbury Borough the lowest ratio of 3.72. Affordability issues have been identified in Cotswold District, where the presence of high incomes, but even higher house prices is creating an affordability gap. Gloucester City and Stroud District also have affordability issues, due to the gap between lower household wages and average house prices.

Table 1.8: Housing Indicators

District	Av. Price Semi-detached Property 2004 [1]	Change in Av. House Prices 1999-2004 [1]	House Price to Income Ratio [2]	Income/ Affordability Level [3]
Cheltenham	£185,347	103.2%	5.25	High Income More Affordable than Average
Cotswold	£220,495	89.9%	4.07	High Income-Affordability Issues
Forest of Dean	£172,137	125.5%	4.05	Low Income-More Affordable than Average
Gloucester	£128,214	95.5%	4.90	Low Income-Affordability Issues
Stroud	£160,777	103.5%	4.35	Low Income-Affordability Issues
Tewkesbury	£157,358	96.5%	3.72	High Income-More Affordable than Average

Source: 1 = HM Land Registry House Price Data; 2 = HM Land Registry 2004/Inland Revenue Personal Incomes data 2001; 3 = Joseph Rowntree Affordability Index based on household income 2002

1.6.3 Cultural and Leisure Offer

A well developed cultural and leisure offer, including the quality of the shopping offer, can all play an important role in attracting both businesses and staff to a particular location. Some industries, such as those in the creative industries sector require a good quality cultural offer that enables a cluster effect to develop. Other business within the financial and business services sector generally require centres that offer attractions to entertain clients, such as a range of eating and drinking establishments and leisure and sporting attractions.

The cultural and leisure offer in the County is rich and diverse with the two principal shopping attractions of Gloucester and Cheltenham supported by a network of market towns offering niche or specialist shopping.

The environment acts as a leisure resource for a host of activities with the Forest of Dean and Cotswold Water Park particular highlights.

1.6.4 Deprivation

Data on deprivation within the County is taken from the Indices of Deprivation published in 2000 by Department for Environment, Transport and the Regions (DETR). Although, the data is a little out-of-date it provides a good indication of the wards within Gloucestershire that have significant social and economic problems.

Table 1.9 presents the ten most deprived wards in Gloucestershire, taken from the Index of Multiple Deprivation, which combines the six domains, each containing a number of indices. The six domains are:

- Income;
- Employment;
- Health and disability;
- Education, skills and training;
- Housing; and
- Geographical access to services.

Table 1.9: Index of Multiple Deprivation - Ten Most Deprived Wards in Gloucestershire, 2000

Ward	District	Rank (out of 8414) 1 = most deprived
Barton	Gloucester	518
Westgate	Gloucester	718
Matson	Gloucester	1033
St. Mark's	Cheltenham	1369
Eastgate	Gloucester	1407
Hester's Way	Cheltenham	1646
Tewkesbury Prior's Park	Tewkesbury	1768
Cinderford	Forest of Dean	1775
Littledean	Forest of Dean	1888
Podsmead	Gloucester	1893

Source: DETR

The Table shows that 50% of the top ten most deprived wards are in Gloucester, with none of the top ten wards within either Stroud or Cotswold Districts. Barton, Westgate and Matson in Gloucester are the most deprived wards in the County.

The Indices of Deprivation also include a domain score for employment deprivation. Residents that are employment deprived are defined as *"…those who want to work but are unable to do so through unemployment, sickness or disability"*.

Table 1.10: Index of Employment Deprivation - Ten Most Deprived Wards in Gloucestershire, 2000

Ward	District	Rank (out of 8414) 1 = most deprived
Westgate	Gloucester	375
Matson	Gloucester	935
Barton	Gloucester	1076
St. Mark's	Cheltenham	1265
Alvington and Aylburton	Forest of Dean	1817
Brockworth Moorfield	Tewkesbury	1862
Littledean	Forest of Dean	1957
Eastgate	Gloucester	1968
Central	Stroud	2054
Eastington	Stroud	2103

Source: DETR

Table 1.10 presents the ten most employment deprived wards in Gloucestershire. The table reveals that the three wards of Westgate, Matson and Barton in Gloucester are the most employment deprived, although there is a more even spread across the District, with only Cotswold District not represented in the top ten.

In addition, to the two principal indices presented above, there is a need to consider accessibility to services, which is a key issue effecting many rural parts of the County. The Indices of Deprivation has a domain for geographical access to services. The DETR states that *"Access to essential services is an important aspect of people's everyday lives"*. With Government and regional planning policy focusing on sustainable communities, incorporating services and employment opportunities, it is important to identify pockets of rural isolation.

Table 1.11 presents the top ten most deprived wards in the County in terms of access to services. The table reveals that the majority of access deprived wards are in Cotswold District, with low to high income families facing issues of rural isolation.

Table 1.11: Index of Geographical Access to Services Deprivation – Ten Most Deprived Wards in Gloucestershire, 2000

Ward	**District**	**Rank (out of 8414) 1 = most deprived**
Ermin	Cotswold	82
Coln	Cotswold	107
Fossehill	Cotswold	113
Churn Valley	Cotswold	161
Sandywell	Cotswold	171
Grumbold's Ash	Cotswold	198
Dumbleton	Tewkesbury	203
Tibberton	Forest of Dean	244
Dymock and Kempley	Forest of Dean	268
Beacon	Cotswold	330

Source: DETR

1.7 DISTRICT/BOROUGH PROFILES

In this section, we highlight some of the key economic indicators for the Districts/Boroughs in Gloucestershire that will influence the provision of workspace in future years.

1.7.1 Gloucester City

Key Indicators

- Key Towns: Gloucester
- Population growth 1991-2001 = 6,400 (Census of Population)
- Employment increase 1995-2001 = 1,200 or 2% (Annual Business Inquiry)
- Housing projections 2001-2016 = 9,333 (Structure Plan Third Alteration Proposed Modifications)
- Residents with no qualifications = 27.9% (Census of Population 2001)
- Economic activity rate = 79.3% (Labour Force Survey 2001-2002)

- Unemployment rate July 2004 = 2.2% (NOMIS)
- Key sectors – Public administration, education and health 26%, Distribution, hotels and restaurants 25%, Banking, finance and insurance etc. 20%, Manufacturing 12% (Annual Business Inquiry 2001)
- Workplace to resident employment ratio = 1.3 (ABI/CoP 2001)
- Change in VAT Registered Stock of Businesses 1997-2002 = -375 or -13.5% (NOMIS)

The economic indicators for Gloucester reveal mixed fortunes for the local economy with relatively low employment growth in recent years, coupled with a decline in business numbers. The pockets of high unemployment and deprivation (as set out in the sections above) as well as the literacy and numeracy issues (demonstrated by the high level of residents with no qualifications) indicates opportunities for up-skilling the workforce.

1.7.2 Cheltenham Borough

Key Indicators

- Key Towns: Cheltenham
- Population growth 1991-2001 = 3,000
- Employment increase 1995-2001 = 6,900 or 13%
- Housing projections 2001-2016 = 4,850
- Residents with no qualifications = 21.6%
- Economic activity rate = 79.2%
- Unemployment rate July 2004 = 1.8%
- Key sectors – Distribution, hotels and restaurants 30%, Public administration, education and health 24%, Banking, finance and insurance 22%, Manufacturing 15%
- Workplace to resident employment ratio = 1.4
- Change in VAT Registered Stock of Businesses 1997-2002 = 290 or 9.1%

The economic prospects of Cheltenham Borough appear to be good, with recent strong employment growth and business development. The economic activity rate and unemployment rate, coupled with the housing projections indicate additional opportunity to develop the economy of the Borough.

1.7.3 Cotswold District

Key Indicators

- Key Towns: Cirencester, Tetbury, Chipping Campden, Bourton-on-the-Water, Stow-on-the-Wold, Moreton-in-Marsh, Northleach, Fairford, Lechlade, South Cerney
- Population growth 1991-2001 = 5,600
- Employment increase 1995-2001 = 6,000 or 24%
- Housing projections 2001-2016 = 4,495
- Residents with no qualifications = 23.3%
- Economic activity rate = 84.9%
- Unemployment rate July 2004 = 0.8%

- Key sectors – Distribution, hotels and restaurants 35%, Banking, finance and insurance 20%, Public administration, education and health 19%, Manufacturing 12%
- Workplace to resident employment ratio = 1.0
- Change in VAT Registered Stock of Businesses 1997-2002 = 240 or 5.7%

Cotswold District has experienced significant growth in employment in recent years, as well as a small increase in business development. The low unemployment rate and high economic activity rate indicates that the labour market is tight in the District with new housing stock required to continue economic growth in future years.

1.7.4 Forest of Dean District

Key Indicators

- Key Towns: Cinderford, Coleford, Lydney, Newent
- Population growth 1991-2001 = 4,200
- Employment increase 1995-2001 = 1,600 or 8%
- Housing projections 2001-2016 = 5,324
- Residents with no qualifications = 29.9%
- Economic activity rate = 82.7%
- Unemployment rate July 2004 = 1.4%
- Key sectors – Manufacturing 24%, Public administration, education and health 22%, Distribution, hotels and restaurants 19%, Banking, finance and insurance etc. 18%
- Workplace to resident employment ratio = 0.8
- Change in VAT Registered Stock of Businesses 1997-2002 = 45 or 1.5%

The Forest of Dean economy has experienced significant change in recent years with the decline in manufacturing employment, which is a key industry in the District. The District continues to be a net exporter of workers, which restricts to some extent the opportunities to develop the economy demonstrated by the small increases in employment and business generation in recent years. The diversification of the economy into new growth sector areas is required over the longer term.

1.7.5 Stroud District

Key Indicators

- Key Towns: Stroud, Stonehouse, Dursley/Cam, Wotton-under-Edge, Painswick
- Population growth 1991-2001 = 3,800
- Employment increase 1995-2001 = 4,100 or 11%
- Housing projections 2001-2016 = 6,895
- Residents with no qualifications = 23.6%
- Economic activity rate = 82.8%
- Unemployment rate July 2004 = 1.3%
- Key sectors – Distribution, hotels and restaurants 25%, Manufacturing 22%, Public administration, education and health 22%, Banking, finance and insurance 12%
- Workplace to resident employment ratio = 0.9
- Change in VAT Registered Stock of Businesses 1997-2002 = 270 or 6.6%

Stroud has experienced a good level of economic growth in recent years with increases in employment and business numbers. The District continues to be a net exporter of workers to other centres with opportunities to 'clawback' some of these workers through the development of the micro business base.

1.7.6 Tewkesbury Borough

Key Indicators

- Key Towns: Tewkesbury/Ashchurch, Bishops Cleeve, Staverton, Brockworth, Winchcombe
- Population growth 1991-2001 = 4,600 or 18%
- Employment increase 1995-2001 = 4,100 or 11%
- Housing projections 2001-2016 = 7,251
- Residents with no qualifications = 23.6%
- Economic activity rate = 82.3%
- Unemployment rate July 2004 = 1.1%
- Key sectors – Manufacturing 30%, Distribution, hotels and restaurants 21%, Public administration, education and health 16%, Banking, finance and insurance 15%
- Workplace to resident employment ratio = 1.0
- Change in VAT Registered Stock of Businesses 1997-2002 = 200 or 7.9%

Tewkesbury Borough has experienced a good level of employment and business growth in recent years. The manufacturing sector remains the principal employer in the Borough along with one or two major employers in the service sector, such as Zurich Financial Services. The prospects for future growth remain particularly good for those areas of the Borough that has good accessibility to the M5 such as Tewkesbury/Ashchurch and Brockworth.

1.8 PRINCIPAL FINDINGS

Gloucestershire's economic performance is healthy with strong levels of Gross Value Added, employment and declining unemployment over the last ten or so years.

The human capital resource of residents, in the form of skills and knowledge is a key asset in developing and attracting business. Gloucestershire shows high economic activity rates, reinforced by the high percentage of residents of working age and good educational attainment, although skills shortages persist. The population is set to increase, although at a slower rate than the South West to 2016.

It is essential that the County develop its knowledge base through higher educational institutions, and research and development base to nurture innovation and business development, especially for growth sectors.

The business base in Gloucestershire is dominated by small businesses, with 93% of firms employing less than 20 people. The level of self-employed is also higher than the national average, reinforcing the need for the property market to match building products more closely with the requirements of small businesses.

In terms of the stock of businesses, the growth sectors of the economy include Real Estate, Renting and Business Activities, which includes ICT firms. This sector has experienced growth of over 40% in the numbers of businesses between 1995-2002, the largest increase by far of any sector. Hotels and restaurants businesses have also experienced strong growth over this period.

Environmental aspects remain important to attracting businesses to Gloucestershire with a strong cultural and leisure base. Housing remains a key issue for the County in terms of affordability, which has knock-on effects on the recruitment and retention of staff.

The District profiles reveal mixed economic fortunes for the six Districts in the County and differing economic prospects that will influence the capability to develop key growth sectors in future years.