West of England
Annual Economic Review
2005

WEST OF ENGLAND LOCAL INTELLIGENCE NETWORK
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WEST OF ENGLAND

Annual Economic Review 2005

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Annual Economic Review- 2005

1 INTRODUCTION

Purpose

1.1 The Review offers a broad assessment of the West of England Economy including key characteristics, recent trends and the outlook for the future. It focuses on the sub-region as a whole rather than the many specific economic concerns and issues arising at the local level although significant geographical patterns and locations are identified. Reference is made to recent studies, economic statistics, development commitments and longer-term trends of change.

1.2 The Review is intended to inform the preparation of the Economic Strategy for the West of England, the Regional Spatial Strategy and other policy documents. The Review will be up-dated annually. Please forward any comments and suggestions about improvements to laura_grady@bristol-city.gov.uk

The West of England economy- an overview

1.3 The West of England supports the largest economy in the South West. Over 500,000 persons are employed in the sub-region with about two thirds of this total accounted for by the Bristol urban area. Commuters from across the West of England travel to workplaces in the Bristol area and to a lesser extent Bath with the sub-region as a whole functioning as a city-region in terms of economic linkages and shopping patterns.

- **The performance of the West of England economy**

1.4 The West of England supports levels of prosperity and rates of growth above regional and national averages. Factors accounting for this favourable performance include: the high representation of prosperous industries and 'knowledge based' sectors; good access to London and the South East; attractive environment and amenities; large labour market and high levels of professional and technical skills; and, low costs of sites premises and labour compared with the South East.

- **Main industries**

1.5 The West of England displays considerable industrial diversity; a wide range of industries is represented with about 40 different sectors employing over 1,000 persons. Significant sectors include: aerospace and defence; advanced engineering; insurance; professional and business services; media and creative industries; Bath tourism; higher education; and, printing and publishing.

1.6 The industrial diversity of the West of England includes significant employment in 'knowledge-based' sectors, reflecting the importance of aerospace and defence, advanced engineering and office based businesses. These sectors are seen as offering significant potential for growth.

- **Employment trends**

1.7 Past employment trends demonstrate the growth of the West of England economy and it's success in adjusting to changing circumstances. Over much of the post-war period, employment levels in the sub-region have climbed at rates above national averages. Rising employment in offices has more than matched losses from manufacturing. In the 1970s and 1980s, the relocation of several financial services companies created many new office jobs. More recently, the growth of a wider mix of professional and business services has maintained the rising trend of office employment. In addition, rising prosperity and high local spending has created many more jobs in retailing, leisure-related and personal services.

1.8 Over the last decade or so, the increase of employment in the West of England accelerated reflecting national economic expansion and the strength of the local economy. Much of this extra employment has been accounted for by part-time working in retailing, education, financial and business services, and public administration. The rate of employment growth may have slowed however, over the last year with UK output expected to rise by only 1.7% in 2005 compared with over 3% in 2004. Forecasts show UK output rising by 2.5% per annum between 2005 and 2009. Consistent with the slowing national economy, unemployment levels in the West of England have risen slightly over the last 12 months.

- **The location of employment growth**

1.9 The success of the West of England economy in attracting business investment and growth has focused substantially on the northern edge of Bristol and the City Centre. Over the last decade or so, the Bristol North Fringe has attracted much of the growth of employment as a result of the availability of greenfield sites close to the motorways. In Bristol City Centre, the long-established rising trend of employment tailed-off in the mid-1990s with the attraction of new office development and business relocations to the North Fringe. More recently, the rising trend of employment in the City Centre returned with major new commercial developments coming forward, particularly at Temple Quay, and significant business relocation requirements being met in the City Centre.

- **The balance between homes and jobs**

1.10 The levels of employment and resident workforce in the West of England are virtually in balance although the slight excess of jobs has been following a gradually rising trend over recent years. However, there are considerable mismatches between jobs and workers at the local level. Particular attention is being focused on these mismatches in the North Fringe where the large excess of jobs has led to concerns about lengthy, car-based trips, and the erosion of prospects for local employment in the urban area and in North Somerset, especially Weston-super-Mare. Concerns are also arising about the role of Bath in meeting the employment requirements of the wider area, the implications for commuting and meeting housing needs, and safeguarding the World Heritage status of the City.

- **Employment and demographic projections and forecasts**

1.11 Projections of employment levels in the West of England show the rate of employment increase tailing-off in the longer-term with manufacturing jobs falling and jobs in services rising. Recent projections show the rates of employment increase falling over time from an average of 5-6,000 per annum between 2001 and 2006 to below 3,000 per annum beyond 2016, with an overall average increase of 3,300-3,800 per annum between 2001 and 2026.

1.12 Other recent projections however, show employment growth tailing-off more gradually and suggest an average increase of 5,000 and above between 2001 and 2026. These differences demonstrate the uncertainty about future employment levels, the need to recognise the potential for a range of outcomes and hence, the importance of adopting a flexible approach in planning for the future. In order to acknowledge it's vision of the West of England benefiting from a growing and prosperous economy, the West of England Partnership is proposing that land be made available to enable employment levels in the sub-region to rise by an average of 5,000 per annum between 2006 and 2026.

1.13 Trend-based population projections for the West of England show the population in the working age groups rising more gradually over the future compared with the past (by 2,200 per annum average between 2001 and 2026 compared with 2,950 per annum between 1991 and 2001). Beyond 2016, the average annual increase is projected to fall to about 1,000 per annum. This slowdown is a consequence of the ageing population leading to a sharp rise over the future in the numbers in the retirement age groups.

1.14 Projections of the West of England workforce using current activity rate projections show an average increase of 2,200 per annum average between 2001 and 2026. Using higher activity rates instead to acknowledge the likelihood of rising economic activity amongst older workers, suggests that alternatively, the West of England workforce might rise by an average of 3,600 per annum between 2001 and 2026 (falling to 3,400 per annum between 2006 and 2026.

- **Unemployment**

1.15 Unemployment in the West of England stands well below the national average at 3% of the working age population. The considerable fall in unemployment resulting from the growth of the economy since the early 1990s has been more rapid locally than regionally and nationally. The rate of fall has tailed-off over recent years. A slight increase has been recorded over the last 12 months both locally and nationally.

1.16 The pattern of unemployment across the West of England shows concentrations of jobless persons in some parts of inner Bristol and the City's suburban council estates. High concentrations of unemployment are also evident in the Twerton area of Bath and in neighbourhoods of Weston-super-Mare adjacent to the town centre and on the council estates to the south. Many of these localities fall within the 10% most deprived areas nationally, ranked according to the Government's index of multiple deprivation. The population of these localities represents about 40% of the population of all localities in the South West that fall within the 10% most deprived areas of England.

1.17 Younger persons (aged 16 to 24) account for nearly a third of unemployed claimants in the West of England. They are twice as likely as those in the older age groups to be out of work.

- **Occupational characteristics, education and skills**

1.18 The growth of technical and skilled employment in the West of England is leading to a need for a more educated and qualified workforce, able to adapt to the changing requirements of the workplace. GCSE pass rates for Bristol LEA schools however, while improving, remain well below the national average. In contrast, both Bath and Bristol universities are highly rated in terms of research excellence. Similarly, the working age population of the West of England, especially where resident in B&NES and Bristol, is more qualified than at regional and national levels.

- **Earnings, house prices and affordability**

1.19 Average earnings in the West of England stand well above the regional average and close to the national average. House prices however, stand above the national average. As a result, the ratio of average earnings to average house prices in the West of England stands slightly above the national ratio.

- **Industrial and office floorspace**

1.20 The amount of industrial and office floorspace in the West of England has remained about level over recent years. A fall in the amount of factory floorspace has been matched by a rise in the stock of office and warehousing floorspace. In the urban areas however, the stock has declined with large industrial losses exceeding office gains. Further losses of industrial floorspace from the urban areas are likely over the future.

- **New industrial and office development**

1.21 Annual levels of completions of new industrial development in the West of England averaged about 30ha per annum between 1989 and 2004. Over the last 12 months, the level of completions has fallen back to 21ha. About three-quarters of this development is accounted for by the northern edge of Bristol.

1.22 The current 'market' for new industrial development in the West of England has been estimated to represent the potential for about 21ha of development per annum. The Bristol area accounts for about 86% of this potential.

1.23 Annual office development completions in the West of England averaged about 60,000sq m gross between 1989 and 2004. Bristol City Centre and the North Fringe account for about 80% of this development. Recently, the Portishead area of North Somerset has attracted office development and there has been an up-surge of office expansion in Bristol City Centre.

1.24 The current 'market' for new office development in the West of England is again dominated by Bristol with the City Centre estimated to have the potential to attract about 20,000sq m gross per annum of new office development and locations on the fringes of the City, the potential to attract a further 10ha per annum of new development. The recent extension of this demand along the ‘M5 corridor’ to the Portishead area highlights the potential of locations beyond the North Fringe to meet Bristol office demand.

- **Employment land allocations**

1.25 About 700ha are proposed for new industrial and office development in the West of England. Sites in South Gloucestershire, principally at Severnside, account for about two-thirds of this land. In Bristol City Centre, there are proposals for considerable amounts of new office development, largely accounted for by major mixed use, regeneration schemes. Other substantial capacity for new office development is identified at Western Riverside in Bath. Extensive opportunities have recently been identified for a wide mix of employment uses at Weston-super-Mare.

- **Avonmouth and Severnside**

1.26 At Avonmouth and Severnside, current development proposals are likely to meet occupier requirements over the medium term. In the longer-term, accommodating growth, especially if stimulated by port expansion, is likely to require additional development land and the resolution of transport, flood-risk and environmental constraints.

- **Bristol North Fringe**

1.27 In the Bristol North Fringe, Airbus and Rolls Royce are investing in major new office, research and production facilities. The Composites Research Centre opened at Filton in February. Elsewhere, very few sites are currently available, especially for industrial development, with only a modest scale of additional land to come forward in the medium-term. Property market agents report shortages of sites. Nevertheless, continuing investment in the North Fringe may lead to in excess of another 7,000 jobs arising in the area over the future.

- **Emersons Green**

1.28 At Emersons Green, SWRDA are investing in bringing forward the science park. Currently, 25ha are allocated for the development. However, the Agency are seeking to secure a further 20ha for the expansion of the science park in the longer-term. Over 6,000 jobs are likely to be provided at the science park. Elsewhere at Emersons Green, only a few sites remain available for general employment uses.

- **Portishead and Portbury**

1.29 In the Portishead area, about 20ha are currently available for employment uses. Offices are likely to take-up much of this land. Virtually no land remains vacant at Royal Portbury on which to accommodate the further development of the Port.

- **Bristol City Centre**

1.30 In Bristol City Centre, planning permissions for new office development offer the potential for about 300,000sq m gross of new floorspace. Other opportunities for further office expansion have been identified with the potential for another 100,000sq m gross floorspace. The larger schemes, which comprise a mix of other uses as well as offices, are: the Broadmead extension; Temple Quay 2; Harbourside; the former Courage Brewery; and, St Mary Le Port. Several other important office developments are also coming forward, especially in the Temple Back and Redcliffe areas. Realising these permissions and other development opportunities would support over 15,000 jobs and meet requirements for new offices in the City Centre in the longer-term.

1.31 Considerable new retail and leisure related floorspace also is proposed for the City Centre with the potential for a further, large number of jobs. However, some of the new developments coming forward will replace existing, redundant buildings leading to the loss or displacement of existing jobs. This will serve to moderate the net growth of employment in the City Centre.

- **Weston-super-Mare**

1.32 The Weston-super-Mare Area Development Framework has been agreed to guide the regeneration and expansion of the town over the next 20 years. About 85ha are identified for development for employment uses. Some 10,000 jobs are expected to arise from these proposals by 2021 out of a potential for 17,500.

- **Bath**

1.33 About 35ha are identified at Western Riverside for regeneration for a mix of uses. Currently, 60,000sq m gross are identified for offices. Elsewhere in the City, re-cycling existing employment sites offers the potential to meet changing business location requirements. This potential is threatened by the strength of the local housing market.

Major investment decisions in 2005

1.34 Aerospace

- Airbus and Rolls Royce announced plans for major new production, office, and research and development facilities at their respective sites at Filton and Patchway.

- The Airbus Composites Research Centre opened at Filton in February 2005.

1.35 Industrial and Commercial development

- During 2005, SWRDA purchased some 22ha of land for the proposed science park development at Emersons Green;

- The compulsory purchase order for the Southgate development in Bath was approved; a start on construction is expected in 2006 with completion by 2010;

- The start of construction on the Broadmead expansion/redevelopment scheme in Bristol with completion expected in 2008; the development will considerably enhance the role of the City Centre as a regional shopping centre;

- Progress with the construction of major mixed-use developments at Temple Quay 2 and Harbourside/Canons Marsh;

- Progress with several other major developments including, with SWRDA support, a proposal an indoor Arena at Temple Meads;

- The Weston-super-Mare Area Development Framework was adopted; the Framework sets out a 20 year plan for growth and regeneration of the town over the next 20 years, including over 89ha for business uses.

2 PROSPERITY AND COMPETITIVENESS

The performance of the West of England economy

2.1 The West of England benefits from considerable prosperity, reflecting the competitiveness of the local economy, high levels of economic activity and incomes. The local economy is the largest in the South West accounting for about 26% of regional output.[1] The data set out below describing employment and unemployment rates, economic activity, recent employment trends, the stock of businesses, and GVA per head, shows the sub region performing more favourably than the South West and GB.

Figure 2.1: Key Economic Indices

		West of England	West of England		SW Region	Eng. & Wales	GB (UK)
			Bristol	Rem.			
Employment Rate % (All people aged 16+)*	2004/5	64.1			61.0	60.1	
Economic Activity Rate % (All people aged 16+)*	2004/5	66.2			63.2	63	
Unemployment rate % (All persons aged 16+)*	2004/5	3.1			3.4	4.6	
Employment Growth Rate %**	2001-3	3.7			2.7		0.9
GVA per head (£'s)***	2002		21,500	16,300	14,300		15,600
Growth in the stock of VAT reg. businesses (% change)**	1996-2002	11.5			8.8		10.1

Sources: * Labour Force Survey 2004/5; ** NOMIS; *** National Statistics, figures are rounded.

2.2 Recent research for SWRDA[2] has identified a wide range of factors as accounting for intra-regional and inter-regional differences in GVA per head and hence productivity. These include: levels of capital per employee; levels of skill, particularly higher level skills; business enterprise; and, travel time from major centres of population. Industrial structure was identified as an important determinant of intra-regional differences.

[1] Data for 2002 from ONS.
[2] Meeting the productivity challenge: Report on a study for the South West of England Regional Development Agency. April 2005. University of the West of England and the University of Bath.

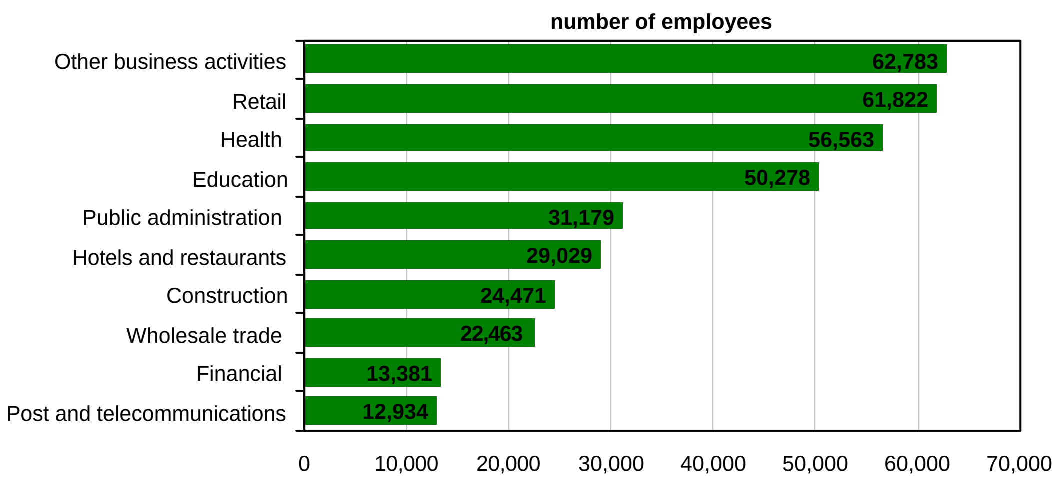
2.3 Key messages arising from the research include:

- the important link between skills and innovation. 'High level skills support and facilitate innovation including the dissemination and adoption of new processes, techniques and work practices.'
- action to secure business sites and premises and support the location of businesses is seen as 'an important contextual activity', encouraging investment and innovation;
- urban regeneration is described as important '… in attracting and retaining more highly skilled workers…';
- securing greater use of ICT and web use are seen as important to raising productivity.
- emphasis should be placed on encouraging innovation across all sectors rather than on pure R&D and the development of leading edge products or processes;
- the strong evidence about the economic advantages arising from proximity to major concentrations of population, reducing travel time and improving access;
- the important economic pay-off from overcoming traffic congestion, in particular around the main urban areas, and the need to prioritise fast road and possibly rail and air links to London; and,
- the importance of the northern sub-region to the overall performance of the region and the need to support its continued competitive success.

Main industries

2.4 The West of England economy displays considerable industrial diversity. A wide range of industries is represented with about 40 different sectors (out of a total of 60 sectors as defined by SIC divisions) employing over 1,000 persons. The ten largest of these sectors, accounted for largely by service and office based activities, provide for about 70% of all employment. This reflects the scale and requirements of the local population and the regional functions of Bristol.

FIGURE 2.2: West of England- Largest Employment sectors 2003



SOURVE:AB/NOMIS

2.5 Recent research[3] has sought to identify the 'business specialisms' of the area that could be described as 'Centres of Excellence' by means of discussion with senior figures in the public and private sectors. The following were identified:

- aerospace/defence;
- insurance;
- professional/business services;
- parts of the media and creative sector;
- Bath tourism; and,
- higher education.

2.6 Other important sectors identified by the research were: advanced engineering; banking; professional services; ICT/telecommunications; printing/publishing; health; retailing; construction; and cultural services.

2.7 The South West Regional Development Agency have identified the following key sectors where their business support activity is to be focused: Advanced engineering, including aerospace; Food and drink; ICT; Tourism; Marine. Emerging sectors are also identified: Creative industries; Biotechnology; and, Environmental technologies. In addition, three further sectors are identified by the Agency as important in the West of England: financial services; printing and packaging; and digital/creative media.

2.8 Industrial and office activities account for about 40% of employment in the West England[4]. Retailing, personal services and leisure related activities, and education and health, account for the bulk of the remainder, largely reflecting the requirements of the local population, expressed either through expenditure on goods and services or use of public services. The location of around two-thirds of these 'service' jobs is closely related in geographical terms to the population served.

'Knowledge-based industries'

2.9 The presence of 'knowledge based' industries provides an indication of the competitiveness of the local economy and the potential for growth. At the national level, the data suggest that '…knowledge based industries are experiencing fast growth and are becoming an ever increasing component of UK output and employment.'[5]

2.10 'Knowledge based' industries have a high representation in the West of England, reflecting the importance of aerospace, electronics and computers within the manufacturing sector, and telecommunications, financial services, computing, other business services and education, within the services sector.

[3] 'So far so good…' the economy of the West of England, 2002. Marion Jackson & Anthony Plumridge UWE November 2002
[4] For further information, see Technical Note: West of England Sub-Regional Spatial Strategy – Economic forecasts, employment in the 'B' and non-'B' use categories and requirements for employment land. JSPTU.
[5] Our Competitive Future: building the knowledge driven economy. DTI 1998

2.11 Recent research confirms the concentration of 'knowledge-based Industries' in large urban areas and the West of England in particular, and the potential these locations offer to support the development and growth of such industries.[6] This growth potential is reported as arising from opportunities for 'knowledge transfer', access to specialist suppliers and services, and to larger potential markets, and the large pool of higher skilled labour. It is seen as suggesting '…the need to concentrate development and facilitate the growth of the larger, principal urban areas'. Bristol and the concentration of knowledge-based activity therefore, is identified as a critically important asset.

FIGURE 2.3: Employees in the 'Knowledge Based' economy 2001.

	West of England		South West	GB
	No	%	%	%
'High tech manufacturing'	13500	2.8	2.0	1.2
'Medium high-tech manufacturing'	3700	0.8	1.4	1.3
'Knowledge based services'	212300	43.4	38.5	40.0

Source: ABI/NOMIS using following OECD definition: ***Hi-tech manufacturing*** comprises pharmaceuticals, aerospace, electronics -communications, office machinery and computers; ***Medium High Tech. manufacturing*** comprises scientific instruments, motor vehicles, electrical machinery, chemicals, other transport equipment and non-electrical machinery; ***Knowledge Based Services*** comprises post and telecommunications, financial, insurance and business services, real estate, R&D, education, health and social services.

2.12 The research includes a brief assessment of the employment impacts of higher education. These are identified as arising largely from their direct employment and the supply of highly skilled labour rather than through interactions with local business. Raising graduate retention, in part by encouraging businesses requiring such skills, is identified as a means of boosting local productivity. The research also highlights the need to enhance the relationship between HE programmes and employers, '…including increased provision of part-time, foundation and CPD activities developed in collaboration with employers and employer-organisations…'.

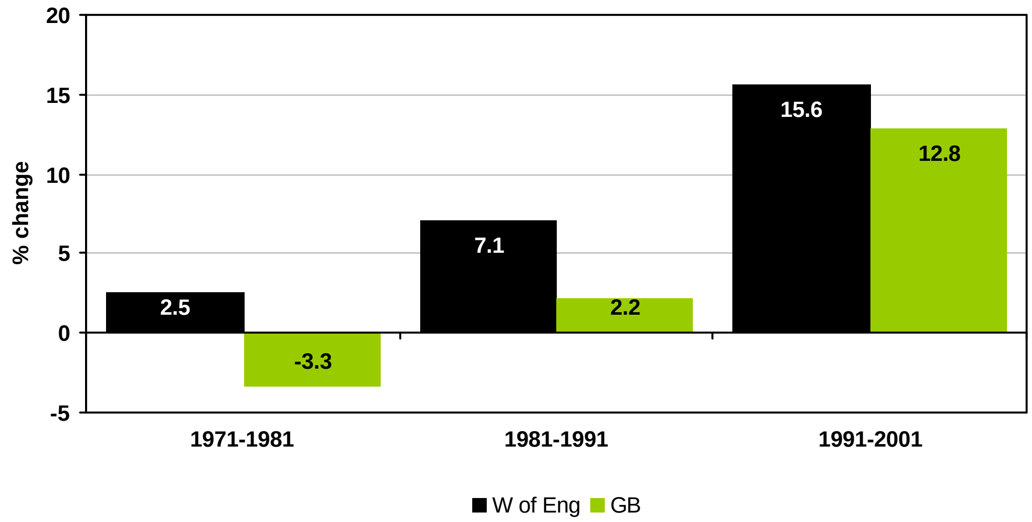
2.13 In recognition of the potential for the expansion of knowledge-based industries in the West of England, the South West Regional Development Agency (SWRDA) has been investing in bringing forward the Bristol and Bath Science Park (**SP**ark) at Emersons Green over the last year. Some £30m has been committed to the joint venture to develop the park- the largest single investment by the Agency to date. A public-private partnership has been formed including the Universities of Bristol, Bath and UWE. At March 2005, 22 hectares had been acquired for the science park by SWRDA. It is intended that the Science Park will ultimately extend over 45ha and support over 6,000 knowledge-based jobs in science related sectors such as aerospace, biotech and digital technologies. It is expected to become the region's leading centre for knowledge transfer using the research base of the 3 universities and the cluster of technology companies in the sub-region. The Park will also act as the hub for the network of existing university incubators in the sub-region[7].

[6] The Knowledge-Driven Economy, Regional Economic Strategy and Regional Spatial Strategy in the South West of England. Martin Boddy. Report to SWRDA 2005.
[7] Source: SWRDA Q1 2004 West of England Area Report; Ian Thompson.

Employment trends

2.14 Recent employment trends demonstrate the capacity of the West of England for growth and success in adjusting to changing economic circumstances. Over much of the post-war period, the sub-region has seen employment levels rising, usually more rapidly than at the national level. Falling employment in manufacturing since the 1970s has been more than matched by expansion in offices while rising prosperity has generated many new jobs in retailing, education and a widening range of personal and leisure related services.

FIGURE 2.4: West of England- Employment Changes (%s) 1971- 2001.



Source: Census of Population/AES/ABI data

2.15 In the 1970s, the level of employment in the West of England climbed gradually, by an average of about 1,000 per annum. This reflects:

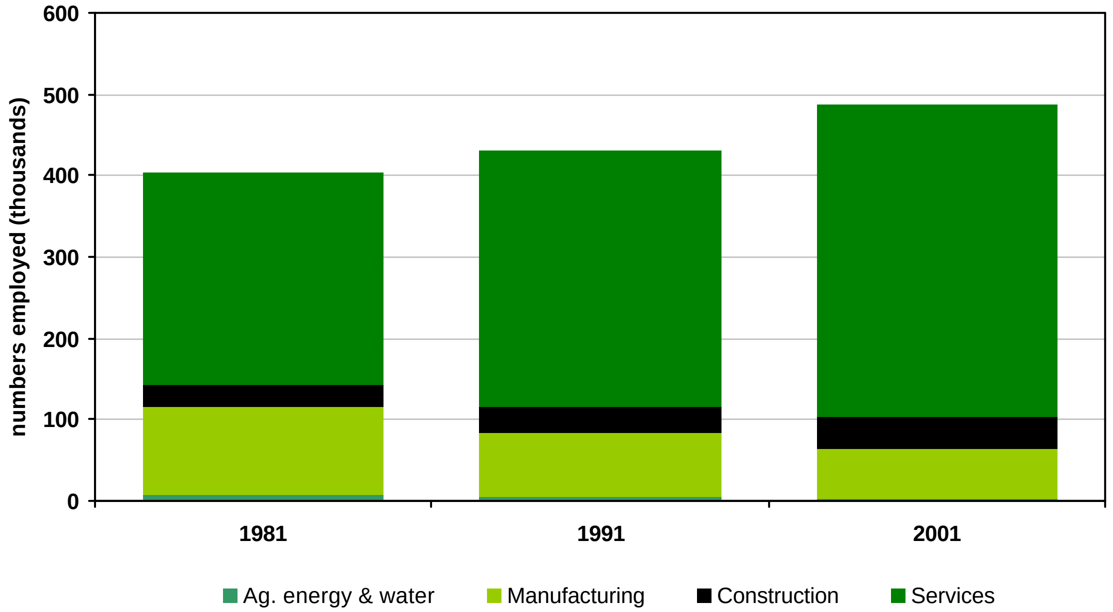
- national and international economic difficulties which brought an end to the long post-war trend of rising employment and low unemployment;
- the rationalisation of traditional local industries, including the large food, tobacco, packaging and engineering sectors, leading to much local concern about the health of the local economy; and,
- office growth, particularly in financial and business services, fuelled by a succession of relocations to Bristol from London.

2.16 In the 1980s, local employment climbed by an average of about 3,000 per annum and much more rapidly than at the national level (7% locally compared with 2% nationally). The local economy was well-placed to withstand the worst effects of the deep recession of the early 1980s and then benefit from the rapid national recovery over the latter part of the decade. This reflects:

- the under-representation in the sub-region of the metals, heavy engineering and vehicle assembly industries which bore the brunt of the recession;
- high levels of defence spending which benefited the large, local aerospace and defence sector; and,

- the rapid expansion of office employment, particularly financial and business services in Bristol City Centre, the emergence of new high technology sectors and major inward investment.

FIGURE 2.5: West of England- Changing Industrial Structure of Employment



Source: Census of Population/AES/ABI data

2.17 In the 1990s, following the recession at the opening of the decade, local employment climbed rapidly by an average of over 6,000 per annum.[8] This rapid growth reflects:

- strong national economic performance;
- the continuing locational and structural advantages of the West of England;
- the continuing emergence of new high technology based industries and the success of Airbus; and,
- rapid business park and retail expansion in the North Fringe.

2.18 Since 2001, the level of employment in the West of England has continued to rise. However, the scale of growth is uncertain. Data from the Annual Business Inquiry shows the numbers of employees rising by over 18,000 between 2001 and 2003, largely as a result of growth of part-time working in retailing, education, financial and business services, and public administration. The rate of decline of manufacturing employment however, is shown as accelerating.

2.19 Recent employment estimates and projections from Cambridge Econometrics (March 2005) provide a further indication of recent employment trends. West of England employment is shown as rising by 13,000 between 2001 and 2003 (or 6,500 per annum) and by 23,000 (or 5,800 per annum) between 2001 and 2005. Public services (+25,000)

[8] In comparison, the level of West of England employment level climbed by about 1,000 per annum average in the 1970s and by 3,000 per annum average in the 1980s.

and financial and business services (+8,000) account for much of this estimated growth with employment in manufacturing estimated to have fallen by some 8,000.

2.20 In contrast, Labour Force Survey data shows the number of residents in employment rising more gradually by about 10,000 between 2001 and 2005. Allowing for a further increase in the numbers persons commuting to jobs in the West of England from adjacent areas suggests that employment may have risen by an average of between 3-4,000 per annum since 2001.

2.21 There is wide agreement that the statistics available on recent changes in local employment levels are inadequate. ONS advise a cautious approach to drawing conclusions about local employment levels from analyses of ABI data. In recognition of these deficiencies improvements are being made to the Labour Force Survey that will include data on workplace populations (employment) at the local level. The revised data, to be described as the 'Annual Population Survey', are expected to be available from October.

Full-time and part-time employment

2.22 Much of the rise of employment in the West of England has been accounted for by the growth of part-time employment (see chart below). The levels of full-time employment declined slightly over the majority of years between 1971 and 1991 with large increases only being recorded through the 1990s. The large employment increase shown by the ABI for 2001-3 however, is largely a reflection again of increases in part-time working with the level of full-time employment remaining virtually unchanged.

Current economic trends

2.23 Data for the national economy shows evidence of a slowdown over the last year. GDP increased by 3.1% in 2004 whereas a figure below 2% is anticipated for 2005[9]. This slowdown is reported to be a result of slowing consumer expenditure growth and intensifying international competitive conditions.

2.24 National economic forecasts indicate a prospect of continuing, modest national economic growth over the medium term, with GDP predicted to rise by an annual average of 2.5% between 2005 and 2009[10] compared with the historical 'norm' of 2.25% and a recent HM Treasury forecast of 2.75% used in recent budget analysis.

2.25 Undoubtedly, the economy of the West of England is likely to continue to perform better than the national economy over the future. However, a more gradual pace of expansion appears to be inevitable. Confirming this view, recent forecasts by Experian[11] show real GVA in the West of England rising by 3.0% per annum for 2005-9 compared with 3.7% per annum for 2000-2004.

[9] In October 2005, OECD estimated that UK growth for 2005 would approximate to 1.7%. Data from National Statistics shows that the national economy expanded by 0.4% in the third quarter of 2005.
[10] Forecasts for the UK Economy: A comparison of independent forecasts HM Treasury. August 2005.
[11] Economic Review. Third Quarter 2005 SWRDA.

Major job losses/gains

2.26 Monitoring press reports on local jobs losses and gains provides a further indication of recent changes in the local economy. The key announcements over the last year are set out below.

- Aerospace:
  - Rolls Royce in February 2005, submitted plans for the 2nd phase of a £75 million new factory development programme at Patchway; the development is expected to stabilise aerospace employment at Patchway.
  - Airbus in February 2005, announced the opening of the Composites Development Centre, reinforcing the commitment of Airbus to Bristol; in March 2005, Airbus revealed a 20 year plan to redevelop their 60ha Filton site; recruiting 200 additional engineers bringing the workforce to 6,450; in October, go-ahead for the A350 was announced; carbon wings to be built at Filton and Broughton;
  - Claverham Ltd has secured a major new order from Boeing and is seeking to recruit an extra 25 staff.

- Financial services: Internet banking, telesales and the transfer of jobs to low cost locations in Asia have led to some job losses, mainly from Bristol City Centre. Some expansion of specialist insurance services however, is creating new jobs. There is also evidence that competitive pressures are leading to some businesses closing local offices and serving the wider region and South Wales from expanded Bristol offices. In January, Norwich Union announced the loss of 150 jobs; in March, Co-op announced the loss of 44 jobs from Broad Quay House; in May, takeover of the Bristol and West by Britannia was announced and is expected to lead to the loss of 150 jobs from Bristol HQ; in October, LloydsTSB announced transfer of 41 jobs to India.

- Bristol City Centre: Major new developments are leading to a re-distribution of jobs within the City Centre and supporting overall growth. Bond Pearce (legal services) is relocating 200 jobs to Temple Quay. House of Fraser is relocating to a larger store in the new Broadmead development when completed in 2008. HBOS financial services are relocating their HQ from Temple Way to a 16,000 sq m gross office currently under-construction at Harbourside; former IBM and Axa offices on Temple Way are to be redeveloped to provide a 35,000sq m gross of new office.

- Avonmouth/Severnside/Royal Portbury: In May 2004, Walon opened a new vehicle refurbishment centre at Royal Portbury creating 50 jobs; at Avonmouth, in March 2005, Davies Turner announced the creation of an additional 50 jobs; at Severnside, Dixons announced in March, plans to build a 32,500sq m distribution centre, creating 200 jobs; in June 2005, plans for a further 75,000 sq m of warehousing announced by the development arm of Asda; also in June, First Corporate Shipping announced plans for a deep sea container terminal, and St Modwen announced plans to create a 25ha regeneration/eco park at Avonmouth to re-cycle commercial and household waste

- Bristol Airport continues to expand. Direct flights to New York commenced in May 2005 and Easyjet continue to expand on the number of destinations served from

Bristol. Employment has risen by about 500 over the last year of so and further growth is anticipated.

- Creative industries. Endemol announced in July 2004, plans to set-up a production company in Bristol, creating about 300 jobs. The BBC intend moving jobs out of London to regional centres. Plans include developing a network production centre in Bristol.
- Manufacturing industry.
    - Businesses announcing closure plans include Diamonite Aircraft Furnishings at Fishponds (-100 jobs); Kone lift operating systems at Ashton Vale (-95 jobs); Kerry Foods Kingswood (-65 jobs); Bousfield at Warmley (-100 jobs); Polestar Printing at Paulton (-500 jobs).
    - Businesses shedding jobs include: Rolls Royce Patchway (-400), Vetco Gray Controls (sub-sea production control systems) at Nailsea (-95 jobs); Cadbury's at Keynsham (-170 jobs).Rhodia Avonmouth (-59 jobs) Elizabeth Shaw are seeking to relocate from their factory at Greenbank, Bristol.

Key influences on the competitive success of the West of England

2.27 Recent research[12] has identified the following key influences, underlying the recent economic success of the sub-region.

- The presence of long established, prosperous industries, including aerospace, printing packaging and publishing, the BBC and the universities.

- Proximity to, and good transport links with, London and Heathrow.

- Attractive environment and other amenities, particularly for more senior staff and highly skilled persons, facilitating the relocation of key workers, recruitment and retention.

- Large and varied local labour market with a wider labour catchment for technical and professional staff extending along the M4.

- Availability and low cost relative to London of premises and sites both centrally and particularly on the North Fringe.

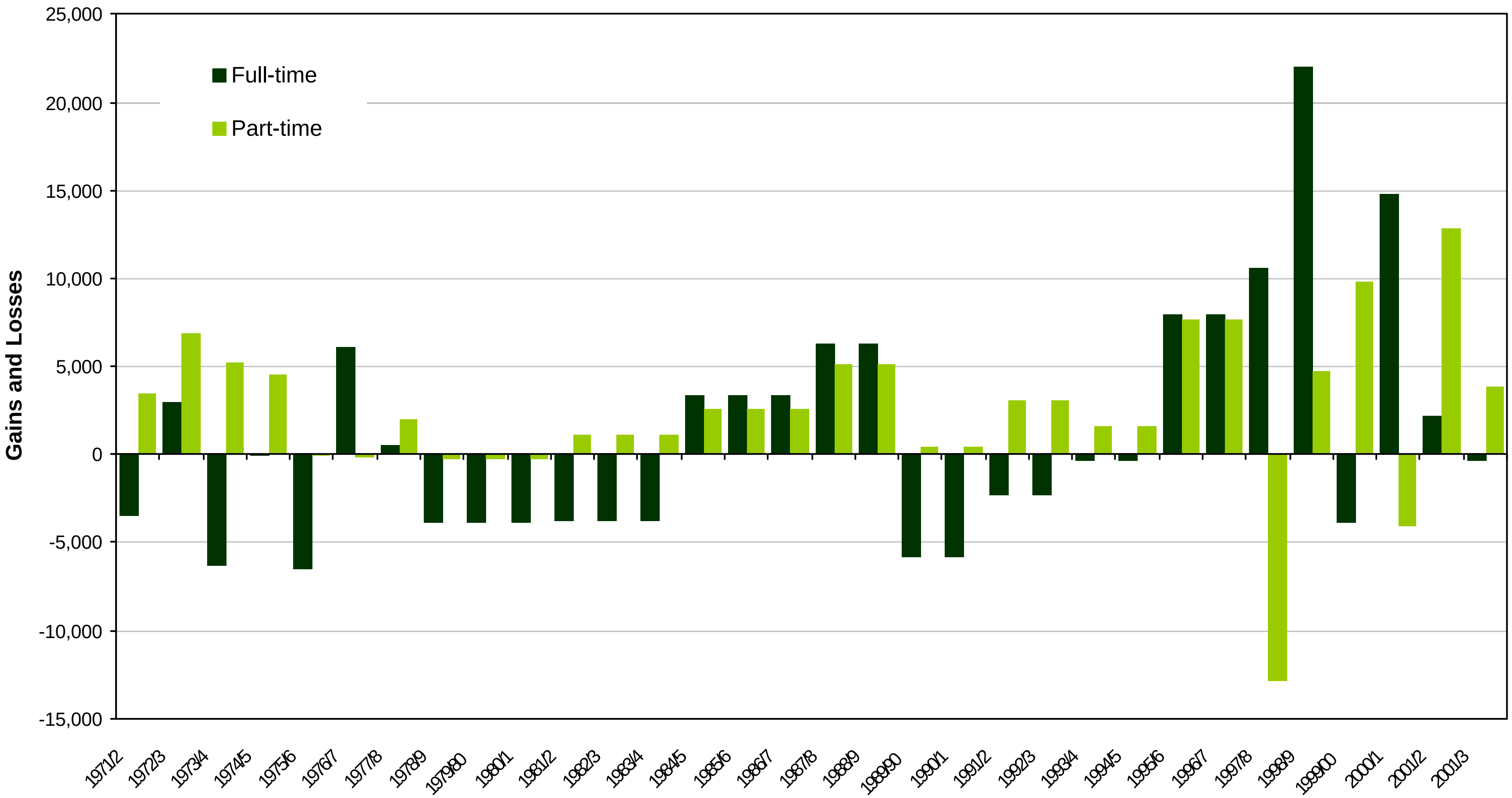
2.28 The research found little evidence that clustering of businesses or industries in the sub-region has made any particular contribution to underpinning prosperity and competitiveness. Economic diversity and the strong performance of a number of sectors account for success rather than the dominant role of a small number of 'key sectors'.

2.29 Also identified as important to the economic success of the sub-region has been the 1970s planning regime on the North Fringe and the allocation of motorway adjacent development land, the publicly supported redevelopment of key sites in Bristol City Centre, the emerging cultural strategy and harbour-side development.

[12] ESRC Cities, Competitiveness and Cohesion Research Programme: Bristol Integrated City Study 1998-2001. University of Bristol/UWE

Figure 2.6: West of England Full-time and Part-time employee Annual changes

Source: NOMIS



3 RECENT CHANGES IN THE LOCATION OF EMPLOYMENT AND COMMUTING PATTERNS

The location of employment

3.1 The success of the West of England economy in attracting new investment and growth is being accompanied by marked changes in the location of employment. Many of the new jobs arising in offices and services generally, have located in Bristol City Centre and the new developments with good motorway access on the northern edge of the City, and at expanding residential developments with rising local populations.

3.2 In Bristol City Centre, the expansion of the 'leisure economy', symbolised by the success of Harbourside regeneration and new office development, is creating many new jobs. The long rising trend in the level of employment in the City Centre tailed-off in the 1990s with the property market and occupiers attracted instead to new opportunities for business park and retail expansion in the North Fringe. Recently the rising trend has returned as a result of congestion and shortages of further development opportunity in the North Fringe and a general recovery of interest in City Centre locations. The Temple Quay development has been rapidly taken-up with a number of major City Centre employers relocating to the development, often creating additional jobs. Furthermore, progress is being made in bringing forward several major retail, office and mixed-use developments that are likely to support further increases in City Centre employment.

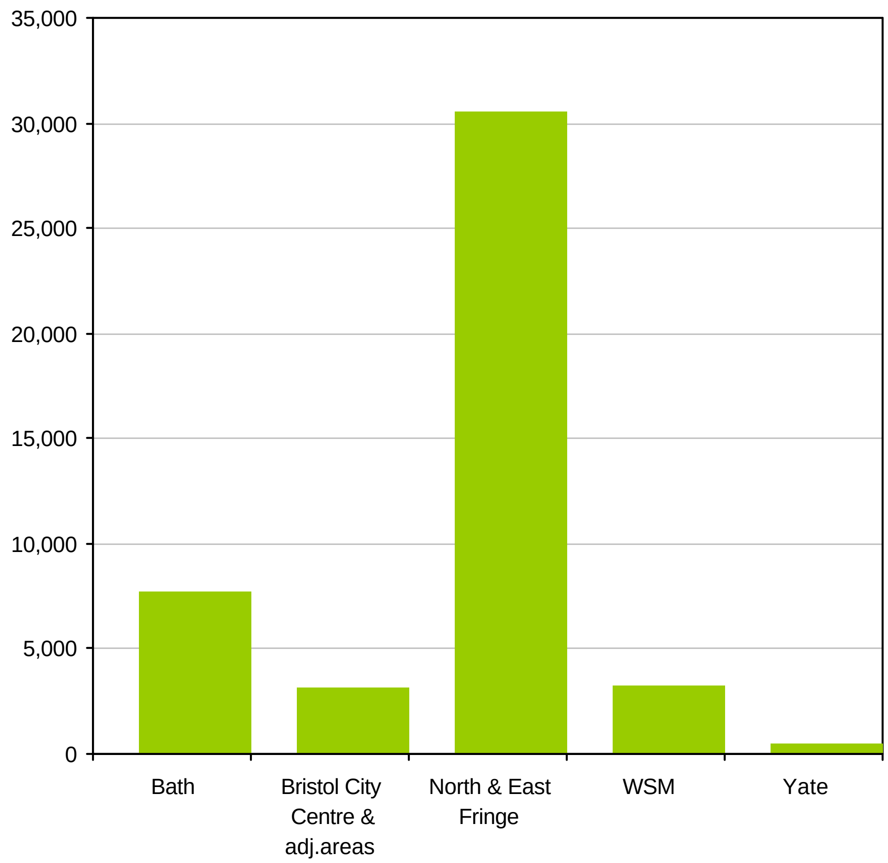
3.3 In the Bristol North Fringe, employment levels have increased by in excess of 30,000 since the mid-1980s as a result of the availability of greenfield development sites close to the M4 and M5, and the general success of the West of England economy. The Mall, Axa Sun Life and MoD account for about half of this employment increase. High technology and office-based businesses, largely at business park locations, account for the remainder. This expansion has been the dominant element in the changing pattern of employment across the sub-region over the last decade.

3.4 Avonmouth, Severnside and Royal Portbury are attracting many new jobs in port-related, distribution and other industrial developments. They are meeting much of the demand for these developments arising in the wider Bristol area. Such developments are difficult to accommodate within the urban area, especially given the importance attached to good motorway access and the need to safeguard residential amenity. At the same time, traditional industrial jobs are being displaced from urban locations by higher value and wider mixes of use.

3.5 In contrast to the growth of employment in the wider north Bristol area, only relatively modest growth has been attracted to east and south Bristol; areas that have seen the closure of traditional employers and borne the brunt of the virtual halving of manufacturing employment in the City over the last 30 years. In Bath, many traditional industries have also closed with the City Centre accounting for a rising share of local employment.

3.6 The growing populations of many dormitory settlements in the West of England have also attracted rising employment in a range of local services. The scale of these increases however, has not matched the rise in the local workforce and prevented large daily outflows of commuters to the main employment centres of the sub region.

FIGURE 3.1: Main centres of employment growth 1991-2001



Source: Population Census 1991/2001

3.7 The expansion of employment in the Bristol North Fringe at greenfield locations close to the motorways and the loss of many traditional manual jobs from urban areas, has heightened public commitment to regeneration, tackling disadvantage and local employment shortages and reducing journey to work trips and traffic congestion. The varying dimensions of this commitment across the sub-region can be summarised as follows:

- In Bristol, emphasis is being placed on parts of the inner urban area, and South Bristol where the loss of traditional industries has contributed to high levels of unemployment and deprivation amongst some local communities, and on the City Centre, its renewal and enhancement;
- In North Somerset, emphasis is being placed on addressing the dormitory role of many communities and in particular Weston-super-

Mare where the provision of new homes has not been accompanied by a matching increase in new jobs, leading to high dependence on car-based commuting;

- In Bath, concern has arisen about the implications of the loss of key employers for the future economic role of the City and prosperity of the wider area and the need to secure sustainable mixes of activity within the City;
- In South Gloucestershire, the recent rapid economic expansion in the North Fringe has raised concern about the impacts of high levels of development, excessive traffic congestion and the erosion of the countryside.

The balance between homes and workplaces

3.8 The levels of employment and resident workforce in the West of England are virtually in balance. However, the relatively small excess of employment (or workplaces) has been rising gradually. At 2001, this excess stood at 22,700 having risen from about 16,000 in 1991 (and about 8,400 in 1981 and 5,100 in 1971). About 11% (55,200) of the employment in the West of England is held by residents of adjacent areas while some 6.9% of local residents (32,500) commute to jobs outside the sub-region (see Figure 8 below).

3.9 The rise of commuting to the West of England from adjacent areas reflects largely, increased inflows to the North Fringe (+7,400 between 1991 and 2001) and to a lesser extent Bath (+3,000 between 1991 and 2001) and Bristol City Centre (+2,300 between 1991 and 2001).

3.10 The number of jobs in the North Fringe far exceeds the resident workforce leading to considerable commuting from the expanding settlements beyond the Green Belt, from Weston-super-Mare and from other more distant localities (See Figure 3.3 below). Local residents account for only some 26% of employment in the area while commuters from beyond the Bristol urban area account for nearly 40% of North Fringe employment. Consistent with this pattern of commuting, nearly 40%[13] of persons employed in the North Fringe travel more than 10km to their workplace. In contrast, the large amount and wide choice of employment in the North Fringe has encouraged some 50% of the resident workforce to take-up jobs in the area and comparatively short journeys to work.

3.11 Concern has also arisen about the growth of commuting to Bath as result of the rising excess of employment in the City compared with the resident workforce. Census data shows that this excess widened by about a quarter between 1991 and 2001 (to 12,950) with the daily inflow of commuters to the City increasing by some 35%. Residents from other parts of Bath and North East Somerset now account for about 16% of Bath employment while commuters from Somerset and Wiltshire account for another 17%. Bath's

[13] The 2001 Census shows some 27% of West of England residents travelling more than 10km to their workplace.

economically active residents take-up about 50% of the employment in the City. As a result of the scale of commuting from outside Bath, about a third of persons employed in the City commute in excess of 10km. For Bristol, less than a quarter travel this distance whereas in the West of England as a whole, nearly 27% commute more than 10km.

3.12 Current planning policies seek to restrict further residential development at Weston-super-Mare to the pace of local employment growth in order to prevent the continued growth of commuting to the Bristol area. Census data shows that between 1991 and 2001, the expansion of employment in the town continued to lag behind the growth of the resident workforce leading to a further rise in the outflow of commuters (+4,850). At 2001, some 65% of residents were employed in the town with nearly half of the remainder (6,250) travelling to the Bristol area. Traffic surveys indicate that much of this outflow is from the new residential developments on the edge of the town. Confirming this pattern, Census data for the area shows comparatively lengthy journeys to work (36% travelling more than 10km).

3.13 Rising commuter flows to both the Bristol and Bath areas suggest the need for a better balance between homes and jobs across the West of England and the appropriate investment in transport infrastructure. Weston-super-Mare and south Bristol in particular have been identified as priorities for regeneration. However, prospects for encouraging a better relationship between homes and jobs at these locations and elsewhere across the sub-region will be constrained by the dominant role of the well-established centres of business activity in journey to work patterns and their potential for further growth. It may be constrained as well by further increases in mobility and changes in lifestyles and working practices that together are leading to a far looser geographical relationship between the location of homes and jobs[14].

[14] 'The People: Where will they work?' Report of TCPA research into the changing geography of employment. Ed. By M.Breheny.

Figure 3.2
West of England
Commuting from/to adjacent areas

Place of work		West of England		Gloucestershire		Somerset		Wiltshire		Wales		All other areas		O'side W. of England		All res. in employment	
Place of res.		**1991**	**2001**	**1991**	**2001**	**1991**	**2001**	**1991**	**2001**	**1991**	**2001**	**1991**	**2001**	**1991**	**2001**	**1991**	**200**
West of England	**1991**	395,960		2,730		4,530		4,400		1,560		8,140		20,540		**416,530**	
	2001		439,811		4,694		6,104		7,924		2,071		11,754		32,547		**472,35**
Gloucestershire	**1991**	6,040															
	2001		8,507														
Somerset	**1991**	10,880															
	2001		15,088														
Wiltshire	**1991**	9,090															
	2001		12,910														
Wales	**1991**	4,600															
	2001		7,682														
All other areas	**1991**	5,910															
	2001		11,045														
Outside West of England	**1991**	36,560															
	2001		55,232														
West of England Employment Total	**1991**	**432,520**															
	2001		**495,043**														

Source: Population Census Workplace Data/Special Workplace Statistics

Figure 3.3
West of England
Residents in employment, jobs (workplaces) and commuting flows- 2001

Sub Area	Res. in emp.	Jobs	Inflow	Outflow	Net flow	Lives and works in area
Bath	39,022	51,958	24,151	11,215	12,936	27,807
Keynsham and Saltford	8,972	7,220	3,944	5,696	-1,752	3,276
Norton Radstock	19,315	12,791	4,018	10,542	-6,524	8,773
B&NES (Rural)	12,786	8,522	4,057	8,321	-4,264	4,465
Bristol City Centre	13,768	91,119	83,481	6,130	77,351	7,638
Bristol North	95,564	63,315	28,732	60,981	-32,249	34,583
South Bristol	61,649	47,687	21,566	35,528	-13,962	26,121
Bristol Avonmouth	5,410	12,369	10,115	3,156	6,959	2,254
Clevedon	10,764	8,034	3,140	5,870	-2,730	4,894
Nailsea and Backwell	10,823	6,785	2,994	7,032	-4,038	3,791
Portishead and Royal Portbury	12,491	11,702	6,783	7,572	-789	4,919
Weston-super-Mare	34,151	29,129	7,155	12,177	-5,022	21,974
Bristol Airport (Wrington)	1,481	3,391	2,896	986	1,910	495
North Somerset (Rural North)	4,605	2,905	1,605	3,305	-1,700	1,300
North Somerset (Rural South)	14,044	10,081	4,811	8,774	-3,963	5,270
Kingswood and East Fringe	49,667	27,528	10,754	32,893	-22,139	16,774
North Fringe	33,716	67,502	50,098	16,312	33,786	17,404
Thornbury	6,734	5,848	3,178	4,064	-886	2,670
Yate / Chipping Sodbury	21,935	16,787	7,095	12,243	-5,148	9,692
South Gloucestershire (Rural)	15,461	10,370	5,612	10,703	-5,091	4,758
West of England	**472,358**	**495,043**				**208,858**
Changes 1991 -2001						
Bath	5,252	7,658	6,231	3,825	2,406	1,427
Norton Radstock	953	-222	276	1,451	-1,175	-498
Keynsham	-38	-122	68	152	-84	-190
B&NES (Remainder)	3,178	1,337	1,103	2,944	-1,841	234
Central and North Bristol	10,349	3,177	-414	6,758	-7,172	3,591
South Bristol	3,159	2,557	3,656	4,258	-602	-1,099
East Bristol	2,086	-1,526	-921	2,691	-3,612	-605
North West Bristol	967	1,122	1,740	1,585	155	-618
Weston-super-Mare	6,141	3,261	2,060	4,940	-2,880	1,201
Nailsea and Backwell	353	-45	74	472	-398	-119
Portishead	1,418	4,125	3,064	673	2,391	745
Royal Portbury and Pill	803	1,314	1,198	687	511	116
Clevedon	1,084	1,854	1,190	420	770	664
North Somerset (Remainder)	1,290	3,168	2,877	969	1,908	321
North and East Fringe	14,893	30,500	20,897	5,290	15,607	9,603
Yate / Chipping Sodbury	2,463	483	141	2,121	-1,980	342
South Gloucestershire North West	1,469	3,563	3,353	1,259	2,094	210
South Gloucestershire East	8	359	643	292	351	-284
West of England	**55,828**	**62,563**				**15,041**

Source: Population Census 2001: Workplace Data/Special Workplace Statistics.

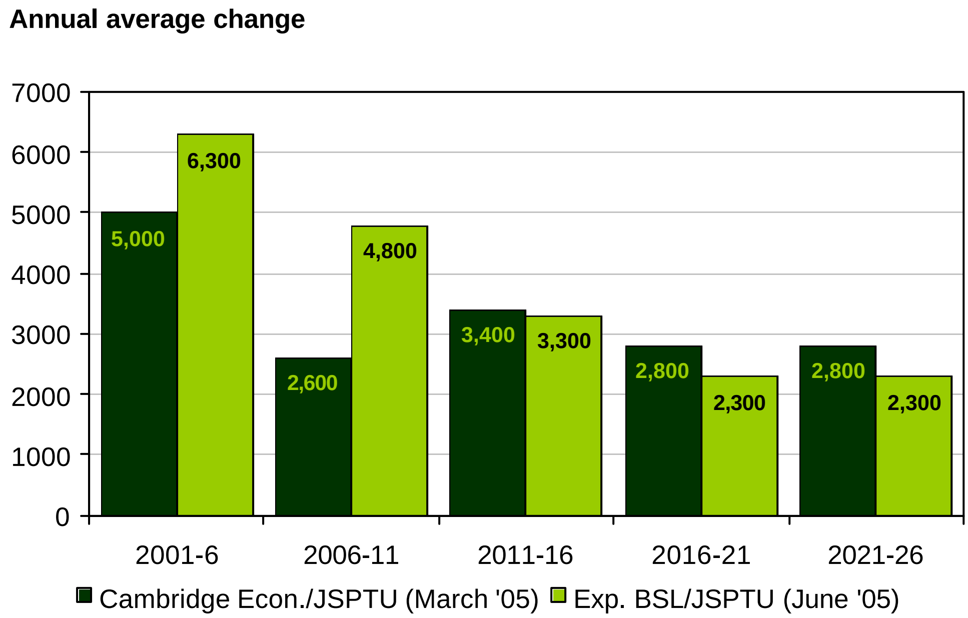
4 LONG-TERM EMPLOYMENT AND DEMOGRAPHIC PROJECTIONS

Employment projections

4.1 A recent employment projection undertaken for the JSPTU by Cambridge Econometrics (March 2005) shows employment in the West of England rising by an average of 3,465 pa between 2001 and 2021 (and by an average of 3,324 pa between 2001 and 2026 if the trend between 2016 and 2021 is projected to 2026)[15]. An alternative recent projection from Experian BSL (June 2005) shows the level of employment in the West of England rising at a slightly higher rate, by an average of 4,250 pa between 2001 and 2020 (and by an average of 3,800 pa between 2001 and 2026 if the trend between 2016 and 2020 is projected to 2026)[16].

4.2 Both Cambridge Econometrics and Experian BSL show the rate of employment growth in the West of England tailing-off sharply over the future. Increases of between 5-6,000 between 2001 and 2006 are forecast to fall away to about 3,300 between 2011 and 2016 and to below 3,000 over later years.

FIGURE 4.1: West of England- employment projections



4.3 The projections show broadly similar patterns of change in the industrial structure of employment. Manufacturing employment is forecast to fall (by about -1,000 pa compared with -500 pa through the 1990s) with retailing, hotels and catering, business and professional services, public administration continuing recent trends of growth.

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[15] The March 2005 Cambridge Econometrics projections assume that GVA for the West of England will rise by between 2.6 and 3.2% per annum between 2004 and 2015 compared with 2.4% for the region and 2.3% for the UK.

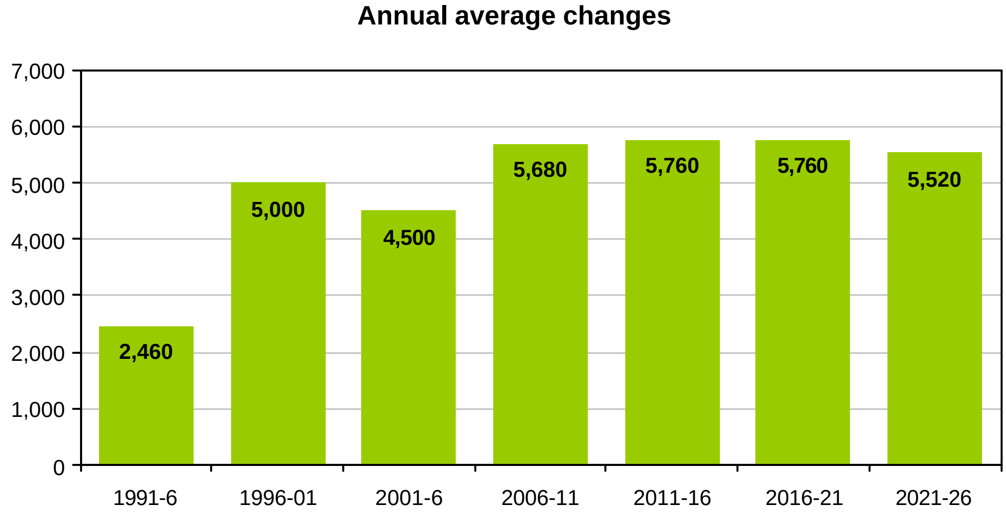
[16] The June 2005 Experian BSL projections show the level of employment ion the West of England rising by 0.75%pa between 2001 and 2020 compared with 0.54% pa in the UK.

4.4 These recent employment projections show levels of employment growth considerably below the level shown by an earlier projection for the Bristol Joint Study Area prepared again by Cambridge Econometrics for the South West Regional Assembly (SWRA Dec. 2004).[17] The considerable difference between these projections, despite the earlier Cambridge Econometrics/SWRA projection preceding the more recent projections by only about 9-12 months, demonstrates the uncertainties surrounding economic projections and the caution to be applied to their interpretation. It emphasises the need to consider a wide range of potential influences on future economic performance and the importance of adopting a flexible approach in planning for the future that accommodates a range of assumptions about levels and patterns of economic change and development.

Demographic projections and the workforce

4.5 ONS 2003 based population projections for the West of England, relying on recent trends, show population levels rising steadily over the period ahead to 2026 by about 5,400 pa compared with an average increase of about 3,700 pa between 1991 and 2001. High levels of in-migration account for this larger increase with net in-migration assumed to add 3,000 pa to the population of the sub-region over the future in accord with trend between 1998 and 2003, compared with an average of 1,950 pa between 1991 and 2001.

FIGURE 4.2: West of England- Population growth



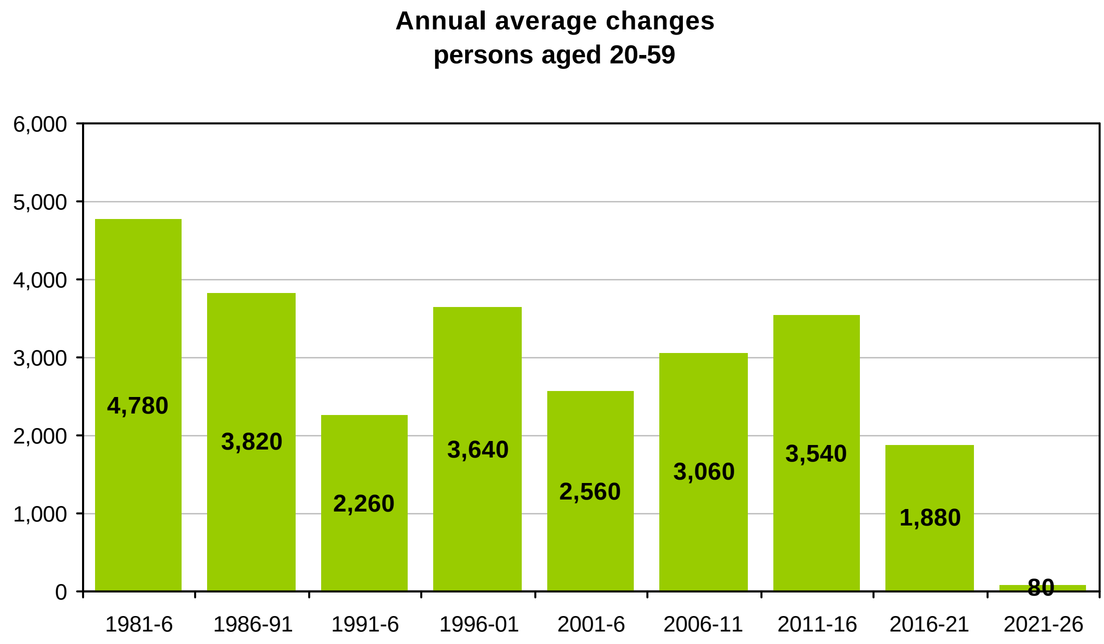
Source: 2003-based sub-national population projections ONS.

4.6 The recent ONS projections however, show the level of the population of working age in the West of England rising more gradually over the future- by 2,200 pa average between 2001 and 2026 compared with 2,950 between

[17] The Cambridge Econometrics/SWRA projection (Dec.2004) shows the level of employment in the West of England rising by an average of 5,000 pa between 2001 and 2026.

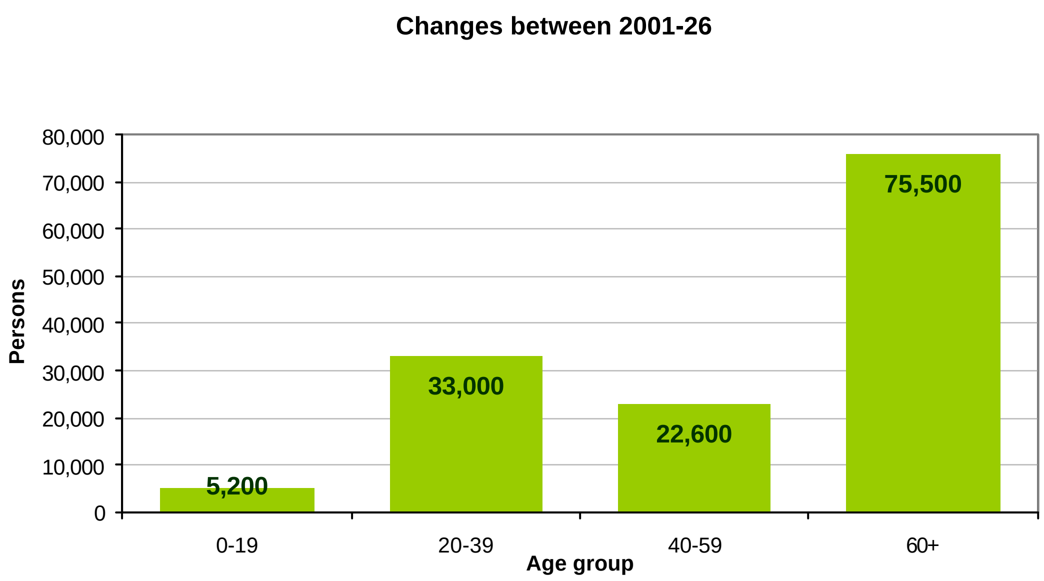
1991 and 2001. This reflects the ageing of the population with increasing numbers over the longer-term joining the retirement age-groups.

FIGURE 4.3: West of England- Growth of the population of working age



Source:2003-based sub-national population projections. ONS.

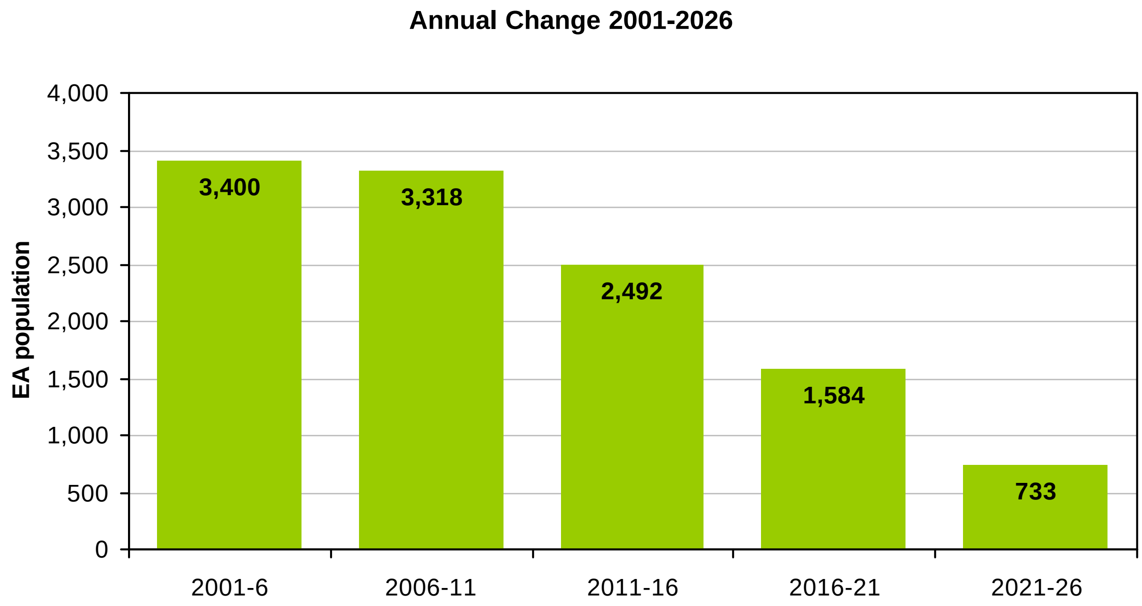
FIGURE 4.4: West of England- Population growth by age group



Source: 2003-based sub-national population projections.

4.7 The prospects of a more gradual rise in the population of working age over the future may lead to increasing labour shortages, especially if the recent expansion of the West of England economy is maintained. Current national projections of economic activity rates[18] - the proportions of the population who hold or seek employment, confirm this prospect. They show an increase in the West of England resident workforce of only 2,300 pa average between 2001 and 2026 when applied to the ONS population projections for the sub-region. This compares with recent projections of employment for the sub-region that show employment increases for this period ranging from 3,300 to 5,000 pa average.

FIGURE 4.5: West of England- Growth of the economically active population (1)



Source: GLA EA rate projections (based on national data) applied to ONS population projections

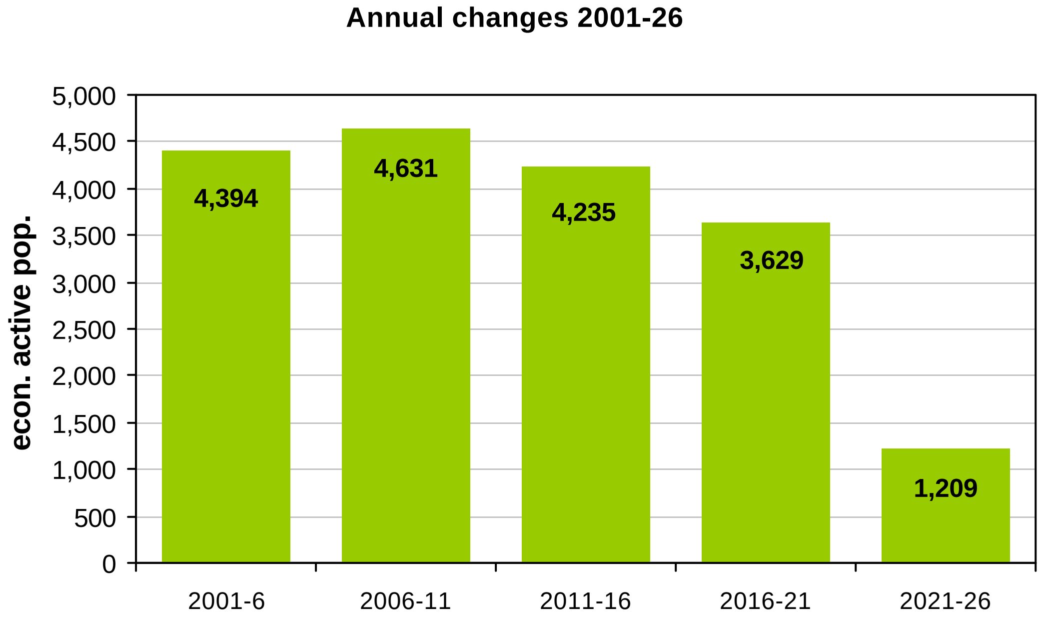
4.8 The potential for labour shortages however, would be reduced if higher rates of economic activity are secured. This outcome would be encouraged by a buoyant labour market and above all, by older workers choosing to delay their retirements as a result of improved working conditions (e.g. more flexible working arrangements for older workers) and rising concerns about pensions.

4.9 Recent demographic projections from the SWRA/Chelmer population model[19] acknowledge the prospect of higher economic activity rates compensating to some degree for the ageing of the workforce. Using similar demographic assumptions to those underlying the recent ONS population projections, the SWRA/Chelmer model when relying on the short term migration trend (as demonstrated by the trend between 1998 and 2003) projects the workforce of the sub-region to rise by an average of 3,600 pa between 2001 and 2026 (and 3,400 between 2006 and 2026), with the rate of increase tailing-off from about 4,600 pa between 2006 and 2011 to 1,200 pa

[18] British labour force projections 1998-2011. Labour Market Trends June 1998.
[19] June 2005

between 2021 and 2026. This trend corresponds broadly with the recent employment projections described above (see para. 4.1).

Figure 4.6: West of England- Growth of the economically active population (2)



Source: SWRA/Chelmer Net migration led (03 pop.proj.) June 05 (rev.dwellings).

4.10 The West of England Partnership has proposed[20] that land be made available in the sub-region to enable the dwelling stock to rise by 4,625 pa and employment levels by 5,000 pa between 2006 and 2026. This level of development offers the potential for rates of growth above past trends as represented by Government population projections and the majority of recent employment projections. The Partnership considers that proposing a level of growth above trend-based projections is justified by the need to create opportunity to address un-met housing need and provide scope for securing a buoyant and prosperous economy as expressed by the 'Vision' of the Partnership.

[20] 'First Detailed Proposals' West of England Joint Study Area. Agreed following the West of England Partnership meeting of 16th August 2005.

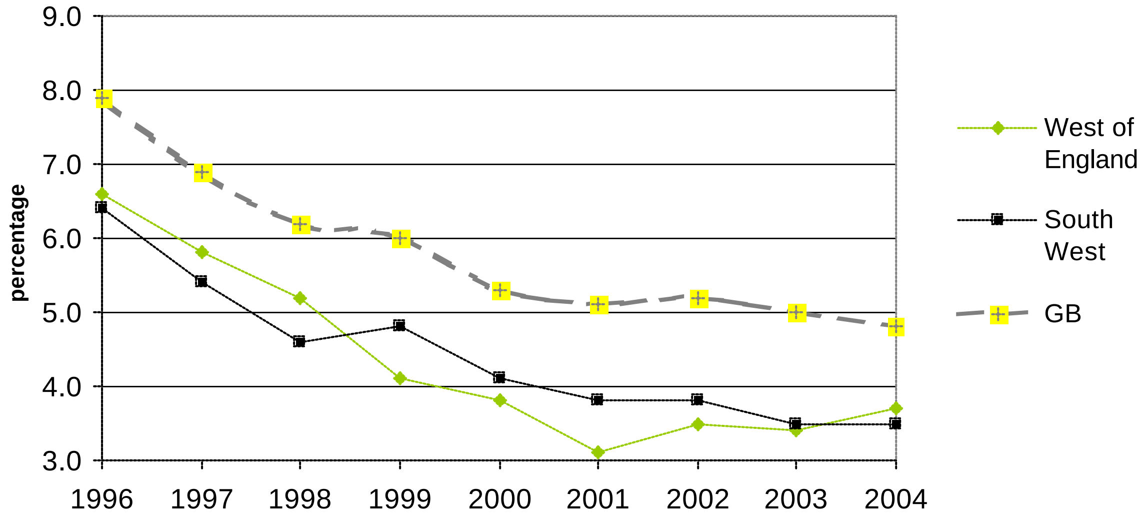
5 Unemployment

Recent trends

5.1 Unemployment in the West of England stands well below the national rate and corresponds approximately with the regional average. Recent data for 2004 shows some 3.7%[21] of the working age population of the West of England out of work compared with 4.8% at the national level.

5.2 Unemployment has fallen considerably since the high levels of the early 1990s. A large part of this decrease occurred through the remainder of the decade with the declining trend tailing-off beyond 2001. The fall in unemployment has been greater in the West of England and the region than nationally. Over the last 12 months or so, a slight increase in the numbers out of work has been recorded at local, regional and national levels.

FIGURE 5.1: Unemployment rates: West of England, South West and Great Britain.



Source: Annual Population Survey/Labour Force Survey. The rates shown describes the numbers identified as unemployed as percentages of the working age populations.

The geographical distribution of unemployment.

5.3 Despite the success of the West of England economy and the current low level of unemployment, persistent concentrations of unemployed workers remain, closely associated with educational under achievement, low skills and the decline of traditional local industries. At 2001, the proportions of the local resident workforce unemployed were above 12% for Lawrence Hill ward, above 8% for Ashley, above 7% for Filwood and above 6% for Easton and Southmead wards, all within the City, compared with 3.5% for the West of England and 5% nationally. In North Somerset, a few wards at Weston-super-Mare- Central (8%) and South (7%) also recorded high unemployment. In contrast, in Bath & North East Somerset, only Twerton ward recorded an unemployment rate (5.5%) above the national average whereas in South Gloucestershire, unemployment rates in all wards were below the national average.

[21] Annual Population Survey data describing persons out of work as a proportion of persons of working age.

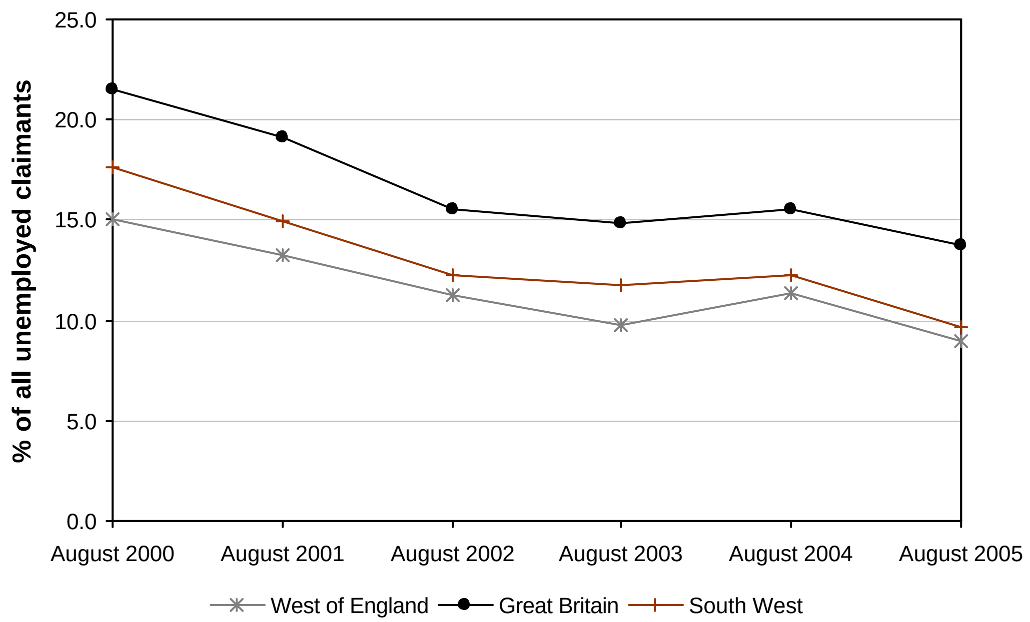
5.4 Many localities within the West of England with a history of high unemployment have seen more gradual falls in their jobless numbers than in the wider area.[22] Tackling these disparities and reducing local unemployment to the sub-regional average would add some 2,800[23] to the workforce of the West of England.

5.5 Partly as a result of these concentrations of unemployment, two areas of inner Bristol (broadly the St Pauls, Lawrence Hill and Easton localities), and several localities on the suburban council estates (broadly within the Hartcliffe, Knowle, Kingsweston, Lockleaze and Southmead areas), are within the 10% most deprived areas nationally, ranked according to the Government's index of multiple of deprivation (see further information on deprivation set out below). Weston-super-Mare also has localities within Central and South wards that fall within the national 10% most deprived areas. The populations of these deprived localities represent over 40% of the population in the South West resident in localities falling within the 10% most deprived areas in England.

Long-term unemployment

5.6 There has been a large fall in the number of people claiming unemployment benefit for in excess of 12 months. Currently, about 10% of unemployed claimants in the West of England and the wider region, have been out of work for more than 12 months compared with about 14% at the national level. In the mid 1990s, these proportions approximated to about one third.

Figure 5.2: Unemployed claimants- over 12 months



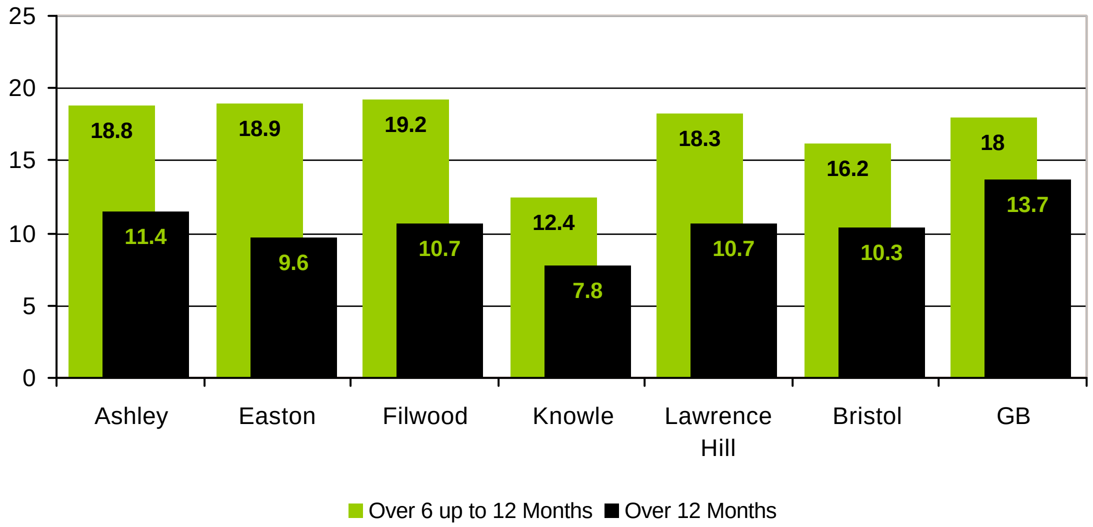
Source: Nomis Claimant Count Age & Duration data

[22] Between August 1996 and 2005, the numbers from the area of the former Ashley ward claiming unemployment benefit fell by some 66% compared with the average of 73% for the West of England. For the former Lawrence Hill ward area, the fall approximated to only about 50%. For the majority of other wards recording high unemployment, the rate of fall in the jobless numbers approximated to the average for the West of England.

[23] The result of reducing high levels of unemployment at the ward level in Bristol to the Sub-Regional average as shown by the 2001 Census.

5.7 The incidence of long-term unemployment however, does appear to be slightly higher in wards that historically have had high levels of unemployment. Figure 31 illustrates these patterns.

Figure 5.3: Claimants by duration: Wards in Bristol with historically high levels of unemployment.



Source: Nomis Claimant Count Age and Duration (August 2005)

The age characteristics of the unemployed

5.8 Younger persons aged between 16 and 24 account for nearly a third of unemployed claimants in the West of England[24]. As a result, younger persons are about twice as likely as those in the older age groups to be out of work. Similar patterns are evident at regional and national levels.

5.9 Unemployment amongst younger persons has been falling, broadly in accord with the overall fall in unemployment. Population Census data shows a halving of the unemployment rate amongst persons aged 16 to 24 between 1991 and 2001. However, younger persons have accounted for a substantial share of the slight increase in unemployed claimants recorded over recent months[25].

Long-term illness and disability

5.10 The proportion of persons of working age who are not in employment due to long-term illness or disability, is lower in the West of England (5.7%) than at the regional (8%) and national(7.4%) levels[26]. In addition, the number not in employment owing to long-term sickness or disability is falling with data for 2003 and 2004 showing a fall in the West of England totals from 11,270 to 6,600. Figure 3.3 below illustrates these trends.

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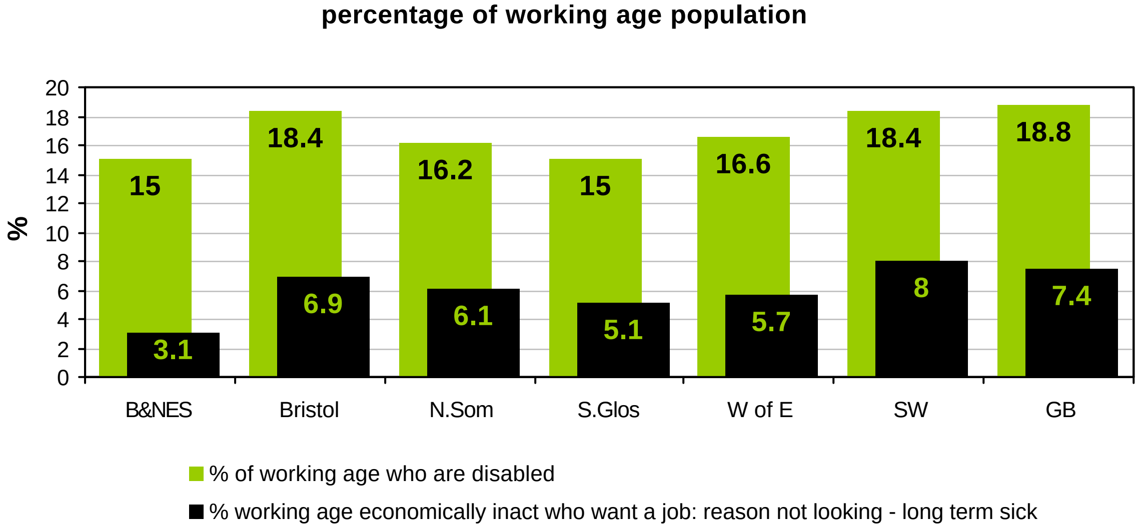
[24] At August 2005, some 2,835 persons aged 16-24 claimed unemployment benefit in the West of England, accounting for some 31% of all claimants in the sub-region.
[25] Between August 2004 and 2005, the number of persons aged 16-24 claiming unemployment benefit in the West of England increased by 325 whereas the overall total increased by 328.
[26] Annual Population Survey 2004).

Figure 5.4: Persons not in employment owing to long-term sickness or disability.



Source: Annual Population Survey Jan 2004-Dec 2004 (August 2005).

Social exclusion and deprivation

5.11 The Indices of Deprivation prepared by ODPM provide a comprehensive and consistent measure of deprivation. They are based upon the premise that multiple deprivation is made up of seven distinct dimensions or “domains” of deprivation which can be recognised and measured separately at the small area level. These domains are:

1. Income,
2. employment;
3. health and disability;
4. education skills and training;
5. barriers to housing and services;
6. crime; and,
7. living the environment.

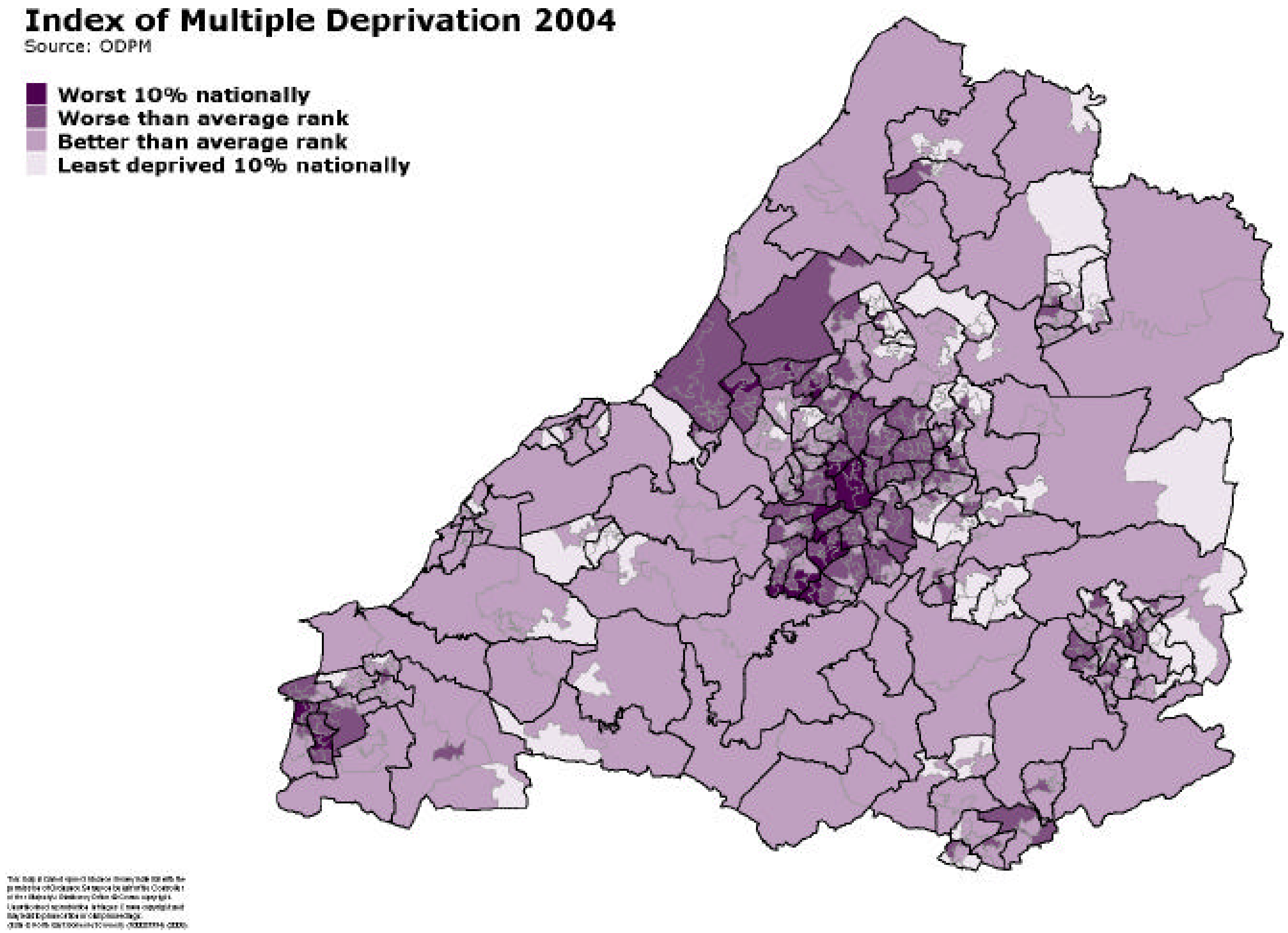
5.12 In addition, information from these thematic domains is brought together to create an overall Index of Multiple Deprivation.

Figure 5.5: Indices of Deprivation: West of England Unitary Authority Ranking 2004 (1 being the most deprived- 354 least deprived)

Area	Index of Multiple Deprivation: Rank of average score	Income Deprivation	Employment Deprivation
B&NES	255	142	159
Bristol	67	14	14
North Somerset	228	109	106
South Gloucestershire	298	105	116

Source: ODPM Index of Multiple Deprivation, 2004

Figure 5.6: Indices of Multiple Deprivation : West of England 2004



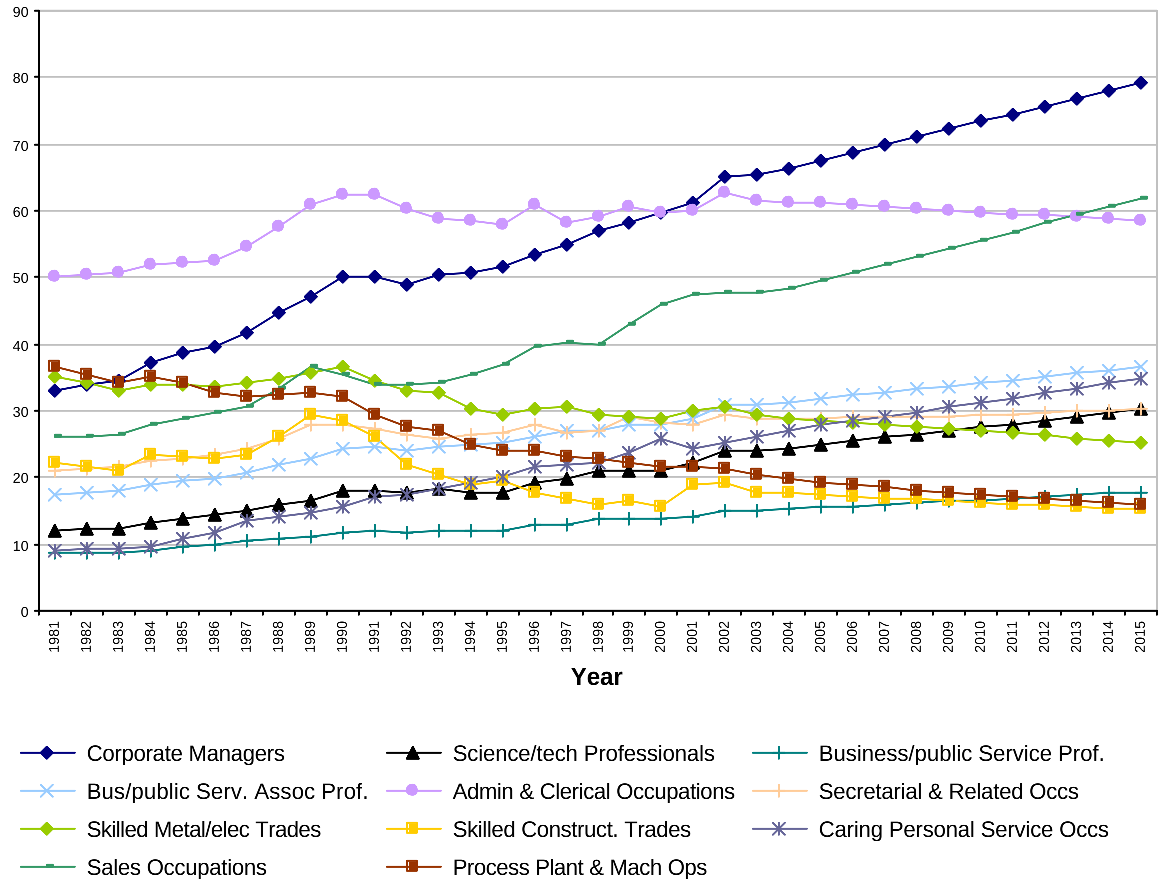
6 OCCUPATIONAL TRENDS, QUALIFICATIONS, SKILLS, TRAINING

Occupational Trends

6.1 The expansion of the office and service sectors in the West of England is leading to the growth of employment in the white collar, managerial, professional, semi-professional and personal service occupations. The loss of traditional industrial and related jobs at the same time, is leading to the decline of blue-collar employment. These changes and the growing technical and skilled nature of work are leading to the need for higher educational attainment and a better qualified workforce that addresses skill shortages and creates the capacity to adapt to the accelerating pace of change in the requirements of the workplace.

6.2 Employment forecasts predict continued growth in the white collar and personal service occupations. Output from the Cambridge Econometrics, 'local economy forecasting model' for the West of England (May 2004)[27] shows an increase in Corporate Managers and Sales Occupations between 2005-2015.

FIGURE 6.1: Occupational Characteristics of Employment 1981-2015- West of England



Source: Cambridge Econometrics forecast data May 2004.
Note: This is only a selection of some of the sectors identified in the model.

[27] 'Local Economy Forecasting Model' supplied by Cambridge Econometrics and owned and operated by the Local Learning and Skills Council.

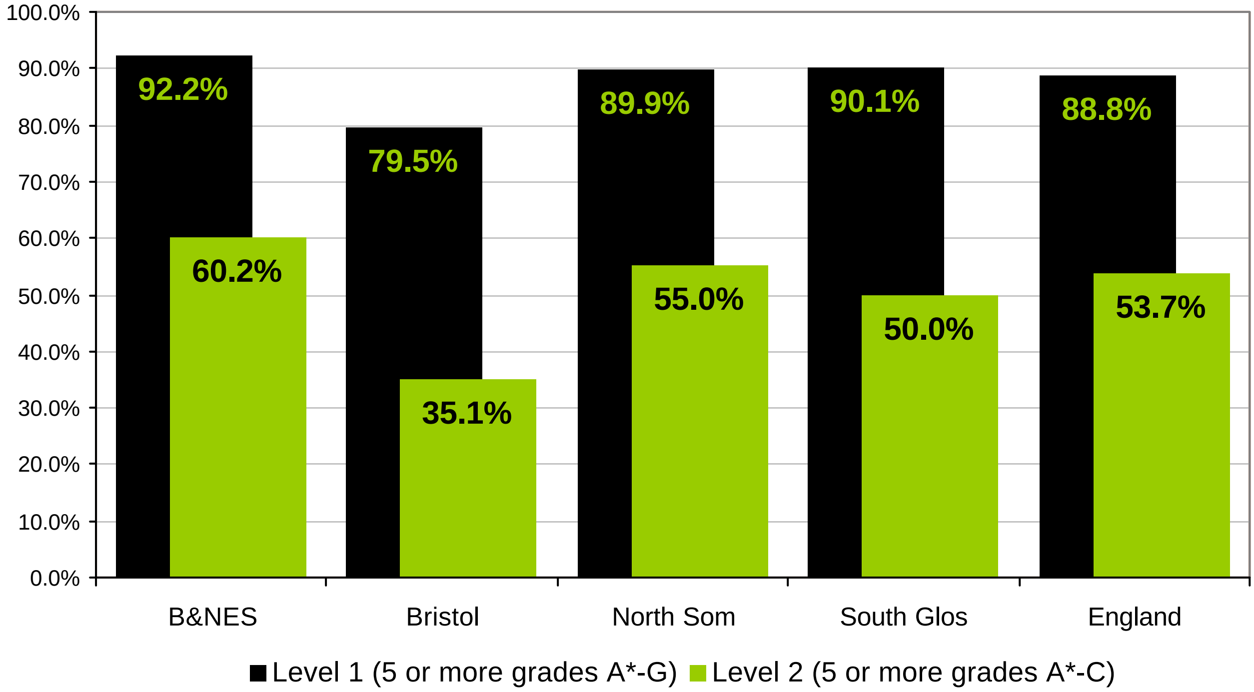
Business and public services, caring and personal services and science and technical professions are also forecast to increase. During the same period, the model indicates that administrative and clerical occupations will remain at similar levels whilst elementary clerical and service jobs will see a gradual decline. Process, plant and Machine Operatives and skilled Construction, Metal and electrical trades are forecast to continue to decline. Figure 6.1 above illustrates these trends.

Qualifications
Secondary Education

6.3 GCSE results for 2004 show much variation between the four local councils of the West of England. Some 35% of GCSE entrants at Bristol LEA schools achieved five or more A-C grades, the lowest proportion in England. South Gloucestershire with 50% achieving five or more A-C grades, was also below the national average of nearly 54%. B&NES with 60% and North Somerset with 55% achieving five or more A-C grade GCSEs, exceeded the national average.

6.4 Bristol's pass rate of 35% does not take account of the high pass rates achieved by independent schools in the City. Clifton High School and Colston Girls School both achieved 100% pass rates (Grade A*-C), whilst Portway achieved 26%, Hartcliffe24%, Henbury 20% and Hengrove Community Arts College, just 14%.

FIGURE 6.2: GCSE pass rates (5+ Grades A*-C) 2003/2004 (excluding independent Schools).



Source: Dfes School performance Tables 2004.

6.5 Pass rates however improved in Bristol between 2000 and 2003, and were unchanged for 2004, despite being the lowest nationally. Overall, the West of England trend in pass rates appears to reflect the national trend of a gradual improvement over the last five years GCSE results. Figure 6.3 below provides further details about GCSE results.

FIGURE 6.3: GCSE Pass Rates (5+ Grades A*-C) 2000/01-2003/04 (excluding independent schools)

LEA	1999/00	2000/01	20001/02	2002/03	2003/04
B&NES	57.1%	56.4%	58.4%	60.0%	60.2%
Bristol	31.2%	31.8%	31.0%	35.3%	35.1%
North Somerset	53.4%	50.8%	53.3%	54.8%	55.0%
South Gloucestershire	47.7%	48.7%	52.4%	54.1%	50.0%
England	**49.2%**	**50.0%**	**51.6%**	**52.9%**	**53.7%**

Source: Dfes School performance Tables 2004. Note: Results from Independent Schools are excluded from the LEA average results, but included in the England average.

Young People: Destinations at 16.

6.6 The proportion of young people in the West of England continuing with their education has increased steadily over the 2000-2003 period. The 2004 Activity Survey for pathways taken by young people beyond 16 shows 74.6 % of the youngsters surveyed in full-time education and 86.9% undertaking some form of learning.

FIGURE 6.4: Pathways Taken by Young People beyond 16

	SOUTH WEST	West of England CXP
Full-time education	**75.2%**	74.6%
Government supported training	**6.6%**	6.5%
- training scheme funded by Government	**2.8%**	2.2%
- job, including training which is supported by Government funding	**3.8%**	4.3%
Employment outside Government supported training	**9.1%**	10.1%
- job with planned training	**4.4%**	5.7%
- job without planned training	**4.7%**	4.4%
Not settled	**5.9%**	6.4%
- active in the labour market	**5.3%**	5.8%
- not economically active	**0.6%**	0.6%
Moved out of contact	**1.9%**	1.0%
No response to follow-up	**1.0%**	1.4%
Refused to participate in survey	**0.1%**	0.0%
Total in Survey	**61,476**	**11,552**
of whom in learning %	**86.4**	86.9

Source: Connexions, Moving-On 2004, Annual Activity Survey 2004.

Higher education

6.7 There is a wide variety of higher education available in the West of England that serves national and international labour markets. Bristol and Bath universities are highly rated in terms of their research excellence.

6.8 In 2001, a Research Assessment Exercise was carried out by the higher education funding bodies, grading departments into six categories. Departments who achieved 5* were considered to be world-class departments, setting the global research agenda in their fields. Departments who achieved the second highest rating, grade 5, were considered to set international standards. The table below shows the number of these top grades awarded to university departments in the West of England.

FIGURE 6.5: Numbers of departments graded 5/5* within West of England universities

University	No. of departments achieving Grade 5*	Subject of Departments	No. of departments achieving Grade 5	Subject of Departments
Bath University	3	Pharmacy, Maths, Mechanics/Aeronautical	8	Business Management, Maths, Stats, Social Policy, Education, Biology
Bristol University	15	Mostly sciences and health also Maths, Stats, Civil Engineering, Education, Drama, Russian, Psychology, Social Work and Geography	21	Languages, sciences, music, Theology, Philosophy, Mechanical/ Aeronautical, Electrical Engineering, Accounting and finance, law, Politics and Classics.
University West of England	0		1	Accounting/Finance

6.9 The high academic standards, particularly in the sciences, maths and mechanical/aeronautical studies, are reflected by the high levels of specialist employment in health, finance, higher education and the aeronautical industry in the area.

6.10 The West of England has a higher percentage of working age people with NVQ levels 3, 4 or above compared with the South West and England and Wales. Conversely, it has lower percentages with lower order qualifications or none. These disparities are more evident in Bath &North East Somerset and Bristol although at the same time, Bristol has a relatively high proportion of persons of working age with no qualifications.

6.11 The improving educational attainment levels and high levels of vocational qualifications held by the workforce of the West of England suggests a sub-region that has a qualified workforce. However, vacancies and skills shortages are still an issue for the sub-region.

FIGURE 6.6: Qualifications held by people of working age Mar2003-Feb2004.

	B&NES	Bristol	N.Som	S.Glos	WoE	SW	England And Wales
NVQ4+ (Equivalent to Degree level or above)	34.4	33.2	26.5	25.7	30.3	26.1	24.9
NVQ3 (Level 3, Advanced level, Equivalent to 1-2 A-Levels)	17.5	15.7	16.7	20.3	17.3	16.3	14.7
Trade apprenticeships	4.6	5.5	5.3	7.3	5.7	6.5	6.2
NVQ2 (Level 2, Intermediate level equivalent to 4/5 GCSE pases grad A*-C)	15.4	11.7	18.9	16.0	14.7	16.2	15.4
NVQ1 (Level 1, Foundation level equivalent to 4/5 GCSE passes at grades D-G).	13.5	14.8	16.5	16.2	15.2	16.7	14.9
other qualifications	5.9	7.4	7.1	6.2	6.8	7.5	9.0
no qualifications	8.8	11.7	9.0	8.3	9.8	10.7	15.0

Source: Local Area Labour Force Survey, Mar 2003-Feb 2004, ONS Crown Copyright Reserved.

Basic Skills for Life.

6.12 The Basic Skills Agency defines basic skills as the 'ability to read, write and speak in English and use mathematic at a level necessary to function and progress at work and in society in general'. For the West of England, the proportion of people with no formal qualification in English is 27% and in Maths 30%.

FIGURE 6.7: Basic Skills

	% of people with no formal qualification in English	% of people with no formal qualification in Maths
Bristol	31	33
B&NES	27	34
North Somerset	24	27
South Glos	23	27
West of England	27	30

Source: Learning and Skills Council West of England , 2003.

Vacancies & skills shortages

6.13 An estimated 22%[28] of all establishments in the West of England had vacancies in 2003, a similar proportion to the South West but higher than for England. However, vacancies in the West of England were mostly considered "Not Hard to Fill", (12%). Only 4% of vacancies were identified by employers as arising

[28] National Employer Skills survey 2003, Learning and Skills Council.

from “Skills Gaps Shortages”, a slightly lower percentage than for the South West but in-line with the national figure.

Figure 6.8: Vacancy status and skills shortages: West of England, South West and England.

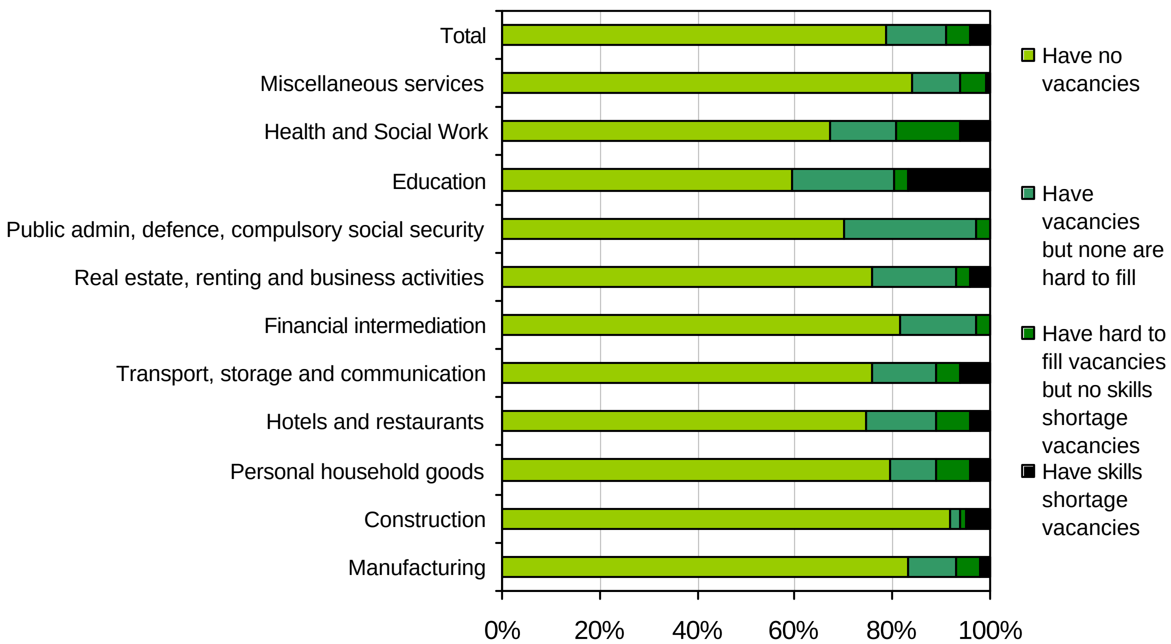
Area	Have no vacancies	Have vacancies but none are hard to fill	Have hard to fill vacancies but no skills shortage vacancies	Have skills shortage vacancies
West of England	78%	12%	5%	4%
South West	79%	9%	6%	5%
England	83%	8%	3%	4%

Source: National Employer Skills Survey 2003, Learning and Skills Council.

6.14 Vacancies in the West of England are particularly frequent in the Education(43%) and Health and Social Work (34%) sectors, which reflects the hard to fill vacancies in nursing and skills shortages in teaching, both of which are predicted to get worse over the next decade.

6.15 Sectors showing relatively low levels of vacancies include construction, manufacturing and miscellaneous services.

FIGURE 6.9: Vacancy Status by Sector: West of England.



Source: National employers skills Survey and Learning Skills Council 2003.

6.16 Vacancy levels and status are important as they can help to identify potential recruitment problems and the causes of them. The information from the National Employers Skills Survey 2003, suggests that recruitment problems across the South West are disproportionately high where skills required of employees were relatively modest i.e. not in managerial or professional occupations but in the services sector.

6.17 n the West of England, the sector with the most frequent vacancies identified as a result of “Skills Shortage” was Education, followed by Transport and Construction.

6.18 The sector with the most frequent “hard to fill vacancies but with no skills shortages” in the West of England at 2003, was Health and Social Work, followed by Hotels & Restaurants and Personal Household Goods. Information from employers on the perceptions of why vacancies were hard to fill suggests that the main reasons applicants did not meet the job requirements were as follows:

- Without the required skills;
- Not enough interest in job;
- Did not have the required attitude;
- Lack of work experience; and,
- Lack of qualifications.

6.19 The following were also identified as reasons for vacancies being “hard to fill” although to a lesser extent:

- Competition from other employers;
- Shift work;
- Remote location;
- Poor career progression;
- Seasonal work; and,
- Low number of applicants.

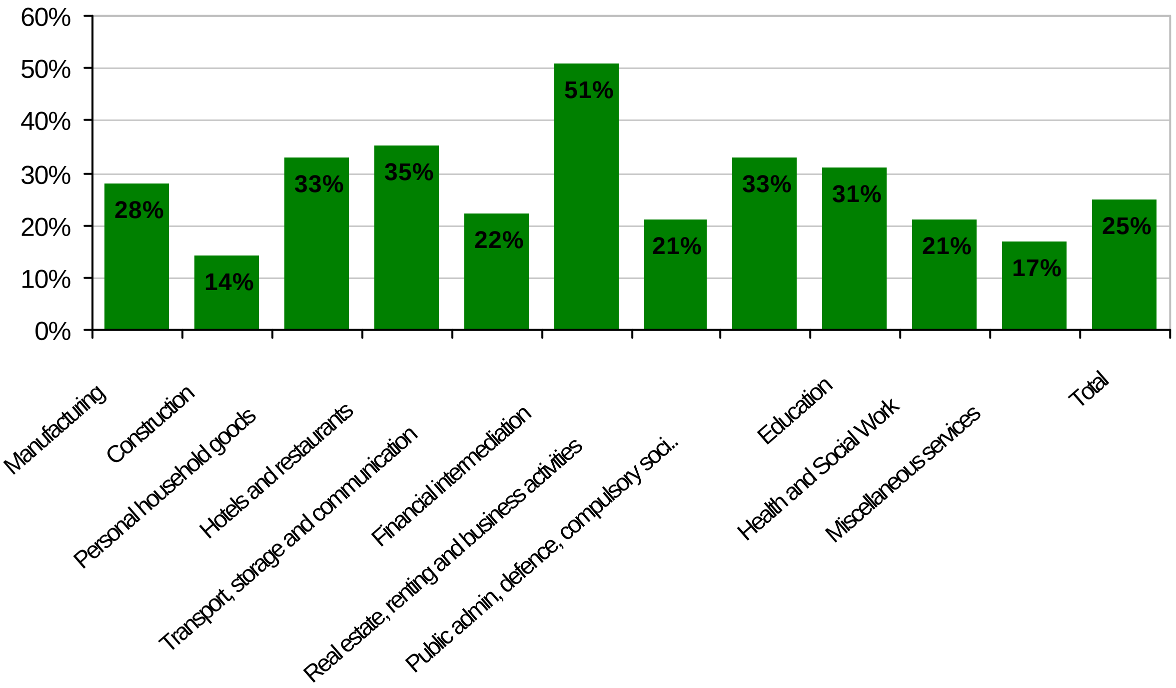
6.20 ‘Skills Gaps’ are defined as occurring when employers regard some of their staff as not being fully proficient to meet the requirements of their job role[29]. ‘Skills Gaps’ were reported by 25% of employers surveyed in the West of England compared with 23% in the South West and 22% nationally.

6.21 Of those employers that identified ‘Skills Gaps’, the occupational characteristics was as follows:[30]

• Keyboard, basic office, Internet	21%
• Customer Service	16%
• Programming, Web Design	15%
• Child/OAP care	6%
• Financial management	5%
• General management	4%
• Health & Safety	4%
• Mechanical Engineering	4%
• CNC/CAD (Computer Numeric/Computer Aided Design)	3%

[29] LSC National Employers skills survey 2003.
[30] WESTEC Employer survey 2001.

FIGURE 6.10: Employers with a Skills Gap: West of England 2003.



Source: National Employers Skills Survey and Learning Skills Council 2003.

6.22 Most gaps in IT and Management skills are caused by structural changes, whilst gaps for skilled craft trades are caused by business growth.

6.23 Structural changes leading to 'Skills Gaps' are evident in financial services where the nature of work over the last twenty years has changed significantly[31]. Some functions in this sector such as banking and insurance services have been a growing market for some of the larger food retailers and alongside this there has been an introduction of the call centre. The boundaries between these sectors have become merged, use of telecommunications and technology has increased significantly in place of traditional clerical skills and as a result, computer operatives, data in-putters and information analysts, are now in growing demand in this sector.

6.24 Skills that employers identified[30] as being in growing demand in 2002/03 were:

• I.T. skills –basic	13%
• Customer Service	12%
• Intermediate/ advanced IT	6%
• General and financial management	6%
• Electrical/mechanical engineering (craft level)	5%
• Child/OAP care	4%
• Cooking/Chef	3%
• Carpentry/Joinery	2%
• Vehicle maintenance	2%

6.25 IT and Customer service skills are the most frequently mentioned skills increasing in demand by employers in the West of England. Growing skills demand

[31] LSC Annual Economic Review 2002-2003.

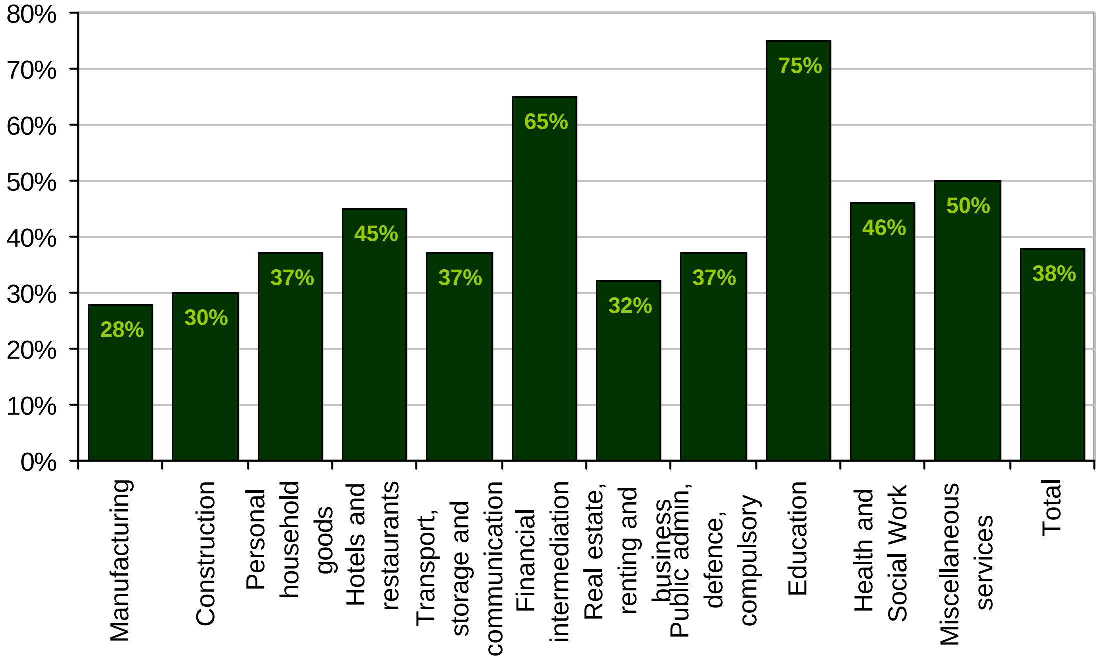
is generally driven by expectations of business growth rather than changes in working procedures and technology.

6.26 The skills where there are shortages amongst existing staff are similar to those that are difficult to find amongst applicants: problem solving skills, communication skills, customer handling skills and team working skills and can mostly be found at lower and middle levels, such as elementary staff, sales and customer services staff and personal staff. The main reasons identified for these shortages is a lack of experience on behalf of the individual or their being recently recruited. Job related training is something that employers may use to address these shortages with more companies introducing training plans for employees.

Training

6.27 According to the LSC National Employers Survey 2003, 38% of employers in the West of England have a training plan compared with 39% in the South West and nationally.

FIGURE 6.11: Employers with a Training Plan by sector (%): West of England



Source: National Employers Skills Survey and Learning Skills Council 2003.

6.28 The National Employers Survey (2003) identified some 72,000 persons of working age in the West of England as receiving job-related training in the four weeks preceding the survey. This represents a slightly higher proportion compared with national level but a slightly lower proportion compared with the South West. Fewer people received job-related training in 2004 however compared with 2002.

FIGURE 6.12: Percentage of working age people having received job related training in the last 4 weeks.

Area	as % all work age		as a % male work age		as % female work age	
	Persons	%	Persons	%	Persons	%
B&NES	11,900	11.4	5,700	10.5	6,200	12.4
Bristol	30,000	12.3	13,400	10.5	16,600	14.2
North Somerset	14,200	12.7	7,000	12.2	7,100	13.2
South Glos	15,900	10.4	6,600	8.3	9,300	12.5
West of England	**72,000**	**11.7**	**32,800**	**10.3**	**39,200**	**13.3**
South West	351,300	11.9	154,900	10.2	196,400	13.7
England	3,497,700	11.5	1,642,700	10.5	1,855,000	12.5

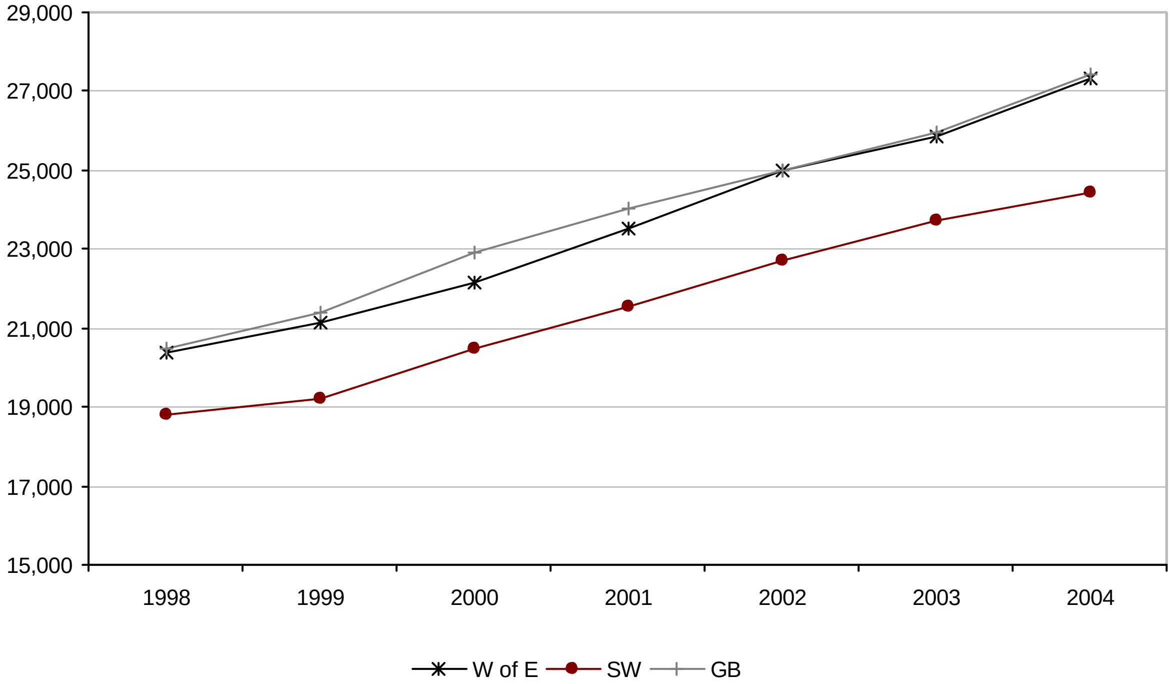
Source: Annual Population Survey Jan 2004-Dec 2004: ONS Crown Copyright Reserved

7. Earnings and housing affordability

Earnings

7.1 The Annual Survey of Hours and Earnings (ASHE) shows that the West of England has followed the national and regional trend of a gradual increase in average earnings. The average earnings for full time employee jobs in the West of England are higher than for the South West and close to the national figure.

Figure 7.1: Annual pay- Gross (£) full-time employees (workplace based earnings). West of England 1998 to 2004.



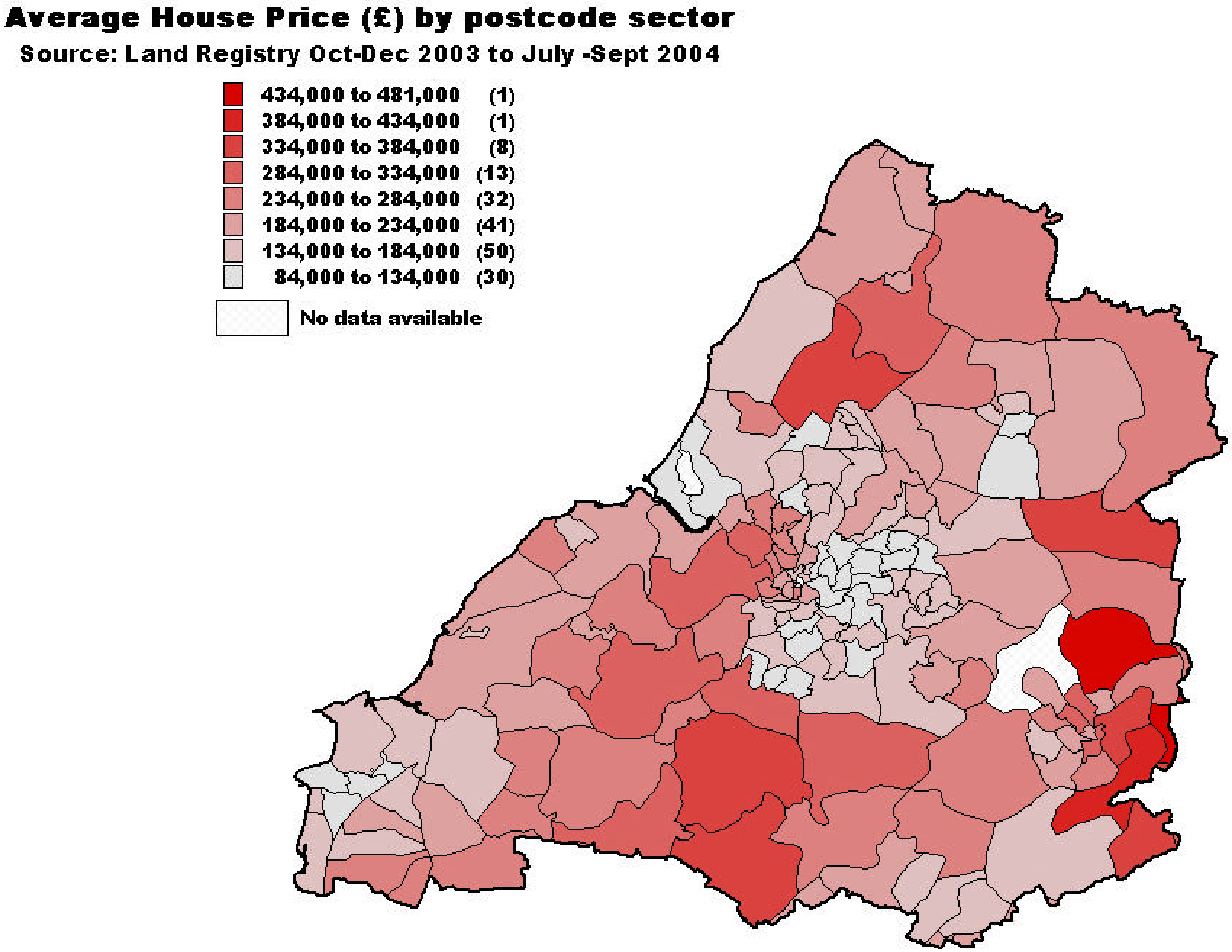
Source: Source: ONS Annual Survey of Hours and Earnings
Note: * 1998 data is gross weekly earnings multiplied by 52

House Prices

7.2 Average house prices in the West of England are above the national average but below the South West average. There are considerable differences in house prices however, between localities within the West of England.

7.3 The thematic map below illustrates the differing levels of house prices across the West of England. It shows that many of the areas with high levels of unemployment or deprivation correspond with areas where house prices are low.

Figure 7.2: Average House Prices in the West of England



House prices vs. earnings

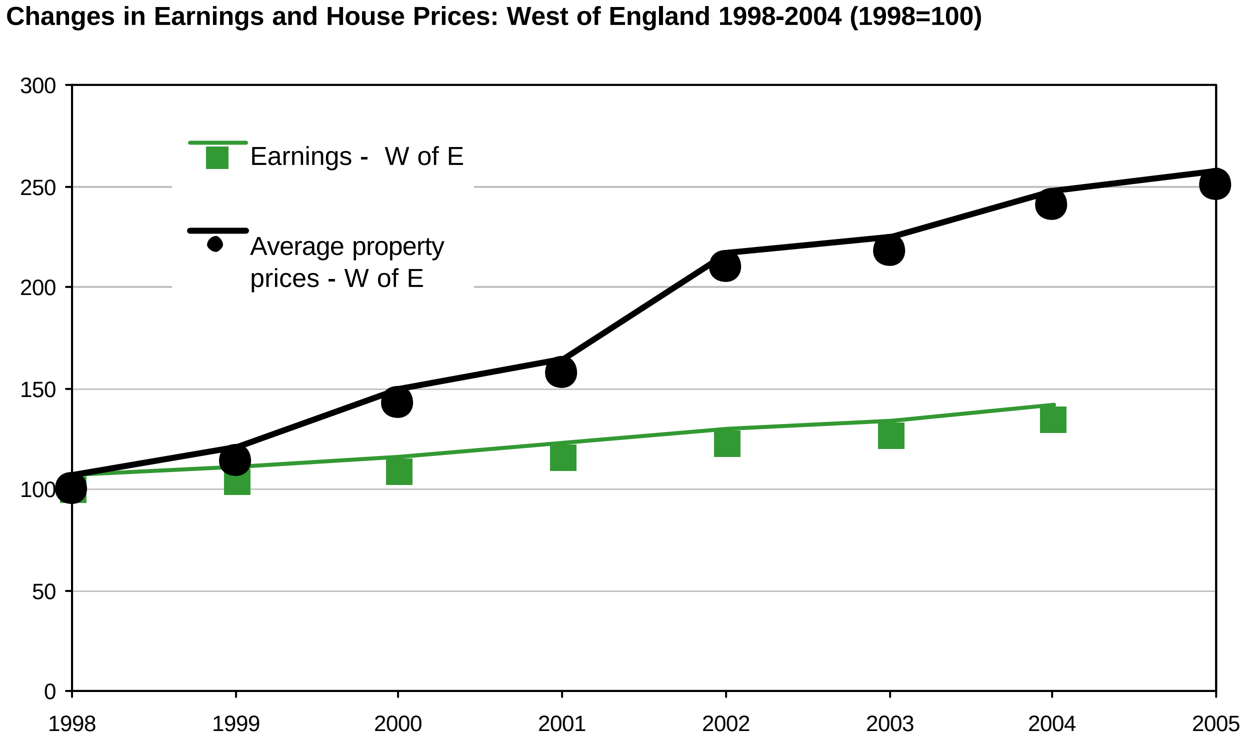
7.4 Increases in average earnings in the West of England have not matched increases in house prices leading to affordability issues. The usual maximum sum that can be borrowed for house purchase is 3.5 times the average gross salary of the borrower. In the West of England, the ratio between average house price and average gross annual earnings[32] stands at 6.9. However, this does not take into account that newly forming households tend to enter the housing market at the lower end; the Bramley model (see affordability section), reflects lower quartile house prices.

Figure 7.3 Gross Annual Pay and Average House Prices 2004/5

	Gross Annual Pay 2004 (£'s)	Average House Price 2005 (£'s)	Ratio
B&NES	25,339	237,807	9.4
Bristol	26,561	175,132	6.6
North Somerset	26,737	188,405	7.0
South Gloucestershire	29,688	180,403	6.1
West of England	27,330	188,199	6.9
South West	24,434	195,496	8.0
England and Wales	27,440	184,924	6.7

Sources: Annual Survey of Hours and Earnings Jan 2004- Dec 2004, Land Registry 2005.

FIGURE 7.4: INDEX OF CHANGE: EARNINGS AND HOUSE PRICES 1998-2004



Sources: Annual Survey of Hours and Earnings Jan 2004- Dec 2004, Land Registry 2005.

[32] Household income data is not available- this figure is based upon the average gross earnings for one person.

7.5 Comparing increases in earnings with increases in average house prices in the sub region illustrates that between 1998 and 2004, earnings increased by 134% whilst house prices increased by 241%. Lower interest rates and lower costs of borrowing in recent years have cushioned to some extent the impact on incomes of increased house prices.

Affordability

7.6 With house prices in the West of England having risen at a much faster rate than local incomes, a growing number of households on low to medium incomes are unable to buy a home. Whilst relative affordability in the West of England may not be as severe as in some other parts of the region, the scale of need in the sub-region is much greater. Figure 7.5 shows that almost a quarter of all working households in the region with a representative aged 20-39 (the age band which encompasses most newly-forming households including those trying to enter the housing market as first-time buyers), live in the West of England. One fifth of working households in the South West aged 20-39 who are unable to purchase a dwelling, live in the West of England. Figure 7.5 provides a guide to the relative distribution of these households across the South West. With the current shortage of affordable housing for rent or low-cost home ownership, the options for this group are severely limited.

7.7 A recently developed Housing Need and Affordability Model covering the four unitary authorities in the West of England has identified a shortfall in net need for affordable housing units across tenures averaging some 3,700 per annum between 2002-2009. This includes a significant element of around 1,500 units per annum to clear the existing estimated backlog of need as well as the need arising from newly formed households and in-migration to the sub-region.

FIGURE 7.5: Working Households unable to Purchase at Lower Quartile in 2002

County	**Working Households (20-39)**	**Working Households unable to Purchase**	
		Number	**%**
West of England	120,761	74,526	61.7
Cornwall	41,276	29,409	71.2
Devon	102,400	69,316	67.7
Dorset	70,593	56,110	79.5
Gloucestershire	64,760	45,794	70.6
Somerset	44,840	27,218	60.7
Wiltshire	71,752	48,217	67.2
Total South West	516,382	350,543	67.9

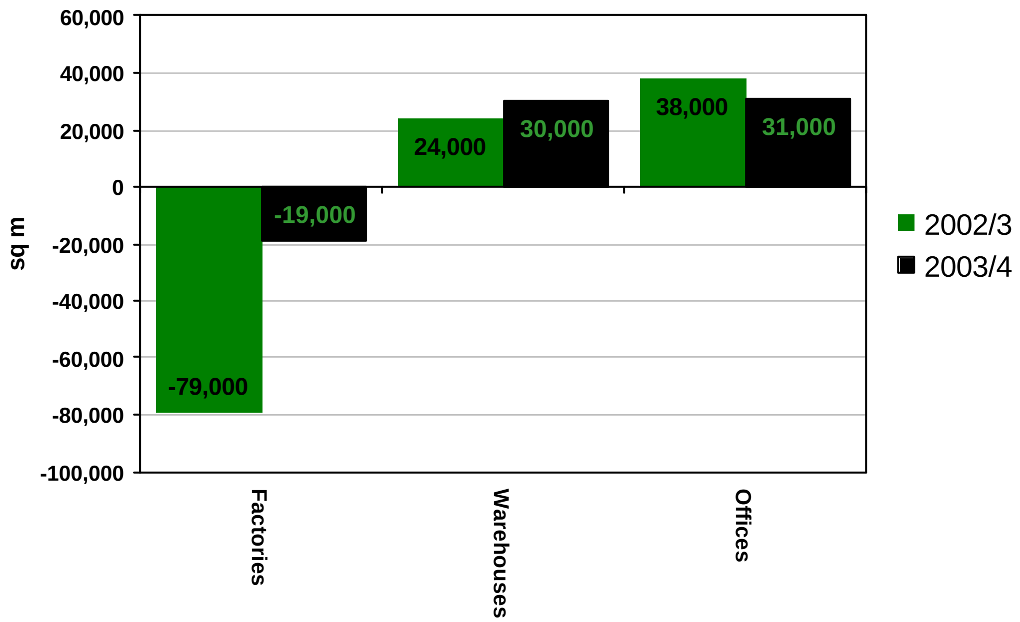
Source Can Work – Can't Buy. Wilcox for Joseph Rowntree Foundation 2005

8 LAND AND PREMISES FOR INDUSTRIAL AND OFFICE USES

The stock of industrial and office property

8.1 The stock of office and industrial floorspace in the West of England amounts to about 8.9 m sq m with warehousing accounting for about 43% of the total, factories some 33% and offices the remaining 24%[33]. Over recent years, a slight fall in the stock of factory floorspace has been matched by increases in the stock of office and warehousing premises. The overall stock of industrial and office property in the West of England therefore has remained about level.

FIGURE 8.1: Changes in stock of Industrial and Office floorspace (sq m) West of England.



Source: Commercial and Industrial Floorspace and Rateable Value Statistics ODPM.

8.2 In contrast, data for earlier years[34] shows a sharp fall in the total stock of industrial and office property. A large decrease of industrial floorspace from Bath and Bristol more than outweighed a considerable expansion of offices. These changes reflect the re-structuring of the local economy over recent decades with the growth of office sectors and large distribution centres on the edge of Bristol contrasting with the loss of many traditional manufacturing from the urban areas.

8.3 Some further decrease in the stock of industrial floorspace within the

[33] Commercial and Industrial Floorspace and Rateable Value Statistics. ODPM
[34] The stock of industrial property in the West of England declined by 2.2m sq m between 1985 and 2000 with the stock of offices rising y 0.76 m sq m according to ODPM data.

urban areas can be anticipated as a result of competitive pressures on manufacturing and the locational disadvantages of some urban sites compared with new greenfield development opportunities. The loss of industrial floorspace may be accelerated by mounting planning and property market pressures to secure brownfield sites for new housing, especially given the ageing condition of much of the stock of urban industrial property.

8.4 The prospect of a continuing decrease of industrial floorspace from the urban areas threatens harm to local employment and future economic growth. Unsatisfactory wider planning outcomes also could be an outcome with less accessible greenfield employment sites being developed to make-up for brownfield losses. At the same time, the potential for further re-structuring of urban land use arising with the loss of industrial sites is likely to create opportunities for securing environmental improvements and urban intensification with beneficial consequences for travel behaviour and transport outcomes. This potential for both adverse and favourable outcomes arising from the loss of urban industrial sites emphasises the importance of securing a greater understanding of the property and land requirements of business and especially industrial uses, the role of existing locations in meeting these requirements, the potential for alternative mixes of use and the wider planning consequences.

Development for industrial uses

8.5 Data describing land developed for industrial uses in the West of England between 1989 and 2004 shows an average annual completion rate of about 30ha[35]. Over three-quarters of this development has been on greenfield sites in the wider Bristol area, mainly as a result of the expansion of large warehousing and distribution centres at Avonmouth, Severnside and Royal Portbury. Land taken-up for open car storage and other dock-related uses over this period within the Royal Portbury Dock Estate is not included within these figures.

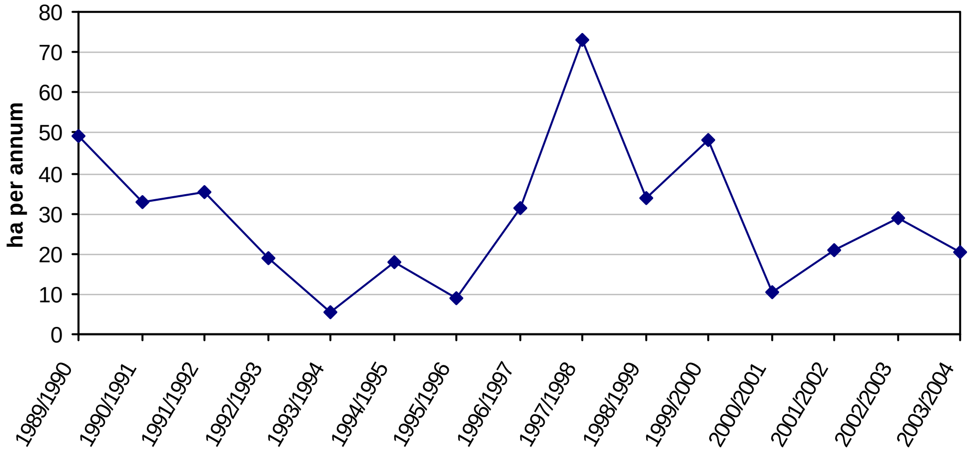
8.6 The scale of annual completions for industrial uses over recent years has fallen below the long-term average. Some 21ha were completed over the last 12 months for which data is available (2003/4), largely accounted for by large warehousing and distribution schemes at Avonmouth and Severnside, Royal Portbury and other locations in the wider Bristol area[36] in accord with the long-term trend.

8.7 Recent announcements indicate that the annual scale of industrial completions in the West of England over the short-term at least may rise up to and perhaps exceed the long-term average. Dixons and Asda are reported as intending to establish large distribution centres at Severnside. Similarly, the investment plans of Airbus and Rolls Royce will lead to considerable new

[35] Based on UA Employment Land Surveys.
[36] UA employment land surveys for 2003/4 record some 7ha of industrial development at Avonmouth, 4ha at Severnside, 4ha at Royal Portbury and over 3ha elsewhere in the wider Bristol area.

factory development within the established aerospace locations at Filton and Patchway.

FIGURE 8.2: Annual industrial development completions (ha.) 1989-2004 West of England



Source: UA land employment surveys

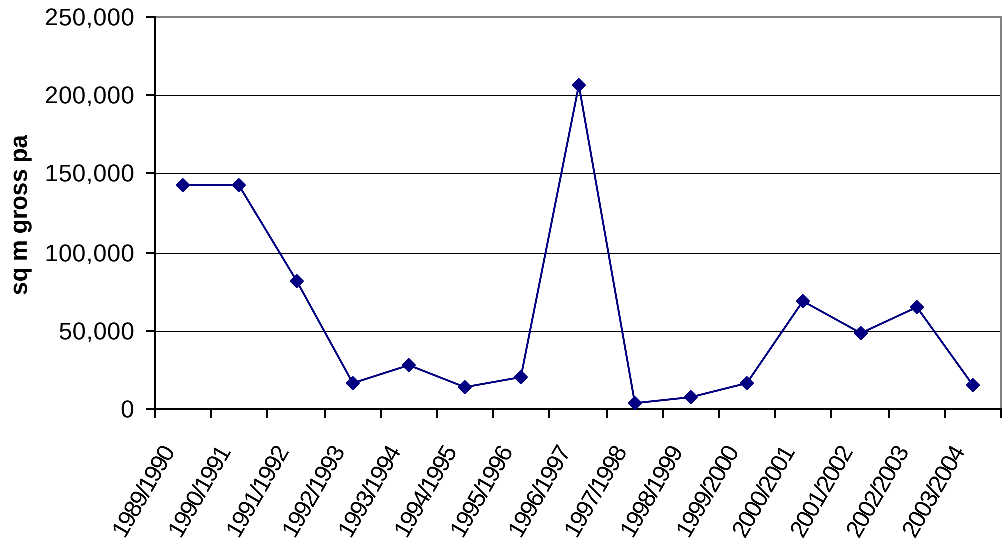
Development for office uses

8.8 Data describing the development of office sites in the West of England indicates an average annual completion rate of about 60,000sq m gross between 1989 and 2004[13]. Much of this development has been undertaken in Bristol City Centre (17,500 sq m gross pa average) and the North Fringe (30,200 sq m gross pa average). The high level of development recorded for the North Fringe includes two exceptional large developments completed in 1996/7 (for MoD and Axa Sun Life) which together account for about a third of the offices completed in the locality between 1989 and 2004. Bath City Centre has attracted a comparatively small amount of office development (3,130 sq m gross pa average between 1989 and 1998). More recently, the Bristol out of town office market has extended along the M5 in North Somerset leading to significant development in the Portishead area (6,800 sq m pa average between 2002 and 2004).

8.9 Annual office completions have corresponded approximately with the long-term trend of completions over recent years. This reflects perhaps the continuing strength of the local economy. It also reflects the recent revival of the Bristol City Centre office market with the success of the Temple Quay development. This trend is likely to be maintained at least over the next few years. A large amount of office development is under-construction in the City Centre[37] and there are reported shortages of prime office floorspace both in the City Centre and elsewhere.

[13] Op cit.
[37] 69,100 sq m gross office floorspace was reported to be under-construction in the City Centre by the Bristol City Centre Office Market report by GVA Grimley September 2005.

FIGURE 8.3: Annual office development completions 1989-2004 West of England



Source: UA employment land surveys

8.10 A recent study of the supply and demand for employment sites in the West of England has advised on the current scale and pattern of 'market demand' for development for industrial and office uses.[38] The demand for industrial sites is estimated to represent the potential to support the take-up of some 21ha per annum of land, with the Bristol area accounting for some 18ha. This estimate does not allow for further industrial development arising with the expansion of trade at the port or as a result of other exceptional developments.

8.11 The current, annual scale of demand for new office development in the West of England is estimated by the study to represent the potential for the take-up about 10ha of business park development, largely in the North and East Fringe, and a further 20,000sq m gross floorspace in Bristol City Centre. The study acknowledges a recent strengthening of demand for new offices arising along the M5 in the Portishead area as a result of the diminishing supply of development sites in the North Fringe. It advises that this demand may rise significantly over the future and extend further along the M5 to Weston-super-Mare with continuing shortages of sites in the North Fringe, and with improvements to the attractiveness and accessibility of Weston.

[38] Strategic Employment Sites in the WESP Area. RPS & Alder King for SWRDA/WESP June 2003.

FIGURE 8.4: Current market demand for new industrial and office development.

Potential annual take-up rates

	Industrial	Office	
	ha.	**ha**	**Floorspace (sq m gross)**
Bath	0.5	0.5	
Rural Areas	1		
Bath area	***1.5***	***0.5***	
Bristol City Centre			20,000
South Bristol	3		
North & East Fringe	2.5	7.4	
Keynsham	0.5		
T'bury/Yate	1	0.5	
M5 Corr.	1	1.5	
A'mth/S'side	10		
Greater Bristol area	***18***	***9.4***	***20,000***
WSM	***1.5***		
West of England	**21**	**9.9**	**20,000**

Source: Strategic Employment Sites in the WESP Area. RPS/Alder King for SWRDA/WESP

NB. The estimates shown do not acknowledge the potential for 'exceptional developments' for example, arising with the expansion of the port.

Land and sites allocated for industrial and office development

8.12 About 700ha are with planning permission or currently allocated for industrial and office development in the West of England[39]. Nearly two-thirds of this land is located in South Gloucestershire, where some 280ha at Severnside hold a long-standing permission for heavy industrial development and a further 140ha in the North and East Fringe, are proposed for employment uses, largely science park and business park development, and to meet the re-investment plans of the existing aerospace industry. Few sites for new industrial development are available on the fringes of Bristol apart from at Avonmouth. Beyond the Bristol area, substantial areas of employment land are allocated at Weston-super-Mare and in the Norton Radstock area.

8.13 Considerable opportunity for new office development is coming forward in Bristol City Centre. Currently, about 70,000sq m gross of new offices are under construction. A further 220,000sq m gross has planning permission while sites

[39] Based on the Employment Land Surveys of the local councils for 2005.

currently proposed for offices offer the potential for in excess of a 100,000sq m gross of new floorspace.[40]

8.14 Other substantial opportunity for new office development is proposed in Bath. The regeneration of Western Riverside is expected to include a large amount of new offices with perhaps opportunity for 60,000 sq m gross of new office coming forward. Surplus MoD sites and under-used sites on the edge of the City Centre also may offer further opportunities for new office development in Bath.

Major sites and locations for industrial and office development

8.15 Recent progress in bringing forward major industrial and office developments in the West of England and the potential for meeting future requirements, is summarised below.

Avonmouth and Severnside

8.16 Proximity to the port and the motorway network and extensive development sites has attracted very considerable investment in heavy industrial, power generation and waste treatment plant, large distribution and warehousing depots, and a range of other businesses. This pattern of investment and development is likely to be maintained over the future. A proposal for a waste management facility at Avonmouth is under discussion. Asda and Dixons are reported to be establishing large distribution centres at Western Approach, Severnside over the next year or so. A new road crossing of the Avon, linking Avonmouth with Royal Portbury is proposed[41], the construction of which would be likely to enhance the role of Avonmouth in meeting dock related distribution requirements and alleviate current shortages of opportunity for the expansion of such developments at Royal Portbury.

8.17 Consultants advise that current market requirements could support about 10ha of new industrial development per annum[42] at Avonmouth and Severnside. Meeting port related development requirements currently arising at Royal Portbury would add to this development pressure.

8.18 Considerable opportunity is currently available to meet demand for further industrial and related development at Avonmouth and Severnside. This comprises Western Approach Phase (33ha), Cabot Park (42ha), Mere Bank and Lake Side (32ha). These developments could meet current levels of market demand, if maintained, over the next 10 years or so and support about 3,600 jobs. Opportunity for further expansion is likely to come forward at the former Britannia Zinc site (46ha). However, accommodating continuing expansion in the longer term, especially if pressures arising at Royal Portbury are diverted to Avonmouth, will require a new junction on the M49, and addressing flood risk and environmental considerations.

Bristol North Fringe

8.19 Business park and office development in the North Fringe supported

[40] Bristol City Centre Office Market. GVA Grimley. September 2005.
[41] The Greater Bristol Strategic Transport Study. Proposed Strategies. October 2005.
[42] Alder King/RPS (2003) op cit.

much of the overall growth of employment in the sub-region over the 1990s. About 140ha was taken-up by new employment uses, largely accounted for by business park developments, with local employment levels rising by over 20,000.

8.20 Currently, both Airbus and Rolls Royce are advancing proposals for major new office and production facilities that should serve to secure their future in Bristol and in the case of Airbus, further new jobs in the North Fringe. Airbus has submitted plans to develop 48ha of their site at Filton for new offices, production and research and development facilities. Rolls Royce is to build a major new manufacturing facility nearby, at Patchway. Finally, SWRDA have supported Airbus in establishing the recently opened Composites Research Centre at Filton.

8.21 Elsewhere in the North Fringe however, comparatively few sites are currently coming forward for industrial and office development. These include, the North Bristol Distribution Park and sites at the Aztec West and Parkway business parks, likely to be taken-up over the short-term, together offering the potential for over 2,000 jobs. In the medium term, some 14 ha for employment uses are expected to come available at Filton Northfield, creating the potential for at least 1,500 jobs while the release of the former Rolls Royce East Works (26ha) could support about 2,000 jobs. Hewlett Parkard retain some 11ha adjacent to their complex, the development of which could support about 1,000 jobs. The replacement of low density industrial uses with new offices on the business parks and the completion of retail and leisure development at Cribbs Causeway will also create additional jobs.

8.22 A recent study[43] has advised that the commercial property market now perceives a shortage of business expansion opportunity in the North Fringe. Current market demand is estimated as representing the potential for about 7ha per annum of business park development. As a result of this strong demand, the study predicts that the few development sites remaining in the supply pipeline in the North Fringe will be taken-up in the next few years. Partly arising from these shortages, alternative office sites further along the M5 in the Portishead area are now attracting significant levels of development. The study advises that perhaps 20% of the current demand arising in the North Fringe could be relocated to the urban area and a further 25% towards other motorway adjacent locations in the West of England.

Emersons Green and the Bristol and Bath Science Park

8.23 The 'Area B' development for employment uses has been taken-up rapidly over recent years attracting mainly distribution and more recently, office uses. About 6ha remain undeveloped that are proposed for office uses.

8.24 Long-standing proposals for the science park at Emersons Green are now being promoted by SWRDA with support from private partners, the universities of Bath, Bristol and UWE. The Agency has purchased much of the 25ha currently allocated for the science park and is seeking to extend the development in the longer-term to include a further 20ha currently allocated for local employment purposes. Details of the development, including the Innovation Centre, are currently being determined. The development is expected to support over 6,000 jobs.

Portishead and the M5 Corridor

[43] Alder King (2003) Op Cit.

8.25 Portishead and other locations close to the M5 have attracted a significant amount of new office and industrial development over recent years. The 5/20 Business Park at Kenn close to Clevedon has been substantially developed for industrial uses, largely related to meeting the expansionary requirements of local businesses.

8.26 At Portishead and nearby Ham Green, some 5,500sq m gross of new office floorspace on some 1.5ha has been completed over the last 12 months. Another 7ha approximately are coming forward for offices in response to demand from across the Bristol area for out of town office locations. A further 10ha approximately are allocated for a range of employment uses. This further land is likely to be taken-up over the next 5 years or so creating in excess of 2,000 jobs.

Royal Portbury and the Port of Bristol

8.27 The Port came under the ownership of First Corporate Shipping Limited in 1991 leading to considerable investment in new handling facilities, mainly at Royal Portbury. Cargo traffic has risen sharply from about 4.8 million tons in 1990 to 10.1 million tons in 2002, with Bristol the third fastest growing port in the UK over this period. About 5,400 jobs are within the port estate while an estimated 7,660 jobs depend either directly or indirectly on the Port (Bristol Port Economic Assessment: March 2004).

8.28 The growth of the port has led to a very considerable requirement for land with over 200ha being taken-up at Royal Portbury Dock. This includes some 50ha for industrial, mainly distribution uses while car storage accounts for another 70ha.

8.29 Virtually no vacant land remains available for development at Royal Portbury. However, a recent assessment of the growth potential of the port advises[44] that another 250-350ha of development land is likely to be required by 2022 if the potential for further trade growth and some 2,600 extra jobs is to be realised. It is argued as well, that without opportunity for continued investment and expansion, the trend of growth at the port may be reversed. Recently, the port company has outlined a proposal for a deepwater, container terminal at Avonmouth

8.30 The local councils want to see the development requirements of the Port channelled towards the regeneration of derelict and under-used at Avonmouth. Realising this aspiration would almost certainly require a second Avonmouth crossing in order to improve links between Avonmouth and Royal Portbury. A new crossing is proposed by the draft Greater Bristol Strategic Transport Study.

Bristol International Airport

8.31 The Airport is attracting rising numbers of passengers with the annual total currently standing at about 4.5 million. Daily flights to New York commenced in May 2005 and airport passengers are expected to rise to about 5 million over the next 12 months and 10-12 million by 2030[45] with considerable benefits in terms of jobs and the encouragement of business investment across the wider sub-region. Currently, about 2,650 persons work at the Airport. This number could climb to about 6,000 by 2030 given the forecast of future passenger numbers[46].

[44] Bristol Port Economic Assessment: Roger Tym with ET Laing for SWRDA. March 2004.
[45] Air Transport White Paper. Dec. 2003.
[46] Bristol International Airport Draft Master Plan 2005 to 2030.

8.32 The existing terminal with extensions, according to the draft Airport Master Plan, has capacity for up to perhaps 9 million passengers per annum with higher numbers requiring a new location for a terminal building and further car parking beyond the current airport boundary. A planning application has been submitted for an extension to the terminal. The draft Airport Masterplan sets out the framework for the development of the Airport over the next 20 years.[47]

Bristol City Centre

8.33 Bristol City Centre has attracted a very considerable amount of new office development. Annual completions since 1989 have averaged in excess of 21,000 sq m gross with the stock of office floorspace amounting to about 1m sq m gross. Grade A office rentals have climbed to £3,100 per sq m.[48]

8.34 Completion rates in the City Centre tailed-off in the mid 1990s with the attention of developers and occupiers attracted to the North Fringe. More recently, the City Centre office development market has staged a recovery symbolised by the success of the Temple Quay development. Over the last year, about 18,000 sq m gross was completed with the level destined to rise sharply next year as a result of the large amount of development- 70,000 sq m gross, under construction. Major schemes currently underway include Harbourside (Canons Marsh- 16,000 sq m gross), to be taken-up by Clerical Medical, the final development at Temple Quay (9,400sq m gross) and Temple Circus (8,500sq m gross).

8.35 The considerable scale of office development proposed for the City Centre also indicates its strength as an office location. About 220,000sq m gross has planning permission while sites currently proposed for offices offer the potential for in excess of a further 100,000sq m gross of new floorspace.

8.36 Major schemes with planning permission with considerable office development include: the Broadmead extension (20,000 sq m gross); Temple Quay 2 (49,000sq m gross); Harbourside (Canons Marsh)- later stages (20,300sq m gross); Courage Brewery (38,100sq m gross). Other proposed or potential sites include: St Mary Le Port (23,200sq m gross); Wapping Wharf (20,400sq m gross); and several sites in the Temple Way, Temple Meads and Redcliff areas.

8.36 A recent study advises that the current market for office development in the City Centre supports the take-up of about 20,000sq m gross per annum[49]. The current office supply pipeline therefore, appears to offer the capacity to meet the demand arising over the next 20 years. Recent trends of take-up indicate that a high proportion of demand is from small to medium sized occupiers and related to the requirements of existing employers. Recently, the City has not been attracting the relocation of back-office functions owing to lack of available space and labour costs[50].

8.37 Other major new developments being progressed in the City Centre include:

- the Broadmead expansion and redevelopment that will provide over 100,000sq m gross floorspace including about 60,000sq m gross for retail

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[47] Bristol International Airport: Master Plan 2005 to 203. Draft for Consultation October 2005. Comments to be submitted by 12th December, 2005.
[48] GVA Grimley September 2005
[49] RPS/Alder King (2003).
[50] GVA Grimley September 2005.

uses and in excess of 20,000sq m gross for offices; construction has commenced with completion anticipated in 2008;
- the indoor arena, adjacent to Temple Meads, proposed by the City Council and SWRDA as part of a mixed use development; planning application to be submitted in June 2006 with completion currently anticipated in 2008/9; and,
- Harbourside Wapping Wharf to provide 61,750sq m gross floorspace; to include a new Museum of Bristol and a range of other uses.

8.38 The considerable potential for new office and other development in the City Centre represents in turn, considerable potential for employment growth. Major office schemes in the pipeline could support in excess of 15,000 jobs. The Broadmead expansion could create an additional 3,000 jobs, while the proposals for major cultural developments could lead to another 2,000 jobs. The general expansion of the leisure and cultural role of the City Centre is also likely to lead to more jobs in a range of smaller facilities and enterprises. However, jobs are also likely to be lost as businesses relocate from older premises. These may amount to the order of 10-15,000 over the next 20 years.

South Bristol

8.39 A masterplan for some 76ha at Hengrove Park has been prepared to guide a mixed use development comprising housing, business parks (6ha), leisure uses including a new swimming pool and sports centre, education facilities, and a hospital. Outline planning permission has been granted. The development could support up to 3,000 jobs

Weston-super-Mare

8.40 A consultation draft of the Weston Area Development Framework has been agreed to guide the regeneration and expansion of the town over the next 20 years. It proposes improvements to the town centre and the sea-front, and major new development on the edge of the town. Currently, 25ha are proposed for employment uses at the former RAF training school, a further 60ha are proposed for employment at the former Weston Airfield and another 12ha at West Wick. Much emphasis is being placed on securing early progress with the release and enhancement of these sites and thereby, the attraction of employment to the town. Some 10,060 jobs are expected to arise from the Weston Development Framework proposals by 2021 with capacity created for some 17,500 in the longer-term.

Bath City Centre

8.41 The City Centre is under considerable pressure from the large number of visitors attracted and the associated requirement for development. Bath Thermae Spa will be completed shortly. Construction is due to start soon on the redevelopment of the Southgate Shopping Centre to provide the extra capacity and modern facilities required by visitors to the City with completion anticipated by 2010.

8.42 Requirements for office space currently are small scale and relate to meeting local requirements. The re-cycling of existing employment sites offers the potential to meet requirements for modern accommodation and support the modest growth of the sector. However, this potential threatened by the buoyancy of the residential property market.

8.43 Major opportunities for regeneration and meeting rising requirements for City Centre expansion over the longer-term have been identified at Western Riverside (see below) and on the edge of the centre. These opportunities will serve to complement the regeneration of Western Riverside.

8.44 The rising trend in the level of employment in Bath and especially the City Centre is likely to be maintained. The rate of growth is likely to be modest, perhaps approximating to about 500 per annum over the longer-term.

Western Riverside

8.45 Bath & North East Somerset Council and SWRDA are working with Crest Nicholson to bring forward regeneration at Western Riverside. The proposal accounts for some 35ha of brownfield land to the south west of the City Centre. A masterplan is being prepared with opportunities likely to be included for large amounts of residential and employment floorspace. Provision is expected for about 60,000sq m gross of employment space with the potential to support about 3,000 jobs. The implementation of the masterplan is expected to commence in 2007 and extend over a long-term period.

Norton Radstock

8.46 The Norton Radstock Regeneration Company has been established to buy and develop on behalf of the community, with support from the Council and SWRDA, some 7ha of former railway land close to the town centre. A masterplan has been prepared and a development partner is to be appointed shortly to enable progress with a mixed-use development scheme. For the wider Norton Radstock area, an action plan is being prepared by the Market and Coastal Towns Initiative Group that will detail priority regeneration projects.