

West of England

Local Enterprise Partnership

West of England Local Economic Assessment

December 2011

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1. Introduction

West of England

1.1 The West of England covers the four unitary authorities of Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council. The West of England has a population of just over 1 million and comprises of approximately 454,000 households (2008)¹ located across an area of 133,244 hectares.

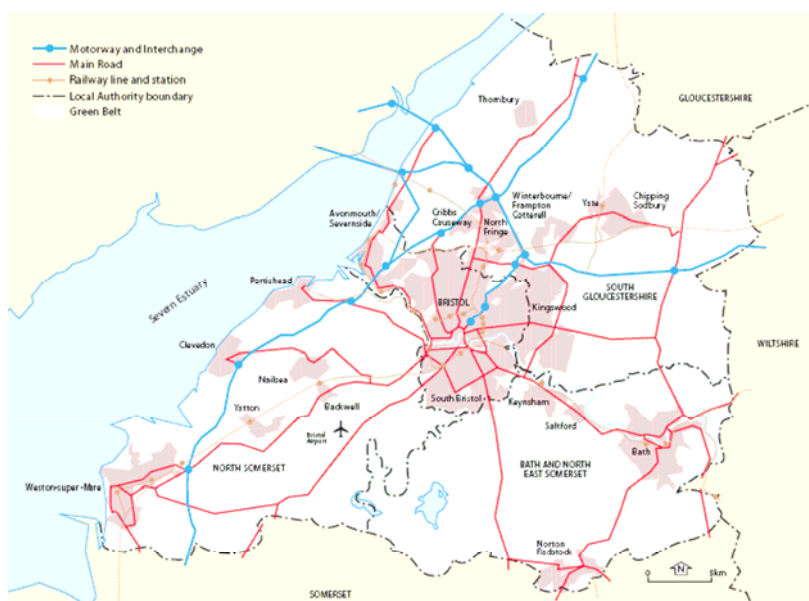
1.2 Bristol is the largest urban area in the South West with a population of approximately 441,300 (local authority area)² and is located centrally within the West of England. The city is complemented by the other strategically significant cities and towns of the World Heritage City of Bath (population of 90,000) and Weston-super-Mare (population 80,000). Beyond these principal urban areas lie the market towns of Nailsea, Midsomer Norton, Radstock, Keynsham, Yate, and Thornbury, with many villages set in rural surroundings and the coastal towns of Clevedon and Portishead.

1.3 The West of England provides a gateway to both the South West of England and South Wales. The M4 motorway connects Bristol and the West of England to London and South Wales, as well as the major urban areas of Reading, Swindon, Newport, Cardiff and Swansea; whereas the M5 motorway connects the area to Birmingham in the North and Exeter in the South. The West of England also benefits from good transport links through mainline railway services, Bristol International Airport and the Port of Bristol.

¹ 2008 Household Projections based on ONS mid-year population estimates and projected rates of household formation from trends in Census and Labour Force Survey data

² 2010 Mid-year Estimates, ONS Crown Copyright

Map 1.1: West of England Partnership Area



1.4 The West of England is a prosperous area with an excellent quality of life and a growing national and international profile. However, rapid growth and the changing current economic situation means that the area faces increasing pressure on its infrastructure (such as roads, rail, green infrastructure, flood defences and services, e.g. electricity and telecommunications). In addition there are a number of neighbourhoods, which do not share in the prosperity of the area. We must adapt the way we live and plan to address the effects of climate change and to sustain economic growth. The Partnership was formed in response to all these opportunities and challenges.

1.5 The West of England economy has a diverse sectoral base with particular strengths in aerospace; creative industries; environmental industries; silicon design and microelectronics; Finance; and tourism. The area is home to a number of internationally renowned businesses such as Aardman Animations, Future Publishing, Airbus, Rolls Royce, GKN Aerospace, BMT Group Ltd, Rotork, IPL, Hewitt Packard, Toshiba, Vestas, Gerrard Hassans, Lloyds Banking Group (UK Retail Banking Division), DAS Legal expenses, Hargreaves Lansdown, Canada Life, Computershare Investment Services, Nat West Insurance, Triodos Bank, and Sustrans. The West of England is also home to a wealth of Small and Medium sized Enterprises (SMEs), which play a significant role to the local economy.

Economic Context

1.6 The West of England Economy is influenced by and reflects the national and global economic context. In 2008 the global economy entered into a recession, and the national economy is in the process of recovery, with the Coalition Government providing a clear steer on how it intends to take the economy forward in the future:

- Addressing the public sector deficit– local authorities and other public agencies are faced with substantial budget cuts; service provision will therefore need to be more focused; in addition public spending cuts will have a knock-on impact on the private sector;
- Promotion of a low carbon economy;
- Promotion of exporting goods;
- Provide individuals and communities with the opportunity to have more of a say in shaping their own localities through the ‘Big Society’;
- Significant changes to the benefit system to ensure work pays;
- Private sector leadership;
- Identifying and removing barriers to economic growth;
- Smarter intervention in the event of proven market failure; and
- Shared responsibility in funding and resourcing.

For more information surrounding the global and national influences on the local economy please see Appendix 1.

1.7 There are a number of opportunities and challenges facing the West of England, which will be drawn out through the course of this document. These will help support the development of the priorities of the West of England Local Enterprise Partnership.

West of England Local Enterprise Partnership

1.8 The introduction of the Localism Bill in December 2010, by the Coalition Government has led to changes being made in the strategic landscape and governance structures. Regional Spatial Strategies are to be revoked, and local development plans prepared by local authorities will remain as the main policy framework. Without the regional framework there is potential for ‘policy gaps’ or a less strategic view, in response to this the Localism Bill has introduced the ‘Duty to Co-operate’ between authorities. Regional Development Agencies are also due to be abolished by March 2012, with Local Enterprise Partnerships (LEPs) emerging in their place.

1.9 LEPs are business led, locally managed partnerships between businesses and local authorities. They will play a central role in shaping local economic priorities, driving forward economic growth and the creation of local jobs.

‘As local enterprise partnerships are based on more meaningful economic areas, they will be better placed to determine the needs of the local economy along with a greater ability to identify barriers to local economic growth.’³

1.10 The West of England LEP was approved by Government on the 28th October 2010; with a particular focus to support the high growth sectors of aerospace; creative industries; environmental industries, silicon design and microelectronics; and tourism; as well as encouraging high levels of new business start-ups and the growth of small businesses.

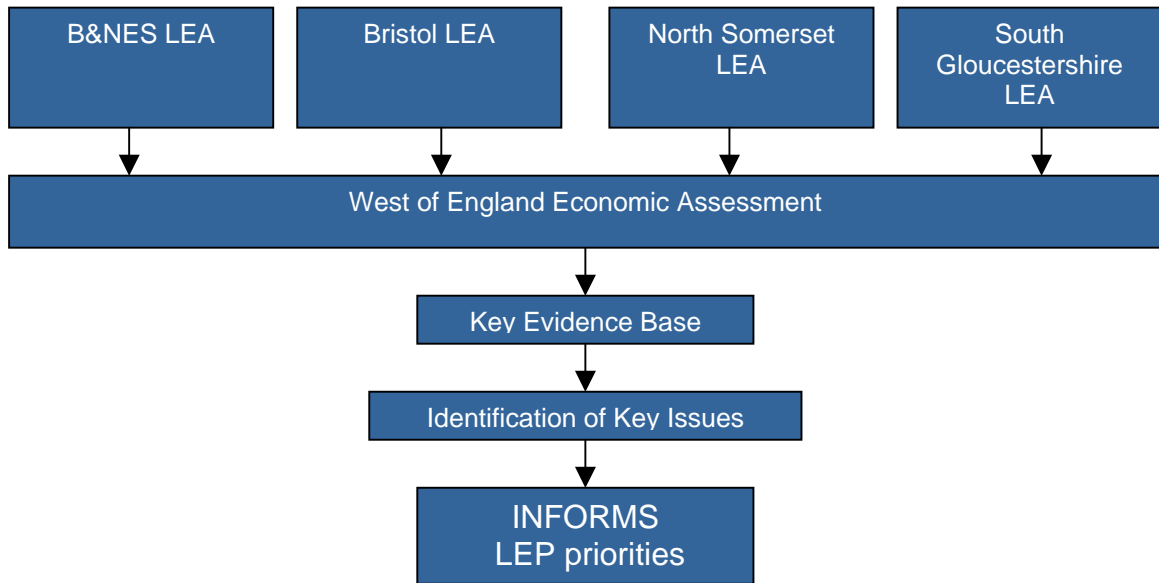
1.11 The agenda for the West of England LEP will be informed and shaped by the Local Economic Assessment and subsequent other evidence. The four UAs’ within the West of England have each produced their own LEAs; these are supplemented with this overarching West of England Economic Assessment, which highlights the strategic issues facing the Functional Economic Market Area.

1.12 The West of England Economic Assessment is an informative document that provides a comprehensive assessment and analysis of key issues of the economy across the area, taking account of strategic issues identified in the UAs’ LEAs. This West of England Economic Assessment will help to ensure that:

- i. Policy making at all levels is based on a shared understanding of local economic challenges and economic geography, and
- ii. The economic interventions of different partners are aligned and complementary.

³ CLG 2010 <http://www.communities.gov.uk/localgovernment/local/localenterprisepartnerships/>

Figure 1.1: Role of the West of England LEA



2. People

Key Emerging Issues: People

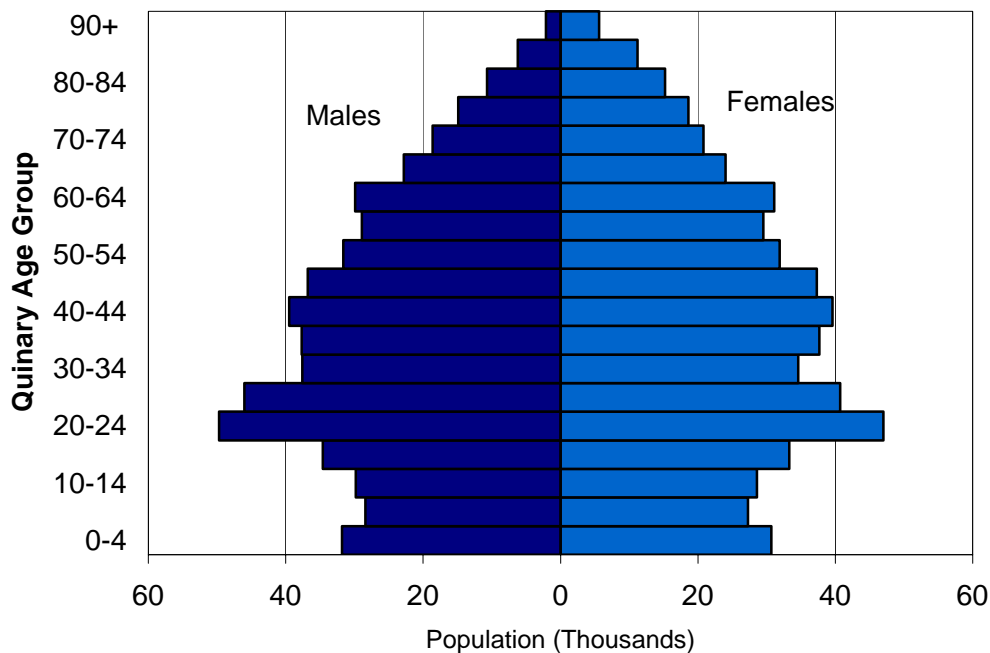
- An ageing population and slowdown in the growth of the working age population across the West of England could lead to the potential for localised labour shortages over future years unless the workforce is swelled by high rates of in-migration or by securing higher rates of economic activity. Conversely where there may be high levels of an active working age population, there may be localised imbalances with a sufficient local labour force but not enough local jobs.
- Changing population structure may have implications on the types of jobs required in the area i.e. an increase in people of retirement age may result in a need for more people in service sector jobs such as residential care.
- Changing population structures across the country may reduce the potential of the West of England in attracting economic migrants from other parts of the UK.
- Housing affordability is an issue in the area, if left unaddressed it could lead to potential future labour shortages, threaten competitiveness of the area and lead to the growth of unsustainable car commuting.
- Unemployment is likely to rise in the near future following public sector cuts, however the impacts of such cuts are yet to be seen and will be dependent upon how the individual authorities and agencies manage these cuts.
- Long-term, concentrated pockets of unemployment and worklessness across the partnership area, need to be addressed to prevent widening disparities between communities.
- The West of England has higher than the UK average skills levels across the board, however some authorities have lower than average skills levels.

Demography and Population Projections

2.1 2009 population estimates¹ put the population of the partnership area at 1,082,100, with a working age population of 691,900 (64% of the total population). The partnership area benefits from a higher than average proportion of working age population, although this is influenced by the relatively large student population in Bath, Bristol and South Gloucestershire, with approximately 53,000² undergraduates living within the partnership area.

2.2 The population pyramid (Figure 2.1) illustrates the age and gender distribution for the partnership area in 2009. The make-up of the population reflects: the high level of 20-30 year olds present for study or work; a lower number of 30-44 year olds which is perhaps as a result of those within this age group moving out of the area to start families, seek housing choices or for other work/life opportunities; and high levels of the population aged 50 and over which reflects our aging population.

Figure 2.1: West of England Population Pyramid – 2009 Mid-year Estimates



Source: ONS mid-2009 population estimates

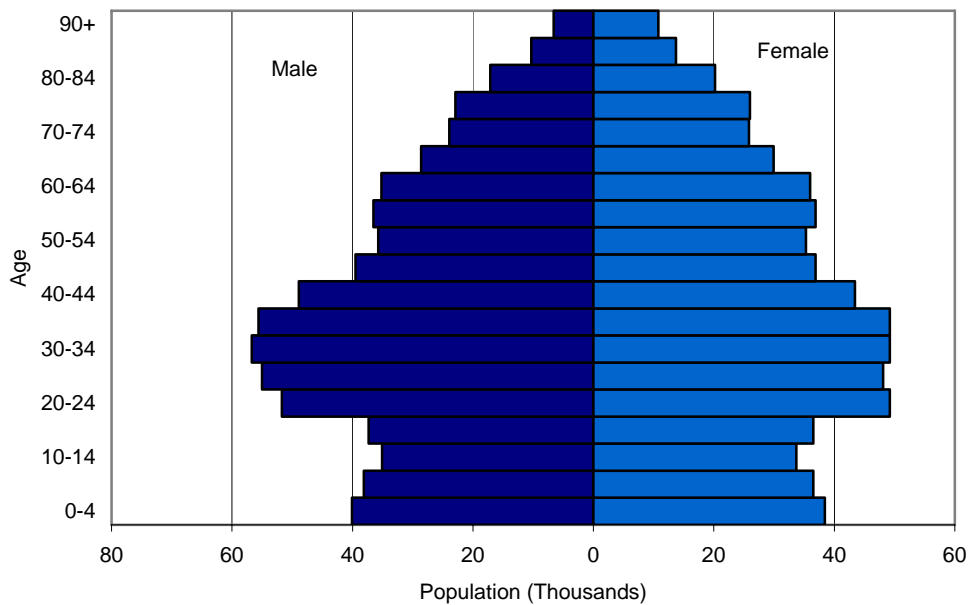
2.3 Population trends in the West of England have consistently shown population levels rising faster than at the national level this is partly reflective of the existing structure of the population, and the ageing of that population but it also demonstrates the competitive strength of the local economy and the availability of jobs. If recent trends continue, the population of

¹ ONS 2009-mid year population estimates

² Graduate retention and migration in the West of England region; Higher Education Careers Services Unit.

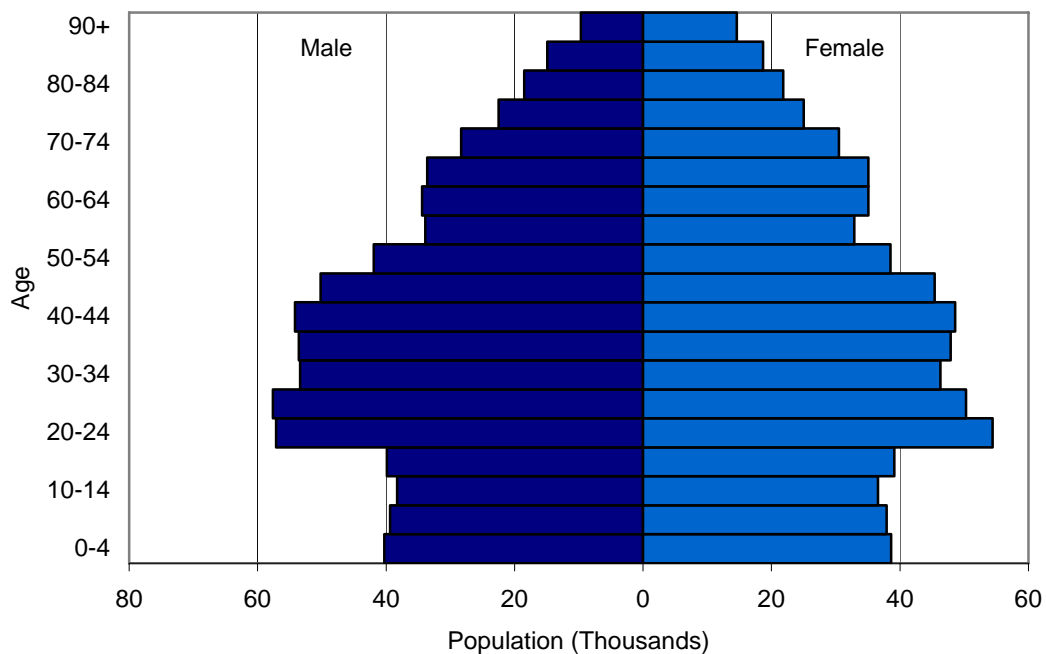
the West of England is projected to increase to approximately 1,419,100 by 2033, representing higher annual growth rates than those projected nationally and for London.

Figure 2.2: West of England 2026 Population Pyramid – based on 2008 population projections



Source: ONS 2008-based population projections

Figure 2.3: West of England 2033 Population Pyramid – based on 2008 population projections



Source: ONS 2008-based population projections

2.4 Growth in the number of working age people resident in the West of England is expected to account for just over half of the Partnership areas total population growth; this compares to 25% nationally. However, this is a considerable slowdown in the growth of the population of working age, which in the past has accounted for around 60% of the population. This is accompanied by a considerable increase over the future in the retired population of the West of England as seen in the current projections³.

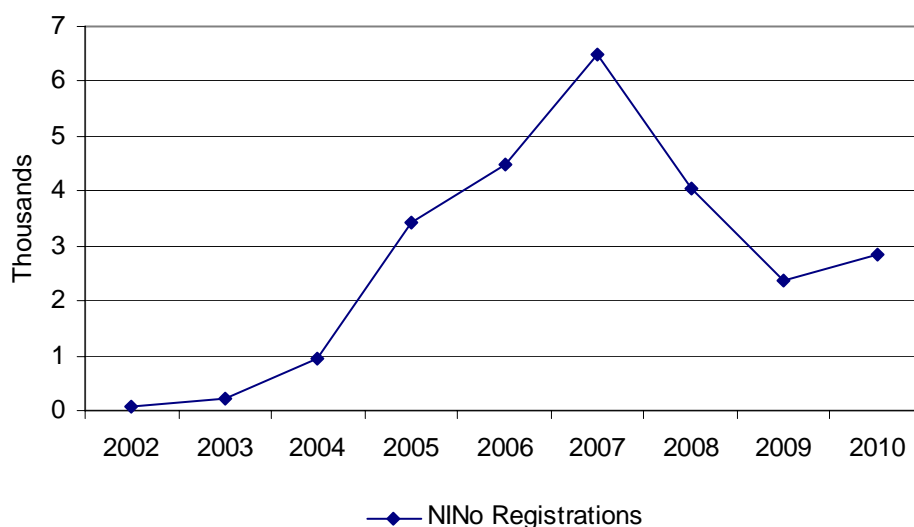
2.5 The ageing of the population and the slowdown in the growth of the working-age population creates the potential for localised labour shortages over future years unless the workforce is swelled by high rates of in-migration or by securing higher rates of economic activity, especially amongst disadvantaged and other groups currently less active in the labour market. Conversely in areas where there may be high levels of an active working age population, there may be localised imbalances with a sufficient local labour force but not enough local jobs.

2.6 The shift in the make-up of the population may also have implications on the types of jobs required in the area, for instance a rise in the number of people of retirement age may result in the need for a greater number of people in locally derived service jobs such as care work. All regions are likely to experience ageing populations and labour shortages, reducing the potential for the West of England to attract economic migrants from other parts of the UK and in turn, support higher levels of employment growth.

2.7 Migration from the EU accession countries – Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia – contributed to the number of economically active persons within the West of England following their inclusion into the EU in 2004. The number of overseas migrants from these destinations has since declined an outcome of the recession, as illustrated by the number of National Insurance Number Regurgitations (NINo) within the West of England (Graph 2.1), however numbers may return as the national economy starts to recover with figures for 2010 higher than those in 2009. Although this also depends on the strength of the economy and availability of jobs in the ‘home’ countries.

³ONS 2008 based population projections.

Graph 2.1: NINo Registrations in the West of England from EU Accession Countries



Source: DWP, National Insurance Recording & Pay As You Earn System

2.8 Despite the slowing in the growth of the working-age population, over the next 20 years the working age population of the West of England is expected to grow at a faster pace than that of London and nationally. The projected workforce population of the West of England therefore has more potential to support overall higher rates of future economic growth than other areas.

Table 2.1: Projected population growth, working age; West of England, England (excluding London, and London)

	WofE % change	England % change	London % change
2008-2030	23.5	16.1	13.5
2008-2020	12.9	8.2	8.1
2020-2030	7.6	6.6	4.4

Source: ONS 2008-based population projections

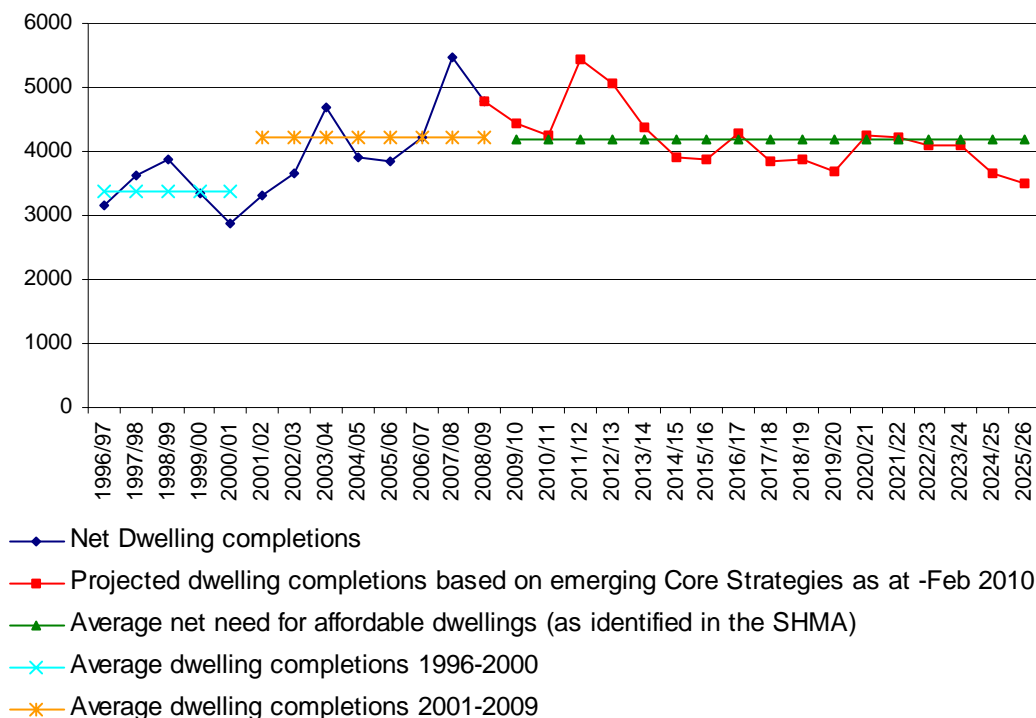
2.9 It should be noted that whilst the ONS 2008-based subnational population projections are the latest National Statistics, they are based on the assumption that recent trends (2004-2008) in fertility, mortality and migration at local authority level will continue; they take no account of local development policy, economic factors or the capacity of areas to accommodate population. Given the current slowdown in the national economy and changing Home Office rules a degree of uncertainty surrounds the migration assumptions underpinning the 2008-based projections. Nevertheless, the earlier 2004-based population projections which could be considered a more realistic projection, also predict a significant increase in the

West of England population (by some 166,00 to 2026), this is a 16% increase, and much higher than the anticipated national growth (which was projected to increase by some 10.1%).

Housing

2.10 Historical housing completion rates for the West of England demonstrate some peaks and troughs, partly linked to changing housing market conditions and partly linked to the development of large housing sites. Nevertheless there has been a steady increase in completions seen since 2001; average dwelling completions between 2001 and 2009 were 4,230 per annum compared to an average of 3,376 per annum between 1996 and 2000.

Graph 2.2: Projected Housing Need



Sources: LA residential Land survey record; LA Core Strategies at Feb 2010; and West of England Strategic Housing Market Assessment

2.11 Following a peak in 2007/08, housing completions across the sub-region fell sharply during 2008/09 linked to the impacts of the economic downturn; these impacts continued to affect dwelling completions until 2010. The likely average annual dwelling completions for the plan period up to 2026, will not be known until housing numbers are adopted following the Core Strategy process.

2.12 The West of England Strategic Housing Monitoring Assessment found that lower supply levels in the West of England and nationally will increase house prices and therefore

decrease affordability, (or the proportion of younger households able to afford to rent in the open market). There is a need to ensure that a lack of housing does not exacerbate potential future labour shortages, threaten the competitiveness of the area and lead to the growth of unsustainable long distance car commuting.

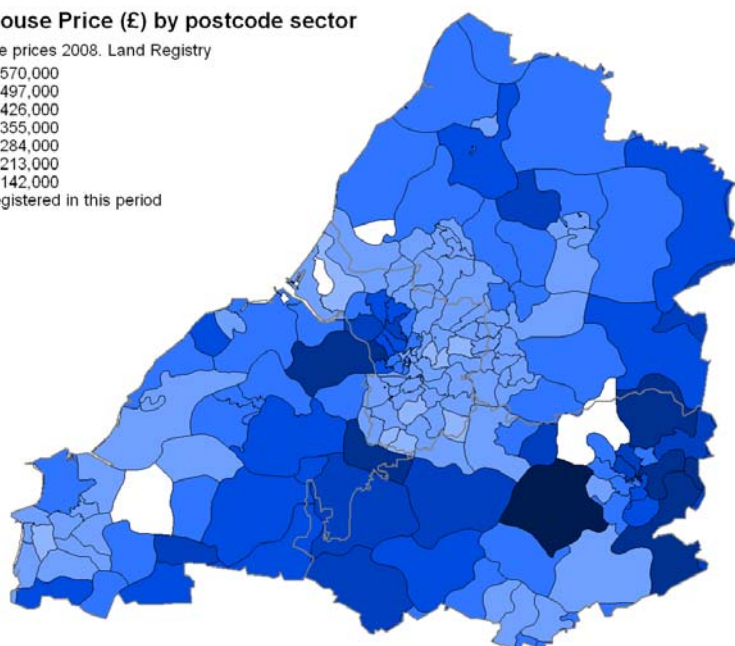
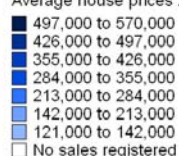
2.13 The West of England Strategic Housing Market Assessment (SHMA) has estimated that the need for affordable homes in the West of England is some 4,180 per annum. In order to meet this need fully, 99% of projected annual average housing completions in the West of England would therefore need to be affordable. Based on current affordable housing policies and total levels of supply, despite an increase in the number of affordable units delivered year on year, the West of England is still not able to fully meet housing need. Whilst this situation is not unique to the West of England, the area has relied upon 'kickstart' and other government funding initiatives to help deliver affordable homes. Since 2007 there has been a significant increase in the number of affordable homes supported by a number of these short-term government-funding initiatives. The uncertainty of such funding streams for the coming year means that affordable housing completions could fall dramatically during 2010/11 and over the long-term.

2.14 The occupational make up of some parts of the West of England economy comprises some low wage occupations. Increased demand for housing has in part contributed to increased house prices and this has not been matched by an increase in earnings. Median house prices across the partnership area therefore significantly out-strip median annual earnings, making it increasingly difficult for first time buyers to get onto the 'housing ladder' as well as for those in lower paid work. Housing affordability across the sub-region is poor and getting worse as illustrated in the West of England SHMA, with house prices at times reaching around 10 times higher than full-time employee earnings in certain parts of the West of England.

Map 2.1: Average House Price by Postcode Sector

Average House Price (£) by postcode sector

Average house prices 2008. Land Registry



This map is based upon Ordnance Survey material with the permission of Ordnance Survey on behalf of Her Majesty's Stationery Office © Crown Copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. (Bath & North East Somerset Council) (10002334) (2009)

Table 2.2: Ratio of lower quartile house price to lower quartile earnings

	2007	2008	2009	2010
B&NES	10.4	9.67	8.61	9.57
Bristol	7.91	7.63	6.35	7.09
N.Somerset	8.06	8.01	7.46	7.9
S. Gloucestershire	8.75	8.49	6.87	7.77
Mendip	10.12	9.69	8.53	7.85
West Wiltshire	8.65	7.87	NA	NA
South West	8.94	8.75	7.63	8.17
South East	8.88	8.82	7.71	8.51
England	7.25	6.97	6.28	6.69

Source: CLG, Live table 575. Notes:

1. The Annual Survey of Hours and Earnings (ASHE) is based on a 1 per cent sample of employees jobs. Information on earnings and hours is obtained in confidence from employers. It does not cover the self-employed nor does it cover employees not paid during the reference period. Information is at April each year. The statistics used are workplace based full-time individual earnings.

Summary

2. HM Land Registry data is for the first half of the year only, so it is comparable to ASHE data, which is at April.
3. The "lower quartile" property price/income is determined by ranking all property prices/incomes in ascending order. The lowest 25 per cent of prices are below the lower quartile; the highest 75 per cent are above the lower quartile.
4. Data for 2008 is provisional.

2.15 The ratio of lower quartile (LQ) house prices to lower quartile earnings is an official measure of housing market affordability; it is used to demonstrate whether people in the lower earnings bracket can afford the cheapest housing, and to provide a consistent measure of affordability between areas nationally. The LQ house price to LQ earnings ratios of all districts

in the West of England have decreased marginally between 2006 and 2009; suggesting that in general affordability in the West of England has improved; however in 2010 this started to rise. The same trend has been demonstrated at regional and national level. However, it should be noted that because of restricted lending, for many, the fall in house prices has not improved their access to house ownership. Affordability ratios in some parts of the West of England remain worse than the national average and comparable with some parts of the South East.

2.16 Consequently economic growth could be seriously limited across the partnership area if workers cannot afford to live in the area, it could also worsen the unsustainable pattern of in-commuting from more affordable areas within and outside the partnership area, this in turn has a knock on effect to the success of businesses operating in the area (to be addressed further under business and place). As mentioned before the aging population within the sub-region is likely to increase the need for locally derived service jobs. If affordability remains an issue these workers will increasingly struggle to afford to live within the partnership area and their quality of life will be greatly impacted upon and increase unsustainable commuting patterns. However, this is a very simplistic assumption and doesn't take into account the multi-faceted reasons which influence where people live. Furthermore the private rented market allows many younger / migrant / less affluent workers to live near to their place of work without buying a property.

2.17 Further to the affordability of housing within the partnership area, the type of tenure of housing being built is also an issue. The development of the correct size mix of both social rented and intermediate housing is important in tackling the issues outlined above that can be caused by the under provision of appropriate housing in the area. Table 2.3 and 2.4 show the size mix for new social rented housing and intermediate housing required in the West of England as identified in the SHMA.

Table 2.3: Size mix for new social rented housing 2009-2021

Percentages	B&NES	Bristol	N Som	S Glos	WofE
1 bed	37.9	48.0	37.9	23.6	41.5
2 bed flat	1.2	-	9.9	7.6	-
2 bed house	32.5	25.2	22.3	37.3	28.8
3 bed house	19.1	12.6	22.4	21.6	19.2
4+ bed house	9.3	14.2	7.4	9.9	10.5

Source: Table 4.13 West of England SHMA Main Report

Table 2.4: Size mix for intermediate housing 2009-2021

Percentages	B&NES	Bristol	N Som	S Glos	WofE
1 bed	44.1	48.6	37	43.8	41.9
2 bed flat	18.5	13.4	18.1	16.7	16.5
2 bed house	13.9	19.1	20.9	18.9	19.6
3 bed house	21.7	16.9	22.5	19.4	20.3
4+ bed house	1.8	2.0	1.6	1.2	1.7

Source: Table 4.14 West of England SHMA Main Report

Repossessions

2.18 The difficulties households face in retaining their properties is reflected in part in mortgage repossession orders; homeowners who face repossession may potentially fall into housing need. Orders issued in the West of England HMA increased significantly between 2006 and 2008 as a result of the economic downturn and increasing unemployment, however, actual possessions in the UK have been lower than originally predicted by the Council of Mortgage Lenders (CML) for 2009. A combination of lower interest rates, lender forbearance, and government intervention (e.g. the Homeowner Mortgage Support scheme) has forestalled a significant proportion of possessions. This indicator will need to be closely monitored to gauge the effect of changes in other factors such as movement in interest rates or property prices, to which this is closely linked.

Table 2.5: Mortgage possession claims issued between 2006 - 2010

	2006	2007	2008	2009	2010
B&NES	205	205	195	115	120
Bristol	775	745	840	585	445
N.Som	485	585	585	390	335
S.Glos	350	385	415	275	215
West Wilts	175	170	165	110	100
Mendip	255	255	230	-	-
WofE HMA	2,245	2,345	2,430	1,475	1,215
South West	16,485	16,170	16,400	10,875	8,980
England & Wales	121,630	128,275	132,695	87,120	70,170

Source: Ministry of Justice

Notes:

- 1) Data relates to possession claims issued and claims leading to orders being made in the County Courts.
- 2) Figures rounded to the nearest 5.
- 3) West Wiltshire data not available after 2008, as no longer a separate district

Employment Trends and Structure

Economic Activity

2.19 80% of the working age population of the West of England are economically active compared to 76.2 % for England and Wales⁴; all four authorities making up the partnership area are higher than that for England and Wales as shown in table 2.6. This means that 80% of all people of working age in the West of England are either in employment or actively looking for work.

2.20 High economic activity rates are an important indicator of the health and success of an economy, providing a sizable recruitment pool for businesses and signals low benefit dependency amongst the working age population. However, this overall figure can be misleading, as it does not identify localised areas where there is significantly low economic activity, each of the four UAs will have local areas where this is an issue, and these should be identified through their individual LEAs.

2.21 75.6% of the working age population of the West of England are in employment; this is higher than that for England and Wales, which is at 70.2%. Again high employment rates signify a successful economy and indicate higher prosperity and enhanced sustainability through lower benefit dependency. However as set out above this overall figure can be misleading, as it does not identify localised areas where there is significantly high levels of worklessness.

Table 2.6: Economic Activity: Resident Population aged 16-64
January 2010 – December 2010

	Economically Active %	In Employment %	In Employment working full-time %	In Employment working part-time %
B&NES	75.6	71.3	69.1	30.9
Bristol	79.4	74.3	71.1	28.9
N.Som	81.8	77.4	69.7	30.3
S.Glos	82.7	79.6	72.7	27.3
WofE	80.0	75.6	71.0	29.0
South West	78.5	73.6	71.4	28.5
England & Wales	76.2	70.2	74.1	25.7

Source: ONS, Annual Population Survey

⁴ Source: ONS, Annual Population Survey

Economic Inactivity and Unemployment

2.22 The economically inactive are people who are not in work, but who do not satisfy all the criteria for the International Labour Organisation (ILO) definition of unemployment such as those in retirement and those who are not actively seeking work. Table 2.7 shows that 20.3% of the working age population of the West of England are economically inactive, this is below the figure for England and Wales, which is 23.3%, again this signifies a healthy economy.

2.23 The ILO definition of an unemployed person is one who is over 16, not in employment, actively seeking work and able to start work within two weeks. The ILO unemployment rate is calculated as the proportion of economically active people who are unemployed. Using this definition the unemployment rate for the West of England is 5.5%, which is quite a lot lower than the rate for England and Wales at 7.8%. There are however disparities across the UAs with Bristol showing the highest level of unemployment and South Gloucestershire the lowest (as illustrated in table 2.7 below).

Table 2.7: Economic Inactive and Unemployment: January 2010 – December 2010

	Economically Inactive %	Unemployed %
B&NES	24.4	5.7
Bristol	20.6	6.5
N.Som	18.2	5.4
S.Glos	17.3	3.8
WofE	20.0	5.5
South West	21.5	6.2
England & Wales	23.8	7.8

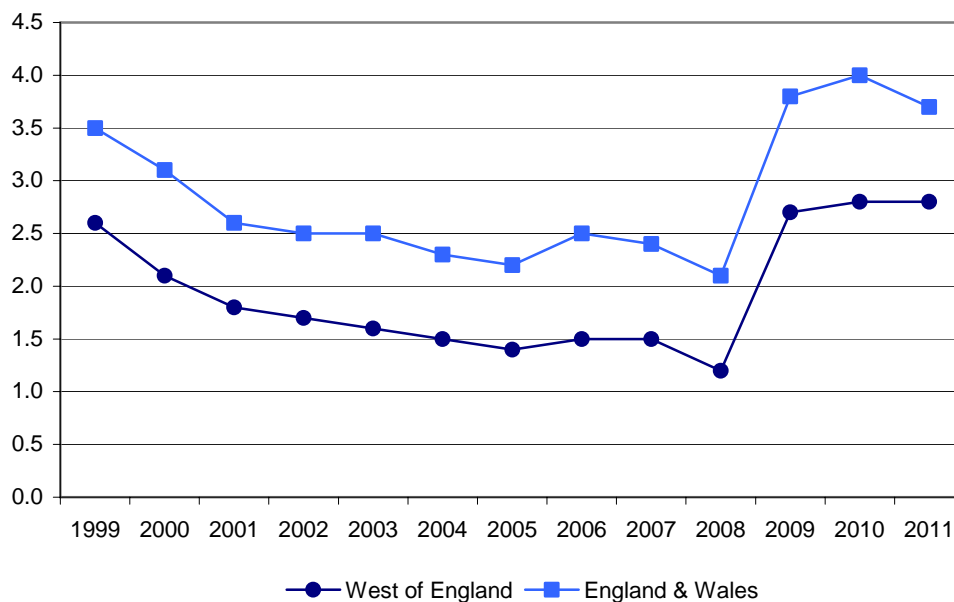
Source: ONS, Annual Population Survey

Unemployment figures for UA's are taken from ONS model-based estimates, which provide a more precise measure.

Claimant Count (Jobseekers Allowance)

2.24 The Claimant count - the number of people of people claiming Jobseekers Allowance (JSA) is updated monthly. Although it is not a full count of the number of people unemployed as not everyone is eligible for JSA, or are claiming other forms of 'out-of-work' benefits or choose not claim, it does provide a more up-to-date indicator of the level of unemployment than ILO unemployment. ILO unemployment, which is taken from the Annual Population Survey (APS), is subject to a significant time lag of six to nine months; in addition the data is subject to significant confidence levels, which can mask the 'real picture' for lower level geographies.

Graph 2.3: Claimant Count – Yearly Time Series March 1999 – March 2011



Source: National Statistics

2.25 Graph 2.3 shows that the claimant rate for the West of England has shadowed the trend for England and Wales, but has been consistently lower. Claimant rate as of March 2010, was at its highest point for 12 years both for England and Wales and the West of England, this is an outcome of the recession, however there is likely to be another peak in the number of people claiming JSA following the cuts being made to the public sector.

Qualifications & Higher Education

2.26 The West of England is home to the four universities of Bath, Bath Spa, Bristol and UWE. Data made available on each university website implies that there is approximately 69,200 students, studying at institutions within the West of England. However, in some instances students may not be resident in the partnership area, due to the rise of part time and distance learning. The 2001 Census indicated that some 62,400 students were recorded as resident within the partnership area, at the time this represented nearly 9% of the population compared with about 6% for the region and 7% for England and Wales.

2.27 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 the fields. Departments who achieved the second highest rating, grade 5, were considered to set

international standards. The assessment identified some 3 departments within Bath University graded as 5* and another 8 graded as 5. For Bristol University some 15 departments were graded as 5* and 21 grade 5 standard. More recent information ranks Bath University 10th in the country⁵, this ranking is based on nine key factors including graduate prospects, student satisfaction, entry standards and research assessment; the University of Bristol comes in 11th in this ranking. Furthermore, Bath University was rated the Sunday Times University of the Year 2011/12.

2.28 The high academic standards achieved by the local universities, particularly in the sciences, maths and mechanical/aeronautical studies, complement and support the relatively large amount of highly skilled employment available in the partnership area, particularly in finance and business services, health and higher education, aerospace and advanced engineering.

2.29 Table 2.8 shows the percentage of working age population with NVQ level 1,2, 3 & 4 qualifications as well as those with other qualifications and no qualifications. In 2010 84% of the West of England's working age population were educated up to NVQ level 1, 71% to NVQ level 2, 55% to NVQ level 3 and 34% to NVQ level 4. This is consistently higher than that for the UK, however there are disparities across the UAs; for instance NVQ levels 3 and 4 are a particular issue for South Gloucestershire (49% and 27% respectively). 8% of the working age population had other qualifications; this includes things such as health and safety certificates, internal IT training courses, foreign qualifications etc, which although do not fit under a formal categorisation, these types of skills may contribute to making someone more employable. A further 8% of the working age population of the West of England are classified as having no qualifications

Table 2.8: Qualifications: Percentage of Working Age Population (2010)

	West of England	UK
NVQ 4 and above	34%	31%
NVQ 3 and above	55%	51%
NVQ 2 and above	71%	67%
NVQ 1 and above	84%	80%
Other qualifications	8%	8%
No Qualifications	8%	12%

Source: ONS, NOMIS

⁵ Source: The Complete University Guide, University League Table 2012; <http://www.thecompleteuniversityguide.co.uk/league-tables/rankings>

2.30 The West of England has a consistently higher rate of qualifications across all levels than the UK as a whole. However, despite high levels of performance in the region, there remain populations of both young and old who do not fully participate in or benefit from education and learning. Their needs are important and must be addressed to enable them to engage fully in society and the economy of the West of England, e.g. 57.4% of people have no qualifications within Filwood Ward, South Bristol.

2.31 Since low qualification levels are typically associated with low earnings and unemployment, it is vital that everyone is encouraged to fulfil their vocational or academic potential. A highly skilled workforce is a key economic asset both in attracting businesses to the region and helping existing businesses to grow and prosper. Education also influences individuals' quality of life through the adoption of typically healthier lifestyle choices and continued personal and professional development.

2.32 Table 2.9 states the 'origins' in a broad sense of graduates employed in the West of England. The graduates are classified as locals, returners, stayers and incomers. Locals are those who lived in the partnership area prior to entering into higher education, studied in the area and then were employed within the area. Returners are those who moved out of the partnership area to study but returned to take up employment. Stayers are those who moved to the partnership area to study then took up employment within the area; and, incomers are new to the area in order to take up employment. As shown by the table below, as individual classifications the majority of graduates employed in the area are new to the area or have returned to the area having studied elsewhere; this could be a sign that the courses on offer at local institutions do not match the requirements of businesses in the area, however there are exceptions to this i.e. civil engineering.

Table 2.9: Graduates employed in the West of England (2005/6 to 2007/8)

Total WofE Locals	22.1%
Total WofE Returners	24.1%
Total WofE Stayers	22.7%
Total WofE Incomers	31.1%

Source: HECSU

2.33 The 'Graduate retention and migration in the West of England region' study produced by the Higher Education Careers Service Unit states that the most common occupations for

graduates in the region⁶ were as health professionals, with nurses and midwives the main group – 1065 nurses and 75 midwives started work in the region. Other common jobs in health included junior doctors (330), physiotherapists (80), radiographers (70) and pharmacists (60).

2.34 The West of England produces more graduates locally than can be employed. The region is an effective exporter of graduates to other regional economies, most notably the rest of the South West, but also to neighbouring regions of Wales and the South East. Migration to and from the West of England generally involves these three neighbouring regions, although there are a proportion of graduates who go to London to take advantages of the opportunities that are unique to the capital.

Not in Education, Employment or Training (NEETs)

2.35 As of 2010 there was an estimated 1,570 16-18 year olds within the West of England Not in Education, Employment or Training, this equates to 5% of all 16-18 year olds known to the Local Authority. Of the UAs that make up the West of England NEETs there is a particular concentration within Bristol, with approximately 820 individuals NEET.

Table 2.10: Proportion of 16-18 year olds NEET: 2010

	16-18 year olds known to the Local Authority ^(b)	16-18 year olds NEET ^{(c) (d)}	
		Estimated number	%
B&NES	5,503	190	3.4%
Bristol	10,941	820	7.5%
North Somerset	5,560	220	4%
South Gloucestershire	9,055	340	3.7%
West of England	31,059	1,570	5.0%

Source: Department of Education

(a) 2010 data are an average at the end of November 2010, December 2010 and January 2011. They include all young people known to the local authority who were aged 16, 17 or 18 at that time.

(b) The number of 16-18 year olds known to the local authority includes those who are attending school or college in the local authority area, regardless of where they reside

(c) 16-18 year olds known to be undertaking a Gap year, or in custody, are not recorded as NEET

(d) The number and % of 16-18 year olds NEET has been adjusted to assume a proportion of those whose current activity is not known are NEET

⁶ Graduates from 2005/6 to 2007/8 employed in the West of England six months after graduating.

2.36 The White Paper *The Importance of Teaching* sets out the government's commitment to tackling the issue of NEETs by rising the age of participation to 17 in 2013 and to 18 by 2015. It should be noted that raising the participation age does not necessarily mean young people must stay in school; they will be able to choose one of the following options:

- full-time education, such as school, college or home education
- work-based learning, such as an Apprenticeship
- part-time education or training if they are employed, self-employed or volunteering for more than 20 hours a week.

2.37 This rise in the age of participation will hopefully lower the number of NEETs within the West of England, but will have implications on training provision from both educational establishments and businesses. NEETs are young people who currently choose not to participate within education or training, of those who are NEET some will have previous negative experiences of education. Although the current proposal is for compulsory participation, the paper acknowledges that it will be better to encourage young people to voluntarily participate. There will need to be a range of post-14 and 16 pathways that are both suitable and attractive to young people, increasing apprenticeships will go some way to addressing this but young people will not take advantage of new opportunities unless they are fully aware of them. This highlights the importance of high-quality guidance and support, so that informed decisions can be made.

Skills

2.38 The nature of skills demand is changing – and more markedly here than elsewhere in the country due to the high concentration of knowledge based/cutting edge/advanced technology clusters. Higher-level skills are particularly significant in realising the potential of the West of England economy for future growth. Recent data⁷ confirms the concentration of knowledge-based industries in the West of England and the potential of the sub-region to support the development and growth of such industries.

2.39 Achievement of this potential growth, however, will be dependent on the ability to supply appropriately highly skilled individuals to take up employment within these industries and to drive productivity and growth within them.

⁷ A detailed analysis of Workforce Demographics can be found at <http://www.swslim.org.uk/labourmarket/gap/lesbs.asp>

2.40 Alongside more sector specific skills employers often cite the need for new employees to have a certain level of generic employability skills⁸, these include:

- Self management
- Team working
- Business and customer awareness
- Problem solving
- Communication and literacy
- Application of numeracy
- Application of technology

Underpinning all these attributes must be a positive attitude: a 'can do' approach and a readiness to take part and contribute, openness to new ideas and a drive to make these happen.

2.41 More specific sector skills have also been identified as being relevant to the West of England⁹, these include:

- Significant demand for technology professionals in the computing sector
- Skill gaps emerging amongst managers and professionals across a range of sectors, in relation to ICT, the digital economy and technological change more broadly;
- High levels of anticipated demand for corporate managers and health associate professionals in the health and social work sectors;
- A need for improved management skills across several sectors, often specific in character, related to the sector;
- A high demand for highly skilled, specific STEM (Science, Technology, Engineering and Maths) related occupations;
- Widespread demand for associate or 'para' professional and skilled technician roles, across a wide range of sectors;
- Significant expansion of frontline personal service occupations, especially in the care sector;
- Improvements in customer care in front-line retail and hospitality occupations.

2.42 An emerging issue for the West of England comes from the changing threshold for those deemed of working age steadily increasing; this will have a two-fold effect, firstly on the volume of the workforce and secondly on skills and qualifications. There is a risk that the older workforce will become excluded from the jobs market, as many of their formal

⁸ 'Employability Skills Explored' (2008) <https://crm.lsnlearning.org.uk/user/order.aspx?code=080044>

⁹ Institute for Employment Studies

qualifications can be deemed out of date. Also of concern are those currently working successfully in skilled jobs but with no formal qualifications. The effects of this issue in the labour market are currently not fully understood.

Worklessness

2.43 The West of England faces a complex and interconnected set of factors and problems in tackling the issues of worklessness. Previous work undertaken by the partnership has identified the following clusters of issues as areas to concentrate their efforts:

1. Young people
2. Skills
3. Multiple deprivation in Neighbourhoods

2.44 There is a real multiplier effect if these individuals can be taken out of worklessness. The impact potential is not only on themselves, but also on their family – particularly their children and the wider community. Most of the biggest concentrations of worklessness are in areas of multiple disadvantage.

Deprivation

2.45 The Index of Multiple Deprivation 2010 combines a number of indicators, covering a range of economic, social and housing issues, into a single deprivation score for each Census lower super output area, (LSOA), in England. This allows each area to be ranked relative to one another according to their level of deprivation.

2.46 As shown by map 2.2, the West of England has deprivation ‘hot spots’ which are amongst some of the most deprived areas in the country, yet are adjacent to some of the least deprived areas of the country. The West of England has 46 LSOA’s in the most 20% deprived nationally for multiple deprivation, of which there are 41 LSOA’s in the most 10% deprived nationally.

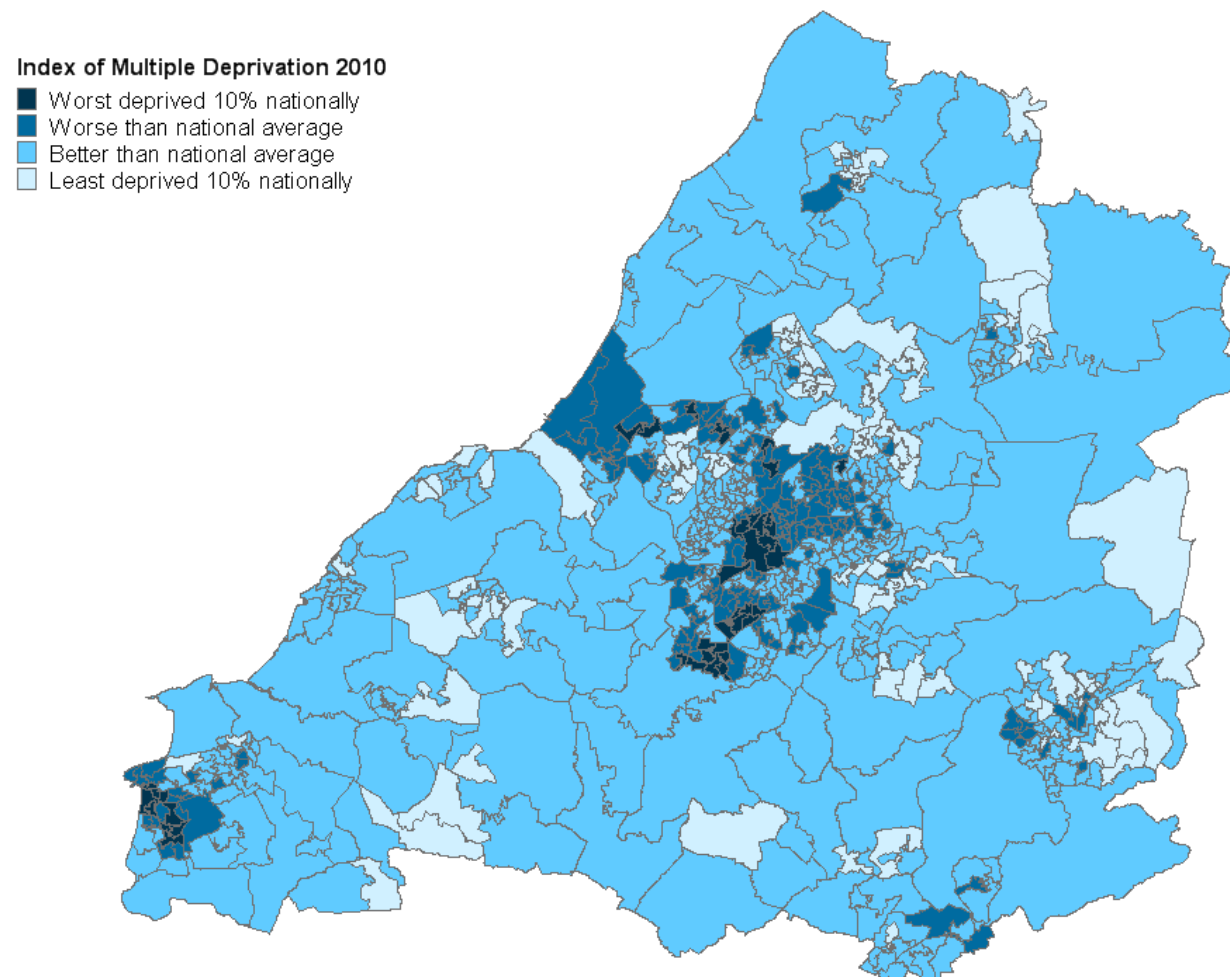
2.47 LSOA’s falling within the most 20% deprived nationally are characterised by higher than average levels of unemployment. Social and economic, as well as physical regeneration is therefore needed to meet the needs of individuals living within these LSOA’s and to support the West of England’s future high levels of projected growth.

2.48 All four authorities within the partnership area have pockets of deprivation with clear concentrations in parts of Bristol and Weston-super-Mare. Although each locality has different characteristics, the risk of increasing social exclusion in these areas comes from a

combination of employment losses, relatively low skills and poor transport links. If these issues are left unaddressed the polarisation and disparities between rich and poor will worsen in the West of England, potentially having a larger fiscal impact over the long term than seeking to address them now.

Map 2.2: Index of Multiple Deprivation 2010

Source: CLG



This map is based upon Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. (Bath & North East Somerset Council) (100023334) (2011).

3. Business

Key Emerging Issues: Business

- An imbalance of labour/employment may cause an increase in commuting/out-commuting across the area.
- Public sector funding cuts may lead to:
 - Increase in the number of people in unemployment in the area and actively seeking work.
 - Potential decline in service provision affecting rural and disadvantaged communities the hardest i.e. subsidised public transport.
 - Loss of business support i.e. Business Link at the local level
- Innovation & Key Sector Support / Productivity rely on:
 - Maintaining and improving our competitive strengths to promote innovation.
 - Supporting development of key sector strengths and providing an environment for them to grow.
 - Maintain and build upon the characteristics that are associated with high productivity.
- Tackling business needs to retain and encourage business in the area.
- Skills and Training
 - Aligning Higher Education and Further Education and the training on offer with the requirements of businesses.

Productivity

3.1 A study undertaken by SWRDA¹ has identified a wide range of factors as accounting for differences in intra-regional and inter-regional GVA per head and hence productivity. These factors include: levels of capita per employee; levels of skill, particularly higher level skills; business enterprise and innovation; and travel time from major centres of population. Industrial structure was also identified as being an important determinant of intra-regional differences.

3.2 The key messages and actions to increase productivity identified by 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 '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;
- encourage innovation across all sectors rather than on pure R&D and the development of leading-edge products or processes;
- there is an economic advantage arising from proximity to major concentrations of population, reducing travel time; overcoming traffic congestion and improving access; and,
- prioritise fast road and possibly rail and air links to London.

3.3 The partnership area possesses many of the characteristics set out in para 3.1 which are associated with high productivity. These include the sectoral make-up of the local economy, in particular the relatively high proportion of local employment accounted for by 'knowledge intensive' industries, the size of the local workforce and the relatively high levels of skills, recent success with the regeneration of Bristol and Bath City Centres, and proximity to London. In addition, growth and investment over the last decade or so has been facilitated by the availability and relative low cost of business sites and premises and especially, greenfield business park sites on the edge of Bristol in the North Fringe area, adjacent to the

¹ Meeting the productivity challenge: Report on a study for the South West Regional Development Agency. April 2005. University of the West of England and the University of Bath.

M4 and M5. The significance of these influences on local economic performance will be set out in more detail below.

Competitiveness

3.4 “The UK Competitiveness Index 2010” published by the University of Wales Institute, Cardiff (UWIC) ranks all localities within the UK with regard to “competitiveness”. The report defines competitiveness as *‘the ability for an economy to attract and maintain firms with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it’*. Of the 379 localities within the index Bristol is ranked 65th, B&NES is 82nd, South Gloucestershire is 88th and North Somerset is 103rd; meaning that three out of the four authorities in the West of England are in the upper quartile of the competitiveness index. Furthermore, the index ranks Bristol as the most competitive English large city, with Edinburgh taking the top spot across the UK.

3.5 A second report ‘Private Sector Cities²’ identifies the Bristol City Primary Urban Area³ as one of England’s “buoyant cities”, highlighting the cities potential for major expansion to support further economic and employment growth.

3.6 Although the bulk of growth in the West of England can be attributed to Bristol and the North Fringe (South Gloucestershire), the factors contributing to this economic competitiveness can be related to the wider partnership area – such as good transport connections to London and the rest of the UK, a skilled workforce, a positive reputation for a high quality of life, vibrant cultural and creative offer and high levels of enterprise and innovation.

Output

3.7 GVA is a key measure of the size of the economy; in brief, GVA is the value of goods and services produced, excluding costs of production⁴. GVA in 2008 for the West of England was estimated to be £25.5 billion⁵ (current basic prices), this equates to 26.2% of the South West’s GVA. The West of England is estimated to contribute to around 2.4% of the £1,083.3 billion of GVA generated by England (figures for 2008).

² Private Sector Cities: a new geography of opportunity, Centre for Cities, June 2010

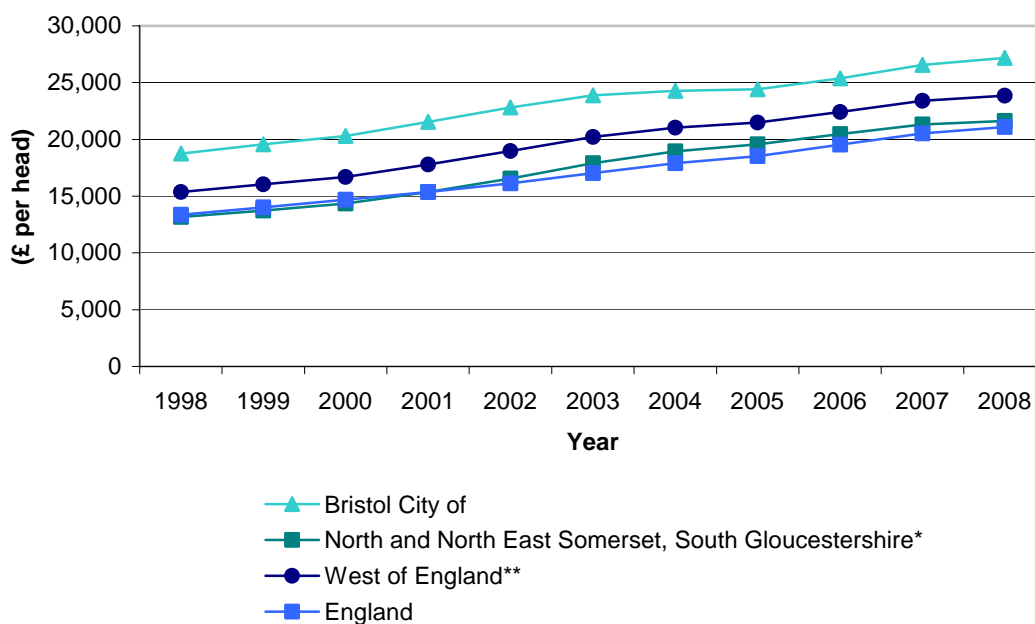
³ The Primary Urban Area, includes parts of South Gloucestershire such as the Northern Fringe and Kingswood.

⁴ GVA differs from GDP (Gross Domestic Product) in that it excludes taxes on products e.g. VAT

⁵ Source: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14650> West of England total worked out by partnership office

3.8 Graph 3.1 shows a steady increase in GVA per head year on year across the West of England between 1998 and 2008. The West of England has historically out performed the South West Region and England in terms of GVA per head.

Graph 3.1: GVA per head at current basic prices



Source: ONS 2008

*Only available at NUTS level 3. North and North East Somerset, South Gloucestershire comprises of: Bath and North East Somerset, North Somerset and South Gloucestershire Unitary Authorities.

** Data for the West of England calculated by West of England Partnership Office using GVA per area and GVA per head to calculate population denominator for sub-region.

¹The headline GVA series for this publication have been calculated using a five-period moving average.

² Estimates of workplace based GVA allocate income to the region in which commuters work.

The GVA for extra-regio comprises of compensation of employees and gross operating surplus which cannot be assigned to regions.

Employment

3.9 Table 3.1 outlines the number of employees in the four authorities and the West of England, as well as showing the number in full-time and part-time employment, alongside those in employment. An employee is defined by the Business Register and Employment Survey (BRES, NOMIS), as anyone aged 16 years or over that an organisation directly pays from its payroll(s) in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed and working owners who are not paid

via PAYE. Data for 2010 shows that approximately 531,200 people were employees working in the West of England.

3.10 Of those 531,200 employees, 353,700 (66.5%) are in full-time employment and 177,500 (33.5%) in part-time employment; BRES defines a full-time employee as those working more than 30hrs per week and a part-time employee as those working less than 30hrs per week⁶. The total number in employment in the West of England is approximately 561,500⁷.

Table 3.1: Employees (2010)

	Employees ¹	Full-time	Part-time	Employment ²
Bath and North East Somerset	80,000	48,600	31,400	85,800
Bristol, City of	236,600	162,600	74,000	249,400
North Somerset	72,700	45,000	27,700	77,900
South Gloucestershire	141,800	97,500	44,400	148,00
West of England	531,200	353,700	177,500	561,500

Source: BRES, NOMIS

* These figures exclude farm agriculture (SIC subclass 01000).

Estimates are subject to sampling errors, which increase as geographic areas become smaller, and industry more detailed.

¹ An employee is anyone aged 16 years or over that an organisation directly pays from its payroll(s), in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed, working owners who are not paid via PAYE.

² Employment = employees + working proprietors. Working Proprietors are sole traders, sole proprietors, partners and directors. This does not apply to registered charities.

3.11 Between 1998 and 2008 there was a rise of 15.6% in the number of employees within the West of England, higher than the growth for England at 9% (ABI, ONS)⁸. Growth in the number of employees in the West of England has been consistently higher than the national average. Although there are significant variations amongst the authorities within the partnership area, these differences are a reflection of accelerated growth and significant market interest in certain locations across the West of England, such as the North Fringe and Bristol City Centre. It should be noted that most of this growth was between 1998 and 2004, there has been no significant jobs growth since 2005.

⁶ Please note that the figure in table 3.1 below do not sum due to rounding to the nearest 100.

⁷ This is the sum of employees and working practitioners; working proprietors are sole traders, sole proprietors, partners and directors. This does not apply to registered charities.

⁸ ABI data has been used as there is no time series data currently available for BRES.

3.12 The global recession, which started in 2008 further stagnated employment growth and in 2010 the coalition government announced the formulation of Local Enterprise Partnerships. Local Enterprise Partnerships are local partnerships between businesses and local authorities that replace the eight regional development agencies. Their remit is in promoting local economic growth.

3.13 Since the West of England LEPs formal board has been in place (March 2011) the partnership has undertaken a number of steps in promoting economic growth in the area, the most notable of these is the designation of the Enterprise Zone and Areas.

Enterprise Zone and Areas

3.14 The delivery of the Temple Quarter Enterprise Zone in Bristol, and the broader set of Enterprise Areas are central to delivering higher levels of economic activity. Together with other major employment sites, the Enterprise Zone and Areas have the potential to deliver 60,000 of the 95,000 jobs by 2030, which the LEP set itself in its initial bid to government.

3.15 Significant opportunities exist within our priority key sectors at the following Enterprise Zone and other Enterprise Area locations:

- Temple Quarter Enterprise Zone
- Avonmouth/Sevenside Enterprise Area
- Bath City Riverside 'City of Ideas' Enterprise Area
- Emersons Green Enterprise Area
- Filton/A38 Enterprise Area
- Weston-super-mare Gateway Enterprise Area.

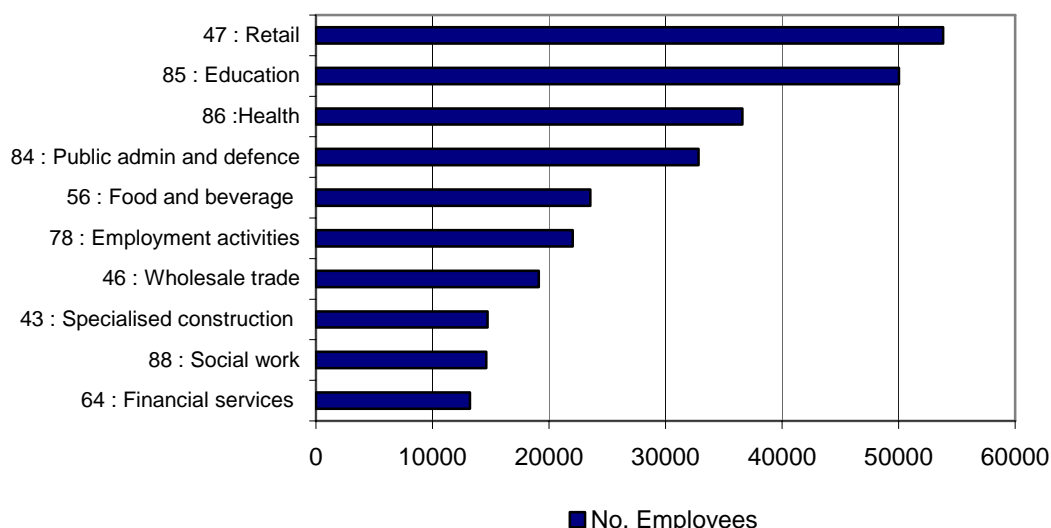
3.16 The LEP is committed to exploiting the Enterprise Zone design and implementation to maximise its contribution to jobs and GVA growth across the LEP area. Simplified planning controls, retention of business rates and high speed digital connectivity will increase the rate at which new jobs are generated in the growth area.

Business Structure

3.17 The West of England economy displays considerable industrial diversity; this helps to explain the areas relative resilience to fluctuations in the national and global economy as the partnership is not overly dependent on one sector. A wide range of industries are represented within the partnership area, with about 59 different sectors (out of a total of 85 sectors identified by 2 digit division 2007 SIC codes) employing over 1,000 persons.

3.18 The 10 largest of these sectors are accounted for by primarily service and office based activities, these provide for approximately 53% of all employment. This reflects the regional functions of Bristol and the particular importance of financial and business services as well as the scale of employment arising in meeting the shopping, education and health needs of the local population. There may well be changes in the structure of the top 10 largest employment sectors within the partnership area reflecting recent public spending cuts. However, the extent to which the structure of these sectors will change remains to be seen, it may be the case that the structure at the partnership level will show minimal change, with changes at the local level being more acute.

Graph 3.2: Top 10 Sectors in terms of Employees (2009)



Source: BRES, NOMIS

3.19 About 60% of employment in the West of England is accounted for by retailing, personal services and leisure related activities, education and health, and public administration. These jobs largely relate to meeting 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. Industrial and commercial office activities account for much of the remaining 40% of employment. The success of these industries in ‘exporting’ goods and services to external markets determines the over-all growth of the local economy.

3.20 Whereas the sectors set out above are important to the area in terms of the volume of employees they support, there is a different range of sectors that significantly contribute to

the GVA of the partnership area. Table 3.2 overleaf sets out the contribution made by sectors to the GVA of the partnership area, as well as their contribution in terms of employment. The sectors which made the largest contribution to the West of England economy (in terms of GVA) during 2008 are banking and insurance (8.6%), health and social work (7.2%), professional services (6.4%), education (6.3%) and construction (6.1%).

3.21 Employment quotients show that a number of sectors have a strong base within the local economy, accounting for a greater share of the area's employment⁹. Sectors with a strong employment base within the partnership area include banking and insurance (1.46), advanced engineering and aerospace (1.25), environmental technologies (1.18), public admin and defence (1.16) and communication and ICT (1.08).

3.22 Table 3.2 illustrates that the West of England has a strong and diverse economic base, with a wide mix of those that significantly contribute to the area's GVA as well as those that are volume employers. As previously mentioned this wide economic base makes the area more resilient to global and national fluctuations in the market, and means that the partnership area is in a stronger position than many to recover out of the recession.

⁹ An LQ greater than 1 indicates an industry with a greater share of the local area employment than is the case in the reference area

Table 3.2: Industrial Sectors Contribution to West of England GVA

Industrial Sector	Gross Value Added ¹⁰				Employee Jobs					
	GVA ^{4,5} (£m) 2008	% of WoE GVA	Average Growth pa 1998-08 (£m)		GVA ^{4,5} per FTE worker (£k)	Jobs ⁶ 2008 (000s)	% of WoE Jobs	Employment Quotient	Average Growth pa 1998-08 (jobs pa)	
All	26,008	100	1,060	Steady growth throughout the whole period	50.8	521	100	1.00	6,000	No significant change since 2005
Advanced Engineering & Aerospace	1,201	4.6	26.0	More or less steady growth for the whole period	64.6	18.0	3.5	1.25	-160	No significant change since 2003
Banking & Insurance	2,242	8.6	103	Before 2005 the sector grew at about 50 pa after 2005 growth increased to 280 pa	119.2	21.2	4.1	1.46	-260	Steady decline (losing 760 jobs pa) since 2001.
Communications and ICT	1,191	5.3	48	Steady growth of about £25m pa in ICT and contraction of about 35m pa, since 2003 in telecoms.	80.0	22.4	4.3	1.08	-10	ICT increased steadily at about 260 jobs pa and communications fell at about 220 jobs pa.
Construction	1,594	6.1	111	No significant growth between 2005 and 2008	46.2	22.5	4.3	0.90	560	Before 2002 the sector grew at about 2,200 pa. Post 2002 the sector contracted at about 500 pa.
Creative Industries	1,239	4.8	42	Steady growth throughout the period.	96.3	26.1	5.0	1.03	-115	No significant change since 2006.
Education	1,632	6.3	73	Steady growth throughout the period	42.9	49.6	9.5	1.02	1,400	No significant change since 2005
Environmental Technologies	1,469	5.7	68	Faster growth, of £137 m pa, between 2005 and 2008.	73.1	16.4	3.1	1.18	470	Steady growth throughout the period.
Health & social work	1,877	7.2	86	Steady growth throughout the period	31.2	65.3	12.5	1.01	1,500	No significant change since 2006
Leisure & Tourism	1,450	5.6	73	Growth increased after 2003 and was 134 pa between 2003 and 2008	55.3	42.5	8.2	0.83	316	No Significant change since 2006
Professional services ^{1,2,3}	1,671	6.4	87	Growth rate has increased since 2002 and stood t about £233m pa in 2007	48.0	30.9	5.9	1.09	1,100	Steady growth throughout the period
Public Admin & Defence	1,487	5.7	76	No significant growth since 2005	48.9	32.8	6.3	1.16	760	No growth since 2003
Retail	1,252	4.8	44	Growth slowed from £78m pa between 1998 & 2004 to £33m between 2004 and 2008	29.2	53.9	10.3	0.98	310	The sector grew strongly at 2,300 jobs pa before 2004 and contracted at 2,500 jobs pa after 2004. Data for 2006 to 2008 suggests that the decline may have been stopped.
Wholesale & Distribution	988	3.8	5	No significant growth since 2005	49.7	46.4	8.9	0.89	109	No growth since 2005
OECD Knowledge Based Industries ⁸	7,176	27.6	352	Growth has been cyclic, varying from no growth in 1999 and 2005 to about £700m pa in 2002 and 2007	71.1	142.9	27.4	1.25	2,200	From 2003 onward there was steady growth of about 1,500 jobs pa.
High Employment (Bulk) Sectors ⁹	8,249	31.7	395	Growth has declined steadily from about £530m pa in 1999 to about £300m pa in 2007.	36.2	214.4	41.1	0.94	4,000	Rapid growth of about 9,000 pa before 2003 and decline of 1,300 pa after 2003
Education, Public Admin & Defence	3,119	12.0	149	From 2005 onward growth was about £120m pa	43.0	82.4	15.8	1.07	1,950	No significant growth since 2004.

Notes

¹ Excludes Architecture (SIC 74.2) and Advertising (SIC 74.4)

² Architecture (SIC 74.2) is included in Creative Industries (25%) and Environmental Technologies (75%)

³ Advertising (SIC74.4) is included in Creative Industries

⁴ Source: <http://economy.swo.org.uk/south-west-regional-accounts/> (estimates that are subject to change)

⁵ Unlike the ABI for which the industrial sectors are separated at the 4 digit SIC code level with over 400 classes the regional accounts have only 111 classes. As a consequence the more complex sector definitions may not match exactly.

⁶ Source: Annual Business Inquiry, 2010, Nomis, O.N.S., Crown Copyright

⁷ Contraction could be dew to the increased use of employment agencies

⁸ Excludes Higher education (Sic80.30); Hospital activities (SIC 85.11) and SIC 92.11, 92.20 and 92.31

⁹ Includes Higher Education (SIC 80.3); Hospital activities (SIC 85.11) and excludes Recreational, Cultural and Sporting activities (SIC 92).

¹⁰ The GVA data for 2008 are estimates and therefore subject to change

Key Sectors

3.23 At the time of going to press some of the key sectors which are to be a priority focus for the Local Enterprise Partnership were still being identified, this section therefore looks at those which had been identified at the time. It is hoped that when the document is refreshed a summary of the priority sectors, both growth and volume, can be incorporated. Firstly they need to be clearly defined using up to date industrial SIC code definitions so a benchmark can be set from which to measure them.

Advanced Engineering, Aerospace and Defence

3.24 The partnership area has one of the largest concentrations of aerospace activities in Europe; this is largely focused around the North Fringe of Bristol, falling within the authorities of both Bristol City Council and South Gloucestershire Council (see map 3.1 in Appendix2). There are approximately 18,000¹⁰ employees (2009 BRES data) in advanced engineering and aerospace across the partnership area, producing a GVA of £1,201million¹¹ in 2010 with a productivity of £64,600 per worker.

3.25 A number of globally significant companies operate in the partnership area including Airbus, GKN Aerospace and Rolls Royce, all of which have large plants in the North Fringe at Filton and Patchway. These large businesses support a number of local businesses that provide materials, components and technical support and services to the main aerospace contractors.

3.26 The West of England Aerospace Forum (WEAF) is a sector support organization that seeks to facilitate competitiveness and growth within aerospace in the West of England. This organization has been in existence since the mid-1990s and over recent years has been moving to a self-sufficient business model, therefore despite the withdrawal of SWRDA funding the future of the organization in the partnership area is understood to be secure. WEAF will continue to work with ADS (the national trade organization for aerospace and defence) nationally and other regional aerospace trade organizations to meet the new opportunities and challenges that are emerging.

3.27 The Universities of Bristol and the West of England also provide a supporting role to many aerospace and defence companies in the area, by providing technological support and development, as well as collaborating on research and innovation projects.

¹⁰ 2009 ABI data (using 2007 SIC codes), based upon the definition of Advanced Engineering as set out by WEPO

¹¹ Source: <http://economy.swo.org.uk/south-west-regional-accounts/> (estimates that are subject to change)

This link is likely to strengthen, following the completion of SPark in Emersons Green. There are however factors in the area, which may result in companies and jobs in the advanced engineering sector locating elsewhere, for instance, the amount of land available (identified for employment purposes) in the North Fringe for the further growth of existing companies or for the relocation of new businesses to the area will potentially be taken up quickly once economic recovery gains momentum. Congestion is also a major issue in the area, which if left unaddressed may encourage businesses to locate elsewhere.

3.28 The recent announcement that Filton Airfield is due to close at the end of 2012 will potentially have significant implications for the Aerospace Sector in the North Fringe. Currently a number of businesses such as Airbus, GKN Engineering and Rolls Royce use the Airfield to distribute parts produced in the area to other factories in Europe. The potential redevelopment of the airfield site will comprise mixed use development with a proportion of land allocated for employment purposes.

Finance, insurance and professional services

3.29 The Finance, insurance and professional services sector within the partnership area employed approximately 47,200 people in 2009¹². Concentrations of the sector can be found within the city centres of Bristol and Bath, as well as in the North Fringe; there are also significant numbers of people employed within this sector in Weston-super-Mare and other urban areas within the partnership area (See map 3.2 in Appendix 2). The sector has the highest GVA of all the key sectors in the partnership area, at £2,242million¹³ (2010), with a productivity of £119,200 per worker.

3.30 Finance, Insurance and Professional Services is of particular importance to the City of Bristol and B&NES. The city is a leading financial services centre with many major international and national companies locating head office functions in the city, with particular strengths in retail banking, insurance, share dealing and ethical finance. These include Lloyds Banking Group (UK Retail Banking Division), DAS Legal Expenses, Hargreaves Lansdown, Canada Life, Computershare Investment Services, Nat West Insurance and Triodos Bank. In B&NES Finance, Insurance and Professional Services contributes to 14% of the authorities overall GVA; the authority has the highest

¹² BRES data (using 2007 SIC codes), based upon the definition of Financial Services as set out by WEPO

¹³ Source: <http://economy.swo.org.uk/south-west-regional-accounts/> (estimates that are subject to change)

proportion of professional business services as a percentage of all businesses in the South West.

3.31 It is unclear how the current restructuring programmes being undertaken in the sector will affect companies in the partnership area, as these are an outcome of global and national influences. However, steps can be made to ensure that the partnership area remains an attractive location for this sector by maintaining the local attractiveness of the area and the continuation of meeting property requirements namely in Bristol City Centre and the North Fringe.

Creative Industries

3.32 Outside of London there have been 9 additional creative hotspots identified across Britain, 2 of which (Bath and Bristol) fall within the West of England¹⁴. BRES data (2009) shows that approximately 19,000 people are employed in the creative industries¹⁵ (Map 3.3 Appendix 2). Of particular importance to the partnership area are the industries video, film and photography; music and the visual and performing arts; publishing; software, computer games and electronic publishing; and radio and TV (NESTA, 2009).

3.33 The location of these sectors within the partnership area has helped the area and more notably Bristol and Bath achieve a high national profile. Both Bristol and Bath are used as a popular location for both film and television (e.g. Vanity Fair, Skins, Being Human). Furthermore, Bristol is globally renowned for being home for the Oscar winning Aardman Animation and the BBC Natural History Unit.

3.34 To strengthen these already existing clusters of creative industries, several measures could be put in place, for instance identifying where clusters would benefit from networking and awareness raising. It has been suggested in the NESTA study (2010) that increasing the visibility of such clusters can also help creative graduates find employment locally, as currently there are issues in retaining graduates with the most being drawn to London. There could also be merit in strengthening/creating local knowledge hubs centered on the universities in the area where creative firms can share information and build stronger networks.

3.35 Provision of suitable premises is also seen as a challenge within the area, as businesses need to be able to cluster and co-operate. Specially developed business

¹⁴ 'Creative clusters and innovation: putting creativity on the map' NESTA, November 2010

¹⁵ Based upon the definition of Creative Industries as set out by WEPO

communities such as The Paintworks in Bristol are seen as ideal for such businesses to cluster, but more affordable space is also required. The Temple Quarter Enterprise Zone provides 70ha of land around Temple Meads train station. Development in the Zone will provide a variety of workspace for new businesses with a particular focus on technology and creative industries. Some of the other Enterprise Areas emerging in the West of England also have a complementary creative industries focus e.g. Bath City Riverside. Problems have also been identified surrounding funding, often the creative industries find it difficult to get off the ground as they require an initial 'cash injection' to allow them to apply for further funding and work on new projects¹⁶.

3.36 Publishing including digital publishing is of particular importance to B&NES, with a significant cluster in the Somer Valley (including Norton Radstock and Midsomer Norton). However this is faced with a particular set of issues stemming from the need to diversify out-of-print media or to find protected niches. This area would benefit greatly from ongoing knowledge transfer support, ascertained through co-location and strong links with the universities in the area.

Low Carbon Economy including Environmental Technology and Marine Renewable Industries

3.37 The environmental technology sector employs around 5,200 people (2009) in the West of England¹⁷; although this number varies widely as 16,400 people are stated to be employed within environmental technologies based upon the definition used by Bristol which underpins table 3.2. Within this sector the West of England has particular strength in consultancy and project management, waste recycling and processing and water resource management (UWE, 2009). Large concentrations of employees within this sector can be found in Avonmouth / Severnside, the North Fringe, central Bristol, Claverton Down in Bath (Wessex Water) and the outskirts of Weston-super-Mare (see map 3.4 appendix 2).

3.38 The Marine sector, as defined in the Key Sector Study (UWE 2009) currently employs only a modest amount of people in the West of England, accounting for approximately 1,000 jobs. However, the Regional Accounts show substantial growth from £5m to £40m between 1998 and 2007. The small representation of this sector within the West of England is reflective of its size as a sector in the UK as a whole. However, there is potential to grow this sector within the West of England, and there

¹⁶ 'Key Sector Study', Anthony Plumridge, UWE, 2009

¹⁷ BRES data (using 2007 SIC codes), based upon the definition of Environmental technology as set out by WEPO.

may be scope for innovation as there could be synergies with tidal and wave initiatives within Environmental Technology.

3.39 There is a clear imperative to avoid further damage to our environment and take advantage of the numerous opportunities arising from efforts to promote a low carbon economy through sustainable economic growth. SWRDA have provided significant direct support (some £5million over 8-years) through Regen SW for sustainable energy sector development, which has supported hundreds of businesses in the West of England. A large amount of research on the Low Carbon Economy has already been carried out by Regen SW¹⁸ (appendix 4) however there remains a need for further localized analysis of the environmental technologies sector to understand our local strength and opportunities, in particular identifying the potential to promote green jobs, and green initiatives relevant to the West of England with the potential of the Port of Bristol, and linkages with green technology & high tech industry. This opportunity is further emphasized following the announcement that the National Composite Centre at SPark, is designated as part of the national advanced manufacturing Technology Innovation Centre.

3.40 Furthermore, it should be noted that Oldbury, South Gloucestershire, is a potential site to host one of the next generation nuclear power stations as a means of tackling climate change. The impact of a government announcement confirming that Oldbury should come forward as a site for nuclear power will have significant implications for the wider economy of the West of England.

ICT- microelectronics and silicon design

3.41 This sector as defined in the Key Sector study comprises of hardware manufacture, telecommunications, software services and data processing. This sector accounts for approximately 22,400 jobs¹⁹ within the partnership area. There are particularly high location quotients for *data processing* and *manufacture of office machinery and computers* making ICT a significant sector within the area. Large concentrations of employees in this sector can be found in the city centers of both Bristol and Bath and in the North Fringe (see map 3.5 appendix 2).

3.42 Bristol and the North Fringe in particular have a significant cluster of high technology companies specializing in software, semiconductor design and wireless

¹⁸ A list of some of the key studies undertaken by Regen SW can be found in Appendix 2

¹⁹ ABI data (using 2003 SIC codes), based upon the definition of ICT as set out by Bristol City Council

technology, making it one of the leading centers for microelectronics and silicon chip design within Europe. The sector has attracted investment from major global companies such as Toshiba and Hewlett Packard. There is also a wide range of smaller internationally active companies located across the partnership area. The existing cluster of well-regarded companies has the benefit of inter-linkages with other key sectors, in particular Advanced Engineering and the Creative Industries. In addition there are also strong research and innovation links between the sector and the universities in the area.

3.43 A high proportion of highly skilled staff characterizes the ICT sector, in particular microelectronics and silicon design, in which currently approximately 600 people are employed²⁰. Despite an apparently adequate labour supply within the partnership area, there are issues surrounding the future skills needs of the sector, for instance ICT employers have indicated that they will increasingly want to recruit people with specific emerging specialisms. The main issues regarding skills surround the development of the existing workforce, ensuring that training provision matches the sector's future skills needs.

3.44 A study produced by NESTA entitled *'Chips with everything: lessons for effective government support for clusters from the South West semiconductor industry'* (2010) identifies the region around Bristol and Bath as the home to one of the biggest silicon design clusters anywhere outside Silicon Valley. Silicon Gorge as it is locally known is double the size of the nearest UK competitor, Cambridge. The report states that over the last decade, *'start-ups in the South West have attracted more than \$550million in investment and returned more than \$800million to shareholders'*²¹.

3.45 The study identifies a number of reasons, which explain the growth of the sector in the West of England and the wider South West; these are:

1. A highly skilled workforce – the South West exhibits a wealth of talented, highly skilled electronics engineers. Those that have moved to the area for employment are often reluctant to leave due to the high quality of life on offer.
2. The rise of the semi-conductor serial entrepreneur – there has been a history of former employees of existing companies in starting up their own companies.

²⁰ BRES data (using 2007 SIC codes) based upon the definition of micro-electronics set out by WEPO.

²¹ NESTA 2010 *'Chips with everything: lessons for effective government support for clusters from the South West semiconductor industry'*
<http://www.nesta.org.uk/library/documents/Semiconductorsv10.pdf>

3. Financing new start-ups – venture capital firms will often support those who have already proven themselves with a successful venture. This can lead to patterns of investment in a series of ventures that have the same founders,
4. Broader network support – The universities of Bristol and Bath have developed networks which bring together companies and academics.
5. The SETsquared partnership – SETsquared is a collaboration between the universities of Bath, Bristol, Southampton and Surrey, where incubator businesses have been developed under the same programme, integrating their enterprise activities.

Tourism

3.46 Tourism is of huge importance to the West of England, particularly within Bath, Bristol and Weston-super-Mare. The World Heritage Site of Bath has been a popular tourist destination for many years, owing to its Georgian Architecture, stunning location and hot springs, with over one million staying visitors and 3.8m-day visitors each year. Tourist attractions in the city include the Roman Baths, Bath Abbey, the Museum of Costume, No 1 The Royal Crescent and the Jane Austen Centre. Bristol is also a popular tourist destination with attractions such as M-Shed, Brunel's ss Great Britain, Clifton Suspension Bridge, Bristol Museum and Art Gallery, Bristol Harbourside, the Concord Museum, Bristol Zoo Gardens and the Blue Reef Aquarium.

3.47 The tourist industry is more traditionally focused within Weston-super-Mare as a coastal holiday destination. Like most seaside destinations within the UK the town has suffered a downturn in the number of domestic visitors due to the rise of cheap holidays abroad, however this trend is now starting to buck and traditional locations are once again becoming a popular holiday destination. The recently re-opened pier is also helping boost tourism in Weston-super-Mare, providing a modern twist on a traditional holiday attraction.

3.48 In addition to the host of domestic attractions in the partnership area, there are a number of annual events, which draw in visitors, such as the Balloon Fiesta, Harbour Festival, Bath Literature Festival, Christmas Markets and T4 on the Beach. There were approximately 42,000 jobs²² in leisure and tourism across the partnership area in 2009 (BRES) (Map 3.6 Appendix 2). However, much of this work is low paid and susceptible to seasonal fluctuations. This is most apparent in the seaside town of Weston-super-Mare, whereas the city destinations are slightly more resilient to these

²² BRES data (using 2007 SIC codes), based upon the definition of Tourism and Leisure as set out by Bristol City Council

changes. Measures should be made to protect and enhance the partnership's natural, cultural and historic assets and continue to promote tourism in the area.

Construction

3.49 Construction has been identified as a priority sector for the West of England for a number of reasons. Firstly, it is a volume employer employing individuals across a broad spectrum of skill levels and trades. Secondly, a healthy economy has a strong construction industry. Thirdly, the sector has strong ties with the low carbon economy, another of the key priorities for the West of England LEP.

3.50 Map 3.7 illustrates that employees within the construction industry are widely distributed across the West of England; based on 2009 BRES data approximately 27,000 people are employed within the construction industry. There is a wide mix of both high profile nationally renowned companies located in the West of England e.g. Barton Willmore, Buro Happold, ISG Pearce Group etc, as well as a number of well established local companies.

Retail & Distribution

3.51 Retail and Distribution has been identified by the LEP as a priority sector due to the significant contribution it can make to the Partnership area in terms of GVA and volume employment. In 2009 approximately 84,500²³ people were employed within retail and distribution; this high number of employees illustrated the sectors importance as a volume employer in the West of England. Map 3.8 (Appendix 2) shows the distribution of employees within the retail sector, unsurprisingly high concentrations of employees can be found in Bristol City Centre, Bath City Centre and the North Fringe of Bristol; this correlates with location of the three major shopping centres in the area. The three major shopping centres in the West of England are Cribbs Causeway in South Gloucestershire, Cabot Circus in Bristol City Centre and the Southgate Centre in Bath.

3.52 Cribbs Causeway is located in the North Fringe of Bristol within the unitary authority of South Gloucestershire. The shopping centre is easily accessed via the A4018, the M5 Junction 17 and the Patchway bypass; in addition substantial free parking and a wide offer of both convenience and comparison goods²⁴ make it a popular shopping destination with a wide catchment area.

²³ BRES data (using 2007 SIC Codes) based on the definition of Retail and Distribution as set out by the West of England Partnership Office.

²⁴ Comparison goods relate to items not obtained frequently e.g. clothing, household goods, electrical equipment etc; conversely convenience goods relate to essential everyday items e.g. food, drink, newspapers etc.

3.53 Cabot Circus in Bristol City Centre was the main component of a major regeneration scheme to improve the retail offer of the city and to make it a national competitor. The shopping centre opened in 2008 and since opening it has won numerous awards for regeneration and design. The shopping centre is easily reached by the M32 and from Temple Meads railway station and its higher-end retail offer attracts shoppers from a far-reaching catchment area. Furthermore, as a result of the opening of Cabot Circus the retail sector has continued to grow in Bristol despite the recession and is outperforming comparable locations in the region²⁵. Cabot Circus created some 3,780 new jobs²⁶, the majority of which are within retail.

3.54 Bath City Centre has also undergone significant redevelopment, with the regeneration of the SouthGate Shopping Centre. It has completely transformed and revitalised Bath's southern city centre, replacing the 1970s Southgate shopping centre, car park and bus station with high-quality contemporary retail and leisure facilities and a network of attractive streets and spaces. Bath attracts shoppers from Bristol, Cardiff and Swindon, as well as from the smaller market towns of Chippenham, Melksham and Trowbridge.

3.55 There are also significant concentrations of employees in retail in Weston-super-Mare and the other major urban areas e.g. Keynsham, Norton Radstock and Yate etc; these local retail districts are often primarily characterised by retail stores offering convenience goods to serve the needs of the local population. Map 3.8 also shows a high concentration of employees in Avonmouth, these are primarily within distribution. Over recent years there have been a number of large regional distribution centres built in this area, this is further discussed in the Place Section of this Assessment.

Forecasts

3.56 Forecasting economic growth is a complex process and should be regarded as a guideline rather than fact. Oxford Economics have produced various forecasts, which cover the West of England LEP.

3.57 The Oxford Economics forecasts were commissioned by local authorities across the South West of England in 2010, to produce a variety of growth scenarios. Three scenarios were produced – lower, central and higher growth – these were largely based

²⁵ Bristol Evening Post 'Bristol City Shopping Centre Outperforms Shop Rivals Across the Region', May 16 2011

²⁶ West at Work Cabot Circus Jobs Evaluation Report, GFA Consulting 02/09/2009

upon previous growth trends but with account taken of the experiences of the recession and specific growth potential in individual economies. In 2011 the Core Cities network commissioned further growth forecasts from Oxford Economics; these include forecasts of Core City LEP areas.

3.58 This section is divided into four sub-sections, these are as follows:

- GVA - projections
- Employment
- Employment Forecasts by Sector
- Labour Productivity Forecasts

GVA

3.59 The Oxford Economics central growth forecast suggests growth in total GVA output in the West of England to be above that of the UK. However, there are variations across the four authorities, with Bristol, North Somerset and South Gloucestershire all being above that of the UK and B&NES being significantly lower (Table 3.3). Between 2010 and 2020 the West of England total GVA output is forecast to grow by 32.5%, higher than the UK forecast of 30.5%. In 2010 the West of England is estimated to contribute to 2.1% of the UK's overall GVA output; this is forecast to remain at 2.1% by 2020.

Table 3.3: Forecast percentage change in GVA 2010-2020: Central Forecast

Area	GVA (£m, 2005 prices)	
	2010	GVA % change 2010-20
Bristol	10,609	32.7
Bath & North East Somerset	3,408	24.1
North Somerset	3,422	32.3
South Gloucestershire	6,090	35.7
West of England	23,529	32.5
UK	1,125,561	30.5

Source: 2010 Oxford Economics, Central Growth Scenario

3.60 Table 3.4 gives a breakdown of the Oxford Economics central growth scenario. This suggests over the time period of 2010-2030 the West of England will show an annual GVA growth rate of 3.3% (this is the average of the total GVA growth for the 20 year period). It should be noted, however, that there are likely to be fluctuations in GVA over any given time period. Column 4 offers an alternative value, taking account of this

and giving the average annual increase in GVA growth year on year, an approach which could be considered more realistic. It can be seen, therefore, that the presentation and interpretation of growth projections, particularly in respect of annual growth rates, need to show a full understanding of this and take it into account when used for planning to achieve sustainable economic growth.

3.61 The standard is therefore not to focus on annual growth rates. OE use assumptions for each scenario – discussed further in para 3.61 along with the implications of growth rates on employment numbers.

Table 3.4: Forecasted Change in GVA – Central Forecast

Area	GVA Growth (£m,2005 prices)			
	1. Difference 2010-2030	2. % Difference 2010-2030	3. % Annual Growth	4. % Annual Growth Averaged
B&NES	1760.7	51.7	2.6	2.1
Bristol	6902.8	65.1	3.3	2.5
N.Somerset	2245.7	65.6	3.3	2.6
S. Glos	4451.6	73.1	3.7	2.8
West of England	15360.9	65.3	3.3	2.5

Source: 2010 Oxford Economics, Central Growth Forecasts.

Employment

3.62 The Oxford Economics central forecast (table 3.5) estimates that in 2010 there were 577,600 jobs (including self-employment) across the West of England. The number of jobs differs from the number of people in employment, as some people occupy more than one job. By 2020 the number of jobs in the West of England is forecast to increase to 631,700 jobs or by 9.4%; this is higher than the forecast increase for the UK, which is 7.5% for the same period. What the forecasts do not show is where pockets of high jobs growth are likely to occur which would help to identify potential commuter patterns. Importantly, the number of jobs (including self employment) in the West of England is forecast to increase with a return to pre-recession levels by 2013/14. This is compared with the average return to peak levels for other LEP areas by 2015 and other Core Cities by 2017.

3.63 As mentioned above, the forecasts from Oxford Economics were based upon three growth trends – lower, central and stronger (table 3.5) as a baseline. The weaker growth trend assumes a growth rate of 1.5% out of the recession; this is based on lower

immigration and lower productivity growth. If the West of England finds that its growth is more in line with the lower growth scenario coming out of the recession then the West of England is forecast to have 622,400 jobs (including self employment). The central growth trend is more realistic and is based on a growth rate of 2.3%. The stronger growth scenario is more optimistic, assumes growth more in line with pre-recession growth in the UK economy, and is based on an the average annual increase in GVA growth (year on year) of 2.75%. If higher growth is achieved the West of England is forecast to have 660,500 jobs (including self employment).

Table 3.5: Alternative Outcomes for the West of England 2010-2020 Scenarios

	Weaker trend growth	Central	Higher trend growth
Working Age Population 2010 (000's)	704.9	704.9	704.9
Working Age Population 2020 (000's)	759.4	773.8	787.8
Working Age Population 2010-2020 (%pa)	0.8	1.0	1.2
Jobs (incl self emp) 2010 (000's)	577.3	577.5	582.0
Jobs (incl self emp) 2020 (000's)	622.4	631.7	660.5
Jobs 2010 – 2020 (%pa)	0.8	0.9	1.3
GVA 2010 (£m 2005 prices)	23,522	23,528	23,758
GVA 2020 (£m 2005 prices)	30,767	31,164	33,260
GVA 2010-2020 (% pa)	3.1	3.2	4.0

Source: Oxford Economics, Central Growth Forecast

Notes: Figures are rounded to nearest 1d.p.

3.64 Across the West of England all three of the growth scenarios there is a relatively good balance between the forecast population growth and the forecast jobs growth. However the balance is less in line within individual authorities creating potential imbalances between the provision of jobs and the labour supply as discussed in paragraph 2.5.

3.65 It should be noted that individual UAs' have in preparing their Core Strategies considered locally derived growth rates for sustainable economic growth. Consequently these may be considered more realistic and deliverable than the potential higher growth rate identified by Oxford Economics. In addition the Core Strategies are also informed by the need to balance growth alongside local objectives, taking account issues such as housing supply and environmental capacity, availability of sites, infrastructure and environmental issues, support for regeneration, and the need to improve self containment and reduce out-comuting.

Employment Forecasts by Sector

3.66 The central Oxford Economics projections estimated 577,600 jobs (including self employment) in the West of England in 2010. A fifth of these jobs is within the business services sector (table 3.6); this figure should be treated with caution as business services includes jobs supplied through recruitment agencies as a result of businesses increasingly outsourcing. Consequently the business services sector conceals employment in other sectors such as distribution, factory work, public administration etc. There is no way of reliably attributing numbers to other sectors.

3.67 Frequently, education, health and social work, and public administration and defence are combined and used as a proxy for the public sector. Collectively these sectors are estimated to account for 159,300 (or 27.5%) of all jobs in 2010. Although this total will include an element of those working in the private sector, there will also be a number of jobs in the public sector hidden within business services. The individual authorities are likely to fare differently in response to the public spending cuts. However the broad economic base of the West of England suggests that the 'collective' economy is well placed to weather the storm.

Table 3.6: 2010 Forecasts for jobs in the West of England

Industry Sector	2010 Jobs (000's)	% of Jobs (inc self employment)
Business Services	120.5	20.8
Distribution & retail	87.0	15.1
Health	75.3	13.0
Education	51.0	8.8
Construction	35.2	6.1
Public administration & defence	33.0	5.7
Transport & communications	32.5	5.6
Hotels & Restaurants	30.4	5.3
Financial intermediation	30.3	5.2
Other personal services	28.9	5.0

Source: Oxford Economics, Central Growth Forecast

3.68 Between 2010 and 2020 the Oxford Economics central growth forecasts estimate that business services will increase by 28.3% to approximately 154,000 jobs across the West of England. This possibly reflects the expectation for more businesses to outsource for staff. The second largest increase in jobs across the West of England between 2010 and 2020 is expected to be in hotels and restaurants with an increase of 13.7%, with the sector accounting for 5.5% of all jobs in the West of England by 2020.

Across the West of England there is a forecast decline in public administration and defence by 3.5%, a reflection of the public sector cuts. Table 3.7 below illustrates the ten sectors forecast to have the largest proportion of all the jobs in the West of England in 2020. These sectors are as defined by Oxford Economics (see appendix 3).

Table 3.7: Forecast largest employment sectors in the West of England in 2020

	2010 – 2020	2020	Percentage of Jobs
Industry sector	% change	Jobs (000's)	(inc self employ)
Business services	28.3	154.6	24.7
Distribution & retail	12.3	97.7	15.6
Health	3.7	78.1	12.5
Education	0.9	51.5	8.2
Construction	12.9	39.8	6.4
Transport & communications	10.2	35.8	5.7
Hotels & restaurants	13.7	34.6	5.5
Financial intermediation	7.4	32.5	5.2
Public administration & defence	-3.5	31.9	5.1
Other personal services	9.8	31.8	5.1

Source: Oxford Economics, Central Growth Forecast

3.69 Table 3.8 illustrates the forecasts expected for the UK between 2010 and 2020. It shows that there is an expected loss in the number of jobs in education and public administration & defence. The largest loss is expected to be in public administration & defence at 6%; this is significantly higher than the West of England suggesting that the partnership area is likely to fare better than most in the public spending cuts. The reason for this could be due to the West of England's wide economic base and the area not being overly reliant on any one sector. In addition, the West of England is likely to see an increase, albeit very slight in Education, going against the forecast for the UK, which is expected to decrease by 1.7%. This is likely to be a reflection of the strong higher education presence in the West of England.

3.70 Public sector cuts are currently a major concern to all authorities and public sector agencies. An increase in the number of people in unemployment will consequently lead to a number of people actively seeking work. Furthermore, a potential decline in service provision will affect businesses and communities alike, but rural and disadvantaged communities will be hit the hardest i.e. loss of subsidised public transport routes will further limit people accessing employment opportunities.

Table 3.8: Forecast largest employment sectors in the UK in 2020

Industry sector	2020 Jobs (000s)	% change 2010-20	% of total jobs 2020 (incl self employment)
Business services	6807	28.0	20.7
Distribution & retail	5414	13.1	16.4
Health	3986	1.9	12.1
Education	2618	-1.7	7.9
Construction	2205	9.0	6.7
Other personal services	2198	11.0	6.7
Hotels & restaurants	2167	13.2	6.6
Transport and communications	2022	10.8	6.1
Public administration and defence	1424	-6.0	4.3
Financial intermediation	1105	5.1	3.4

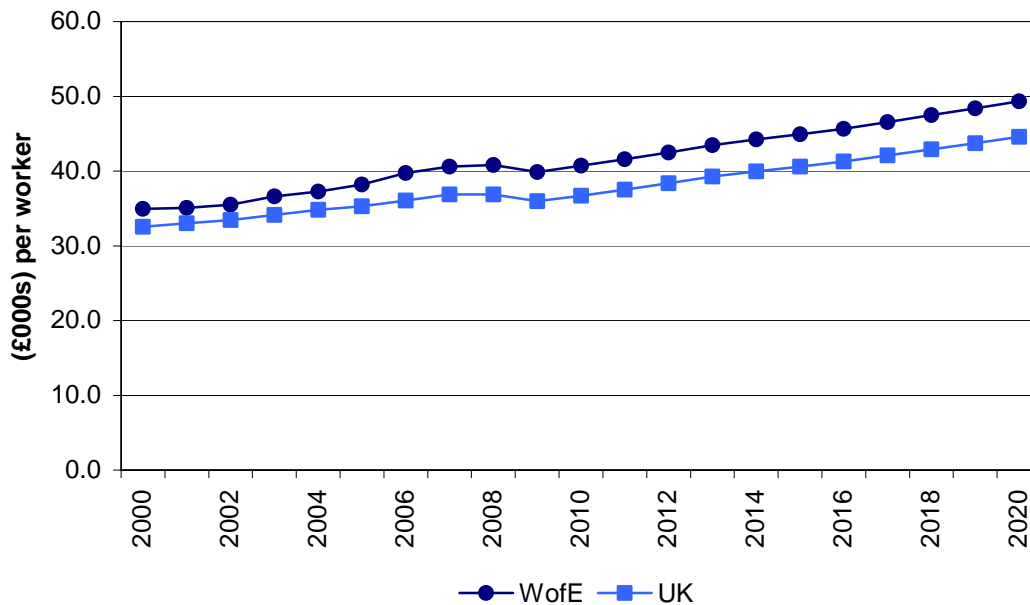
Source: Oxford Economics, Central Growth Forecast

Labour Productivity Forecast

3.71 The West of England productivity is significantly above the national average and has been for a number of decades, as illustrated by Graph 3.3 overleaf. Forecast economic growth up until 2020 is expected to maintain the partnership's competitive edge.

3.72 The Oxford Economics central forecast estimates the West of England labour productivity in 2010 at £40,700 per worker, whereas the national average is estimated to be £36,700 per worker. By 2020 the gap between the West of England and the UK average in terms of labour productivity per worker is estimated to remain largely the same, increasing only slightly by £700. All four authorities are consistently higher than the national average, although all experience differing levels of labour activity.

Graph 3.3: Labour Productivity Forecasts



Source: Oxford Economics, Central Growth Forecasts, West of England Figure calculated by the Partnership Office

Enterprise and Innovation

3.73 Business enterprise and innovation are key drivers of productivity. The West of England has a strong historical background as an entrepreneurial and innovative hub, significantly contributing to the national economy. In light of the public sector spending cuts and the risk of a ‘turbulent’ recovery following the recession, the level of entrepreneurialism and innovation in an economy is of increasing importance.

Small and Medium Sized Enterprises (SME's)

3.74 SME's make a significant contribution to both enterprise and innovation as demonstrated by the ONS Labour Force Survey 2007:

- Are an engine of innovation
- Are the biggest creator of new jobs
- Are better at moving people into employment from worklessness
- Employ more disabled people, females and older people
- Treat employees more fairly.

A successful enterprise economy means both:

- A faster growing economy
- And a fairer, more diverse and more cohesive society.

As illustrated by the ONS Labour Force Survey 2007, SME's can help promote a healthy economy and encourage greater social cohesion. Targeted business support is

therefore needed to aid successful business start-ups; NEFA – the national enterprise network – have identified an ‘Enterprise Escalator’ of effective business support, which sets out the progressive steps in the set up, and early stages of small businesses (See Appendix 5).

Business Start-Ups

3.75 Business start-ups are an indicator of the level of entrepreneurialism in an area. Business births are used as an indicator of new businesses in an area which weren’t present the year before²⁷. Table 3.9 sets out business births in the West of England from 2004 to 2009 and how these contribute to the number of businesses starting up in the South West and the UK as a whole.

3.76 In 2009 there were approximately 3,835 business births within the West of England, contributing to over a fifth (or 21.4%) of all new businesses in the South West, and 1.6% of all new businesses in the UK. In 2009 there was a slight decline in business births this was experienced nationally, regionally and sub-regionally, this could be a result of recession and new businesses finding it difficult to access start-up funds.

Table 3.9: Birth of Businesses in the West of England

	2004	2005	2006	2007	2008	2009
West of England	4,475	4,360	4,350	4,720	4,335	3,835
South West	24,110	22,315	21,330	22,870	20,870	17,945
UK	280,080	274,855	255,530	280,730	267,445	236,025
% of SW businesses	18.6	19.5	20.4	20.6	20.8	21.4
% of UK businesses	1.6	1.6	1.7	1.7	1.6	1.6

Source: ONS Business Demography

Innovation

3.77 Innovation is difficult to quantitatively measure, however the strength of the knowledge-based economy and the presence of a strong and flourishing creative industry sector are often used as proxies for measuring innovation. Both the knowledge-based industries and creative industries are well represented in the West of England as illustrated in Table 3.2. Furthermore, the recent Manchester Independent Economic Review (MIER) found that innovations spread more easily where there are clear clusters of supply chains, rather than competitors. Within the West of England there are strong industrial links between academia and aerospace companies benefiting students, researchers and businesses.

²⁷ Source: ONS. Births are identified by making comparisons of annual active population files and identifying those present in the latest file, but not the two previous ones.

3.78 The wider Bristol city-region has been identified as one of six science cities. This status was awarded in recognition of the area's world-class academic research, strong scientific SME base and the potential for science and innovation as an economic driver. The development of SPark in South Gloucestershire will further strengthen the partnership's position in terms of contributing to science and innovation both nationally and internationally.

3.79 SETsquared Business Acceleration – a partnership of the universities of Bristol, Bath, Southampton and Surrey – is a partnership aimed at helping early stage, high-tech, high-growth ventures. This partnership provides serviced office space, business guidance and mentoring as well as access to a high-calibre network of experienced entrepreneurs, potential investors and business professionals.

Business Support and Networking

3.80 Supporting business needs and providing targeted networks are important in promoting economic growth, encouraging business start-ups, innovation and providing a forum to share and learn from the experiences of others. There are currently a number of business support networks in the West of England, these include: iNets South West; West of England Aerospace Forum (WEAF); Science City Bristol (including Bath and Bristol Enterprise Network (BEN)) and Low Carbon South West. In addition there are some very successful local business networks e.g. Creative Bath, Bath Spark, Small Business Focus, Bristol Media, Filton Chamber of Trade, Kingswood Business Association and Weston Town Centre Partnership.

3.81 iNets South West - Networking for Innovation (iNets) is a product within the government-funded 'Solutions for Business' portfolio of business support. The iNets support businesses in turning ideas into new products and services. The iNet does this by providing access to specialist information and research, linking businesses to new markets and through sharing knowledge and expertise. iNets South West are supported by £13 million of funding from the South West RDA, the European Regional Development Fund (ERDF) and partner investments. They will run up until 2013. There are five iNets for business sectors in South West England these are²⁸:

- Environmental
- Microelectronics
- Aerospace and Advanced Engineering

²⁸ Source: <http://www.inets-sw.co.uk/> accessed 02/02/2010

- Creative industries
- Biomedical

3.82 West of England Aerospace Forum (WEAF) – In addition to the activities outlined in para 3.26 WEAF also runs the aerospace and advanced engineering iNet networking and training events in the West of England²⁹.

3.83 Science City Bristol – seeks to support and develop the area’s science and innovation assets by bringing business, academia and government together, creating a more connected scientific community, promoting the area’s scientific achievements and creating a culture that celebrates science and technology³⁰. Science City recently combined with the Bath and Bristol Enterprise Network (BEN) a networking and support organisation for the technology business community, which operates across the West of England. At the time of writing BEN has more than 2,000³¹ individual members ranging from a variety of backgrounds such as entrepreneurs, academics, investors, industry leaders and professional service providers.

3.84 Low Carbon South West - is a trade association and sector partnership between business, academia, investor, local authorities, regional and national agencies promoting the growth of the environmental technologies and services sector in the South West³².

3.85 As illustrated there is currently a wealth of business support networks in the West of England, however the futures of some of these are in doubt due to funding cuts. The proposed LEP Bedrock Business Support service will add value to the existing networks by providing access to the widest range of business support services to any established or new business in the West of England at minimum or no cost. In essence, the Bedrock Business Service will be an umbrella service providing members a central calendar of events, a central directory of services with links to other websites and an online password-protected partners forum.

Business Views

3.86 The views below are drawn from ‘Invest in Bristol’ prepared by Bristol City Council to highlight the attractiveness of the wider Bristol Area to businesses.

²⁹ Source: <http://www.weaf.co.uk/> accessed 02/02/2010

³⁰ Source: <http://www.sciencecitybristol.com/> accessed 02/02/2010

³¹ Source: <http://www.bristolenterprise.com/about> accessed 02/02/2010

³² Source: <http://www.lowcarbonsouthwest.co.uk/> accessed 03/02/2010

'Bristol has proved to be exactly the right kind of location to start a new high tech industry, thanks to synergies with its thriving industrial base and the excellent transport infrastructure serving the city'. (Martin Wright, Managing Director of Marine Current Turbines Ltd).

'As well as being convenient for London, Manchester and Birmingham, Bristol is a nice environment to live in.' (Allan Jarret, Communications Officer, DAS Legal Expenses Insurance Company.)

'Bristol's vibrant economy and good communication links offer a high standard of living, attract skilled workers and major businesses and help to form a strong foundation for future growth and development'. (Mark Stewart, HR Director and UK Country Manager, Airbus UK.)

'We are a Bristol firm and were absolutely committed to staying in the city. The proximity of Temple Quay to the station makes it an ideal strategic location for us, as our practice continues to develop on a national and international scale.' (Managing Partner Guy Stewart of top 50 law firm, Burgess Salmon).

'What I love about Bristol is that it's got the buzz of a city but you can still walk down the street and bump into people you know. There is a very good community feel.' (Nick Park, Aardman Animations).

'Toshiba chose Bristol because of the wealth of talented individuals and technological expertise in the area. TRL also enjoys a productive relationship with Bristol University's Centre for Communicating Research, one of the UK's most prestigious centres of learning.' (Prof. Joe McGeechan, Toshiba Telecommunications Research Laboratory.)

Business Needs

3.87 Business surveys are a good way of ascertaining the views and requirements of local businesses. As part of their LEAs the UAs undertook business surveys to find out the needs of businesses within their authorities. For the results of these surveys please see the individual UA LEAs.

3.88 A business survey covering the West of England was undertaken in 2009 as part of the Key Sectors Study. Due to the timing of this survey in the midst of the recession the response rate was not as complete as would have been liked, with only 120 full responses received, however some key emerging messages did come through.

Table 3.10: Relocation intentions

	Average number of years in WofE	Considering re-locating	Considering re-locating LOCALLY	Considering re-locating within UK	Considering re-locating ABROAD	Space likely to be SMALLER	Space likely to be SAME	Space likely to be LARGER
Advanced Engineering	33	20	6.7	6.7	6.7	0	33	67
Banking, Legal and Finance	30	18	18	0	0	0	45	55
Biotechnology	15	50	25	0	0	0	0	100
Creative	20	10	5	0	5	5	30	65
Distribution	34	10	10	0	0	0	60	40
Environmental Technology	17	6	6	0	0	0	50	50
Food and Drink	109	0	0	0	0	0	50	50
ICT	10	8	8	0	0	0	38	38
Marine	31	0	0	0	0	0	50	50
Tourism	24	0	0	0	0	0	33	67

Source: Business Survey, Key Sectors Study

3.89 Table 3.10 above summarises respondents' intentions regarding premises - whether or not they intend to relocate and if so if this is likely to be within or outside the West of England, as well as the size of the premises they are seeking. Of those businesses that responded, some concerning messages materialised. 25% of the biotechnology firms interviewed were considering moving out of the area; and with a further 25% considering re-locating within the West of England there is a risk that if the right premises are not made available they may end up relocating elsewhere. The Advanced Engineering sectors are also relatively mobile, with 20% of respondents wishing to relocate out of the West of England. It must be noted however, that the respondent rate to the business survey was small so these outcomes may not be representative of all business sectors in the West of England, although steps should be taken to offset the potential loss of businesses to other locations.

3.90 Table 3.11 below shows the medium to long-term outlook for the businesses interviewed in terms of turnover and employment. With the exception of Tourism and Creative Industries the outlook is to remain the same or to expand. However, it should be noted that the outlook for Tourism and Creative industries is also primarily positive.

Table 3.11: Employment and turnover outlook

	Business turnover being SMALLER?	Business turnover being SAME SIZE?	Business turnover being LARGER?	No. of employees being SMALLER?	No. of employees being SAME SIZE?	No. of employees being LARGER?
Advanced Engineering	0	6.7	93	0	20	80
Banking, Legal and Finance	0	0	100	0	26	73
Biotechnology	0	0	100	0	0	100
Creative	0	5	85	15	10	80
Distribution	0	30	70	0	30	70
Environmental Technology	0	6	94	0	39	61
Food and Drink	0	0	100	0	50	50
ICT	0	8	77	0	15	69
Marine	0	0	100	0	0	100
Tourism	17	0	83	17	0	83

Source: Business Survey, Key Sectors Study

3.91 Table 3.12 highlights the perceived barriers to growth of their businesses over the next 10 years. The business survey provided five options: skills availability, premises availability, knowledge / R&D, other issues and none. The most sector specific constraint quoted as an issue was skills; this was particularly seen as an issue for Advanced Engineering, Banking Legal & Finance, Biotechnology, Distribution and Marine. Premises availability were also an issue for Biotechnology and the Food & Drink sector; whereas access to knowledge / R&D was seen as a significant constraint for Creative Industries, Advanced Engineering and Environmental Technology.

Table 3.12: Barriers to growth

	Skills availability	Premises availability	Knowledge/ R&D	Other	None
Advanced Engineering	53	7	13	20	0
Banking, Legal and Finance	45	18	9	9	45
Biotechnology	50	25	0	50	0
Creative	25	5	25	35	25
Distribution	60	10	0	30	0
Environmental Technology	22	6	11	39	0
Food and Drink	0	25	0	0	75
ICT	38	8	0	38	15
Marine	50	0	0	50	0
Tourism	17	17	0	50	17

Source: Business Survey, Key Sectors Study

3.92 Table 3.13 sets out some of the other factors considered as barriers to long-term growth to particular sectors in the West of England. These include:

- Financial support – financial intermediaries and venture capital providers stated a lack of sources of capital to fund loans as an issue. Whereas the creative industries stated a lack of public sector funding and grants as a cause for concern.
- SME support – lack of financial support and help for exporting were considered as barriers to long-term growth.
- Road infrastructure – road links with London and Bath were mentioned as being inadequate, parking and rail services were also highlighted as a concern.
- Skills training – Financial support for training and an absence of affordable housing was also mentioned as a cause of a lack of skills availability.

Table 3.13: Barriers to long term growth – Other

Barriers to long term growth	Total no. of firms reporting	Advanced engineering	Banking, Legal & Finance	Biotechnology	Creative	Distribution	Environmental Technology	Food and Drink	ICT	Marine	Tourism
Financial Support	19	3	2	0	9	0	0	2	2	0	1
Road Infrastructure	10	1	1	2	2	1	1	0	1	0	0
Legislation	8	0	0	0	0	1	4	2	0	0	1
Skills availability	8	1	0	0	2	1	1	0	2	0	1
Demand	6	0	1	0	3	0	0	0	2	0	0
Training	6	0	1	1	1	0	1	0	2	0	0
Support for SMEs	5	0	0	0	3	0	1	0	1	0	0
Manufacturing base	4	2	0	0	0	2	0	0	0	0	0
Housing	3	0	0	0	0	0	2	0	0	0	1
Other	2	0	0	0	0	1	1	0	0	0	0
Education	1	0	0	0	0	0	0	0	0	0	1
Infrastructure	1	0	0	0	0	0	1	0	0	0	0
Premises	1	0	0	0	0	0	1	0	0	0	0
Other	74	7	5	3	20	6	13	4	10	0	5

Source: Business Survey, Key Sectors Study

3.93 With the recent award of LEP capacity funding for a business survey to understand barriers to growth, there is the potential opportunity to undertake a complementary business survey to underpin this assessment and help the LEP establish its priorities.

4. Place

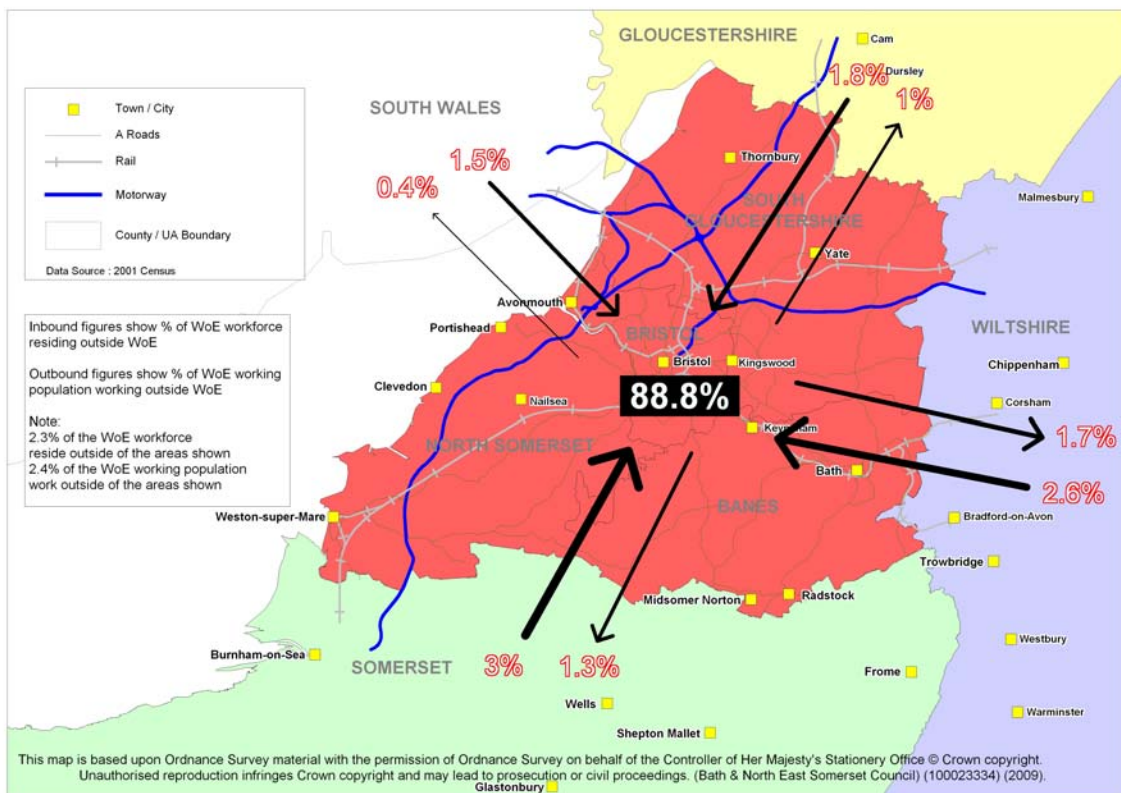
Key Emerging Issues: Place

- Pressure on public transport and the road network, alongside perceived congestion and accessibility issues may discourage businesses from locating in the area or relocate to other locations.
- Securing funding for infrastructure to bring forward sites for homes and jobs.
- Maintaining a balance between economic growth and maintaining a high quality environment where people want to live and work, and businesses want to locate.
- Digital connectivity and inclusion, ensuring businesses have the right conditions to thrive.
- Promotion of a low carbon sustainable economy.
- Potential for a shortage of appropriate land to meet emerging business requirements for industrial purposes.

Travel to Work Patterns

4.1 The West of England is a natural Economic Area. The economy of the West of England provides the largest concentration of business activity in the South West region supporting levels of prosperity and rates of expansion above regional and national averages. Commuters from across the West of England travel to workplaces in the Bristol area and Bath with the Partnership area functioning as a city-region in terms of economic linkages and shopping patterns.

Map 4.1: West of England Travel to Work Area



4.2 The travel to work map above¹ shows that the West of England partnership area has a high level of self-containment, 88.8% of the West of England workforce reside in the West of England whilst 93.2% of the resident workforce works within West of England and 6.8% migrate out. Approximately 11.2% of the workforce of the West of England reside outside of the partnership area, 8.9% of these come from neighbouring districts such as Gloucestershire, Wiltshire, Somerset and South Wales, a further 2.3% come from further a field. In comparison only 6.8% of the workforce of the West of England travel out of the partnership area for work, 4.4% of these go to neighbouring districts and 2.4% travel further.

¹ Census 2001 Travel to Work information.

4.3 The high level of self-containment of the partnership area suggests that a relatively good balance between homes and jobs currently exist. However this data is based on 2001 census data and is liable to change as people are becoming more willing to travel further for work. As the population and economy of the area grows, the balance between homes and jobs will be critical to ensure sustainable growth. The TTWA is likely to increase in size and become less in line with the partnership area boundary if affordability issues are not addressed within the area. People may feel their only option is to choose to look for affordable housing outside of the area and commute further; going against the desired objective of sustainable economic growth. However, there are many other factors which affect where people choose to live, not just affordability and despite affordability issues the lifestyle and quality of life that the West of England offers is likely to continue to make it a place within which people wish to live and work.

Transport

Road

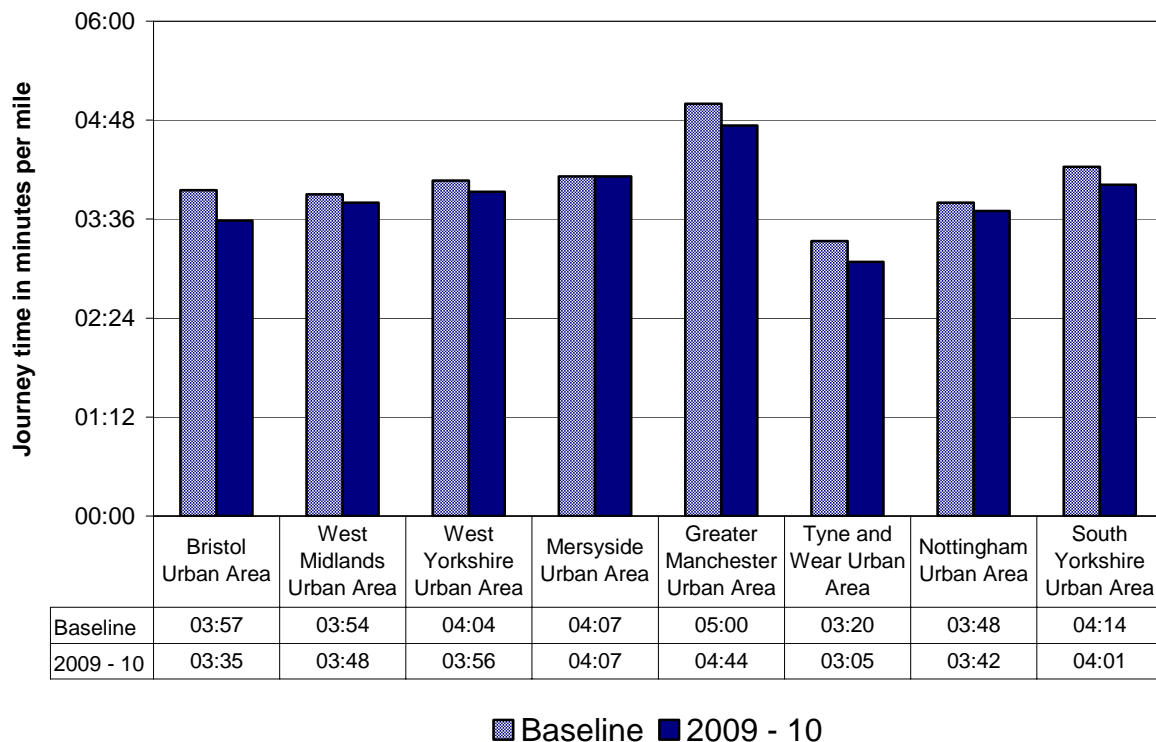
4.4 The locational advantage that the West of England has, contributes to its competitiveness. The Partnership area provides a gateway to both the South West of England and South Wales. The M4 motorway connects Bristol to London and South Wales, as well as the major urban areas of Reading, Swindon, Newport, Cardiff and Swansea; whereas the M5 motorway connects Bristol to Birmingham to the North and Exeter to the South. A significant benefit of the motorway network is that it affords easy access to markets such as London, the West Midlands and the North West, both in terms of suppliers and customers. Furthermore, the area surrounding the M4 / M5 interchange in the North Fringe is one of the key employment locations within the partnership area owing largely to the accessibility to other primary urban areas.

4.5 Over recent years locations close to the M5 corridor, such as Portishead and Clevedon, have attracted a significant amount of industrial and office development, although not as pronounced as that in the North Fringe. Again this is primarily linked to accessibility to the motorway network and accessibility to other primary urban areas.

4.6 Traffic levels closely correlate to economic activity, and can impact on speeds, the cost of congestion, air quality and carbon emissions. Between 1999 and 2009 the volume of traffic on the West of England's roads increased by 11% compared with 8% nationally, in some areas such as the North Fringe within South Gloucestershire, traffic levels have grown by 15% reflecting the large-scale growth in employment in this area.

4.7 Congestion is perceived to be an issue amongst residents and local businesses with the partnership area, particularly in the Bristol Urban Area. The Joint Local Transport Plan 3 for the partnership area identifies the impact of congestion running into approximately £600M a year by 2016. However, data from the Department for Transport (DfT) suggests that the level of congestion experienced in the Bristol Urban Area is improving; this is in line with that experienced in other core cities as shown in graph 4.1.

Graph 4.1: Person Journey Times During the Morning Peak Hour



Source: DfT, National Indicator 167

4.8 Despite the evidence from DfT showing that congestion in the West of England is not a unique issue, the way it is perceived by residents and business make it an important issue to be addressed. There is the possibility that the perceived congestion in the area acts as a deterrent to businesses looking to locate to the area, as well as potentially causing existing companies to locate elsewhere, namely to localities where schemes have recently been implemented as a means of reducing congestion. It is also important to address congestion as a means of promoting sustainable transport methods across the partnership area and further a field.

4.9 Accessibility to employment sites is paramount to a thriving economy, it is therefore not surprising that key employment locations across the sub region have been Avonmouth/Sevenside, the North and East Fringe, and the city centres of Bristol and Bath.

These locations have frequently followed good transport access, from rivers, harbours and canals to roads, rail and airports.

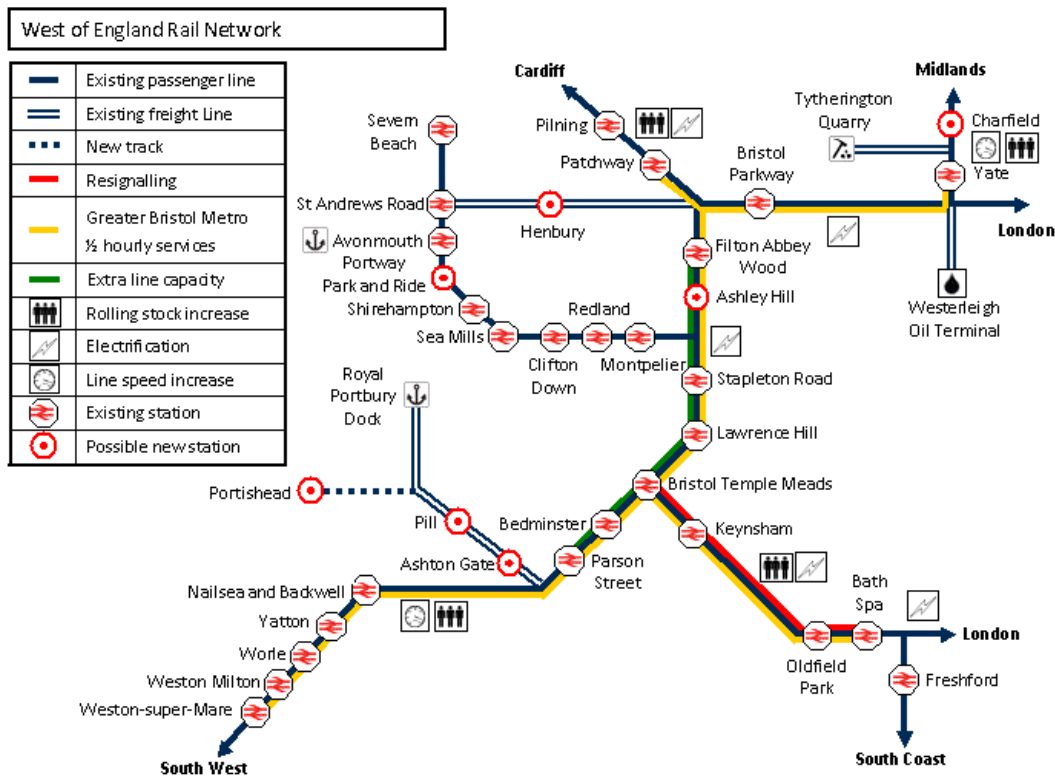
Rail

4.10 Rail is an important part of the Joint Local Transport Plan 3 Strategy (2011 – 2026) providing the infrastructure and services to support economic growth. Between 2004 and 2009 rail passengers increased by 56%. Whilst rail use only accounts for 1.5% of journeys to work this rises to 15% on key corridors such as Bath to Bristol.

4.11 The Partnership authorities have a Memorandum of Understanding with the rail industry to improve rail capacity, performance and journey times and introduce new and enhanced services and rolling stock. The rail network is currently constrained and improvements have been sought. Recently the Government has announced the electrification of the Great Western Main Line to Cardiff via Bristol Parkway, Bath and Bristol Temple Meads. This will deliver a number of benefits for the West of England, including faster journey times between Bristol and London, lower carbon emissions, fuel maintenance cost savings and a brand new fleet of Inter City Express Trains. The JLTP supports re-opening of the Portishead line and the Greater Bristol Metro proposed for half hourly cross Bristol train services.

4.12 Temple Meads and the accessibility it offers commuters has led to successful development of Temple Quay as a new business centre for Bristol. Drawing upon this success Temple Meads will play an important part in releasing the potential of the Temple Quarter Enterprise Zone.

Map 4.2: West of England Rail Network



Joint Local Transport Plan and Major Transport Infrastructure

4.13 Due to the existing deficiencies in the transport network, strategic development locations remain relatively poorly accessed by public transport and other modes. Upgrading the transport network will make locations more attractive to businesses, employees and residents.

4.14 Where a historic deficit in transport investment exists additional development will aggravate conditions, and the attractiveness of new development may be further reduced. This will stifle the economic potential of these locations. It is important to improve transport infrastructure whether in advance or in tandem with development.

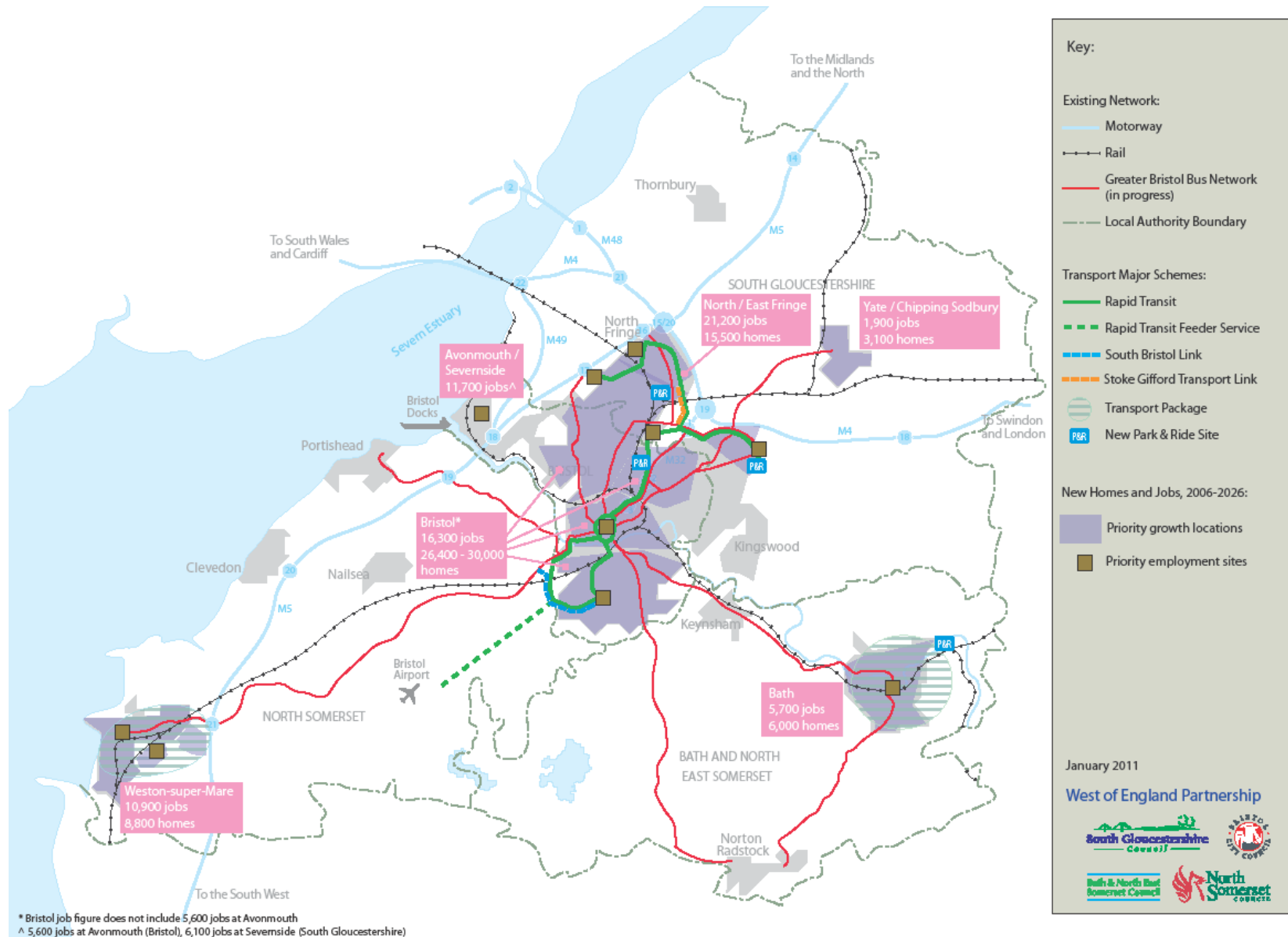
4.15 The Partnership has co-ordinated an updated Joint Local Transport Plan 3 which includes the following measures to reduce car dependency and carbon emissions:

- Greater Bristol Bus Network (GBBN) is being implemented and will improve connectivity between communities, employment and facilities;
- Authorities are seeking to make bus travel more attractive and easy to use including new smartcard ticketing;
- Improvements sought in rail network as described above;

- Bristol and South Gloucestershire have been awarded Cycling City status. Investments in cycling and green routes will continue and;
- Walking, improvements to public realm, smarter choices and active travel are all encouraged.

4.16 The Map 4.3 illustrates priority growth locations and indicates the major transport schemes for which the authorities have sought investment from the Department of Transport in order to support the planned growth in jobs and housing in the West of England. The work to date has focused on a package of measures or strategic corridor approach. These packages or corridors correlate to the priority areas for growth as promoted in the Core Strategies. The delivery of key strategic transport infrastructure will be instrumental to the future viability of priority growth locations. Other transport schemes that no longer have firm programmes are still being promoted through the West of England Joint Local Transport Plan as priorities over the plan period to 2026.

Map 4.3: Major Transport Schemes and Priority Growth locations.



Major Transport Schemes: Expression of Interest

4.17 The authorities on 30th December 2010 submitted an expression of interest to DfT for investment in major transport schemes to ensure the economic potential of the area is realised, and growth is supported with the provision of necessary infrastructure. The Department for Transport have recognised the importance of investing in the West of England area and we now have all five major transport schemes in the Development Pool of the Department for Transport review.

4.18 The five schemes are:

- Bath Transportation Package
- Ashton Vale to Bristol City Centre Rapid Transit
- Weston Package
- North Fringe to Hengrove Package
- South Bristol Link Road.

4.19 The authorities have been working hard to put the West of England area at the forefront of the national economic recovery. Enhanced infrastructure, which will improve access to jobs, reduce congestion, attract new business and maintain the strong performance of existing business, is a vitally important ingredient of this.

4.20 Cities are drivers of the economy, and it is in City Regions, such as the West of England, that returns on transport investment are greatest. The West of England authorities commissioned KPMG to assess how the above programme of major transport schemes proposed in the area would support employment growth, key outcomes are:

- The tested package of five priority infrastructure schemes would deliver additional economic output of some £356m per year (2010 prices) within the area.
- This GVA impact is approaching that of the leisure and tourism sector and represents an increase of 1%
- The schemes support an additional £1.10 for every £1 of transport capital investment illustrating the high impact that new infrastructure can deliver in the area.

Port

4.21 The Port of Bristol is the 15th largest in the UK and by far the largest in the Bristol Channel and South West England. In 2008 the port handled 11.53 million tonnes of freight, an increase of about 0.75% over the 2003 figure compared to the national average of +1.25%, as illustrated the amount of freight being handled by the Port of Bristol is increasing however it is

lagging behind the national average. Freight largely comprises imported cars, coal, petroleum products, ores, grain, and forestry products. A fresh produce terminal was opened in 2003 to serve supermarket regional distribution centres; a chilled pallet store has capacity to serve about one fifth of the national market². About 0.7 million tonnes is container traffic, 6% of the port's total tonnage compared to 11% nationally.

4.22 The Port Company is proposing to develop a deep-sea terminal capable of handling a substantial increase in container traffic. The LEP will work with the Port Company, Network Rail and the Highways Agency on maximising the amount of freight that can be transported by rail or coastal shipping rather than by road. North Somerset have stated in their Core Strategy (Publication version, January 2011) that the role of the Royal Portbury Dock will be maintained and enhanced, but further expansion of the port within North Somerset is not supported, although longer term development of the port will occur in Bristol on the North Side of the River.

Bristol Airport

4.23 Bristol Airport is one of the key assets of the West of England Partnership area; it is the major regional airport for the South West of England and currently handles around 5.75 million passengers³, making it the ninth largest airport in the United Kingdom. The 2003 Air Transport White Paper supports the development of Bristol Airport to accommodate up to 12million passengers per annum by 2030. The Airport serves a catchment area with a population of between seven and eight million people within a two-hour drive time⁴. Flights are available from the airport to 122 destinations across 31 countries, including 86 destinations served by scheduled services and 12 capital cities.

4.24 On the 24th May 2010, North Somerset Council approved a planning application for the development and enhancement of Bristol Airport; this development means that Bristol Airport will be able to handle approximately 10 million passengers per annum by 2019/20. The development has been identified as necessary for a number of reasons:

- historical growth – Bristol Airport was the fastest growing top 10 airport over the last decade, averaging an annual growth rate of 13.1 per cent.
- 'Leakage' to airports outside the South West – Nearly 70% of air passengers from the South West use airports in adjacent regions⁵, this leakage is one of the highest for any English region. Reducing this leakage will reduce the need for surface journeys to other airports, making better use of existing capacity and reducing emissions.
- Existing capacity issues – reduce existing congestion in processing passengers.

² Greater Bristol Strategic Transport Study Freight Issues Working Paper 2005

³ Source: CAA Airport Statistics

⁴ Source: Department for Transport Regional Air Services Co-ordination Study, July 2010

⁵ Source: Air Transport White Paper, 2003

- Increased demand – as identified in the Air Transport White Paper (2003).

4.25 There have been many economic benefits, to both the West of England and the wider region, identified from the proposed development and enhancement of Bristol Airport. These include:

- Increased business opportunities and linkages through the introduction of more travel destinations and frequency of flights.
- More jobs will be created both directly and indirectly – approximately 3,500 jobs will be created in the South West, including an estimated 900 new jobs on site⁶.
- Increased inbound tourism and the consequential increase in spending by inbound tourists in both the West of England and wider region.

Travel time and cost savings associated with the local population no longer having to travel to other regional airports.

Infrastructure

4.26 Delivering the new homes and jobs which are needed will require significant investment in infrastructure in order to unlock currently unviable sites. ‘Big ticket’ items include the upgrading of transport systems to improve the accessibility of sites, and flood defence improvements aimed at future proofing developments against the effects of climate change.

4.27 A recent study⁷ advises that significant investment is needed to deliver major development proposals within the Partnership Area. There are site-specific infrastructure constraints that must be overcome to secure housing delivery in the West of England. These are set out in more detail in authority infrastructure delivery plans, and the West of England infrastructure study

Infrastructure Investment: Challenges & Opportunities

4.28 The authorities have identified priorities in their core strategies. These priorities have been taken forward in the single conversation process with the HCA, Highways Agency, Environment Agency and registered providers and are set out in the Delivery & Infrastructure Investment Plan (DIIP) published in April 2010⁸. The DIIP identifies priority locations for growth where public investment would bring forward development and unlock the areas potential to deliver significant employment and wider place-making objectives.

⁶ Source: Economic Impact Assessment, Roger Tym and Partners

⁷ Responding to Infrastructure Delivery and Planning Issues in the West of England, Roger Tym and Partners for the West of England Partnership February 2010.

⁸ Single Conversation: West of England Delivery and Infrastructure Investment Plan, April 2010

4.29 The priorities in the Infrastructure Investment Plan, address the following challenges and opportunities;

- **Tackling Deprivation:** ensuring that all share in economic growth and prosperity: Reducing the significant concentrations of disadvantaged communities in the West of England also requires investment in renewal, improved local services and access.
- **Promoting sustainable economic growth and a low carbon economy:** tackling and adapting to the effects of climate change, including flood risk and encouraging investment in a low carbon economy.
- **Focusing on delivery:** prioritising investment in infrastructure in order to maximise the benefits of new development, make best use of limited resources and ensure development is sustainable.
- **Infrastructure and scheme viability:** directing the significant investment in new infrastructure required to unlock priority stalled schemes and bring forward development sites to the market;
- **Employment land:** ensuring there are sufficient sites in accessible locations which are attractive to businesses and;
- **Housing growth:** supporting the pace and scale of housing delivery across the West of England, including affordable and supported housing to reflect local needs and phased to support jobs growth;
- **Up grading of town centres and public realm** to improve investment prospects in South Bristol, Weston-super-Mare Town Centre.
- **Securing economic restructuring** following the loss of major employers/industries in Keynsham and Somer Valley
- **Balancing economic growth** and focusing employment opportunities at South Bristol, Weston-super-Mare.
- **Creating sustainable communities:** supporting the achievement of higher building standards, better designed and more integrated new development, and good access by

sustainable means to town centres, employment locations, education and community facilities.

- **Indicative Priority Growth locations and opportunities in the DIIP are:**

- Bristol City Centre
- South Bristol
- Weston-super-Mare
- Bath City Riverside
- Avonmouth/Sevenside (Bristol/South Glos)
- Bristol North Fringe (South Glos)

Infrastructure Funding and Delivery:

4.30 Work is necessary to review and refresh the Delivery & Infrastructure Investment Plan, to take into account the following:

- The impact of the Homes & communities Agency (HCA) New Homes Programme 2011-2015 including the focus on the Affordable Rent Product.
- Emerging Core Strategies
- Changing market deliverability and viability
- Public sector land and assets
- Other sources of finance.
- The outcome of funding bids; Major Transport Schemes, Regional Growth Fund (RGF).

Green Infrastructure

4.31 There is a strong existing Green Infrastructure (GI) network within the partnership area; this can provide a range of benefits for the economy, people and the environment. Eight cross-cutting themes to which the functions and benefits of GI can contribute are set out below:

- Promoting economic growth, employment and skills improvement;
- Mitigating and adapting the natural and built environment to climate change;
- Reducing and managing flood risk;
- Improving mental and physical health of local communities;
- Supporting resilient ecosystems and biodiversity;
- Connecting a legible network of sustainable travel routes, linking green infrastructure;
- Increasing sustainable flood production;
- Maintaining and enhancing cultural heritage, landscapes and natural resources.

Employment Land Completions and Commitments

4.32 The section below provides the strategic context for the historic provision and the potential future provision of employment land (office and industrial) across the West of England. It also provides a brief overview of the strategic employment locations across the Partnership area, as illustrated on map 4.5. This gives an overview of each location looking at their historical contribution, strengths, weaknesses and opportunities for the future.

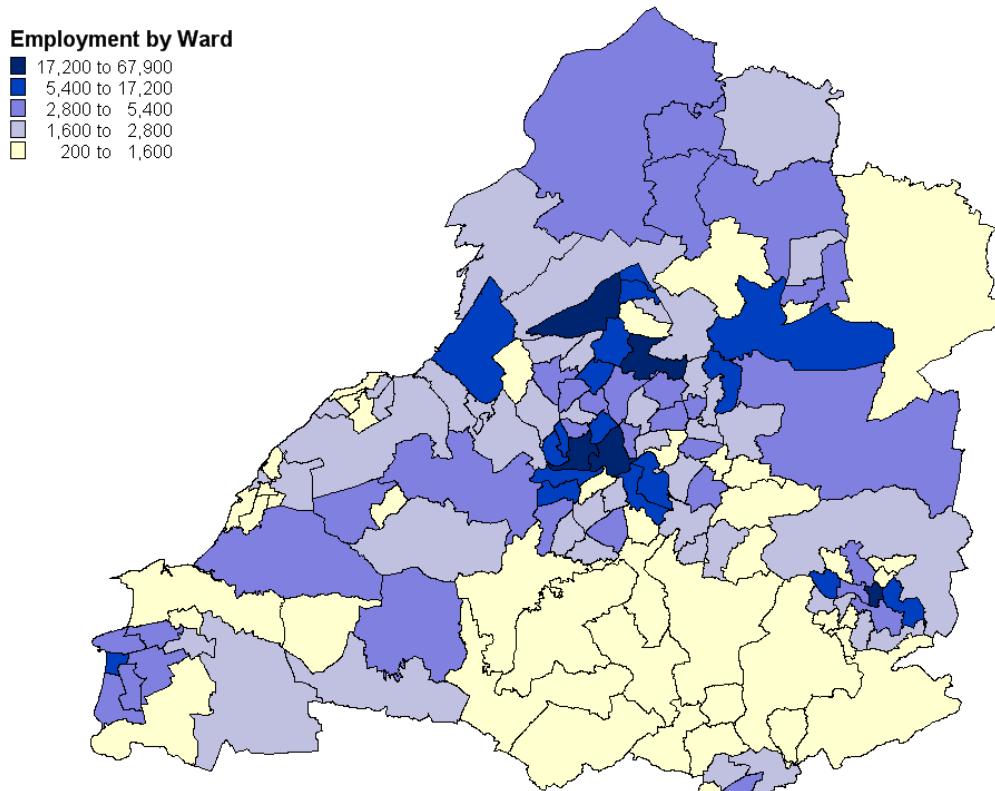
4.33 The local planning authorities in the West of England currently monitor annual completions of employment land, both office and industrial. In addition they keep a record of planning commitments regarding B Class development, both office and industrial, as well as land allocations. The monitoring of employment land helps to enable future planning and high-level information is recorded in the UAs' Annual Monitoring Reports (AMRs). Map 4.4 sets out employment 'hot spots' in the West of England. These 'hot spots', in terms of the numbers of employees, broadly correlate with where there has been a focus on economic development and completions in the past.

4.34 The North Fringe of the Bristol Urban Area and Bristol City Centre have underpinned much of the growth in the sub-region over the last 20 years, with the Bristol urban area accounting for just under two thirds of the employment within the West of England. Approximately 69,500 people are in employment within the North Fringe and 109,300 within Bristol City Centre⁹.

4.35 Development in the North Fringe has primarily been characterised by large scale out-of-town business parks and distribution centres, with advanced engineering, aerospace and defence having a strong presence in the area, along with finance and insurance, the public sector and tertiary education. Redevelopment projects in Bristol City Centre over recent years have resulted in a large variety of modern office space being developed, providing office accommodation for a broad range of sectors, such as banking/finance, professional services, public sector, creative industries and technology. There are also significant levels of employment in Bath City Centre, Weston-super-Mare and Avonmouth/Sevenside.

⁹ Source: ONS, 2009 BRES; North Fringe = Patchway, Filton, Frenchay & Stoke Park, Bradley Stoke Central & Stoke Lodge, Bradley Stoke North, Bradley Stoke South, Stoke Gifford and Winterbourne. Bristol City Centre = Cabot & Lawrence Hill.

Map 4.4: Distribution of employment across the West of England



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The stock of industrial and office property

4.36 Table 4.1 illustrates the stock of office, factory and warehouse land across the West of England in 1998 and 2008. It shows that in 2008 the stock of office and industrial floorspace in the West of England amounted to about 8.1 million sq m with warehousing accounting for about 41% of the total, factories some 33% and offices the remaining 26%¹⁰. Across the West of England the overall stock of floorspace has seen a modest net increase between 1998 and 2008. Graph 4.2 shows that losses of factory floorspace have been more than matched by gains of warehousing floorspace and, to a lesser extent, office floorspace.

¹⁰ Commercial and Industrial Floorspace and Rateable Value Statistics, 2008. Neighbourhood Statistics, ONS.

Table 4.1: Office and Industrial Stock - Floorspace sq m (thousands)

	Office		Factories		Warehousing		Total		Net Change
	1998	2008	1998	2008	1998	2008	1998	2008	1998 - 2008
B&NES	200	243	522	409	254	245	976	897	-79
Bristol	1106	1199	1270	1021	1611	1568	3987	3788	-199
N.Som	144	217	492	490	320	552	956	1259	303
S.Glos	317	439	833	814	680	964	1830	2217	387
<i>WofE</i>	<i>1767</i>	<i>2098</i>	<i>3117</i>	<i>2734</i>	<i>2865</i>	<i>3329</i>	<i>7749</i>	<i>8161</i>	<i>412</i>

Source: Commercial and Industrial Floorspace and Rateable Value Statistics 1998/2008. Neighbourhood Statistics ONS.

4.37 What Table 4.1 does not show is that a significant amount of stock that may have been brought back into use through the redevelopment of secondary or redundant stock. Across all four of the UAs the overall amount of stock has remained steady; however, jobs have increased due to the transition from lower density employment uses (industry) to higher density employment uses (offices).

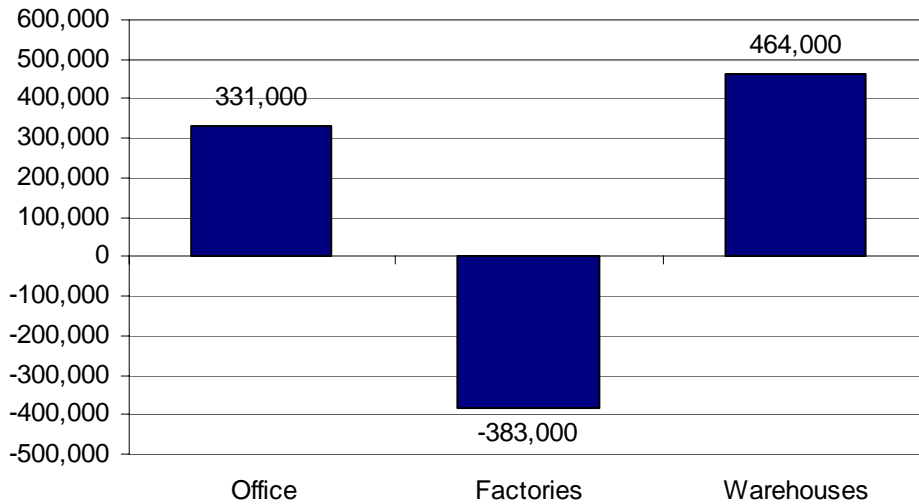
4.38 The data from ONS's Commercial and Industrial Floorspace and Rateable Value Statistics is only available for the time period 1998 to 2008; consequently the figures do not capture the surge of completions at/after the end of the property development boom. The data is also unlikely to have captured development that was completed but not occupied at 2008. Locally derived data shows that over the last 3 years there have been significant gains in office and warehouse development across the West of England; for instance, the ONS data effectively misses 75,000 sq m office completions in Bristol City Centre during 2009/10. Locally derived data is looked at in more detail later in this section.

4.39 What the ONS data does illustrate is that patterns of growth and decline across the West of England are not evenly distributed. Graph 4.3 shows net change in industrial and office development by UA between 1998 and 2008. All four of the UAs have seen net losses of factory floorspace, with the most substantial losses being experienced in B&NES and Bristol; this is because Bristol and Bath relative to South Gloucestershire and North Somerset are large urban areas with a significant historical stock.

4.40 Both North Somerset and South Gloucestershire have recorded large net increases of warehouse floorspace and, to a lesser extent, office floorspace. In North Somerset this has primarily been in locations across the district, such as Royal Portbury, Eden Office Park (Ham Green), Clevedon 5/20 Business Park and Portishead. In South Gloucestershire, it reflects large increases of both office and warehousing floorspace; in particular, business park

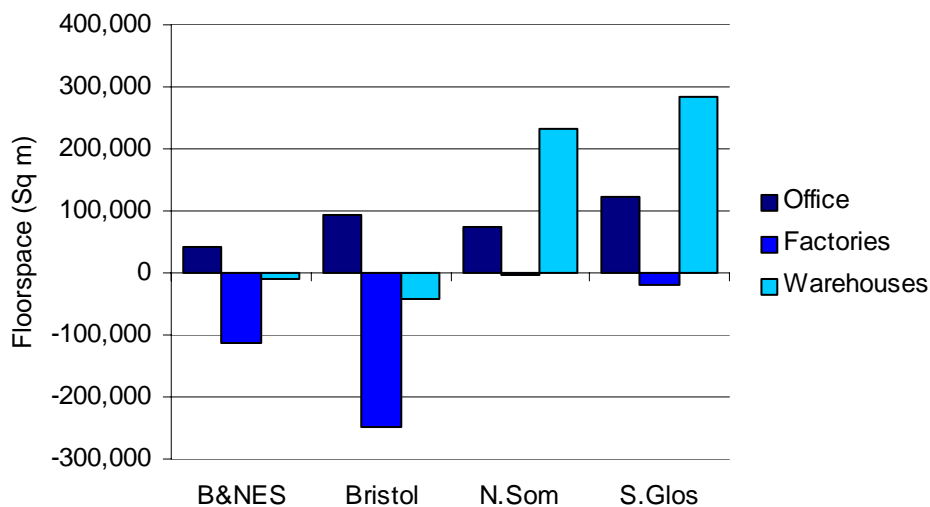
development in the North Fringe and Emersons Green and the development of large distribution centres at Severnside. As previously mentioned in para 4.38 the ONS statistics do not paint an complete picture of recent changes in stock; current locally derived information from business development/employment land surveys is discussed at paras 4.41 to 4.56.

Graph 4.2: Changes in the stock of industrial and office floorspace – West of England 1998 – 2008



Source: Commercial and Industrial Floorspace and Rateable Value Statistics 1998/2008. Neighbourhood Statistics ONS.

Graph 4.3: Changes in the stock of industrial and office floorspace – West of England Authorities 1998 – 2008

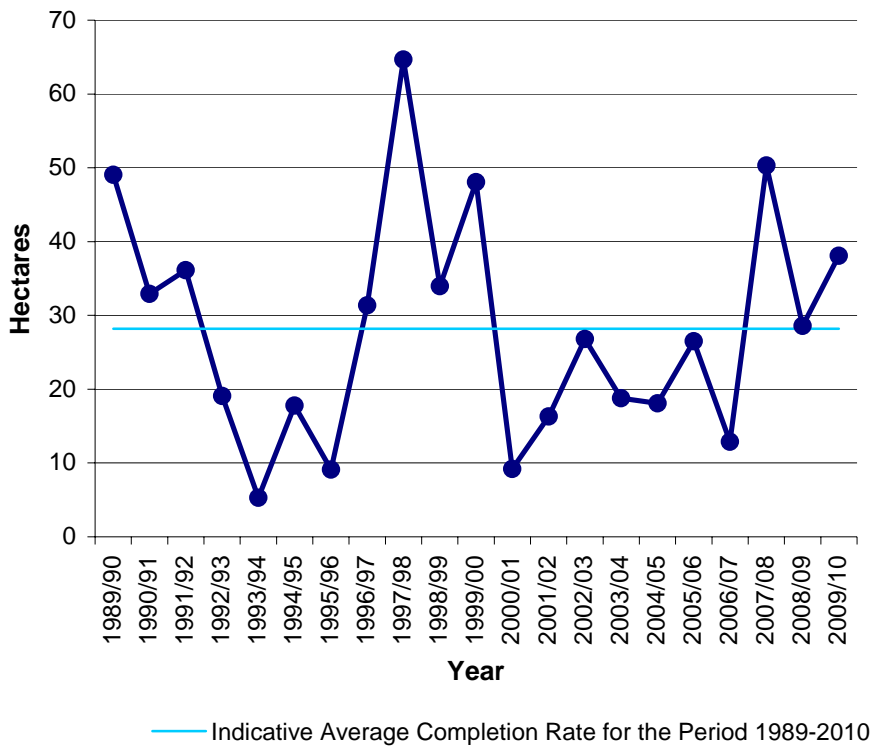


Source: Commercial and Industrial Floorspace and Rateable Value Statistics 1998/2008. Neighbourhood Statistics ONS.

Industrial Stock

4.41 Graph 4.4 illustrates past industrial development completions in the West of England between 1989 and 2010; during this time there has been an average annual completion rate of 27.3ha¹¹. As demonstrated there can be extreme variations between completions year on year. Between 2000/01 and 2006/07 completions were generally below the long-term average; however, since 2007/08 completions have been higher than the average, following the completion of a number of large sites. The majority of these completions have been located in Avonmouth, Severnside and Royal Portbury, which over recent years have seen the development of large warehousing and distribution centres; there has also been significant industrial development in the North Fringe, Emersons Green Area B and at Westerleigh Business Park Yate.

Graph 4.4: Annual Industrial Completions in the West of England 1989-2010



Source: UA's Annual Employment Land Survey

¹¹ Please note from here onwards Industrial land will be expressed in Hectares (Ha) and Office land in Sq m, as this is how the authorities have historically monitored completions and commitments.

Table 4.2: Employment Commitments and Allocations – Industrial Stock

	Commitments & Allocations – Industrial Ha ^b	Long term annual completion rates 1989-2010)	Years supply based on past completions ^e	Short term annual completion rate (2005-2010)	Years supply based on past completions ^e
B&NES^a	5.35	1.4	4yrs	2.7	2yrs
Bristol	50.2 (41.2 ^c)	9.3	5yrs (4yrs)	13.0	4yrs (3yrs)
North Somerset	18.6	7.1	2.5yrs	1.5	12,5yrs
South Gloucestershire	397.9 (262.2 ^d)	9.5	42 yrs (25yrs)	14.0	28yrs (19yrs)
West of England	472.1	27,3	17yrs	31.3	15yrs

Source: Individual authorities annual employment monitoring

N.B Sq m figures rounded to the nearest 100; HA figures rounded to 1d.p.

NOTES

^a B&NES has a further potential 1 2.6 hectares gross industrial space on sites yet to be formally allocated. All four authorities in the West of England have further potential for office space above that stated above yet to be formally allocated.

^bThe allocation figures set out above do not take account of the potential for additional industrial development coming forward through the regeneration, redevelopment and intensification of existing industrial sites.

^c 41.2 Ha is committed at Avonmouth, none of this is allocated.

^d 262.2 Ha is covered by the 1957 ICI extant planning permission at Severnside

^e The 4 authorities are setting their own targets in Core Strategies based on a full range of planning considerations rather than historic development trends alone. Furthermore, this data masks anomalies for example Bristol’s past completions figures include 40-50ha of open car storage at Honda in Avonmouth which do not contain buildings or support high density employment and are likely to be classified as a sui generic use. If these completions are removed from the past trend then a long term annual completion rate of around 7ha is achieved. This would increase the ‘Years Supply’ statistic to 7+years.

4.42 Over recent decades there has been a marked decrease in many traditional manufacturing and industrial use classes within urban areas such as Bristol, Bath and Weston-super-Mare; this is in line with a national trend of reduced manufacturing. As illustrated by Table 4.2, the future supply of industrial land across the West of England is unevenly distributed. The bulk of the provision is identified in South Gloucestershire, with 262.2Ha being accounted for in Severnside. In contrast the Core Strategy for Bath and North East Somerset¹²

¹² Bath and North East Somerset Draft Core Strategy Publication Version December 2010

anticipates that there will continue to be a contraction of industrial floorspace in Bath and the Somer Valley, with no net change planned for Keynsham.

4.43 Of the industrial land identified in Bristol 41.2 hectares (82%) is committed to industrial development at Avonmouth. Bristol's Core Strategy does not promote any new allocations of industrial land in Avonmouth, focusing instead on regeneration of the existing industrial area. Redevelopment of secondary industrial sites will not always result in intensification of employment uses. However, it is expected that significant net gains will be achieved through a combination of redevelopment, extension to existing units and infill development that maximises the efficient use of land.

4.44 Bristol's Employment Land Study (2009) recommended that 24.5 hectares of additional industrial land should be provided in areas of the city other than Avonmouth. This recommendation was intended to meet both pent-up and future demand for industrial land, provide some flexibility and choice to the industrial market and address the shortage of available land in areas outside of Avonmouth. However, as stated in Bristol's Core Strategy *'the built-up nature of Bristol and factors such as Green Belt, flood risk and open space means that the ability to allocate new industrial and warehousing within the city is extremely limited'*. The Core Strategy therefore seeks to provide up to 10 hectares of industrial land in South Bristol, rather than the 24.5 hectares suggested by the Employment Land Study.

4.45 The issues relating to the provision of industrial land are not constrained to Bristol City Council. The issues are strategic in nature due to the West of England being a functioning economic area. Consequently the 4 West of England authorities will need to take a strategic approach to ensuring an adequate supply of land, taking account of market intelligence and working in conjunction with developers and the business community.

4.46 The potential to achieve a sufficient strategic provision of industrial land is impacted/dependent upon the following issues:

- Maximising the economic potential of Avonmouth / Severnside having regard to sustainability considerations.
- Understanding the whole picture - completion rates alone are not a sufficient estimate of the future supply of industrial land as these rates overlook the contribution redevelopment and 'churn' of existing sites make to the available stock.
- Changes in market demand mean use classes such as waste treatment sites and regional distribution centres, are quickly taking up land in Avonmouth and Severnside. These use classes take up large areas of land but employ relatively few people. This

current trend means that land is taken up quickly /no longer available and fewer more 'traditional' industrial uses are coming forward in this area.

- Land at Avonmouth and Severnside is constrained by flooding, environmental and transport issues, and these issues may affect some of the land identified for industrial development.
- The safeguarding of industrial land in areas outside of Avonmouth and Severnside is of continued, ongoing importance across the West of England in particular those areas where evidence suggests there is a continued market demand. Market intelligence is required to understand future demand from business. This will help to provide a more comprehensive picture of future land requirements across the West of England.

Office

4.47 Annual levels of office development completions in the West of England averaged about 60,096 sq m gross per annum between 1989 and 2010 (illustrated by Graph 4.5). As with the industrial completions, there are considerable fluctuations year on year. However, the bulk of the completions have been in the North Fringe and Bristol City Centre. In 1996/97 there was a spike in office completions following the completion of two large sites in the North Fringe (MOD Abbey Wood and Axa Sun Life – now Friends Provident).

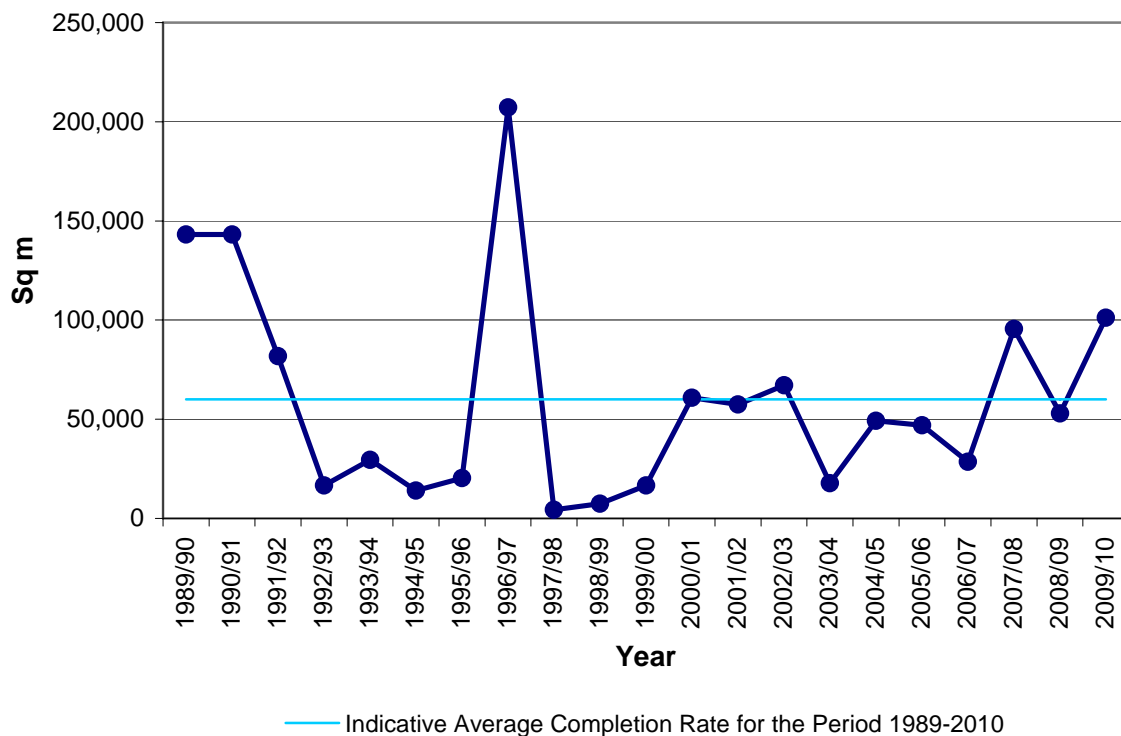
4.48 Office development in Bristol City Centre was moderate in the mid-1990s, due to the property market being drawn to large greenfield development opportunities in the North Fringe. Over recent years, however, there has been a renewed interest in City Centre office development, primarily in large redevelopment projects, such as Bristol Harbourside and Temple Quarter.

4.49 The North Fringe has experienced large-scale development over the last 20 – 30 years, both in housing and employment. Again, office completions in this area have fluctuated, but over recent years there has been a general decrease. This more modest rate of development is likely to continue as a result of fewer sites coming forward and policy initiatives to rebalance the West of England economy. Development opportunities in the North Fringe need to be considered alongside the need to balance and redirect development to other key strategic locations in line with the Vision for the West of England. However, there are a number of large sites, such as the Rolls Royce East Works site, which provide opportunities for mixed employment development. In addition the proposed closure of Filton Airfield in 2012 will provide a 142ha site, although how the site will be developed has yet to be determined. There is also scope for sites becoming available through the regeneration and intensification of existing employment areas.

4.50 B&NES has seen a comparatively small amount of new office development in recent years, with an annual completion rate of around 2,000 sq m gross. In the past, Bath City Centre has not attracted a great deal of speculative development, partly due to constraints posed by historical and environmental assets within the area. However, the planned regeneration of Western Riverside is likely to attract significant new office development in the medium term.

4.51 Recently, there has been 'market demand' created for office development at locations close to the M5 in the Portishead area in North Somerset, which supports the West of England Vision as referred to in para. 4.49. The West of England vision sought to actively promote strategic sites in South Bristol and within North Somerset to provide local employment opportunities in these locations and to ease development pressures in the North Fringe. The trend of diverting some of the out-of-town office demand, from the north of Bristol towards North Somerset locations along the M5 including Portishead, Clevedon and Weston-super-Mare as well as to Bristol City Centre remains a key locational policy driver.

Graph 4.5: Annual Office Completions in the West of England 1989-2010



Source: UA's Annual Employment Land Surveys

4.52 Table 4.3 sets out the employment commitments (developments with planning permission) and allocations (sites safeguarded for future employment development) in the West of England as of March 2010 for office development. There are approximately 635,700 sq m of

office floorspace available for future development, 50% of which is in Bristol, primarily in the City Centre.

Table 4.3: Employment Commitments and Allocations – Office development

	Commitments & Allocations – Office Sq M ^b	Annual Completion Rate 1989-2010 ^c	Years supply based on past completions ^d
B&NES ^a	71,300	2,300	31yrs
Bristol	313,300	22,300 ^e	14yrs
North Somerset	138,500	5,000	28yrs
South Gloucestershire	112,600	26,400	6yrs
West of England	635,700	60,100	10.5yrs

Source: Individual authorities annual employment monitoring

N.B Sq m figures rounded to the nearest 100; HA figures rounded to 1d.p.

NOTES

^a B&NES has a further potential 134,000 sq m gross office space on sites yet to be allocated, All four authorities in the West of England have further potential for office space above that stated above yet to be formally allocated.

^b The allocation figures set out above do not take account of the potential for additional development coming forward through the regeneration, redevelopment and intensification of existing sites, as well as the reletting of existing premises currently not in use.

^c It should be noted that the effects of the recession may mean lower completion rates in the short – medium term.

^d Past completion rates do not provide targets of employment land/floorspace which the authorities should supply each year. The 4 authorities are setting their own targets in Core Strategies based on a full range of planning considerations rather than historic development trends alone.

^e B1a floorspace in Bristol 1989-2010 average 23,700 sq m (including office development at Avonmouth which is ancillary to B2/B8 activities, which equates to 13 years supply.

4.53 As shown by Table 4.3, based on past completion rates the current commitments and allocations for office space will last approximately 10.5yrs. It could be argued, however, that the completion rate will lower in the future, and that the current rate has been skewed by high levels of development in the North Fringe during the 90s and recent regeneration projects in Bristol City Centre. The current commitments and allocations should, therefore, last substantially longer than indicated, as the completion rate of 60,100 sq m per annum is unlikely to be maintained in the long term.

4.54 It could be further argued that this is an underestimation of available future office development, as there is a substantial churn of lower grade office development being refurbished and brought back onto the market. These refurbishments are not necessarily picked up through the planning system, but they do add to the available stock. There is also a large amount of office development, both high and low grade, currently vacant as a result of the

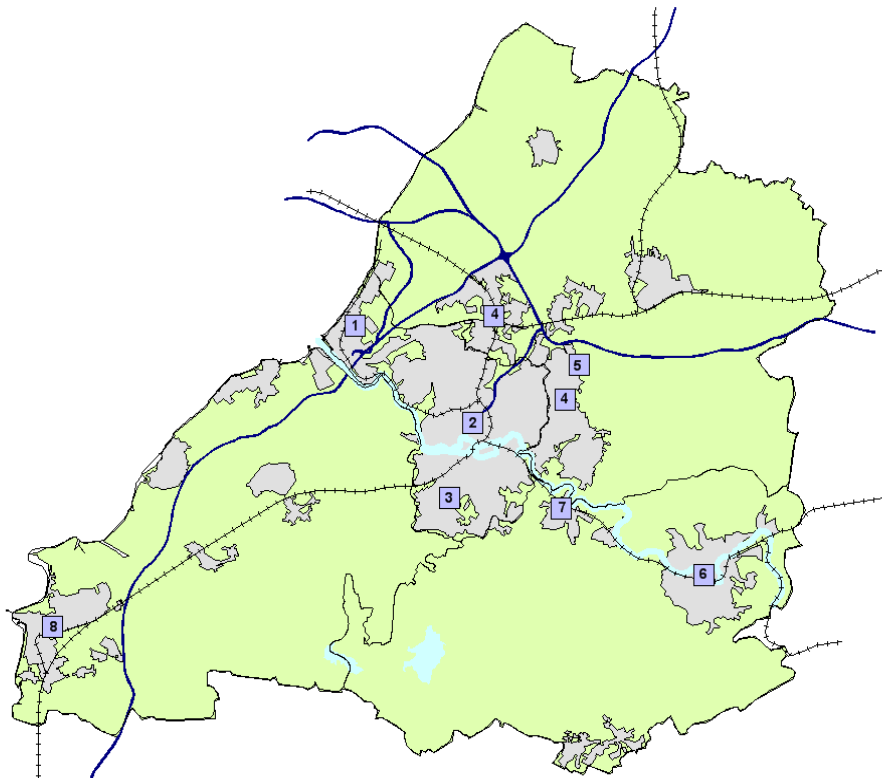
recession. It is, therefore, anticipated that these premises will be taken up before much more development comes forward. It should also be noted that changes in use, redevelopment and extensions (within employment generating use classes) also account for a significant amount of employment related development.

4.55 As with industrial land, the supply of land available for office development is unevenly distributed across the WoE. The analysis in table 4.3 indicates a short to medium term supply in Bristol and South Gloucestershire, based on high levels of recent completions in relation to current commitments and allocations. Development activity in these areas has slowed since the start of the recession. Additional supply is expected to come forward in the future through office refurbishments, the letting of space, which is currently vacant, and further planning applications in response to market demand.

4.56 In North Somerset (primarily Weston-super-Mare) there is a significant supply of sites to meet aspirations for employment-led growth up to 2026 and beyond, reflecting also the trend for increased growth in locations along the M5 corridor. In B&NES the modest annual completion rate of office development means that there is an adequate supply to meet their local needs.

Major Employment Sites

Map 4.5: Strategic Employment Locations



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1) Avonmouth and Severnside:

4.57 Proximity to the port, motorway network and extensive development sites has attracted businesses such as heavy industrial, power generation and waste treatment and, over recent years, large distribution and warehouse depots and a range of other businesses to this location. Current take-up in the area is around 10-15ha per annum¹³, with demand in this location set to continue into the future. There is considerable capacity to accommodate business in this location, with approximately 300ha firmly committed for business activities and a potential further 200ha identified.

4.58 The vast majority of the available land falls within South Gloucestershire, under the 1957 ICI extant permission; due to this, much of the development is likely to come forward in strategic parcels led by the market. Regional and local planning policy continues to support the development of Avonmouth and Severnside, while recognising the significant constraints that affect the area by way of flood risk, highway infrastructure, ecology and archaeology. The large amount of land with extant planning permission suggests that the ability to mitigate the impact of development through [measures set out in] section 106 agreements is much reduced and there may be little scope to implement a comprehensive development strategy and secure strategic solutions to infrastructure requirements without an alternative funding mechanism.

2) Bristol City Centre:

4.59 In recent years Bristol City Centre has attracted a considerable amount of new office development, but development activity has slowed since the start of the recession. The area has strong potential to attract further office development once the market recovers. At present, there is a significant stock of planning permissions including several large schemes in the vicinity of Temple Meads train station which have been delayed by economic and other local circumstances, these include Bank Place, Glassfields, Temple Quay North, Redcliffe Village and the Island Site. However, these large schemes are likely to be revived and joined by others, as a result of the Temple Quarter Enterprise Zone. The main issue currently affecting further office development within the city centre is the uncertainties surrounding the market as a result of the recession.

3) South Bristol:

4.60 South Bristol is being promoted as a growing business location which will act as a counterbalance to the economically successful North Fringe of Bristol and provide employment opportunities for the disadvantaged areas in South Bristol, without requiring residents to

¹³ Local Authority annual employment land surveys

undertake lengthy and carbon-emitting commutes. The Core Strategy proposes that South Bristol should be a priority focus for development and comprehensive regeneration. Provision is proposed for up to 100,000 sq m of additional office floorspace and 10 hectares of industrial land. Development is proposed across South Bristol with major regeneration particularly focused on Knowle West and Hengrove Park.

4.61 Currently business development in South Bristol is small scale, largely relating to the requirements of established occupiers. The main issue facing this location is that market demand is at present weak, especially in the current economic climate. In addition infrastructure schemes, which are required to improve the accessibility of the area, are unlikely to come forward in the short term. However, steps can be taken to safeguard existing employment areas such as the Principal Industrial and Warehousing Areas, which are protected by policies in Bristol's Core Strategy and emerging Site Allocations.

4) North and East Fringe of Bristol Urban Area (highlighted in two locations on Map 4.5):

4.62 Extensive business park and office development in the North Fringe supported 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.

4.63 Current market demand in the North Fringe is modest and considerably lower than the historical trend; however, demand is likely to be strong when market conditions stabilise and return to normal.

4.64 Consultants¹⁴ advice received in 2003, suggested that the commercial property market perceived a shortage of business expansion opportunity in the North Fringe. Market demand is estimated as representing the potential for about 7ha per annum of business park development in the North and East Fringe areas of Bristol. However, the consultants advised that this may fall to between 3 and 4ha in the future as a result of a combination of traffic congestion, a more limited supply of development opportunity and the attraction of potential demand elsewhere as a result of success with city centre regeneration and opportunities for out-of-town office development in North Somerset.

4.65 It is expected that over the long term the development needs of a range of business sectors including: business parks, aerospace and other industrial uses, the University of the

¹⁴ RPS/Alder King (2003) op cit

West of England and retail and leisure uses will need to met in the North Fringe. This will be achieved through the planned major developments identified in the South Gloucestershire Core Strategy, including the reprofiling of Cribbs/Patchway with potential at Filton Airfield, the expansion of the University of the West of England, as well as the smaller scale redevelopment of existing safeguarded employment areas and retail areas.

5) Emersons Green and SPark:

4.66 Emerald Park in Emersons Green has been taken up rapidly, largely by distribution companies, and, more recently by office uses. Companies at Emerald Park include Knorr Bremse, The Mitie Group, Inbis Engineering Consultants and the National Health Service.

4.67 SPark adjacent to Emerald Park provides an exciting new opportunity for the Partnership area. The £300 million science park will be comparable in size and scope to the best in the UK, providing 77,000 sq m of accommodation, including 5,000 sq m for an innovation centre and a 3,000 sq m unit for more established businesses. The project has been brought forward by a number of partners including the South West Regional Development Agency (SWRDA), Quantum Property Partnership and the universities of Bath, Bristol and the West of England. Despite a delay to building works as a result of the recession, the first stage (approximately a third) of the Science Park has avoided spending cuts and opened in September 2011.

4.68 The UK Department for Business Innovation and Skills (BIS) have identified the significance of SPark, as one of three nationally important technology parks, contracting the Homes and Communities Agency to manage them. SPark has been identified as an asset of national importance to be retained within central government in order to be developed further to support investments in innovation and technology¹⁵. SPark will host the National Composite Centre, due to open in November 2011; the centre will be an independent, open access national centre that delivers world-class innovation in the design and rapid manufacture of composites and facilitates their widespread industrial exploitation¹⁶.

Market Towns – Yate, Chipping Sodbury and Thornbury

4.69 At **Yate and Chipping Sodbury** the key strategic objective is to put in place a long-term strategy to continue to strengthen their role as successful and progressive market towns and to enhance resident's aspirations and the perception other people and businesses have of both towns. Up to 2016 the focus is on town centre investment, development of an evening economy and broadening the leisure attractions and retail outlets. This is supported by objectives to

¹⁵ Source: SWRDA Press Release 'Government Guarantees Local Influence in Future Development of RDA Assets'

¹⁶ <http://www.nationalcompositescentre.co.uk/about>

remodel the western approach employment sites (at Stover and Badminton Roads), some limited housing development on previously developed land and providing and planning for better public transport, walking and cycling within the Town and to key destinations. Post 2016 the development strategy recognises the need to strengthen and broaden the social, economic and physical base of Yate.

4.70 At the heart of this is a new neighbourhood for 3000 dwellings and up to 9ha of employment land planned comprehensively as part of a whole town approach. This will continue to ensure sustainable growth by helping to unlock the investment needed to support the delivery of new infrastructure, including new strategic sewerage investment. It will also address the existing needs of the residents of Yate and Chipping Sodbury in terms of affordability across the housing market and broadening choice. The new neighbourhood will also provide for new and extended education provision, addressing the current deficiency in the distribution of primary schools across Yate.

4.71 The development strategy for Thornbury supports the objective to ensure that it remains a successful and vibrant market town. Development is identified that is proportionate to the scale and function of the town and which will help address the economic and social issues that it currently faces.

6) Bath City Centre:

4.72 Over recent years a number of major development schemes have up-dated and enhanced the capacity of the City Centre to attract and accommodate visitors and business. In 2006 Bath Thermae Spa opened, which is reported to have encouraged the attraction of new retailers to the city, as well as the redevelopment of the Southgate shopping centre, which fully opened in September 2010, and has attracted a number of new retailers to the city.

4.73 There is a demand for new modern office space from local SME's looking to expand and, while major relocations have not historically been attracted to Bath, plans to address key infrastructure and environmental constraints should start to address this and support larger schemes for the city centre to come forward.

7) Keynsham:

4.74 Historically Keynsham has depended heavily on the presence of Cadbury Schweppes as a major employer in the town, with a large number of local residents travelling to Bristol and, to a lesser extent Bath, for employment. Bath and North East Somerset attaches priority to securing business development at Keynsham to rebuild the town's employment base following

the closure of Cadbury Schweppes and complement proposals for major residential development. The draft Core Strategy proposes 2,000 additional jobs at Keynsham.

4.75 The regeneration plans for Keynsham, including at Somerdale, are helping to stimulate employment demand. Consultants advise that the location of the town on the A4 and main rail line between Bath and Bristol, and close to the Ring Road, leads to good prospects for attracting both office and industrial development¹⁷ for the wider area if attractive development opportunities are provided.

8) Weston-super-Mare:

4.76 The emerging Core Strategy for North Somerset identifies in the order of 14,000 jobs up until 2026 across the authority; the majority of these – approximately 10,500 – are to be in Weston-super-Mare, particularly as part of the planned Weston Villages, (Weston Airfield, and Locking Parklands) and Weston Gateway sites close to the M5 and town centre regeneration.

4.77 Development in Weston-super-Mare will be underpinned by an employment-led strategy, where residential growth will be linked to the creation of new employment opportunities in the town, therefore creating an added incentive to deliver employment growth. This is intended to rebalance employment opportunities and homes in the town and to enable future sustainable place making.

4.78 All of the Weston-super-Mare sites are now readily available, most with planning permission and initial servicing in place, and developers/commercial agents are currently in discussions with potential occupiers. In the case of Locking Parklands, some speculative build has been approved and will be completed by 2012. A range of transport improvements have been identified which will further improve the attractiveness of the locations. These are coming through as part of the current Weston Transport Package which incorporates both rail and road improvements, set for completion in 2015. Commercial developers/agents are reporting steady interest in employment sites.

4.79 Opportunities exist to support the delivery of employment, including investment in infrastructure, with wider regeneration works in the town, new developments stimulating commercial interest and constraints on land availability elsewhere in the West of England.

¹⁷ Consultants advise that Keynsham offers potential to attract industrial relocations from both Bath and Bristol. RPS/Alder King. 2003. Op cit.

Sustainable Economic Growth

Climate Change

4.80 It is well documented that historically, energy use and carbon emissions have risen with population and economic growth. The detrimental effects of unsustainable economic growth are now widely recognised, and the economic case for urgent action on climate change is undeniable, with the costs of inaction far greater than those of taking action. The need for action on climate change is exacerbated by peak oil. As set out in the Stern Review¹⁸, if no global action is taken to tackle climate change then changes in global weather systems could inflict costs equivalent to 5% to 20% of global GDP a year.

4.81 The West of England Multi-Area Agreement set out the partnership areas objective for adapting to and mitigating climate change. In particular, it supports action to:

- Work with Government to achieve the targets set out under the Climate Change Act.
 - Provide support and coordination of activity to achieve low and zero carbon new development by 2016 (housing) and 2019 (non domestic sector).
 - Understand the impacts of and take action to respond to increasing flood risk.
 - Stimulate the increased installation of renewable energy technologies in the region.
 - Undertake regional activity to support carbon reductions and demand management from regional and local multi-modal transport.
 - Embed long-term carbon management and resource efficiency in business planning and investment and economic development.
 - Increase business preparation for the opportunities and risks of climate change.
- Comprehensively assess the risks and opportunities of changes in our climate, respond to priority issues such as flood risk, embed climate change in the plans and decision making of public and private sector organisations.

4.82 Tackling climate change will benefit the West of England's economy by stimulating innovation and new technologies through the collaboration of businesses and the Universities. Innovation and new technologies will help businesses to reduce energy costs and provide jobs in 'green industries'. A key driver of innovation and growth in tackling climate change will be the 'environmental technologies' sector, which has been identified in the LEP submission as a priority sector for the Partnership Area. There is the opportunity for the partnership area to assess the risks of climate change and peak oil to the West of England's economy to assist in

¹⁸ The Stern Review on the Economics of Climate Change, October 2006.

putting in place adaptation measures to save on costs in the long-term and make businesses more resilient to the inevitable changes that will happen following on from peak oil.

4.83 The implications of peak oil remain relatively un-investigated, particularly at lower level geographies, although Bristol City Council have produced an investigative report¹⁹. However, peak oil is likely to create volatile markets, see a shift of production and effect particular sectors. Oxford Economics are proposing to do a piece of work looking at the implications of several scenarios on the macro economy.

Carbon Emissions

4.84 Between 2005 and 2008 the West of England's per capita emissions have reduced by 12% and total emissions have reduced by 10%. Total emissions can also be separated into industry and commercial, domestic and road transport emissions. The largest reduction in emissions has been seen in industry and commercial category, this is the area where the largest reductions have also been seen across all four authorities.

4.85 As illustrated in table 4.4 there was a substantial reduction in CO₂ emissions in the industry and commercial sector in South Gloucestershire in 2008, this in part is due to the closure of the Astrazeneca fertiliser plant in Severnside. This reduction illustrates that the closure of large plants can have a significant impact on reducing CO₂ emissions in the area, however if the plant were merely to be relocating its practices to another location this would just displace the issue. All industrial and commercial buildings are required to make significant cuts in carbon emissions by EU law, although it should be noted that even with all measures taken to bring carbon emissions down they will not be as carbon efficient as new builds.

¹⁹ 'The Peak Oil Report' <http://bristolgreencapital.org/latest/2011/09/the-peak-oil-report/>

Table 4.4: Carbon Emissions in the West of England 2005 - 2008

LA Name	Year	Industry and Commercial	Domestic	Road Transport	Total	Per Capita Emissions (t)	% Change Total 2005-2008	% Change per capita 2005-2008
Bath and North East Somerset	2005	391	439	264	1,094	6.3		
	2006	362	437	261	1,060	6.1		
	2007	348	423	262	1,033	5.9		
	2008	348	423	252	1,023	5.8	-6%	-8%
Bristol, City of	2005	988	891	479	2,357	5.8		
	2006	969	890	467	2,326	5.6		
	2007	906	859	475	2,240	5.3		
	2008	887	857	451	2,195	5.2	-7%	-10%
North Somerset	2005	460	496	298	1,255	6.3		
	2006	470	503	293	1,267	6.3		
	2007	453	485	295	1,234	6.0		
	2008	443	487	284	1,214	5.9	-3%	-6%
South Gloucestershire	2005	1,042	583	426	2,051	8.0		
	2006	1,000	590	417	2,007	7.8		
	2007	1,022	571	425	2,018	7.8		
	2008	667	571	409	1,647	6.3	-20%	-21%
West of England	2005	2,882	2,408	1,467	6,757	6.5		
	2006	2,800	2,421	1,438	6,659	6.4		
	2007	2,729	2,338	1,458	6,524	6.2		
	2008	2,345	2,338	1,397	6,079	5.7	-10%	-12%

Source: DECC <http://www.decc.gov.uk/en/content/cms/statistics/indicators/ni186/ni186.aspx>

4.86 The carbon intensity of our economy can be used as a measure of sustainable prosperity. Table 4.5 illustrates that the West of England has one of the most carbon efficient economies in the South West, with Bristol having the most and Somerset the least. Studies have shown that large urban areas are generally more carbon efficient than more suburban and rural areas. It is therefore unsurprising that the West of England collectively has carbon emissions of 212 tonnes per million £GVA, this is 50% lower than the average for the South West; this suggests that those more suburban and rural areas have a larger responsibility and challenge in reducing per capita and GVA related emissions.

Table 4.5: Carbon Efficiencies for the South West

	CO ₂ Kt	CO ₂ t	GVA (£m)	CO ₂ (t)/£m GVA
B&NES	1,048	1,048,320	3,674	285
Bristol	2,318	2,317,730	11,024	210
North Somerset	1,579	1,578,600	3,248	486
South Gloucestershire	2,667	266,770	6,576	406
<i>West of England</i>	<i>7,612</i>	<i>5,211,420</i>	<i>24,522</i>	<i>212</i>
Bournemouth	886	886,120	3,185	278
Cornwall & IoS	3,964	3,963,660	6,923	573
Devon	5,921	5,921,230	11,271	525
Dorset	2,876	2,875,870	5,801	496
Gloucestershire	4,926	4,926,190	12,057	409
Somerset	4,970	4,970,470	8,460	588
Wiltshire	4,758	4,758,010	8,965	531
Plymouth	1,470	1,469,920	4,044	363
Poole	951	950,920	2,820	337
Swindon	1,761	1,761,140	6,572	268
Torbay	671	671,120	1,480	453
<i>South West</i>	<i>40,766</i>	<i>40,766,070</i>	<i>96,099</i>	<i>424</i>

Source: SW Regional Accounts and DECC (based on full data set of local authority CO₂ emissions including motorways and EU ETS sites)

4.87 There is the opportunity to undertake further analysis on the environmental and renewable technologies as well as for the authorities to work further with businesses, HE and FE to build upon existing strengths and expertise to protect environments and generate green jobs.

Digital Connectivity

4.88 Digital connectivity is a key factor in sustainable economic growth. Connectivity allows businesses to operate more effectively through email and virtual meetings. Digital connectivity also provides businesses with a 'face' to the outside world, allowing the public to understand company practices and allowing businesses to operate more transparently. There has also been a rise over recent years in online public engagement, this is a tool often used by Local Authorities to ascertain the views of local communities on certain proposals. Access to high-speed broadband is an issue for all businesses: in rural areas to even basic standards and in urban areas to super-fast provision. Ultra-fast broadband is a key feature of the Temple Quarter Enterprise Zone, whereas the Enterprise Areas are expected to adopt a suitable level of provision to meet the requirements of the businesses they are seeking to attract.

4.89 Digital inclusion is an issue being faced by the partnership. Many of the communities, which already experience economic, social and health inequalities, also face digital exclusion. In the primary urban areas of the partnership older people, disabled people, less well off families and social tenants are most likely to be excluded; digital exclusion affecting rural communities is also an issue. Digital exclusion has also been linked to lower educational attainment adding a layer of additional disadvantage both socially and economically.

4.90 Digital connectivity and the use of ICT, has been recognised as a mechanism for reducing carbon emissions; for instance virtual meetings and teleconferencing allow meetings to take place in 'real time' but reduce the need for travel. However, ICT needs to become greener in itself, a study undertaken by Bristol City Council (2009)²⁰ calculated the carbon footprint of ICT for the city. The study showed that business use of ICT produced 67,258 tonnes of CO₂, which is 7% of industry and commercial emissions.

²⁰ Bristol City Councils ICT Carbon Footprint, funded by the Carbon Trust, 2009.

Glossary

ABI	Annual Business Inquiry
BEN	Bath and Bristol Enterprise Network
BRES	Business Register and Employment Survey
CLG	Department for Communities and Local Government
CML	Council of Mortgage Lenders
DfT	Department for Transport
DIIP	Delivery & Infrastructure Investment Plan
DWP	Department for Work and Pensions
ERDF	European Regional Development Fund
FE	Further Education
FTE	Full Time Equivalent
GBBN	Greater Bristol Bus Network
GDP	Gross Domestic Product
GI	Green Infrastructure
GVA	Gross Value Added
HCA	Homes and Communities Agency
HE	Higher Education
HECSU	Higher Education Careers Service Unit
ICT	Information and Communication Technology
ILO	International Labour Organisation
IMD	Index of Multiple Deprivation
JSA	Job Seekers Allowance
LEA	Local Economic Assessment
LEP	Local Enterprise Partnership
LSOA	Lower Super Output Area

NEET	Not in Education, Employment or Training
NEFA	National Enterprise Network
NESTA	National Endowment for Science, Technology and the Arts
NINo	National Insurance Number Regurgitations
NVQ	National Vocational Qualification
OE	Oxford Economics
ONS	Office for National Statistics
R&D	Research and Development
RGF	Regional Growth Fund
WofE	West of England
SHMA	Strategic Housing Market Assessment
SIC	Standard Industrial Classification
SMEs	Small and Medium Sized Enterprises
STEM	Science, Technology, Engineering and Maths
SWO	South West Observatory
SWRDA	South West Regional Development Agency
TTWA	Travel to Work Area
UAs	Unitary Authorities
UWE	University of the West of England
WEAF	West of England Aerospace Forum
WEPO	West of England Partnership Office