FOREST OF DEAN DISTRICT COUNCIL

REVIEW OF ECONOMIC FORECASTS

FINAL REPORT

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1. INTRODUCTION AND REPORT SYNOPSIS

Nupremis Cambridge Limited is commissioned by Forest of Dean District Council to complete a review of two economic forecasts from Cambridge Econometrics and Oxford Economics dated August 2014. The review will inform the Council's view on the appropriate input of the economic forecasts into the continued development of the Local Plan and will also provide a greater understanding of the scale of the potential economic policy and economic interventions required to support the delivery of the Core Strategy.

There is a particular emphasis on providing:

- A sound statistical and evidenced based understanding of the robustness of the economic forecasts
- A sound evidence base for the development plan policies

The Council has the benefit of analysis included in the Objectively Assessed Housing Needs of Stroud, Forest of Dean and Cotswold October 2014 completed by NMSS (OAN). This report seeks to build upon this work and develop a greater understanding of the economic forecasts and the extent to which they reflect local data, analysis and current policy and development interventions.

METHODOLOGY

The project presents an analysis of the two economic forecasts commissioned by Stroud, Forest of Dean and Cotswolds District Councils in 2014. The two forecasts were commissioned to provide evidence to allow each district to derive the Objectively Assessed Housing Need and to provide economic futures scenarios to evaluate and develop economic policy options in their Development Plan Documents.

This study does not seek to provide new economic forecasts but to understand the extent to which the existing forecasts reflect existing secondary data sources on jobs and GVA growth, are consistent with county and national assumptions about levels of growth for each sector and are consistent with each other. The analysis seeks to identify local interventions and current business activity within the Forest of Dean and consider their impact upon the forecast scenarios.

Importantly, this analysis does not seek to dismiss or suggest there is any errors within the forecasts but to help the District's understanding of issues and analysis which should be considered in reaching conclusions on the level of both jobs growth and GVA growth in the Forest of Dean and the scale of policy interventions required to reach an alternative policy scenario.

The desktop analysis is completed in four stages:

- Industry and business sector historic performance review
- Review of existing policy, published evidence and intelligence
- Review of Cambridge Econometrics and Oxford Economics forecasts August 2014
- Conclusions and review

INDUSTRY/SECTOR PERFORMANCE REVIEW

The Forest of Dean is a rural district with a resident population of 82,900 and a working age population of 50,700. The area is characterised by more than 110 square kilometres (42.5 sq miles) of mixed woodland, one of the surviving ancient woodlands in England. There are four towns and many smaller, rural settlements where approximately 58% of the population live. These key towns are: Newent to the north; Coleford, which is located towards the southern end of the district and is the administrative centre; Cinderford, which sits in the heart of the Forest and Lydney, situated on the banks of the River Severn, which is the largest town in the Forest of Dean and designated as the major growth area for the district. Lydney is also the only district town with a main line railway station.

It is estimated that Forest of Dean's economy generated between £1.02 billion and £1.17 billion in economic output in 2011. Forecasters predict that this could grow to between £1.37 billion to £1.53 billion by 2026 and to between £1.49 billion to £1.68 billion by 2031.

Long-term economic growth has been slightly slower-than-average in Gloucestershire at 1.8 per cent per annum from 1997 to 2011 compared to 1.9 per cent for England. Economic growth in Forest of Dean has been significantly below average, at between -1.7 per cent and +0.8 per cent per annum over this period.

A short local economic assessment focuses on employment growth and change and sector/ industry performance. A large part of the assessment deals with employment and industrial change, and the composition of the business population since 2009. The analysis addresses retail, tourism and home working in more detail to reflect priorities identified in the inception meeting with the District Council. This analysis is completed for Forest of Dean compared to other Gloucestershire Districts, Monmouthshire, the South West and England averages in terms of sector trends and main changes over recent years. It shows that the District compares favourably and has strengths in a number of areas:

- Economic growth in the District has been comparatively low since 1997 but forecasts expect growth to 2031;
- Residence-based earnings are high. In 2014, employed residents working full-time were higher than the Gloucestershire and South West averages;
- The Forest of Dean has high concentrations of jobs in some Manufacturing, Construction, Education and Social Care sub-sectors. Manufacturing is the largest employment sector and represents a much larger share of total jobs than nationally. This sector has seen job growth since 2009;
- The Forest of Dean also has above-average shares of businesses in the Agriculture, Forestry & Fishing, and Transport & Storage sectors and below-average shares of services sector businesses, particularly Professional, Scientific & Technical Activities businesses;
- The Forest of Dean has an above-average share of micro-businesses;
- The number of business start-ups is low in the District, although the survival rate of new businesses is above-average;
- Self-employment and home working rates are high and increasing in the Forest of Dean. Self-employment rates are also higher than the national average in all sectors apart from Transport & Storage.

- While there has been an overall decline in the numbers of both public and private sector jobs in the District since 2009, there has been some evidence of a shift from public to private sector jobs since 2011;

In contrast the data would suggest a number of issues in the Forest of Dean:

- The number of employee jobs in the District has fallen since the recession, compared to national employment growth. The fall in jobs has been driven by decline in the Professional, Scientific & Technical Activities sector, along with Transportation & Storage and Wholesale & Retail Trade;
- There are a low number of jobs per working age resident, leading to high levels of out-commuting, and low workplace-based earnings;
- The number of retail jobs has declined since 2009 and more sharply than across England, and rateable retail floorspace has decreased over the past ten years;
- There are conflicting reports on the scale of jobs in tourism-related sectors. BRES data suggests that tourism related jobs have declined year-on-year since 2010 whereas the District Tourism Study suggests a substantive increase in jobs and value of tourism over the same period;
- The number of enterprises in the Forest of Dean has declined since 2008, compared to strong growth across the rest of Gloucestershire and England, caused by both a fall in the number of new businesses and a rise in the number of business closures.
- The decline in the number of businesses has been driven by decline in the number of Construction, Transport & Storage, Wholesale, and Business Administration & Support Services businesses.

REVIEW OF EXISTING POLICY AND DELIVERY OF GLOUCESTERSHIRE'S STRATEGIC ECONOMIC PLAN

The Core Strategy was adopted in February 2012 and sets out the overall strategy for the development of the district for the period 2012 to 2026. The strategy sets out a vision for the district and a number of key objectives the plan should aim to achieve. Objective 2 seeks to provide high quality, higher value job opportunities within the district to address current out-commuting from the district and address average workplace salaries which are currently below the county and national average.

As part of the implementation of the Core Strategy, the Cinderford Area Action Plan proposes a significant employment and mixed use development including an education facility, visitor centre and Northern United Enterprise Park. The plan represents a significant proposal in a key settlement in Forest of Dean building upon the educational strength of the district and offering business space for a higher quality business environment. However, its full development and implementation to support 1,500 jobs compared to the economic performance and job decline over the recent past suggests that a significant shift in performance will be required alongside interventions such as the A40 Regeneration Corridor.

In 2013 and 2014 the District Council completed four town centre health checks in Lydney, Coleford, Newent and Cinderford. The Health Checks reflect the decline in retail floorspace and jobs detailed in the Industry and Business Assessment. The smaller retail centres of Coleford and Newent have been more resilient to the changing retail profile. The larger centres of Cinderford and Lydney show loss of footfall and comparatively higher vacancy rates reflecting the greater attraction and strength of other comparison and convenience offers in Gloucestershire.

The Strategic Economic Plan (SEP) was submitted to Government by GFirst in March 2014, supported by the local authorities of Gloucestershire. The SEP sets out ambitious plans to accelerate economic growth by focusing on key drivers of productivity and supporting growth in high value sectors. The SEP includes wide ranging ambitions and includes commitments to deliver 33,900 jobs between 2015 and 2021 across the County, grow the economy by £493 million and a Gross Value Added or GVA[1] average annual increase of 4.8 per cent. The report seeks to develop an understanding of the relationship between the economic forecasts for Forest of Dean and the implementation of the GFirst Strategic Economic Plan.

The analysis shows that economic output (GVA) is forecast to grow by 2.0 per cent per annum in the Forest of Dean between 2015 and 2021. This is higher than historic economic growth rates (estimated to be between -1.7 per cent to +0.8 per cent per annum between 1997 and 2011) but is significantly lower than the Strategic Economic Plan annual growth rate target of 3.2 per cent to 4.8 per cent.

This analysis also shows that jobs in the Forest of Dean are forecast to grow by 600 jobs (2 per cent) between 2015 and 2021 and by 2,500 jobs (8 per cent) between 2011 and 2031. The forecast job growth rates are therefore below the 10 per cent increase in jobs advocated in the Strategic Economic Plan in the short term to 2021. The scale of the ambition in the Strategic Economic Plan can be illustrated by applying the percentage increase to the existing District employment levels. If assumptions are made that the Forest of Dean would provide an equal and proportional share of the Strategic Economic Plan aspiration for Gloucestershire, the equivalent net employment growth for Forest of Dean district would be:

- An increase of between 3,150 to 3,250 for the period 2015 to 2021
- An increase of between 12,100 jobs and 12,900 jobs for the period 2011 to 2031.

The SEP identifies a number of sector specialisms with high growth potential, where there are strengths on which to build or opportunities to exploit. The SEP has identified its key growth sectors with key priority interventions along the M5 corridor Growth Zone, a Growth Hub, and enablers of growth which includes improvements to the A417 link and support for green technology.

The Industry and Business Sector Assessment suggests that the Forest of Dean has comparative strengths in the Manufacturing and Education sectors which support the SEP growth objectives. However, it has a lower representation in other sectors that the SEP seeks to support including Professional, Scientific and Technical; Financial and Business Services.

The Core Strategy economic objective highlights tourism growth as a key objective. The SEP states that tourism remains vital to the Gloucestershire economy and will be supported by working with destination management organisations including the Forest of Dean to develop an even more compelling year round offer within the County.

It is important to note that the higher the ambition, the greater intervention or transformational change is needed beyond business as usual. The LEP is seeking to deliver challenging Government funding outputs and outcomes but employment growth forecasts or targets need to be realistic and achievable and reflect that the District is currently lagging behind other Gloucestershire districts and the county figures as a general economic trend. In view of the historic performance of the district and the SEP's ambition to focus growth

[1] GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom.

upon the M5 Growth Zone, the achievement of an increased Jobs and GVA performance in the Forest of Dean of the scale of the ambition identified in the Strategic Economic Plan is extra-ordinarily challenging.

The proposed Local Plan strategy builds upon existing strengths in the economy, exploiting its competitive advantage of its key businesses and seeking sustainable economic growth to maintain and support its current place in the market. It includes the significant site at Cinderford to support a Northern Quarter securing commercial and educational floor space with the potential for £100 million of private investment. Transport Schemes on the A40 (West) Corridor are seen as interventions which support the Forest of Dean as a location to meet business needs. However, the scale of ambition is high and there are significant risks associated with implementation of a large scale site within the Forest of Dean and promoting its competitive position whilst sites on the M5 corridor are also delivered.

The Strategic Economic Plan seeks to support growth in knowledge intensive sectors to support the growth in jobs and GVA. Importantly, the Strategic Economic Plan focusses growth upon the M5 corridor and its other interventions are not primarily focussed upon Forest of Dean District. Forest of Dean will of course recognise that the Growth Hub and interventions such as the A40 Regeneration Corridor will increase the potential to deliver the ambitions more quickly. Planning policies should provide the flexibility to facilitate additional job growth should that arise in the earlier part of the plan period. It will be important for the Council to monitor the impact of any interventions and the progress of employment growth throughout the plan. This includes the significant site in Cinderford to support the Northern Quarter.

REVIEW OF CAMBRIDGE ECONOMETRICS AND OXFORD ECONOMICS FORECASTS

The report provides a desk-based review of two economic forecasts from Cambridge Econometrics (CE) and Oxford Economics (OE) dated August 2014 and sets out the common and different key sectoral changes and forecasts. It is assessed against the analysis and data set out in the Objectively Assessed Housing Needs of Stroud, Forest of Dean and Cotswold October 2014 completed by NMSS (OAN). The analysis seeks to provide a comparison between the two forecast outputs and an analysis against the data and intelligence completed in the reviews above.

COMPARING THE HISTORIC DATA WITHIN THE CE AND OE MODELS FOR THE PERIOD 1991-2009.

Both forecasters agree on the ‘direction of travel’ for all sectors with agreement on which sectors experienced the strongest job losses and job gains. But there are some stark differences between the two, particularly with regard to manufacturing and overall job change in the Forest of Dean. Comparing data to official ONS estimates, the OE data appears the most likely description of past trends.

COMPARING HISTORIC DATA WITHIN THE CE AND OE MODELS FOR THE PERIOD 2009-2013 WITH DATA AVAILABLE FROM THE ONS BRES SURVEY[2].

This analysis suggests that both forecasters (particularly CE) appear to underestimate the scale of job loss in the Forest of Dean between 2009 and 2013, during and following the recession when assessed against BRES data. However, OE data more closely matches BRES than CE data, with OE data matching the ‘direction of travel’ with BRES data for all sectors apart from Construction.

[2] BRES data excludes self-employed people not registered for VAT/PAYE and farm employment

Between 2011 and 2031, both forecasters anticipate jobs in the Forest of Dean to increase by 2,500. However, the increases are heavily weighted in the first 3 years of the period 2011 to 2014. This can be illustrated in the significant increase in job growth forecast in 2014 in both models. CE forecasts growth of 1,000 jobs and OE forecasts a job growth of 800 jobs representing 40 per cent in respect of CE data and 32 per cent in terms of OE data for forecast job growth over 20 years to 2031. New BRES data will be available in September 2015 to understand the extent of job growth in 2014.

COMPARING FORECASTS WITHIN THE CE AND OE MODELS FOR THE PERIOD 2014-2031.

The analysis confirms the OAN report argument that the best approach when looking at the forecasts is to focus on the economic forecasters' assessments of the likely changes once the economy has emerged from the economic downturn (i.e. from 2014 onwards). But even so, there are key differences between the two forecasts for the period 2014-2031.

From 2014 to 2031 CE is forecasting 2,260 jobs with stronger growth than OE, driven largely by stronger job forecasts for the Public Administration, Education & Health sector. OE forecasts 1,220 jobs with stronger job growth in Financial and Business Services. CE is forecasting much stronger growth in government services than for the UK as a whole. An assumed job growth increase in line with CE's national assumptions would bring its total job growth forecasts in line with OE forecasts over the period 2014 to 2031.

Both forecast a continued fall in jobs across most primary and secondary sectors but expect job losses to be less steep than in the past. OE is forecasting sharper job losses across the primary and secondary industries than CE. OE is also forecasting continued fall in Utilities jobs while CE is forecasting an increase.

Both forecast continued growth in the Construction and Services sectors and both expect growth to slow in Transport & Storage; Information & Communications; Financial & Business Services; Public Administration, Education & Health; and Other Services.

OE is forecasting much stronger growth in Transport & Storage, Information & Communications and Financial & Business Services than CE, while CE is forecasting much stronger growth in Public Administration, Education & Health and Wholesale & Retail than OE.

Within just one sector (Mining & Quarrying), CE is forecasting similar growth rates to past trends. OE is also forecasting similar growth rates to past trends in Mining & Quarrying, along with Construction, Wholesale & Retail and Accommodation & Food.

CE forecast a significantly different set of assumptions for growth in Forest of Dean to its growth assumptions for the rest of the UK. It assumes a significantly lower increase in growth in all sectors with the exception of Distribution, Government Services and Other Services. It anticipates a less steep decline in Manufacturing jobs which may reflect a competitive advantage in niche products. However, it is the Government Services figure which has the greatest impact upon job numbers. An assumed job growth increase in line with its national assumptions would bring its job growth forecasts in line with OE forecasts over the period 2014 to 2031.

Broadly, OE assumes that job growth in the Forest of Dean will be marginally lower than it anticipates for the UK (2-3 percentage points below its anticipated growth to 2031 for the UK). OE expects greater losses in Manufacturing and greater gains in Government Services than assumed for the UK. OE anticipates that the greatest percentage increases will be in Financial and Business Services and Information and

Communications, sectors in which the Forest of Dean has lower representation than nationally and has seen job losses through the recession. This would suggest that the delivery of growth in these sectors will be challenging. However, this would be in line with the interventions proposed through the Local Plan including at Cinderford Northern Quarter. With this qualification, the OE data appears to better reflect local data and intelligence and be consistent with its national growth assumptions.

A sensitivity test is constructed below to illustrate the impact of the adjustment to the forecasts to reflect:

- Percentage decrease in Financial and Business Services for OE is amended to reflect the percentage increase forecast in this sector by CE
- Percentage decrease in Government Services for CE is align with its views on the national percentage increase forecast in this sector by CE

Table 1: Sensitivity Tests for Financial and Business and Government Services Sectors

2014-31 forecasts	CHANGE IN JOBS		% CHANGE IN JOBS	
	CE adjusted	**OE adjusted**	**CE adjusted**	**OE adjusted**
Total Jobs	1,205	573	4	2
Agriculture, Forestry & Fishing	-92	-298	-9	-18
Mining & Quarrying	-14	-18	-27	-39
Manufacturing	-772	-1092	-19	-26
Utilities	8	-24	3	-9
Construction	534	540	17	19
Wholesale & Retail	353	137	9	4
Transport & Storage	62	201	4	15
Accommodation & Food	103	109	6	7
Information & Communications	18	117	2	19
Financial & Business Services	303	287	6	6
Public Admin, Education, Health	471	331	5.3	5
Other Services	231	283	12	14

Source: Census of Employment/Annual Employment Survey; Adjusted forecasts Cambridge Econometrics August 2014 and Adjusted forecasts Oxford Economics August 2014

It is recommended that these sensitivity tests together with the OE and CE forecasts 2014 to 2031 are used to inform the further work on the Objectively Assessed Housing Need for Forest of Dean.

CONCLUSIONS

The forecasts predict both a distinct and positive shift in both GVA and job growth over the period to 2031 with estimates of an economy with a value of between £1.37 billion to £1.53 billion by 2026 and to between £1.49 billion to £1.68 billion by 2031. However, the number of jobs in the Forest of Dean has fallen since the recession, and has not yet recovered to the pre-2009 position, contrasting with county and national employment growth. This compared to slight growth across Gloucestershire (+0.2 per cent) and solid growth across England (+2.0 per cent). However, Monmouthshire experienced a similar fall (-6.7 per cent). The fall in jobs has been driven by a decline in Professional, Scientific and Technical Activities together with Transportation & Storage and Wholesale & Retail.

Between 2011 and 2031, both OE and CE forecasts anticipate jobs in the Forest of Dean to increase by 2,500. However, the increases are heavily weighted in the first 3 years of the period 2011 to 2014. The analysis confirms the OAN report argument that the best approach when looking at the forecasts is to focus on the economic forecasters' assessments of the likely changes once the economy has emerged from the economic downturn (i.e. from 2014 onwards). This is particularly relevant as the current level of employment in this District would not appear to have recovered to its pre-recession position.

From 2014 to 2031 CE is forecasting stronger growth than OE, driven largely by stronger job forecasts for the Public Administration, Education & Health sector. OE forecasts stronger job growth in Financial and Business Services.

Using the Industry and Business sector assessment, the intelligence and policy analysis and the forecast performance in the two economic models the prospects for growth for each key growth sector has been assessed. This would suggest that in each case the forecast jobs growth represent distinct and challenging aspirations which would require clear and transformational economic interventions to secure that scale of growth. The job growth in Government Services forecast by CE and the job growth in Financial and Business Services forecast by OE have a significant impact upon the total job growth and sensitivity tests detail an alternative position to examine as part of the Objectively Assessed Need for Housing.

The relationship between the Strategic Economic Plan and the economic and jobs growth forecasts is clear. Forest of Dean forecast GVA output and forecast jobs growth is higher than recent historic levels but significantly below the Strategic Economic Plan aspirations to 2021. The analysis shows that economic output (Gross Value Added or GVA) is forecast to grow by 2.0 per cent per annum in the Forest of Dean between 2015 and 2021. This is higher than historic economic growth rates (estimated to be between -1.7 per cent to +0.8 per cent per annum between 1997 and 2011) but is significantly lower than the Strategic Economic Plan annual growth rate target of 3.2 per cent to 4.8 per cent.

The proposed Local Plan strategy builds upon existing strengths in the economy, exploiting its competitive advantage of its key businesses and seeking sustainable economic growth to maintain and support its current place in the market. It includes the significant economic regeneration site at Cinderford to support a Northern Quarter securing commercial and educational floor space with the potential for £100 million of private investment. Transport Schemes on the A40 (West) Corridor are seen by the LEP as interventions which support the Forest of Dean as a location to meet business needs. However, the scale of ambition is high and there are significant risks associated with implementation of large scale sites within the Forest of Dean and its competitive position as investment sites on the M5 corridor are delivered.

Notwithstanding the consideration of the economic forecasts there are some key questions for Forest of Dean in responding to the issues raised in the Industry and Business Sector Analysis and supporting the Growth Prospects for each sector:

- How best to support key Forest of Dean growth sectors including manufacturing and education?
- How to give Forest businesses a voice within the Gloucestershire LEP and help update the Strategic Economic Plan?
- How best to support vulnerable sectors like Retail/Wholesale and Professional and Technical Services?
- How to encourage more business start-up and support packages for new start-ups through their first 1-3 years of life?
- How to identify and support the growing homeworking business community?
- What additional business monitoring local intelligence is required to tackle the economic development and growth agenda in Forest of Dean?

2. INDUSTRY AND BUSINESS ASSESSMENT

This assessment presents an overview of the Industry and Business performance and characteristics of the Forest of Dean. This includes analysis of the County and the districts of Gloucestershire, Monmouthshire, and South West and England data where relevant. The assessment focuses on the Industry and Business performance and trends.

The Forest of Dean is a rural district with a resident population of 82,900 and a working age population of 50,700. The area is characterised by more than 110 square kilometres (42.5 sq miles) of mixed woodland, one of the surviving ancient woodlands in England. A large area was reserved for royal hunting before 1066, and remained as the second largest crown forest in England, the largest being New Forest. This forms part of the central core of the district and comprises its largest landscape feature.

There are four towns and many smaller, rural settlements where approximately 58% of the population live. These key towns are: Newent to the north, which is an attractive, lively market town; Coleford, which is located towards the southern end of the district and is the administrative centre. Cinderford, which sits in the heart of the Forest, has a long industrial history and is currently the focus of a large regeneration programme. Lydney, situated on the banks of the River Severn, which is the largest town in the Forest of Dean and designated as the major growth area for the district. Lydney is also the only district town with a main line railway station.

The M48 and the M50 both cross the district and it is served by the Cardiff – Birmingham Railway line with one station at Lydney. The Forest of Dean is heavily influenced by both Wales and the West Midlands and some parts are very close to Gloucester, whilst others look to Bristol, Newport and Hereford.

HEADLINE ECONOMIC PERFORMANCE

The Annual Population Survey suggests that there are 34,000 employees and 7,700 self-employed workers living in the district. However, the Business Register and Employment Survey 2013 identifies 22,900 employee jobs in the District of which 14,600 (63 per cent) are full time and 8,300 (37 per cent) are part time. This provides a jobs density of 0.59 jobs per working age resident, compared to a Gloucester density of 0.82 and a South West density of 0.83, which suggests a high level of out-commuting for work.

It is estimated that the Forest of Dean's economy generated between £1.02 billion and £1.17 billion of economic output in 2011. Oxford Economics estimates that economic growth in the Forest of Dean averaged 0.8 per cent per annum between 1997 and 2011 while Cambridge Econometrics estimates that the economy contracted by 1.7 per cent per annum. This is significantly lower than the Gloucestershire and England averages of 1.8 per cent and 1.9 per cent per annum growth.

Economic growth in the Forest of Dean is expected to accelerate up to 2031. Both forecasters predict that economic output could grow to between £1.3 billion and £1.5 billion by 2026 and to between £1.5 billion and 1.7 billion by 2031. Annual average growth between 2013 and 2031 is forecast to average between 2.0 per cent and 2.1 per cent per annum.

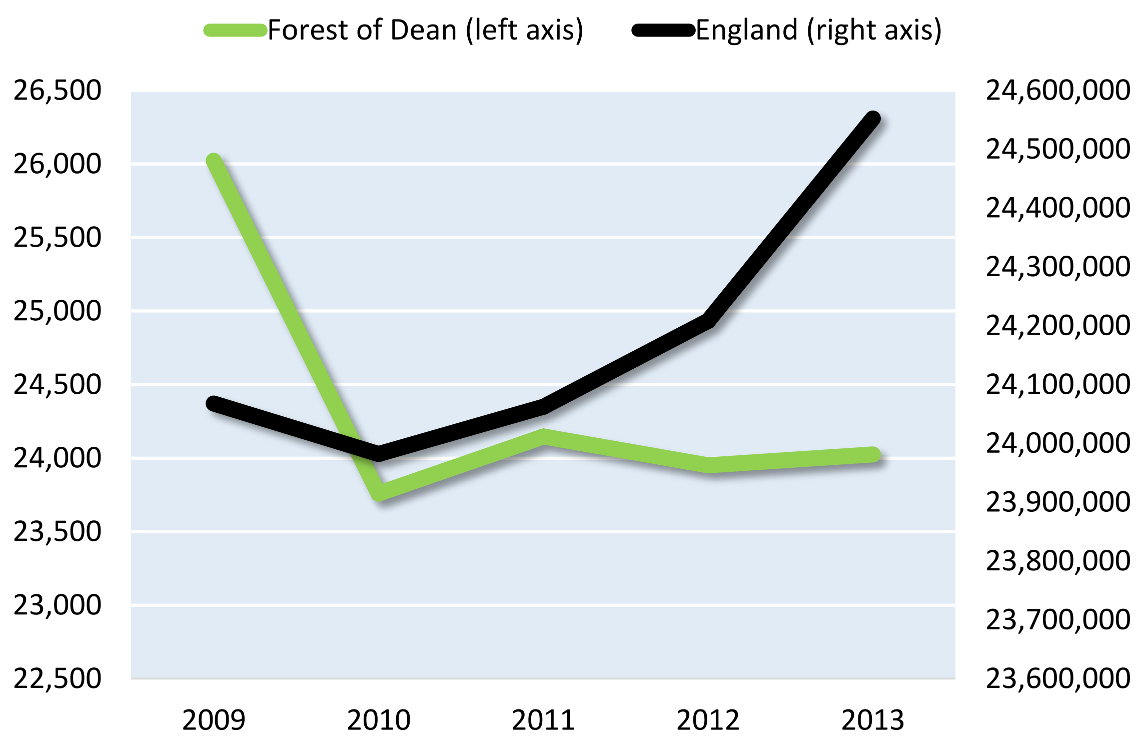
Workplace earnings are low in the District. In 2014, full-time workers in the Forest of Dean earned an average of £444 gross per week - lower than the Gloucestershire average of £498 and South West average of £485. Conversely, residence-based earnings are high. In 2014, employed residents working full-time earned an average of £519 gross per week, higher than the Gloucestershire and South West averages of £510 and £496. This suggests that highly-skilled residents commute out of the district to work.

EMPLOYMENT TRENDS

JOBS IN THE FOREST OF DEAN HAVE FALLEN SINCE THE RECESSION, CONTRASTING WITH NATIONAL EMPLOYMENT GROWTH

In 2013, there were 24,000 jobs[3] in the Forest of Dean – equivalent to 8.7 per cent of all jobs in Gloucestershire. The number of jobs fell from 26,000 to 24,000 in between 2009 and 2010 following recession and have since stabilised. In 2013, there were 2,000 fewer jobs in the Forest of Dean compared to 2009 – a 7.7 per cent drop. This compared to slight growth across Gloucestershire (+0.2 per cent) and solid growth across England (+2.0 per cent). However, Monmouthshire experienced a similar fall (-6.7 per cent).

Chart 1: Jobs, 2009-2013



Source: Business Register & Employment Survey, ONS

THE FALL IN JOBS HAS BEEN DRIVEN BY DECLINE IN THE PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES SECTOR

During this period, jobs fell sharply in:

- **Professional, Scientific & Technical Activities** (-1,400), driven by a fall in Business & Other Management Consultancy Activities jobs (-2,000);

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[3] Figure excludes self-employed people not registered for VAT/PAYE and farm employment.

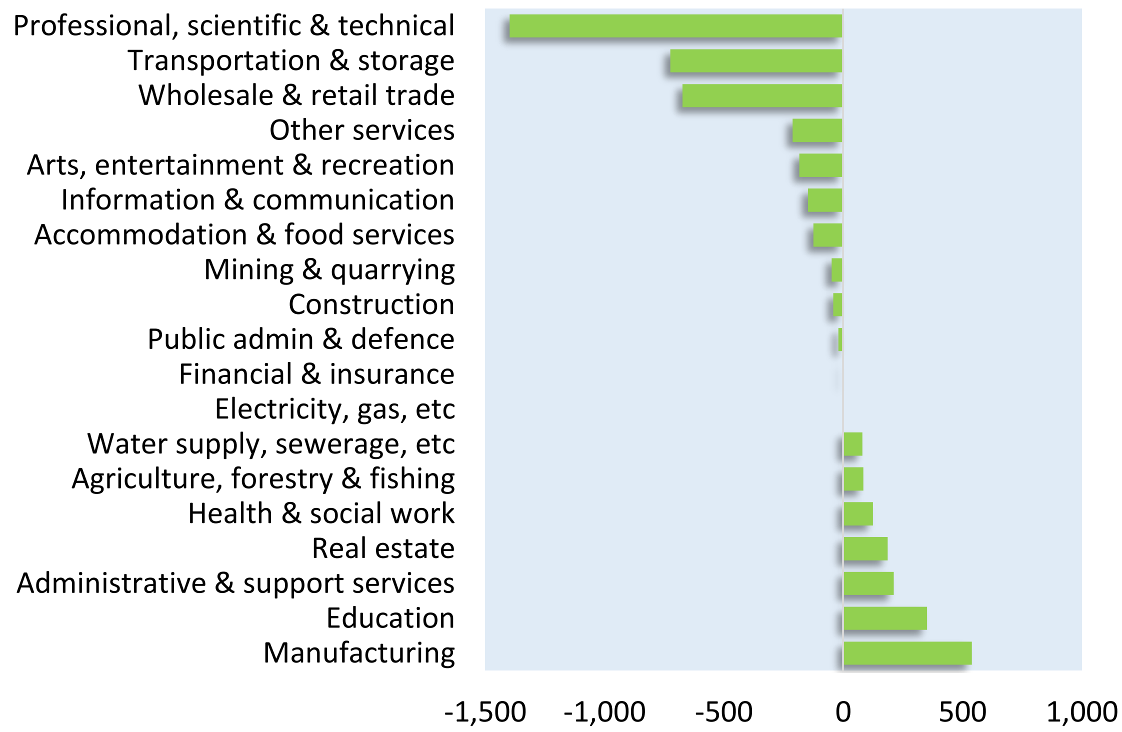
- **Transportation & Storage** (-700), driven by Warehousing & Storage (-300), Freight Transport by Road (-200) and Other Passenger Land Transport (-100);
- **Wholesale & Retail Trade** (-700), with falling jobs across many sub-sectors, particularly Other Retail Sale of New Goods in Specialised Stores (-200), Retail Sale in Non-Specialised Stores with Food, Beverages or Tobacco Predominating (-100) and Non-Specialised Wholesale Trade (-100).

However, jobs increased in some sectors, including:

- **Manufacturing** (+500), driven by Manufacture of Other Pumps and Compressors (+200), Casting of Iron (+100) and Manufacture of Builders Ware of Plastic (+100);
- **Education** (+400), driven by General Secondary Education (+400) and Technical and Vocational Secondary Education (+100);
- **Real Estate Activities** (+200), driven by Real Estate Agencies (+100) and Renting and Operating of Own or Leased Real Estate (+100);
- **Health & Social Work** (+100), driven by Other Residential Care Activities (+200).

Analysis of the Business Register and Employment data for Education shows unexpected anomalies which have both a negative and positive impact upon job growth assessment in this sector. Therefore this job growth should be viewed with some caution.

Chart 2: Change in jobs by sector in the Forest of Dean, 2009-2013



Source: Business Register & Employment Survey, ONS

MANUFACTURING IS THE LARGEST EMPLOYMENT SECTOR IN THE FOREST OF DEAN AND REPRESENTS A MUCH LARGER SHARE OF TOTAL JOBS THAN NATIONALLY

In 2013, the largest employment sectors in Forest of Dean were:

- Manufacturing (4,200 jobs, 17.6 per cent of all jobs);
- Health & Social Work (3,400, 14.1 per cent);
- Education (3,400, 14.1 per cent);
- Wholesale & Retail (3,300, 13.6 per cent).

The **Manufacturing** sector is much more significant for employment in the Forest of Dean than nationally. In 2013, 17.6 per cent of all jobs in the Forest of Dean were in Manufacturing – more than double that across England (8.2 per cent). Forest of Dean had higher shares of jobs in many manufacturing sub-sectors, particularly:

- Manufacture of Other Pumps and Compressors (1.3 per cent of all jobs, compared to 0.1 per cent nationally);
- Manufacture of Paper and Paperboard (1.2 per cent, compared to 0.0 per cent nationally);
- Manufacture of Metal Structures and Parts of Structures (1.3 per cent, compared to 0.2 per cent nationally);
- Casting of Iron (1.1 per cent, compared to 0.0 per cent nationally).

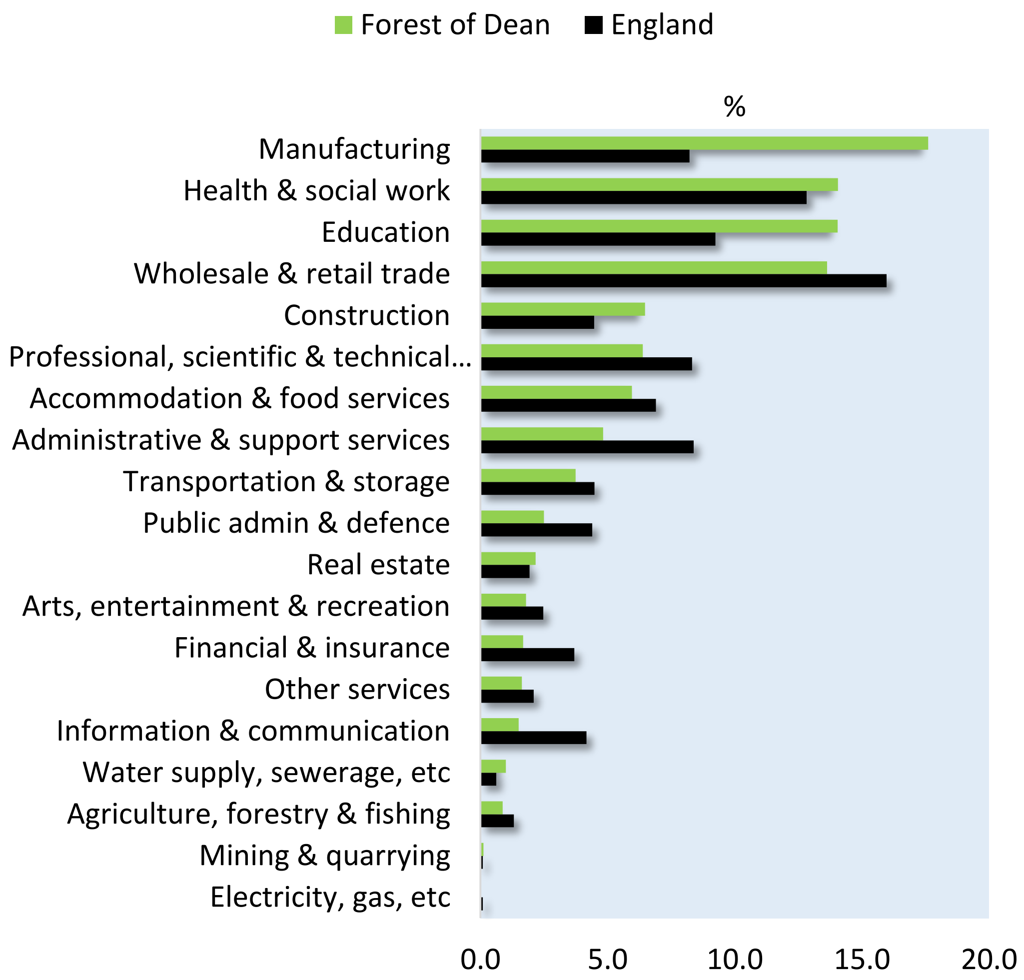
The share of jobs in **Education** is also much higher in the Forest of Dean (14.1 per cent) than across England (9.2 per cent), particularly in:

- Post-Secondary Non-Tertiary Education (2.1 per cent of all jobs, compared to 0.2 per cent nationally);
- Primary Education (5.6 per cent, compared to 3.7 per cent nationally);
- General Secondary Education (3.7 per cent, compared to 2.2 per cent nationally).

Due to having such a large share of Manufacturing jobs than nationally, the Forest of Dean had lower shares of jobs in many other sectors, most notably:

- **Administrative and Support Services** (4.8 per cent of all jobs, compared to 8.4 per cent nationally) – particularly due to a lower share of jobs at Temporary Employment Agencies (1.1 cent, compared to 2.6 per cent nationally);
- **Information & Communication** (1.5 per cent, compared to 4.2 per cent nationally) – particularly due to a lower share of jobs in Computer Consultancies (0.5 per cent, compared to 1.1 per cent nationally) and in Other Telecommunications Activities (0.0 per cent, compared to 0.7 per cent nationally);
- **Wholesale & Retail** (13.6 per cent, compared to 16.0 per cent nationally), with lower shares of jobs in the Retail Sale of Clothing in Specialised Stores (0.1 per cent, compared to 1.2 per cent nationally) and Other Retail Sale in Non-Specialised Stores (0.3 per cent, compared to 0.8 per cent nationally).

Chart 3: Percentage of total jobs by sector, 2013



Source: Business Register & Employment Survey, ONS

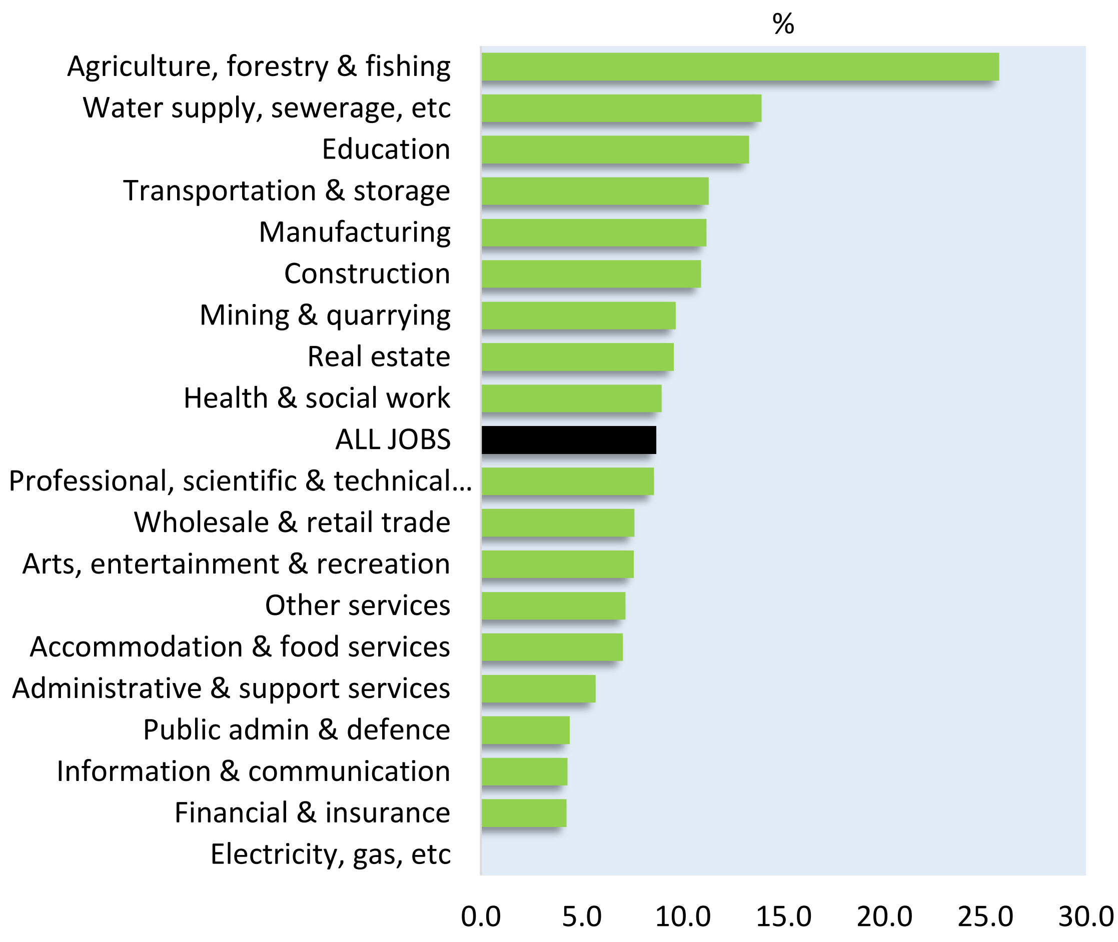
A LARGE SHARE OF GLOUCESTERSHIRE'S AGRICULTURE, FORESTRY AND FISHING JOBS ARE LOCATED IN THE FOREST OF DEAN

In 2013, 8.7 per cent of all jobs in Gloucestershire were in the Forest of Dean. At sectoral level, the share of all jobs in Gloucestershire that were located in the Forest of Dean was high in:

- Agriculture, Forestry and Fishing (25.7 per cent of all Agriculture, Forestry and Fishing jobs in Gloucestershire);
- Water Supply/Sewerage/Waste Management/Remediation (13.9 per cent);
- Education (13.3 per cent);
- Transportation and Storage (11.3 per cent);
- Manufacturing (11.2 per cent).

The Forest of Dean had low shares of all jobs in Gloucestershire in Electricity, Gas, Steam & Air Conditioning Supply (0.0 per cent) and service sector industries: Financial & Insurance (4.3 per cent), Information & Communication (4.3 per cent), Public Administration & Defence (4.4 per cent) and Administrative & Support Services (5.7 per cent).

Chart 4: Percentage of all jobs in Gloucestershire located in the Forest of Dean by sector, 2013



Source: Business Register & Employment Survey, ONS

THE FOREST OF DEAN HAS HIGH CONCENTRATIONS OF JOBS IN CERTAIN MANUFACTURING, CONSTRUCTION, EDUCATION AND SOCIAL CARE SUB-SECTORS

Industry location quotients (LQs) quantify how concentrated an industry is in an area compared to the national average. LQs are calculated by comparing an industry's share of employment in a local area with its share of national employment. An LQ of 1.0 means that an industry's share of employment is the same in a local area as it is nationally. An LQ above 1.0 means that employment in an industry is more concentrated in a local area than nationally, while an LQ below 1.0 means that employment is less concentrated.

At detailed sector level (2-digit Standard Industrial Classification (SIC) codes), the following sectors had LQs of 1.5 or more (i.e. share of employment that is one and a half times that across England) and a share of employment at 2.0 per cent or more.

Table 2: LQs by 2-digit SIC codes[4], 2013

Industry	Employment Share (%)	LQ
28 : Manufacture of machinery and equipment n.e.c.	3.0	4.3
22 : Manufacture of rubber and plastic products	2.5	4.2
25 : Manufacture of fabricated metal products, except machinery and equipment	3.5	3.2
87 : Residential care activities	6.7	2.7
10 : Manufacture of food products	2.6	2.2
41 : Construction of buildings	2.5	2.1
85 : Education	14.7	1.5

More detail is provided with 4-digit Standard Industrial Classification (SIC) codes. Using these, the following sectors had LQs of 1.5 or more and a share of employment at 2.0 per cent or more:

Table 3: LQs by 4-digit SIC codes, 2013

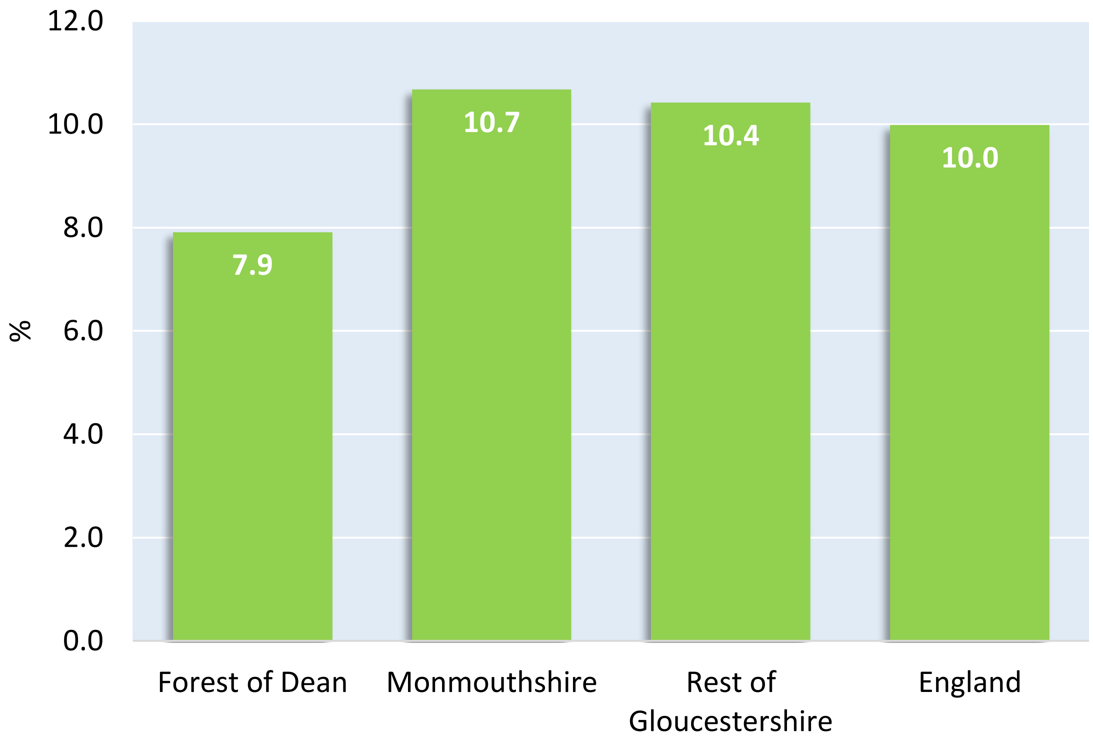
Industry	Employment Share (%)	LQ
8541 : Post-secondary non-tertiary education	2.3	11.5
8730 : Residential care activities for the elderly and disabled	2.1	2.6
8790 : Other residential care activities	2.0	2.5
4120 : Construction of residential and non-residential buildings	2.3	2.3
6920 : Accounting, bookkeeping and auditing activities; tax consultancy	2.7	2.3
8531 : General secondary education	3.9	1.7
5630 : Beverage serving activities	2.7	1.6
8520 : Primary education	5.8	1.5

[4] SIC Codes are Standard Industrial Codes to classify business establishments

THE RETAIL SECTOR IS A SMALLER EMPLOYER IN THE FOREST OF DEAN THAN NATIONALLY

In 2013, there were 1,800 jobs in the retail sector in the Forest of Dean. Retail represented 7.9 per cent of all jobs – less than across England (10.0 per cent), the rest of Gloucestershire (10.4 per cent) and Monmouthshire (10.7 per cent).

Chart 5: Jobs in the retail sector as a percentage of all jobs, 2013



Source: Business Register & Employment Survey, ONS

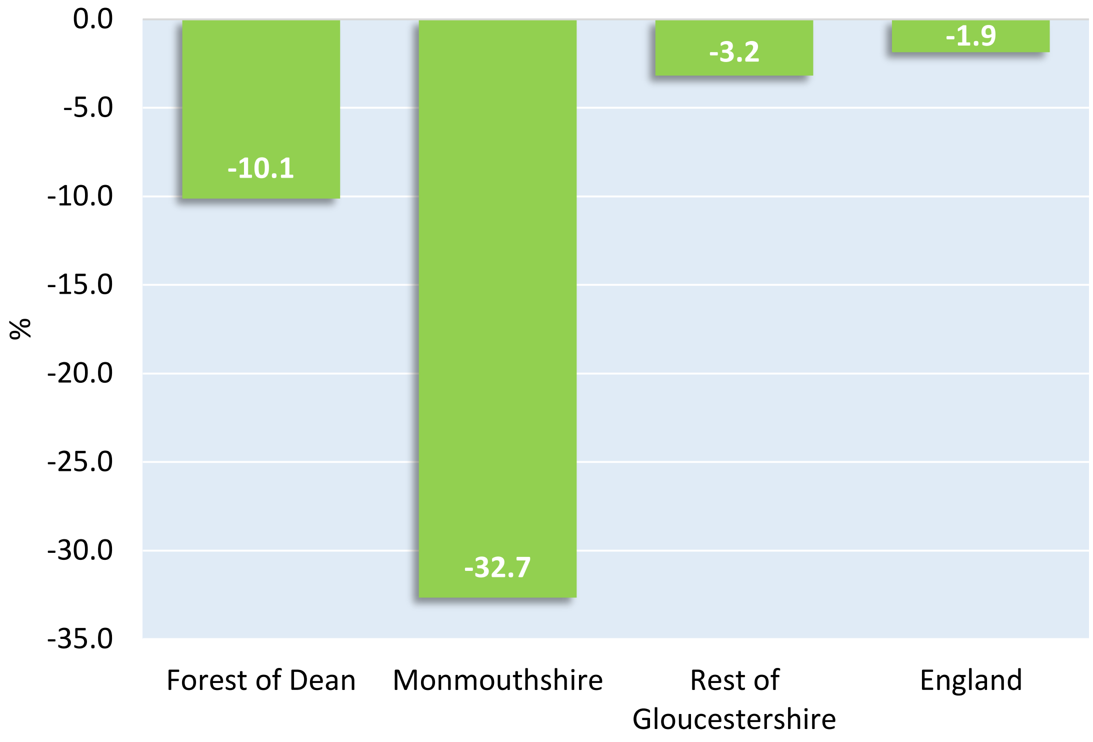
THE NUMBER OF JOBS IN RETAIL HAS DECLINED SINCE 2009 AND MORE SHARPLY THAN ACROSS ENGLAND

Between 2009 and 2013, the number of retail jobs in the district fell by 200. This was equivalent to a 10.1 per cent fall – a much sharper decline than nationally (-1.9 per cent) and across the rest of Gloucestershire (-3.2 per cent) but a smaller decline than in Monmouthshire (-32.7 per cent)

Within the sector, the largest decline in jobs (of over 100) was in the Retail Sale of Other Goods in Specialised Stores. Jobs in the sector fell by 25 per cent, compared to a 4 per cent rise across England. This fall was driven by a fall in jobs in the 'Other Retail Sale of New Goods'.

This was followed by falls in jobs in the Retail Sale of Other Household Equipment in Specialised Stores (less than 100, or -54.0 per cent, compared to -17.6 per cent nationally) and in Retail Sale in Non-Specialised Stores (less than 100, or -8.6 per cent, compared to -3.2 per cent nationally).

Chart 6: Percentage change in retail jobs, 2009-2013



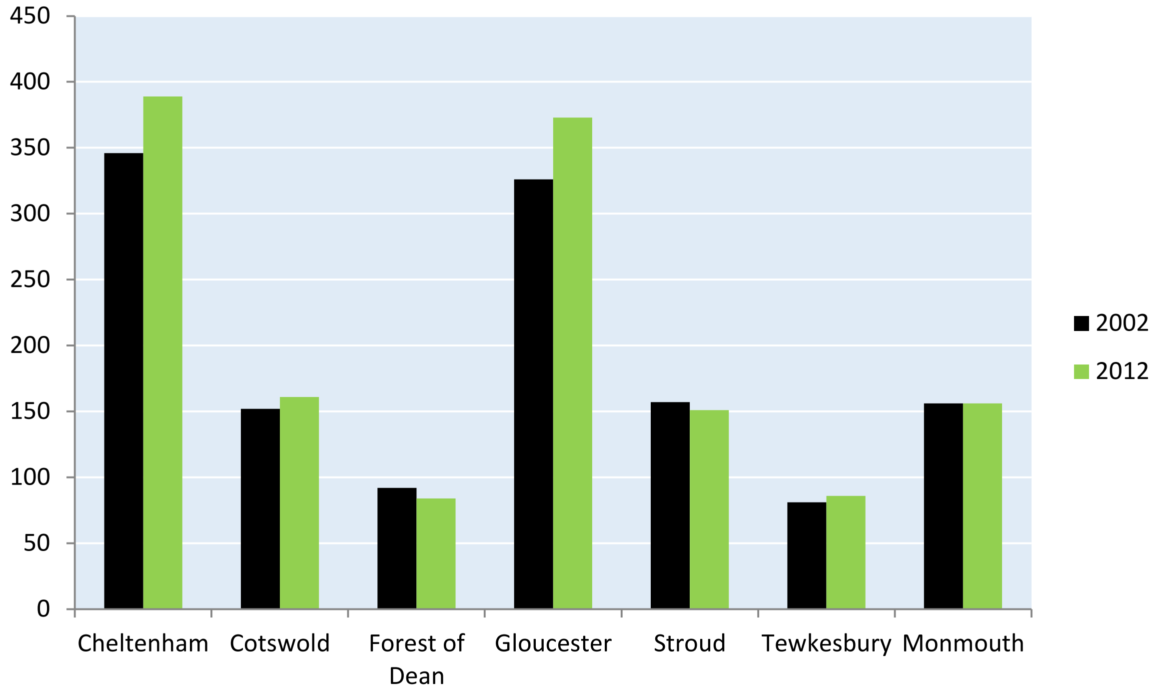
Source: Business Register & Employment Survey, ONS

RATEABLE FLOORSPACE HAS DECREASED BY 8 PERCENT OVER THE LAST TEN YEARS

Rateable retail floorspace in the District decreased by 8 per cent over the decade to 2012: there were 84,000 sq. metres of retail floor space eligible for business rates in 2012 compared to a total of 92,000 sq. metres in 2002.

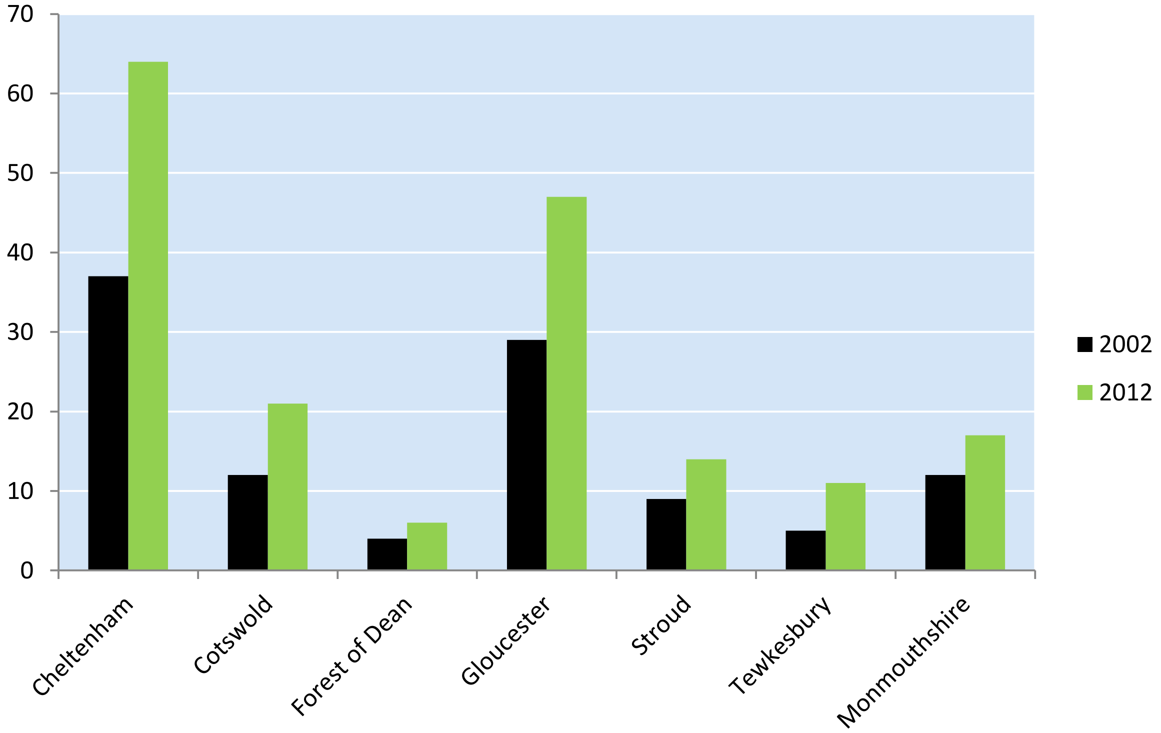
Rateable values are low in the Forest of Dean. In 2012, rateable values for retail were £65 per sq. metre, significantly below the England average of £150 and Gloucestershire average of £131. The value represents the lowest of all districts in Gloucestershire. Rateable values per sq. metre for retail were notably higher in areas such as Cheltenham (£131), Gloucester (£126), Stroud (£94) and Monmouthshire (£124).

Chart 7: Change in Retail Floorspace, 000s sq m 2002-2012



Source: Valuation Office Agency, 2012

Chart 8: Change in Retail Rateable Values, £ per sq m 2002-2012

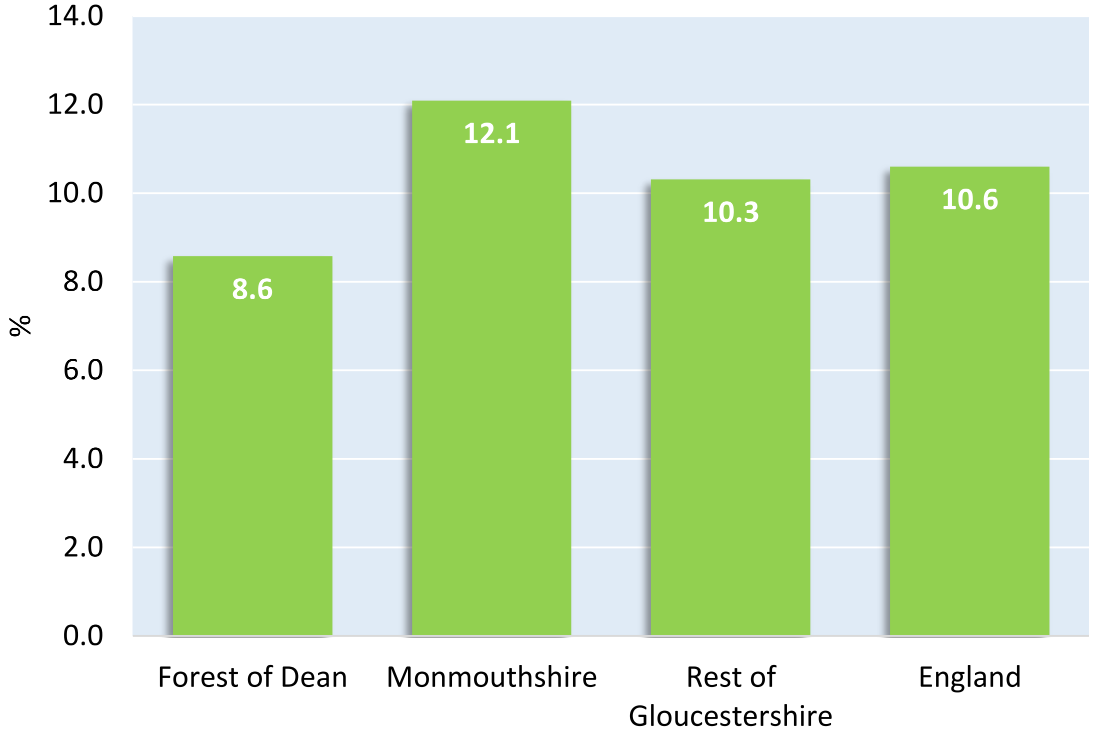


Source: Valuation Office Agency, 2012

THE TOURISM SECTOR[5] IS A SMALLER EMPLOYER IN THE FOREST OF DEAN THAN NATIONALLY

In 2013, BRES identified 2,100 jobs in tourism-related sectors in the Forest of Dean. This represented 8.6 per cent of all jobs – a lower share than across England, the rest of Gloucestershire and Monmouthshire.

Chart 9: Percentage of jobs in tourism-related sectors, 2013



Source: Business Register & Employment Survey, ONS

The 'District Study in Tourism Values' estimates actual employment at a higher figure of 2,644 direct, 373 indirect and 122 induced jobs, totalling 3,139 total jobs. The District Study identifies a total of 19,047 Full Time Equivalent jobs in Gloucestershire. The Study calculates the value of tourism in the Forest of Dean at £134,800,000 at 2013, representing an 18 per cent increase since 2009.

The difference in employment estimates is as a result of the two different methodologies for calculating employment growth. The District Study uses the Cambridge Model which calculates the volume, value and economic impact of tourism. Using national tourism surveys and regional data, it distributes regional activity to local areas using drivers that influence the distribution of tourism activity at a local level. The Model uses estimates of expenditure by different visitor groups within the local area as the basis for estimating the level of employment supported by that spending.

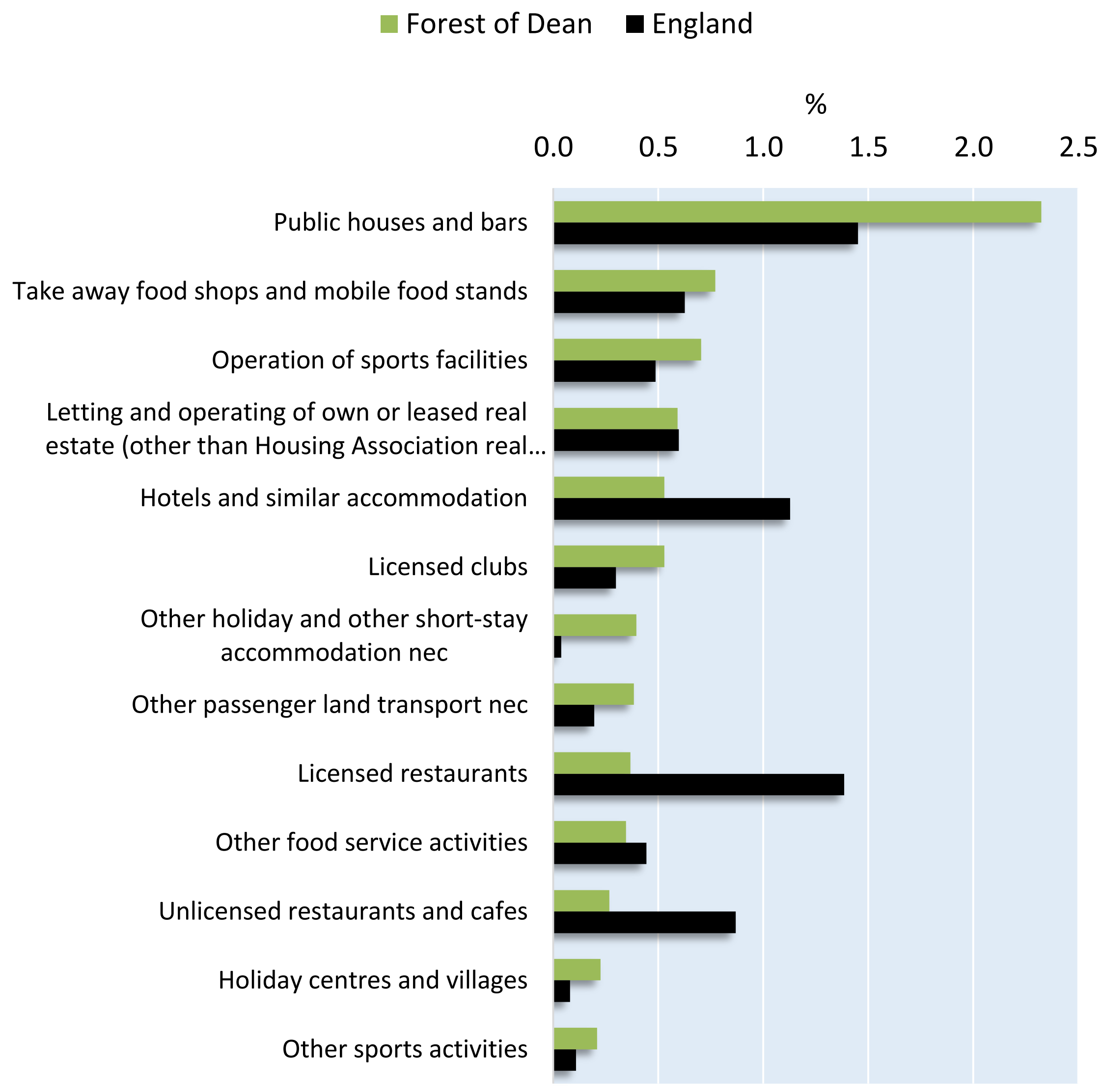
[5] Based on ONS adaptation of the 'International Recommendations for Tourism Statistics' list of tourism SIC codes, as detailed in 'Measuring Tourism Locally. Guidance Note Five: Measuring the Supply Side of Tourism'

BRES estimates that within tourism-related sectors, the highest numbers of jobs were in Public Houses and Bars (600), Take Away Food Shops and Mobile Food Stands (200), Operation of Sports Facilities (200), Letting and Operating of Own or Leased Real Estate (100), Hotels and Similar Accommodation (100) and Licensed Clubs (100).

Compared to England and 'rest of Gloucestershire' averages, a greater share of all jobs were in Public Houses & Bars and Other Holiday & Other Short-Stay Accommodation while lower shares of all jobs were in Licenced Restaurants, Unlicensed Restaurants & Cafes, and Hotels & Similar Accommodation. Clearly, the England figures include Cities, Coastal resorts, National Parks and therefore the share of jobs reflects the type of tourism offer.

Compared to Monmouthshire, a greater share of jobs were in Other Holiday & Other Short-Stay Accommodation while lower shares of jobs were in Licenced Restaurants, Unlicensed Restaurants & Cafes, Hotels & Similar Accommodation, and Operation of Sports Facilities.

Chart 10: Percentage of jobs in tourism-related sectors (where the share of jobs in the Forest of Dean is 0.2 per cent or more), 2013

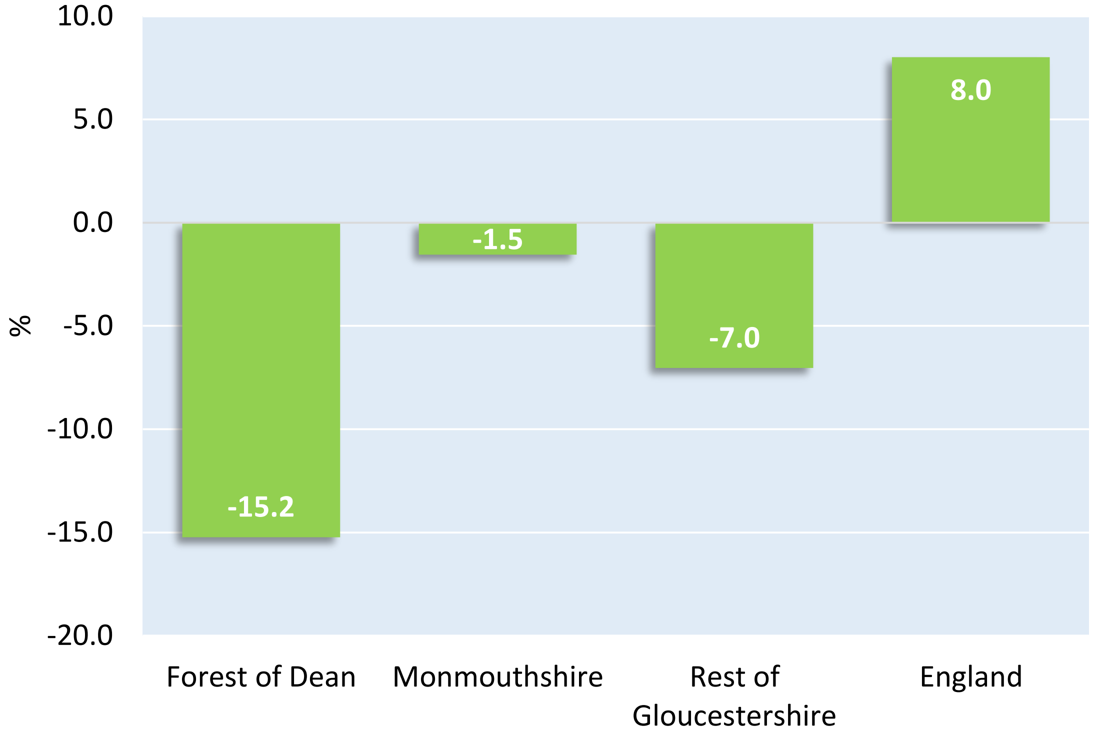


Source: Business Register & Employment Survey, ONS

According to BRES data, between 2010 and 2013, the number of jobs in tourism-related sectors declined by 400, or by -15.2 per cent. This was a sharper decline than in Monmouthshire (-1.5 per cent) and the rest of Gloucestershire (-7.0 per cent). Nationally, tourism-related jobs grew in this period, by +8.0 per cent.

However, the District Tourism Study details an increase in jobs over the same period from 2,542 jobs in 2010 to 3,139 in 2013. This represents an increase of 19 per cent. This is an issue that the District may wish to explore in more detail to understand the difference in the methodologies. This may reflect a shift from employment to self-employment (or business that are not VAT / PAYE registered) or an increase in productivity in the tourism sector reflecting a higher economic value and impact.

Chart 11: Percentage change in number of jobs in tourism-related sectors, 2009- 2013



Source: Business Register & Employment Survey, ONS

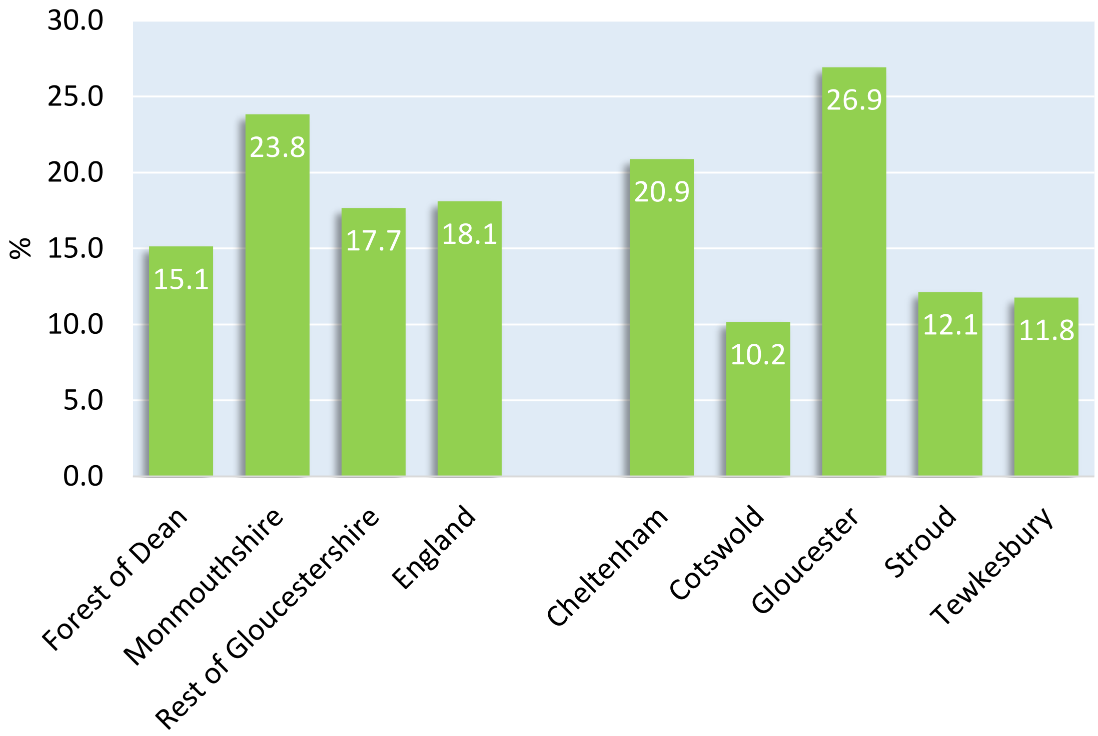
According to BRES data, the biggest falls in jobs were in Hotels and Similar Accommodation (-200) and Other Passenger Land Transport (-100). However, there was jobs growth in some sectors, including Letting and Operating of Own or Leased Real Estate (+100) and Other Food Service Activities (+100). Advice from Local Authority officers suggest that pubs/inns have closed that would have been VAT registered but the district has experienced an increase in smaller holiday lets that are not VAT registered.

PUBLIC AND PRIVATE SECTOR TRENDS

WHILE THERE HAS BEEN AN OVERALL DECLINE IN THE NUMBERS OF BOTH PUBLIC AND PRIVATE SECTOR JOBS IN THE FOREST OF DEAN SINCE 2009, THERE HAS BEEN SOME EVIDENCE OF A SHIFT FROM PUBLIC TO PRIVATE SECTOR JOBS SINCE 2011.

The Forest of Dean has a relatively low share of public sector jobs. In 2013, 15.1 per cent of jobs in the Forest of Dean were in the public sector. This was lower than the averages for Monmouthshire (23.8 per cent), rest of Gloucestershire (17.7 per cent) and England (18.1 per cent).

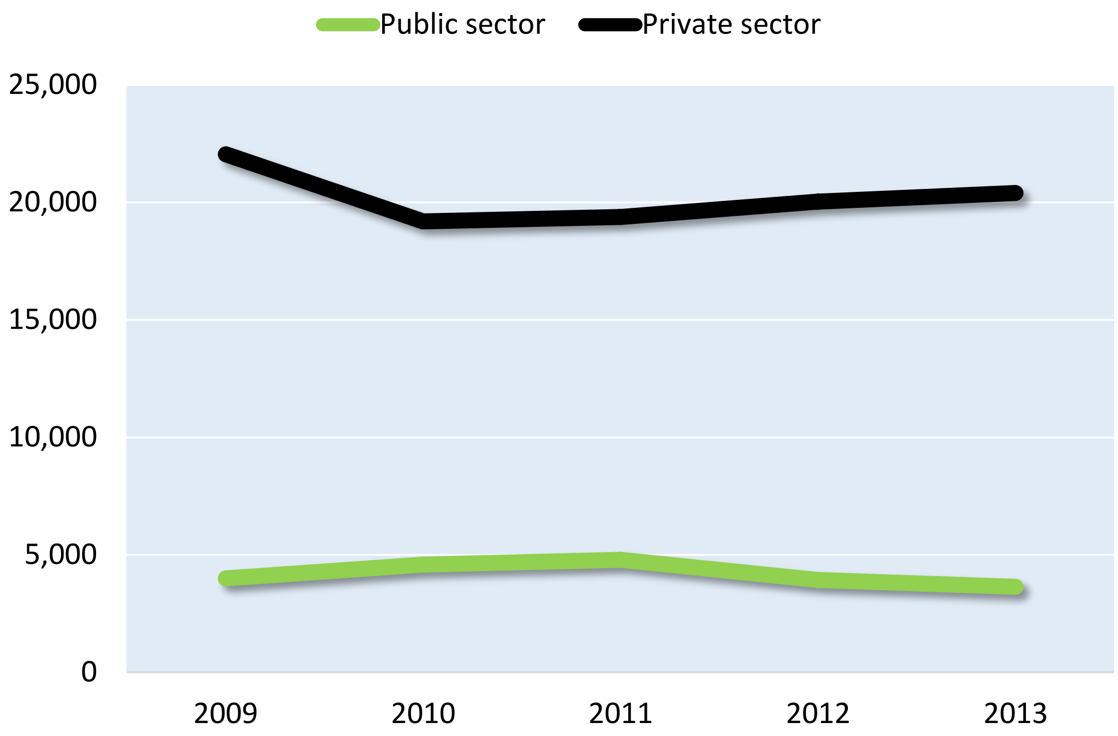
Chart 12: Percentage of jobs in the public sector, 2013



Source: Business Register & Employment Survey, ONS

Since 2009, there has been an overall decline in both public and private sector jobs, by 360 and 1,600 respectively. Following the recession, in 2010, total jobs lost in the Forest of Dean were caused by a large fall in private sector jobs (-2,900) with a net gain of public sector jobs (+600). Since then, there has a shift in the Forest of Dean's economy from public to private sector jobs. Between 2011 and 2013, the number of public sector jobs declined by 1,100. During this period, the number of private sector jobs increased – but not enough to compensate for the decline in public sector jobs (i.e. +1,000, causing a deficit of 100 jobs).

Chart 13: Number of jobs in the public and private sectors in the Forest of Dean, 2009-2013

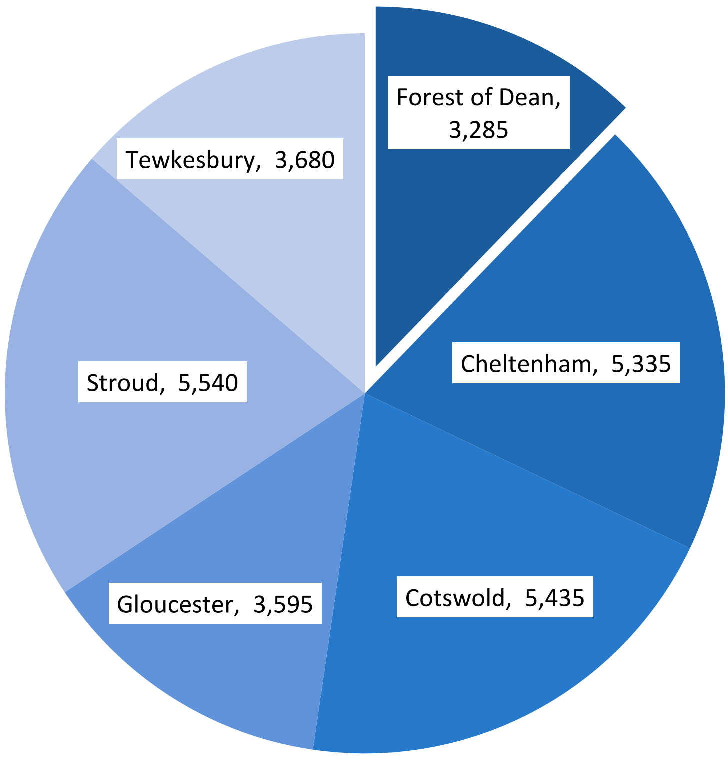


Source: Business Register & Employment Survey, ONS

THE NUMBER OF BUSINESSES IN THE FOREST OF DEAN HAS DECLINED SINCE 2008

In 2013, there were 3,285 'active enterprises[6]' in the Forest of Dean – equivalent to 12.2 per cent of all enterprises in Gloucestershire.

Chart 14: Number of active enterprises in Gloucestershire, 2013



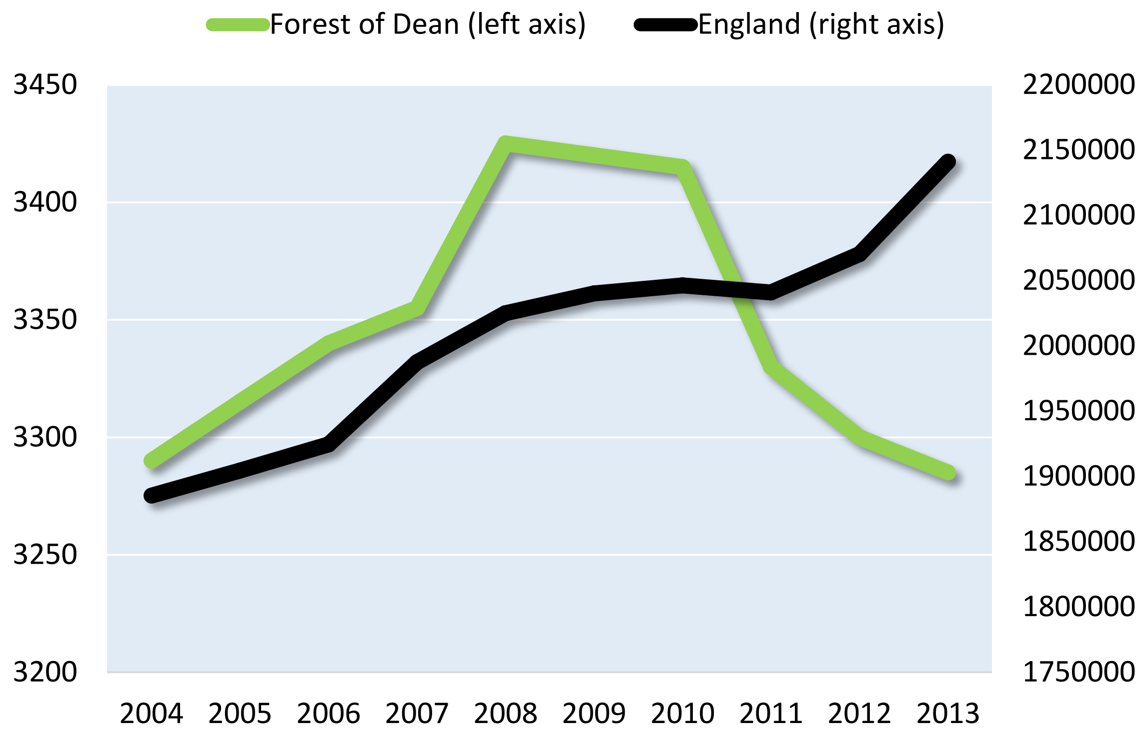
Source: Inter Departmental Business Register (ONS)

The number of enterprises in the Forest of Dean has declined since 2008, caused by both a fall in the number of new businesses and a rise in the number of business closures. Between 2008 and 2013, the number of enterprises fell by 140, equivalent to a 4.1 per cent fall. The Forest of Dean was the only district in Gloucestershire to experience an overall decline in the number of businesses throughout this period.

While the number of enterprises fell in the Forest of Dean, the number of enterprises grew across the rest of Gloucestershire and across England by 5.2 per cent and 5.7 per cent respectively during this period. The number of enterprises also fell in Monmouthshire, but less sharply (-1.6 per cent). The fall in the number of businesses in the Forest of Dean was driven by a fall in the number of Construction, Transport & Storage, Wholesale, and Business Administration & Support Services businesses, and a fall in the number of micro businesses (employing less than 10 people).

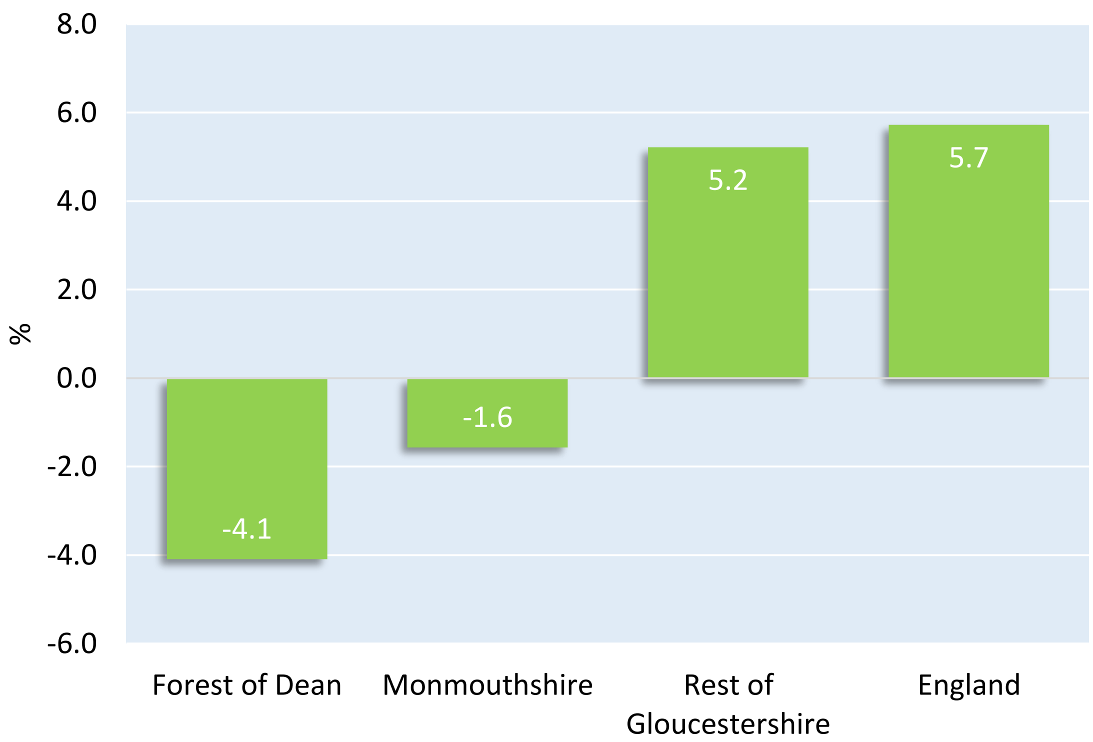
[6] 'Active enterprises' are defined as businesses that had either turnover or employment at any time during the reference period. An Enterprise is the smallest combination of legal units (generally based on VAT and/or PAYE records) and therefore may exclude micro business or sole traders who are not registered for VAT/PAYE.

Chart 15: Trend in number of enterprises, 2004-2013



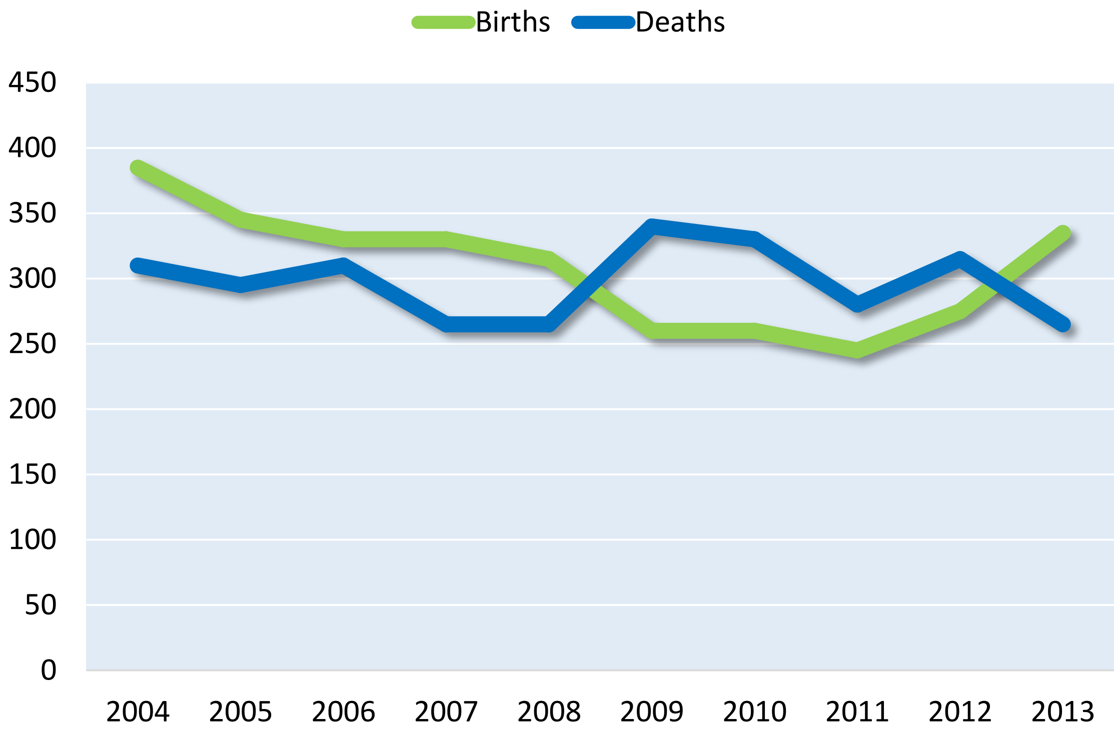
Source: Inter Departmental Business Register (ONS)

Chart 16: Percentage change in number of enterprises, 2008-2013



Source: Inter Departmental Business Register (ONS)

Chart 17: Numbers of business births and deaths in Forest of Dean, 2004-2013

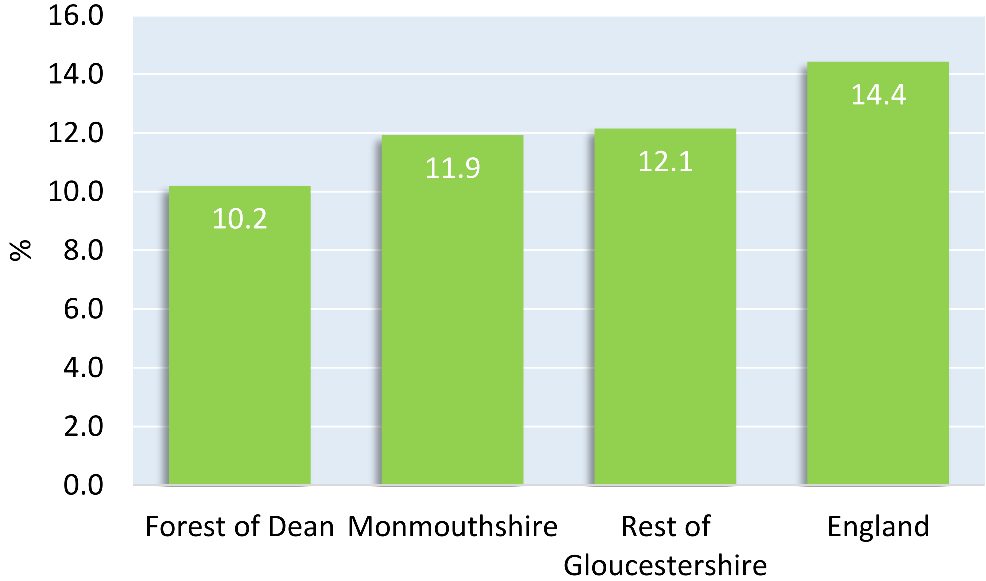


Source: Inter Departmental Business Register (ONS)

THE NUMBER OF BUSINESS START-UPS ARE LOW IN THE FOREST OF DEAN

In 2013, 335 new businesses started in the Forest of Dean. This was equivalent to 10.2 new businesses per 100 active enterprises – a lower business start-up rate than in Monmouthshire and across the rest of Gloucestershire and England.

Chart 18: Business start-up rates, 2013 Source: Inter Departmental Business Register (ONS)

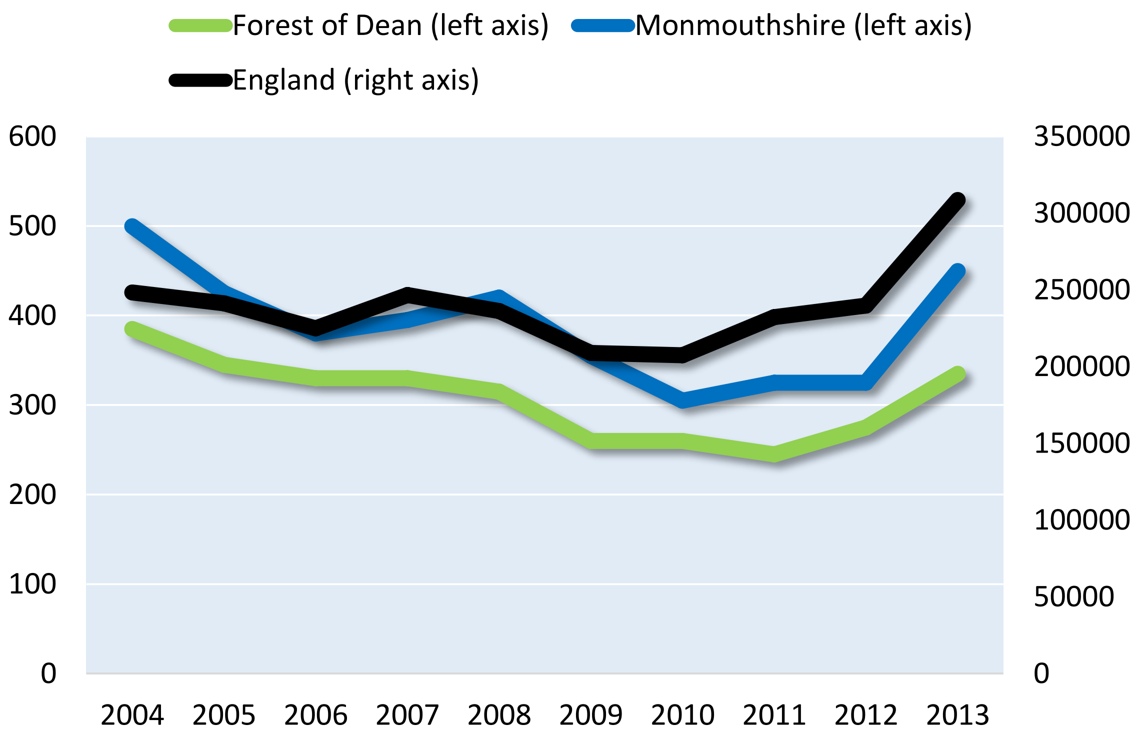


THE NUMBER OF BUSINESS START-UPS DECLINED BETWEEN 2004 AND 2011. THEY HAVE SINCE STARTED TO INCREASE BUT NOT AS STRONGLY AS IN MONMOUTHSHIRE, THE REST OF GLOUCESTERSHIRE AND ENGLAND

Between 2004 and 2011, the number of new businesses starting in the Forest of Dean fell from 385 to 245. There was a particularly sharp fall in 2009, reflecting uncertainty around the economic outlook and constrained access to finance as the financial sector adjusted to the global financial market shock.

Business start-ups in the Forest of Dean have increased since 2011, rising to 335 in 2013 – the highest level since 2005. Between 2011 and 2013, the number of business start-ups increased by 36.7 per cent. This was a weaker increase than in Monmouthshire, the rest of Gloucestershire and England, where business start-ups have increased since 2010 (by 47.5 per cent, 40.4 per cent and 48.8 per cent respectively).

Chart 19: Trend in number of business start-ups, 2004-2013



Source: Inter Departmental Business Register (ONS)

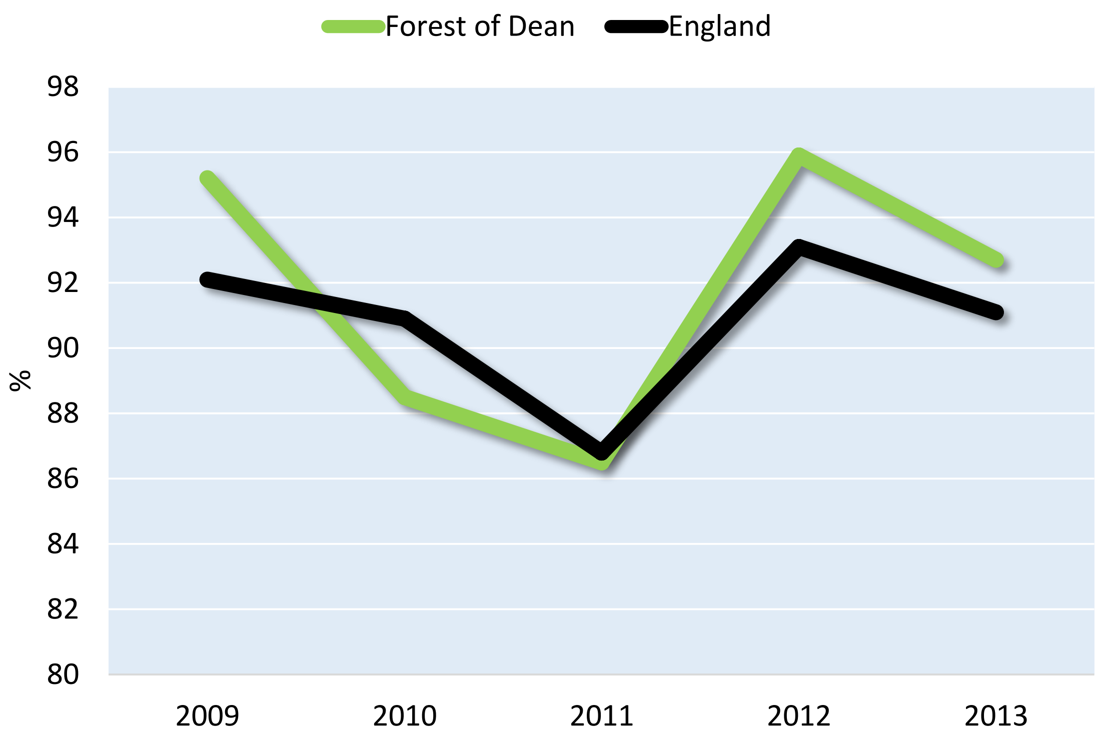
SURVIVAL RATES OF NEW BUSINESSES ARE ABOVE-AVERAGE IN THE FOREST OF DEAN

Despite a relatively low number of business start-ups in the Forest of Dean, those businesses that are created in the district have relatively high survival rates. Of all business that started in 2012, 92.7 per cent were still active one year later – higher than the rest of Gloucestershire (91.8 per cent) and England (91.1 per cent) averages, but lower than in Monmouthshire (93.8 per cent).

The three-year survival rate of businesses that started in 2010 (59.6 per cent) was also above the England average (57.1 per cent) and higher than in Monmouthshire (57.4 per cent), but lower than across the rest of Gloucestershire (60.5 per cent).

The one-year business survival rate declined in the Forest of Dean between 2009 and 2011 but has since improved, in line with national trends.

Chart 20: One-year business survival rates, 2009-2013



Source: Inter Departmental Business Register (ONS)

THE FOREST OF DEAN HAS A MUCH HIGHER-THAN-AVERAGE SHARE OF AGRICULTURE, FORESTRY & FISHING BUSINESSES AND A MUCH LOWER-THAN-AVERAGE SHARE OF PROFESSIONAL, SCIENTIFIC & TECHNICAL ACTIVITIES BUSINESSES

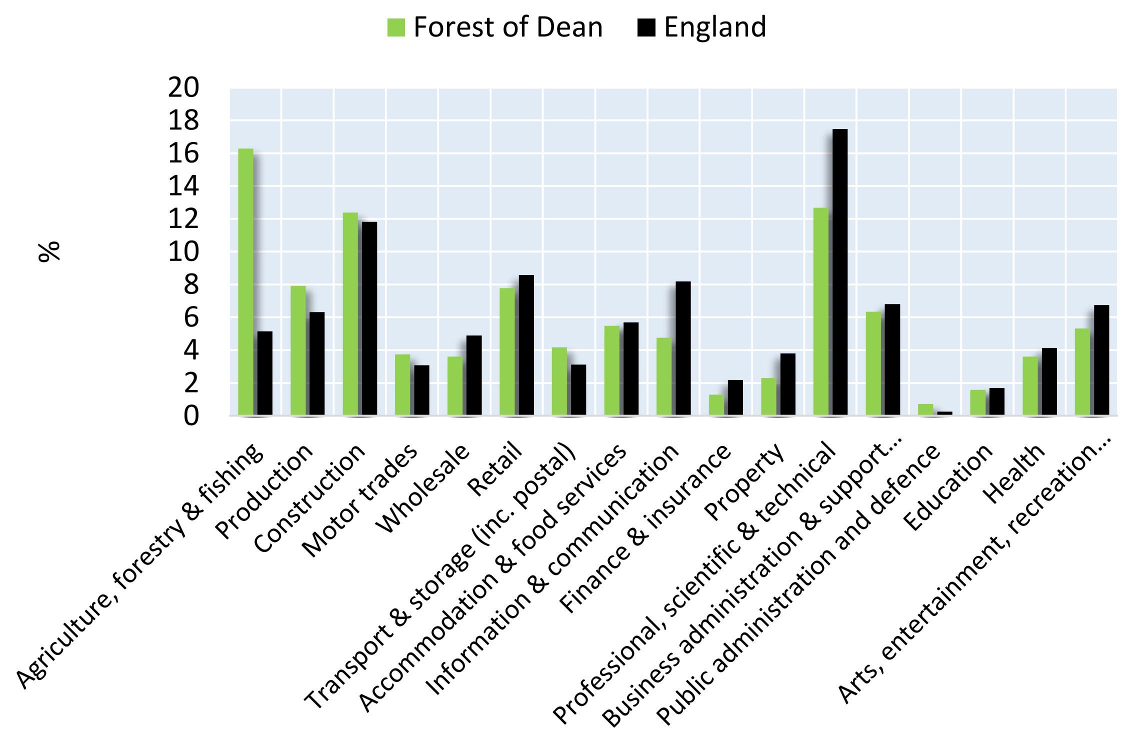
In 2013, the largest numbers of businesses[7] in the Forest of Dean were in the Agriculture, Forestry & Fishing (565), Professional, Scientific & Technical Activities (440), and Construction (430) sectors.

Compared to the England and rest of Gloucestershire averages, the Forest of Dean had a much higher share of businesses in the Agriculture, Forestry & Fishing sector (16.3 per cent Forest of Dean; 7.5 per cent Rest of Gloucestershire; 5.2 per cent England) and above-average shares of businesses in Production[8], Construction, and Transport & Storage sectors.

The Forest of Dean had below-average shares of businesses across much of the services sector, particularly Professional, Scientific & Technical Activities (12.7 per cent Forest of Dean; 18.1 per cent Rest of Gloucestershire; 17.5 per cent England) and Information & Communication (4.8 per cent Forest of Dean; 8.1 per cent Rest of Gloucestershire; 8.2 per cent England).

[7] Business by sector data excludes businesses not registered for VAT/PAYE.
[8] Production which is a broader sector than manufacturing and includes mining & quarrying and utilities

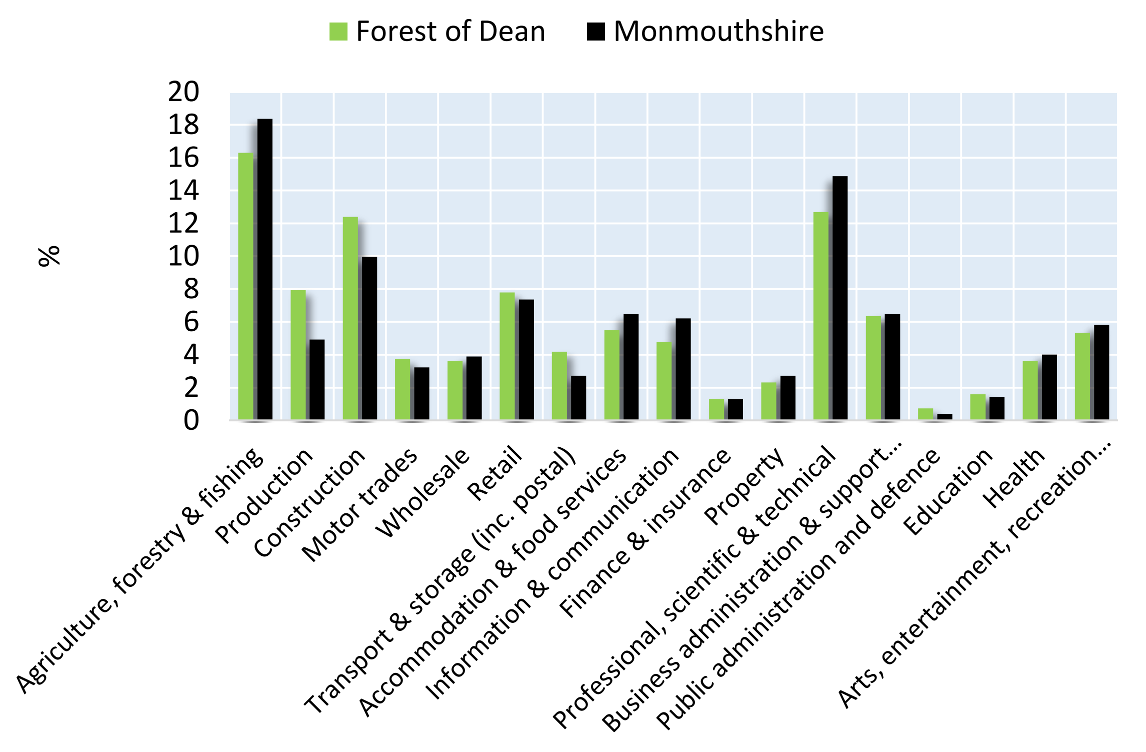
Chart 21: Share of all businesses by sector in Forest of Dean and England, 2013



Source: Inter Departmental Business Register (ONS)

Compared to Monmouthshire, the Forest of Dean had higher shares of businesses in the Production, Construction and Transport & Storage sectors and lower shares in the Agriculture, Forestry & Fishing, Professional, Scientific & Technical Activities and Information & Communication sectors.

Chart 22: Share of all businesses by sector in Forest of Dean and Monmouthshire, 2013



Source: Inter Departmental Business Register (ONS)

THE DECLINE IN THE NUMBER OF BUSINESSES HAS BEEN DRIVEN BY DECLINE IN CONSTRUCTION, TRANSPORT & STORAGE, WHOLESALE, AND BUSINESS ADMINISTRATION & SUPPORT SERVICES BUSINESSES

Between 2009 and 2013, the number of businesses in the Forest of Dean increased in:

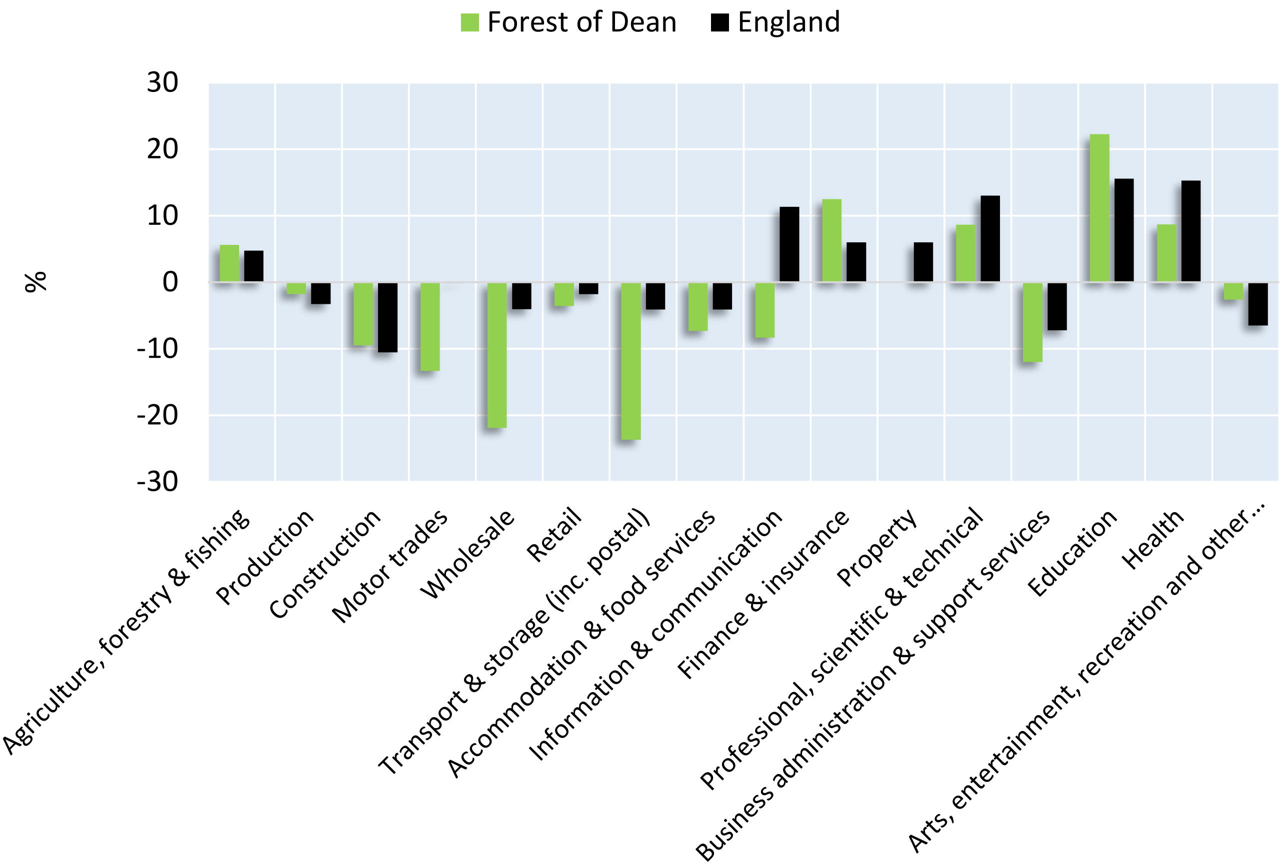
- Professional, Scientific & Technical Activities (+35)
- Agriculture, Forestry & Fishing (+30)
- Public Administration & Defence (+15)
- Health (+10)
- Education (+10)
- Finance & Insurance (+5)

During the same period, the number of businesses declined in:

- Construction (-45)
- Transport & Storage (-45)
- Wholesale (-35)
- Business Administration & Support Services (-30)
- Motor trades (-20)
- Accommodation & Food Services (-15)
- Information & Communication (-15)
- Retail (-10)
- Production including manufacturing, mining & quarrying and utilities(-5)
- Arts, Entertainment, Recreation & Other Services (-5)

Compared to the England average, the Forest of Dean experienced much larger declines in the numbers of Transport & Storage, Wholesale, and Motor Trades businesses and a decline in Information & Communication businesses compared to growth nationally.

Chart 23: Percentage change in number of businesses by sector, 2009-2013



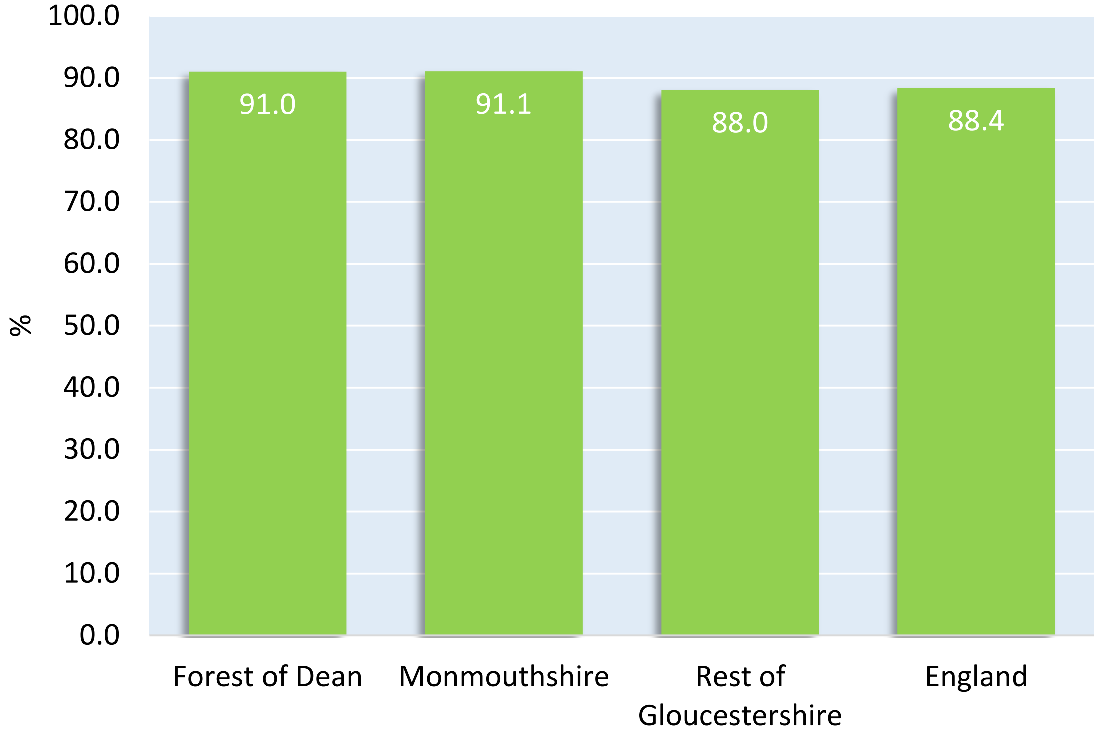
Source: Inter Departmental Business Register (ONS)

THE FOREST OF DEAN HAS AN ABOVE-AVERAGE SHARE OF MICRO BUSINESSES

In 2014, the majority of businesses in the Forest of Dean were micro businesses[9] employing less than 10 people: 3,190 businesses, or 91.0 per cent of all businesses – higher than the England average share of micro businesses (88.4 per cent).

[9] Data on numbers of businesses by employment sizeband excludes businesses not registered for VAT/PAYE.

Chart 24: Share of businesses that are micro-businesses, 2014

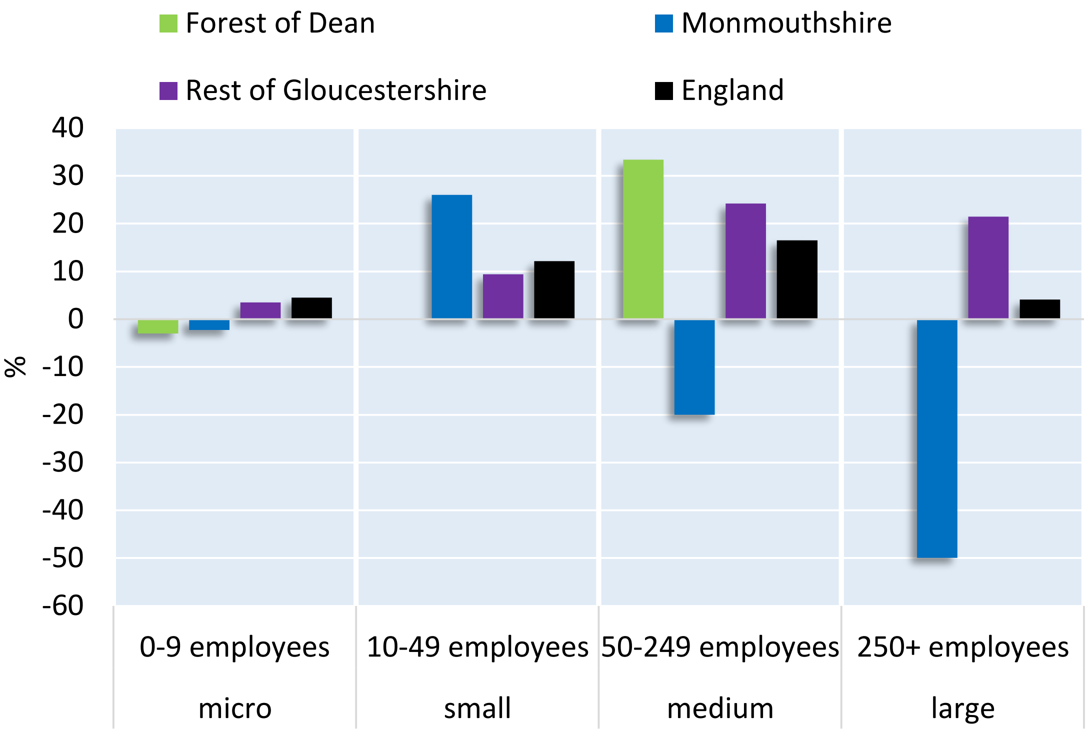


Source: Inter Departmental Business Register (ONS)

Between 2008 and 2014, the fall in the number of businesses in the district was driven by a fall in the number of micro-businesses (-100), with no change in the numbers of small and large businesses and a slight increase in the number of medium-sized businesses (+10).

Nationally and across the rest of Gloucestershire, there was an increase in the number of businesses of all sizes during this period. Meanwhile, Monmouthshire experienced a decline in the numbers of micro, medium and large businesses and an increase in the number of small businesses.

Chart 25: Percentage change in number of businesses by size, 2008-2014

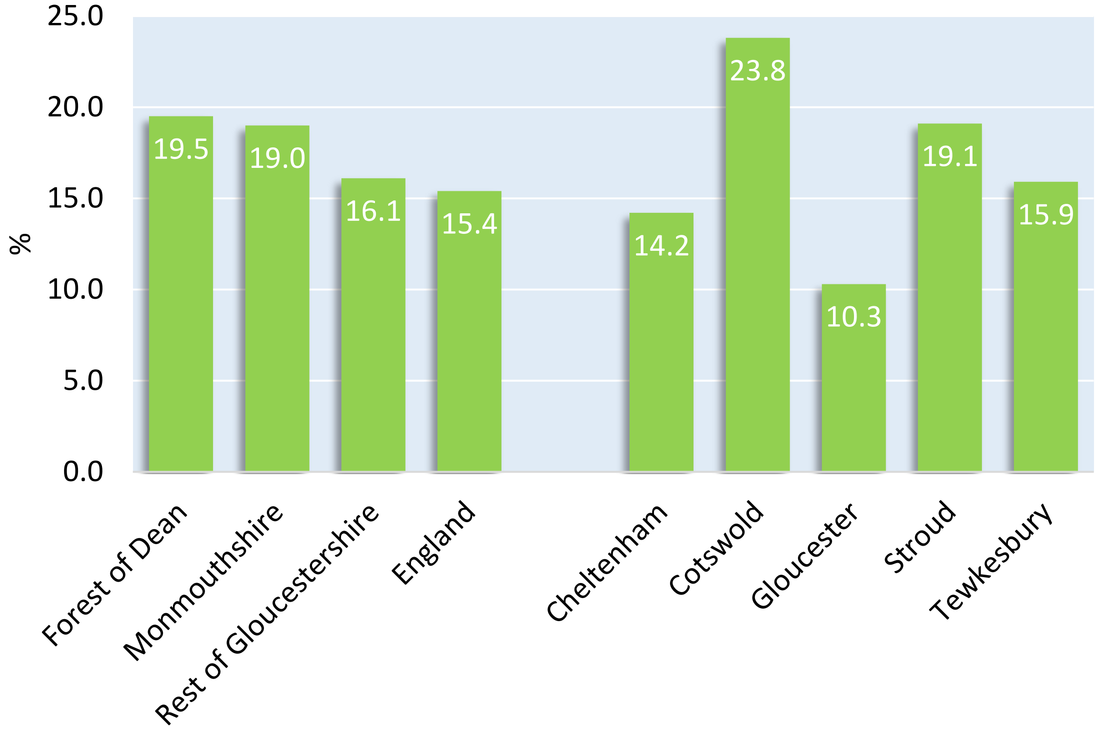


Source: Inter Departmental Business Register (ONS)

SELF-EMPLOYMENT IS HIGH AND INCREASING IN THE FOREST OF DEAN

At the time of the 2011 Census, almost one fifth (19.5 per cent) of employed people living in the Forest of Dean were self-employed. This was higher than the England average (15.4 per cent), the average for the rest of Gloucestershire (16.1 per cent) and Monmouthshire (19.0 per cent). Of other Gloucestershire districts, only Cotswold had a higher rate (23.8 per cent). Compared to other local authority areas in England, the Forest of Dean's self-employment rate ranked 57th highest of 326 local authority areas, i.e. within the top 20 per cent.

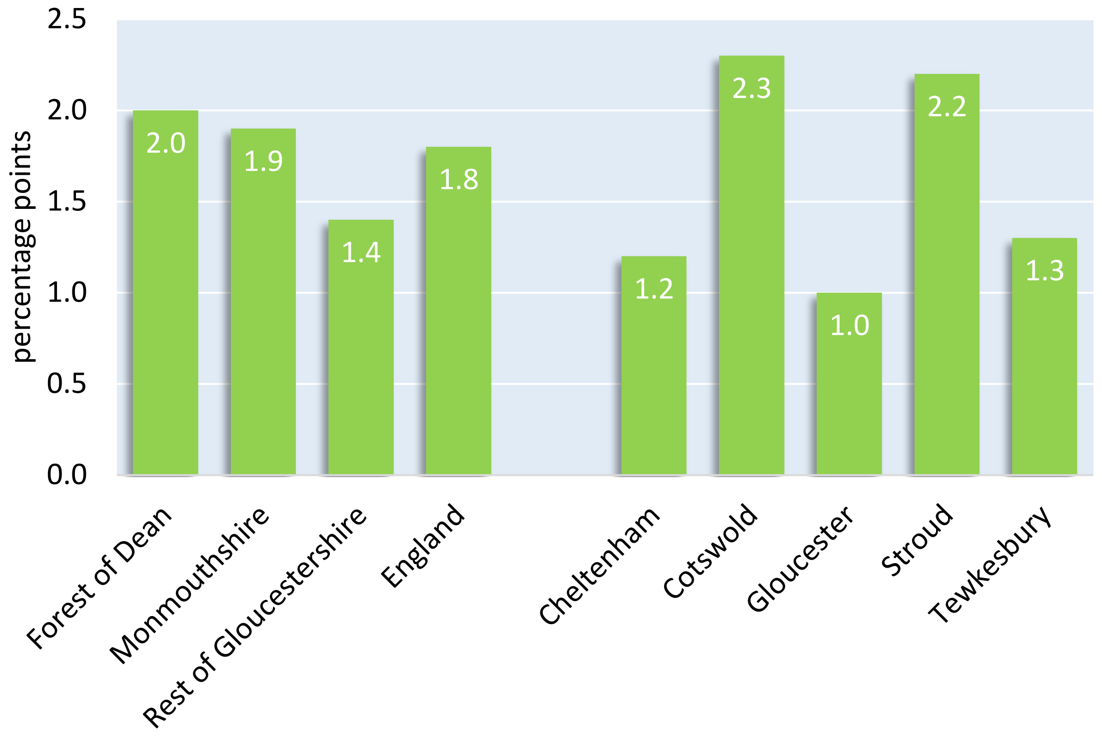
Chart 26: Percentage of employed people that are self-employed, 2011



Source: 2011 Census

Between 2001 and 2011, the self-employment rate in the Forest of Dean increased by 2.0 percentage points, from 17.5 per cent to 19.5 per cent. This was a larger increase than across Monmouthshire, the rest of Gloucestershire and England (although Cotswold and Stroud experienced slightly larger increases).

Chart 27: Percentage point change in self-employment rates, 2001-2011



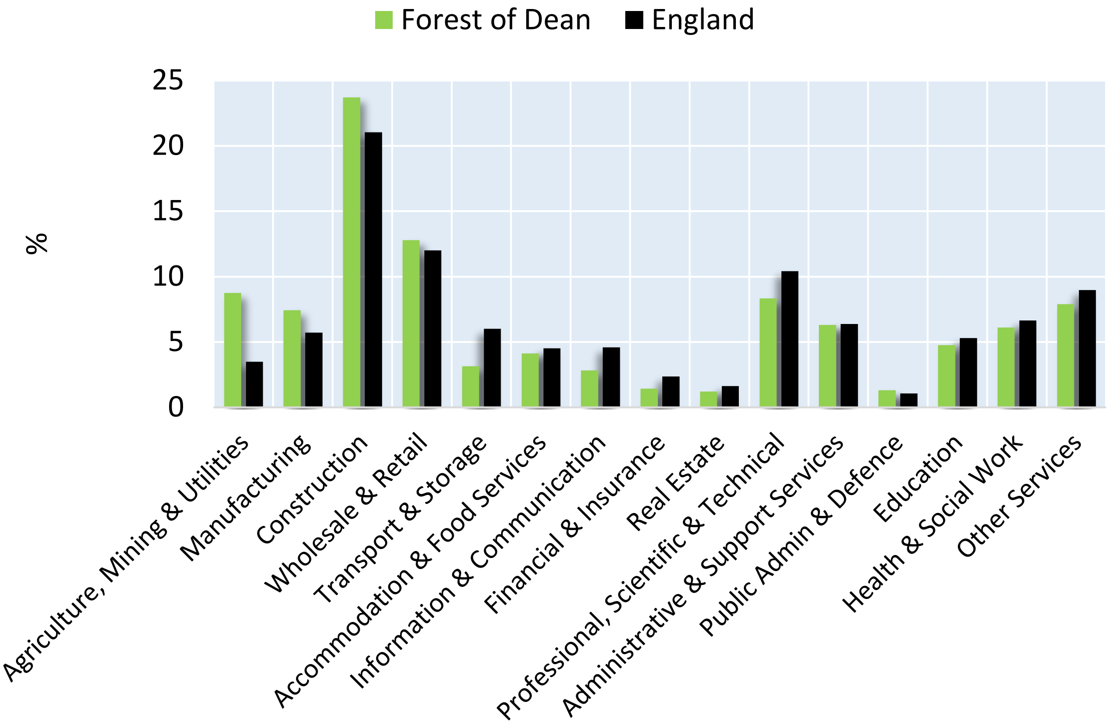
Source: 2001 and 2011 Census

The ONS annual population survey of self-employed residents shows an increase of 1,300 self-employed residents between 2009 and 2014 which represents a one percentage point increase in self-employed residents. Over the same period the number of employee residents increased by 7,000, a 3.4 percentage point increase in the percentage of employees.

ONE QUARTER OF ALL SELF-EMPLOYED PEOPLE WORK IN THE CONSTRUCTION INDUSTRY

In 2011, almost one quarter (23.7 per cent) of all self-employed people living in the Forest of Dean worked in Construction. This was a slightly higher share than across England (21.0 per cent). The Forest of Dean also had higher shares of all self-employed people working in Agriculture, Mining & Utilities (8.7 per cent compared to 3.5 per cent across England) and Manufacturing (7.4 per cent compared to 5.7 per cent) and lower shares across most of the services sector, particularly Transport & Storage (3.1 per cent compared to 6.0 per cent).

Chart 28: Percentage of all self-employed people by sector, 2011



Source: 2011 Census

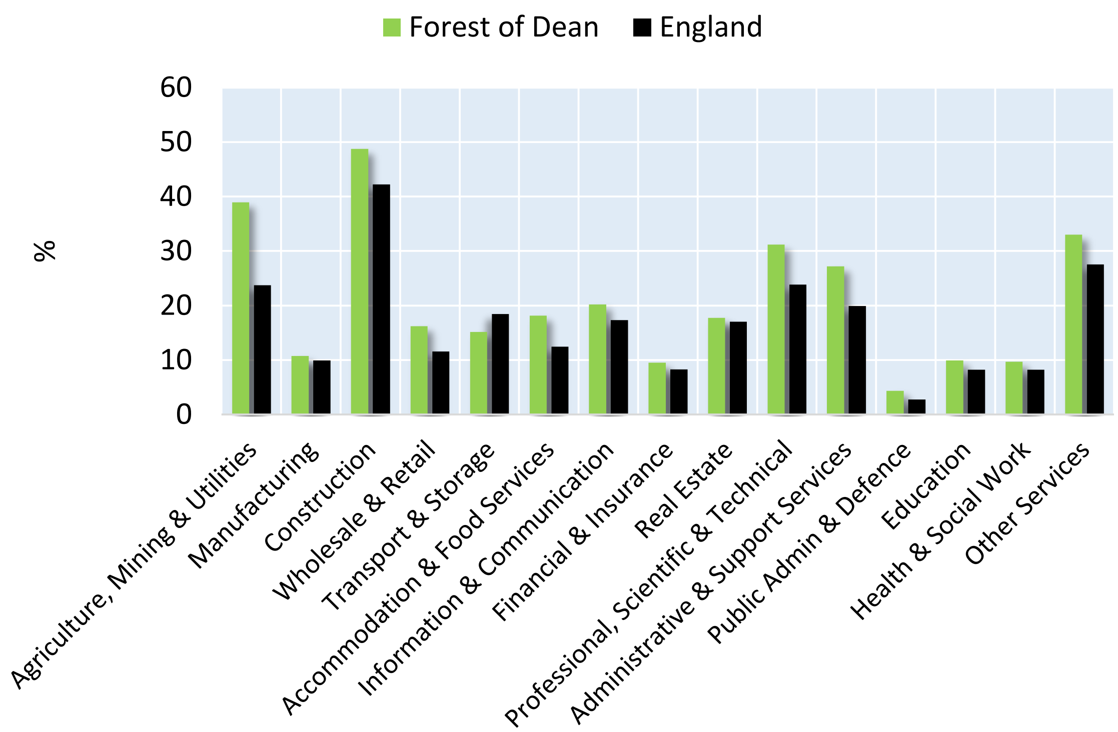
ALMOST HALF OF ALL CONSTRUCTION WORKERS ARE SELF-EMPLOYED

Self-employment rates in the Forest of Dean are highest among construction industry workers. In 2011, almost half (48.7 per cent) of all Construction workers living in the Forest of Dean were self-employed. Self-employment rates were also high among Agriculture, Mining & Utilities workers (39.0 per cent) and Professional, Scientific & Technical Activities workers (31.2 per cent).

SELF-EMPLOYMENT RATES ARE HIGHER THAN THE NATIONAL AVERAGE ACROSS ALL SECTORS, APART FROM TRANSPORT & STORAGE

At the time of the 2011 Census, self-employment rates were higher than the national average in all sectors apart from Transport & Storage (15.1 per cent of all Transport & Storage workers, compared to 18.5 per cent across England). Self-employment rates were much higher than average in Agriculture, Mining & Utilities (39.0 per cent, compared to 23.7 per cent nationally), Professional, Scientific & Technical Activities (31.2 per cent, compared to 23.9 per cent nationally) and Administrative & Support Services (27.2 per cent, compared to 19.9 per cent nationally).

Chart 29: Percentage of all workers by sectors that are self-employed, 2011

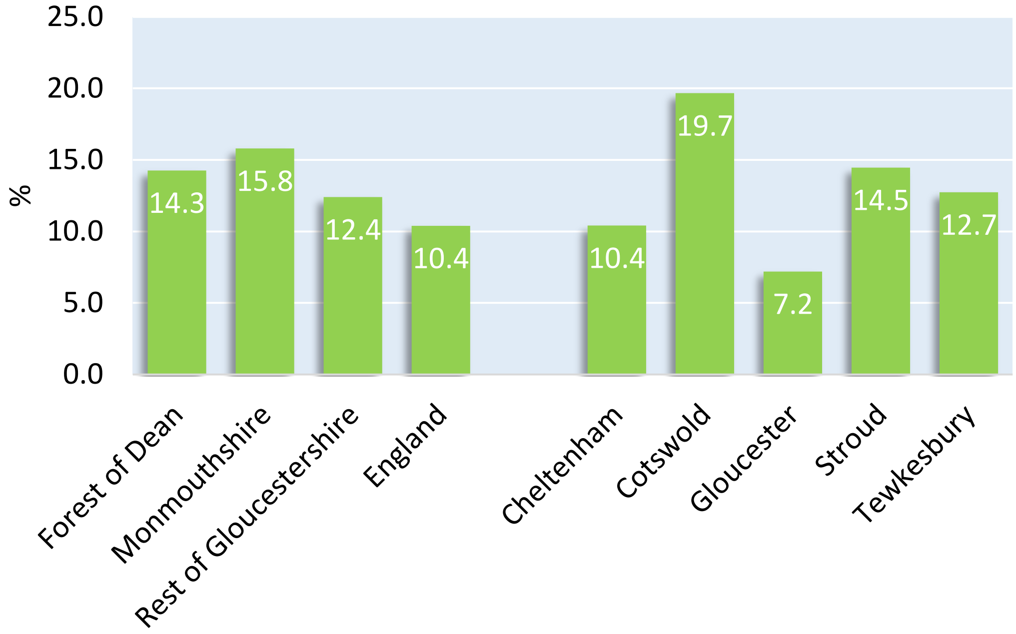


Source: 2011 Census

AN ABOVE-AVERAGE PERCENTAGE OF EMPLOYED PEOPLE LIVING IN THE FOREST OF DEAN WORK MAINLY FROM HOME

In 2011, 5,600 employed people living in the Forest of Dean worked mainly from home, equivalent to 14.3 per cent of employed people. This was higher than the rest of Gloucestershire average (12.4 per cent) and the England average (10.4 per cent), but lower than in Monmouthshire (15.8 per cent), Cotswold (19.7 per cent) and Stroud (14.5 per cent).

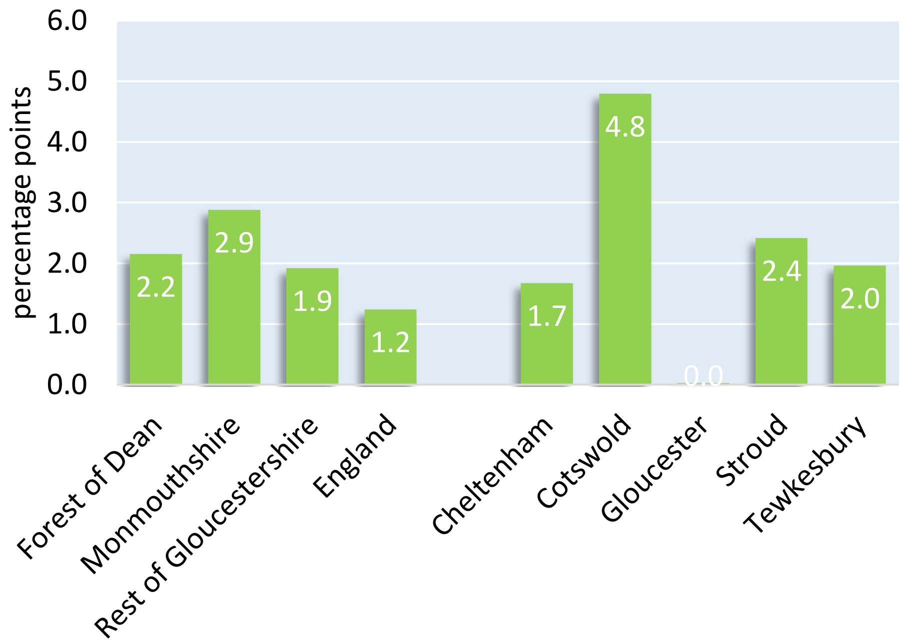
Chart 30: Percentage of employed people working mainly from home



Source: 2011 Census

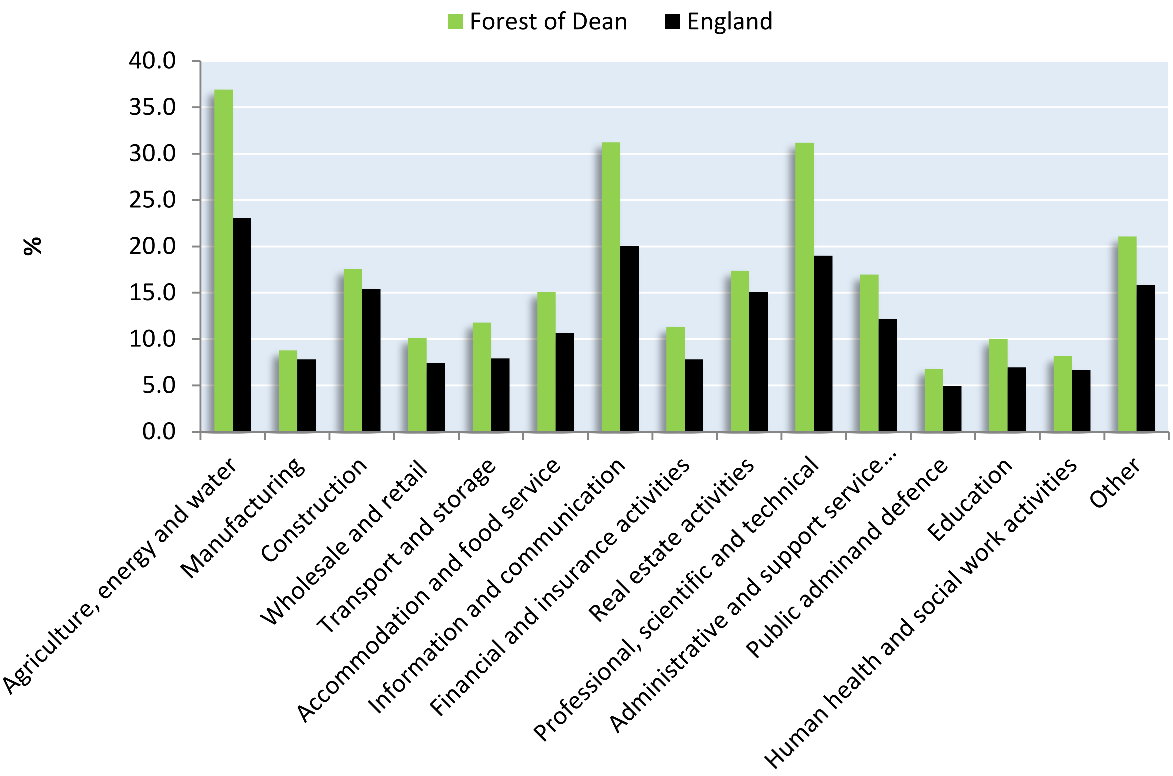
Home working is increasing in the district. Between 2001 and 2011, the number of people living in the Forest of Dean working mainly from home increased by 1,100, or by 23.4 per cent. The share of all people working mainly from home also increased by 2.2 percentage points, from 12.1 per cent to 14.3 per cent. This was a larger increase than the rest of Gloucestershire average and England but a lower increase than in Monmouthshire, Cotswold and Stroud.

Chart 31: Percentage point change in the share of all employed people working mainly from home, 2001-2011



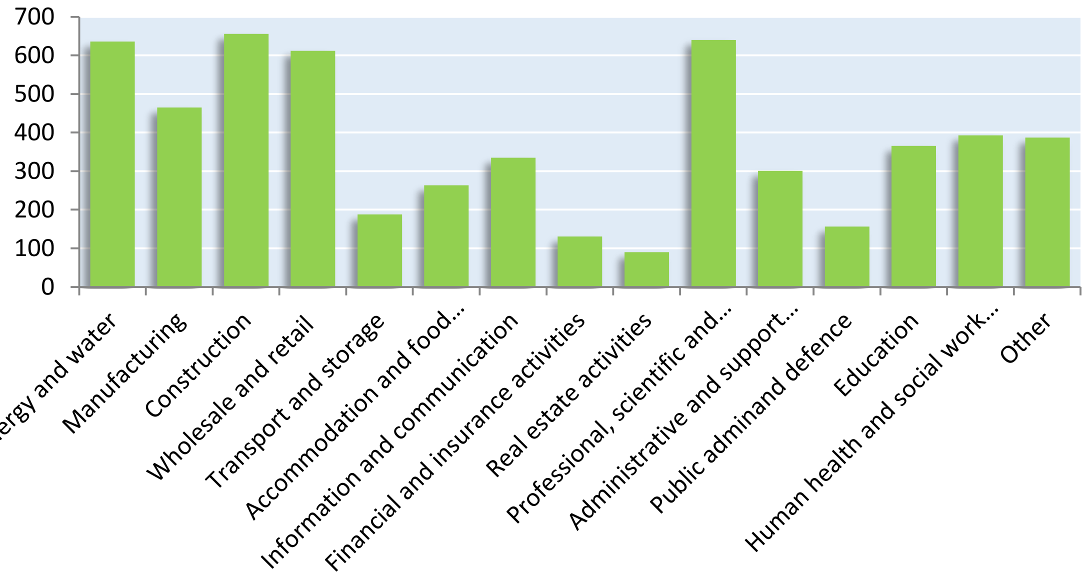
Source: 2011 Census

Chart 32: Percentage of people working from home by industry, 2011



Source: 2011 Census

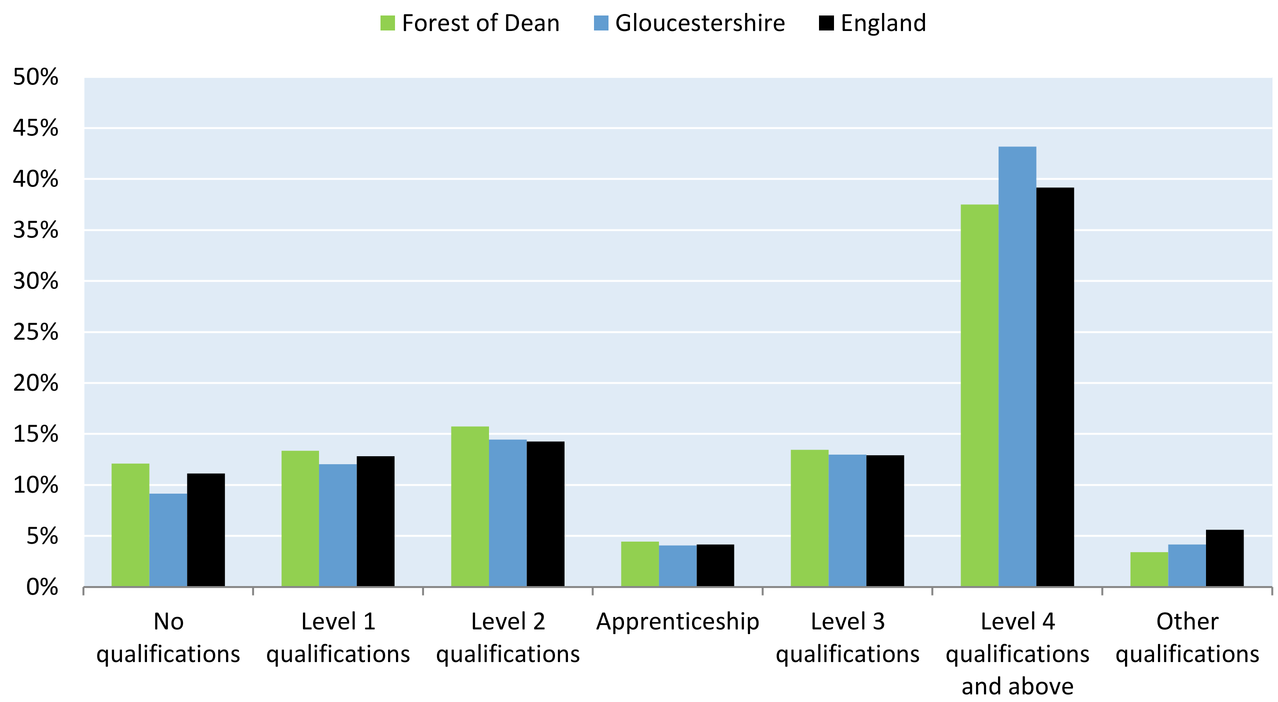
Chart 33: Number of workers mainly working from home in Forest of Dean by industry, 2011



Source: 2011 Census

Qualification rates of those working from home are similar to the national average. In 2011, 71 per cent of home workers held a qualification that was at least Level 2 (5 A*-C GCSEs and equivalent) and above – lower than the Gloucestershire average (75 per cent) but slightly higher than the England average (70 per cent) Mirroring the national trend, the most significant number working from home have Level 4 or above qualifications, although at 37 per cent of all home workers, this was lower than the county and national averages of 43 per cent and 39 per cent.

Chart 34: Home Working by Qualification



Source: 2011 Census

SUMMARY

Economic growth has been low in the Forest of Dean. It is estimated that Forest of Dean's economy generated between £1.02 billion and £1.17 billion in economic output in 2011. However, the Forest of Dean's annual rate of economic growth between 1997 and 2011 (Oxford Economics +0.8 per cent, Cambridge Econometrics -1.7 per cent) lagged significantly behind county growth rates of 1.8 per cent and national growth rates of 1.9 per cent.

The number of jobs in the Forest of Dean has fallen since the recession, and has not yet recovered to the pre-2009 position, contrasting with county and national employment growth. In 2013, the Forest of Dean supported 24,000 jobs, equivalent to 8.7 per cent of all jobs in Gloucestershire. The number of jobs fell from 26,000 to 24,000 between 2009 and 2010 following the recession and have since stabilised. In 2013, there were 2,000 fewer jobs in the Forest of Dean compared to 2009 – a 7.7 per cent drop. This compared to slight growth across Gloucestershire (+0.2 per cent) and solid growth across England (+2.0 per cent). However, Monmouthshire experienced a similar fall (-6.7 per cent).

The fall in jobs has been driven by a decline in Professional, Scientific and Technical Activities together with Transportation & Storage and Wholesale & Retail. However, there have been some notable job increases in the Manufacturing and Education sectors in which the Forest of Dean has a higher concentration of jobs compared to Gloucestershire and England averages. Analysis of the data suggests larger manufacturing companies in specialist products continue to grow.

KEY FACTS

Compared to the England and rest of Gloucestershire averages, the Forest of Dean had a much higher share of businesses in the Agriculture, Forestry & Fishing sector (16.3 per cent Forest of Dean; 7.5 per cent Rest of Gloucestershire; 5.2 per cent England) and above-average shares of businesses in the Manufacturing, Construction, and Transport & Storage sectors.

The Manufacturing sector is much more significant for employment in the Forest of Dean than nationally. In 2013, 17.6 per cent of all jobs in the Forest of Dean were in Manufacturing – more than double that across England (8.2 per cent).

The Forest of Dean had below-average shares of businesses across much of the services sector, particularly Professional, Scientific & Technical Activities (12.7 per cent Forest of Dean; 18.1 per cent Rest of Gloucestershire; 17.5 per cent England) and Information & Communication (4.8 per cent Forest of Dean; 8.1 per cent Rest of Gloucestershire; 8.2 per cent England).

The retail sector is smaller than the national average and jobs have declined at a faster rate than the nationally. Between 2009 and 2013 the number of retail jobs in the district fell by 200. This is equivalent to a 10 per cent fall. Rateable retail floorspace also declined by 8 percent between 2002 and 2012. Rateable values are the lowest in the County and although increasing over the 10 year period are still significantly below key competitor locations such as Gloucester and Cheltenham.

The tourism sector is a smaller employer in the Forest of Dean than nationally with 2,100 jobs at 2013. The highest numbers of jobs were in Public Houses and Bars, Take Away Food Shops and Mobile Food Stands, Operation of Sports Facilities, Letting and Operating of Own or Leased Real Estate, Hotels and Similar Accommodation and Licensed Clubs. According to BRES, the number of jobs has declined year-on-year since 2010 compared to a national increase of 8 per cent. However, the District Tourism Study suggests significant increases in both the value and job associated with the tourism sector.

The Forest of Dean has a relatively low share of public sector jobs. Following the recession, in 2010, total jobs lost in the Forest of Dean were caused by a large fall in private sector jobs (-2,900) with a net gain of public sector jobs (+600). Since then, there has been a shift in the Forest of Dean's economy from public to private sector jobs.

Data suggests that Education represents 14.1 per cent of all jobs in the district, a higher share than the national average of 9.2 percent. The district has supported an increase of 400 jobs in Education between 2009 and 2013 and an increase in 50 businesses although there are some anomalies in the data which suggest that this data should be used with caution.

In 2013, there were 3,285 'active enterprises' in the Forest of Dean – equivalent to 12.2 per cent of all enterprises in Gloucestershire. The number of enterprises in the Forest of Dean has declined since 2008, caused by both a fall in the number of new businesses and a rise in the number of business closures. Between 2008 and 2013, the number of enterprises fell by 140, equivalent to a 4.1 per cent fall. The Forest of Dean was the only district in Gloucestershire to experience an overall decline in the number of businesses throughout this period.

The fall in the number of businesses in the Forest of Dean was driven by a fall in the number of Construction, Transport & Storage, Wholesale, and Business Administration & Support Services businesses, and a fall in the number of micro businesses (employing less than 10 people).

The number of start-ups in Forest of Dean is low with a significant decline in start-ups between 2004 and 2011. Although there is recent evidence of an increasing number of start-ups, figures are still low compared to the national and county average. However, businesses that do start-up are more likely to survive in the Forest of Dean with three-year survival rates above the England average but lower than the County average.

In 2011, 5,600 employed people living in the Forest of Dean worked mainly from home, equivalent to 14.3 per cent of employed people. This was higher than the rest of Gloucestershire average (12.4 per cent) and the England average (10.4 per cent), but lower than in Monmouthshire (15.8 per cent), Cotswold (19.7 per cent) and Stroud (14.5 per cent).

Self-employment is high and increasing in the Forest of Dean. Almost one fifth of employed people living in the district in 2011 were self-employed. Almost one quarter of those self-employed in the district are employed in the Construction sector and half of all Construction workers are self-employed.

3. POLICY, EVIDENCE AND INTELLIGENCE

The District Council is preparing a new allocations document to support its Core Strategy 2012. The new Allocations Plan will cover the period 2012 to 2026 and it will be the key planning policy document alongside the Core Strategy which guides decisions on the use and development of land in the district. In developing this Plan, the Council is seeking to ensure that the emerging strategy complements and supports the implementation of relevant strategies, which operate across Gloucestershire including consideration of priorities in the County Wide Strategic Economic Plan produced by the Local Enterprise Partnership, GFirst, in March 2014.

Five documents are detailed here which provide specific economic analysis and views on the scale of economic growth in the Forest of Dean and help to provide a perspective on the economic forecasts and projections for future growth in the District. The documents detailed below are:

- GFirst Strategic Economic Plan 2014,
- Gloucestershire Growth Deal 2014,
- Core Strategy for Forest of Dean 2012,
- Cinderford Area Action Plan 2012 and
- Town centre health checks at Coleford, Lydney, Cinderford and Newent in 2014.

STRATEGIC ECONOMIC PLAN 2014

The Strategic Economic Plan (SEP) was submitted to Government by GFirst in March 2014, supported by the local authorities of Gloucestershire. The SEP sets out ambitious plans to accelerate economic growth by focusing on key drivers of productivity and supporting growth in high value sectors. The SEP includes wide ranging ambitions and includes commitments to deliver 33,900 jobs between 2015 and 2021 across the County, grow the economy by £493 million and a GVA[10] average annual increase of 4.8 per cent. The annual increase can be divided into a 3.2 per cent GVA growth aspiration with a stretch target of 1.6 per cent based upon the delivery of specific projects identified in the SEP. This must be seen in the context of a slower than average increase in GVA in Gloucestershire compared to the national rates.

The SEP identifies a number of sector specialisms with high growth potential, where there are strengths on which to build or opportunities to exploit. These high value sectors include nuclear and renewable energy; aerospace; precision engineering; medical instruments; export intensive sectors; professional, scientific and technical; financial and business services; media and tourism. The SEP has identified its key growth sectors with key priority interventions along the M5 corridor Growth Zone, a Growth Hub, and enablers of growth which include improvements to the A417 link and support for green technology.

The SEP outlines the key economic strengths and challenges:

- Knowledge-intensive manufacturing and services;

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[10] GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom.

- High and medium technology manufacturing;
- Context of slowing growth and declining productivity (to below England average); and
- Specific sectors: nuclear and renewable energy; aerospace; precision engineering; medical instruments; export intensive sectors; professional, scientific and technical; financial and business services; media; tourism.

A key package for Forest of Dean is the A40 Regeneration Corridor which seek to improve connectivity and resilience in the transport network. The proposal will be delivered through two packages of interrelated measures which help reduce traffic congestion and the associated economic disadvantages on the A40 corridor between Gloucester / Cheltenham and the Forest of Dean. In summary, the packages focus investment where it will maximise economic productivity and efficiency, particularly in terms of providing improved traffic flow, faster journey times and overall transport network resilience on the A40 (west) corridor, and the areas of regeneration that connect to it. This will serve employers and the wider economy through enabling improved connectivity with the rural west of the County and connections through to Herefordshire, Monmouthshire and the Forest of Dean.

GLOUCESTERSHIRE GROWTH DEAL 2014

The Growth Deal is part of a £12 billion Government Programme to revitalise local economies. The Growth Deal for Gloucestershire 2014 focusses upon 3 priority areas in the SEP:

- Skilled workforce;
- Attracting retaining and developing successful businesses; and
- Exploiting opportunities for new sites.

The Growth Deal, confirmed by the Government's Autumn Statement, will see £62.5 million of investment. £11.7 million has been confirmed in 2015/16 and £16.6 million between 2016/17 to 2021. The Growth Deal will help to create up to 5,000 jobs and generate up to £40 million in public and private investment. This deal is part of the wider SEP that will lead to 34,000 jobs.

The Gloucestershire centre of excellence in Renewable Energy, Engineering & Nuclear skills (GREEN) is a partnership between GFirst LEP and South Gloucestershire and Stroud College. GREEN will be a world-class centre of excellence for STEM training, providing workforce development training and apprenticeship opportunities based at the decommissioned Berkeley power station site. The objective is to develop a local workforce with engineering, nuclear and low carbon industries.

The Growth Hub is a unique partnership between the University of Gloucestershire and GFirst LEP to enable businesses to achieve their true growth potential. The Growth Deal will ensure that physical spokes for business access to support services are in place across the county, Science, Technology, Engineering and Mathematics (STEM) centres deliver quality provision across Gloucestershire, and funding is in place for the next phase of physical development of the Growth Hub central facility. GFirst is seeking to implement a Hub and Spoke model to support the implementation of the Growth Hub in the Forest of Dean. This already includes a presence at Vantage Point Business Park in Mitcheldean and could also include a base within the new Gloucestershire College building to be developed within the Cinderford Northern Quarter.

The Growth Zone will further develop the availability of employment land along the M5 corridor in order to attract and retain high value-added businesses by providing valuable space and the necessary transport infrastructure for business expansion. Initial focus will be on development at junction 9 and junction 10 of the M5 and in particular the opportunity provided by the Ashchurch site near Tewkesbury working with the Homes and Communities Agency and Highways Agency (now Highways England).

In addition, the Government has confirmed new investment in major infrastructure schemes across Gloucestershire:

- £4.36 million will improve the A419 corridor between Stonehouse and the M5;
- £1.15 million will improve access to the Berkeley site for the GREEN project;
- £4.7 million will ensure that the re-development of the Kings Quarter bus station in Gloucester happens; and
- **£1 million will develop a robust transport strategy for Lydney (2019/2021).**

And the Government has provisionally allocated funding to an additional five schemes:

- £1.99 million provisional allocation to repair the Berkeley bridges, reducing travel times on the A38;
- **£3.8 million provisional allocation to fund the Cinderford Northern Quarter Link Road;**
- £2 million provisional allocation to upgrade the Gloucester South West bypass;
- £1 million provisional allocation to upgrade St Barnabas Roundabout in Gloucester; and
- £1.6 million provisional allocation to upgrade the B4063 Staverton Bridge junction.

The Gloucestershire Growth Deal also ensures that the Highways Agency (now Highways England) is committed to working with Gloucestershire County Council to develop a compelling business case to secure funding to address the A417 Missing Link.

The SEP and the Government's Single Local Growth Fund is a dynamic process and in addition to the funding awarded as part of the Growth Deal Round 1, Forest of Dean has submitted further bids that are currently classified as pipeline funding bids for implementation 2018/19 onwards.

FOREST OF DEAN CORE STRATEGY 2012

The Core Strategy was adopted in February 2012 and sets out the overall strategy for the development of the district for the period 2006 to 2026. The strategy sets out a vision for the district and a number of key objectives the plan should aim to achieve. 'Core strategy – Objective 2 – Develop the local economy and tourism' is the key objective linked to improving the employment prospects and opportunities within the Forest of Dean District. It aims to:

Develop a more self-contained and diverse local economy including tourism to address out commuting and enable more sustainable transport patterns while providing a greater range and number of jobs and improving the services and facilities that are accessible.

The new Allocations Plan will cover the period 2012 to 2026 and it will be the key planning policy document alongside the Core Strategy which guides decisions on the use and development of land in the district. The allocations plan will seek to support the implementation of this objective by allocating land for employment generating uses.

The Core Strategy identifies 26 hectares at Cinderford and 30 hectares at Lydney to provide significant employment sites within the district including land at the Northern Quarter in Cinderford. Smaller employment development is identified for Coleford (6.8 hectares) and Newent (5 hectares). The total sites offer approximately 66 hectares in total and could offer space for 5,742 jobs at the midpoint density assumptions.

Policy CSP7 seeks to diversify the economy by supporting key economic sectors and clusters, enterprises and tourism, supporting growth sectors, providing office space in attractive locations, growing existing smaller businesses, supporting training and skills, investment in transport and securing secure and safe environments.

CINDERFORD AREA ACTION PLAN 2012

The Cinderford Area Action Plan proposes an education facility, visitor centre and Northern United Enterprise Park as phase 1 between 2011 and 2015, providing much needed high quality office space for the town. Phase 2 will include residential, office, hotel and tourism uses and a biomass plant. The AAP states that Gloucestershire College has examined the Northern Quarter as an option for College relocation and in 2011 decided to include the Cinderford Northern Quarter as a preferred location for any future new build facility. This relocation is seen as a catalyst for the regeneration of the Northern Quarter.

In February 2015 Gloucestershire College announced that it will be relocating its Construction and Building Services provision to its Royal Forest of Dean Campus in Cinderford this summer. From September 2015, the main Royal Forest of Dean Campus in Coleford will offer Brickwork, Carpentry, Electrical Installation and Plumbing courses spanning Levels 1 to 3.

The Strategic Economic Plan notes the intention of Gloucestershire College to open two specialist STEM centres, one within the Forest of Dean campus. These centres will support STEM delivery to 4,000 16-18 year olds GC students by 2016.

TOWN CENTRE HEALTH CHECKS 2013 AND 2014

In 2013 and 2014 the District Council completed four town centre health checks in Lydney, Coleford, Newent and Cinderford. The reports follow the guidelines laid out in the 'Successful Town Centres– Indicators Toolkit' produced by GFirst. The report presents key findings which can be used to annually evaluate the effectiveness of Town Centres. The reports are prepared by Regeneration Services, Forest of Dean District Council.

The reports are important in understanding the potential and current retail strengths within the District, the recent changes and issues that are identified and consequently the potential for future growth. Conclusions for each of the four towns are detailed in the reports and this report summarises key highlights which are relevant in considering whether the two economic forecasts represent a sound basis for future economic growth in retail.

A key indicator in the toolkit is footfall. Footfall refers to the number of people walking up and down a given town centre (or single street) regardless of their reasons for doing so. Footfall is often linked to the level of attractiveness of a location and its ability to satisfy customer and visitor needs and expectations successfully.

Cinderford and Lydney have significantly decreased their footfall count since a survey in 1999 (a 10 minute average) compared to a survey in 2014. In Cinderford the survey suggested that footfall had decreased by over 60 percent to a 10 minute average of 81 in 2014. In Lydney, the survey suggested that footfall had decreased by 42 per cent to a 10 minute average of 72 in 2014. Although this is a significant drop, the analysis suggests this reduction in footfall had occurred by 2008, at initial stages of the recession. Lydney has seen recovery in footfall level in excess of 2008 levels whereas Cinderford still has footfalls levels below its 2008 position.

The towns of Coleford and Newent with lower footfalls have shown greater resilience since 1999 and post-recession. Coleford has increased its footfall since 1999 by 37 per cent although remaining unchanged since the beginning of the recession in 2008. Newent has remained constant with a 10 minute average footfall of 56 since 2008.

As with other town centres in Gloucestershire, change of use from A1 and A2 retail uses to other uses including food, takeaways and residential are clear. In Cinderford there has been a loss of 13 units from A2 (town centre financial services). Coleford has shown greater potential for growth: it has increased its A1 retail offer as a percentage of all town centre units with a consequent decrease in A2 financial services, A3 food and office accommodation.

In Lydney and Coleford vacancy rates in 2014 were marginally below the national average vacancy rate of 14.2 per cent at the time of the surveys. Newent's vacancy rate of 6.1 per cent suggests a particularly low rate and perhaps limited flexibility in the market for greater retail investments. Cinderford vacancy rates remain at 15.5 per cent

The Health Checks suggests that the smaller retail centres of Coleford and Newent have been more resilient to the economic position and changing retail profile. The larger centres of Cinderford and Lydney show loss of footfall and higher vacancy rates reflecting the greater attraction and strength of the other Gloucestershire centres.

SUMMARY AND CONCLUSIONS

The Core Strategy was adopted in February 2012 and sets out the overall strategy for the development of the district for the period 2012 to 2026. The strategy sets out a vision for the district and a number of key objectives the plan should aim to achieve. Objective 2 seeks to provide high quality, higher value job opportunities within the district to address current out-commuting from the district and address average workplace salaries which are currently below the county and national average.

As part of the implementation of the Core Strategy, the Cinderford Area Action Plan proposes a significant employment and mixed use development including an education facility, visitor centre and Northern United Enterprise Park. The plan represents a significant proposal in a key settlement in Forest of Dean building upon the educational strength of the district and offering business space for a higher quality business environment. However, in view of the recent economic performance of the district, its full development and implementation to support 1,500 jobs suggests that significant interventions, in addition to the A40 Regeneration Corridor, will be required.

In 2013 and 2014 the District Council completed four town centre health checks in Lydney, Coleford, Newent and Cinderford. The Health Checks reflect the decline in retail floorspace and jobs detailed in the Industry and Business Assessment. The smaller retail centres of Coleford and Newent have been more resilient to the economic position and changing retail profile. The larger centres of Cinderford and Lydney show loss of footfall and higher vacancy rates reflecting the greater attraction and strength of the other Gloucestershire centres.

4. REVIEW OF CAMBRIDGE AND OXFORD ECONOMIC FORECASTS 2014

This chapter of the report seeks to review and compare the Cambridge Econometrics August 2014 (CE) and Oxford Economics August 2014 (OE) forecasts building upon the 'Objectively Assessed Housing Needs of Stroud, Forest of Dean and Cotswold October 2014' completed by NMSS (OAN). This section begins to compare the forecasts with historical and current data on the economic performance of the district compared to the Gloucestershire and England average detailed in the Industry and Business Sector Assessment.

Economic forecasts are useful in providing a range of scenarios that can inform but not determine the appropriate economic target and strategy for the Local Plan. The forecast models represent trend based growth, based upon a series of economic assumptions about the performance of the economy over time. Each is based upon a different methodology and there are also different ways in which the final employment data is calculated. No account or adjustments are made to reflect policy or market interventions or indeed constraints such as availability of skills which may impact upon the economic output of the district. Importantly these forecasts do not consider the impact of any public or private intervention or policy adjustments that might be made including interventions proposed by the Strategic Economic Plan.

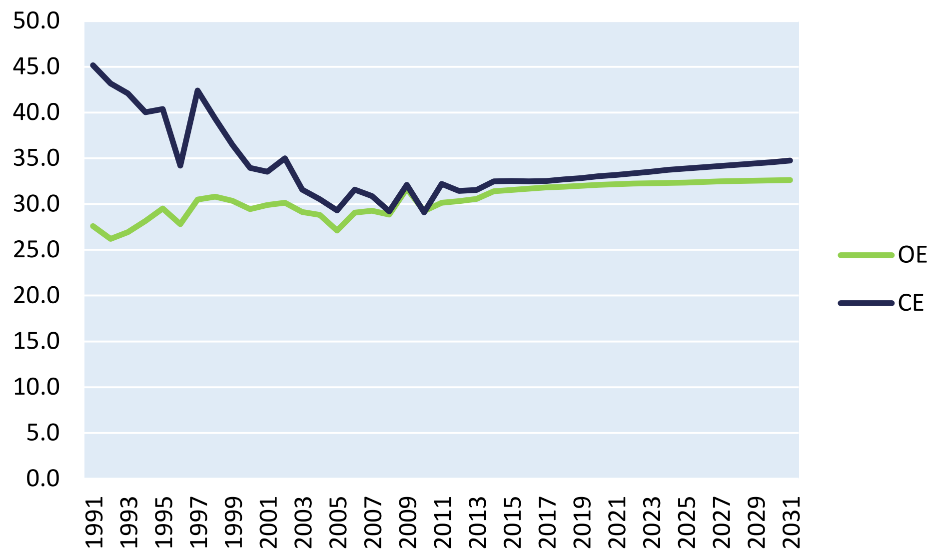
FINDINGS IN THE REPORT - THE OBJECTIVELY ASSESSED HOUSING NEEDS OF STROUD, FOREST OF DEAN AND COTSWOLD 2014

The Objectively Assessed Housing Needs of Stroud, Forest of Dean and Cotswold October 2014 completed by NMSS (OAN) seeks to provide the Councils with an evidence base on which the Councils can derive their Objectively Assessed Housing Need for housing which is consistent with the approach adopted for the Joint Core Strategy. The report also considers the impact of the Oxford Economics August 2014 (OE) and Cambridge Econometrics August 2014 (CE) forecasts on the potential housing need. The key issue for this report is that the OAN report identifies significant divergence between the CE and OE forecasts and goes on to consider the impact of this upon the housing need for each of the three districts.

The key points made in the report which are relevant to this analysis are:

- The OAN report states that the difference between the Forest of Dean forecasts is significant.
- The OAN report also anticipates that the forecasts have not made sufficient allowance for improvements in productivity. OAN estimates suggest that if productivity improvements similar to the early 90's recession were seen, the projected forecasts in GVA could be delivered without any increase in jobs. Although unlikely, it does provide an insight into the larger impact of productivity improvements on jobs growth and forecasts.
- Different assumptions on activity rates can also have an impact upon the additional numbers of homes to support the labour supply. A critical factor and change is the assumptions about the proportion of people over 60 who will continue to work beyond normal retirement age.

Chart 35: Forecast Job Growth for Oxford Economic and Cambridge Econometrics 2014



Source: OAN; Cambridge Econometrics August 2014 and Oxford Economics August 2014

OAN offers a perspective on the variation between forecasts:

- As national models can only take very limited account of local circumstances and become less and less reliable the smaller the geographic area to which they are disaggregated, it is important to assess the plausibility of the job changes projected for an area on a sector by sector basis. This may help to narrow the range of plausible changes in job numbers.
- The forecasts are built up using a combination of a national view on the prospects for the difference sectors of the economy and local data on the demand for services and the performance of the different sectors. Because of the different views taken by the various forecasters about the prospects of different sectors, significant differences arise in their projections for individual authorities.
- CE forecasts faster growth in 'Government Services' and OE envisages stronger growth in private sector activity, particularly finance and business services.
- OAN Sensitivity tests were completed which demonstrates that the forecasts are highly sensitive to assumptions made about growth in certain sectors. The effect of plausible changes in the forecasters' assumptions for the growth of key sectors have been illustrated by modelling two possible scenarios:

OAN comments on the forecasts and illustrates the key issues which need to be addressed:

OAN COMMENT ON HISTORICAL AND CURRENT PERFORMANCE

- The most striking feature is the stark divergence between the two forecasters on the historical data for employment in the Forest of Dean. Even in 2011 the difference between the two employment estimates is substantial: at over 2,000 jobs, it amounts to more than 80 per cent of the job increase projected by CE. The difference will be due to the way in which the final employment data is calculated and the use of BRES, DEFRA and Annual Population Survey figures.

- CE's and OE's very different views on past employment levels in the Forest of Dean is due to radically different figures for manufacturing employment. It would be helpful to know whether there is local data to indicate which the more plausible data set is.

OAN COMMENT ON EMPLOYMENT FORECASTS TO 2031

- The OE projection for Forest of Dean shows half of the projected increase between 2011 and 2031 occurring between 2011 and 2014. However, in the CE projections only 10 per cent of the increase occurs between 2011 and 2014. This is a result of the estimate for 2011 being high relative to the years before and after it.
- The OAN report uses the data for the period 2014-31 to avoid the distortions caused by the inevitable uncertainties in the forecasters' views on the emergence of the economy from recession in the period 2011-14.
- OAN states that the projected job growth in Forest of Dean is much lower than for the other authorities. This may be a reflection of its relatively isolated position and the sector mix in its economy.
- The differences which stand out are the much faster growth in government services projected by CE together with CE's smaller reduction in manufacturing employment. As in the other two authorities, OE projects a faster growth in financial services. The plausibility of CE's faster growth in government services must be doubtful given the likely continuation of austerity measures. If the CE projection for this sector were reduced to the OE estimate that would make the two projections for the period 2014-2031 broadly comparable.
- For both CE and OE the fluctuations in their estimates of numbers employed in the three authorities between 2008 and 2014 are large compared with the projected changes between 2014 and 2031.

HISTORIC DATA (1991-2009)

Nupremis has undertaken its own analysis of the CE and OE economic forecasts. This section examines the historical data within the forecasts to understand historic trends and the impact they might have on future performance.

Both forecasters agree that there was a decline in jobs in the primary and secondary industries in the Forest of Dean between 1991 and 2009: Agriculture, Forestry & Fishing; Mining & Quarrying; Manufacturing; and Utilities.

The two forecasters also agree that there was growth across the Construction and Services sectors. The lowest growth was seen in the Wholesale & Retail and Accommodation & Food sectors. The strongest growth in percentage terms was in the Other Services, Information & Communication, and Public Administration, Education & Health sectors, while the strongest growth in numbers of jobs was in the Public Administration, Education & Health, Financial & Business Services, and Other Services sectors.

However, there are some stark differences between the two sets of data, as follows.

OVERALL JOBS CHANGE: CE REPORTS THAT TOTAL JOBS IN THE FOREST OF DEAN FELL BY 28.9 PER CENT (-13,100) BETWEEN 1991 AND 2009 WHILE OE REPORTS THAT TOTAL JOBS INCREASED BY 14.8 PER CENT (+4,100).

This divergence is largely due to very different data within both models on manufacturing jobs during this period. CE reports that manufacturing jobs fell extremely sharply, resulting in an overall jobs decline in the district. Although CE recognise that data for manufacturing in the 1980's and 1990's for the Forest of Dean looks a little high, CE comment that projections are based upon more recent data (mid 1990's onwards) and so should have little impact upon their robustness. OE reports a sharp but smaller decline which was offset by job growth in other sectors.

THE TREND REPORTED BY OE APPEARS THE MOST LIKELY AS THIS IS MOST SIMILAR TO OFFICIAL ONS DATA (WITH REGARD TO TOTAL JOBS AND MANUFACTURING JOBS).

Between 1991 and 1998 the Census of Employment/Annual Employment Survey was the key source of employee jobs data for local areas (to note: this does not include data on self-employed jobs). This suggests that there were 18,000 employee jobs in the Forest of Dean in 1991 – closer to OE's estimate of total jobs (27,600) than CE's much larger estimate (45,200).

MANUFACTURING JOBS: CE reports a much sharper decline in manufacturing jobs (-19,100, or -81.6 per cent) than OE (-3,100, or -44.2 per cent) with CE reporting that a much larger number of manufacturing jobs existed in the Forest of Dean in the early part of this period. When compared to official ONS data, the OE trend again seems the most likely.

While not directly comparable due to changes in Standard Industrial Classifications, the Census of Employment/Annual Employment Survey estimated that there were 6,300 manufacturing employee jobs in the Forest of Dean in 1991, suggesting that the OE data is likely to be the more accurate depiction of past trends (7,000 jobs in 1991) than CE data (23,400 jobs in 1991).

FINANCIAL & BUSINESS SERVICES JOBS: While both forecasters report robust jobs growth in this sector between 1991 and 2009, OE reports much stronger growth (+ 2,200 jobs, +61.6 per cent) than CE (+1,600 jobs, +38.6 per cent).

OTHER SERVICES JOBS: Again, both forecasters report very strong growth in this sector up to 2009. But CE report that double the number of Other Services jobs existed in the district in this period (2,200 jobs in 2009) than OE (1,000 jobs in 2009) alongside a stronger increase in actual numbers of jobs (CE +1,500 jobs; OE +1,000 jobs). However, OE report a much stronger percentage increase in jobs during this period (CE +225.0 per cent; OE +818.3 per cent).

Table 4: Total Job Change by sector 1991 to 2009

1991-2009	CHANGE IN JOBS		% CHANGE IN JOBS	
	CE	OE	CE	OE
Total Jobs	**-13078**	**4083**	**-28.9**	**14.8**
Agriculture, Forestry & Fishing	-1552	-923	-52.5	-40.9
Mining & Quarrying	-39	-59	-27.7	-41.9
Manufacturing	-19065	-3108	-81.6	-44.2
Utilities	-57	-86	-24.7	-34.0
Construction	350	472	14.5	23.5
Wholesale & Retail	26	104	0.7	2.7
Transport & Storage	489	491	44.4	39.0
Accommodation & Food	53	158	3.4	11.2
Information & Communications	378	322	113.9	113.1
Financial & Business Services	1555	2239	38.6	61.6
Public Admin, Education, Health	3270	3556	73.6	66.8
Other Services	1514	917	225.0	818.3

Source: Census of Employment/Annual Employment Survey; Cambridge Econometrics August 2014 and Oxford Economics August 2014

BRES PERIOD (2009-2013)

The Business Register and Employment Survey (BRES) is the official source of employee and employment estimates by detailed geography and industry. The survey collects employment information from businesses across the whole of the UK economy for each site that they operate. BRES is the recommended source of information on employment by detailed geography and industry.

THIS ANALYSIS SUGGESTS THAT BOTH FORECASTERS (PARTICULARLY CE) APPEAR TO UNDERESTIMATE THE SCALE OF JOB LOSS IN THE FOREST OF DEAN BETWEEN 2009 AND 2013, DURING AND FOLLOWING THE RECESSION COMPARED TO ONS TRENDS.

Although BRES excludes some of the jobs that are included in the CE and OE datasets (i.e. self-employed people not registered for VAT/PAYE) and assuming BRES data is ‘correct’, both forecasters (particularly CE) appear to underestimate the scale of job loss in the Forest of Dean between 2009 and 2013, during and following the recession.

COMPARING CE DATA TO BRES

CE data suggests that the annual average job growth between 2009 and 2013 was -0.4 per cent compared to the BRES annual average job growth of -2.0 percent.

- CE estimates that the total number of jobs fell by almost 600, or -1.8 per cent, compared to BRES estimates of almost 2,000 job losses, or -7.7 per cent.
- CE reports that jobs fell in the Agriculture, Forestry & Fishing and Manufacturing sectors compared to BRES estimates of jobs growth.

- CE reports that jobs grew in Construction and Accommodation & Food compared to BRES estimates of job losses (to note: the construction industry has a high percentage of self-employed jobs, so BRES could be displaying different results as it excludes self-employed people not registered for VAT/PAYE).
- CE also estimates significantly fewer job losses in the Wholesale & Retail, Transport & Storage, and Financial & Business Services sectors compared to BRES.
- CE details higher job gains in the Public Administration, Education & Health sector than BRES.
- The CE trend, particularly the 3,000 job increase between 2010 and 2011 would appear to reflect data for self-employment. This is particularly important in the current socio – economic environment where self-employment has become more important.

CE makes separate estimates for self-employment. CE use the BRES 'employees' data and adds estimates for self-employment, based on Annual Population Survey. CE also adds estimates for farm employment, and scales growth to regional workforce jobs.

FOR MOST SECTORS, THE OE DATA MORE CLOSELY MATCHES DATA FROM BRES THAN THE CE DATA, ALTHOUGH THERE ARE SOME SIGNIFICANT DIFFERENCES:

OE data suggests that the annual average job growth between 2009 and 2013 was -0.9 per cent compared to the BRES annual average job growth of -2.0 percent.

- OE estimates that the total number of jobs fell by over 1,100, or -3.6 per cent, compared to BRES estimates of almost 2,000 job losses, or -7.7 per cent. This is due to OE potentially underestimating the scale of job losses in some sectors, particularly Transport & Storage and Other Services compared to BRES.
- OE data matches the 'direction of travel' with BRES data for all sectors apart from Construction (i.e. estimating an overall job gain rather than overall job loss as reported by BRES). Although, as above, this could be explained by BRES data excluding some of the many self-employed jobs in this sector.

Table 5: Change in jobs by sector, 2009 to 2013

2009-2013 change in jobs			
	CE	OE	BRES
Total Jobs	**-567**	**-1131**	**-1998**
Agriculture, Forestry & Fishing	-443	150	84
Mining & Quarrying	-52	-34	-48
Manufacturing	-244	250	539
Utilities	91	81	80
Construction	253	334	-41
Wholesale & Retail	-86	-488	-673
Transport & Storage	-207	-461	-724
Accommodation & Food	85	-33	-125
Information & Communications	-3	-28	-148
Financial & Business Services	-492	-1269	-1002
Public Admin, Education, Health	880	543	457
Other Services	-350	-180	-396

Source: Census of Employment/Annual Employment Survey; Cambridge August Econometrics 2014 and Oxford Economics August 2014

Table 6: Percentage change in jobs by sector, 2009 to 2013

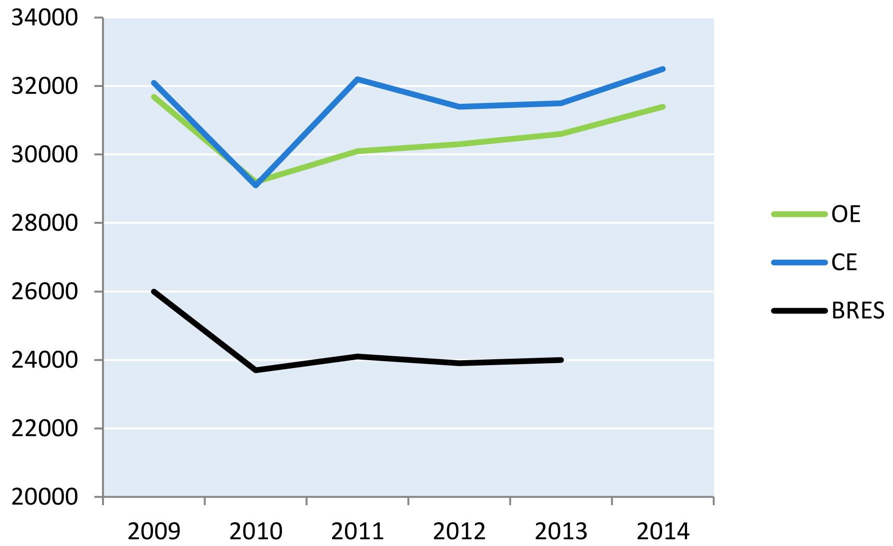
2009-2013 percentage change in jobs			
	CE	OE	BRES
Total Jobs	**-1.8**	**-3.6**	**-7.7**
Agriculture, Forestry & Fishing	-31.5	11.2	67.2
Mining & Quarrying	-51.0	-41.3	-62.3
Manufacturing	-5.7	6.4	14.6
Utilities	52.3	48.6	50.0
Construction	9.2	13.5	-2.6
Wholesale & Retail	-2.2	-12.2	-17.0
Transport & Storage	-13.0	-26.3	-44.6
Accommodation & Food	5.3	-2.1	-8.0
Information & Communications	-0.4	-4.6	-29.1
Financial & Business Services	-8.8	-21.6	-21.7
Public Admin, Education, Health	11.4	6.1	6.6
Other Services	-16.0	-17.5	-32.5

Source: Census of Employment/Annual Employment Survey; Cambridge Econometrics August 2014 and Oxford Economics August 2014

In summary, both forecasters agree on the historic 'direction of travel' for all sectors with agreement on which sectors experienced the strongest job losses and job gains. But there are some stark differences between the two, particularly with regard to manufacturing and overall job change in the Forest of Dean. This difference is identified in the OAN. Comparing data to official ONS estimates, the OE data appears the most likely description of past trends although the scale of loss of jobs according to BRES is not fully reflected in the models.

CE AND OE FORECAST SIGNIFICANT JOB GROWTH BETWEEN 2011 TO 2014 BEFORE FORECASTING MORE CONSISTENT INCREASES IN JOB GROWTH

Chart 36 Change in total jobs, 2009 to 2013



Source*:* BRES*; Cambridge* Econometrics August 2014 and Oxford Economics August 2014

OE 2011 TO 2014

Following a decline in jobs between 2009 and 2010, OE forecast an increase in job growth of 1,300 jobs between 2011 and 2014 returning to OE's job levels at 2009 pre-recession position by 2016. Between 2013 and 2014 OE forecast an increase of 800 jobs which equates to 32 percent of the total forecast job growth during 2011 to 2031. 30 percent of the job growth in this single year is attributed to two sectors: Agriculture and Construction. After 2014 the annual growth rate to 2031 is 0.2 per cent or 71 jobs per year.

CE 2011 TO 2014

CE forecasts almost static growth between 2011 and 2014 predominantly because of a significant increase in jobs (2,900) in 2011. CE shows job growth returned to CE's pre-recession levels by 2011 followed by another fall in jobs. It forecasts growth of 1,000 jobs in 2014 to reach a total of 32,500, above its pre-recession 2009 position. 30 per cent of the growth forecast in 2014 is in Government Services sector. The projections then forecast higher annual growth than OE 2014 to 2031 at an annual increase of 0.4 per cent or 135 jobs per year.

Both forecasters project significant increase in jobs in 2014. CE forecasts an increase of 1,000 jobs and OE forecasts an increase of 800 jobs. This compares to job growth between 2011 and 2031 of 2,500 in both forecasting models. Therefore job growth in this single year would represent 40 per cent of total job growth within CE's forecasts and 32 per cent within OE's forecasts between 2011 and 2031. Official 'Business Register and Employment Survey' (BRES) data will be available in September 2015 to understand the extent of job growth in 2014.

In view of the loss of jobs in 2010 and the static growth over the period 2009 to 2013, no significant interventions have been identified which would suggest a change in economic prospects for the district and therefore the probability of a significant increase of this scale in a single year would appear unlikely.

The OAN report argues that a better approach when comparing the two forecasts could be to focus on the economic forecasters' assessments of the likely changes once the economy has emerged from the economic downturn. As detailed above, both forecasters appear to underestimate the scale of job loss in the Forest of Dean between 2009 and 2013, during and following the recession compared to ONS data. Some additional job growth in self-employment may partially explain the difference with ONS figures suggesting that the number of those in self-employment in the district has returned to 2009 levels. Importantly, in terms of number of jobs in Forest of Dean, the district is yet to recover to its pre- recession job levels and the probability of the significant job growth in 2014, as detailed in both forecasts, would appear low.

FORECASTS (2013-2031): COMPARING CE FORECASTS WITH CE PAST TRENDS

CE is forecasting jobs growth of +3,200 jobs, or +28.9 per cent, during 2013-31 compared to a sharp fall in jobs during 1991-09. In each case, the historic and forecasting periods are both 18 year periods.

- Within just one sector (Mining & Quarrying), CE is forecasting similar growth rates to past trends
- CE forecasts continued job losses in Agriculture, Forestry & Fishing and Manufacturing but expects these job losses to be much less steep
- Although a large number of Public Administration, Education & Health jobs are forecast, growth is significantly below the level experienced in the last 18 years
- In the Utilities sector, CE is forecasting job growth compared to historic job losses
- In the Construction sector, CE expects growth to accelerate
- Within the services sector, CE expects growth to accelerate in Wholesale & Retail and Accommodation & Food
- Although CE recognise that earlier data for manufacturing may be too high, the earlier period would not impact upon projections
- CE expects growth to slow, and in some cases significantly, in Transport & Storage; Information & Communications; Financial & Business Services; and Other Services.

Table 7: Comparing past trends to forecasts within the Cambridge Econometrics model, 1991-2009 and 2013-2031

CE	CHANGE IN JOBS		% CHANGE IN JOBS	
	1991-09	2013-31	1991-09%	2013-31 %
Total Jobs	-13078	3206	-28.9	10.2
Agriculture, Forestry & Fishing	-1552	-3	-52.5	-0.3
Mining & Quarrying	-39	-12	-27.7	-24.0
Manufacturing	-19065	-672	-81.6	-16.6
Utilities	-57	13	-24.7	4.9
Construction	350	604	14.5	20.1
Wholesale & Retail	26	437	0.7	11.2
Transport & Storage	489	92	44.4	6.6
Accommodation & Food	53	132	3.4	7.8
Information & Communications	378	43	113.9	6.1
Financial & Business Services	1555	381	38.6	7.5
Public Admin, Education, Health	3270	1853	73.6	21.6
Other Services	1514	339	225.0	18.5

Source: Cambridge Econometrics August 2014

FORECASTS (2013-2031): COMPARING OE FORECASTS WITH OE PAST TRENDS

OE is forecasting slower jobs growth in the Forest of Dean compared to past growth (+2,100 jobs, or +6.8 per cent, during 2013-31 compared to +4,100 jobs, or +14.8 per cent, during 1991-09). In each case, the historic and forecasting periods are both 18 year periods.

- Within four sectors, OE is forecasting similar growth rates to past trends: Mining & Quarrying, Construction, Wholesale & Retail and Accommodation & Food
- OE forecasts continued job losses in Agriculture, Forestry & Fishing, Manufacturing and Utilities but, like CE, expects job losses to be much less steep than in the past
- OE expects growth to slow across much of the Services sector and in the same sectors as CE.

Table 8: Comparing past trends to forecasts within the Oxford Economics model, 1991-2009 and 2013-2031

OE	CHANGE IN JOBS		% CHANGE IN JOBS	
	1991-09	**2013-31**	**1991-09%**	**2013-31 %**
Total Jobs	4083	2072	14.8	6.8
Agriculture, Forestry & Fishing	-923	-114	-40.9	-7.7
Mining & Quarrying	-59	-19	-41.9	-39.3
Manufacturing	-3108	-1067	-44.2	-25.6
Utilities	-86	-19	-34.0	-7.7
Construction	472	638	23.5	22.7
Wholesale & Retail	104	139	2.7	4.0
Transport & Storage	491	242	39.0	18.7
Accommodation & Food	158	159	11.2	10.4
Information & Communications	322	141	113.1	24.3
Financial & Business Services	2239	1131	61.6	24.6
Public Admin, Education, Health	3556	689	66.8	7.3
Other Services	917	154	818.3	18.1

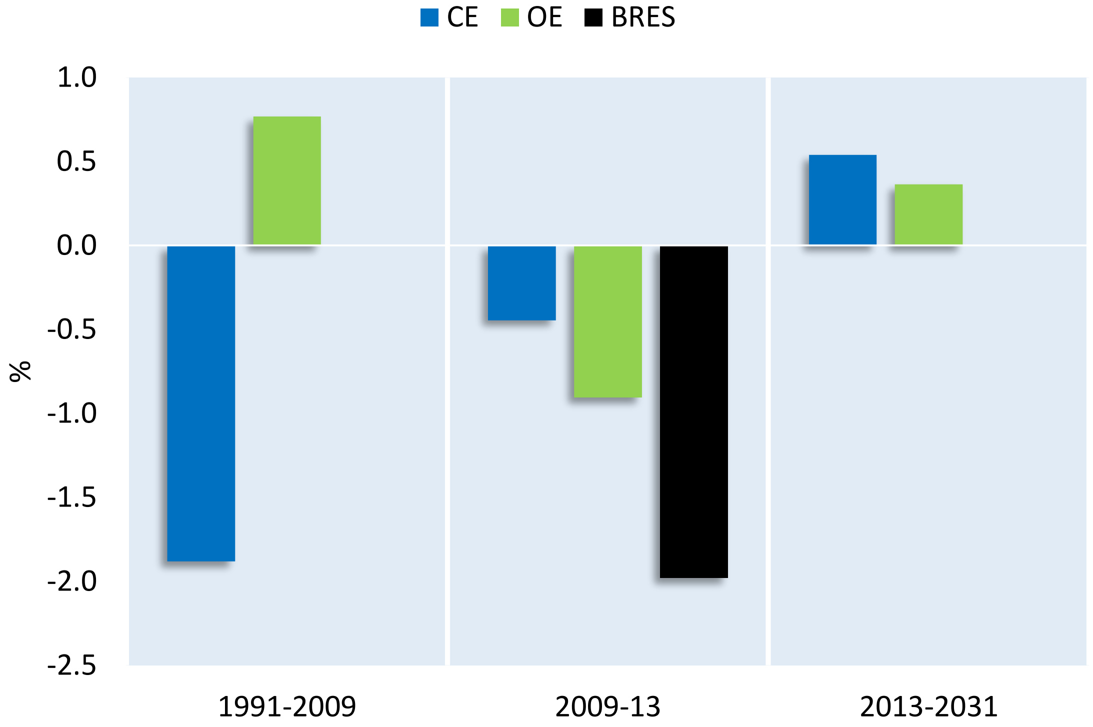
Source: Oxford Economics August 2014

Charts 37 and 38 below display the historic BRES and forecast data. Appendix A includes charts for each sector in the Forest of Dean. The first chart on each page compares average annual growth rates in jobs for each time period rather than total overall growth, so that growth rates are comparable between the two 18-year periods (1991-2009 and 2013-2031) and the four-year period (2009-2013). The second chart on each page displays the CE and OE historic and forecast data from 1991 to 2031 along with ONS BRES data for 2009-2013.

In summary, this analysis has provided an insight into potential job growth in the Forest of Dean between 2013 and 2031. Each forecast model details significant growth in the first year (2013 to 2014) amounting to 800 to 1,000 jobs. The analysis has included data from 2013 to provide insights into those sectors which the models assume have the greatest potential for growth and recovery from the recession. However, the deliverability of job growth in the first year represents a significant contribution to the total jobs growth to 2031 which will need to be validated when BRES data to 2014 is published later this year. The total change in jobs between 2013 and 2031 for CE is 3,206 and for OE 2,072. This compares to the forecasts between 2014 and 2031 of 2,260 for CE and 1,220 for OE.

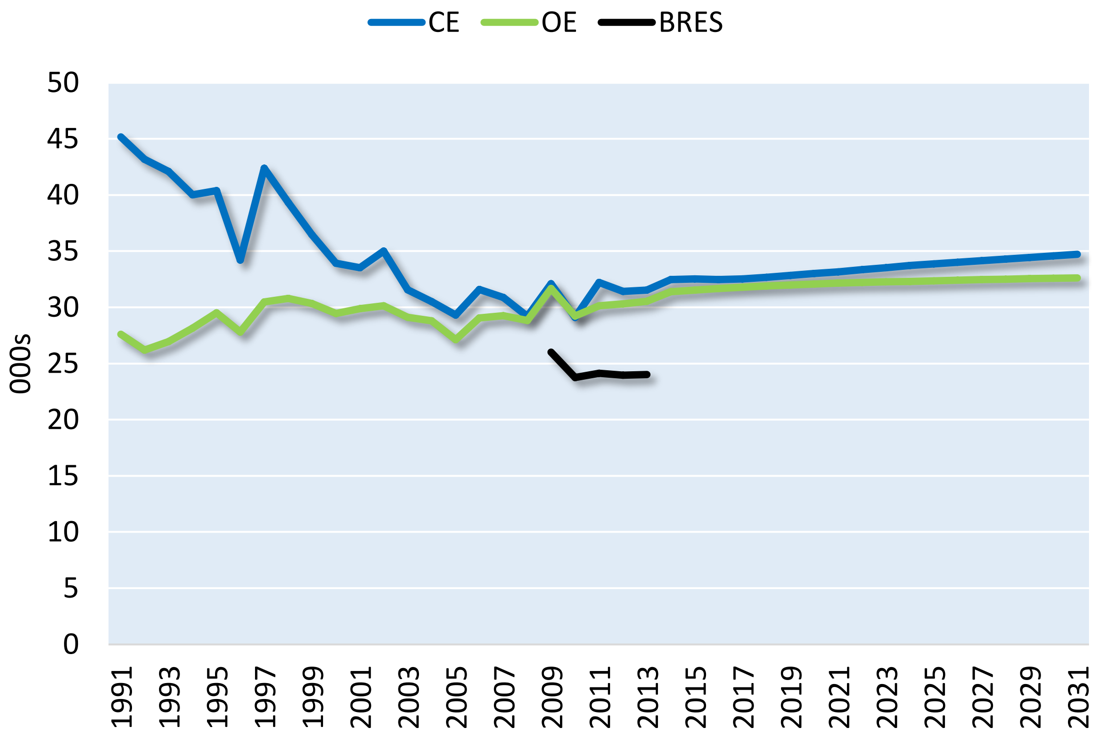
Although this is an academic exercise, this analysis begins to identify the forecast 'Business as Usual' position which has to be considered in implementing the scale of ambition in the Core Strategy objectives to create higher value jobs within the district to address out-commuting.

Chart 37: Annual average change in total jobs in the Forest of Dean, 1991-2009, 2009-2031, and 2013-2031



Source: BRES, Cambridge Econometrics August 2014, Oxford Economics August 2014

Chart 38: Historic and forecast trends in jobs in the Forest of Dean, 1991 to 2031



Source: BRES, Cambridge Econometrics August 2014, Oxford Economics August 2014

FORECAST ECONOMIC PERFORMANCE GVA

It is estimated that Forest of Dean's economy generated between £1.02 billion and £1.17 billion in economic output in 2011. Forecasters predict that this could grow to between £1.37 billion to £1.53 billion by 2026 and to between £1.49 billion to £1.68 billion by 2031.

Long-term economic growth has been slightly slower-than-average in Gloucestershire at 1.8 per cent per annum from 1997 to 2011 compared to 1.9 per cent for England. Economic growth in Forest of Dean has been significantly below average, at between -1.7 per cent and +0.8 per cent per annum over this period.

There would appear to be a degree of consistency between the two forecasts in terms of percentage increase in value of the Forest of Dean's economy in the short and longer term. Cambridge Econometrics forecasts that Forest of Dean's GVA will grow from £1.23 billion in 2015 to £1.38 billion in 2021. This represents an annual average increase of 2.0 percent, significantly lower than the SEP annual growth rate aspiration of 3.2 per cent to 4.8 per cent. The equivalent annual average increase for the period 2011 to 2031 is 1.8 per cent per annum.

Oxford Economics forecasts that GVA will increase £1.10 billion in 2015 to £1.24 billion in 2021. This represents an annual average increase of 2.0 per cent, again significantly lower than the SEP annual growth rate target of 3.2 per cent to 4.8 per cent. The equivalent annual average increase for the period 2011 to 2031 is 1.9 percent per annum.

In summary, both economic forecasters suggest that economic growth in Forest of Dean is expected to significantly improve, from growth of -1.7 per cent to +0.8 per cent per annum between 1997 to 2011 to 1.8 per cent to 1.9 per cent per annum over the next 20 years.

JOB GROWTH AND FORECASTS

The OAN report comments that the difference between the Forest of Dean forecasts for 2014-31 is significant. The OAN report calculates that job growth ranges from 2,300 jobs or 7.0 per cent (CE) and 1,200 jobs or 4.39 per cent (OE) in the period 2014 to 2031 as a result of different views on the prospects for growth of sectors.

As stated in the OAN, the forecasts are built up using a combination of a national view on the prospects for the different sectors of the economy and local data on the demand for services and the performance of the different sectors. Because of the different views taken by the various forecasters about the prospects of different sectors, significant differences arise in their projections for individual authorities.

Broadly, CE forecasts faster growth in 'Government Services' (Public Administration, Education and Health) and OE envisages stronger growth in private sector services activity, particularly finance and business services. With regard to the forecasts for the Public Administration, Education & Health sector, CE is forecasting much stronger job growth (17 per cent) than OE (5 per cent) over this period. CE compare this to 50 per cent over the 17 year period to 2012. CE comment that employment in Government Services grew by 3.3 per cent per annum over 2000 -12 and is projected by CE to grow by 0.9 per cent per annum over 2014-31. CE also highlight that the latest BRES data show that employment in Government Services grew by 1.7 per cent in 2013.

Both are forecasting growth across the Construction and Services sectors. However, both are forecasting very different growth rates in some services sectors: OE is forecasting much stronger growth in Transport & Storage, Information & Communications, and Financial & Business Services than CE, while CE is forecasting much stronger growth in Public Administration, Education & Health and Wholesale & Retail than OE.

CE and OE are forecasting continued fall in jobs in most primary and secondary industries: Agriculture, Forestry & Fishing; Mining & Quarrying; and Manufacturing, with OE forecasting sharper job losses than CE. OE is also forecasting continued fall in Utilities jobs while CE is forecasting an increase although the difference in the number of jobs in this sector is minimal.

Table 9: Forecast change in jobs, 2014-31

2014-31 forecasts	CHANGE IN JOBS		% CHANGE IN JOBS	
	CE	**OE**	**CE**	**OE**
Total Jobs	2,260	1,220	7	4
Agriculture, Forestry & Fishing	-92	-298	-9	-18
Mining & Quarrying	-14	-18	-27	-39
Manufacturing	-772	-1092	-19	-26
Utilities	8	-24	3	-9
Construction	534	540	17	19
Wholesale & Retail	353	137	9	4
Transport & Storage	62	201	4	15
Accommodation & Food	103	109	6	7
Information & Communications	18	117	2	19
Financial & Business Services	303	936	6	20
Public Admin, Education, Health	1527	331	17	5
Other Services	231	283	12	14

Source: Cambridge Econometrics August 2014 and Oxford Economics August 2014

From 2014 to 2031, both models are forecasting job growth, with CE forecasting stronger growth than OE, driven largely by stronger job forecasts for the Public Administration, Education & Health sector.

Both forecast a continued fall in jobs across most primary and secondary sectors but expect job losses to be less steep than in the past. OE is forecasting sharper job losses across the primary and secondary industries than CE. OE is also forecasting continued fall in Utilities jobs while CE is forecasting an increase.

Both forecast continued growth in the Construction and Services sectors and both expect growth to slow in Transport & Storage; Information & Communications; Financial & Business Services; Public Administration, Education & Health; and Other Services.

OE is forecasting much stronger growth in Transport & Storage, Information & Communications and Financial & Business Services than CE, while CE is forecasting much stronger growth in Public Administration, Education & Health and Wholesale & Retail than OE.

Within just one sector (Mining & Quarrying), CE is forecasting similar growth rates to past trends. OE is also forecasting similar growth rates to past trends in Mining & Quarrying, along with Construction, Wholesale & Retail and Accommodation & Food.

SECTOR PROSPECTS

The discussion below seeks to identify sector prospects using the Industry and Business sector assessment, the intelligence and policy analysis and the forecast performance in the two economic models.

WHOLESALE AND RETAIL

The retail sector is a proportionally smaller employer in the Forest of Dean than nationally. In 2013, there were 1,800 jobs in the retail sector in the Forest of Dean. Retail represented 7.9 per cent of all jobs – less than across England (10.0 per cent), the rest of Gloucestershire (10.4 per cent) and Monmouthshire (10.7 per cent).

BRES data suggests that jobs in Wholesale & Retail Trade fell by -700 between 2009 and 2013 particularly in Other Retail Sale of New Goods in Specialised Stores (-200), Retail Sale in Non-Specialised Stores with Food, Beverages or Tobacco Predominating (-100) and Non-Specialised Wholesale Trade (-100). The Valuation Office Agency data shows that current rateable values are low and rateable retail floorspace has declined by 8 per cent since 2002.

Analysis of the District Council's health checks for Lydney, Coleford, Newent and Cinderford suggest that the smaller settlements are more resilient whilst larger centres are becoming less competitive as other larger towns and retail centres become stronger destinations for retail.

The forecasts for the wholesale and retail sector illustrate two different outlooks. CE is more bullish about wholesale and retail growth forecasting an increase of 353 jobs (9 per cent). CE anticipates that growth in Forest of Dean in this sector will outperform the UK average of 6 per cent. OE forecasts are more moderate (137 jobs) reflecting a marginally lower performance than its UK expectations for this sector.

Both forecasts anticipate positive growth in this sector in contrast to the recent job losses shown in the BRES data. The CE forecasts represent a significant shift in the performance and scale of the retail sector within the Forest of Dean and in excess of the percentage growth CE anticipates for the rest of the UK. Delivery of such growth would need significant policy and investment interventions. OE anticipates more moderate growth which appears to better align with local data and intelligence.

MANUFACTURING

Manufacturing is the largest employment sector in the Forest of Dean and represents a much larger share of total jobs than nationally. Within the Forest of Dean there are 4,200 manufacturing jobs representing 17.6 per cent of all jobs within the district. This is more than double that across England (8.2 per cent). Forest of Dean had higher shares of jobs in many manufacturing sub-sectors, particularly:

- Manufacture of Other Pumps and Compressors (1.3 per cent of all jobs, compared to 0.1 per cent nationally);
- Manufacture of Paper and Paperboard (1.2 per cent, compared to 0.0 per cent nationally);

- Manufacture of Metal Structures and Parts of Structures (1.3 per cent, compared to 0.2 per cent nationally);
- Casting of Iron (1.1 per cent, compared to 0.0 per cent nationally).

BRES data suggests that through the recession there has been an increase in manufacturing jobs perhaps illustrating a stronger competitiveness in distinct and niche products.

The forecasts both show jobs losses in manufacturing. OE forecast a sharper decline (a loss of 1,000 jobs) than CE forecasts (a loss of 770 jobs) but both anticipate a greater percentage loss than their national projections.

Stronger recent job growth in BRES suggests that there may be a degree of stronger resilience and competitiveness in key areas of manufacturing businesses in the Forest of Dean and perhaps decline might not be as strong as in the past. However, continued technological innovation and skills are likely to be required to sustain continued growth in these areas.

GOVERNMENT SERVICES

The recent BRES data suggests that the Education and Social Health sectors have grown through the recession. Although closer examination of the data suggests that there may be distinct anomalies with significant unexplained shifts in data. This may reflect changes from local authority to academy schools. The data does suggest that the Education sector has a greater share of employment than nationally. Indeed, interventions are proposed to support growth in education including the Cinderford Area Action Plan and the commitment from Gloucestershire College.

The difference in outlook in this sector has the most significant impact upon the job change forecasts to 2031. CE forecasts anticipate 1,500 net additional jobs in Government Services. This is significantly above its national forecast percentage (17 per cent compared to 5 per cent) and significantly higher than OE forecasts (300 net additional jobs). OE anticipates growth of 4 per cent for the Forest of Dean which is higher than its UK forecasts of 3 per cent.

The scale of Government Services growth shown in the CE forecasts significantly exceeds the anticipated gains from local interventions at Cinderford. This together with recent Budget announcements in June 2015 would suggest that the scale of public sector job growth seen in the CE forecasts is unlikely. The OE forecasts which detail a modest uplift from the UK average would appear to reflect local data and planned interventions. Applying the CE national increase to the 2015 Government Services data would suggests an increase of 454 jobs, similar to that projected by OE for Government Services but also in alignment with the total jobs growth for OE 2014 to 2031.

FINANCIAL AND BUSINESS SERVICES

The Forest of Dean has low shares of all jobs in Gloucestershire in service sector industries: Financial & Insurance (4.3 per cent), Information & Communication (4.3 per cent), Public Administration & Defence (4.4 per cent) and Administrative & Support Services (5.7 per cent). BRES activity suggests a loss of jobs since 2009 in Professional, Scientific & Technical Activities (-1,400), driven by a fall in Business & Other Management Consultancy Activities jobs (-2,000).

OE forecast significant job growth in financial and business services: 936 jobs compared to CE growth of 303 jobs (an increase of 20 per cent and 6 per cent respectively). The OE assumptions for growth in Forest of Dean broadly align with its South West and UK assumptions in this sector. CE suggests significantly less growth in Forest of Dean than it anticipates in the UK and South West.

The district has a relatively low share of jobs in this sector which suggests that other locations in the County have a competitive advantage. CE anticipates more moderate growth which appears to better align with local data and intelligence. Based upon recent job losses and the lower share of Financial and Business Services jobs within the district, the OE jobs assumptions would appear very challenging. Applying the CE rate of job growth in this sector (6 per cent for the Forest of Dean), the OE job growth 2014 – 2031 forecast for financial and business services would reduce from an additional 936 jobs in this sector to 287 jobs. The total jobs growth figure using the OE forecasts for the remaining sectors over the period 2014 to 2031 would equate to an additional 571 jobs rather than the current forecast of 1,220 jobs.

However, a key intervention is at Cinderford Northern Quarter. The estimated jobs breakdown based upon HCA Employment Densities Guide illustrate that opportunities for 700 new office jobs and 233 office and light industrial jobs together with 175 safeguarded jobs associated with Gloucestershire College, B1 Central zone, Forest Vale, North Office and Northern United Enterprise Park of 11,000 sq m). If delivered this would align with and indeed exceed the OE forecasts. Therefore in this respect the OE figures for financial and business services are highly ambitious and clear transformational interventions will be required to secure additional job growth in this sector.

TRANSPORTATION AND STORAGE

11.3 percent of all Transportation & Storage jobs in Gloucestershire are within the Forest of Dean. BRES data suggests that there was a loss of 700 jobs in this sector between 2009 and 2013 driven by losses in Warehousing & Storage (-300), Freight Transport by Road (-200) and Other Passenger Land Transport (-100).

OE assumptions predict an increase of 200 jobs in this sector, representing a 15 per cent increase to 2031. This is higher than its UK forecast of 11 per cent. CE forecasts a more modest increase of 60 jobs over the same period and a slower rate of increase than for the UK. In this instance CE aligns with local BRES data.

SUMMARY OF ANALYSIS AND SENSITIVITY TESTS

COMPARING THE HISTORIC DATA WITHIN THE CE AND OE MODELS FOR THE PERIOD 1991-2009.

Both forecasters agree on the 'direction of travel' for all sectors with agreement on which sectors experienced the strongest job losses and job gains. But there are some stark differences between the two, particularly with regard to manufacturing and overall job change in the Forest of Dean. Comparing data to official ONS estimates, the OE data appears the most likely description of past trends.

COMPARING HISTORIC DATA WITHIN THE CE AND OE MODELS FOR THE PERIOD 2009-2013 WITH DATA AVAILABLE FROM THE ONS BRES SURVEY.

This analysis suggests that both forecasters (particularly CE) appear to underestimate the scale of job loss in the Forest of Dean between 2009 and 2013, during and following the recession. However, OE data more closely matches BRES than CE data, with OE data matching the 'direction of travel' with BRES data for all sectors apart from Construction.

COMPARING FORECASTS WITHIN THE CE AND OE MODELS FOR THE PERIOD 2014-2031.

The analysis confirms the OAN report argument that the best approach when looking at the forecasts is to focus on the economic forecasters' assessments of the likely changes once the economy has emerged from the economic downturn (i.e. from 2014 onwards). But even so, there are key differences between the two forecasts for the period 2014-2031.

Both forecasters project significant increase in job growth in 2014. CE forecasts growth of 1,000 jobs and OE forecasts a job growth of 800 jobs. This compares to total job growth of 2,500 between 2011 and 2031 in both forecast models. Therefore job growth in this single year would represent 40 per cent in respect of CE data and 32 per cent in terms of OE data for forecast job growth over 20 years to 2031. New BRES data will be available in September 2015 to understand the extent of job growth in 2014.

In view of the loss of jobs between 2009 and 2010 and static jobs growth throughout 2009 to 2013, no significant interventions have been identified which would suggest a change in economic prospects for the district in 2014. Therefore the probability of a significant increase of this scale in a single year would appear unlikely.

From 2014 to 2031, both models are forecasting both GVA and job growth, with CE forecasting stronger growth than OE, driven largely by stronger job forecasts for the Public Administration, Education & Health sector.

Both forecast a continued fall in jobs across most primary and secondary sectors but expect job losses to be less steep than in the past. OE is forecasting sharper job losses across the primary and secondary industries than CE. OE is also forecasting continued fall in Utilities jobs while CE is forecasting an increase.

Both forecast continued growth in the Construction and Services sectors and both expect growth to slow in Transport & Storage; Information & Communications; Financial & Business Services; Public Administration, Education & Health; and Other Services.

OE is forecasting much stronger growth in Transport & Storage, Information & Communications and Financial & Business Services than CE, while CE is forecasting much stronger growth in Public Administration, Education & Health and Wholesale & Retail than OE.

Within just one sector (Mining & Quarrying), CE is forecasting similar growth rates to past trends. OE is also forecasting similar growth rates to past trends in Mining & Quarrying, along with Construction, Wholesale & Retail and Accommodation & Food.

CE assumes a significantly lower increase in growth in all sectors with the exception of Distribution, Government Services and Other Services than its national assumptions. It anticipates a less steep decline in Manufacturing jobs which may reflect a competitive advantage in niche products. However, it is the Government Services figure which has the greatest impact upon job numbers. An assumed job growth increase in line with its national assumptions would bring its job growth forecasts in line with OE forecasts over the period 2014 to 2031.

Broadly, OE assumes that job growth in the Forest of Dean will be marginally lower than it anticipates for the UK (2-3 percentage points below its anticipated growth to 2031 for the UK). OE expects greater losses in Manufacturing and greater gains in Government Services than assumed for the UK. OE anticipates that the greatest percentage increases will be in Financial and Business Services and Information and Communications, sectors in which the Forest of Dean has lower representation than nationally and has seen job losses through the recession. This would suggest that the delivery of growth in these sectors will be challenging although aligned with interventions including the Cinderford Area Action Plan. With this qualification, the OE data appears to better reflect local data and intelligence and be consistent with its national growth assumptions.

A sensitivity test is constructed below to illustrate the impact of the adjustment to the forecasts to reflect:

- Percentage decrease in Financial and Business Services for OE is amended to reflect the percentage increase forecast in this sector by CE
- Percentage decrease in Government Services for CE is align with its views on the national percentage increase forecast in this sector by CE

Table 10 Sensitivity Tests for Financial and Business and Government Services Sectors

2014-31 forecasts	CHANGE IN JOBS		% CHANGE IN JOBS	
	CE adjusted	**OE adjusted**	**CE adjusted**	**OE adjusted**
Total Jobs	1,205	573	4	2
Agriculture, Forestry & Fishing	-92	-298	-9	-18
Mining & Quarrying	-14	-18	-27	-39
Manufacturing	-772	-1092	-19	-26
Utilities	8	-24	3	-9
Construction	534	540	17	19
Wholesale & Retail	353	137	9	4
Transport & Storage	62	201	4	15
Accommodation & Food	103	109	6	7
Information & Communications	18	117	2	19
Financial & Business Services	303	287	6	6
Public Admin, Education, Health	471	331	5.3	5
Other Services	231	283	12	14

Source: Cambridge Econometrics August 2014 and Oxford Economics August 2014

It is recommended that these sensitivity tests together with the OE and CE forecasts are used to inform the further work on the Objectively Assessed Housing Need for Forest of Dean.

5. COMPARING SEP GROWTH TARGETS WITH GROWTH FORECASTS

STRATEGIC ECONOMIC PLAN - EMPLOYMENT GROWTH FORECASTS

The SEP was submitted to Government by GFirst in March 2014, supported by the local authorities of Gloucestershire. The SEP sets out ambitious plans to accelerate economic growth by focusing on key drivers of productivity and supporting growth in high value sectors. The SEP includes wide ranging ambitions and includes commitments to create 33,900 jobs between 2015 and 2021.

The Localism Act and the National Planning Policy Framework (NPPF) creates a duty on local planning authorities to cooperate with Local Enterprise Partnerships to address strategic matters relevant to their areas in the preparation of a development plan document. The duty has required on-going constructive and active engagement on the preparation of development plan documents and other activities relating to cross boundary strategic issues.

This part of the report seeks to establish the relationship between the historic economic performance, the CE and OE forecasts and the ambitions detailed in the SEP.

STRATEGIC ECONOMIC PLAN COMPARISON WITH THE FORECAST MODELS – EMPLOYMENT GROWTH IN FOREST OF DEAN

The Oxford Economics model forecasts an increase from 31,500 jobs to 32,200 jobs over the SEP target period 2015 to 2021. This equates to a net increase of 2 per cent or an annual average increase of 0.3 per cent.

The Cambridge Econometrics model forecasts an increase from 32,500 jobs to 33,200 jobs over the period from 2015 to 2021. This also equates to a net increase of 2 per cent or an annual average increase of 0.3 per cent.

For comparison with the longer term period of the Development Plan, the Oxford Economics model forecasts an increase from 30,100 jobs to 32,600 jobs over the period from 2011 to 2031. This equates to a net increase of 8 per cent or an annual average increase of 0.4 per cent.

The Cambridge Econometrics model forecasts an increase from 32,200 jobs to 34,700 jobs over the period from 2011 to 2031. This also equates to a net increase of 8 per cent or an annual average increase of 0.4 per cent. This is shown for comparison in the table below.

Table 11: Forecast Jobs Growth, 2015-2021 and 2011-2031

	2015 - 2021	2015 - 2021	2015 - 2021	2011 -2031	2011 - 2031	2011-2031
	Net change jobs	Net % change	Annual % change	Net change jobs	Net % change	Annual % change
G First (Gloucestershire)	33,900	10%				
CE (Forest of Dean)	600	2%	0.3%	2,500	8%	0.4%
OE (Forest of Dean)	600	2%	0.3%	2,500	8%	0.4%

Source: Strategic Economic Plan, GFirst 2014, Cambridge Econometrics August 2014 and Oxford Economics August 2014

THE FORECAST JOB GROWTH RATES ARE SIGNIFICANTLY BELOW THE 10 PER CENT INCREASE IN JOBS ADVOCATED IN THE STRATEGIC ECONOMIC PLAN

If assumptions are made that the Forest of Dean would provide an equal and proportional share of the SEP target for Gloucestershire, the equivalent net employment growth for Forest of Dean district would be:

- An increase of between 3,150 to 3,250 for the period 2015 to 2021
- An increase of between 12,100 jobs and 12,900 jobs for the period 2011 to 2031.

Historically, between 2002 and 2012 job growth in Gloucestershire rose by 14.1 per cent and for England 7.6 per cent. The expectation of a rise of 10 per cent in employment growth between 2015 and 2021 is significantly challenging in the Forest of Dean.

GROWTH AND PRODUCTIVITY FORECASTS

GFirst's Growth statement and the Cambridge Econometrics projections predicted that productivity will increase at an average annual growth rate of 2 per cent leading to a £14.5 billion economy in 2025 (from £11.5 billion in 2007). Over the period 2015 to 2021 the interventions and projects in the SEP seek to grow the Gloucestershire economy by £493 million (calculated using the baseline Gloucestershire GVA of £12 billion at 2012). The annual increase has been described as a 3.2 per cent GVA growth aspiration with a stretch target of 1.6 per cent based upon the delivery of specific projects identified in the SEP and therefore amounts to an aspiration of a total GVA average annual increase of 4.8 per cent.

There would appear to be a degree of consistency between the two forecasts in terms of percentage increase in the value of Forest of Dean's economy in the short and longer term.

Oxford Economics forecasts that GVA will increase from £1.10 billion in 2015 to £1.24 billion in 2021. This represents an annual average increase of 2.0 per cent, significantly lower than the SEP annual growth rate target of 3.2 per cent to 4.8 per cent. The equivalent annual average increase for the period 2011 to 2031 is 1.9 per cent per annum.

FORECAST GROSS VALUE ADDED PERFORMANCE OF 2.0 PER CENT (CE AND OE FORECASTS) OR 4.8 PER CENT (SEP AMBITION) BOTH REPRESENT A SIGNIFICANT INCREASE ABOVE FOREST OF DEAN DISTRICT'S HISTORIC RATE OF NEGATIVE (-1.7 PER CENT) OR LOW (0.8 PER CENT) GVA GROWTH BETWEEN 1997 AND 2011.

Cambridge Econometrics forecasts that Forest of Dean's GVA will grow from £1.23 billion in 2015 to £1.38 billion in 2021. This represents an annual average increase of 2.0 per cent, again significantly lower than the SEP annual growth rate target of 3.2 per cent to 4.8 per cent. The equivalent annual average increase for the period 2011 to 2031 is 1.8 per cent per annum.

Long-term economic growth has been slightly slower-than-average in Gloucestershire. Between 1997 and 2011, Gloucestershire's economy grew by 1.8 per cent per annum, slightly below the rate of real annual economic growth in England (1.9 per cent), and well below the rates for Bath and North Somerset (3.0 per cent), Oxfordshire (2.3 per cent) and Worcestershire (2.2 per cent); but above the rate for Swindon (1.0 per cent). Economic growth in Forest of Dean has been significantly below average, at between -1.7 per cent and +0.8 per cent per annum over this period.

CONCLUSIONS

The SEP identifies a number of sector specialisms with high growth potential, where there are strengths on which to build or opportunities to exploit. The SEP has identified its key growth sectors with key priority interventions along the M5 corridor Growth Zone, a Growth Hub, and enablers of growth which includes improvements to the A417 link and support for green technology.

The Industry and Business Sector Assessment suggests that the Forest of Dean has comparative strengths in the Manufacturing and Education sectors which support the SEP growth objectives. However, it has a lower representation in other sectors that the SEP seeks to support including Professional, Scientific and Technical; Financial and Business Services.

The Core Strategy economic objective highlights tourism growth as a key objective. The SEP states that tourism remains vital to the Gloucestershire economy and will be supported by working with destination management organisations including the Forest of Dean to develop an even more compelling year round offer within the County.

It is important to note that the higher the ambition, the greater intervention or transformational change is needed beyond business as usual. The LEP is seeking to deliver challenging Government funding outputs and outcomes but employment growth forecasts or targets need to be realistic and achievable and reflect that the District is currently lagging behind other Gloucestershire districts and the county figures as a general economic trend. In view of the historic performance of the district and the SEP's ambition to focus growth upon the M5 Growth Zone, the achievement of an increased Jobs and GVA performance in the Forest of Dean of the scale of the ambition identified in the Strategic Economic Plan is extra-ordinarily challenging.

The proposed Local Plan strategy builds upon existing strengths in the economy, exploiting its competitive advantage of its key businesses and seeking sustainable economic growth to maintain and support its current place in the market. It focusses growth on its key settlements employment sites where they are still attractive to the market and securing high quality employment sites where there is an identified need for further development opportunities. This includes the significant site in Cinderford to support a Northern

Quarter with the potential for 1,500 jobs securing commercial and educational floor space with the potential for £100 million of private investment.

A key package for Forest of Dean is the A40 Regeneration Areas which seek to improve connectivity and resilience in the transport network. The package states that it focuses investment where it will maximise economic productivity and efficiency, particularly in terms of providing improved traffic flow, faster journey times and overall transport network resilience on the A40 (west) corridor, and the areas of regeneration that connect to it. The SEP's key location for growth is the M5 Corridor and interventions and policies to support growth on the M5 corridor are significant. Transport improvements can have both positive and negative impacts on the growth of an area. Forest of Dean will need to ensure that it enhances its competitiveness as a business location if it is to capture the potential growth of transport interventions identified in the SEP and Growth Deal.

The Strategic Economic Plan seeks to support growth in knowledge intensive sectors to support the growth in jobs and GVA. Importantly, the Strategic Economic Plan focusses growth upon the M5 corridor and its other interventions are not primarily focussed upon Forest of Dean District. Forest of Dean will of course recognise that the Growth Hub, and interventions such transport intervention will increase the potential to deliver the ambitions more quickly. Indeed the plan is to provide the flexibility to provide and facilitate additional job growth should that arise in the earlier part of the plan period. It will be important for the Council to monitor the impact of any interventions and the progress of employment growth throughout the plan.

6. CONCLUSIONS

The Forest of Dean is a rural district and is characterised by more than 110 square kilometres (42.5 sq miles) of mixed woodland and four towns and many smaller, rural settlements. The M48 and the M50 both cross the district and it is served by the Cardiff – Birmingham Railway line. The Forest of Dean is heavily influenced by both Wales and the West Midlands and some parts are very close to Gloucester, whilst others look to Bristol, Newport and Hereford.

The forecasts predict both a distinct and positive shift in both Gross Value Added (GVA) and job growth to 2031 with estimates of an economy with a value of between £1.37 billion to £1.53 billion by 2026 and between £1.49 billion to £1.68 billion by 2031. However, the number of jobs in the Forest of Dean has fallen since the recession by approximately 2,000 jobs, and has not yet recovered to the pre-2009 position. This compares to slight growth across Gloucestershire (+0.2 per cent) and solid growth across England (+2.0 per cent). However, Monmouthshire experienced a similar fall (-6.7 per cent). The fall in jobs has been driven by a decline in Professional, Scientific and Technical Activities together with Transportation & Storage and Wholesale & Retail.

Between 2011 and 2031, both OE and CE forecasts anticipate jobs in the Forest of Dean to increase by 2,500. However, the increases are heavily weighted in the first 3 years of the period 2011 to 2014. The analysis confirms that the best approach when looking at the forecasts is to focus on the economic forecasters' assessments of the likely changes once the economy has emerged from the economic downturn (i.e. from 2014 onwards). This is particularly relevant as the current level of employment in this District would not appear to have recovered to its pre-recession position.

From 2014 to 2031 CE is forecasting 2,260 jobs with stronger growth than OE, driven largely by stronger job forecasts for the Public Administration, Education & Health sector. OE forecasts 1,220 jobs with stronger job growth in Financial and Business Services.

Using an analysis of the historic Industry and Business sector performance, local intelligence and policy assessment, together with the forecast CE and OE analysis in the two economic models, the growth prospects for each key growth sector has been assessed. The assessment would suggest that in each case the forecast jobs growth represent distinct and challenging aspirations which would require clear and transformational economic interventions to secure the scale of growth and the ambitions detailed in current local policy.

Sensitivity tests detail an alternative position to examine as part of the Objectively Assessed Need for Housing which reflects local data and analysis. The job growth in Government Services forecast by CE and the job growth in Financial and Business Services forecast by OE have a significant impact upon the total job growth. The sensitivity tests reduce the job growth between 2014 and 2031 to 1,205 with Adjusted CE forecasts and 573 with adjusted OE forecast.

The relationship between the Strategic Economic Plan for Gloucestershire and the economic and jobs growth forecasts is clear. Forest of Dean forecast GVA output and forecast jobs growth is higher than recent historic levels but significantly below the Strategic Economic Plan aspirations to 2021. The analysis shows that economic output (Gross Value Added or GVA) is forecast to grow by 2.0 per cent per annum in the Forest of Dean between 2015 and 2021. This is higher than historic economic growth rates (estimated to be between -1.7 per cent to +0.8 per cent per annum between 1997 and 2011) but is significantly lower than the Strategic Economic Plan annual growth rate target of 3.2 per cent to 4.8 per cent.

The proposed Local Plan strategy builds upon existing strengths in the economy, exploiting its competitive advantage of its key businesses and seeking sustainable economic growth to maintain and support its current place in the market. It includes the significant economic regeneration site at Cinderford to support a Northern Quarter securing commercial and educational floor space with the potential for £100 million of private investment. Transport Schemes on the A40 (West) Corridor are seen by the LEP as interventions which support the Forest of Dean as a location to meet business needs. However, the scale of ambition is high and there are significant risks associated with implementation of large scale sites within the Forest of Dean and its competitive position as investment sites on the M5 corridor are delivered.

Notwithstanding the consideration of the economic forecasts there are some key questions for Forest of Dean in responding to the issues raised in the Industry and Business Sector Analysis and supporting the Growth Prospects for each sector:

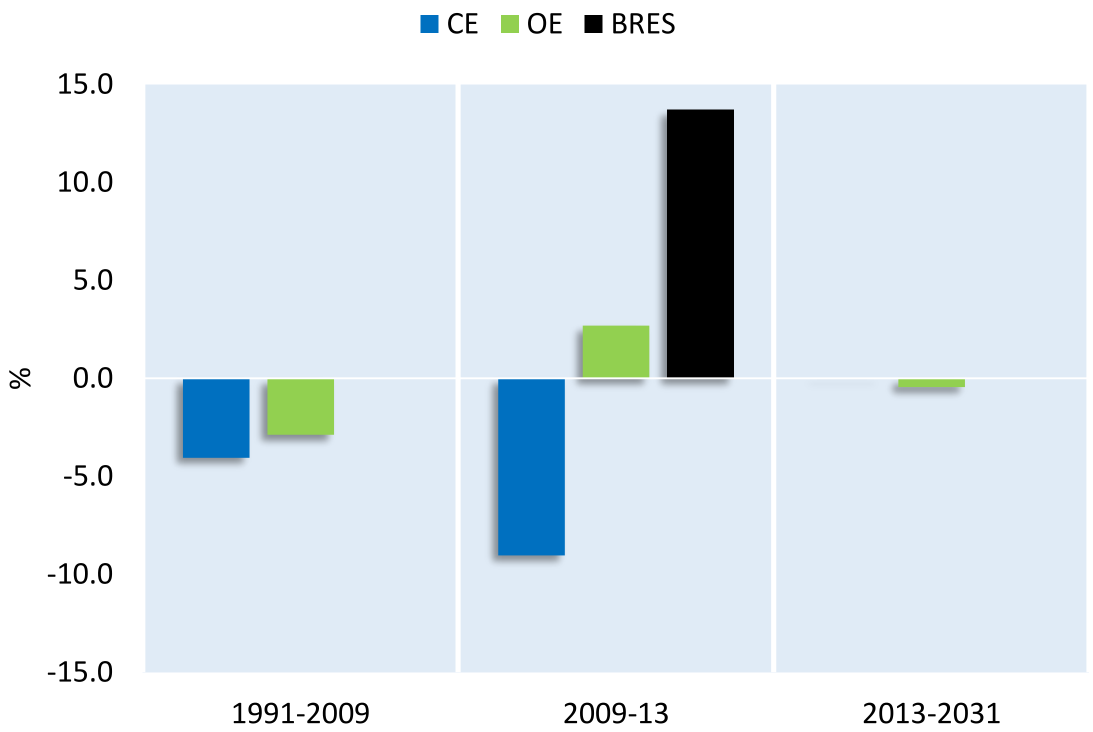
- How best to support key Forest of Dean growth sectors including manufacturing and education?
- How to give Forest businesses a voice within the Gloucestershire LEP and help update the Strategic Economic Plan?
- How best to support vulnerable sectors like Retail/Wholesale and Professional and Technical Services?
- How to encourage more business start-up and support packages for new start-ups through their first 1-3 years of life?
- How to identify and support the growing homeworking business community?
- What additional business monitoring local intelligence is required to tackle the economic development and growth agenda in Forest of Dean?

2nd July 2015

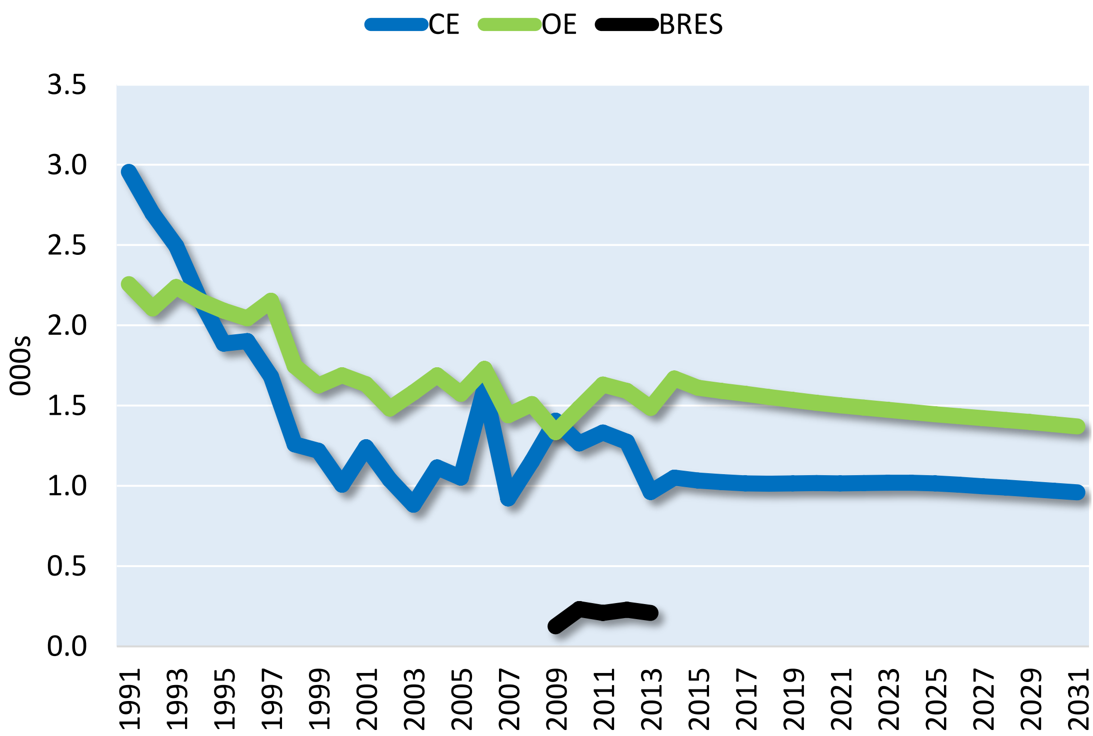
APPENDIX A

Agriculture, Forestry & Fishing

Annual average change in Agriculture, Forestry & Fishing jobs

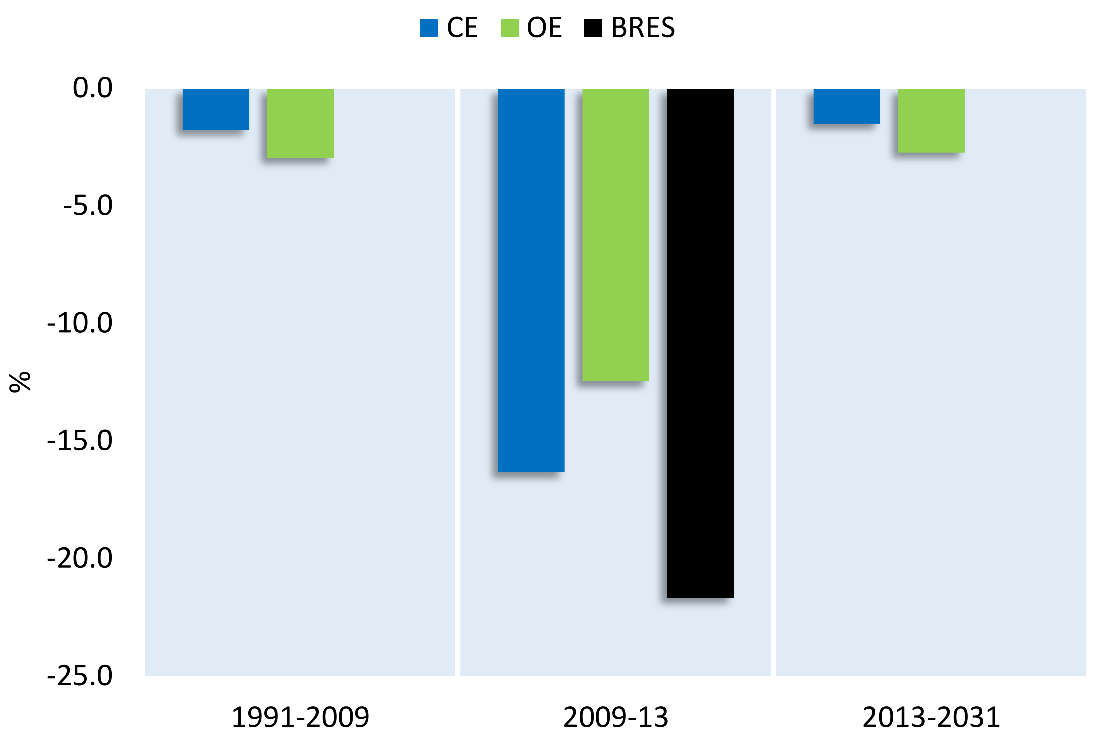


Historic and forecast trends in Agriculture, Forestry & Fishing jobs

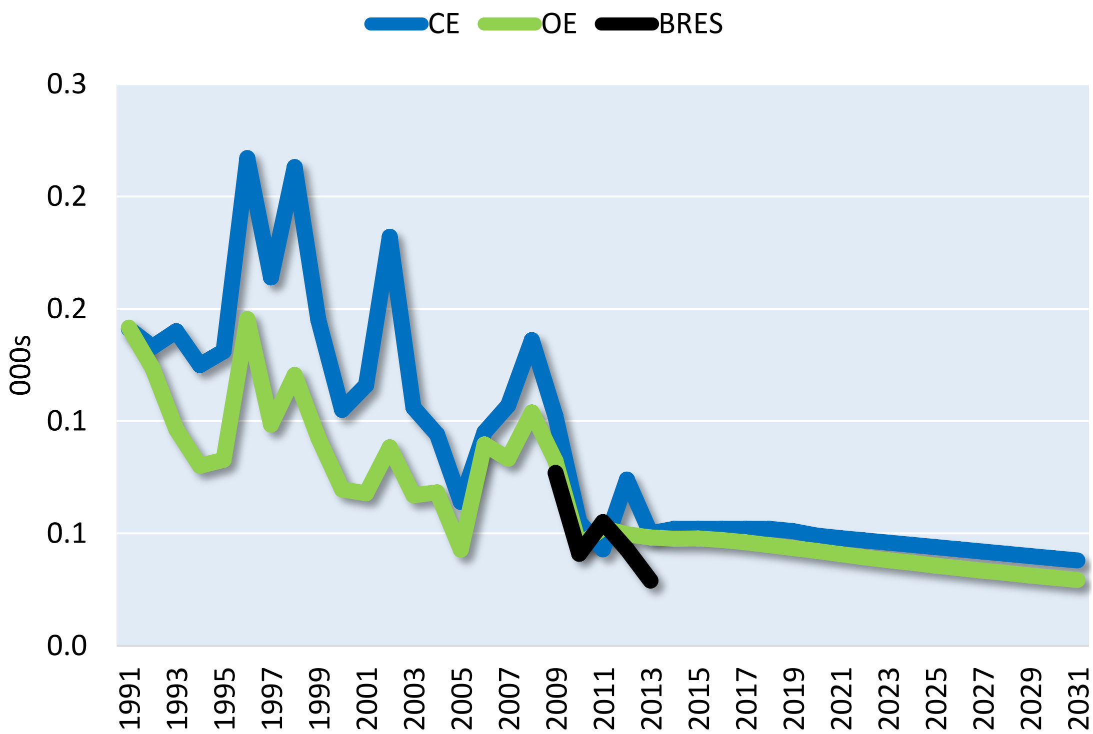


Mining & Quarrying

Annual average change in Mining & Quarrying jobs

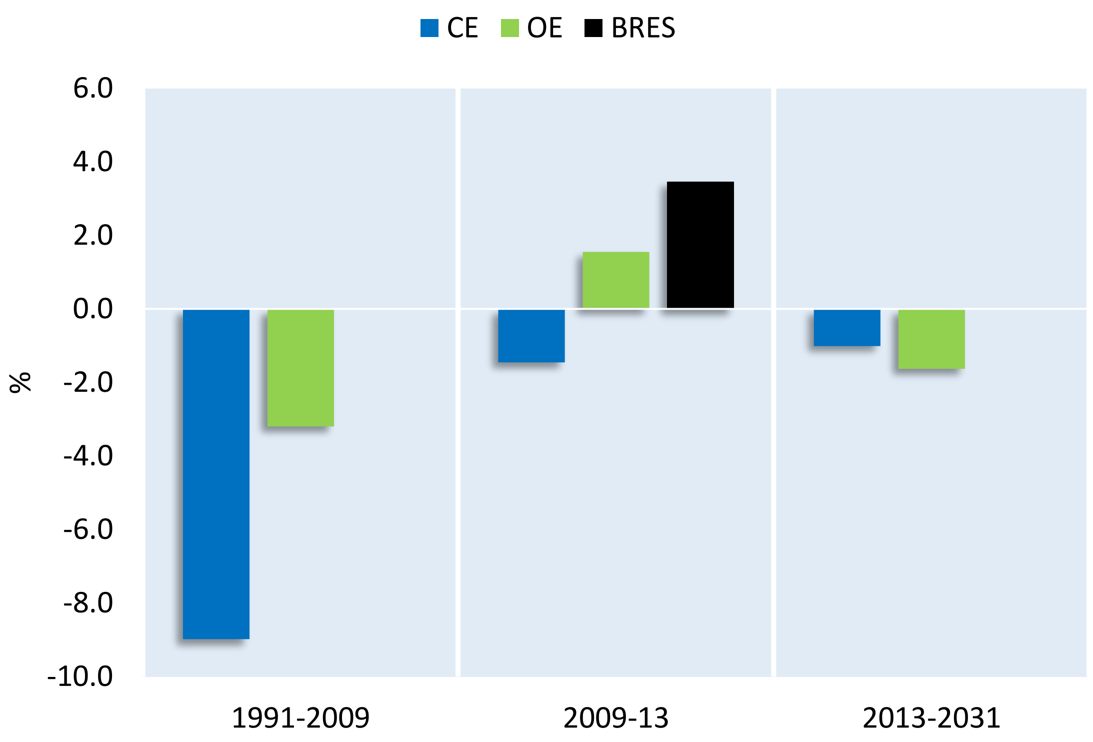


Historic and forecast trends in Mining & Quarrying

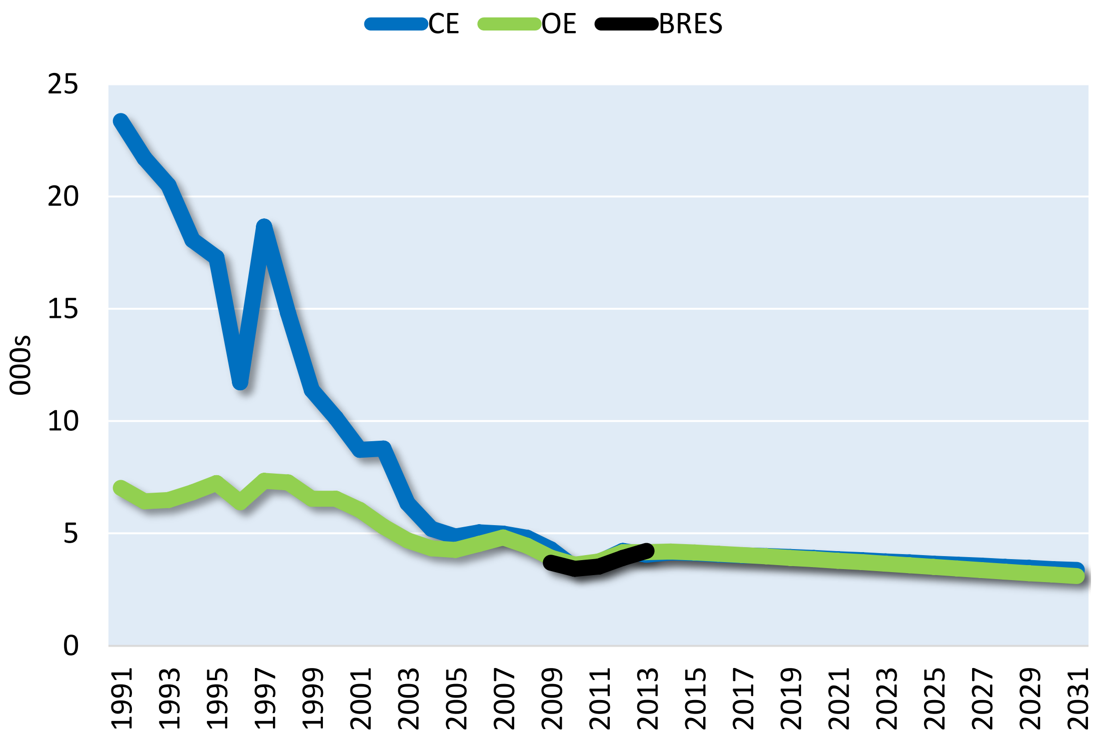


Manufacturing

Annual average change in Manufacturing jobs

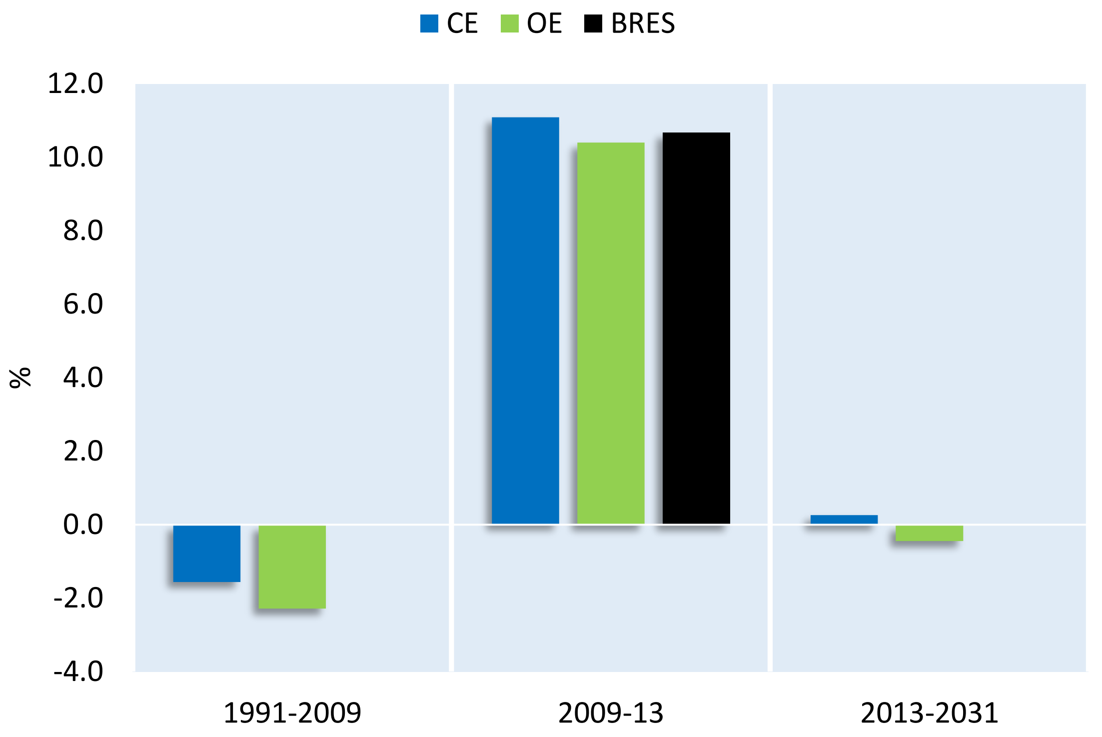


Historic and forecast trends in Manufacturing jobs

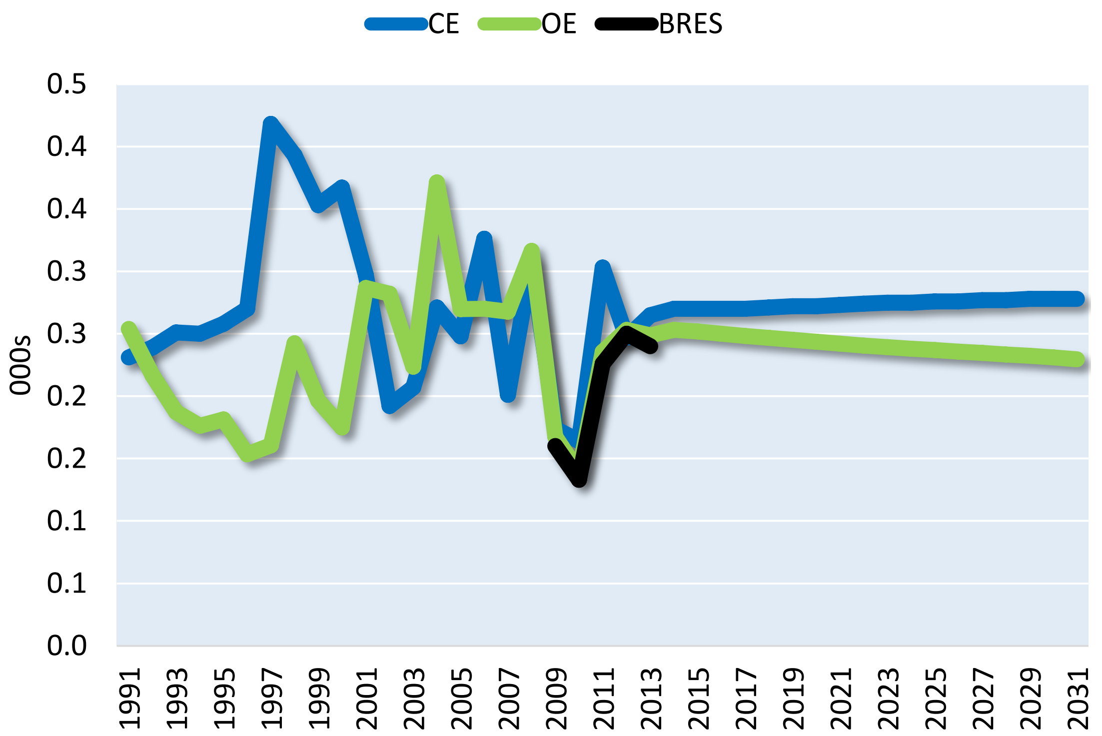


Utilities

Annual average change in Utilities jobs

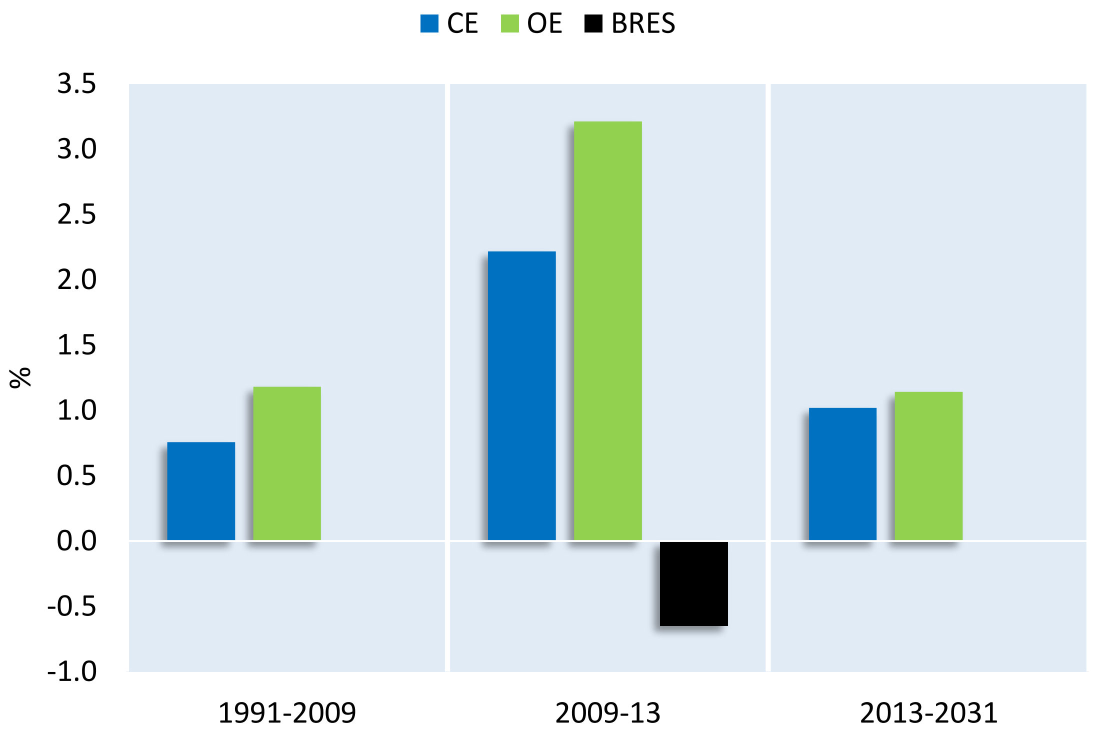


Historic and forecast trends in Utilities

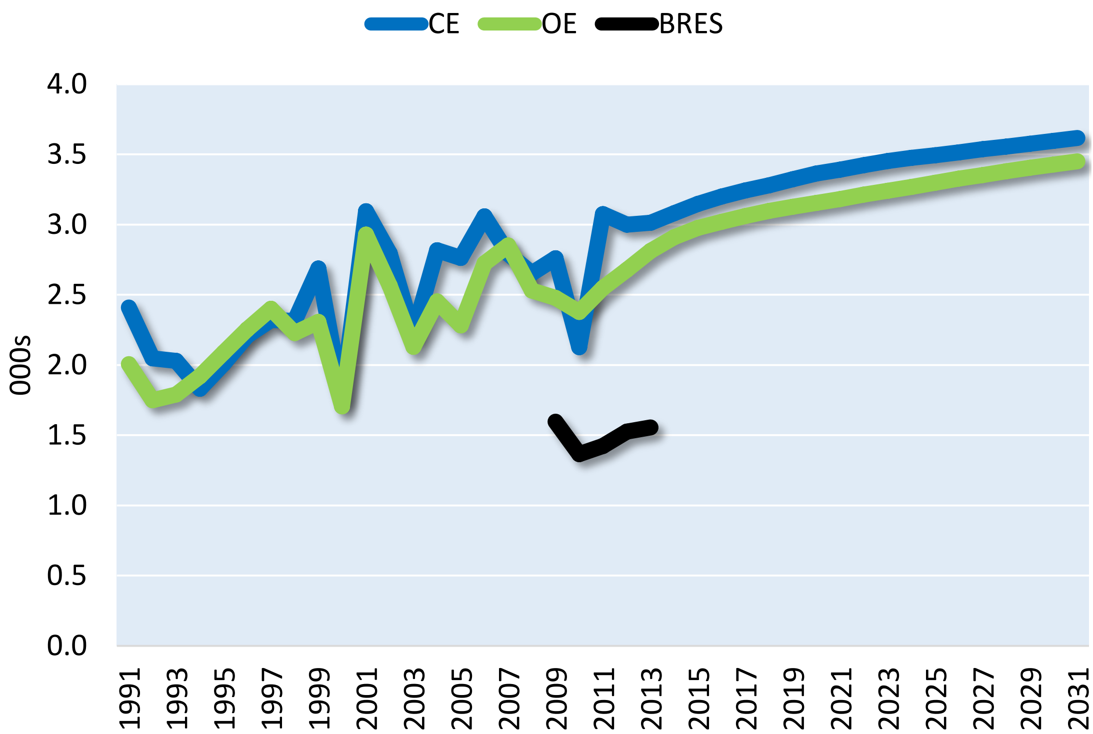


Construction

Annual average change in Construction jobs

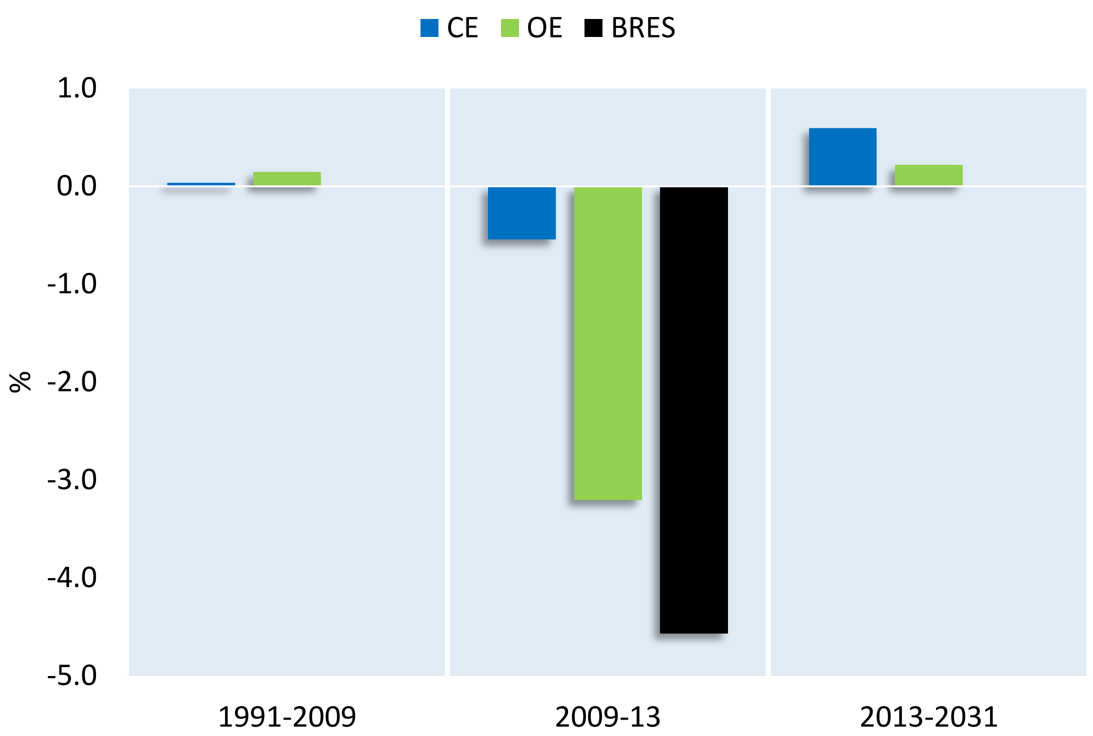


Historic and forecast trends in Construction

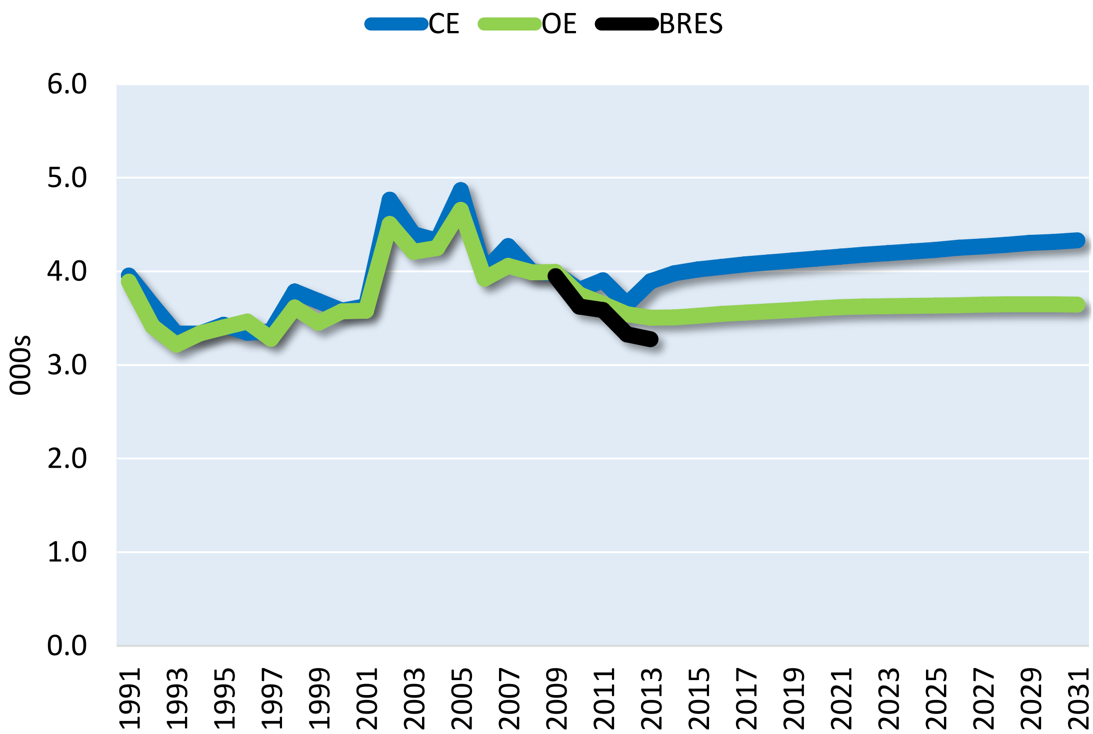


Wholesale & Retail

Annual average change in Wholesale & Retail jobs

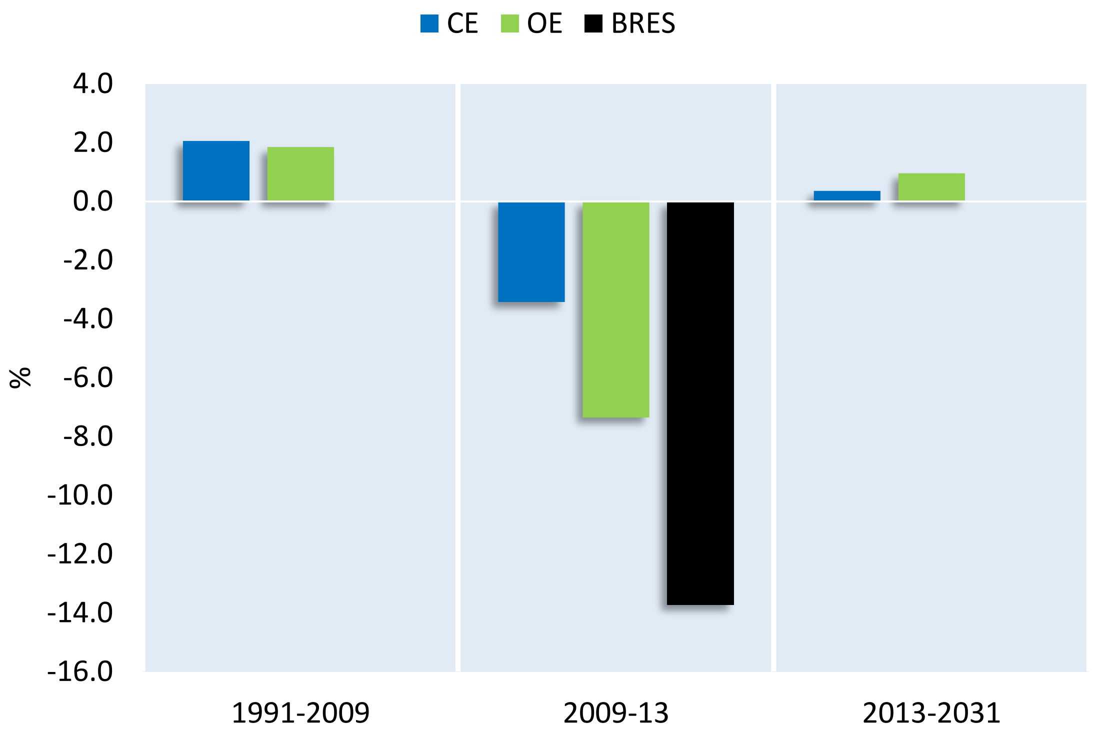


Historic and forecast trends in Wholesale & Retail jobs

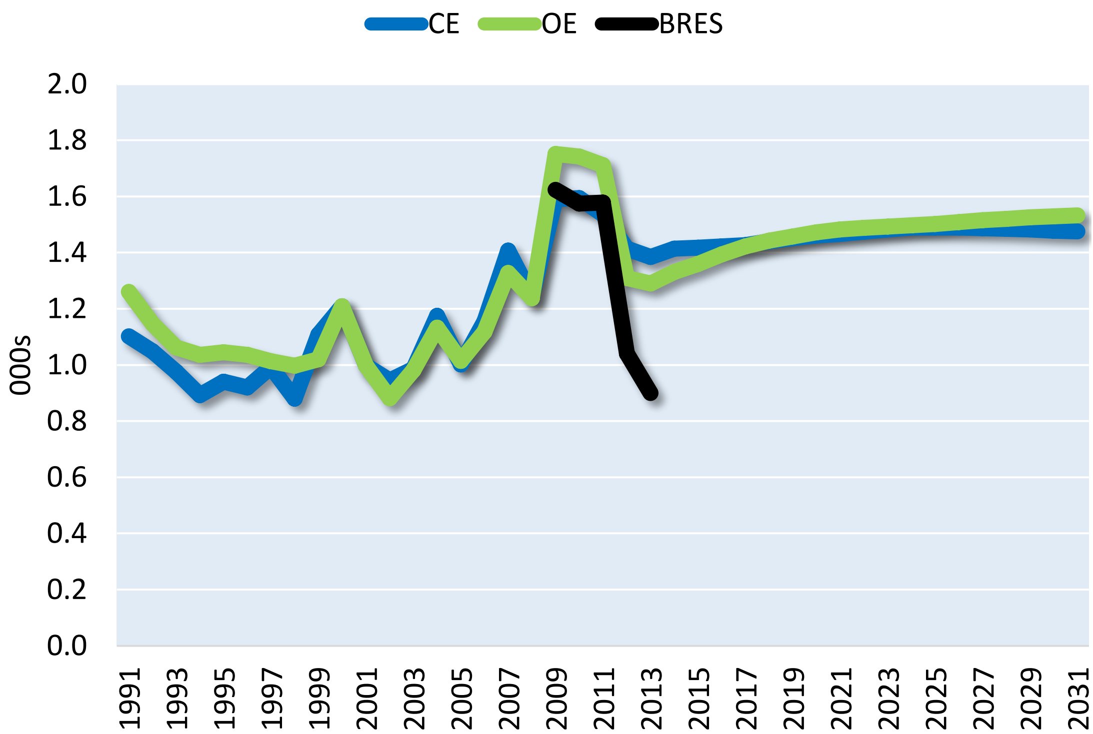


Transportation & Storage

Annual average change in Transportation & Storage jobs

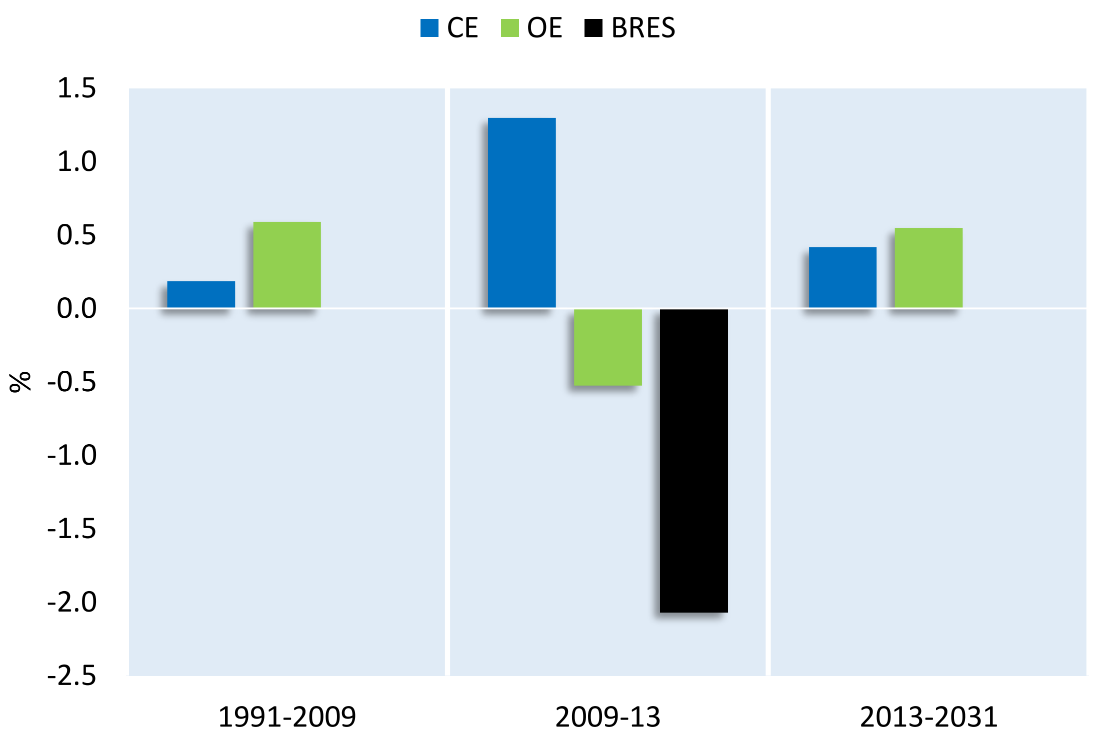


Historic and forecast trends in Transportation & Storage jobs

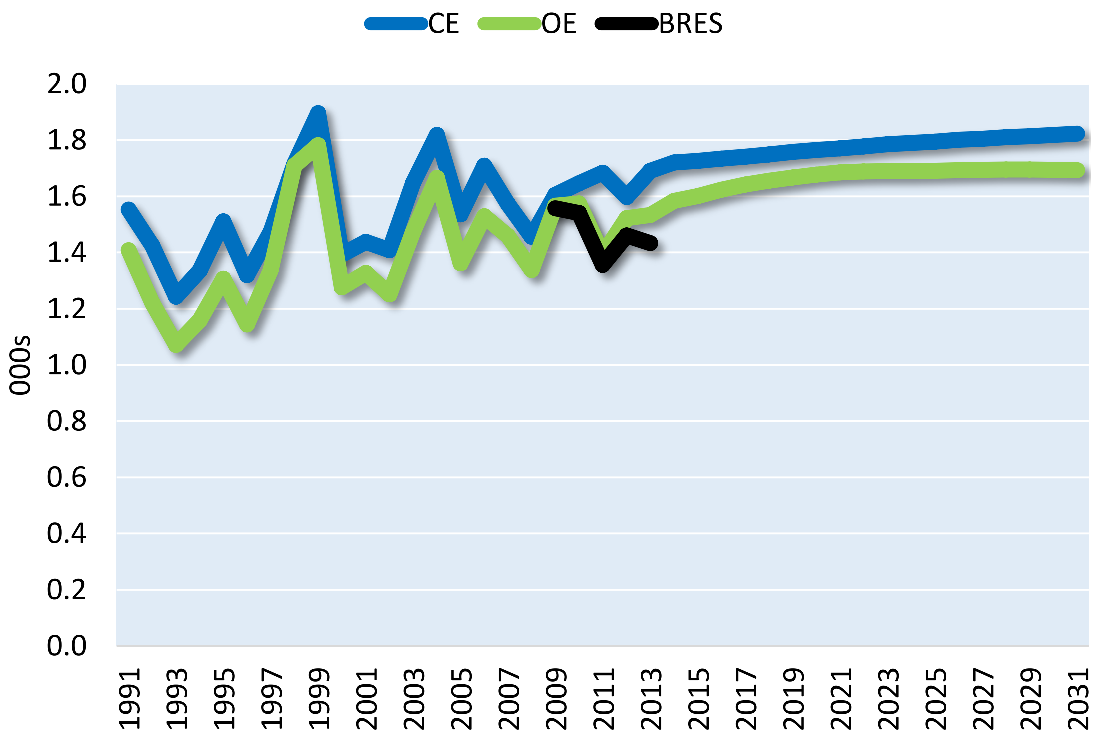


Accommodation & Food Services

Annual average change in Accommodation & Food Services jobs

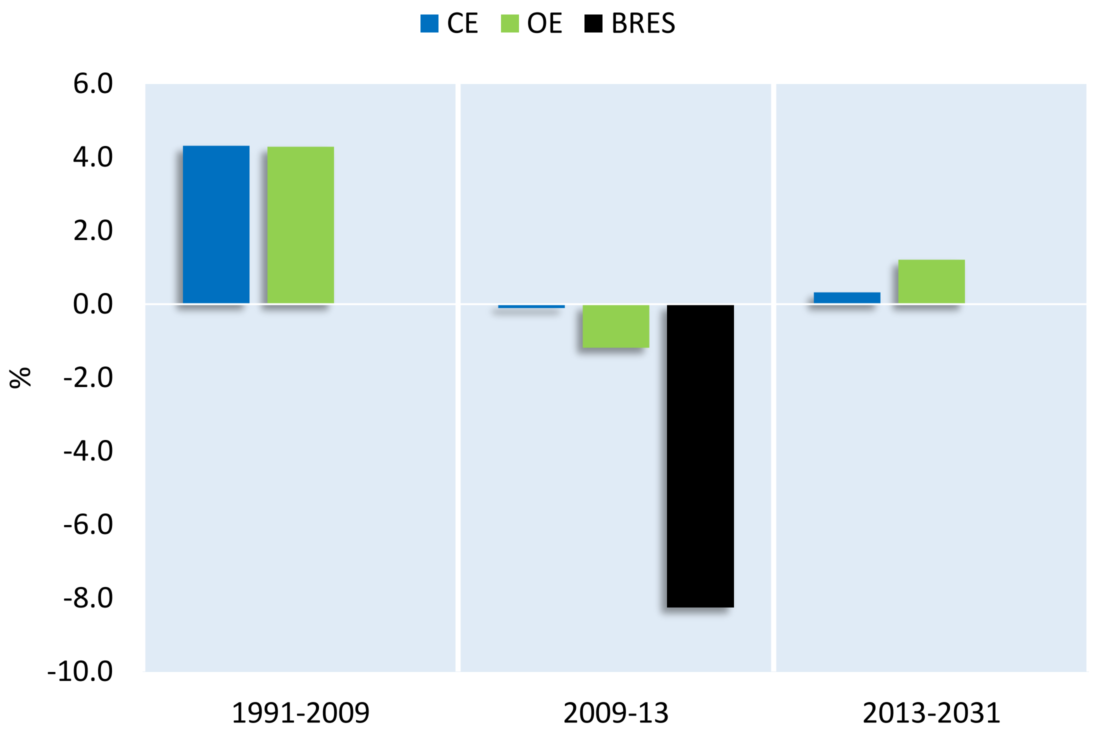


Historic and forecast trends in Accommodation & Food Services jobs

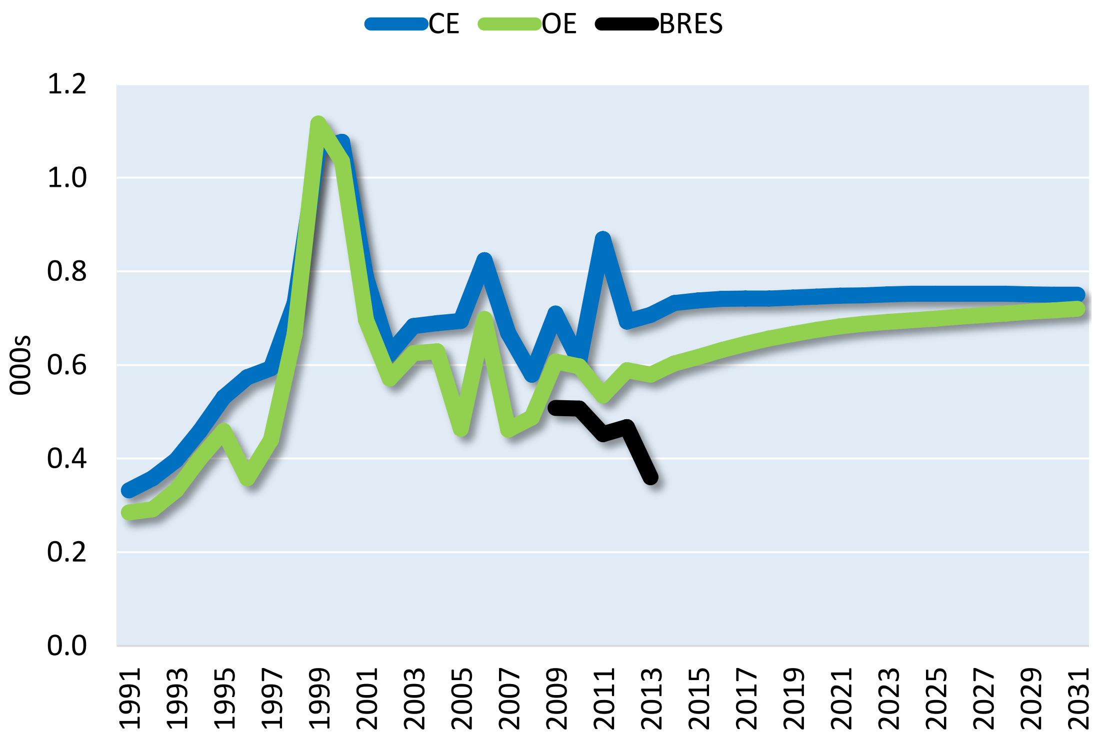


Information & Communication

Annual average change in Information & Communication jobs

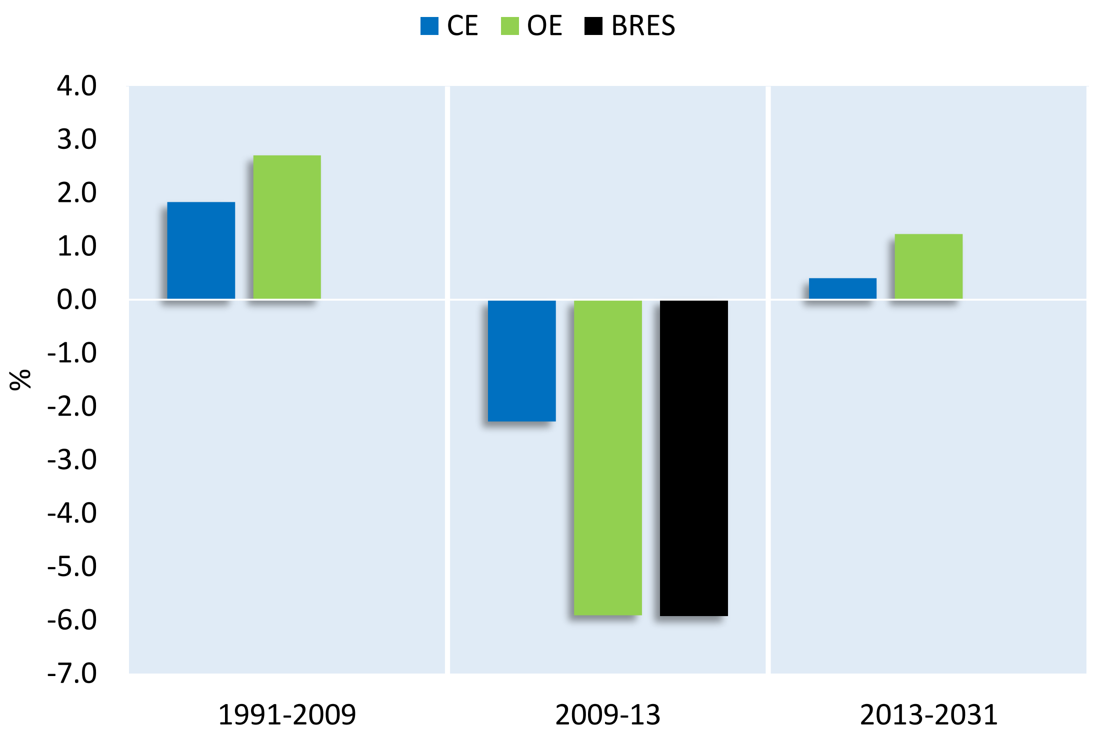


Historic and forecast trends in Information & Communication jobs

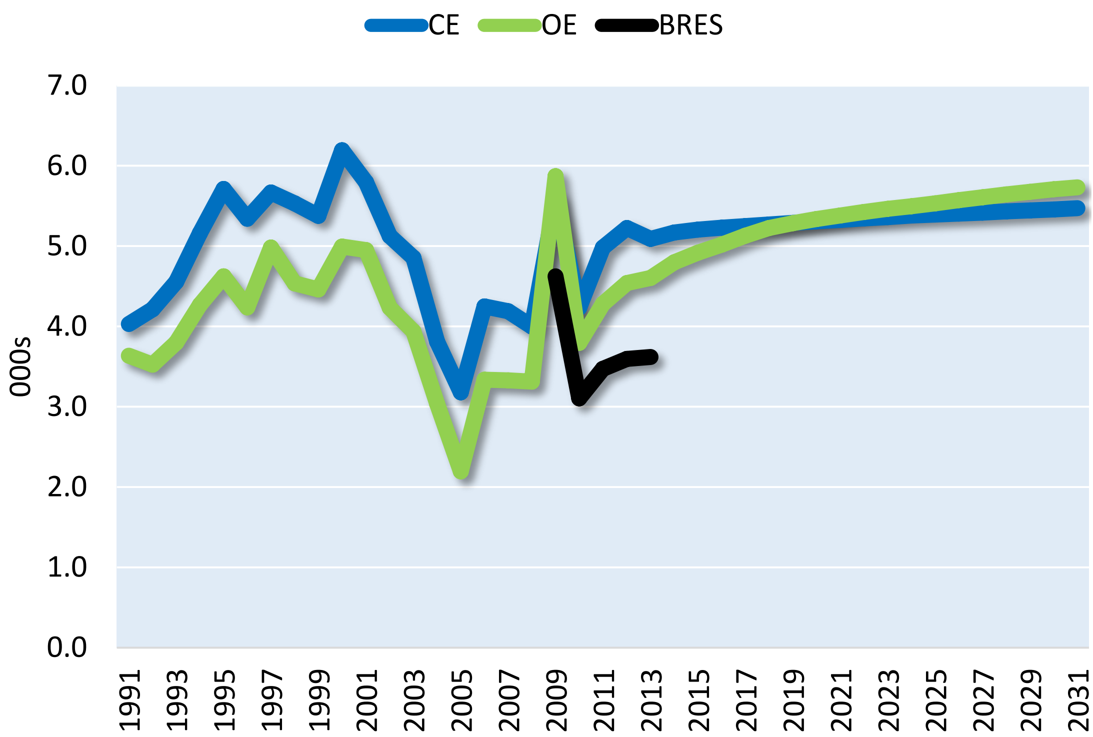


Financial & Business Services

Annual average change in Financial & Business Services jobs

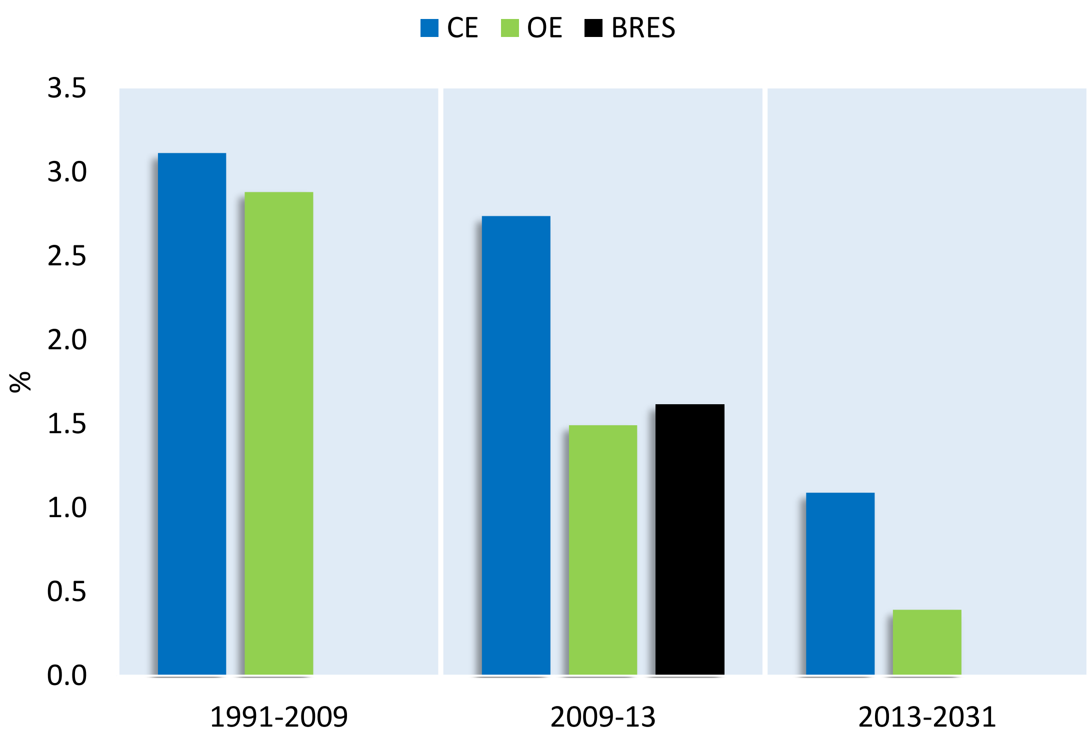


Historic and forecast trends in Financial & Business Services jobs

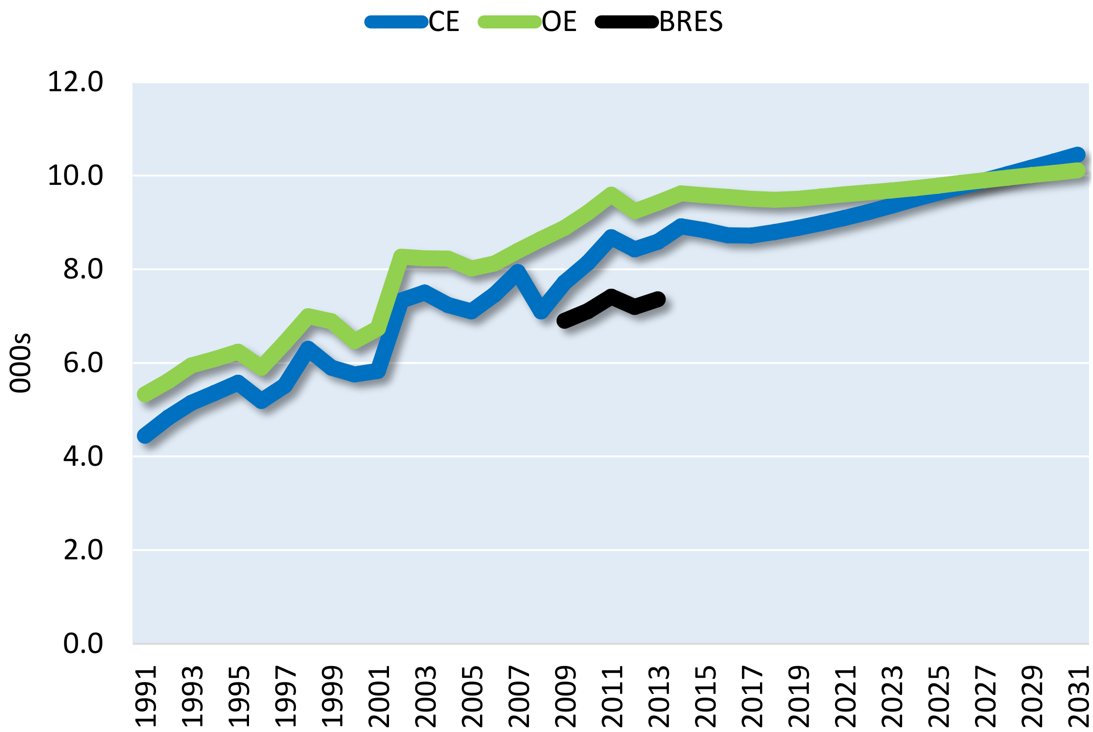


Public Administration, Education & Health

Annual average change in Public Administration, Education & Health jobs

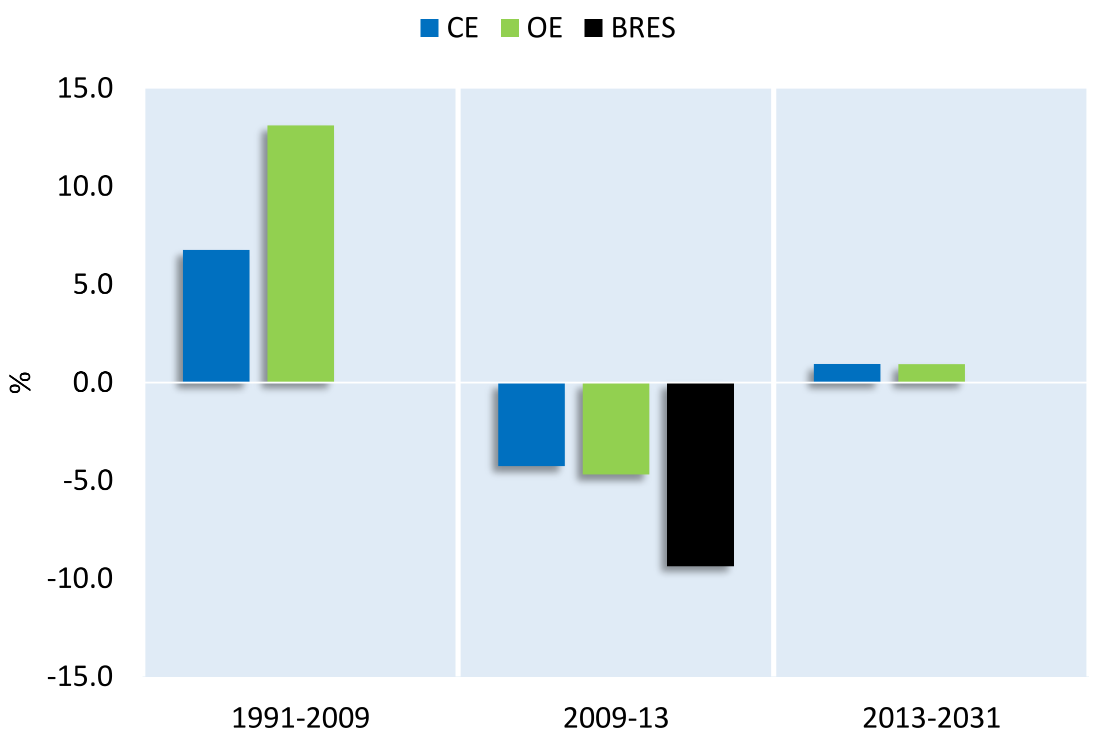


Historic and forecast trends in Public Administration, Education & Health

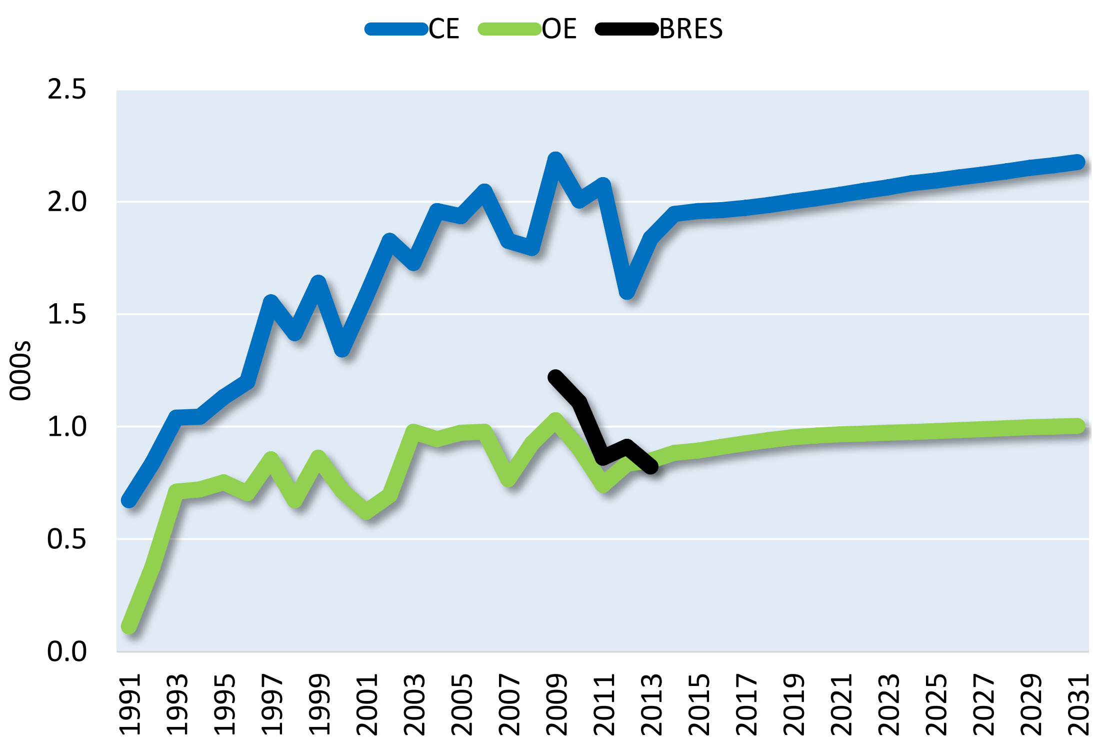


Other Services

Annual average change in Other Services jobs



Historic and forecast trends in Other Services jobs



APPENDIX B

GLOSSARY OF TERMS

ACTIVE ENTERPRISES AND BUSINESS COUNTS

Active enterprises' are defined as businesses that had either turnover or employment at any time during the reference period. An Enterprise is the smallest combination of legal units (generally based on VAT and/or PAYE records) and therefore may exclude micro business or sole traders who are not registered for VAT/PAYE.

BUSINESS REGISTER AND EMPLOYMENT SURVEY (BRES)

The Business Register and Employment Survey (BRES) is the official source of employee and employment estimates by detailed geography and industry. The survey collects employment information from businesses across the whole of the UK economy for each site that they operate. BRES is the recommended source of information on employment by detailed geography and industry. Figure excludes self-employed people not registered for VAT/PAYE.

BUSINESS SCALE

Micro – businesses with 0-9 employees

Small businesses with 10-49 employees

Medium businesses with 50 -249 employees

Large businesses with 250+ employees

GROSS VALUE ADDED

GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom

HOME WORKING

Census Data Some 1.4 million people (5.4 per cent) stated in the 2011 Census that they worked mostly at or from home

JOBS DENSITY

The level of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64.

LOCATION QUOTIENT

Industry location quotients (LQs) quantify how concentrated an industry is in an area compared to the national average. LQs are calculated by comparing an industry's share of employment in a local area with its share of national employment. An LQ of 1.0 means that an industry's share of employment is the same in a local area as it is nationally. An LQ above 1.0 means that employment in an industry is more concentrated in a local area than nationally, while an LQ below 1.0 means that employment is less concentrated.

STANDARD INDUSTRY CODES / SIC CODES

SIC Codes are Standard Industrial Codes to classify business establishments

QUALIFICATIONS

No qualifications - No formal qualifications held.

Other qualifications includes foreign qualifications and some professional qualifications.

NVQ 1 equivalent - fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent.

NVQ 2 equivalent - 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent.

NVQ 3 equivalent - 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent.

NVQ 4 equivalent and above HND, Degree and Higher Degree level qualifications or equivalent.

RESIDENT BASED EARNINGS

The median earnings for employees living in the area who are on adults rates of pay and whose pay was not affected by absence. Figures for earnings come from the Annual Survey of Hours and Earnings (ASHE).

WORKPLACE BASED EARNINGS

The median earnings for employees working in the area who are on adults rates of pay and whose pay was not affected by absence. Figures for earnings come from the Annual Survey of Hours and Earnings (ASHE