



## **West Midlands Strategic Rail Freight Interchange**

### **Employment Issues Response Paper – Whose need will the SRFI serve?**

On behalf of **the Black Country Local Planning Authorities**

**Black Country | Plan**  
Planning for the future of the Black Country

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## 1 Introduction

- 1.1.1 With the SRFI now consented the Councils around the scheme need to consider how best to manage the development as part of their own need assessments and development plans.
- 1.1.2 This is important simply because of the scale of the SRFI proposal. Bespoke data we have obtained from the Valuation Office Agency shows that this single scheme provides a similar quantum of strategic warehousing as the entire stock of large warehouses in Birmingham and the Black Country combined.
- 1.1.3 So, in this note we look at how the SRFI could be addressed in the local Black County evidence.
- 1.1.4 As important context this note is drafted on the understanding that the Black Country is unable to meet its economic needs in full within the urban area. In line with best policy and practice the Councils are considering the extent to which the SRFI could help address any deficit in the Black County in a sustainable way.
- 1.1.5 So, in this note we look to identify a robust 'minimum share' of the SRFI site that would, on the logic developed when promoting the SRFI, would meet the Black Country needs.

## 2 How do Councils estimate economic needs and how can this relate to the SRFI?

### 2.1 Introduction

- 2.1.1 In recent years Councils have struggled to plan positively for strategic development because there is no parallel strategic evidence base. In the past the Consultant team here provided a number of strategic regional studies that provided an evidence base that was consistently applied across the market area and Region. But in recent times individual Councils have developed their own local evidence following a number of different approaches set out in the PPG.
- 2.1.2 The main method used by most Councils to assess their economic needs is informed by an assessment of job forecasts translated into floorspace and ultimately land (labour demand). Council assessments are also often informed by an assessment of past trends and on occasion labour supply. Each Authority is able to determine which approach is most appropriate in regard to their local circumstances. So two adjacent Councils could be estimating their 'need' using different method that are not directly comparable.
- 2.1.3 To further complicate matters traditional methods have limitations. The strategic warehousing sector is reasonably new and not well captured by a past trend approach. Take-up can be 'lumpy' with entire land allocations being developed in a single year, sometimes for a single unit, and then no take-up for many years.
- 2.1.4 Approaches to estimate need using economic forecasts (or labour supply) are also complicated because the link between jobs and floorspace is weak. Any statistical link, based on large surveys for example, is much more volatile for the warehousing sector given the limited number of strategic scale units and very different working practices between operators. At one extreme a warehouse could simply store products for extended periods of time – with no on-site employment. Whereas another may operate a large 'manual pick' warehouse unit employing thousands in a near identical unit. In other sectors, offices for example, different business practices are much more likely to average out as part of any assessment.
- 2.1.5 These are accepted limitations and those undertaking economic assessments are generally well versed in managing these and developing local specific evidence bases. But for this work we need to establish how the SRFI can be consistently and fairly assessed alongside local evidence through a much larger area accounting for the various different local approaches. To do this we need to revisit the scope of the SRFI scheme.

### How much land / space is consented in the SRFI?

- 2.1.6 It is important to note that the SRFI scheme includes an abnormal quantum of non-developable land. Most obviously the Country Parks, but also additional land required for the strategic infrastructure – including rail infrastructure. We understand 193 ha of the 297 ha total site area is the net developable area that will accommodate 743,200 sq m of new space.
- 2.1.7 In previous work for the Black County (the 2017 EDNA report) the consultants looked to consider the impact of the full 297 ha of land. But with the DCO now consented, confirming that around one third of the land will not be developed it would appear robust for Councils – in their local evidence – not to assume the full 297 ha and for future working assumptions to adopt the smaller developable area, which is 193 ha.
- 2.1.8 So, for this work, and other local evidence it would now appear sensible to only take forward the smaller developable area because only this smaller area meets any form of economic need.

- 2.1.9 Taking this land is also advantageous because, by applying a standard plot ratio assumption Councils can move between local estimates of need derived from economic forecasts or labour supply and expressed in terms of strategic warehouse floorspace.
- 2.1.10 Local evidence bases almost universally use a 35-40% plot ratio to move between estimates of need based on jobs/labour, through floorspace and ultimately into land recommendations in a development plan. In local evidence bases we assume that each hectare of land accommodates between 3,500 and 4,000 sq m of floorspace. Looking at this scheme the 743,200 sq m of floorspace on 193 ha land sits in the middle of this range (3,850 sqm).
- 2.1.11 So, to maintain consistency, and to not accidentally misrepresent the capacity of the site, for this work we only carry forward the 193 ha of developable land noting that this land can accommodate a reasonably standard quantum of floorspace.
- 2.1.12 For this work we focus on land because that is the preferred emerging 'currency' the Black Country evidence uses when making recommendations. However, alternative assessments of 'need' using floorspace can be compared to the SRFI using the 743,200 floorspace figure and using the SRFI plot ratio (37.5%) to move between to two if needed.

## 2.2 Geography

- 2.2.1 Before looking in detail at whose need the SRFI will meet in the future, it is useful to recap two important concepts from the evidence supporting the SRFI relating to geography.
- 2.2.2 The SRFI was partly promoted by market evidence from Savills. This sets out two separate market concepts. Firstly the 'service' area and secondly the 'market' area.
- 2.2.3 The service area is the geography that the SRFI seeks to cater for, or service. It is effectively where the need or demand for the space arises. In this regard Savills, on behalf of the SRFI promoter market state<sup>1</sup>:

*The WMI site is located in Southern Staffordshire but also relates closely to, and will serve, the Black Country and Birmingham markets.*

- 2.2.4 This would appear to be sensible and non-controversial. Warehousing networks are located close to, or highly accessible to their target markets. In this case the evidence notes that the warehouses are primarily expected to service Black Country and Birmingham – the region's major population and economic centre. The Savills report does not exactly define the extent of the Black Country and Birmingham 'markets', but we would conventionally take the Black Country market to include the four Boroughs plus South Staffordshire, and the Birmingham market to include the City, Solihull and adjacent districts. This is not perfect; the Cannock Chase market is not so clear cut for example. But it is a pragmatic geography to work with.
- 2.2.5 The market area defined by Savills is however different, and extends to 17 local authority areas. The report notes that the reason for this is that it completely covers the three LEAs in the area<sup>2</sup>. It is also the area in which warehouses have previously been developed that may be outside the 'service area', but still cater for the Black Country and Birmingham markets' needs. It is effectively an expression of the issue noted in the introduction – that the availability of land (lack of) has displaced warehouses into slightly more marginal locations on the periphery of the service area.
- 2.2.1 This dislocation point is very relevant to Stoke on Trent and those areas north of South Staffordshire that may have served Black Country or Birmingham markets in the past when

<sup>1</sup> Savills, para 7.4.1, West Midlands Interchange | Market Assessment, Doc ref 7.4 Appendix 1

<sup>2</sup> Savills, West Midlands Interchange | Market Assessment, Doc ref 7.4 Appendix 1

there were no closer alternatives, but this changes when given a choice, as Savills state at 6.4.19 of their Market Assessment report:

*Stoke-on-Trent is on the northern periphery of the [market] area which would compete with the Proposed Development. It is therefore likely that, whilst occupiers may include both locations within an initial search area, only a minority of occupiers would seriously consider both.*

- 2.2.1 Thus, it is clear that although the SRFI will be located in South Staffordshire the need for the strategic warehousing will have arisen in the neighbouring areas, most obviously the Black Country, but more generally across the whole of the Birmingham conurbation and to some much more limited extent points further north and south.
- 2.2.2 In the rest of this note we take forward these concepts – that the SRFI will meet the ‘needs’ arising from within the service area to estimate how much of the SRFI consent could directly contribute to the land supply required in the Black Country. This calculation of the direct share of land supply represents a minimum share, and as we go on to explain in this report there are reasons why it may be higher, but this is dependent on the action of other authorities.

### 2.3 Review of expert views on the market area

- 2.3.1 Before looking at apportioning the SRFI floorspace we briefly test the concept of the market area with other local evidence – including the assertion that demand has been displaced from the ‘service area’ into the wider ‘market area’ due a shortage of space closer to the centres of population.
- 2.3.2 Savills market assessment (Document 7.4) states that the market area is drawn widely, covering the three LEP areas - Stoke & Staffordshire, Black Country and Greater Birmingham and Solihull.
- 2.3.3 Savills’ assessment refers to the strong take-up of strategic warehousing in the market area in recent years, with the majority of take-up in the Stoke & Staffordshire LEP area, an area that includes all the Staffordshire districts. The Black Country has seen the lowest number of transactions and the least floorspace taken up, which Savills conclude is due to a *severe shortage of supply*.
- 2.3.4 In terms of strategic warehousing supply Savills state at para 6.4.18:
- Nearly 40% of the total supply of land in the market area (133 ha) is located in Stoke-on-Trent, to the north of the LEP. To put this into context, there is more land available in Stoke-on-Trent than in both the Black Country and Greater Birmingham and Solihull LEP areas combined.*
- 2.3.5 Thus, the largest current and future supply is in Stoke-on-Trent, in the very northern part of the Stoke & Staffordshire LEP area.
- 2.3.6 Savills go on to say also at 6.4.18:
- There is a particularly severe shortage of land in Birmingham, Solihull and the Black Country, which will focus additional demand, over and above that which would normally be expected, on those areas adjoining, such as South Staffordshire and Cannock.*
- 2.3.7 Clearly Savills consider that the lack of supply in the Black Country and Birmingham to service those markets means that the demand generated by those areas has been and will continue to have to be met in the adjoining areas including in the Stoke & Staffordshire LEP area.



- 2.3.8 Again at 7.4.2 Savills refer to pent up demand in the Black Country and Birmingham/Solihull - where supply is so severely constrained.

*The market area has seen strong take-up over the period 2012-2016. Take up has been focussed in the Stoke and Staffordshire LEP area and has predominantly consisted of units of 18,500 sq. m (200,000 sq. ft) or less. This is likely a reflection of supply and illustrates the severe shortage of buildings in the Black Country and Birmingham and Solihull, and the shortage of larger units. **Actual latent demand is therefore likely to be higher than the take-up figures suggest.** (our emphasis)*

- 2.3.9 Thus, Savills analysis shows that the severity of the constrained supply in Birmingham and the Black Country, means that demand arising in those markets will continue to be met in the adjoining local authority areas, such as the SRFI in South Staffordshire.

- 2.3.10 Savills' reference above to Cannock Chase and South Staffordshire providing land to meet future Black Country and Greater Birmingham need is borne out by the recent Cannock Chase EDNA<sup>3</sup>.

- 2.3.11 At 3.121-2 the EDNA, prepared by Lichfields states:

*The Black Country authorities are significantly constrained in respect of employment land and have a very substantial shortfall of at least 300 ha, and possibly as much as 500 ha. It is possible that they may ask Cannock Chase to assist them in meeting some of their own needs in the future. However, South Staffordshire District is expected to play a more significant role in this.*

*It is therefore considered that Cannock Chase will continue to cooperate with the surrounding local authorities in the future whilst continuing to meet its own employment land needs as a minimum.*

- 2.3.12 The Cannock EDNA finds that Cannock is meeting its own and other authorities' needs, which very much bears out the Savills' view. The following reference from the EDNA (para 3.123) makes it very clear that the strategic warehouse provision in Cannock Chase in recent years has been to meet a need far in excess of the District's own need.

*..in recent years the recent construction of a number of very large strategic logistics depots clearly suggests that parts of the District are performing a sub-regional (and even regional) role), given its excellent connectivity to the Motorway network;*

- 2.3.13 The EDNA calculates that on a local population jobs forecast basis the 'home grown' warehousing need is just 2 ha to 2036, but on a past trends basis 50 ha is needed. Thus, strategic warehousing provision in Cannock has hugely outstripped what would be expected by the District's population and jobs growth. The District has been accommodating the sub-regional/regional strategic warehousing need generated by its severely constrained neighbouring market area immediately to the south.

- 2.3.14 Cannock Chase has been meeting a sub-regional / regional need for years, and if land is available will continue to do so. It is highly likely that for exactly the same reasons, the SRFI located in South Staffordshire will operate in the same way, serving the heavily constrained Black Country and Greater Birmingham sub-regional markets.

- 2.3.15 The position has been the same in Lichfield, where the District's baseline forecast no future growth at all<sup>4</sup>, whereas based on past trends 61 ha<sup>5</sup> is needed. Thus, demand for

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<sup>3</sup> Cannock Chase Economic Development Needs Assessment, Lichfields, April 2019

<sup>4</sup> Table 2.8, Employment Land Review 2014 Update, GVA Aug 2014

<sup>5</sup> Table 6.4 Employment Land Review, Final Report, GVA Feb 2012

warehousing in Lichfield is wholly generated by need arising elsewhere, which again is the Black Country and Birmingham markets.

2.3.16 The strategic location of Lichfield like Cannock Chase means it is well placed to attract footloose regional strategic warehousing.

2.3.17 The 2012 Lichfield ELR prepared by GVA identified at para 3.4 that:

*The District is therefore well placed to serve the regional and national industrial / distribution markets, an example of which is Fradley Park which developed along the A38 dual carriageway, and is considered to be a high profile industrial area within the District, of regional significance. Furthermore, Staffordshire is now considered to be an established pitch for national and regional high bay warehousing and is considered to be a good secondary location in terms of the region's industrial / distribution market.*

2.3.18 The District's locational advantages and land availability have made Lichfield, like its neighbour Cannock Chase attractive for strategic warehousing to serve the whole of the Black Country and Greater Birmingham, an area that in aggregate has more than ten times the population of Cannock and Lichfield<sup>6</sup>.

2.3.19 The GVA report identifies the strategic warehousing in Lichfield as being of regional significance, and it is evident that the high provision of strategic warehousing in recent years (75 ha was delivered between 2000 and 2010<sup>7</sup>), has been way in excess of what population growth and improving economic performance in the District alone could justify.

2.3.20 Thus, in summary, we know the Black Country and Birmingham are heavily constrained, and cannot meet their need for strategic warehousing provision within their boundaries. The evidence discussed above makes it clear that for a number of years the strategic warehousing needs of the Black Country and Birmingham areas have been met in large part by land in the neighbouring Authorities of South Staffordshire, Cannock Chase and Lichfield. South Staffordshire has also performed a key role in providing for high-quality employment investment needs that cannot be accommodated in the Black Country, an element of which has previously been allocated to accommodate B8 occupiers.

2.3.21 In exactly the same way, the SRFI will serve future need generated by the Black Country and Birmingham markets. The question is how the new supply at SRFI will be apportioned.

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<sup>6</sup> 2.5 million compared to 206,000 in 2020 – 2018 SNPPs

<sup>7</sup> para 2.39, Employment Land Review, Final Report, GVA Feb 2012

## 3 Approach to apportioning the SRFI land

### 3.1 Introduction

- 3.1.1 As referred to earlier the SRFI will provide 193 ha of new strategic warehousing on a total (gross) land area of 297 ha. Only the 193 ha of land meets economic needs and as discussed above, we carry forward this 193 ha of land to provide consistency between the SRFI site and assumptions normally made in local evidence.
- 3.1.2 As discussed at the Examination, and set out in evidence documents<sup>8</sup>, the take up of the warehousing will be from a combination of net additional growth (which will be the majority 75% share) and existing businesses that will be displaced from their current premises (25%).
- 3.1.3 In this paper we consider each component of the SRFI justification slightly differently.

### 3.2 Growth Build

- 3.2.1 For the 'growth build' elements we carry forward the assumption, already accepted in the SRFI evidence, that the SRFI will meet demand arising with the 'service' area, but within the service area this will be bias towards those areas with the fastest growing population.
- 3.2.2 This would also appear pragmatic given that the retail sector is a strong driver of the demand for larger warehouses and the ultimate consumer of most retail goods is the population / people. So where the population is growing fastest the greater 'need' is being generated for net additional (growth) warehouse floorspace.
- 3.2.3 Alternatives could include the distribution by GVA growth as opposed to population growth. But few Councils are able, or need, to estimate GVA gains as part of their local evidence. But every Council must form a robust opinion of the future population they need to house and provide for. In any event total GVA growth is also partly related to population growth – areas with a faster growth in labour supply and jobs will normally growth their GVA faster.

### 3.3 Displacement build

- 3.3.1 For the 'displacement' element it would appear more pragmatic to apply the 'market area' – because new warehouses are likely to compete with property in these slightly less optimal locations – outside the service area but within the market area.
- 3.3.2 For this assessment displacement is still new space because firms 'displaced' onto the SRFI will, in turn vacate property in the Market Area. This property is available for re-occupation by other firms or their sites available for redevelopment in line with local plan policies and evidence.
- 3.3.3 Thus, in this assessment to the 193 ha area we apply the 75:25 growth split accepted by the Examiners, between net additional and displacement as follows:
- Future growth absorption – 145 ha, assessing how this need has arisen by reviewing future population change (to 2035).
  - Displacement – 48 ha, assessing the current distribution of strategic warehousing.

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<sup>8</sup> Para 14.286, WMI Volume 1: Environmental Statement Main Report (Document 6.2) Quod/ Ramboll, July 2018

### 3.4 Population Change (growth build)

- 3.4.1 Table 1 shows the current and future population of all the districts within the Service area (and for completeness the wider Market Area). We use the 2018 sub national population projections as the most recent official set available to identify the population in 2020 and projection for 2035 (the year build-out is set to complete), and then calculate the proportions and rate of overall change.
- 3.4.2 There are however obvious reservations about the 2018 SNPP data, but they were at the time of writing the official set of projections.

**Table 1 Distribution and future change in population in the market area**

	Population 2020	Population 2035	Population Change	Growth Rates %	Share of total Change %
South Staffordshire	112,757	117,678	4,921	4	2
Dudley	323,692	342,824	19,132	6	8
Sandwell	331,717	355,488	23,772	7	10
Walsall	287,476	312,180	24,704	9	10
Wolverhampton	265,809	285,965	20,156	8	8
<b>Black Country market total</b>	<b>1,321,451</b>	<b>1,414,136</b>	<b>92,685</b>	<b>7</b>	<b>37</b>
Birmingham	1,152,785	1,217,164	64,379	6	26
Cannock Chase	101,594	110,598	9,004	9	4
Lichfield	104,858	110,002	5,145	5	2
Solihull	217,713	235,927	18,215	8	7
Bromsgrove	100,512	111,928	11,417	11	5
Redditch	85,118	85,258	140	0	0
Wyre Forest	102,244	109,122	6,878	7	3
<b>Birmingham market total</b>	<b>1,864,823</b>	<b>1,979,999</b>	<b>115,176</b>	<b>6</b>	<b>46</b>
Newcastle-under-Lyme	130,792	138,512	7,720	6	3
Stoke-on-Trent	257,871	267,488	9,617	4	4
East Staffordshire	120,212	129,599	9,387	8	4
Stafford	138,122	151,529	13,407	10	5
Staffordshire Moorlands	98,723	100,402	1,679	2	1
	<b>3,931,993</b>	<b>4,181,665</b>	<b>249,672</b>	<b>6</b>	<b>100</b>

Source: ONS 2018-based subnational population projections and Stantec analysis

- 3.4.3 Table 1 shows that projected population growth in South Staffordshire and the Black Country cumulatively accounts for just over one third (37%) of the population change in the market area. The Birmingham market 46%, with the Authorities in the northern part of the market area accounting for just 17% of future population change.
- 3.4.4 At the district level population growth rates vary, with the fastest generally being in the areas with lowest population (e.g. Bromsgrove and Stafford). Growth rates in the more populous areas such as the Black Country and Birmingham are growing at or well above the average for the area as a whole (6%), and well above the next largest area Stoke where growth will be much lower (4%). Thus, not only are the Black County and Birmingham by far the largest centres of population in the market area, they are also growing faster than most other areas.
- 3.4.5 Below, we apply the above share of the population change to the SRFI land area, firstly to the whole market area, and then to the service area.

- 3.4.6 Table 2 repeats the population change and share of the total change columns from Table 1 (all the tables that follow this format), and the final two columns apportion the net additional land at SRFI (145 ha) on the basis of the share of population change.

**Table 2 Distribution of net additional land based on population change**

	Population Change	Share of Proportionate total Change %	Share of SRFI ha
South Staffordshire	4,921	2	3
Dudley	19,132	8	11
Sandwell	23,772	10	14
Walsall	24,704	10	14
Wolverhampton	20,156	8	12
<b>Black Country market total</b>	<b>92,685</b>	<b>37</b>	<b>54</b>
Birmingham	64,379	26	37
Cannock Chase	9,004	4	5
Lichfield	5,145	2	3
Solihull	18,215	7	11
Bromsgrove	11,417	5	7
Redditch	140	0	0
Wyre Forest	6,878	3	4
<b>Birmingham market total</b>	<b>115,176</b>	<b>46</b>	<b>67</b>
Newcastle-under-Lyme	7,720	3	4
Stoke-on-Trent	9,617	4	6
East Staffordshire	9,387	4	5
Stafford	13,407	5	8
Staffordshire Moorlands	1,679	1	1
	<b>249,672</b>	<b>100</b>	<b>145</b>

Source: ONS 2018-based subnational population projections and Stantec analysis

- 3.4.7 On this basis South Staffordshire and the Black Country combined account for 54 ha of the total. The Birmingham market accounts for 67 ha, and the areas to the north collectively account for 24 ha. However, Table 2 distributes 'growth build' to areas the SRFI does not expect to 'service'. So, refining this table we remove those areas outside the service area, and present the outcome in table 3 below.
- 3.4.8 The more narrowly defined service area generates different (higher) proportions of population change – 45% for the South Staffordshire and Black Country market and 55% for the Birmingham market.

**Table 3 Distribution of net additional land based on population change (Service area)**

	Population Change	Share of Proportionate total Change %	Share of SRFI ha
South Staffordshire	4,921	2	3
Dudley	19,132	9	13
Sandwell	23,772	11	17
Walsall	24,704	12	17
Wolverhampton	20,156	10	14
<b>Black Country market total</b>	<b>92,685</b>	<b>7</b>	<b>65</b>
Birmingham	64,379	31	45
Cannock Chase	9,004	4	6
Lichfield	5,145	2	4
Solihull	18,215	9	13
Bromsgrove	11,417	5	8
Redditch	140	0	0
Wyre Forest	6,878	3	5
<b>Birmingham market total</b>	<b>115,176</b>	<b>6</b>	<b>80</b>
	<b>207,861</b>	<b>100</b>	<b>145</b>

Source: ONS 2018-based subnational population projections and Stantec analysis

- 3.4.9 On the basis of the service area South Staffordshire plus the Black Country will account for 65 ha of the land area, and the Birmingham market area the remaining 80 ha.

### 3.5 Stock of Property (displacement)

- 3.5.1 As referred to earlier the apportionment of the 48 ha (25% of the total SRFI) displacement land area is based on the current distribution of strategic warehousing across the whole market area.
- 3.5.2 To do this we have obtained data from the VOA on the current distribution of strategic warehousing floorspace (defined as >10,000 sq m<sup>9</sup>) for all the local authority areas within the market area. This information is not the standard published VOA data, as that does not disaggregate warehousing from other industrial let alone strategic from non-strategic warehousing. The VOA data is likely to be very accurate as it is based on data in Business Rate returns.
- 3.5.3 Table 4 below identifies the distribution of strategic warehousing at local authority level across the market area, providing the number of units, floorspace, each local authority's share of the total and finally how the share aggregates cumulatively across the market area.

<sup>9</sup> We note at para 6.1.9 Savills Market Assessment refers to a minimum threshold of 100,000 sq ft (9,290 sq m), and in the VOA data we have rounded up to the nearest thousand.

**Table 4 Distribution of displacement based on existing strategic warehousing provision**

	Existing B8 >10,000 sq m		Share of Proportionate	
	Units	sq m	existing Sq m %	Share of SRFI ha
South Staffordshire	2	81,135	3	1
Dudley	1	15,671	1	0
Sandwell	4	108,496	4	2
Walsall	6	129,041	4	2
Wolverhampton	4	115,522	4	2
<b>Black Country market total</b>	<b>17</b>	<b>449,865</b>	<b>15</b>	<b>7</b>
Birmingham	22	484,590	16	8
Cannock Chase	4	233,026	8	4
Lichfield	10	271,450	9	4
Solihull	3	50,671	2	1
Bromsgrove	1	22,188	1	0
Redditch	3	68,249	2	1
Wyre Forest	0	0	0	0
<b>Birmingham market total</b>	<b>43</b>	<b>1,130,174</b>	<b>38</b>	<b>18</b>
Newcastle-under-Lyme	6	257,257	9	4
Stoke-on-Trent	13	460,708	15	7
East Staffordshire	14	520,037	17	8
Stafford	7	194,348	6	3
Staffordshire Moorlands	0	0	0	0
	<b>100</b>	<b>3,012,389</b>	<b>100</b>	<b>48</b>

Source: VOA and Stantec analysis

- 3.5.4 In terms of total stock in the market area Table 4 shows there are exactly 100 warehouses of more than 10,000 sq m that collectively provide some 3 million sq m of strategic warehousing.
- 3.5.5 It is helpful to compare Tables 1 and 4, which clearly show the disparity between where strategic warehousing is located and the main centres of population where the need for strategic warehousing is generated. The Black Country accounts for 37% of the population growth in the market area, but currently accounts for only 15% of the strategic warehousing. Other areas are the reverse - Stoke and East Stafford account for just 8% of the population growth yet currently have 33% of the strategic warehousing, and Lichfield 2% of the population growth yet has 9% of the strategic warehousing. Thus, again illustrating the disconnect between the large centres of population that drive the need, and where the strategic warehousing is currently located.
- 3.5.6 South Staffordshire currently has a very small fraction of the total strategic warehousing (just 3%), and combined with the Black Country accounts for 15% of the area total, which is a small proportion compared to the proportion of population change discussed earlier (37%). Converting the proportion to a share of the displacement at SRFI delivers just 7 ha reflecting the comparatively low provision across this area, and reinforcing the finding that the area has been, and continues to have a shortage of land suitable for strategic warehousing.
- 3.5.7 The Birmingham market accounts for 38%, which delivers an 18 ha share of the SRFI displacement land.
- 3.5.8 Areas to the north account for almost half of all the strategic warehousing (47%), with Stoke and East Staffs in particular having a very large provision of strategic warehousing, and together taking a 23 ha share of the 48 ha displacement land.

### 3.6 Summary

3.6.1 Both elements of the calculations are brought together in table 5 below.

**Table 5 Distribution of total land share (net additional plus displacement)**

	Net additional Share ha	Displacement Share ha	Total Share ha
South Staffordshire	3	1	5
Dudley	13	0	14
Sandwell	17	2	18
Walsall	17	2	19
Wolverhampton	14	2	16
<b>Black Country market total</b>	<b>65</b>	<b>7</b>	<b>72</b>
Birmingham	45	8	53
Cannock Chase	6	4	10
Lichfield	4	4	8
Solihull	13	1	13
Bromsgrove	8	0	8
Redditch	0	1	1
Wyre Forest	5	0	5
<b>Birmingham market total</b>	<b>80</b>	<b>18</b>	<b>98</b>
Newcastle-under-Lyme	0	4	4
Stoke-on-Trent	0	7	7
East Staffordshire	0	8	8
Stafford	0	3	3
Staffordshire Moorlands	0	0	0
	<b>145</b>	<b>48</b>	<b>193</b>

Source: VOA, ONS and Stantec analysis

3.6.2 The Black Country's share of the overall SRFI land area is 72 ha or 37% of the total. The Birmingham market share is 98 ha or 51% of the total. Collectively these two market areas account for 88% of the SRFI land area, with the remainder of the market area achieving 12% from the displacement of existing businesses into SRFI.

### 3.7 Caveats

3.7.1 The above estimate distributes the 'need' being addressed by the SRFI between plan making councils in the market or service area as appropriate. Following the logic outlined above 72 ha of the SRFI will meet the needs of a growing Black County population and provide for a share of Black Country firms who may be displaced to the SRFI.

3.7.2 But this should be viewed as a minimum share for a number of reasons:

- Firstly, the Black County is arguably more constrained than many other Local Authority areas in the Market Area – most obviously by Green Belt. A Council with a largely unconstrained supply of land is encouraged by policy to first meet its needs in full and may not need to rely on the SRFI site.
- Secondly, other strategic scale sites may emerge as plans are reviewed in the market area. In our assessment above we shared the SRFI floorspace equally around the market area (based on population growth). So, we assume that the SRFI services the population of Birmingham, Stoke and Walsall equally (for example) – despite being much



closer to Walsall. But in a scenario where a second regional site is allocated for warehousing in Stoke, also justified to meet cross boundary needs and using similar 'market area' as used by the SRFI, that site also helps address a Black Country shortage.

- Thirdly – arguably the Black Country could claim a greater share of the displacement element – on the basis that the site may be more attractive to firms currently located on more constrained sites in the urban area and in generally older, less attractive stock.

3.7.3 We make no assumptions about these factors here because they are reliant on the actions of other Councils. However, below we suggest the Councils confirm with others in the market area to what extent they are able to meet their own economic needs, as expressed in their own evidence bases, and whether sites may be proposed on the basis on cross boundary strategic need.

## 4 Conclusions and recommendations

- 4.1.1 The SRFI is obviously of regional significance. This is illustrated by the fact this single scheme provides a similar amount of strategic warehousing floorspace (~770,000 sq m<sup>10</sup>) as currently accommodated in the Birmingham City and Black Country Authority areas combined (around 900,000 sq m – see Table 4 above).
- 4.1.2 For the ‘growth build’ / net additional space (145 ha consented in the SRFI), if distributed according to population growth in the market area results in a 54 ha ‘share’ attributed to the population growth in the Black County and South Staffordshire (from table 2). The balance of the 145 ha is split between the Birmingham market area 67 ha plus 24 ha from areas in the northern part of the market area.
- 4.1.3 But this 54 ha is a minimum because it is arguable whether the Stoke area – within the market area, but outside the Service Area – should be attributed with ‘growth build’ given the service area is outside. The logic of the service area geography would suggest not.
- 4.1.4 Above in Table 3 we have established that, in the service area, which as defined by the SRFI does not include Stoke and the greater part of Staffordshire, distributing growth built only would increase the South Staffordshire and Black Country share to 65 ha.
- 4.1.5 Added to this is a small adjustment to share the ‘displacement build’. For this we use the market area on the basis this is the geography that the SRFI claim it will compete with – so the geography we may expect to see displacement from. This is a much smaller adjustment for the Black County (and South Staffordshire) because unlike population growth, where this area accounts for 37% of population growth, only 15% of the stock is located in the Black Country (table 4). This results in a further 7 ha for the Black Country and South Staffordshire combined.
- 4.1.6 In total this suggests that of the 193 ha of developable strategic warehousing land 72 ha could reasonably be assumed to meeting the needs of the growing Black County (and South Staffordshire) population within the service area. So, given the huge uncertainties in the data roughly 40% of the SRFI floorspace will support the economic needs for large warehousing arising from the Black Country (and South Staffordshire).

### 4.2 Next Steps

- 4.2.1 In this case the SRFI is very strongly linked to the Black Country economy. A growing population, and growing demand for logistics space to service this population underpins the successful consent.
- 4.2.2 In this paper we have estimated that around 40% of the SRFI can be directly attributed to the Black Country and South Staffordshire. The balance will meet the needs of Greater Birmingham with a much smaller share based solely on displacement to the Stoke ‘market area’.
- 4.2.3 But this is very much a minimum because over time other strategic schemes may be promoted in the market area that are also justified to meet cross boundary needs and service the same market area. We would suggest that the Councils work with their neighbours to understand:

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<sup>10</sup> The 193 ha of developable land at a 40% plot ratio

- A) Where emerging plans in the Market Area may be promoting strategic warehousing space that is justified on the basis of meeting need in addition to their own needs, and so may be available to assist shortfalls elsewhere.
  
  - B) Where neighbouring Councils are pursuing strategies of meeting their needs in full locally (i.e. more locally than the SRFI) – because, for example, they are looking at attracting footloose warehousing activity as part of their plan strategy, or to assist with regeneration. Therefore, they would not look to the SRFI to meet any of their own needs, presenting an opportunity for the Black Country to claim a higher proportion of the SRFI towards meeting Black Country B8 needs. This ‘claim’ of the SRFI would need to be agreed through a Statement of Common Ground with the relevant authorities.
- 4.2.4 The local Black County evidence base needs to consider how to incorporate the SRFI land supply in their assessment.