Strategic Planning Research Unit
A specialist team within DLP Planning Ltd

For and on behalf of
South Staffordshire District Council

Economic Development Needs Assessment 2020-2040

Prepared by
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0.0 EXECUTIVE SUMMARY

0.1 DLP Planning were appointed by South Staffordshire District Council (SSDC) to undertake an Economic Development Needs Assessment (EDNA). The objective of the study is to identify future employment needs across the South Staffordshire area for the period 2020 to 2040. This EDNA will provide a robust and up to date evidence base to inform the emerging Local Plan.

0.2 The forecasts for labour demand considered in this EDNA show substantial growth in employment compared with previous evidence base studies. This is likely to be due to the increasing strength of the economy since the middle of the last decade, and a significant departure from past trends in the delivery of land and floorspace.

0.3 The main sources of data that informed the EDNA include jobs growth forecasts obtained from all three main forecasting houses, analysis of commercial market signals and completions trends, and qualitative feedback from stakeholders including property agents, landowners and developers together with economic development and inward investment officers within the Council.

0.4 It is noted that B1 Business uses are now incorporated within the new Class E (Commercial, Business and Services) of the Town and Country Planning (Use Classes) Order 1987 (as amended). However, for the purposes of undertaking this EDNA and for identifying and planning for employment land needs going forwards, it makes sense to continue to refer to B1a/b (offices and research) uses and B1c/B2/B8 (industrial) uses separately. This is the approach that has been taken in preparing this EDNA.

a) Context for Undertaking Economic Development Needs Assessment

0.5 The National Planning Policy Framework (NPPF) requires Local Plan policies to "set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth" and to "be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances".

0.6 Planning Practice Guidance (PPG) sets out the process local planning authorities should use to produce a robust assessment of the current and future needs of businesses, and whether there are specific local market requirements which affect the types of land or premises needed. This guidance has informed the methodology for preparing this EDNA.

b) Background to the Evidence Base

0.7 A previous South Staffordshire EDNA Part 1 (2018) identified employment land needs of between 67ha and 86ha (higher growth scenario) over the period 2018 to 2038. Both of these scenarios represented an 'over supply' of employment land based on an identified deliverable supply of around 105ha. The assumptions and inputs that fed into the previous report, including relevant econometric forecasts, are now dated and have been brought up-to-date through the preparation of this new EDNA.

0.8 A South Staffordshire EDNA Part 2 was also prepared which included a review of the suitability of identified employment sites. Relevant site assessment and conclusions relating to existing employment site suggestions have also been updated in the course of preparing this new EDNA.

c) Local and Regional Policy Context

0.9 Previously published evidence and policy documents, including the Core Strategy Local Plan (2012) and Employment Land Studies (2012 and 2014), recognise the important sub-regional role of South Staffordshire in supporting the economic growth and employment needs of

surrounding areas, particularly the Black Country. Provision for economic development within with the i54 development adjacent Wolverhampton and other strategic employment sites including Hilton Cross, Four Ashes and ROF Featherstone illustrates these cross-boundary linkages most clearly. These strategic sites in particular have been identified as being of economic importance to the wider sub-region. The Black Country LEP for example identifies the i54 as a key 'employment corridor' which the Black Country is keen to connect into and build upon the success of.

0.10 The West Midlands Interchange (WMI), including the Strategic Rail Freight Interchange (SRFI), is another site of national economic significance in South Staffordshire that was approved by Development Consent Order in May 2020. It was envisaged that this site would help meet the logistics needs of South Staffordshire and the wider Black Country and West Midlands conurbations. WMI is projected to deliver around 8.500 jobs on-site together with up to 8,100 indirect jobs off-site. Nearly 1 in 5 direct employees are expected to currently live in South Staffordshire[1].

0.11 A report commissioned by the Black Country authorities on the SRFI (Stantec, 2021) estimated the Black Country (including South Staffordshire) market share of the overall SRFI land area to be 72ha (37% of the total). Of the total Black Country and South Staffordshire market share of 72ha, 5ha of this is specifically attributed to South Staffordshire. This output relies upon a methodology based upon the distribution and potential displacement of existing floorspace, together with projected future population growth. This EDNA evaluates the methodology outlined above in the context of evidence for local labour demand.

0.12 The West Midlands Strategic Employment Sites Study (WMSESS) (May 2021) identified a sufficient supply of office accommodation and sites across the region but that there is 'wide anecdotal acknowledgment by the industry' of a shortfall of strategic employment sites (B2 and B8). The study calculates a maximum of 7.41 years' supply of strategic employment land at observed levels of demand, of which 2.47 years is accounted for by WMI. The study highlights an urgent need to identify a pipeline of new Strategic Employment Sites to meet needs beyond the 7.41 years' of supply that exists in allocations and committed sites. This EDNA is primarily informed by locally-derived evidence of labour demand but has had regard to the recommendations of the WMSESS and the EDNA findings may be used to inform future joint-working with neighbouring authorities.

0.13 The Stoke and Staffordshire LEP identifies opportunities for enhancing productivity and jobs growth across the LEP area, including South Staffordshire, with particular opportunities identified in manufacturing and materials innovation. Alongside delivering strategic employment sites the LEP strategy also promotes skills development and the creation of flexible working spaces for small businesses, particularly in rural areas.

d) Defining the Functional Economic Market Area (FEMA)

0.14 PPG sets out guidance for identifying the Functional Economic Market Area (FEMA), which has been applied in preparing this EDNA.

0.15 A FEMA is defined relative to each respective authority and as such the South Staffordshire FEMA that is defined in this EDNA should not prejudice the FEMAs that have previously or may subsequently be defined by South Staffordshire's neighbouring authorities as part of their respective plan-making processes.

0.16 A review of neighbouring authorities' FEMAs reveals that whilst South Staffordshire has strong economic links with Cannock Chase and the Black Country authorities, South Staffordshire as a whole is not identified as falling within any FEMA definition prepared by

[1] Paragraph 6.10.26 of the West Midlands Rail Freight Interchange Examining Authority's Report of Findings and Conclusions (November 2019)

neighbouring authorities.

0.17 Evidence from the Stoke and Staffordshire LEP does not identify any competitive urban centres in South Staffordshire, however South Staffordshire is well-connected to northern parts of the LEP and the West Midlands conurbation to the east via road (including the M6 and M54 motorways) and moderately well-connected via rail (including stations at Codsall, Penkridge and Landywood).

0.18 Planned and ongoing infrastructure improvements within the Stoke-on-Trent and Staffordshire LEP and surrounding areas are unlikely to influence the FEMA geography but may strengthen existing cross-boundary links.

0.19 An assessment of Travel to Work Areas (TTWAs) and commuter flow data from the 2011 Census reveals that the main commuter catchment is from within South Staffordshire, and whilst there are some flows from beyond the District boundaries particularly from Cannock to the north-east, from Stafford to the north, and from Wolverhampton and Dudley to the east, these are individually much weaker than the flows within the District boundary.

0.20 An assessment of resident and workplace self-containment rates[2] reveals that South Staffordshire itself has a low workplace self-containment rate (34%) and an even lower resident self-containment rate (21%). This does not pass the recommended 66.7% threshold for being considered a standalone FEMA. Similarly low self-containment rates were also found in the individual authorities of the Black Country and Stoke and South Staffordshire LEP area, suggesting that the FEMAs are likely to overlap to some extent.

0.21 When considering commuting flows into and out of South Staffordshire as a proportion of all commuting flows, the strongest commuter links appear to be between South Staffordshire and Cannock Chase, Wolverhampton and Stafford in terms of in-commuting, and between South Staffordshire and Wolverhampton, Walsall, Dudley and Cannock Chase in terms of out-commuting.

0.22 Overall, the evidence suggests that South Staffordshire's FEMA incorporates areas of the Black Country as well as Stafford to the north and Cannock Chase to the north-east. There is a comparatively minimal functional economic relationship between South Staffordshire and areas to the south and west of the district.

0.23 The guidance suggests FEMAs should be 'best fit' to local authority boundaries, and therefore it is concluded that on the basis of the above analysis, **the FEMA for South Staffordshire comprises South Staffordshire, Wolverhampton, Dudley, Walsall, Cannock Chase and Stafford**.

e) South Staffordshire's Economic Baseline

0.24 South Staffordshire's economy currently supports around 36,000 jobs (BRES, 2020) with year-on-year rates of employment growth being consistently above national and regional levels. The highest proportion of workers are employed in the Manufacturing sector (13.9%) followed by Construction (8.3%). South Staffordshire has particularly high rates of employment in manufacturing when compared to the UK average, particularly in terms of motor vehicles, computing and other electronic equipment.

0.25 Rates of self-employment (12.8%) in South Staffordshire are above both the regional average (9.1%) and national average (9.8%).

0.26 In 2019, South Staffordshire had a GVA of £2.37 million, a figure which represents an increase on the previous 5 years. Whilst productivity in South Staffordshire is spread across

[2] 'Resident self-containment' is the proportion of working residents in an area who also work within that area. 'Workplace self-containment' is the proportion of workers in an area who also live within that area.

several sectors, the Real Estate and Construction sectors contribute the highest proportions of total GVA.

0.27 The majority of all businesses in South Staffordshire (86.8%) are 'micro businesses' with fewer than 10 employees. There are relatively few large businesses (+250 employees in South Staffordshire), representing just 0.31% of all businesses. Of these, 33% are manufacturing businesses. The total number of businesses in South Staffordshire has grown by 16% since 2010 to a total of 4,825 businesses. This rate of growth exceeds both regional and national rates of business growth.

f) Commercial Market Signals and Completions Trends

0.28 Interviews with stakeholders revealed a trend of unprecedented growth in the commercial property market in South Staffordshire, particularly e-commerce, warehousing and logistics sectors – a trend which has been seen across the country and has been accompanied by increasing rental yields and land values. A number of the strategic employment sites in South Staffordshire are delivering quicker than expected with strong levels of demand, particularly for floorspace within Use Classes B2 and B8.

0.29 VOA data reveals a 26% net growth in industrial (B1c/B2/B8) floorspace in South Staffordshire since 2001, with a particularly high level of growth since 2017/18. An average of 45,113 sqm industrial floorspace was delivered per year in South Staffordshire between 2012 and 2019. This included a number of large units (over 20,000 sqm each) delivered at i54 and Four Ashes, which accounted for 76% of all industrial floorspace completions. By 2020/21, South Staffordshire had a total industrial stock of 770,000 sqm and a low vacancy rate of 5.1%. In terms of industrial floorspace losses between 2011 and 2020, South Staffordshire experienced very low average annual losses of 681sqm B2 floorspace and 1,044sqm B8 floorspace[3].

0.30 Qualitative and quantitative analysis, including input following stakeholder engagement, has indicated that demand for office (B1a/B1b) floorspace in South Staffordshire in absolute terms is significantly lower the profile of surrounding authorities and main urban centres. This is considered partly due to a less buoyant office market and limited total stock in South Staffordshire more generally, partly due to the concentration of ancillary office functions within manufacturing and logistics development and likely to be exacerbated by changing working practices following the onset of the COVID-19 pandemic.

0.31 VOA data reveals a 42% net growth in office (B1a/B1b) floorspace in South Staffordshire since 2001. As of 2020/21 South Staffordshire had around 44,000 sqm office floorspace with a vacancy rate of just 3.3%. An average of 3,106 sqm office floorspace was delivered in South Staffordshire each year between 2012 and 2019. One fifth of the total office floorspace delivered was an ancillary office extension to the existing industrial MOOG facility at i54 (5,377sqm). 98% of office completions between 2012 and 2019 were at the i54 and Four Ashes strategic employment sites. In terms of office floorspace losses between 2011 and 2020, South Staffordshire experienced very limited average annual losses of 457sqm B1 floorspace.

0.32 A 'Completions Trend Forecast' has been calculated by extrapolating past average annual office and industrial floorspace completions forward over the plan period to 2040. This identifies a total employment land requirement of 63.7ha, as shown in the table below.

[3] These figures exclude the large scale loss of over 112,000sqm B2 floorspace at the Baggeridge Brickworks site in 2017 which has been removed as an anomaly.

Table 0.1 Completions Trend Forecast / Past Take-up Scenario, 2020-40

Floorspace Type	Average annual Completions, sqm (2012/13-2019/20)	Forecast Completions 2020-2040, sqm	Land Requirement, Ha (based on 40% plot ratio)
Office (B1a, B1b)	2,105	42,100	10.5
Industrial (B1c, B2)	7,523	150,460	37.6
Storage and Distribution (B8)	3,105	62,100	15.5
Total	**12,733**	**254,660**	**63.7**

Source: SPRU Analysis

0.33 South Staffordshire is seen as a key area for investment given its proximity to labour force and strategic transport links, relatively low labour costs compared to larger cities and availability of suitable employment sites including strong demand for the remaining pipeline of identified and allocated sites. The majority of these strategic employment sites were assessed as being 'high quality' when reviewed as part of this EDNA. However, a number of the District's older, well-established industrial sites received lower quality scores (as listed in Table 21 of Section 6), with some units being lost to non-employment use in recent years.

g) Future Economic Growth

0.34 This EDNA assessed the future jobs growth forecasts provided by three forecasting houses (Cambridge Econometrics (CE), Oxford Economic (OE) and Experian). All forecasts take account of the impacts of Brexit and COVID-19 but provide different conclusions on future jobs growth in South Staffordshire due to their different modelling methodologies and assumptions.

0.35 After assessing the three forecasts in detail, the OE forecast was excluded from further analysis as it showed negative growth rates across the 2020-2040 period which did not reflect historic growth rates or local evidence of employment change, including from local stakeholders. The Experian and CE forecasts were found to provide reasonable forecasts of jobs growth for South Staffordshire over the plan period, forecasting jobs growth of 3,000 and 5,010 respectively over the 2020-2040 period.

0.36 An assessment of the Experian and CE forecasts for individual employment sectors revealed a number of sectoral differences. Notably the Experian forecast was the only one to show any forecast growth in employment within the Manufacturing sector. Following detailed analysis, the Experian forecast was considered to provide the most positive yet realistic economic growth forecast for South Staffordshire in terms of providing a starting point to identify reasonable prospects for future change across a majority of sectors identified as locally significant.

0.37 Using the Experian forecast as a starting point, a 'Growth Forecast' was then developed which made a number of adjustments to the growth sectors identified in the LEP Local Industrial Strategy (LIS) as being important to the South Staffordshire economy, including:

- Construction
- Transport & storage
- Professional Services
- Manufacturing
- Information & communication

0.38 **The Growth Forecast shows a growth of 4,824 net additional jobs in South Staffordshire over the period 2020-40**. This growth is distributed across the sectors shown in the following table.

Table 0.2 Growth Forecast, Number of Jobs by Sector (2020-2040)

Sector	2020	2040	Net Change 2020-40
Agriculture etc	1,500	2,000	500
Mining & quarrying	0	0	0
Manufacturing	4,800	6,023	1,223
Electricity, gas & water	400	400	0
Construction	5,000	5,473	473
Distribution	5,100	5,500	400
Transport & storage	2,600	3,482	882
Accommodation & food services	3,200	3,300	100
Information & communications	500	794	294
Financial & business services	6,500	7,653	1,153
Government services	8,600	8,300	-300
Other services	1,700	1,800	100
Total	**39,900**	**44,724**	**4,824**

Source: SPRU Analysis

h) Risks due to Brexit

0.39 As noted above, all three forecasts that were assessed take account of the impacts of Brexit and COVID-19 to varying degrees. Under the LEP Growth Scenario (2020 to 2040) 29% of forecast jobs growth is expected to be in sectors classified as 'high risk' due to Brexit, compared with a 75% growth in sectors classified as 'moderate' risk and a 4% reduction in 'low risk' sector jobs.

0.40 The LEP Growth Scenario is therefore not considered to be at high risk of negative consequences of Brexit. In absolute and relative terms, both across total employment and changes by sector, the Growth Scenario is considered to result in a reasonable and more balanced forecast that would not benefit from any further moderation to take account of risks relating to Brexit.

i) Risks due to COVID-19

0.41 In terms of any longer-term impacts of COVID-19 on future economic performance these remain to some extent uncertain. Each of the three forecasts show a post-Covid 'bounce' to pre-Covid levels of employment, although these vary by sector and timescales.

0.42 Further analysis suggests that South Staffordshire's economy has some characteristics which are identified as vulnerable to COVID-19. These notably include the exposure to the Manufacturing and Transport & Storage sector coupled with a higher than average proportion of smaller businesses within a relatively small local economy. However, the overall susceptibility to the immediate impacts of the Coronavirus pandemic is likely to have been significantly moderated by the District's low exposure to the retail and hospitality sector, lower population density and lower levels of self-employment at the time of the pandemic. This indicates that the district is unlikely to be at particularly greater risk due to the effects of

COVID-19 specifically, compared to other areas of the country with higher risk characteristics.

0.43 Under the LEP Growth Scenario (2020 to 2040) 28% of forecast jobs growth is expected to be in sectors classified as 'high risk' due to COVID-19 compared with 62% in sectors classified as 'moderate' risk and 10% in 'low risk' sector jobs. The Growth Scenario shows a lower exposure to net growth in high risk sectors and in overall terms retains a similar proportion of forecast job growth within the moderate risk category compared to the baseline forecast scenarios. This indicates that the Growth Scenario forecast is not overly-susceptible to COVID-19 related risks.

0.44 In terms of changes to working practices, it is clear that COVID-19 has necessitated a large shift in the amount of home working. Going forward, following the easing of lockdown restrictions, the 'new normal' is unlikely to see a continuation of this level of home working but equally it is unlikely to drop back to pre-Covid levels.

0.45 The changes in working from home rates between 2015 and 2040 have been calculated by extrapolating the growth trend in home working from 2012-19 to 2040. This is done for each sector and results in a total proportion of home working of 9.2% by 2040 – an increase of 3.6% on 2015 rates. For some sectors this is notably higher – the highest is IT and Communications which grows to 23.3% by 2040. This suggests that the predominantly office-based sectors will be most impacted, which accords with feedback received from the stakeholder consultation.

0.46 These projected working from home rates are factored into the land requirement modelling. In the modelling it is assumed that the proportion of jobs in each sector which will be filled by workers working from home in accordance with the rates for 2040 set out in the table below. These jobs will therefore not require additional floorspace and are removed from the final floorspace requirement figures.

Table 0.3 Projected Change in Working from Home per Sector, 2015-40

	2015	2040	Change
Manufacturing	3.7%	6.9%	3.2%
Electricity, gas & water	2.2%	8.7%	6.6%
Construction	4.1%	7.3%	3.2%
Wholesale and retail trade	3.4%	6.1%	2.7%
Transport & storage	1.5%	2.9%	1.4%
Accommodation & food services	3.6%	2.4%	-1.2%
Information & communications	14.4%	23.3%	8.9%
Financial & business services	8.5%	15.6%	7.1%
Government services	2.7%	5.9%	3.2%
Other services	9.7%	13.2%	3.5%
All Jobs	**5.3%**	**9.2%**	**3.6%**

Source: SPRU Analysis

j) Future Employment Land Needs

0.47 The approach and assumptions to modelling the labour demand for the Growth Scenario is set out in the table below. The starting point is the total net growth in employment in each sector.

Table 0.4 Labour Demand Modelling Assumptions

Stage	Description
Full Time Equivalent Jobs	Full time equivalent (FTE) jobs has been calculated for each sector based on the ratio of full-time and part-time employment jobs for each sector from BRES. An average for each sector was taken for the years 2017-2020.
Sectoral Jobs by Use Class	The proportion of jobs in each sector is disaggregated by the type of employment (B Class)[4] use class and non-employment use classes. The use class proportions for each sector are based on detailed (SIC4 sub-sectors) BRES data for each sector in South Staffordshire's economy.
Employment Density	This reflects the quantum of floorspace required for each job. This is informed by the Employment Density Guide 3rd Edition (HCA, 2015). The employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area (GEA).
Plot Ratios	To convert floorspace requirements to land requirements a plot ratio of 40% has been assumed for all use classes.
Net to Gross	The econometric forecasts all provide jobs growth on a net basis. The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period.
Changing Trends in Working from Home	The impact that increased levels of home-working could have on the amount of B Class space required to support the forecast jobs growth has been modelled in a series of sensitivities to the main modelling.
Margin of Flexibility	A margin of flexibility has been applied based on 5 years' worth of completions in each of the sectors (B1a/b, B1c/B2 and B8).
Total Land Needs	Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of B1a/b office, B1c/B2 industrial, and B8 distribution.

0.48 After these assumptions have been applied to the Growth Scenario forecast, the total employment land needs for each B use class are as shown in the table below.

Table 0.5 Growth Scenario Employment Land Needs by Use Class

	B1a/b	B1c/B2	B8	Total
Growth Scenario	6.7	25.3	23.1	**55.1**

Source: SPRU Analysis

k) Relationship between WMI and Future Economic Growth Scenario

0.49 The nature of the West Midlands Interchange SRFI development means it will perform a

[4] It is noted that B1 uses now come under the new Class E. However, the modelling takes account of the employment densities set out in the HCA Employment Densities Guide 3rd Edition which provides figures in terms of the B Class sectors.

wider sub-regional and regional role in meeting the needs of the Transport and Storage sector, including the rail freight industry and wider demand for distribution and logistics operations. This EDNA therefore considers the potential impact of the WMI development for measures of labour demand in South Staffordshire including the district's current relationship with this sector. This is considered together with what proportion of WMI can be considered to be meeting South Staffordshire's employment land needs and what proportion may be considered as contributing towards the unmet needs of neighbouring authorities.

0.50 The SRFI proposals are not currently reflected in existing economic forecasts and resulting labour demand scenarios for South Staffordshire. The adjustments made to the Transport & Storage sector to produce the LEP Growth Forecast[5] already, to some degree, reflect the sub-regional growth in this sector that is expected to be delivered by WMI and can therefore be attributed to the requirements for economic development (Use Class B8) in South Staffordshire based on the labour demand scenarios.

0.51 The table below illustrates how the gross needs for B8 land and floorspace have been calculated comprising the following elements:

i. Utilising sub-regional trends for the Transport and Storage sector as these are higher than local trends and are considered to better reflect the likely level of sub-regional demand (rather than local demand reflected in the forecasts). This suggests a need of some 13.5 hectares.

ii. A further 1.2 hectares associated with net needs for the Transport and Storage sector is retained from the Experian baseline forecast for the district. This is a forecast generated by the changes to the local rather than the sub-regional economy. It is therefore considered appropriate to be met in addition to the sub-regional trend-based adjustments applied separately to generate the Growth Scenario.

iii. To this has been added the outputs of the Growth Scenario forecast for net B8 land and floorspace needs for other sectors requiring B8 land and floorspace (0.5 hectares) which provide a local measure of labour demand for these uses not impacted by the specific sub-regional Transport & Storage sector trends and their relationship to WMI.

iv. A further addition has been proposed to take into account forecast future losses of B8 floorspace to other uses (this is based upon past trends) and requires 5.2 hectares as part of the conversion from net to gross requirements for land and floorspace.

v. An allowance has been made to provide for future flexibility. This is based on providing an extra five years' provision for growth based on past take-up rates for all sectors providing for B8 floorspace. This is calculated by using the recent take up of B8 land and floorspace outside of large 'one-off' schemes on existing strategic sites and separate to the strategic allocation at WMI. Average take-up of 0.78ha (based on the last 8 years' data) has been extrapolated to five years to result in a further requirement for 3.9 hectares for all B8 uses. This represents flexibility in the calculation of net to gross requirements as opposed to an alternative scenario based solely on past take-up applied to the full 20-year period.

vi. This provides a total gross need of 24.3 hectares

vii. In the above scenario we have modelled the local need outside of the sub regional forecast as being 1.2 hectares. However, the CE forecast, which reflects local rather than sub-regional growth produces a much higher requirement (11ha) than the 1.2 hectares of the Experian model and so it is appropriate to ensure that provision is made for this potentially higher level of growth which would require some 11 hectares.

[5] See paragraphs 0.38-0.39 below and Section 7(e)(v) of the Main Report

viii. Adding the CE higher local level of growth (11ha) takes the gross requirement to 35.5 hectares. The gross need calculation has been undertaken using the Experian forecasts plus an allowance for losses (5.2 hectares) and flexibility based on past build rates (3.9 hectares). So, while it is appropriate to ensure that provision is made for this potentially higher level of growth which would require some additional 11 hectares it is important to avoid double counting the elements of local growth and flexibility included in the gross needs calculation, which have to be subtracted from the higher requirement of 11 hectares.

ix. From the 11 hectares has to be subtracted the Experian locally based projection 1.2 hectares as both figures essentially representing different local growth forecasts. There has already been an allowance of 3.9 ha made for flexibility using an approach based on past take-up. A proportion of this must be removed to avoid double counting of the Transport & Storage sector. According to the CE forecast this sector has a growth rate of approximately 0.5 hectares per annum (11 hectares / 20 years). Therefore, provision for an additional 5 years would be 2.5 hectares (0.5 x 5 = 2.5 hectares). This would leave some 1.4 hectares of the 3.9 hectares flexibility allowance using past build rates to provide for non-Transport & Storage sectors. Given that the 3.9 hectares is already within the gross needs calculation, we have deducted the 2.5 hectares which relates to growth of the Transport & Storage sector as this is already accounted for by the 11 hectare total under the CE forecast.

x. The application of adjustments to avoid double-counting inclusion of the CE local labour demand forecast reduce the additional provision for flexibility to 7.3 hectares (11 – (1.2+2.5) = 7.3). 7.3 hectares. This results in total gross needs of **31.6 hectares** comprising the Experian-based Growth Scenario plus additional flexibility.

Table 0.6 Breakdown of Gross Requirements for B8 Land and Floorspace and Recommendations for Additional Flexibility

	Components of Gross Labour Demand	2020-2040 (hectares)	Cumulative Total
i	Net B8 Land Use – Transport & Storage Sector (Growth Scenario based on sub-regional trends)	13.5	13.5
ii	**Plus** Transport & Storage Sector - Experian Baseline	1.2	14.7
iii	Net B8 Land Use from Other Sectors – Growth Scenario	0.5	15.2
iv	Allowance for Losses[6]	5.2	20.4
v	Allowance for Flexibility[7]	3.9	24.3
vi	**Total - Gross Needs**		**24.3**
vii	Transport & Storage Sector based on CE Forecast[8]	11	35.3
viii	***Total Potential Gross Needs plus Additional Flexibility from CE Forecast***		*35.3*
ix	***Minus*** Transport & Storage – Experian Baseline	-1.2	34.1
x	***Minus*** Existing Margin for Flexibility (accounted for in overall Gross Needs Calculation)	-2.5	31.6
xi	**Total Gross Needs plus Additional Flexibility (vii + xi)**		**31.6**

Source: SPRU Analysis

0.52 Of the 31.6 hectares required for B8 uses over the Plan period under the Growth Scenario some 10.0 hectares are already provided for in the WMI development, for the period to 2035. This is derived from capturing sub-regional trends in the Transport & Storage sector within the Growth Scenario forecast for the proposed WMI build-out period of 2020 to 2035.

0.53 A total gross requirement of **21.6 hectares** is identified separately to the assumptions for WMI. This is summarised in the table below.

[6] See Table 70.
[7] See section 9(b)(xii) in Main Report
[8] See Table 76 (row 2) and paragraph 10.63 in Main Report

Table 0.7 Summary of Relationship Between Gross Employment Needs for B8 Uses Taking Account of Consented WMI Proposals

	Apportionment of Gross Need	Provision to be met by WMI 2020-2035	Other B8 Uses / Flexibility / Transport & Storage Sector Post-2035	Total
i	Net B8 Land Use – Transport & Storage Sector (Growth Scenario based on sub-regional trends)	10	3.5	13.5
ii	Net B8 Land Use from Other Sectors – Growth Scenario	N/A	0.5	0.5
iii	Transport & Storage Sector - Experian Baseline	N/A	1.2	1.2
iv	Allowance for Losses (5.2 hectares) + Flexibility (3.9 hectares)	N/A	9.1	9.1
v	Recommended Additional Allowance for Flexibility	N/A	7.3	7.3
vi	***Total Apportioned Gross Needs ((i + ii + iii + iv + v)***	10	21.6	31.6

Source: SPRU Analysis

0.54 Taking the above assessment of need into account results in the overall employment land requirement as summarised in the table below.

Table 0.8 Total Employment Land Needs (ha) – Growth Scenario Taking Account of WMI Proposals, 2020-40

	B1a/b	B1c/B2	B8	Total
Growth Scenario incorporating review of Transport & Storage sector	6.7	25.3	24.3	**56.2**
Baseline Forecast Additional Flexibility for Transport & Storage Sector	-	-	7.3	**-**
Total Gross Employment Land Needs Incorporating Apportionment of WMI	**6.7**	**25.3**	**31.6**	**63.6**

Source: SPRU Analysis

0.55 The above table however does not take into account the potential for WMI to generate additional jobs for residents above and beyond the sub regional based forecasts. The EDNA has assumed that the WMI proposals will accommodate an element of the sub-regional growth equating to some 10 hectares. However, the assumptions for job creation set out through the DCO process suggest that WMI will generate some 1,560[9] jobs expected to be filled by the resident workforce in South Staffordshire, of which 80% this EDNA attributes to assumptions for the Transport & Storage sector (c.1,245 jobs[10]). This equates to a figure of 18.8ha rather than 10ha assumed in the table above. These assumptions have also informed

[9] Appendix 1 (Labour Market Context Report) to Appendix 3 of Applicant's Post Hearing Submissions (ISH1) (ref: Document 9.1) submitted in response to The West Midlands Rail Freight Interchange Order Examination (ref: TR050005)
[10] See Paragraph 10.49 of Main Report

the position in the emerging Local Plan and proposed allocation of the site under Policy SA7.

0.56 The 18.8ha total is a measure of the 'supply side' of this policy and it is appropriate that the Council identifies expected jobs growth in a consented scheme within its assumptions for the provision of land. The labour demand for total expected job creation for South Staffordshire residents is presently 'unsourced' but is a measure of the additional jobs provided at WMI that it is anticipated will be met by the existing South Staffordshire labour force through either reduced unemployment or reduced out-commuting.

0.57 Based on gross needs identifiable within the labour demand Growth Scenario the district's objectively assessed need for employment land comprises **63.6 hectares** as shown below (including 31.6 hectares within Use Class B8).

0.58 The **additional 8.8 hectares** of the WMI scheme is in addition to that projected and is based on the specific circumstances and evidence for WMI. As such the 8.8 ha available for accommodating further local employment is additional to the requirement of 63.6 ha but cannot be set against meeting general need for B8 in the district.

0.59 Taking the specific circumstances of the WMI into account the total B8 land allocations under the Growth Scenario (including all the land at WMI) should be **40.4 hectares** (31.6 + 8.8 hectares), as shown in the following table. This forms part of a total recommended provision for land of **72.4 hectares**. Of this total 18.8 hectares can be attributed to labour demand associated with the WMI proposals and their sectoral offer.

Table 0.9 Total Employment Land Needs (ha) – Growth Scenario Taking Account of WMI Proposals, 2020-40

	B1a/b	B1c/B2	B8	Total
Growth Scenario incorporating review of Transport & Storage sector	6.7	25.3	24.3	**56.2**
Baseline Forecast Additional Flexibility for Transport & Storage Sector	-	-	7.3	**-**
Total Gross Employment Land Needs Incorporating Apportionment of WMI	**6.7**	**25.3**	**31.6**	**63.6**
Additional WMI Apportionment (further take-up)	-	-	8.8	**-**
Total Growth Scenario incorporating Adjustments	***6.7***	***25.3***	***40.4***	***72.4***[1]

Source: SPRU Analysis

l) Supply-Demand Balance

0.60 The employment land requirements set out in the Growth Scenario could be provided for across a combination of strategic and non-strategic sites, to reflect at least in part the larger-than-local reasons for identified labour demand in the District.

0.61 The EDNA concludes by assessing the supply-demand balance, including identifying any 'surplus' in land and floorspace that might be considered to constitute a contribution towards meeting the unmet needs of neighbouring authorities.

[1] Of which a total 18.8 hectares is attributable to modelling of the potential take-up of jobs at the WMI site by South Staffordshire residents including 8.8 hectares additional to assumptions in the current labour demand forecasts

0.62 In order to do this, we began by apportioning the land use requirements in the Growth Scenario by strategic and non-strategic sites at a ratio that reflects the proportion of past completions delivered on strategic and non-strategic sites, as shown below.

Table 0.10 Analysis of Past Trends Completions Scenario by Strategic and Non-Strategic Sites

	B1	B2/B8
Delivery upon Strategic Sites	77%	69%
Delivery upon Non-Strategic Sites	23%	31%
Total	**100%**	**100%**

Source: SPRU Analysis of LPA Monitoring Data

0.63 Applying these ratios to the land-use requirements in the Growth Scenario results in the land requirements by use class as shown in the table below.

Table 0.11 Apportionment of Growth Scenario by Strategic and Non-Strategic Sites

	B1 (ha)	B2 (ha)	B8 (ha)	Total (ha)	Apportionment (%)
Strategic Sites	5.2	17.5	14.9	37.5	51.8%
Non-Strategic Sites	1.5	7.9	6.7	16.1	22.2%
WMI	0	0	18.8	18.8	26.0%
Total	**6.7**	**25.3**	**40.4**	**72.4**	**100%**

Source: SPRU Analysis of LPA Monitoring Data

0.64 A further adjustment to the requirement on strategic sites has been made to take account of past completions trends, noting that the Growth Scenario would require only marginally less delivery from strategic sites than observed in past trends. Ensuring that future provision on strategic sites matches total past trends for this type of site reflects that this profile of land and floorspace is likely to disproportionately enable provision for replacement of future losses and to provide greater flexibility and choice for the needs of a greater proportion of modern occupiers.

0.65 This results in an adjusted B1 land requirement on strategic sites of **6.5 hectares** and a B2/B8 combined requirement on strategic sites of **38.3 hectares** (combined total of 44.8 hectares versus 37.5 hectares of the apportioned Growth Scenario (see calculation in Table 0.12 below). The EDNA assesses a remaining pipeline of supply upon strategic sites of 87 hectares and calculates that using the same ratio 14.1 hectares of this total would comprise an allowance for the additional relative proportion of past take-up on strategic sites compared to the apportionment of the Growth Scenario.

0.66 The EDNA considers this adjustment based on providing policy recommendations for management of the supply-demand balance **after** the overall calculation of need for land and floorspace under the Growth Scenario. This reflects that the Growth Scenario provides a more robust measure of future requirements compared to scenarios solely based on past trends. This does not change the overall objectively assessed need for land and floorspace of 53.6 hectares (excluding the impact of WMI) but is a function of the likely role of existing Strategic Sites in meeting these overall needs. Table 0.12 summarises the overall calculation of demand on this basis.

Table 0.12 Total Demand Adjusted for Past Take-Up and Apportionment to Strategic Sites

	B1	B2/B8	Total
Need - Strategic Sites	5.2	32.3	37.5
Need - Non-Strategic Sites	1.5	14.6	16.1
Gross Objectively Assessed Needs (Excluding WMI)	6.7	46.9	53.6
Allowance for Conversion to Supply-Demand Balance based on Past Take-Up (Strategic Sites)	1.3	5.9	7.3
Demand – Strategic Sites Subtotal	*6.5*	*38.3*	*44.8*
Demand – Total (Excluding WMI)	8.0	52.9	60.9

Source: SPRU Analysis

0.67 Using these assumptions, the EDNA calculates a total of around **51.7[11] hectares** (37.5 + 14.1) is potentially attributable to requirements based on labour demand and allowances for higher take-up based on strategic sites based on past trends. This further indicates a potential contribution towards the unmet needs of neighbouring authorities from the Strategic Sites pipeline of 87 hectares would be **at least 35.4 hectares.** Table 0.13 provides details of this calculation:

Table 0.13 Identification of Minimum Contribution Towards Additional Needs Not Covered by Growth Scenario and Past Take-Up Assumptions

Row		B1	B2/B8	Total
i	Strategic Sites - Total Pipeline	14.7	72.3	87.0
ii	Total Pipeline – Potentially attributable to Past Trend Equivalence Ratio vs Growth Scenario (16.2% of total)	2.6[12]	11.5[13]	14.1[14]
iii	Applicable Difference by Equivalence Ratio for Past Trends	18.2%	81.8%	0.0
iv	Total Pipeline - attributable to Labour Demand (i – ii)	12.1	60.8	72.9
v	Apportionment by LEP-based Growth Scenario	5.2	32.4	37.5
vi	**Minimum Potential Contribution Towards Unmet Needs (iv – v)**	**7.0**	**28.4**	**35.4**
vii	Total Potentially Attributable to Labour Demand and Equivalence for Past Trends (ii + v)	7.7	43.9	51.7
viii	Total (vi + vii)	14.7	72.3	87.0

Source: SPRU Analysis (figures may not sum exactly due to rounding)

0.68 The outputs of this calculation are applied for the assessment of the overall supply-demand balance in the district and firstly in relation to Strategic Sites. The total of 51.7 hectares potentially attributable to requirements based on labour demand and allowances for past take-up, identified in Table 0.12 exceeds the identified need of 44.8 hectares by around 6.9 hectares. This represents a potential surplus versus allowances for past trends made to apportion the Growth Scenario to strategic sites, summarised in Table 0.14 below.

[11] 87 – 51.7 = 35.4 hectares (figures may not sum exactly due to rounding)
[12] 14.1 x 0.182 = 2.6 hectares
[13] 14.1 x 0.818 = 11.5 hectares
[14] Growth Scenario Apportionment vs. Past Trend Equivalent: 37.5 / 44.8 (rounded) = 0.8377; 87 hectares supply pipeline x 0.8377 = 72.9 hectares; 87 – 72.9 = 14.1 hectares

Table 0.14 Supply-Demand Balance (including identification of surplus) – Strategic Sites

Row		B1	B2/B8	Total
i	Total Potentially Attributable to Labour Demand and Equivalence for Past Trends	7.7	43.9	51.7
ii	**Need** - based on Growth Scenario and Past Trend Equivalent	6.5	38.3	44.8
iii	Potential Surplus/Deficit - Strategic Sites (i – ii)	1.2	5.6	6.9[15]
iv	Proportion of Surplus to be Assessed within Overall Balance	0%	100%	
v	**Supply** - Available towards labour demand + past-trend equivalent (ii + (iii * iv))	6.5	43.9	50.4
vi	**Surplus** (to be Assessed within Overall Balance) (v – ii)	0.0	5.6	5.6

Source: SPRU Analysis

0.69 Some of this additional 6.9 hectares of land within the pipeline and in excess of the total corresponding past trends relative to the apportioned Growth Scenario (37.5ha vs. 44.8ha – 7.3 hectares) is identified for consideration under the overall supply-demand balance. This reflects the uncertainties in the opportunities to provide for flexibility and replacement for future losses on non-strategic sites and the scope for higher rates of take-up on strategic sites to continue in the future.

0.70 By Use Class this provides a total of 5.6 hectares identified as a surplus relative to past trends on strategic sites for B2/B8 uses that is considered relevant to contribute towards the overall supply-demand balance. The EDNA concludes that a potential surplus of land for office floorspace on strategic sites (1.2 hectares) is not counted towards the overall supply-demand balance. This reflects uncertainty over the exact mix of floorspace in future delivery and the extent to which additional predominantly ancillary floorspace on strategic sites would contribute towards the needs of sectors identified in the labour demand scenario.

0.71 As a result, 1.2 hectares potentially identifiable as additional supply relative to past trends on strategic sites, but not included in the supply-demand balance for the local labour demand scenario, should be accounted towards potential contributions to needs that are additional to the Growth Scenario, including unmet needs from neighbouring authorities. Table 0.15 calculates an adjusted **36.6 hectares** total comprising a reasonable minimum indicator of supply not attributed to findings of the Growth Scenario or trends in past take-up, discounting the role of significant atypical schemes such as the investment by Jaguar Land Rover.

Table 0.15 Adjusted Potential Unmet Needs Contribution Based on Treatment of Surplus versus Growth Scenario and Past Trends

Row		B1	B2/B8	Total
i	Minimum Potential Unmet Needs Contribution	7.0	28.4	35.4
ii	Potential Surplus - Excluded from Growth Scenario and Past Trend Equivalent	1.2	0.0	1.2
iii	Adjusted Total Potential Unmet Needs Contribution (i + ii)	8.2	28.4	36.6

Source: SPRU Analysis

0.72 Based on the Council's total committed pipeline of supply on **non-strategic sites** as at 1st

[15] Rounded figure

April 2020, there is a small deficit against the apportionment of the Growth Scenario for both types of land and floorspace (as shown in the table below) although this would be very modest for office uses (less than 0.1 hectares).

0.73 The potential deficit for B2/B8 functions would be more than offset by the potential surplus relative to past trends provided upon strategic sites for these uses (5.6 hectares from Table 0.14 above) as shown at Table 0.16 for the overall balance.

Table 0.15 Supply-Demand Balance – Non-Strategic Sites

Non-Strategic Sites	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	1.5	14.6	16.1
Supply	1.4	10.7	12.0
Surplus/Deficit	-0.1	-3.9	-4.1

Source: SPRU Analysis

Table 0.16 Supply-Demand Balance – Overall

Total (Strategic and Non-Strategic Sites	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	8.0	52.9	60.9[16]
Non-Strategic Sites	1.4	10.7	12.0
Strategic Sites including surplus	6.5	43.9	50.4
Total Supply (SSDC proportion)	7.9	54.6	62.4[17]
Surplus/Deficit	-0.1	1.7	1.5

Source: SPRU Analysis

0.74 The result of the supply-demand balance indicates that strategic sites can be expected to provide for the majority of labour demand locally. A small effective oversupply on non-strategic sites is generated subject to the assumption that a surplus of B2/B8 within strategic sites (5.6 hectares[18]) meets an increased proportion of the Growth Scenario. The remaining pipeline of sites appears well-placed to sustain delivery in-line with past trends, excluding the provision of large 'one-off' investor developments such as those by Jaguar Land Rover, together with some residual provision for unmet needs from neighbouring authorities.

0.75 The Council should respond positively to the recommendations of the supply-demand balance to ensure a range and mix of provision on non-strategic sites where this would support diversity and choice in the portfolio of employment land and potentially better address needs identified under the Growth Scenario assumptions but outside of the Strategic Sites.

0.76 There are, however, reasonable qualitative and quantitative grounds to consider that this broad balance between supply and demand can be achieved going forwards without requiring the allocation of further strategic or non-strategic sites. It is noted that of the 12 hectares supply on non-strategic sites at 1 April 2020 around 2.2 hectares comprised 'windfall' provision not identified within the existing development plan. The Council should carefully consider any further evidence that such sites will reliably and consistently become available over the plan period (e.g., through intensification or expansion on existing sites) in order to comprise further additional land and floorspace to that identified in the table above.

[16] 44.8 + 16.1 = 60.9 (excludes WMI)
[17] Total supply pipeline (99ha) minus adjusted contribution towards unmet needs (36.6 hectares) = 62.4ha (see Tables 0.13 and 0.14 for full details of calculation of the supply on strategic sites available for unmet needs); 44.8ha + 12.0ha + 5.6ha surplus for B2/B8 uses derived from strategic sites = 62.4 hectares.
[18] See Table 0.14 for derivation of the surplus and apportionment of the Growth Scenario to strategic sites

1.0 INTRODUCTION

a) Background

1.1 DLP Planning were appointed by South Staffordshire District Council (SSDC) to undertake an Economic Development Needs Assessment (EDNA). The objective of the study is to identify future employment needs across the South Staffordshire area for the period covering 2020 to 2040. This EDNA will provide a robust and up to date evidence base from which the emerging Local Plan will be developed.

1.2 This planned approach to delivering future employment requirements will ensure communities in the District have access to jobs. The employment scenarios in this study have considered local needs and growth requirements.

1.3 It is noted that B1 Business uses are now incorporated within the new Class E (Commercial, Business and Services) of the Town and Country Planning (Use Classes) Order 1987 (as amended). However, for the purposes of undertaking this EDNA and for identifying and planning for employment land needs going forwards, it makes sense to continue to refer to B1a/b (offices and research) uses and B1c/B2/B8 (industrial) uses separately. This is the approach that has been taken in preparing this EDNA.

b) Study Scope

1.4 This report is focused upon setting out the overall employment needs of South Staffordshire. The scope of the whole study is as follows:

i) *Economic Needs Assessment*

- Identify and justify the functional economic market area for South Staffordshire District Council;
- Identify the main business sectors;
- Identify the business growth sectors over the proposed Plan period 2020-2040;
- Forecast new jobs by sector and type, based on evidence of business needs and market demand and signals
- The job growth scenarios should be converted into floorspace (square metres) and land area (hectare) requirements for each scenario.

c) Stakeholder Engagement

1.5 A key part of the research to inform this study involved engaging directly with stakeholders across the commercial property and employment sectors. A total of 13 interviews were undertaken with senior individuals from a wide range of organisations and sectors including those listed below. In each interview the discussion was framed around a series of open questions to draw upon the expertise and locally-specific knowledge of each stakeholder. We also issued questionnaires to local commercial agents and developers to which we received 6 responses.

- Staffordshire County Council Economic Development Officers
- Staffordshire County Council Inward Investment Team
- South Staffordshire District Council Enterprise Team
- Stoke & Staffordshire Local Enterprise Partnership (LEP)
- South Staffordshire College
- Chase Chamber of Commerce

- Eurofins (i54)
- Bulleys (i54 / Vernon Park)
- Ancer Spa (i54 / Vernon Park)
- JLL (i54 / Four Ashes / Hilton Park)
- CBRE / LCP (West Midlands Interchange)
- Spawforths (J13 M6)
- Carney Sweeney (Hilton Cross extension)
- Brownshore Management (Essington Quarry)

d) Structure of the Study

1.6 The EDNA is split into main sections covering Economic Needs. The study is structured as follows:

- Section 2 – Context for Undertaking Economic Development Needs Assessment
- Section 3 – Defining the Functional Economic Market Area (FEMA)
- Section 4 – Literature Review
- Section 5 – South Staffordshire's Economic Baseline
- Section 6 – Commercial Market Signals and Completions Trends
- Section 7 – Future Economic Growth
- Section 8 – Risks of Brexit and COVID-19
- Section 9 – Future Employment Land Needs
- Section 10 – Relationship between West Midlands Interchange and Future Economic Growth Scenarios
- Section 11 – Conclusions on Economic Growth and Employment Land Needs
- Section 12 – Policy Recommendations

2.0 CONTEXT FOR UNDERTAKING ECONOMIC DEVELOPMENT NEEDS ASSESSMENT

2.1 This section introduces the overall structure and approach adopted to inform the assessment of economic growth and employment land needs within South Staffordshire to 2040.

a) National Planning Policy Framework

2.2 The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. The original NPPF was published in 2012 and has been most recently revised in July 2021.

2.3 The overarching purpose of the NPPF and the planning system itself is to encourage sustainable development. The policies set out in the NPPF set out the Government's position on what sustainable development means in practice including the three core dimensions to achieve this. These core dimensions are considered interdependent and should therefore be pursued in mutually supportive ways:

a) An economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;

b) A social objective – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and

c) An environmental objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, helping to improve biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.

2.4 Paragraphs 81 to 85 of the NPPF set out how the Government is committed to supporting the economy stating that "significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development".

2.5 Policies set out within Local Plans should:

a) "set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances".

2.6 Paragraph 122 of the NPPF sets out how planning policies and decisions should reflect changes in the demand for land. This requires regular reviews of both the land allocated for development and of land availability. When Local Planning Authorities (LPA's) consider there is no reasonable prospect of an application coming forward for the use allocated in a plan, the NPPF advises that they should:

a) "as part of plan updates, reallocate the land for a more deliverable use that can help to address identified needs (or, if appropriate, deallocate a site which is undeveloped); and

b) in the interim, prior to updating the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area".

b) Planning Practice Guidance

2.7 Planning Practice Guidance (PPG) regarding 'Housing and economic needs assessment' was published by the government in March 2015 and last updated in July 2019.

2.8 The guidance explains how LPAs can determine the type of employment land needed in their area by producing a robust assessment of the needs of existing businesses. National economic trends will be used to understand future needs, however the PPG notes that these national trends may not translate to all areas, due to local distinctions in the employment base. To understand, prepare, and maintain evidence around both current and future business requirements, the PPG outlines the process that LPAs ought to undertake:

- Consider the best fit functional economic market area (FEMA)
- Assess the quality and quantity of the existing employment land
- Consider recent trends in employment supply
- Liaising with the business community to understand market demand
- Taking account of the Local Industrial Strategy
- Assess wider market signals relating to economic growth
- Assess reasons behind market failure

2.9 As set out in the PPG, policy makers should use a range of data when considering employment need including:

- Sectoral and employment forecasts and projections (labour demand)
- Demographically derived assessments of future employment needs (labour supply techniques)
- Analysis of past employment land take-up and/or future property market requirements
- Consultation with relevant organisations and review of relevant studies to understand business trends and changing business models

2.10 As also highlighted in the PPG it is important to consider whether there are specific requirements in the local market which affect the types of land or premises needed. Consideration of clustering certain industries can be beneficial to encourage collaboration, productivity and innovation as well as in driving the economic prospects of that area.

2.11 The requirements of the logistics industry may specifically require collaboration between neighbouring authorities, infrastructure providers and other interests to reflect access to labour supply and strategic transport networks. The contribution of facilities providing a sustainable supply of goods to national and regional markets should also be considered in the context of their contribution to local employment opportunities and alongside appropriate support for other forms of logistics requirements serving local markets.

Key Points

- The National Planning Policy Framework (NPPF) requires Local Plan policies to "set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth" and to "be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances".
- Planning Practice Guidance (PPG) sets out the process local planning authorities should use to produce a robust assessment of the current and future needs of businesses, and whether there are specific local market requirements which affect the types of land or premises needed. This guidance has informed the methodology for preparing this EDNA.

3.0 DEFINING THE FUNCTIONAL ECONOMIC MARKET AREA (FEMA)

3.1 Planning Practice Guidance (PPG) sets out that authorities should identify the Functional Economic Market Area (FEMA) and provides the following guidance on how this should be undertaken:

> *"Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:*
>
> - *extent of any Local Enterprise Partnership within the area;*
> - *travel to work areas;*
> - *housing market area;*
> - *flow of goods, services and information within the local economy;*
> - *service market for consumers;*
> - *administrative area;*
> - *catchment areas of facilities providing cultural and social well-being; and*
> - *transport network."*
>
> Paragraph: 019 Reference ID: 61-019-20190315

3.2 It should be noted that a FEMA is defined relative to each respective authority and as such the South Staffordshire FEMA that is defined below should not prejudice the FEMAs that have previously or may subsequently be defined by South Staffordshire's neighbouring authorities as part of their respective plan-making processes.

a) Existing Evidence and Previous Studies

3.3 As the starting point for defining the FEMA, we have undertaken a review of the existing economic evidence base for South Staffordshire and the surrounding authorities to identify the functional economic links South Staffordshire has. A summary of which is set out in Table 1.

3.4 These identify a number of economic linkages between South Staffordshire and surrounding authorities; however, none provide a definitive view or definition of the FEMA that covers the authority.

3.5 A number of the surrounding authorities have recently identified their FEMAs. Cannock Chase identifies its FEMA as predominantly aligning with the administrative boundary but also extending outwards in all directions, including to the west into South Staffordshire to include the Four Ashes Business Park. The Black Country authorities note strong linkages with South Staffordshire but the District is not included in the Black Country FEMA which aligns with the boundaries of the four Black Country authorities.

Table 1. Summary of Previous Studies

Authority	Functional Links / FEMA	Source
South Staffordshire District Council	The Part 1 EDNA establishes a FEMA which includes South Staffordshire, Cannock Chase, Walsall, Wolverhampton and Dudley.	South Staffordshire Economic Development Needs Assessment – Part 1 (2018)
Black Country Authorities (Wolverhampton, Walsall, Sandwell, Dudley)	The EDNA (2017) report concludes that the Black Country represents a clearly defined FEMA. The report recognises that the authorities have strong links to the surrounding areas, particularly Birmingham and South Staffordshire, and lesser links Cannock Chase, Lichfield, Tamworth, Solihull, Bromsgrove, and Wyre Forest. This conclusion is reiterated in the EDNA Update (2021)	Black Country Economic Development Needs Assessment (May 2017) and Black Country Economic Development Needs Assessment Update (August 2021)
Cannock Chase District Council	The EDNA concludes that the FEMA predominantly aligns with Cannock Chase's administrative boundary; an eastwards expansion into Burntwood and Lichfield City itself together with a southern expansion towards Walsall Town; a northern expansion into Stafford (including Stafford Town) and a western expansion into South Staffordshire that includes Four Ashes.	Cannock Chase Economic Development Needs Assessment (2019)
Telford and Wrekin Council	The EHDNA concludes that Telford and Wrekin forms a standalone FEMA covering the local authority boundaries.	Telford and Wrekin Economic and Housing Development Needs Assessment (Part 1) (2020)
Stafford Borough Council	Stafford recognises links with Stoke-on-Trent, Newcastle-under-Lyme, but considers itself its own FEMA.	Stafford Borough Council: Economic and Housing Development Needs Assessment (January 2020)
Shropshire Council	Shropshire recognises their need to work with key partners across Cheshire and Staffordshire to align economic growth and infrastructure priorities. The Economic Growth Strategy for Shropshire identifies the M54/A5 East corridor as a strategic growth corridor but does explicitly define this geographical area. However, Shrewsbury is defined as a separate strategic growth area.	Shropshire Economic Analysis 'Building an economic vision for Shropshire' (November 2016) Strategic Housing Market Assessment Report (March 2020)

Authority	Functional Links / FEMA	Source
	The M54 Growth Corridor Strategic Options Study does not define the growth corridor area, instead using the geographic definition from the Shropshire Growth Strategy. It provides an assessment of strategic development sites situated between Junction 2 (Wolverhampton) and Junction 4 (Telford) of the M54 that fall within Shropshire Council's administrative area. It does not consider any sites within South Staffordshire.	Economic Growth Strategy for Shropshire 2017-2021 M54 Growth Corridor Strategic Options Study
Wyre Forest District Council	Concludes that Wyre Forest represents a FEMA in its own right and is self-contained, although its labour market area extends into Wychavon District to the south.	Wyre Forest District Employment and Review (2018)
Bromsgrove District Council	Bromsgrove has undertaken two employment evidence-base studies to inform its Local Plan Review. Neither of these refer to or define a FEMA for Bromsgrove District. A HEDNA is currently being prepared by Stantec.	Bromsgrove Local Economic Futures (PBA, 2018) and Bromsgrove Employment Land Need Analysis (Aecom, 2019)
West Midlands Combined Authority (WMCA)	The WMCA covers a large part of the West Midlands region including the local authorities of Birmingham, Solihull, Walsall, Wolverhampton, Sandwell, Dudley, Stratford-on-Avon, Coventry, Rugby, Nuneaton and Bedworth, and North Warwickshire.	WMCA Strategic Economic Plan (2016)

3.6 Therefore, the existing evidence suggests that South Staffordshire's strongest economic links are with Cannock Chase to the north-east and the Black Country authorities to the east. However, no definitive FEMA has been identified or could be determined from this review of the literature. South Staffordshire has not been identified as falling within any FEMA.

b) Local Enterprise Partnerships (LEP)

3.7 South Staffordshire, together with Stoke-on-Trent and the other constituent local authorities within the County, forms part of the Stoke-on-Trent and Staffordshire LEP area.

3.8 The Stoke and Staffordshire LEP have produced a recent Local Industrial Strategy (LIS) (2020) and Strategic Economic Plan (SEP) (2018).

3.9 The SEP identifies the LEP's competitive urban centres to be Stoke-on-Trent, Newcastle-under-Lyme, Stafford, Burton-on-Trent, Lichfield, Cannock and Tamworth.

3.10 The Stoke and Staffordshire LEP area benefits from a location at the heart of the UK, with strong connectivity via road (including the M6, A50, A500, A38, A5) and rail (including the West Coast Mainline). However, there are some internal connectivity issues within the Stoke and Staffordshire LEP area which are identified in the SEP.

3.11 The rail links appear to again follow a similar connectivity pattern, in which direct trains run between Codsall/Wolverhampton, Stafford/Stoke-on-Trent, Landywood/Cannock/Walsall,

Penkridge/Stafford and from each of the main settlements to Birmingham, however there is no direct journey between Codsall/Stafford and Codsall/Stoke-on-Trent.

Table 2. Train information (pre-COVID-19) for Stoke and Staffordshire LEP Area

Journey destination/ departure from			Direct train available	Shortest journey available	Frequency
Codsall	⇄	Stafford	No	36 minutes	~ 1 per hour
Codsall	⇄	Stoke-on-Trent	No	52 minutes	~ 1 per hour
Codsall	⇄	Birmingham	Yes	31 minutes	~ 1 per hour
Codsall	⇄	Wolverhampton	Yes	9 minutes	~ 1 per hour
Landywood	⇄	Birmingham	Yes	36 minutes	~ 2 per hour
Landywood	⇄	Cannock	Yes	3 minutes	~ 2 per hour
Landywood	⇄	Walsall	Yes	12 minutes	~ 2 per hour
Stafford	⇄	Stoke-on-Trent	Yes	15 minutes	~ 2 per hour
Stafford	⇄	Birmingham	Yes	30 minutes	~ 3 per hour
Stoke-on-Trent	⇄	Birmingham	Yes	46 minutes	~ 2 per hour
Penkridge	⇄	Stafford	Yes	7 minutes	~ 2 per hour
Penkridge	⇄	Landywood	No	63 minutes	~ 2 per hour
Penkridge	⇄	Cannock	No	60 minutes	~ 3 per hour

Source: Trainline

3.12 In conclusion, the existing transport links within the Stoke and Staffordshire LEP provides some connectivity between South Staffordshire and the wider LEP area.

3.13 The existing transport network also provides some connectivity between the Stoke and Staffordshire LEP area and surrounding authorities. Given the train links and proximity, the strongest of these links are with Birmingham and the Black Country.

3.14 As well as existing transport infrastructure, we have assessed the ongoing and future infrastructure schemes in the Stoke and Staffordshire LEP area and the surrounding LEP areas to assess if any projects are likely to increase the connectivity between authorities and thereby potentially alter the FEMA. This information is set out in the table below.

Table 3. Infrastructure improvements in the Stoke-on-Trent and Staffordshire LEP area and surrounding LEP areas that may alter connectivity

LEP Area	Infrastructure Improvements	Source
Stoke-on-Trent and Staffordshire LEP	There are proposals in place for a new link road to link the M54 and M6. Consent for this scheme was granted by the Secretary of State for Transport in April 2022. The Examining Authority's Recommendations Report concludes that *"The proposal would result in direct loss of employment opportunities on the application site, but these effects would be more than off-set by the enhancement of business opportunities from the improved connectivity in the area"* (paragraph 11.9.1).	PINS, June 2020 Local Industrial Strategy – Evidence Base (September 2019)
Black Country LEP	There appear to be no new infrastructure projects planned that intend to increase connectivity between the Black Country and the Stoke-on-Trent and Staffordshire LEP area. The 'City North Gateway Phase 1' highway infrastructure project scheme is nearing completion, this aims to reduce congestion and make the i54 enterprise zones more accessible and improving the connectivity of Wolverhampton.	Black Country LEP Delivery Plan (May 2019)
The Marches LEP	At present, one of the highest priorities of The Marches LEP is improving and strengthening the North South Spine corridor that runs the length of the LEP area from North West England, Shrewsbury, Hereford, and then down to Southern Wales and Bristol and the south west. This will take place firstly by rail improvements between Newport and Shrewsbury which aim to reduce journey times between the Marches, Wales and North West England. The LEP also plans junction improvements, and a relief road at Hereford to remove through traffic from the A49 in the city centre and unlock employment and housing sites in Shrewsbury. Another high priority project is strengthening East West Central corridor connecting mid Wales with Shrewsbury, Telford and the Midlands and London. This will be achieved through improving rail connections from Shrewsbury to Birmingham to ultimately reduce the journey times to London. As part of the East West Central improvements, there are also plans to provide a new link road between the M54, the M6 and the M6 Toll to improve connectivity in all direction and provide access to markets in the rest of the UK. These proposals will improve the connectivity between The Marches and the Stoke-on-Trent and Staffordshire LEP area.	Investing in Strategic Transport Corridors in The Marches (May, 2016); The Marches Growth Deal (2014)

LEP Area	Infrastructure Improvements	Source
Worcestershire LEP	There are a series of infrastructure improvements planned and underway in the Worcestershire LEP area. These include: • A series of upgrades to the A4440 Southern Link road are underway aiming to improve the journey time to and from West Worcester and Malvern. • The Hoobrook link road which provides an essential link to the strategic highway network from A451 Stourport Road through to the A442 Worcester Road. However neither of these will improve the connectivity between Worcestershire and the Stoke-on-Trent and Staffordshire LEP area.	Worcestershire Local Enterprise Partnership Strategic Economic Plan Review (October 2017)

3.15 This assessment suggests that the planned and ongoing infrastructure improvements within the Stoke-on-Trent and Staffordshire LEP and surrounding areas are unlikely to influence the FEMA geography but may strengthen existing cross-boundary links.

c) Travel to Work Areas and Commuting Patterns

3.16 The Office of National Statistics (ONS) publishes Travel to Work Areas (TTWAs), the latest TTWAs were published in 2015 and are based on commuting data from the 2011 Census. The TTWAs aim to identify self-contained labour market areas in which the majority of commuting occurs within the boundary of the area.

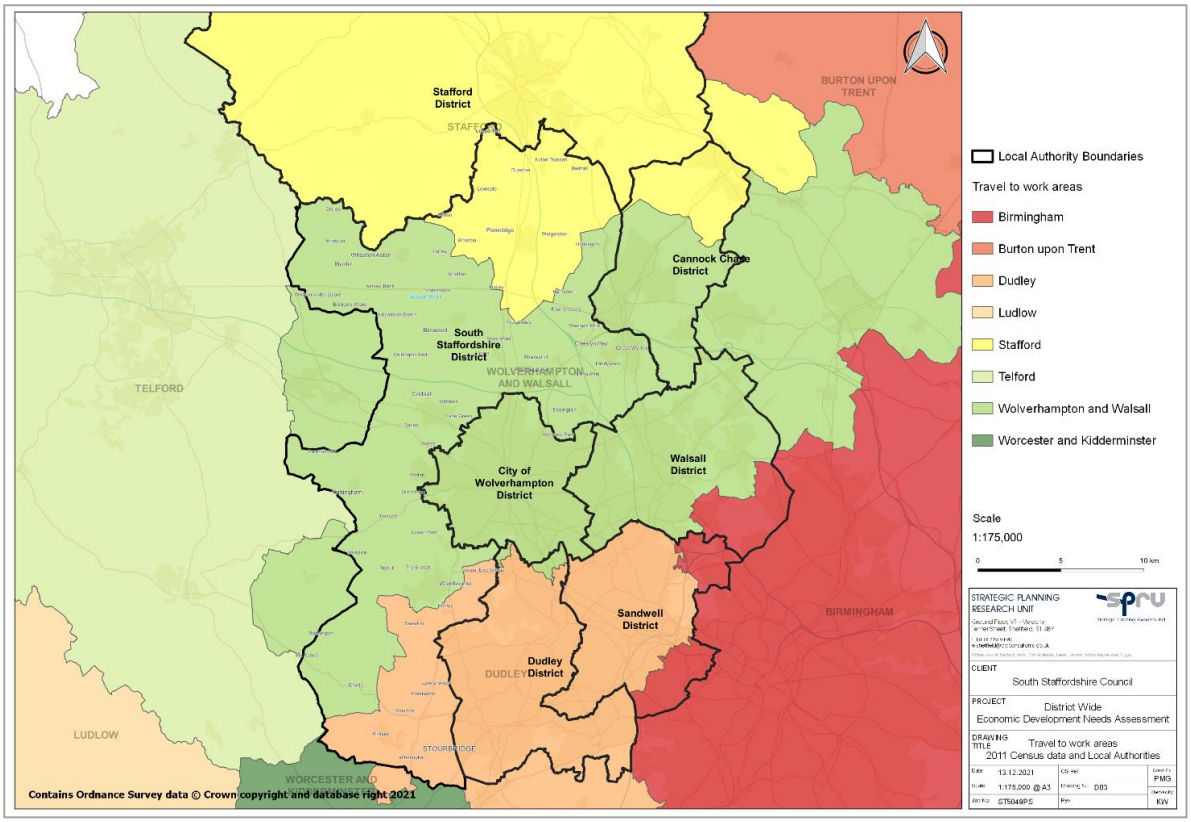
3.17 The TTWAs were developed as approximations to self-contained labour markets, i.e. areas where most people both live and work. As such they are based on a statistical analysis rather than administrative boundaries.

3.18 In terms of self-containment rates ONS's notional target for a Travel to Work Area is for at least 75% of an area's resident workforce to work in the area and at least 75% of the people who work in the area to also live in the area. However, for areas where the working population is in excess of 25,000, self-containment rates as low as 66.7% were accepted. The area must also have had a working population of at least 3,500.

3.19 Using this approach ONS have identified a network of 228 TTWAs covering the country. However, it should be recognised that in practice it is not possible to divide the UK into entirely separate labour market areas as commuting patterns between areas are too diffuse.

3.20 The TTWAs covering South Staffordshire and the surrounding areas are shown in Figure 1. This identifies a TTWA centred around Wolverhampton which covers the majority of the South Staffordshire authority area as well as extending east beyond the boundary into Lichfield. The north of South Staffordshire is included in a TTWA for Stafford, whilst the south of South Staffordshire overlaps into the TTWA for Dudley.

Figure 1. Travel to Work Areas within South Staffordshire



Source: ONS Census data

3.21 The TTWAs are based on commuting flow data from the 2011 Census. SPRU have used this data in order to assess commuting patterns in greater detail. This allows a range of more detailed analysis by showing the extent to which TTWAs overlap, as well as the strength of flows within a TTWA.

3.22 Table 4 identifies that the main commuter catchment is from within South Staffordshire, and whilst there are some flows from beyond the District boundaries particularly from Cannock to the north-east, from Stafford to the north, and from Wolverhampton and Dudley to the east as is indicated by the TTWAs, these are much weaker than the flows within the District boundary.

Table 4. In-commuting to South Staffordshire (top ten authorities)

Usual Residence	Place of Work: South Staffordshire	
	Number	% of total in-commuters
South Staffordshire	8,981	34%
Wolverhampton	4,448	17%
Cannock Chase	2,472	9%
Dudley	2,333	9%
Stafford	2,018	8%
Walsall	1,746	7%
Shropshire	724	3%
Sandwell	545	2%
Telford and Wrekin	541	2%
Birmingham	482	2%
Other		7%
Total		100%

Source: Census 2011 Travel to Work Data

d) Self-containment Rates

3.23 The commuting self-containment rates are shown in the table below. Self-containment can be calculated in two ways:

- Resident self-containment – the proportion of working residents in an area who also work within that area;
- Workplace self-containment – the proportion of workers in an area who also live within that area.

3.24 The table below sets out the commuting self-containment rates for South Staffordshire and the surrounding authorities including those which comprise the Black Country and Stoke and Staffordshire LEP.

Table 5. Commuting Self-Containment Rate – Black Country and Stoke and Staffordshire LEP Authorities

Local Authority	Resident Self-Containment	Workplace Self-Containment
South Staffordshire	21%	34%
Wolverhampton	55%	53%
Dudley	53%	62%
Walsall	49%	53%
Sandwell	45%	46%
Cannock Chase	40%	52%
Stafford	60%	57%
Stoke-on-Trent	64%	60%
East Staffordshire	59%	54%
Lichfield	37%	42%
Newcastle-under Lyme	39%	47%
Staffordshire Moorlands	40%	60%
Tamworth	42%	55%

Source: SPRU analysis of 2011 Census data

3.25 The above table illustrates that South Staffordshire has a low workplace self-containment rate (34%) and an even lower resident self-containment rate (21%). This is significantly below the TTWA threshold of 75% which indicates that the FEMA is unlikely to be self-contained within the district boundary. All of the authorities listed in the above table have working populations in excess of 25,000 (according to the Census 2011). Therefore, all of the Black Country authorities (when considered individually) and the other Stoke and Staffordshire LEP authorities all have self-containment rates that fall below the 66.7% threshold.

3.26 This highlights the low self-containment of the authorities of the Black Country and Stoke and South Staffordshire LEP area, suggesting that the FEMAs are likely to overlap to some extent.

3.27 When considering the self-containment rates between South Staffordshire and each of the individual neighbouring authorities, the following table shows that the resident and workplace self-containment rates are highest between South Staffordshire and Wolverhampton, followed by Dudley and then Stafford.

Table 6. Comparison of self-containment rates between South Staffordshire and neighbouring authorities

Local Authorities	Resident Self-Containment	Workplace Self-Containment
South Staffs + Wolverhampton	64%	51%
South Staffs + Dudley	48%	61%
South Staffs + Stafford	46%	54%
South Staffs + Walsall	44%	53%

South Staffs + Cannock Chase	37%	54%
South Staffs + Sandwell	40%	46%

Source: SPRU Analysis of 2011 Census Data

3.28 The effect of combining multiple authorities is shown in the table below. This demonstrates that when combining South Staffordshire with the Black Country authorities (row 6) this increases the self-containment rate significantly and adding Cannock Chase and Stafford (row 8) increases the workplace self-containment rate marginally further. Combining South Staffordshire with the closest three Black Country authorities (Wolverhampton, Dudley, Walsall), Cannock Chase and Stafford (row 5) results in a slightly lower self-containment rate. However, as the below analysis of commuter flows demonstrates, whilst Sandwell has strong connections with the other Black Country authorities, its direct linkages with South Staffordshire are comparatively lower. This is illustrated in the final three rows of the below table which include Sandwell (rows 6 to 8). When South Staffordshire is also added the self-containment rate increases by a smaller amount than rows 2 to 5 of the table which exclude Sandwell.

3.29 The row highlighted (Wolverhampton, Walsall, Dudley, Cannock Chase and Stafford) balances one of the highest increases in self-containment following the addition of South Staffordshire (+4% resident self-containment and +6% workplace self-containment) with one of the highest resultant self-containment rates (69% and 76% respectively). Whilst the addition of Sandwell further increases the self-containment rate within this group of authorities, this is due primarily to the stronger commuter links between Sandwell and the Black Country authorities rather than between Sandwell and South Staffordshire.

Table 7. Commuting Self-Containment Rates – combining local authority areas

	Local Authorities	Excluding South Staffs		Including South Staffs	
		Resident Self-Containment	Workplace Self-Containment	Resident Self-Containment	Workplace Self-Containment
1	South Staffordshire	N/A	N/A	21%	34%
2	Wolverhampton + Cannock Chase + Stafford	58%	59%	62%	68%
3	Wolverhampton + Walsall + Dudley	63%	68%	65%	73%
4	Wolverhampton + Walsall + Dudley + Cannock Chase	63%	69%	67%	76%
5	Wolverhampton + Walsall + Dudley + Cannock Chase + Stafford	65%	70%	69%	76%
6	Wolverhampton + Walsall + Dudley + Sandwell	71%	76%	73%	80%
7	Wolverhampton + Walsall + Dudley + Sandwell + Cannock Chase	71%	76%	73%	81%

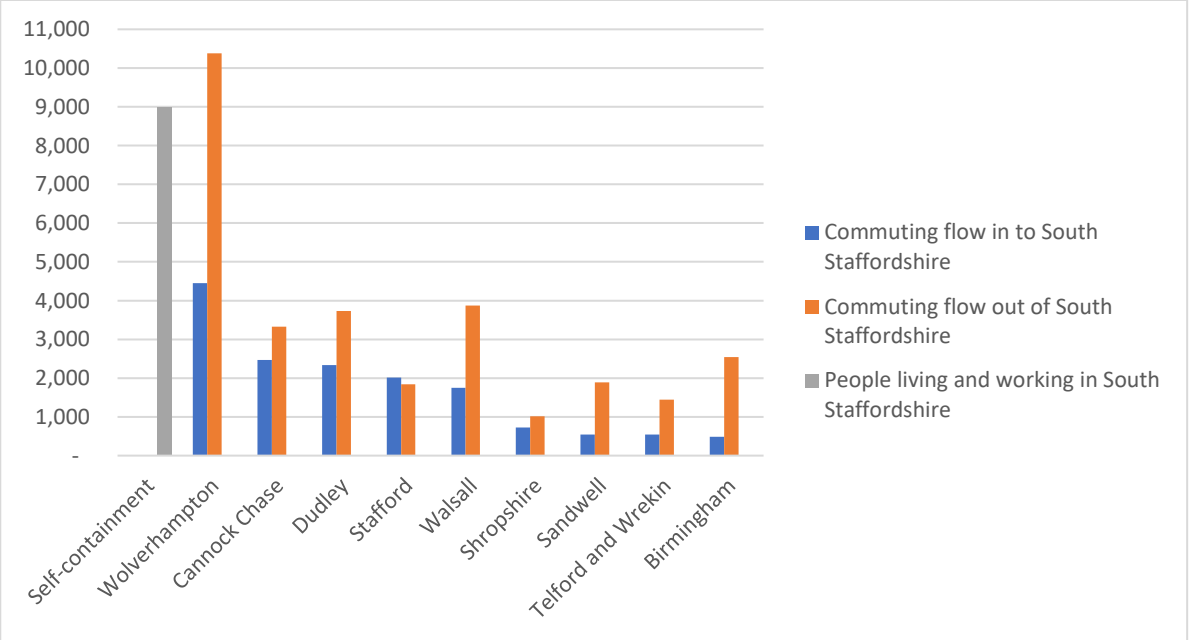
8	Wolverhampton + Walsall + Dudley + Sandwell + Cannock Chase + Stafford	71%	76%	74%	81%

Source: SPRU analysis of ONS data

3.30 When the main origins and destinations of cross boundary commuting to and from South Staffordshire are analysed (Figure 2), this illustrates that the greatest number of commuting movements is the outward flow of commuters from South Staffordshire to Wolverhampton (10,381). This is closely followed by the number of self-contained commuters i.e. those who both live and work within South Staffordshire (8,981). The reciprocal commuting flow in to South Staffordshire from Wolverhampton is also relatively high (4,448).

3.31 In terms of commuting links with other surrounding authorities, there are lower but significant commuting flows between South Staffordshire and Cannock Chase, Dudley, Walsall and Stafford. Of these, the total out-commuting flows are greater than in-commuting flows in Cannock Chase, Dudley and Walsall. Whilst in Stafford there are marginally more people who commute in to South Staffordshire than commute out.

Figure 2. Commuting flows between South Staffordshire and surrounding areas



Source: SPRU analysis of ONS data

3.32 When considering commuting flows into and out of South Staffordshire as a proportion of all commuting flows, the strongest commuter links appear to be between South Staffordshire and Cannock Chase, Wolverhampton and Stafford in terms of in-commuting, and between South Staffordshire and Wolverhampton, Walsall, Dudley and Cannock Chase in terms of out-commuting. This is illustrated in Tables 8 and 9 below.

Table 8. Commuting Flows into South Staffordshire

Resident Local Authority	Commuting Flows into South Staffordshire	Total Resident Commuting Flows from Local Authority	Commuting flows into South Staffordshire as % of Total Resident Commuting Flows
South Staffordshire	8,981	43,409	21%
Cannock Chase	2,472	39,371	6%
Wolverhampton	4,448	89,918	5%
Stafford	2,018	52,916	4%
Dudley	2,333	121,187	2%
Walsall	1,746	96,142	2%
Telford and Wrekin	541	67,225	1%
Shropshire	724	116,706	1%
Sandwell	545	111,946	0.5%
Birmingham	482	357,433	0.1%

Source: ONS Census (2011) and SPRU analysis

Table 9. Commuting Flows out of South Staffordshire

Place of Work	Commuting Flows out of South Staffordshire	Total South Staffordshire Resident Commuting Flows	Commuting flows out of South Staffordshire as % of Total South Staffordshire Resident Commuting Flows
Wolverhampton	10,381	43,409	24%
South Staffordshire	8,981	43,409	21%
Walsall	3,876	43,409	9%
Dudley	3,736	43,409	9%
Cannock Chase	3,328	43,409	8%
Birmingham	2,545	43,409	6%
Sandwell	1,894	43,409	4%
Stafford	1,844	43,409	4%
Telford and Wrekin	1,446	43,409	3%
Shropshire	1,015	43,409	2%

Source: ONS Census (2011) and SPRU analysis

3.33 As such, whilst there is a high commuter self-containment rate within South Staffordshire (as place of residence and place of work), there are also significant connections with Wolverhampton, and to a lesser extent with Dudley, Cannock Chase, Walsall and Stafford.

3.34 Table 10 below shows the in-commuting flows to each middle layer super output area

(MSOA) and locality area in South Staffordshire from surrounding authorities. This shows strong inward commuting flows in all areas from Wolverhampton, and strong in-commuting flows in the northern parts of the district from Cannock Chase, Stafford (possibly related to flows to Dunston Business Village / Acton Gate) and to a lesser extent Walsall. The concentration of in-commuting flows from Stafford to workplaces primarily located within MSOA 001 does not indicate that any relatively less weight should be given to these links when assessing patterns at the district level. The concentration of flows can be viewed on the context of physical geography but is also influenced by the high proportion of total workplace-based employment (17.1% of the district total) located in this one MSOA meaning the potential role of this part of the district in influencing cross-boundary commuting flows is relatively more significant. There are also similarly strong in-commuting flows to southern parts of the district from Dudley that are likely to reflect physical geography and relatively high total workplace-based employment in MSOA012 in-particular.

Table 10. In-commuting to South Staffordshire by MSOA and Locality Area

Locality	**North / North East / North West**							**Central**				**South**		
Place of residence / MSOA	**001**	**002**	**003**	**004**	**005**	**006**	**007**	**008**	**009**	**010**	**011**	**012**	**013**	**014**
Wolverhampton	265	324	154	91	43	884	219	766	230	184	126	730	396	36
Cannock Chase	639	594	70	331	167	386	151	73	14	4	5	28	9	1
Stafford	1359	87	156	33	23	196	16	74	16	10	14	22	11	1
Dudley	35	22	16	13	5	140	34	102	17	45	16	656	600	632
Walsall	127	290	18	247	189	361	263	87	22	12	10	84	25	11
Telford and Wrekin	52	20	98	14	9	104	20	77	22	25	4	48	41	7
Shropshire	47	28	53	12	9	100	7	68	38	89	32	79	132	30
Sandwell	38	49	7	32	24	81	32	39	5	18	8	109	71	32
Birmingham	47	34	24	29	9	110	25	34	8	14	4	86	30	28
Total In-Commute from Selected LPAs	2609	1448	596	802	478	2362	767	1320	372	401	219	1842	1315	778
% Total Workplace-based Employment	17.1	8.5	4.7	5.6	3.7	14.3	4.8	8.6	2.9	2.5	2.6	11.4	8.0	5.2

Source: ONS Census (2011) and SPRU analysis

3.35 Table 11 below shows the out-commuting flows from each South Staffordshire MSOA and locality area into surrounding authorities. This indicates strong commuter flows from northern parts of South Staffordshire into Wolverhampton, Dudley, Cannock, Walsall and Stafford, as well as strong flows from central parts of the district into Wolverhampton. In the south of the district there are strong out-commuting flows into Wolverhampton and Dudley.

Table 11. Out-commuting from South Staffordshire by MSOA and Locality Area

	North / North East / North West							Central				South		
Place of Work / MSOA	**001**	**002**	**003**	**004**	**005**	**006**	**007**	**008**	**009**	**010**	**011**	**012**	**013**	**014**
Wolverhampton	546	278	631	482	278	1050	803	796	1073	1331	1131	637	1185	160
Walsall	219	301	145	929	698	274	499	109	125	157	91	84	194	51
Dudley	69	43	56	78	60	75	72	77	115	230	119	556	1149	1037
Cannock Chase	396	744	130	790	642	163	198	49	43	36	40	21	50	26
Birmingham	221	140	134	267	187	159	140	116	169	184	159	151	277	241
Sandwell	87	104	93	163	118	106	137	61	88	134	83	200	343	177
Stafford	806	229	146	139	108	75	44	48	58	64	39	22	49	17
Telford and Wrekin	110	44	251	66	36	79	62	110	158	211	108	52	117	42
Shropshire	59	17	97	29	17	55	24	81	107	197	86	51	147	48

Source: ONS Census (2011) and SPRU analysis

e) Conclusion

3.36 This assessment to define the FEMA has considered a wide range of existing reports and data. The key findings for each element considered are summarised below:

- **Commuting** – South Staffordshire has a low level of commuting self-containment and therefore does not pass the threshold for a standalone FEMA. The commuting self-containment rates of South Staffordshire and its neighbouring authorities increase above the 66.7% threshold when South Staffordshire is combined with all other Black Country authorities, as well as with Cannock Chase and Stafford. When considering in-bound and out-bound commuting flows as a proportion of all commuter movements, the strongest links of commuters travelling into South Staffordshire appear to be with Cannock Chase, Wolverhampton and Stafford. The strongest out-bound commuting flows are with commuters travelling out of South Staffordshire into Wolverhampton, Walsall, Dudley and Cannock Chase. Adding South Staffordshire to other groups of authorities increases the self-containment rate of particular groupings more than others (as shown in Table 6), including with Wolverhampton, Walsall, Dudley, Cannock Chase and Stafford.
- **Transport links** – South Staffordshire has strong connectivity to neighbouring areas via the M54 and M6 strategic road links as well as rail connections to Wolverhampton and Birmingham to the east and Stafford and Cannock to the north.
- **Evidence studies from other areas** – The existing evidence from other FEMA studies suggests that South Staffordshire's strongest economic links are with Cannock Chase to the north-east and the Black Country authorities to the east. However, no definitive FEMA has been identified from the review of existing literature. No other study has included the whole of South Staffordshire District within its FEMA.

3.37 Overall, the evidence suggests that South Staffordshire's FEMA incorporates areas of the Black Country as well as Stafford to the north and Cannock Chase to the north-east. There is a comparatively minimal functional economic relationship between South Staffordshire and areas to the south and west of the district. The guidance suggests FEMAs should be 'best fit' to local authority boundaries, and therefore it is concluded that on the basis of the above analysis, the FEMA for South Staffordshire comprises South Staffordshire, Wolverhampton, Dudley, Walsall, Cannock Chase and Stafford.

Key Points

- A review of neighbouring authorities' FEMAs reveals that whilst South Staffordshire has strong economic links with Cannock Chase and the Black Country authorities, South Staffordshire as a whole is not identified as falling within any FEMA definition prepared by neighbouring authorities.
- An assessment of Travel to Work Areas (TTWAs) and commuter flow data from the 2011 Census reveals that the main commuter catchment is from within South Staffordshire, and whilst there are some flows from beyond the District boundaries particularly from Cannock to the north-east, from Stafford to the north, and from Wolverhampton and Dudley to the east, these are individually much weaker than the flows within the District boundary.
- An assessment of resident and workplace self-containment rates reveals that South Staffordshire itself has a low workplace self-containment rate (34%) and an even lower resident self-containment rate (21%). This does not pass the recommended 66.7% threshold for being considered a standalone FEMA.
- When considering commuting flows into and out of South Staffordshire as a proportion of all commuting flows, the strongest commuter links appear to be between South Staffordshire and Cannock Chase, Wolverhampton and Stafford in terms of in-commuting, and between South Staffordshire and Wolverhampton, Walsall, Dudley and Cannock Chase in terms of out-commuting.
- Overall, the evidence suggests that South Staffordshire's FEMA incorporates areas of the Black Country as well as Stafford to the north and Cannock Chase to the north-east. There is a comparatively minimal functional economic relationship between South Staffordshire and areas to the south and west of the district.
- The guidance suggests FEMAs should be 'best fit' to local authority boundaries, and therefore it is concluded that on the basis of the above analysis, **the FEMA for South Staffordshire comprises South Staffordshire, Wolverhampton, Dudley, Walsall, Cannock Chase and Stafford**.

4.0 LITERATURE REVIEW

a) National Strategy

i) *Building a Britain Fit for the Future*

4.1 In November 2017 the government published Building a Britain fit for the future which sets out the overarching industrial strategy for the UK. The first part of the strategy includes a series of policies which impact on all sectors of the economy titled the 'Five Foundations'. These are considered the "essential attributes" for a successful economy and include:

- Ideas (R&D, innovation)
- People (skills and education)
- Infrastructure (broadband, energy, transport)
- Business environment (support for specific sectors and SMEs)
- Places (Local Industrial Strategies)

4.2 One of the key commitments made through the industrial strategy is for the total R&D expenditure to increase. The Industrial Strategy Challenge Fund is a "core pillar" of this commitment and includes a £4.7 billion commitment to businesses seeking funds to research and develop technology or processes related to the aims of the industrial strategy.

4.3 The second part of the report includes details of a series of partnerships with individual sectors and the government including the 'Sector Deals'. These Sector Deals include a bespoke arrangement between the government and industry with each involving three main elements:

1. An industry council to facilitate discussions between industry leaders, government officials and Ministers, and leading academics.
2. Access to a competitively awarded fund for R&D in the sector.
3. Policies to support the development of the skills needed in the sector

4.4 To date a range of Sector Deals have been announced covering the follow key areas:

- Aerospace
- Artificial Intelligence
- Automotive
- Construction
- Creative industries
- Life sciences
- Nuclear
- Offshore wind
- Rail
- Tourism

4.5 The third aspect of the strategy involves a series of challenges facing the economy. Highlighting how solving these challenges will help the whole economy to strengthen and develop. The 'Grand Challenges' identified include:

- AI and the data revolution (how to embed and maximise the advantages of AI and data)
- Clean growth (low carbon technologies across the economy)
- Mobility (low carbon transport, automation, infrastructure)

- Aging society (healthcare and labour market challenges)

ii) *Building Back Better*

4.6 Following the onset of the Coronavirus pandemic the Government first announced details of a £900 million Getting Building Fund to deliver jobs, skills and infrastructure across the country. Further details of projects supported under the Fund within South Staffordshire are set out in Part (c) of this Section.

4.7 In March 2021 HM Treasury presented to Parliament its publication 'Build Back Better: our plan for growth'. This sets out the Government's plans to support growth through significant investment in infrastructure, skills and innovation, and to pursue growth that levels up every part of the UK, supports the transition to net zero, and supports a vision for Global Britain.

4.8 The aims of the Building Back Better programme substantially echo the key themes in previous publications including Building a Britain fit for the future (see above). The programme seeks to re-focus attention and significant investment in road and rail infrastructure together with supporting a Ten Point Plan for a Green Industrial Revolution and seeking to plug skills gaps through lifelong learning, apprenticeships and high quality training.

4.9 The Building Back Better programme also looks to develop a new export strategy to align support for exporters with the Government's plan for growth and sectoral priorities, including increasing UK Export Finance lending capacity.

4.10 The Government's £4.8 billion Levelling Up Fund contributes to the levelling up agenda with a focus on infrastructure investment to support regenerating town centre and high streets, upgrading local transport, and investing in cultural and heritage assets. The first round of successful projects was announced in October 2021. Further detail relating to Government policy (including the spatial distribution of initiatives and support for growth) were outlined as part of the delayed 'Levelling Up' White Paper released in early 2022.

b) Regional Policy

i) *Background to Planning for Sub-Regional Economic Development*

4.11 The Core Strategy (CS), supported by extensive background reports that consider in detail economic growth, recognises that South Staffordshire has an important role to play in achieving economic growth within the West Midlands. This sub-regional role, and the ability of South Staffordshire to meet not only its own employment needs but that of surrounding areas, has been considered in detail in the adopted Core Strategy and indeed the Inspector's reports related to this.

4.12 The Employment Land Study (2012)[19] that sat behind the CS sets out how the employment land requirements have been calculated using the Local Economic Forecasting Model (LEFM) from Cambridge Econometrics. Overall, all sectors were projected to show modest growth in employment over the period 2012 and 2030 with the exceptions of manufacturing and mining & quarrying. The 2012 ELS was clear in recognising that this relates to the requirement being generated within the District only, and is forceful in recognising that beyond this local need there is strong evidence of a sub-regional role, in particular relating to the relationship with the Black Country.

4.13 The cross boundary issue and importance of recognising the sub-regional role that South Staffordshire plays in supporting, in part, the employment needs of surrounding areas, including the Black Country in particular, is set out in the CS and the evidence base. The ELS further notes that in addition to addressing issues of out-commuting, a key driver should be to support the development of the Black Country Economy. The CS itself recognises this

[19] https://www.sstaffs.gov.uk/doc/171971/name/Employment%20Land%20Study%202012.pdf/

in Chapter 3, where the Black Country is cited as being an important source of jobs for residents in South Staffordshire and, as such, assisting with meeting the employment needs of the wider area will enhance the prosperity of residents in the District.

4.14 In response to this and to meet sub-regional needs, the CS supports modest extensions to the four freestanding Strategic Employment Sites at i54, ROF Featherstone, Hilton Cross and Four Ashes.

4.15 The Employment Land Study indicates that a 'cautious approach' to the allocation of land for employment should be adopted, which, at paragraph 59 of his report, the Inspector considers would support the wider policy objective of regenerating the Black Country Metropolitan Urban Area in addition to simply meeting the requirements of South Staffordshire alone.

4.16 The CS states that the West Midlands Regional Spatial Strategy (WMRSS) Phase 2 Revision contained a policy relating to the provision of a Regional Logistics Site (RLS) to serve the needs of the Black Country, and that local authorities within Southern Staffordshire have been identified as an area of search for such a facility. At the time of adoption of the CS, the issue of the RLS was still outstanding and the Council committed to joint working with Wolverhampton City Council and the Black Country to update the evidence in support of this revision and to consider the sub-regional need and opportunities for such space.

4.17 The RLS[20] study was published by URS in 2013. In identifying broad sub-regional preferred locations for RLSs, the report identified four 'best' regions and four 'good' sub-regions, with 'North Black Country/South Staffordshire' identified as one of the 'best' sub-regions.

4.18 The adopted Core Strategy required the Council to refresh its Employment Land Study (which was published February 2013) to inform the subsequent Site Allocations Document. The ELS 2013 revealed a slight oversupply of employment land in the district, based on an analysis of supply and demand at a local level, but recognised the ability to meet sub-regional needs.

4.19 The supporting evidence underpinning the allocation of additional land at ROF Featherstone further recognises the regional role. This also draws on Staffordshire County Council's Strategic Plan: Leading for a Connected Staffordshire and the ambition to create 'local economic growth' through partnerships with both private and public sector bodies at a regional level.

4.20 In September 2014 this sub-regional role was cemented by the commission and publication of the Black Country and South Staffordshire Sub-Regional High-Quality Employment Land Study (HQELS)[21] Stage 1 report, commissioned by the Black Country Local Authorities, South Staffordshire Council and Staffordshire County Council. This study followed the recommendation set out in South Staffordshire's 2012 Employment Land Study (ELS) for a further sub-regional study to be undertaken. The HQELS explored whether it may be appropriate for South Staffordshire to meet some of the high-quality employment needs of the Black Country, whilst also having regard for the South Staffordshire 2012 ELS.

4.21 The reasoning supporting the need for a joint assessment were listed as follows;

> *"First, the economies of South Staffordshire and the Black Country are strongly interlinked, and as a result, it is essential to consider employment requirements beyond individual administrative boundaries. Second, the Black Country Joint Core*

[20] https://www.staffordbc.gov.uk/live/Documents/Forward%20Planning/Examination%20Library%202013/E18--URS-BLACK-COUNTRY-AND-SOUTHERN-STAFFORDSHIRE-REGIONAL-LOGISTICS-SITE-STUDY-FINAL-REPORT-2013.pdf

[21] https://www.sstaffs.gov.uk/doc/176608/name/SD084%20Black%20Country%20%26%20South%20Staffordshire%20Sub%20Regional%20High%20Quality%20ELS%202014%20%28Stage%201%29%20Report.pdf/

Strategy relies upon 104ha of employment land within South Staffordshire in its employment supply in order to meet its socio-economic targets to 2026".

4.22 The HQELS confirms, in line with the earlier 2012 ELS, that the decision to locate the new Jaguar Land Rover engine factory on the i54 site within the boundary of South Staffordshire, had proved transformational for the profile of South Staffordshire and the sub-region and could lead to a profound effect on the local and sub-regional property market as demand for engineering/ manufacturing space increases.

4.23 Further, in recognising that a large proportion of residents travel outside of the District for work, the HQELS (again building on the 2012 ELS) is clear in stating that supporting sub-regional economic growth, particularly that of the Black Country, would support employment opportunities for South Staffordshire residents.

4.24 Turning to the Site Allocations Document (SAD), in response to consultation on the publication version of the Plan, Wolverhampton City Council in their representations[22] referred specifically to the sub-regional role and in-particular the relationship with the i54 development. They stated:

"The SAD will allow for immediate release of the western extension to the I54 employment site, which will make a significant contribution towards meeting the strategic employment needs of Wolverhampton and the wider Black Country.

4.25 Significantly, in his report following Examination of the SAD, the Inspector[23] noted this clear relationship and the regional and international importance of sites within South Staffordshire;

"Employment is an important strategic cross-boundary issue, not only due to the numbers of residents from the district commuting to Birmingham and the Black Country for employment, but also because of the economic importance of strategic employment sites in South Staffordshire to the economy of the wider sub-region, particularly i54, Hilton Cross, Four Ashes and ROF Featherstone. More recent economic and employment studies confirm the sub-regional significance of these sites, as well as the need to meet some of the unmet need for high-quality employment sites from the Black Country in South Staffordshire, as well as the potential for Regional Logistics Sites. SSC has also engaged and co-operated with the Stoke-on-Trent & Staffordshire Local Enterprise Partnership (S&SLEP), along with other adjoining LEPs, including the Black Country (BCLEP) and Greater Birmingham (GBSLEP)",

ii) *West Midlands Interchange*

4.26 The Secretary of State's Decision Letter to make a Development Consent Order (DCO) for the above site under section 114 of the Planning Act 2008 was issued in May 2020. Proposals for the West Midlands Interchange were considered to fall under the definition of a Nationally Significant Infrastructure Project (NSIP) for the purposes of the 2008 Act.

4.27 The proposals were subject to, amongst other matters, assessment of planning issues including the impact on the Green Belt, need for the proposed development, scale of the development proposed and capacity of the rail network. The assessment also considered the details of the proposals to meet the National Policy Statement for National Networks ("NPSNN") criteria for Strategic Rail Freight Interchanges (SRFIs).

4.28 The Examining Authority's Report was published by the Planning Inspectorate in November 2019 for consideration by the Secretary of State. This followed an Examination undertaken

[22] https://www.sstaffs.gov.uk/planning-files/Publication-Plan-Reps-STATUTORY-and-STAKEHOLDERS/Wolverhampton%20City%20Council%20PP.pdf
[23] https://www.sstaffs.gov.uk/doc/179488/name/SAD%20Inspector%27s%20Report%208%20May%202018.pdf/

between February 2019 and August 2019 including a number of open floor and issue specific hearings on these matters.

4.29 Preparation of this EDNA is principally concerned with the conclusions of the DCO process in relation to the assessment of the need for the consented development together with the characteristics of the scheme to provide for a SRFI. Relevant considerations include the findings on market demand and the economic benefits (including estimates of job creation) presented as part of the determination process.

4.30 Making of the Consent Order for the WMI marks a significant event in the context of the previous evidence base relating to sub-regional demand and supply of land and floorspace for economic development. The Examining Authority drew upon conclusions of a long-established and unmet need for an SRFI that would serve the needs of the Black Country and southern Staffordshire.

4.31 The identified need for Regional Logistics Sites (RLSs) identified in the evidence base for the former West Midlands RSS (as of 2009 at least 200-250ha required to 2026) was found to now equate to sites assessed as suitable for a SRFI. It was concluded that no specific provision has been made within development plans adopted since 2009. The Examining Authority took specific account that while the RLS land requirement and floorspace figures relating to large warehousing needs in the West Midlands were not disaggregated, priority was given to provision of facilities to meet the needs of the Black Country (in southern Staffordshire) and the North Staffordshire conurbation in that order.

4.32 The Examining Authority also principally took account of evidence of needs for economic development at the time of the Examination identified in the Part 1 EDNA for the Black County Authorities. This was found to demonstrate a significant level of need for additional logistics floorspace in the region and for rail linked floorspace to meet the needs of the sector, together with evidence of an increase in take-up since 2009.

4.33 The Examining Authority endorsed a requirement of up to 560ha of land for logistics within the Black Country identified within this evidence, comprising a blended approach based on past take-up (26ha per annum of which 70% will be needed to accommodate the needs of logistics/distribution related activities) and the aspirations for regeneration and jobs growth within the Black Country Strategic Economic Plan (12ha per annum; equivalent to 8.4ha per annum for B8 uses). The WMI proposals were assessed as potentially relevant to addressing any unmet needs from the Black Country arising from the findings of this evidence base, with the value of any potential contribution being greater due to the area's economic linkages with South Staffordshire.

4.34 The assessment of the demand for the WMI proposals in this location takes a wider view of patterns of need and supply of SRFI facilities, including taking account of examples across the West Midlands and East Midlands. Transport links within the West Midlands were identified as key to the strengths of the logistics sector in this wider region. Within a smaller market area defined for the purposes of the WMI proposals there was found to be a more pronounced shortage in the supply of available units and pipeline of future sites, particularly with the potential to accommodate nationally significant SRFI development. The WMI proposals were considered to be intended to serve a different market than the clusters of SFRI facilities identified elsewhere across the Midlands.

4.35 The Examining Authority's conclusions therefore noted:

> *"There is a significant gap in the network of existing and proposed SRFIs along the M6/WCML corridor between the West Midlands and the North West. There is also a clear need for a facility to serve the market comprising the businesses and large population within the Black Country, southern Staffordshire and Birmingham conurbations."* (West Midlands Rail Freight Interchange, Examining Authority's

Report of Findings and Conclusions and Recommendation to the Secretary of State for Transport, 27 November 2019, para 5.3.69 (x))

4.36 The assessment of economic benefits associated with the WMI proposals took account of the projected delivery of around 8,500 on-site jobs, together with support for up to 8,100 jobs through induced and indirect employment and a significant role for the construction workforce required for the anticipated 15-year build-out period. Evidence presented by the applicant assumes approximately 40% of the jobs would be higher skilled, managerial, engineering and technical and skilled jobs and in administrative and customer service roles. The Examining Authority considered the potential for job creation to be realistic in the context of increases in demand within this sector have led to a doubling in the numbers employed in warehousing and storage between 2009 and 2017.

4.37 The consented development is supported by obligations to provide for an Employment, Skills and Training Plan Framework (ESTPF) to secure the objectives for jobs growth. The ESTPF enables the job and training opportunities to be targeted on areas of deprivation and target population groups so as to maximise the benefits for Black Country residents.

4.38 The Examining Authority took into account current levels of unemployment, high levels of out-commuting from South Staffordshire and the strong potential for a high proportion of jobs to be taken up by residents in the most deprived part of the Black Country. **This supported conclusions of an adequate labour pool to support the Proposed Development without a significant adverse effect on the ability of existing businesses to fulfil their employment needs**.

4.39 Based on 1 in 5 employees being expected to currently live in South Staffordshire the Examining Authority concluded that **such a shift in employment patterns (including reduced out-commuting) would not be likely to have a disruptive effect on the labour market** (amounting to around 1.93% of the working-age population).

iii) ***West Midlands Strategic Rail Freight Interchange: Employment Issues Response Paper – Whose need will the SRFI serve? (Stantec, Feb 2021)***

4.40 The purpose of this note, commissioned by the Black Country authorities, is to understand how the SRFI should be considered within evidence to support the Black Country Plan and the extent to which the SRFI could help address any deficit in the Black Country and what 'minimum share' of the SRFI site would meet the Black Country's needs.

4.41 The note assumes the developable area of the DCO site to be 193 hectares (compared with an overall site size of 297 hectares). It is anticipated that the site will deliver 743,200 sqm of floorspace, which represents a plot ratio of 37.5%.

4.42 Based on an assessment of the warehousing take-up that would result from both net additional population growth (expected to be 75% of the total) and take-up from existing businesses displaced from their current premises (25%), Stantec estimates the Black Country (including South Staffordshire) market share of the overall SRFI land area to be 72ha (37% of the total). Birmingham's market share is expected to be 98ha (51%). 12% is attributable to the specific effects of displacement from the wider market area located to the north of WMI (including Stoke-on-Trent and East Staffordshire) which reflects higher existing concentrations of strategic warehousing provision.

4.43 Of the total Black Country and South Staffordshire market share of 72ha, 5ha of this is specifically attributed to South Staffordshire.

iv) ***Black Country EDNA Update (August 2021)***

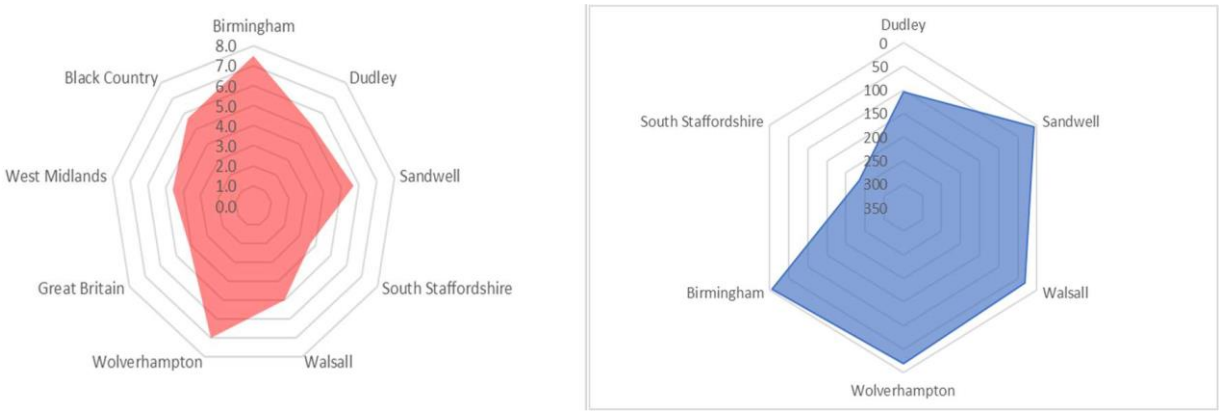
4.44 The EDNA highlights that the Black Country represents a clearly defined geographical unit, with strong employment and labour market links to parts of the hinterland, in particular Birmingham and South Staffordshire. This would suggest a FEMA comprising of the Black

Country Authorities, based on well-established socio-economic, market and administrative relationships, and a wider 'area of strong economic relationships' that consists of an area of strong economic interactions with Birmingham and South Staffordshire.

4.45 The document demonstrates that 433.18ha of completions occurred in the Black Country from 2001/02 to 2019/20, but this excludes around 0.6ha provided annually in South Staffordshire through relocations of Black Country businesses to the i54 site since 2010.

4.46 The EDNA compares the unemployment rates and index of multiple deprivation of the Black Country areas with South Staffordshire. It was found that South Staffordshire ranked lower than the Black Country authorities – see Figure 3.

Figure 3. Unemployment and Deprivation Indicators 2019



Source: Black Country EDNA Update August 2021 (IMD 2019 and NOMIS Data (2019)

v) *West Midlands Strategic Employment Sites Study (May 2021)*

4.47 The West Midlands Strategic Employment Sites Study (WMSESS) highlights that demand for development sites is still very strong from both developers and many investors. Robust capital value and rental value growth continues to keep development viability healthy, in spite of the recent growth in building costs and uncertainties in the market. The larger Midlands speculative development sites include M6DC (Cannock), Hinckley Park (Hinckley), Panattoni Park (Northampton) and Bericote Four Ashes (South Staffordshire).

4.48 Of the key manufacturing deals in the West Midlands over the 3 years to 2018, the letting to JLR at Fort Dunlop (Birmingham) was the largest manufacturer deal in the UK, closely followed by 50,446 sqm (543,000 sqft) deal to Gestamp Tallent at Bericote Four Ashes (South Staffordshire).

4.49 The WMSESS sets out a number of key conclusions and recommendations of additional work that would add to the findings of the study and contribute to local plan-making, including:

Conclusions

- The study identifies a sufficient supply of office accommodation/sites but there is 'wide anecdotal acknowledgment by the industry' of a shortfall of strategic employment sites (B2 and B8).
- Recent levels of demand are likely to be sustained from a market perspective.
- If only allocated sites were assumed to contribute to supply, there would be a maximum of 7.41 years' supply at observed levels of demand and much less if demand were to materially exceed trend-based levels. 2.47 years of this supply is accounted for by the West Midlands Interchange (WMI) SRFI site.

- The study highlights an urgent need to identify a pipeline of new Strategic Employment Sites to meet needs beyond the 7.41 years' of supply that exists in allocations and committed sites.
- The study also identifies a need to consider testing, through econometric forecasting, the level of demand that the sub-region should be seeking to meet and that, whatever the level may be, existing supply must be supplemented in the short term.

Recommendations

- The shortfall in availability and future supply of strategic employment sites should be quantified through an econometric demand forecast and plan-making authorities should critically review the capacity and deliverability of remaining allocated sites.
- Further work is needed to provide greater understanding of market dynamics driving demand, the potential scale of growth and the needs of modern logistics and 'just in time' delivery for manufacturing plants.
- A review of Green Belt land to identify potential for accommodating strategic employment needs.
- Development of more detailed, refined and weighted assessment criteria to inform assessment of strategic employment sites and locations.
- Consideration of a new spatial framework policy mechanism to ensure local plan-making processes identify and ring-fence sufficient land to meet strategic employment land needs.
- Statutory consultees, including Highways England, should be engaged regarding deliverability of identified sites/locations.
- A monitoring framework should be established through local development plans to compare pipeline supply with demand forecasts and to inform future strategy.

4.50 Further to recent Duty to Cooperate discussions between South Staffordshire and the Black Country authorities it was considered that the policy recommendations set out in the South Staffordshire EDNA should have regard to the recommendations of the WMSESS but should primarily be informed by locally-derived evidence of need.

vi) *Stoke-on-Trent and Staffordshire LEP Local Industrial Strategy (March 2020)*

4.51 This Report summarises that the local economy is worth £21.9bn and supports 487,000 jobs. Since 2009 employment has increased by 12%. Stoke-on-Trent and Staffordshire's central location, excellent connectivity and the arrival of HS2 mean there is clear potential to grow further.

4.52 The LIS highlights major opportunities in manufacturing and materials innovation, with South Staffordshire as a centre of energy innovation and low carbon adoption and as being an extremely well connected area with excellent commercial offer. The report identifies that the Stoke-on-Trent and Staffordshire LEP is at an intersection of three major engines of UK growth (the west and east Midlands and the north-west). It is suggested that the area is important for logistics and the good connections to surrounding areas make it an ideal place for businesses.

4.53 The report highlights that the major challenges are that:

- Overall productivity is not as high as it could be and workplace-based wage levels have not kept pace with job growth;
- There are fewer businesses than the area should have;
- There are severely deprived areas;
- The town centres face challenges;

- Support to rural areas is needed which have opportunities to raise productivity not only in the agriculture & tourism sectors but also as key locations for some of the fastest growing manufacturing companies in the LEP area;
- Climate change issues will require the residents of the LEP area to adapt.

4.54 The aim to support the LEP area will be achieved by promoting business activity and the strong commercial premises offer in our town and city centres and rural areas, improving public transport, tackling deprivation by linking up skills provision with local business opportunities, protecting built environment assets and by building on and expanding the existing visitor economy.

4.55 The strategy aims to grow the business environment by creating more flexible small business spaces in key centres and rural locations, delivering the strategic employment sites, delivering an inward investment campaign and through increased business networking and support.

vii) *Stoke-on-Trent and Staffordshire LEP 'Get Building Fund' (June 2020)*

4.56 In June 2020, the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (the SSLEP) was invited by UK Government to put forward ideas for projects that might benefit from a policy intervention. The UK Government response to the 'call for ideas' was to create the Getting Building Fund that was designed to support or accelerate established schemes that might be affected by the economic impact of COVID-19. In addition, a tranche of new projects was supported where the case for intervention was clearly established and business cases sufficiently advanced to enable delivery of the projects within an 18 month timescale.

4.57 The SSLEP was awarded £23.7million under the Government's Getting Building Fund (from a total pot of around £900m), within its 'New Deal' programme in response to the economic impact of the COVID-19 lockdown. The funding focuses on 'shovel ready' schemes with anticipated delivery before March 2022 that strongly align with the SSLEP's Local Industrial Strategy (LIS) core themes of Place, Innovation, Growing Business and Future Workforce.

4.58 The projects supported enabled the delivery of new land and floorspace for economic development, enhancement of skills and provision of strategic transport infrastructure to unlock sites for homes and jobs as part of a green recovery.

4.59 Projects within and well-related to South Staffordshire comprise an important component of the Getting Building Fund programme, specifically those seeking to deliver new jobs and floorspace.

4.60 The Getting Building Fund includes provision of £3m to support delivery of the i54 Western Expansion in South Staffordshire, which is recognised as being of regional and national importance and one of the most successful Enterprise Zone locations in the country. All committed funding was spent as of October 2021 reflecting progress with delivery of the scheme. The funding was identified to assist bringing forward the expansion with the potential to create up to 1,700 jobs (of 2,440 total jobs identified in the Getting Building Fund) and generate £110m of GVA per annum.

4.61 A further £550,000 of funding was committed to assist South Staffordshire College to enhance provision for a Digital Skills Academy in neighbouring Cannock Chase, with the scheme completed as of October 2021 and resulting in the creation of 57 jobs.

viii) *West Midlands Combined Authority Local Industrial Strategy (May 2019)*

4.62 The Local Industrial Strategy for the West Midlands and its evidence base was prepared by the WMCA together with the sub-region's three Local Enterprise Partnerships (LEPs) – Black Country – Coventry & Warwickshire – Greater Birmingham & Solihull.

4.63 The aims within this strategy cover a range of sectors. One of the strongest relates to

transport, with the West Midlands aiming to partner with local specialist manufacturers and R&D centres to help create new markets and foreign direct investment opportunities and develop an innovative and integrated transport network.

4.64 To further complement locally led commitments, the government and West Midlands will also work with local partners to maximise the region's contribution to achieving government's existing ambition to deploy three world-leading trials of connected autonomous vehicles by 2021, help drive up greater foreign direct investment in electric vehicle manufacturing and build on its existing partnership that has supported the development of the HS2 strategy.

4.65 Another key sector for growth is data-driven health and life sciences. To continue driving progress towards this priority, the report states that the West Midlands will continue to invest in the business support and networks needed to drive health innovation cluster development, improve health outcomes and provide the healthcare jobs of the future through new technical career pathways and to convene partners across the West Midlands and Midlands Engine to maximise opportunities through the Strength in Places Fund and other national competitive funds.

4.66 The report states that the government will work in partnership with the West Midlands to support the development of a locally led West Midlands Translational Medicine and Med-Tech Commission, continue to support the West Midlands' international investment offer in healthcare technologies and build on new and existing partnerships in driving innovative product development to improve disease diagnosis and treatment technology.

4.67 The report highlights that the West Midlands aims to build its reputation as a high-value business and professional services location. The West Midlands aims to continue to accelerate construction of varied high-quality housing, high-grade employment spaces and improved connectivity, continue to foster innovative partnerships between firms and education institutions and design locally led peer-to-peer networks to support and improve the productivity of local firms.

ix) *Black Country Strategic Economic Plan (March 2017)*

4.68 The Strategic Economic Plan for the Black Country was prepared by the Black Country LEP following creation of the WMCA and negotiation of a devolution deal.

4.69 The SEP is underpinned by a long term, ambitious and evidenced-based vision for the Black Country to increase the number of jobs by 127,860 (from a baseline of 441,900)

4.70 The SEP identifies the i54 within the north of the Black Country as encapsulating its economic strength and potential to build upon the success of the Enterprise Zone in this location and the area's excellent highway links. The SEP recognises how the benefits for economic development in this location have been realised through joint working with the Staffordshire authorities, including South Staffordshire.

4.71 The SEP reflects key priorities for economic development within the Black Country, focusing primarily on the nature of the area and its predominantly urban characteristics. Proposed priorities include:

- Securing the area's role as a High Value Manufacturing City through interventions to accelerate the growth of high value manufacturing businesses and improve the quality of existing employment locations;
- Improve business competitiveness within the Black Country in terms of opportunities for start-up, growth and survival and to enable improvements in their productivity;
- Maximise economic capital and secure maximum benefit from the area's strategic centres to ensure that they contribute to the attractiveness of the Black Country as a place to live, work, visit and invest;

- Accelerate house building and improve the area's housing mix through place-shaping, re-use of previously developed sites and the creation of sustainable communities using Garden City principles;
- Improving lifelong skills to enable all Black Country residents to benefit from growth; and
- A programme of investment in broadband and in transport to support growth by enabling the movement of goods and people and improved connections across the Black Country

4.72 Delivery of the SEP's propositions is aligned to the spatial approach within the Black Country Core Strategy. This focusses future development and transport investment in the four strategic centres and along 16 growth corridors, accommodating 63,000 more homes and 80,000 additional jobs. Only land within the i54 Employment Corridor connects directly to South Staffordshire district.

c) Local Policy

i) *South Staffordshire EDNA Part 1 (2018)*

4.73 This sub-section considers evidence previously published by the Council as part of the most recent consultation relating to the emerging South Staffordshire Local Plan Preferred Options consultation. To provide estimates of employment growth and requirements of land for economic development in the district the Preferred Options consultation was informed by the EDNA undertaken by consultants WECD which was published in 2018.

4.74 The EDNA 2018 identified a need for South Staffordshire of 67ha under 'growth scenario 1 – past completions'. Under a higher growth scenario, 'growth scenario 2 – past completions and growth (GVA)' the EDNA identified a need for 86ha. The EDNA 2018 identified that South Staffordshire has sufficient supply of developable employment land within the district (circa 105ha) to meet its own employment requirements over the plan period (to 2038), and when considered against the two demand scenarios resulted in a 38ha oversupply against 'growth scenario 1- past completions', and a 19ha oversupply against 'growth scenario 2 – Past completions and growth GVA' covering the period 2018-38.

4.75 This plan highlights that South Staffordshire's employment land supply has increased significantly due to the recent consent for a Strategic Rail Freight Interchange, known as West Midlands Interchange (WMI), at Four Ashes. This sees the employment land supply in South Staffordshire increase to circa 340ha.

4.76 It is highlighted that with the introduction of WMI the known oversupply of employment land in South Staffordshire is increased and there is more scope to contribute to unmet needs for economic development from surrounding areas. At the time of consultation on the Preferred Options Local Plan only the Black Country authorities had declared unmet unemployment needs.

4.77 The rationale definition of a Functional Economic Market Area for South Staffordshire comprising the authority together with Cannock Chase, Stafford and the Black Country authorities (*minus Sandwell*) as identified in the previous 2018 Part 1 EDNA is considered in Section 3 of this Report.

4.78 The plan acknowledges that the former Part 1 EDNA informing plan preparation to-date relies on dated assumptions and inputs and is therefore being updated through the preparation of this EDNA.

ii) *South Staffordshire EDNA Part 2*

4.79 The draft findings in this EDNA concluded that South Staffordshire is a well sought-after employment area, with the employment/industrial market primarily located in and around the

north east of the District area, which is serviced by the established motorway networks (M6 & M54).

4.80 It was found that due to the rural locality of the area there are limited areas that have the infrastructure and associated economic and social drivers that are necessary to attract large-scale occupiers and developers. Of the sites assessed as part of the land availability assessment there was no identified supply of readily available 'suitable' sites in South Staffordshire (over and above the existing supply of employment land (105ha) that was assessed through the Part 1 EDNA).

4.81 The EDNA Part 2 identified 834.25 ha of land assessed as 'potentially suitable' for employment.

4.82 The EDNA recommended that in the future there should be a focus on the best sites. Sites that connected to the West Midlands Interchange and the interchange itself were highlighted.

iii) *Building Better Opportunities*

4.83 Aimed in part at driving local jobs growth, the 'Building Better Opportunities' Programme for Stafford & South Staffordshire is a jointly funded project by The National Lottery Community Fund and European Social Fund.

4.84 The Building Better Opportunities programme was developed using a decentralised approach, with 37 Local Enterprise Partnerships involved in producing project outlines to inform the development and delivery of the programme at local level.

4.85 The Stafford & South Staffordshire project was awarded £2.3m and aims to help those who experience multiple barriers to move closer to employment. The three-year project will focus on key groups who typically find they have multiple barriers to overcome when finding suitable employment.

4.86 These are:

- People aged over 50 Lone parents
- Those with low skills or qualifications
- People with long-term health conditions or disability
- Those from an ethnic minority group
- Those living in 'low employment demand' areas
- Those who experience more than one of the following; homelessness, substance misuse, history of offending and mental ill-health.

4.87 The project is aimed at tackling the barriers that prevent the above groups of people from accessing support with more opportunities for education and training, improved health and wellbeing services, better financial help and new programmes to build people's confidence.

4.88 Support is being provided to help people build self-confidence and develop or acquire new skills in key areas where they might be experiencing difficulties. These are:

- Work skills – gaining of key skills e.g. team working, problem solving, numeracy, IT and communication skills.
- Attitudinal skills – increased levels of motivation, confidence, feelings of responsibility, levels of self-esteem and higher personal and career aspirations.
- Personal skills – improved timekeeping, personal hygiene, greater levels of self-awareness, better health and fitness, greater levels of concentration and engagement.

- Practical skills – ability to complete forms, ability to write a CV, improved ability to manage money and improved awareness of rights and responsibilities.

iv) *South Staffordshire Retail Centres Study (April 2021)*

4.89 This study was undertaken at a time when many town centres and traditional high streets nationally were struggling to evolve quickly enough to adapt to the significant and fast-moving structural changes that were seen in the retail sector since the economic recession, and which had been compounded by COVID-19.

4.90 The study states that at a national level there is a significant decline in the demand for retail floorspace in all centres and increasing vacancies. This trend is not expected to be reversed in the foreseeable future, with limited demand from new occupiers in all but the largest centres. This is reflected in the findings of the quantitative retail capacity assessment for South Staffordshire which forecasts limited or no quantitative capacity for new retail floorspace during the Plan period to 2037. The study also found South Staffordshire's centres to be 'healthy', as evidence from site surveys and questionnaires.

4.91 This study suggested that there is already more than sufficient retail comparison floorspace within South Staffordshire to meet identified needs during the plan period (see Table 12 below).

Table 12. Comparison Floorspace Requirements: Constant Market Share

Convenience Floorspace Requirements (Constant Market share, Base, excluding commitments)	2017	2020	2025	2030	2035	2037
Amount of new convenience floorspace required (cumulative) (sq m net)		-41	443	405	398	411

Source: South Staffordshire Retail Centres Study (2021), Table A3.13, Appendix 2

4.92 For convenience floorspace, the quantitative assessment suggested there is a need for additional provision in the area, but it is also extremely limited. However, this will be more than met by the recently consented scheme at the Wombourne Business Park.

4.93 The study demonstrates that the quantitative need for additional retail provision in the short – medium term (5- 10 years) is limited to a small convenience requirement, which will be more than met by the recently consented scheme. Furthermore, there is nothing to indicate that any significant capacity will emerge in the South Staffordshire area during the Plan period, although some additional local need may arise from higher population growth in areas with significant housing allocations. This is being dealt with through allocation of retail space within strategic (mixed-use) sites in the Preferred Options Local Plan.

4.94 Some of the rising housing need in the neighbouring Black Country may need to be accommodated in the South Staffordshire district. However, the overall level of provision is unlikely to have any material effect on the quantitative capacity for either convenience or comparison goods floorspace.

4.95 The study raises the elements of 'qualitative need', which highlights that the improved local provision of shops and services would reduce reliance on facilities outside the District, often entailing travel by car, and produce sustainability benefits for the local economy, in accordance with local objectives and national policy. It was recommended that the LPA should encourage appropriate retail development.

4.96 Nonetheless, the study states that it would not be realistic to expect multiple retailers to come

in to South Staffordshire now, after the economic crash of 2008-2012 and now because of coronavirus COVID-19.

4.97 Therefore, it was recommended in the study that there is no need for additional retail floorspace allocations. However additional retail provision may be justified in areas experiencing high levels of future residential growth. The retail hierarchy was also recommended to be altered, such as a new top tier of the Retail Hierarchy created for Large Village Centres that comprises Codsall (The Square, Station Road), Penkridge (Market Street) and Wombourne (High Street).

4.98 The study predicts that the change in the District's Centres will largely occur organically through the mechanism of the Use Class Order that came into effect on 1st September 2020.

Key Points

- Previously published evidence and policy documents, including the Core Strategy Local Plan (2012) and Employment Land Studies (2012 and 2014), recognise the important sub-regional role of South Staffordshire in supporting the economic growth and employment needs of surrounding areas, particularly the Black Country. Provision for economic development within with the i54 development adjacent Wolverhampton and other strategic employment sites including Hilton Cross, Four Ashes and ROF Featherstone illustrates these cross-boundary linkages most clearly. These strategic sites in particular have been identified as being of economic importance to the wider sub-region. The Black Country LEP for example identifies the i54 as a key 'employment corridor' which the Black Country is keen to connect into and build upon the success of.
- The West Midlands Interchange (WMI), including the Strategic Rail Freight Interchange (SRFI), is another site of national economic significance in South Staffordshire that was approved by Development Consent Order in May 2020. It was envisaged that this site would help meet the logistics needs of South Staffordshire and the wider Black Country and West Midlands conurbations. WMI is projected to deliver around 8.500 jobs on-site together with up to 8,100 indirect jobs off-site. 1 in 5 employees are expected to currently live in South Staffordshire.
- A report commissioned by the Black Country authorities on the SRFI (Stantec, 2021) estimated the Black Country (including South Staffordshire) market share of the overall SRFI land area to be 72ha (37% of the total). Of the total Black Country and South Staffordshire market share of 72ha, 5ha of this is specifically attributed to South Staffordshire. This output relies upon a methodology based upon the distribution and potential displacement of existing floorspace, together with projected future population growth. This EDNA evaluates the methodology outlined above in the context of evidence for local labour demand.
- The West Midlands Strategic Employment Sites Study (WMSESS) (May 2021) identified a sufficient supply of office accommodation and sites across the region but that there is 'wide anecdotal acknowledgment by the industry' of a shortfall of strategic employment sites (B2 and B8). The study calculates a maximum of 7.41

years' supply of strategic employment land at observed levels of demand, of which 2.47 years is accounted for by WMI. The study highlights an urgent need to identify a pipeline of new Strategic Employment Sites to meet needs beyond the 7.41 years' of supply that exists in allocations and committed sites. This EDNA is primarily informed by locally-derived evidence of labour demand but has had regard to the recommendations of the WMSESS and the EDNA findings may be used to inform future joint-working with neighbouring authorities.

- The Stoke and Staffordshire LEP identifies opportunities for enhancing productivity and jobs growth across the LEP area, including South Staffordshire, with particular opportunities identified in manufacturing and materials innovation. Alongside delivering strategic employment sites the LEP strategy also promotes skills development and the creation of flexible working spaces for small businesses, particularly in rural areas.

5.0 SOUTH STAFFORDSHIRE'S ECONOMIC BASELINE

5.1 This section provides a baseline assessment of the local and regional economic dynamics and characteristics of South Staffordshire's economy and labour market.

5.2 South Staffordshire has a diverse economy with sectoral strengths in: strategic logistics, the digital economy, the visitor economy, professional services, construction, and the creative industry. Furthermore, advanced manufacturing is a key sector in the Stoke-on-Trent and South Staffordshire Local Enterprise Partnership area with an emphasis on energy, auto-aero, medical technologies, agricultural technology (agri-tech) and applied materials.

5.3 South Staffordshire hosts a number of significant employers, some notable inclusions are[24]:

- Jaguar Land Rover (JLR), engine manufacturing centre based at i54 Business Park
- Moog, aircraft group factory based at i54 Business Park
- Eurofins, food testing laboratories based at i54 Business Park
- Gestamp, automotive component manufacturing based at Four Ashes Industrial Estate
- ERA, security hardware and electronics business based at i54 Business Park
- ISP (International Security Printers), a security printing company based at i54 Business Park

5.4 Reflecting its agricultural heritage and the rural characteristics the district acts as a key driver in the development of skills and innovation within associated sectors. South Staffordshire College's Rodbaston Campus delivers advanced manufacturing and engineering training to the agriculture sector.

5.5 South Staffordshire has a current estimated resident population of 112,369 persons (ONS, 2020) and an economy that supports around 36,000 jobs (BRES, 2020[25]). 60% of South Staffordshire's residents are aged between 16-64 (ONS, 2020), which represents a slightly lower proportion in comparison to the working age population levels across the wider West Midlands Area as well as nationally.

a) Productivity (GVA)

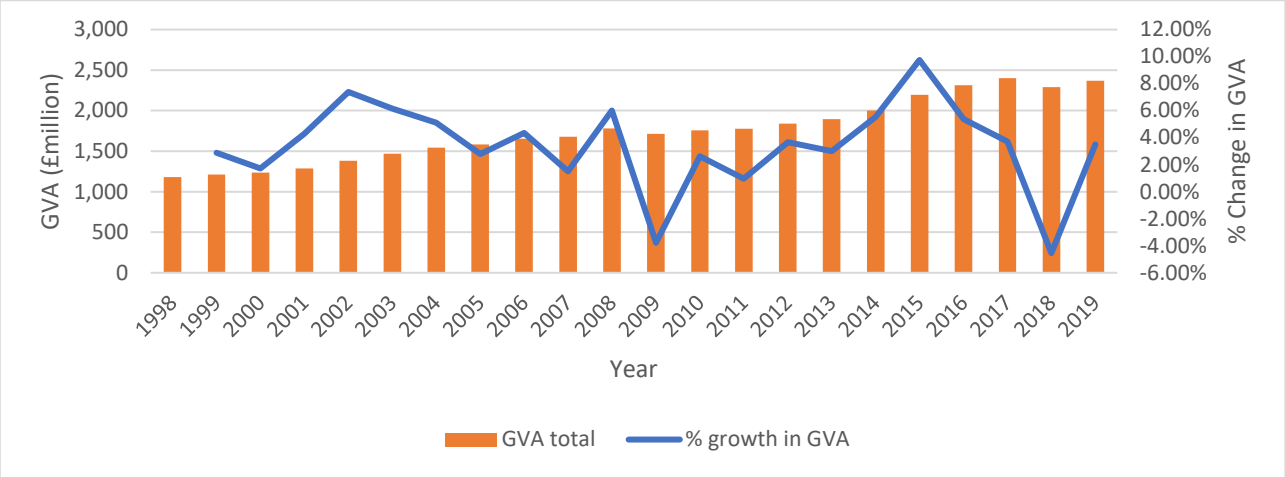
5.6 The Gross Value Added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. In 2019, the GVA of South Staffordshire was valued to be £2,370 million, which accounts for 1.64% of the West Midlands total GVA.

5.7 As shown in Figure 4 below, South Staffordshire's GVA rose steadily between 1998 and 2008 and fluctuated (with a slowing in the overall rate of growth) between 2009 and 2014. With the exception of data for 2018 the most recent five year period (2014 to 2019) has seen a return to higher rates of annual growth in the measure of GVA.

[24] Source: https://www.stokestaffslep.org.uk/app/uploads/2019/09/Stoke-on-Trent-and-Staffordshire-LIS-Evidence-Base-15.01.2020.pdf and Local Industrial Strategy

[25] BRES (2019) pre-Covid estimate of 39,000 jobs total employment

Figure 4. Historical Trends of GVA – South Staffordshire



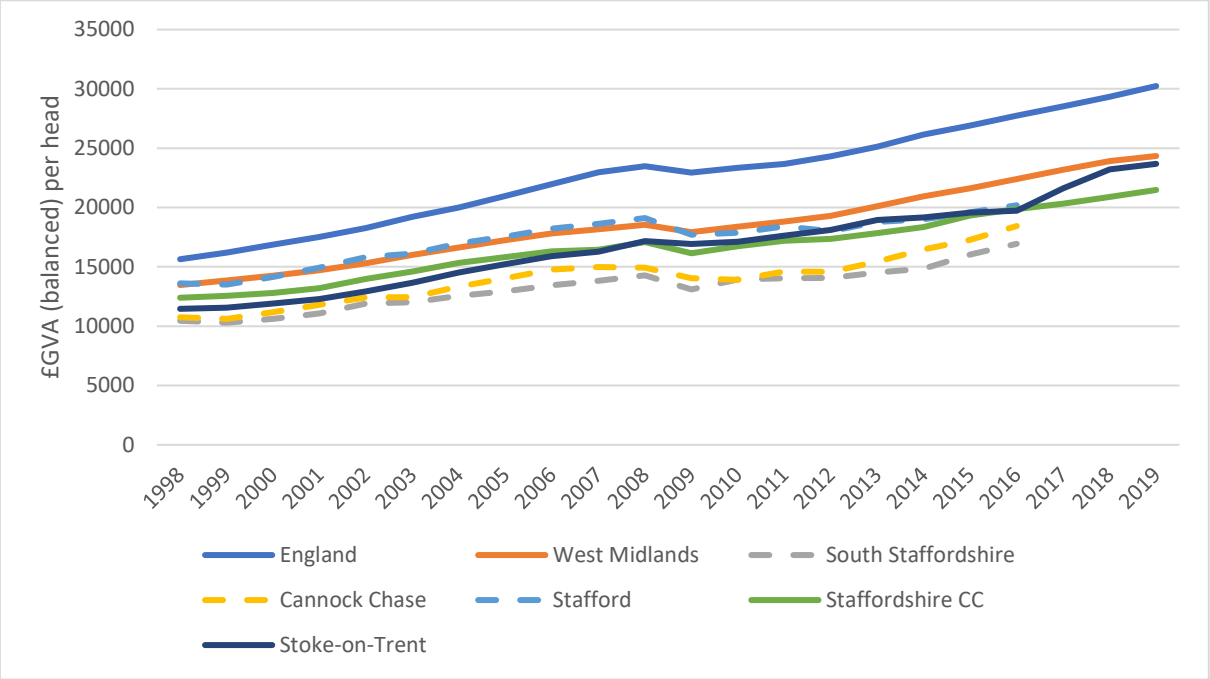
Source: ONS, 2019. GVA (balanced) current price

5.8 Considering the GVA per head of population, Figure 5 reflects the most recent data that report local authorities by International Territorial Level (ITL) and include South Staffordshire within the Staffordshire County Council (CC) series. Staffordshire CC and the Unitary authority area of Stoke-on-Trent both demonstrate a GVA per head that is lower than the national rate and also lower than the West Midlands average. As this measure is calculated against total resident population estimates the output is sensitive to the impact of the total non-working population (i.e., retired, unemployed and school-age persons) relative to the size of the population contributing to economic output.

5.9 Recent increases in comparative GVA per head have been most significant in Stoke-on-Trent. This indicates that overall the Stoke and Staffordshire Local Enterprise Partnership area is likely to have trended closer to the regional average in terms of £GVA per head, although changes have not been evenly spread across the constituent authorities.

5.10 Using previous data no longer reported by individual local authority areas indicate that South Staffordshire records similar trends to neighbouring Cannock. In the final years of the series to 2016 the data show some narrowing of the difference in GVA per head in Stafford Borough and the County as a whole.

Figure 5. GVA per head of population (balanced approach) (£ per head)*



*Source: ONS, 2019 – GVA (income approach). * the data for South Staffordshire, Cannock and Stafford Borough for the years after 2016 is not available as it is not reported at this level of geographical region each year*

5.11 With regard to historical growth rates of GVA, as shown in Table 13 below, South Staffordshire demonstrated a stronger compound annual growth rate prior to the ten-year period preceding the 2008-2010 financial crisis (1998-2008). During this period rates of economic growth exceeded the equivalent improvements in the West Midlands region and the Local Enterprise Partnership areas of Stoke & Staffordshire and the Black Country when taken as a whole but remained below compound growth in GVA across England for the same period. The 2008 to 2013 period illustrates the more significant impact upon South Staffordshire of the 2008-2010 period in terms of contraction in GVA and a relatively slow recovery thereafter.

5.12 The rate of growth in GVA in Stoke & Staffordshire as a whole has increased significantly in the 2013 to 2019 period, with the annual rate now exceeding the England and West Midlands average. The compound rate of growth in South Staffordshire has also increased over the same period, sitting below the rate in Stoke & Staffordshire overall but comparing closely with the national average. This indicates an overall narrowing of differences between compound growth rates in the study area relative to measures across wider geographies, particularly when compared against 2008-2013.

Table 13. GVA past growth rates

	CAGR 1998-2008	CAGR 2008-2013	CAGR 2013-2019	CAGR 1998-2019
South Staffordshire	4.21%	1.26%	3.80%	3.38%
Stoke and Staffordshire LEP	3.91%	1.70%	4.45%	3.53%
Black Country	3.35%	2.35%	5.08%	3.60%
West Midlands	3.69%	2.28%	4.00%	3.44%
England	4.77%	2.15%	3.90%	3.89%

Source: ONS, 2019 – GVA (balanced approach)

5.13 Considering the sectoral breakdown of GVA, Table 14 shows that excluding Real Estate Activities[26] the Construction and Manufacturing sectors provide the largest contribution in GVA to South Staffordshire's economy (at a combined 23% of total GVA). Wholesale and retail together with transport and storage also contribute amongst the next highest amounts (18% combined) alongside health and social care activities.

Table 14. Sectoral breakdown of GVA, South Staffordshire District

Sector	GVA 2019 (£million)	% of Total
Real estate activities	400	16.88%
Construction	279	11.77%
Manufacturing	273	11.52%
Wholesale and retail trade; repair of motor vehicles	261	11.01%
Human health and social work activities	221	9.32%
Transportation and storage	163	6.88%
Administrative and support service activities	141	5.95%
Public administration and defence	111	4.68%
Education	109	4.60%
Professional, scientific and technical activities	99	4.18%
Other service activities	84	3.54%
Accommodation and food service activities	82	3.46%
Information and communication	63	2.66%
Agriculture, mining, electricity, gas, water and waste	36	1.52%
Arts, entertainment and recreation	31	1.31%
Financial and insurance activities	12	0.51%
Activities of households	5	0.21%
All industries	**2,370**	**100%**

Source: ONS, 2019. GVA (balanced) current prices

5.14 The sectoral trends in GVA over the 1998 to 2019 period are shown in Figure 6 below. This identifies that the Construction and Transportation sectors, that now appear to contribute amongst the highest proportions of total GVA, have experienced high compound rates of growth since 1998 (5.06% and 4.71% respectively). These rates exceed the 'all industries' total (3.38%). This is also the case albeit to a lesser degree for Wholesale and Retail (3.81%).

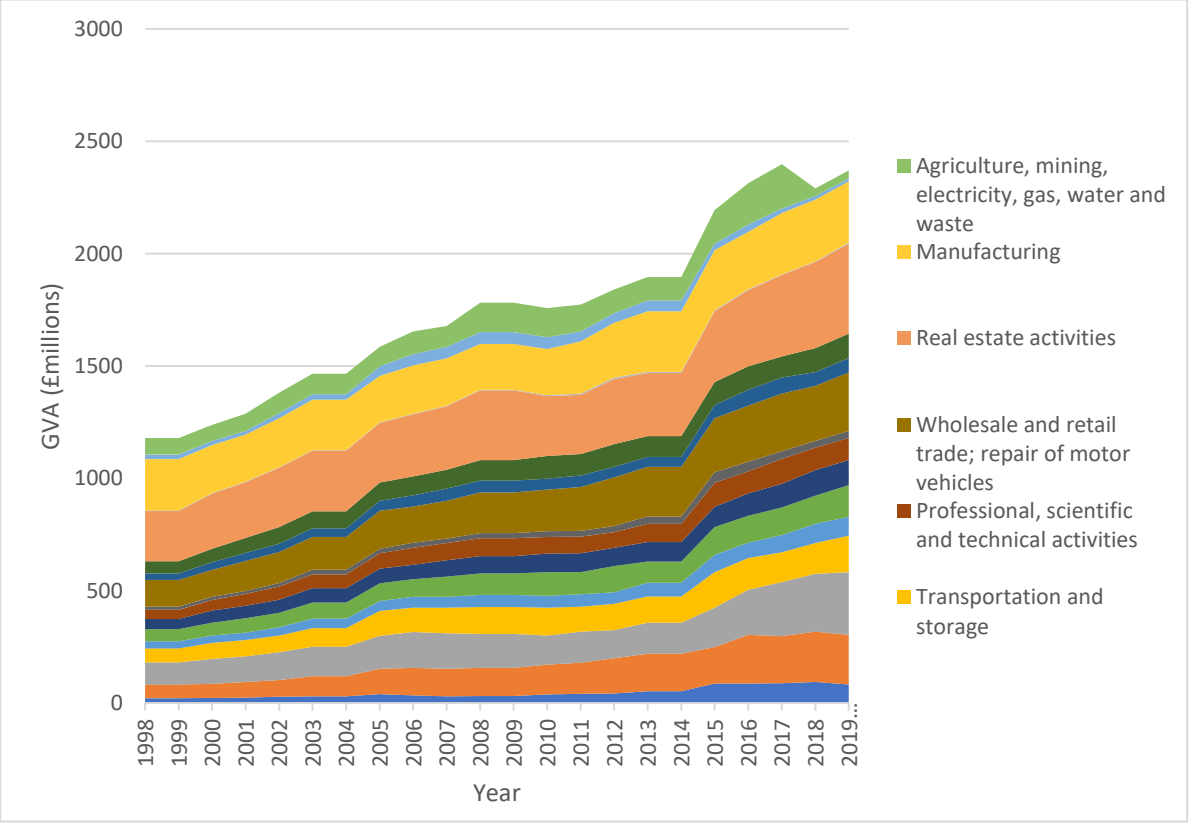
[26] This class includes the provision of real estate activities by real estate agencies: - intermediation in buying, selling and renting of real estate on a fee or contract basis. - advisory activities and appraisal services in connection with buying, selling and renting of real estate, on a fee or contract basis.

The compound growth rate for Manufacturing (0.84%) is lower than the total for all industries but this masks a contraction in output from 2000 to 2010 and subsequent growth such that the 2019 total exceeds 1998 levels.

5.15 Figure 6 also shows a significant contraction in GVA from agriculture, mining, electricity, gas, water and waste as recorded from 2018. The decline in this sector may reflect the closure of Seisdon Quarry at the end of 2018 This has an impact on calculation of the overall compound growth rate to 2019 as well as the total measure of GVA.

5.16 For the purposes of sensitivity testing the equivalent CAGR in GVA for South Staffordshire excluding the agriculture and mining sector for the 2013-2019 increases to 4.51% compared to the value of 3.80% as shown in Table 14 above. The equivalent figures are 4.58% for the Stoke & Staffordshire LEP and 5.60% for the Black Country. For South Staffordshire the exclusion of this sector provides a truer reflection of levels of growth broadly according with regional and sub-regional trends and a more accurate measure of the upturn in the local economy since the 2008-2013 downturn.

Figure 6. GVA by sector (balanced approach) 1998-2019 (£millions)



Source: ONS, 2019. GVA (balanced) current prices

b) Employment Rates

5.17 Figure 7 shows the trend in total employment since 2004. For South Staffordshire this shows that the employment rate has with a limited number of exceptions stayed consistently above national and regional levels.

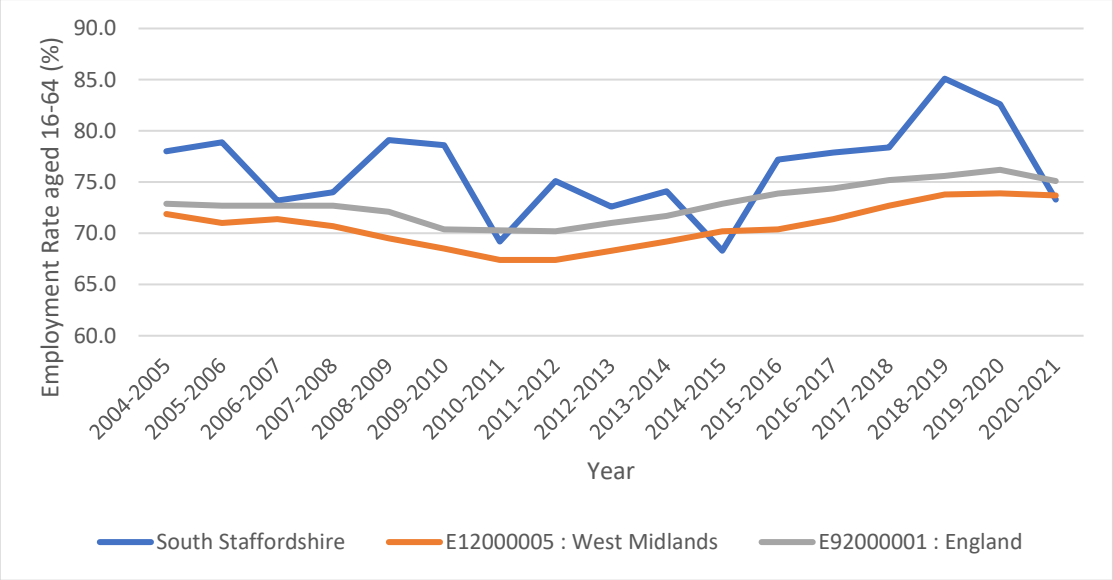
5.18 The most recent recorded fall in the employment rate can most closely be associated with the impact of the Coronavirus pandemic.

5.19 This echoes the fall in the employment rate in 2009/10 around the timing of the global

financial crisis. In the years that followed South Staffordshire relatively quickly returned to demonstrate a higher employment rate than the surrounding region but reflecting a slower initial recovery employment rates increased further from 2015 onwards according with the stronger recorded growth prior to 2020/21.

5.20 Evidence prepared by the Stoke & Staffordshire LEP (pre-dating the onset of the pandemic) records that South Staffordshire has the third highest rate of economic activity (after East Staffordshire and Tamworth) and that the LEP area as a whole slightly exceeds regional and national averages (APS, 2018).

Figure 7. Employment Rate aged 16-64 (%)



Source: Annual Population Survey

5.21 The table below shows the levels of self-employment as a percentage of total employment for South Staffordshire compared to regional and national rates. In South Staffordshire, 12.8% of workers are self-employed, which is significantly above the regional level of 9.1% and national level of 9.8%.

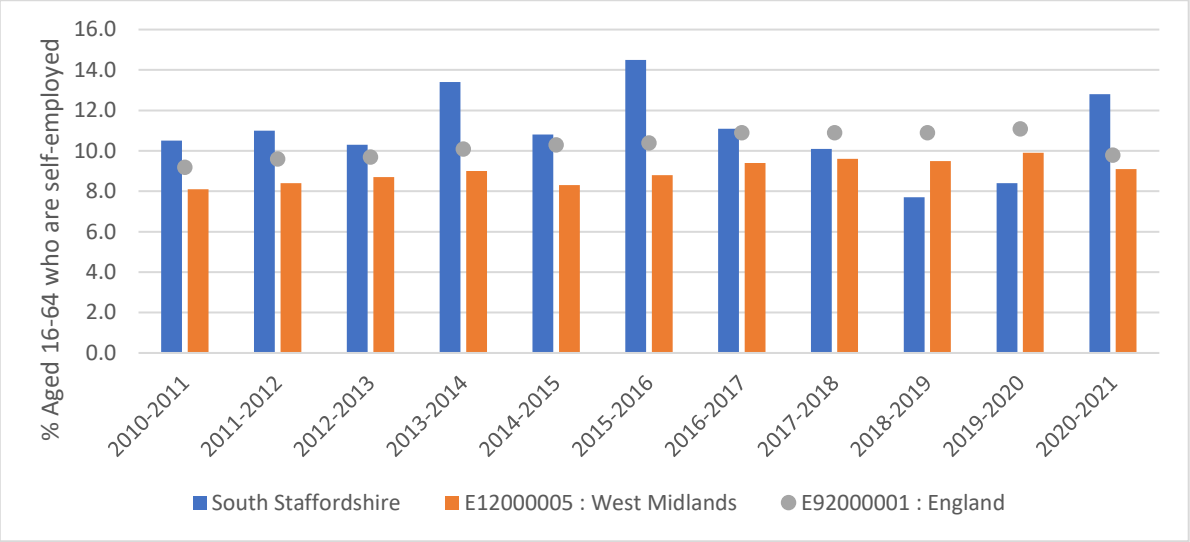
Table 15. Self-Employment

	% aged 16-64 who are self-employed
South Staffordshire	12.8%
West Midlands	9.1%
England	9.8%

Source: Annual Population Survey (April 2020 to March 2021)

5.22 Over a longer time series South Staffordshire consistently demonstrates higher rates of self-employment than the West Midlands average. Historically comparisons with national levels of self-employment are more varied and the 2020/21 data are the first year since 2016 where South Staffordshire has exceeded the national average. The 2016 to 2020 period indicates a reduction in self-employment compared to data for England as shown in Figure 8. This corresponds to higher rates of recorded growth in overall employment and total jobs.

Figure 8. Self-Employment Rate 2010 to 2021 (%)



Source: Annual Population Survey

c) Business Demography

5.23 As illustrated in Table 16 below, South Staffordshire demonstrates a relatively small proportion of large businesses – 0.31% of businesses in the district have 250+ employees whereas the West Midlands average is 0.42% (0.37% in England). The proportion of medium sized businesses with between 50 and 249 employees is also relatively smaller than business demography in the West Midlands (2.07% vs. 2.77%). The Stoke & Staffordshire LEP as a whole comprises a greater proportion of medium and large business than the regional average.

5.24 In contrast to this the number of micro businesses with fewer than 10 employees is greater in South Staffordshire comprising 86.8% of all enterprises (4,190 of 4,825). This contrasts with the LEP area where the proportion of micro businesses is below regional and national levels.

5.25 Approximately 5 of the 15 large business recorded in official estimates are within the Manufacturing sector (33% of the total) demonstrating the relative importance of individual employers within this sector. Manufacturing also provides for 15 of 100 medium-sized businesses.

5.26 Within Manufacturing itself a relatively lower proportion of enterprises comprise micro businesses (75%). In contrast to this the Construction and Professional, Scientific and Technical Services sectors that are likely to support Manufacturing activities comprise very higher proportions of micro businesses (94.4% and 93.7% respectively). These two sectors alone comprise around 30% of total enterprises within the business count.

Table 16. Business Composition

	Micro (0 to 9)	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)
South Staffordshire	4,190	520	100	15
Stoke & Staffordshire LEP	38,970	6,200	1,310	185
West Midlands	216,330	32,020	7,100	1,085
England	2,366,755	332,980	69,580	10,420

Source: BRES

5.27 There are a number of measures available to calculate the total number of enterprises in an area and thus change over time. Based on the UK Business Counts of all local units South Staffordshire is currently (as of 2021) home to 4,825 businesses. Since 2010 growth in the number of businesses in South Staffordshire has grown by 16% (from 4,160 in 2010). This is a higher rate of growth than within the Stoke & Staffordshire LEP (15.1%) over this period but the County as a whole falls behind regional and national averages when comparing the total growth in business units over the same period (22% and 27% respectively).

5.28 This discrepancy is recognised in evidence assembled by the Stoke & Staffordshire LEP looking specifically at VAT Registered businesses. Under this measure South Staffordshire recorded 4,660 businesses (ONS, 2019). The LEP's evidence recognises that the highest rate of growth has occurred in South Staffordshire, where the number of businesses increased by 22.3% between 2014 and 2019, a growth rate above both the regional and national averages. This contrasts sharply with business growth of only 14.4% in the LEP areas as a whole over the same period.

5.29 Annual data on births, deaths and survivals of businesses in the UK represent the most detailed information provided by the ONS as part of its business demography series.

5.30 Using the overall count of active enterprises reveals the same trend as identified in other measures – namely that growth over the 2014 to 2020 period has exceeded levels across the LEP and closely matches percentage change recorded nationally (17-18%).

5.31 Details for births and deaths suggest a slightly different pattern when specifically looking at births in terms of enterprises not previously identified as active across two previous years of data. It should be noted that absolute levels of business births and deaths are a reflection of the relative number of businesses in each authority.

5.32 In 2014 there were 4,155 businesses in South Staffordshire compared to 37,280 in the LEP area. Comparing the net business growth figures to the size of the business base for each authority shows that South Staffordshire has a slightly lower growth rate, with a 9% growth over the period 2014 to 2019. This compares to a 11% growth in the LEP area and 21% across the West Midlands. Data for 2020 are excluded from these totals as these appear to indicate an unusually high number of business deaths.

5.33 Tables 17 and 18 break down the Business Births and Deaths from 2014 to 2020 in South Staffordshire, Stoke & Staffordshire and the West Midlands region. For South Staffordshire this equates to a net gain of 390 enterprises between 2014 and 2019, compared to 3,985 across the LEP area. Business births in South Staffordshire over the preceding five years indicate that new enterprises comprise approximately 45% of the active total recorded in 2019, compared to 54% in the LEP area and 67% in the West Midlands.

5.34 This suggests a relatively lower turnover of enterprises in South Staffordshire. One potential explanation for the strong growth in active enterprises may be the existence of businesses that are only 'active' intermittently and do not appear in all years' data. This could also explain

the higher number of 'deaths' recorded in 2019/20 that have not reduced the total number of active enterprises if records from previous years have since re-recorded employment or turnover.

Table 17. Business Births 2014-20

	2014	2015	2016	2017	2018	2019	2020
Stoke & Staffordshire LEP	4,410	4,585	4,990	4,270	4,290	4,395	4,305
West Midlands	25,740	29,350	34,695	30,685	30,840	36,005	29,660
South Staffordshire	500	475	475	415	440	400	450

Source: ONS Business Demographic Statistics

Table 18. Business Deaths 2014-20

	2014	2015	2016	2017	2018	2019	2020
Stoke & Staffordshire LEP	3,520	3,610	3,500	4,195	4,085	4,045	4,025
West Midlands	19,250	21,450	21,310	26,640	30,415	26,805	28,795
South Staffordshire	380	350	385	425	385	390	745

Source: ONS Business Demographic Statistics

d) Sectoral Breakdown

5.35 Analysis of Business Registration and Employment Survey (BRES) data has been undertaken to identify the sectoral breakdown of businesses in South Staffordshire. Table 19 shows that the top sector for South Staffordshire by proportion of employees is Manufacturing (13.9%). Construction also accounts for a relatively high proportion of jobs (8.3%) together with Accommodation and Food Services, Health and Education all comprising proportions between 8% and 10%.

5.36 With regard to the LEP's key sectors, the data reveals the following:

- Advanced Manufacturing – In South Staffordshire, 13.9% of employment is in the Manufacturing sector overall. The representation within this sector exceeds the equivalent position across the LEP area (12.3%) as well as regional and national averages. The LEP's specific aims for advanced manufacturing sub-sectors[27] are considered in more detail through this EDNA
- Digital Economy – 1.9% of employment in South Staffordshire is in the Information and Communication sector, which is less strongly represented than within the LEP area overall (2.3%). The LEP area itself sits below the proportion of regional and national employment in this sector.
- Visitor Economy – South Staffordshire is less closely associated with key attractions identified in the LEP area. 3.5% of total employment is provided in Arts and Entertainment, which is slightly below 4.9% recorded in the LEP area. Representation of employment within accommodation and food service activities (making up 8.3% of the total in South Staffordshire) nonetheless exceeds the average for the LEP area (7.4%). Concentrations within the LEP area closely mirror regional and national trends.
- Business / professional services – employment rates in Professional, scientific and technical activities are at 6.9% and comprise slightly higher concentrations to the remainder of the LEP area (5.4%) but substantially below the regional and national

[27] Agri-tech, Energy, Auto-aero, Applied Materials and Medical Technologies

concentrations. The Financial and insurance sector provides for limited employment in South Staffordshire at 0.8% and provides one of the lowest proportions of employment amongst all sectors in the area. The proportion of Business Administration and Support roles is relatively small (6.3%) compared to LEP, regional and national levels ranging between 8.3% and 9.5%.

- Construction – in South Staffordshire, 8.3% of employment is in Construction with the proportion of jobs in this sector being around double levels in the LEP area as well as regionally and nationally.
- Creative industries – the LEP's evidence base for the Strategic Economic Plan recognises that this component of the local economy supports a number of the other key sectors without being a specific sector in its own right. Concentrations of employment in the digital and visitor economy are most closely associated with support growth through the creative industries and these provide relatively lower concentrations of jobs in South Staffordshire. Conversely Manufacturing is recognised as a catalyst for demand and innovation within associated creative industries.

Table 19. Composition of Employment, 2020

	Employment	Percentage
1 : Agriculture, forestry & fishing (A)	2,000	5.6%
2 : Mining, quarrying & utilities (B,D and E)	300	0.8%
3 : Manufacturing (C)	5,000	13.9%
4 : Construction (F)	3,000	8.3%
5 : Motor trades (Part G)	700	1.9%
6 : Wholesale (Part G)	1,500	4.2%
7 : Retail (Part G)	2,500	6.9%
8 : Transport & storage (inc postal) (H)	2,000	5.6%
9 : Accommodation & food services (I)	3,000	8.3%
10 : Information & communication (J)	700	1.9%
11 : Financial & insurance (K)	300	0.8%
12 : Property (L)	600	1.7%
13 : Professional, scientific & technical (M)	2,500	6.9%
14 : Business administration & support services (N)	2,250	6.3%
15 : Public administration & defence (O)	1,750	4.9%
16 : Education (P)	3,000	8.3%
17 : Health (Q)	3,500	9.7%
18 : Arts, entertainment, recreation & other services (R,S,T and U)	1,250	3.5%
Total	**36,000**	

Source: BRES, 2020

5.37 A Location Quotient analysis has been used to further analyse the composition of employment in South Staffordshire and to identify specialisms within the local economy. A Location Quotient (LQ) describes the proportion of employment in a sector relative to a wider area (in this case the West Midlands and England).

5.38 An LQ of 1 means there is the same proportion of employment in this sector in South Staffordshire as is the case across the comparator area. An LQ above 1 means there is a higher concentration of employment in that sector within the local economy; for example a LQ of 2.0 equates to twice the proportion of employment in the sector compared to England

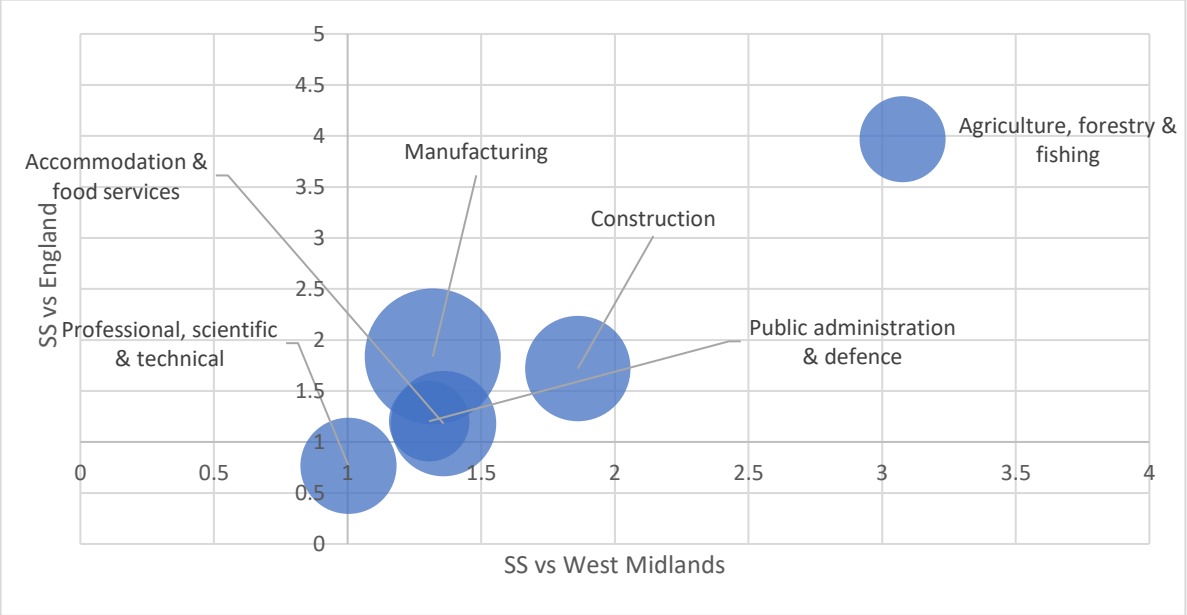
as a whole. Conversely, an LQ of less than 1 means a relatively lower concentration of employment.

5.39 Figures 9 and 10 below shows the LQ for South Staffordshire compared to the West Midlands (x axis) and England (y axis). The size of the circle represents the level of employment in that sector in South Staffordshire.

5.40 Figure 9 has been prepared to isolate those sectors where at least one of the vertical or horizontal axes record a LQ greater than 1.0. This applies to a relatively limited number of industries but shows the importance of Construction and Manufacturing to South Staffordshire's economy. The LQ for Manufacturing is reinforced by the point that the sector is responsible for the largest quantum of employment (5,000 jobs; 14% of South Staffordshire's total) which is 1.84 times the rate seen across England and 1.32 times the rate seen across the West Midlands. The Construction sector employs fewer people but achieves a higher LQ of 1.82 and 1.72 compared with the West Midlands and England respectively. The LQ for agriculture, forestry and fishing reflects the rural characteristics of the area and the higher concentrations within this sector are relative to the limited size of the economy in South Staffordshire compared with more diverse comparator areas.

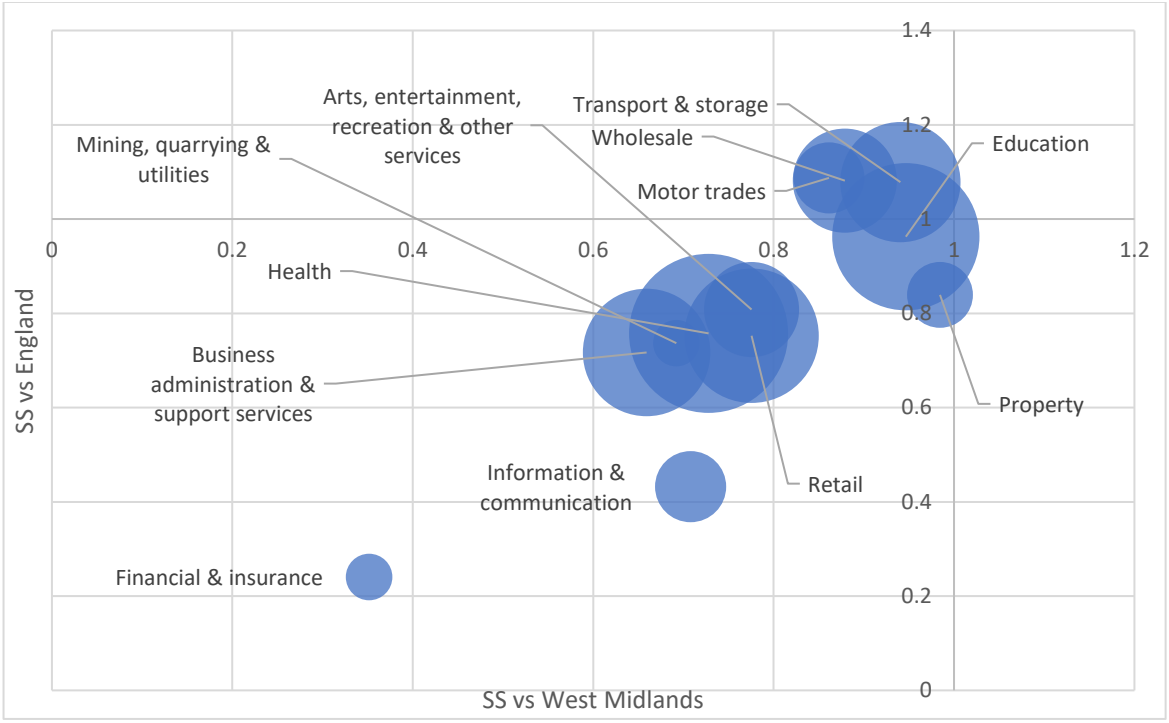
5.41 Figure 10 represents a finer-grained analysis of other sectors. This shows that for many sectors there is a high degree of clustering of concentrations around regional and national averages (including education, wholesale, motor trades and transport and storage). Several sectors providing services, recreation and entertainment generate a LQ significantly below 1.0, with the lowest levels found in the Financial and Insurance industries. Within this context Professional, Scientific and Technical occupations as well as Public Administration and Defence (from Figure 9) stand out as service sectors that demonstrate relatively strong concentrations locally and perform in-line with wider trends.

Figure 9. Location Quotient: South Staffordshire vs West Midlands and England (Sectors with one LQ exceeding 1.0)



Source: SPRU analysis of BRES data, 2020

Figure 10. Location Quotient: South Staffordshire vs West Midlands and England (Sectors with at least one LQ below 1.0)



Source: SPRU analysis of BRES data, 2020

5.42 Table 20 below shows the LQ for South Staffordshire compared to the West Midlands and England. It sets out all the sub-sectors which have a relative over-representation in South Staffordshire (based on a LQ of 1.2 or above) compared to the national average and where total recorded employment is over 100 persons.

5.43 The LQ analysis emphasises the area's strengths in manufacturing when compared to the UK average particularly in terms of motor vehicles, computing and other electronic equipment. The West Midlands region also has a high representation of many manufacturing sub-sectors compared with the wider UK. Despite the relative strength in manufacturing jobs across the West Midlands the LQ analysis identifies numerous manufacturing sub-sectors which have notably stronger representation in South Staffordshire than across the wider region.

5.44 To complement this analysis Table 20 also shows the main sub-sector findings for South Staffordshire compared to the Stoke & Staffordshire LEP area. This illustrates that the economic profile of South Staffordshire is quite closely aligned across key sectors that are important across the LEP area as a whole, meaning that the differential in LQ is less. Nonetheless, in the most highly concentrated sectors the LQ of South Staffordshire exceeds the LEP average.

5.45 Notable exceptions include some forms of manufacturing (primarily those outside the automotive and electronic sub-sectors) indicating that some parts of the LEP area are subject to higher degrees of specialisation. Warehousing and distribution also record a LQ below 1.0 relative to the LEP area; indicating that despite South Staffordshire's strengths in this sector relative to the region its profile is even more fully established in the associated LEP area.

Table 20. Location Quotient Sub-Sector Specialisms – South Staffordshire vs West Midlands and England, 2020

Industry	South Staffs vs WM	South Staffs vs UK	South Staffs vs S&S LEP
29 : Manufacture of motor vehicles, trailers and semi-trailers	2.1	7.5	4.0
26 : Manufacture of computer, electronic and optical products	5.7	5.7	3.7
01 : Crop and animal production, hunting and related service activities	3.1	4.1	2.4
23 : Manufacture of other non-metallic mineral products	1.7	3.4	0.6
27 : Manufacture of electrical equipment	2.4	3.4	2.0
25 : Manufacture of fabricated metal products, except machinery and equipment	1.1	2.3	1.2
43 : Specialized construction activities	2.3	2.1	1.8
18 : Printing and reproduction of recorded media	2.1	2.0	1.5
75 : Veterinary activities	1.6	2.0	1.8
71 : Architectural and engineering activities; technical testing and analysis	2.1	1.9	2.4
77 : Rental and leasing activities	1.5	1.9	1.2
87 : Residential care activities	1.7	1.8	1.7
52 : Warehousing and support activities for transportation	1.5	1.7	0.9
96 : Other personal service activities	1.3	1.6	1.1
22 : Manufacture of rubber and plastic products	1.1	1.5	1.1
82 : Office administrative, office support and other business support activities	1.2	1.2	1.8
84 : Public administration and defence; compulsory social security	1.3	1.2	1.5
56 : Food and beverage service activities	1.3	1.2	1.2
42 : Civil engineering	1.4	1.2	1.3
10 : Manufacture of food products	1.3	1.2	1.3

Source: SPRU analysis of BRES data (2020)

e) Summary

5.46 This section provides a baseline assessment of the local and regional economic dynamics in South Staffordshire.

5.47 The local economy currently supports around 36,000 jobs. Growth in productivity in South Staffordshire was badly affected relative to regional comparators over the 2008 to 2013 period, having out-performed the West Midlands and respective Stoke & Staffordshire and Black Country Local Enterprise Partnership (LEP) areas for the preceding 10-year period (1998-2008). Since 2013 South Staffordshire has seen stronger growth in productivity (GVA) which has broadly matched the England and West Midland average and in the context of above-average growth in the above mentioned LEP boundaries.

5.48 Productivity is spread across the sectors of the South Staffordshire economy with no individual sector contributing more than 17% of the total GVA. The construction and manufacturing sectors together account for nearly 25% of productivity.

5.49 All sectors saw growth in productivity (measured by GVA) over the 1998-2019 period, with the exception of agriculture and financial services. Several key sectors have experienced a compound annual growth rate (CAGR) that substantially exceeds the overall trend (3.38%) including Construction (5.06%) and Transport and Storage (4.71%).

5.50 South Staffordshire has high proportion of jobs in the Manufacturing (13.9%) and construction (8.3%) sectors that broadly correlate to their relative contribution to productivity (GVA) in the district. The proportion of jobs in construction is almost double the regional and national average while the representation of jobs in manufacturing also exceeds the locally high concentrations that exist in the Stoke & Staffordshire LEP.

5.51 There is a particular prevalence of advanced manufacturing sub-sectors within the South Staffordshire economy – the largest manufacturing sectors are the Manufacturing of motor vehicles, fabricated metal and computer and electronics, together accounting for 57% of all manufacturing jobs in the district.

5.52 Other than agriculture and forestry there are very few sectors within South Staffordshire which have stronger representation than either regional or national rates. The relative concentration of professional, scientific and technical services is greater than other financial and administrative service occupations while the proportion of jobs in transport and storage his increased in recent years and exceeds local and national averages but sits below concentrations in the wider Local Enterprise Partnership area of Stoke & Staffordshire.

5.53 In terms of business demography South Staffordshire hosts a lower proportion of businesses of all sizes with the exception of micro-businesses where the level of enterprises exceeds regional and national averages. Levels of self-employment also exceed the regional and national average.

5.54 South Staffordshire has seen a sustained growth in the number of businesses in recent years with a 17% growth over the most recent six year period. This compares to a 10% growth in the reminder of Stoke & Staffordshire and is similar to the national average.

5.55 The number and concentration of businesses is high in the Construction Sector (16.7% of all enterprises) and Professional, Scientific and Technical (13.2%) which exceed the respective proportions in the West Midlands region. The total number of enterprises within the Manufacturing and Transport and Storage sectors (both 5.7% of the total) is lower than the West Midlands average and given the overall concentration of activity in these areas indicates the importance of a small number of larger employers (especially in the Manufacturing sector).

Key Points

- South Staffordshire's economy currently supports around 36,000 jobs (BRES, 2020) with year-on-year rates of employment growth being consistently above national and regional levels. The highest proportion of workers are employed in the Manufacturing sector (13.9%) followed by Construction (8.3%). South Staffordshire has particularly high rates of employment in manufacturing when compared to the UK average, particularly in terms of motor vehicles, computing and other electronic equipment.

- Rates of self-employment (12.8%) in South Staffordshire are above both the regional average (9.1%) and national average (9.8%).
- In 2019, South Staffordshire had a GVA of £2.37 million, a figure which represents an increase on the previous 5 years. Whilst productivity in South Staffordshire is spread across several sectors, the Real Estate and Construction sectors contribute the highest proportions of total GVA.
- The majority of all businesses in South Staffordshire (86.8%) are 'micro businesses' with fewer than 10 employees. There are relatively few large businesses (+250 employees in South Staffordshire), representing just 0.31% of all businesses. Of these, 33% are manufacturing businesses. The total number of businesses in South Staffordshire has grown by 16% since 2010 to a total of 4,825 businesses. This rate of growth exceeds both regional and national rates of business growth.

6.0 COMMERCIAL MARKET SIGNALS AND COMPLETIONS TRENDS

a) Qualitative Assessment of the Commercial Property Market

6.1 The analysis has been informed by stakeholder engagement with the Local Enterprise Partnership, key businesses and employers, commercial property agents and developers, and inward investment partners.

6.2 Informal interviews were undertaken via videocall with this wide range of stakeholders. These interviews were semi-structured around a number of themes, with the summary of feedback received, organised by theme, set out in the table below.

Table 21. Summary of Stakeholder Responses

Theme	Stakeholder Response Summary
Recent performance in commercial property market	Since the start of the COVID-19 pandemic there has reportedly been unprecedented growth in the e-commerce, servicing and warehousing sectors (reflective of 3-10 years' advancement in just a few months) which has in turn fuelled growth in the industrial property market and increases in rental yields and land values. This growth that has been evidenced over the past 18 months to 2 years is coupled with a significant decline in high street retail as it has been increasingly replaced by online retail expenditure. Most take-up in the 'big box' sector is currently in existing buildings, as demand is so high large retailers can't afford to wait for new buildings to be designed and built – the demand needs to be met straight away. More speculative building is being undertaken and buildings that would previously have had 12-18 months 'void' time built into their financial statements are now being occupied straight away. New sites that are currently being constructed (e.g. the Wolf Pack unit at Hilton Cross Business Park) already have significant occupier interest despite being a way off completion, which is reflective of the strength of the property market in this sector. Where it has previously lagged behind, recent developments, such as i54 and the M54/M6 link, are making South Staffordshire stand out as a more 'dynamic force' than other parts of the West Midlands region. The WMI site was expected to deliver 8 years' supply, however due to rapid take-up and high levels of demand the floorspace provided is now expected to be taken up in half that time (subject to delivery of the rail freight interchange). There is relatively little 'churn' in existing stock, and not a lot of new floorspace is coming onto the market, so as a result vacancy rates are currently at an all-time low. The strongest growth sector in South Staffordshire and the neighbouring Black Country is in the industrial property market, whereas the market for offices has not been as strong. The stagnation and lack of dynamism in the office sector is thought to be in-part influenced by the ongoing pandemic and changes in working patterns, including increases in remote working and

Theme	Stakeholder Response Summary
	lack of need for large amounts of office space. Enterprise Centres (offices for start-up businesses) have however seen an increase in demand since the start of the pandemic, possibly due to increases in career changes / redundancy from previous employment. Staffordshire as a whole is 2nd or 3rd in the UK for increases in demand for start-up business floorspace. South Staffordshire, and i54 in particular, is attracting and accommodating businesses who have previously operated in the Black Country.
Types and size of premises most in demand by businesses by sector / location	Strong demand for industrial/manufacturing floorspace in units between 10,000 sqft and 400,000 sqft. These larger units also often require heights of at least 16-17m to allow for use of cranes. Where there is demand for industrial floorspace in South Staffordshire, this is primarily around the edge of Wolverhampton, with highest levels of demand in the north and lower levels to the south. In Wombourne, for example, demand is generally for smaller units (1,000 sqft to 50,000 sqft) as opposed to northern parts of the district, where demand is primarily for larger scale logistics units (given closer proximity to the strategic road network). Despite demand for offices not being particularly strong within South Staffordshire, where there is a demand this is increasingly for 'own front door' offices of up to 3,000 sqft, in which companies are able to have their own office space with their own facilities (e.g. kitchen space, meeting rooms etc.). Occupiers also want greater flexibility – no long-term leases, flexible workspaces and hot-desking arrangements. Occupiers are increasingly looking for sites to have good environmental / green credentials, such as BREEAM Excellent or ability to accommodate EV charging points. These sustainability credentials are, in an increasing number of instances, required to allow access to necessary finance required to occupy sites. There are particular demands for freehold properties to purchase (rather than rent), particularly amongst SMEs.
Gaps in provision of suitable premises	There are particular identified shortfalls in available industrial floorspace in South Staffordshire of all sizes, ranging from smaller starter business units through to larger distribution warehouse units (500,000sqft +). This is a trend that is present across the wider Black Country/West Midlands region. In particular, there is a lack of medium-sized 'grow-on' units (25,000-100,000sqft) within South Staffordshire, including suitable land to provide medium scale advanced manufacturing operations in and around the Wolverhampton

Theme	Stakeholder Response Summary
	area at present. As a result of this deficit, Staffordshire's Enterprise Centres tend to be full of long-term tenants as there is nowhere for these companies to move on to. Most existing employment sites in the district are very popular and as such have limited availability. There is very little excess supply. Existing occupiers, such as Eurofins (food testing laboratory) based at i54, are looking for additional land to expand or relocate. Lack of sufficient parking, including EV parking (with sufficient power capacity to support this), is identified as a particular issue at their i54 site at present. There are demands for provision of additional power, including from existing tenants. Height of units (to allow for cranage) is also a particular issue, particularly for manufacturing businesses.
Access to workforce and any skills gaps	Developers of new strategic sites (such as i54 and WMI) anticipate that employees would likely come from the surrounding areas (within approximately 30 minutes' travel time), including the Black Country and South Staffordshire, as well as potentially from some areas further afield but still within commuting distance, such as Telford. The developers of WMI are required to make investments to ensure that a proportion of the anticipated 8,500 jobs due to be created at the site are sourced locally. The presence of strategic transport linkages within South Staffordshire (including the M6 and M54 motorways) make this area easily accessible for workers from the wider West Midlands conurbation. Industrial employers are recognising a need to invest in locations with higher quality environments with well-being facilities on-site in order to attract more 'white collar' workers to what were traditionally viewed as 'blue collar' jobs. Staffordshire College (Rodbaston Campus) works alongside local employers, such as those at i54 and other specialist manufacturing, electrical engineering and digital industries, by providing specialist training to fill vacant positions. In particular, there are identified gaps in the local workforce who have skills in plumbing, engineering and electrical engineering. Whilst the labour force tends to commute in from nearby university towns and cities, in South Staffordshire the labour force tends to be older and lacking in specialist technological skills – as a result, South Staffordshire is lagging behind in technology adoption and advanced manufacturing.
Location of supply chain links	The supply chain for manufacturing firms based in South Staffordshire extend to the local area (including the nearby Black Country and West Midlands conurbation) as well as the north west and overseas.

Theme	Stakeholder Response Summary
	Most supply chain firms want to locate close to the companies they are supplying (e.g. JLR). There are strong links to the manufacturing base in the Black Country sub-region, especially with the automotive industry (JLR) and aerospace industry (MOOG). There is noted as being an increasing shift towards 'on-shoring' of supply chain firms as a result of Brexit and the increasing costs associated with imports / exports.
Future prospects for employment growth in commercial property market	Demand for employment floorspace (particularly warehousing / distribution) is expected to continue to increase in coming years, fuelled by habitual changes in retail expenditure and 'on-shoring' of supply chains following Brexit and increased cost of importing from overseas. Some of this demand will be met by the development of WMI and extensions to i54 business park. Manufacturing growth is generally slower in terms of take-up and it is a longer term process as it involves moving machinery etc. (greater capital costs involved). However, at present there is no concrete evidence that significant growth in manufacturing is happening in this location at the moment. The main growth area is in the warehousing / logistics sector. That being said, there are signs that some manufacturing sectors are rebounding, such as advanced manufacturing and aerospace industries, such as JLR and other companies based at i54. There is also identified demand for giga factories to manufacture batteries for the car industry – it is thought that the UK will need 5-7 of these. Some sites are thought to be being considered in the West Midlands.
Potential strengths/opportunities for business growth in South Staffordshire	Labour costs in South Staffordshire are relatively low compared with other locations with a similar economic base, such as the distribution and warehousing sites in the East Midlands. The strategic sites that are currently being brought forward (e.g. WMI / i54 expansion) are described as 'oven-ready' sites that are highly deliverable, can be brought forward quickly and can respond to enquiries quickly. WMI in particular is a site of national importance for the distribution / logistics sector which can be capitalised on. The rail freight interchange also offers potential to reduce the carbon footprint of supply chain linkages. Manufacturing units often have high power requirements which can make lead-in times for delivering these sites much longer as it can sometimes take two years to get sufficient power to a site. The central UK location of South Staffordshire, coupled with its close proximity to strategic infrastructure, motorway network, skilled labour supply and universities, means the area is in

Theme	Stakeholder Response Summary
	particularly high demand by companies looking to deliver employment floorspace. South Staffordshire (in particular i54 / WMI) has the potential to attract more national headquarters. As a district it has an attractive place agenda (green spaces, rural character) with the potential to create an 'identity' for itself as a prime location for logistics / distribution operations (however, this should be balanced by retaining a diverse economic base and not being pigeonholed as just a centre for logistics / distribution).
Potential barriers/threats for business growth in South Staffordshire	The cost of construction materials has increased significantly in recent months, fuelled in part by a lack of availability, which may have a negative impact on employment development and delivery going forwards. The cost of labour is also increasing, which may have a further impact on staffing and availability of suitably qualified labour force going forwards. At present, labour costs are comparatively low in South Staffordshire compared with other areas with a similar economic base, such as the East Midlands, however this may change as more development is brought forward. The food technology sector (e.g. Eurofins) in particular is struggling to offer competitive salaries – Tesco and Amazon are currently paying similar rates so it is hard to compete. The availability of suitable employment land is in relatively short supply and therefore the cost of land is increasing. Coupled with the increasing costs of development, this may have an impact on viability going forwards, although at present there appears to be a strong interest in developing employment sites in the South Staffordshire area. The office market is currently facing challenges as companies re-evaluate how much space is required going forward and what type of space is required (e.g. a better quality office environment). It is increasingly the case that warehousing/manufacturing companies are choosing to have office space on site rather than a separate large office in city centre locations. These changes may have impacts for the office market in South Staffordshire. Impacts on the highway network, particularly motorway congestion and congestion on A460, associated with increased development around the motorway junctions in South Staffordshire may impact on future capacity for development in these locations. Skills shortages in the local labour force is also a potential threat to the manufacturing sector (see comments above). Some existing infrastructure and premises are 'creaking' and the emerging requirement for green credentials is a potential risk going forwards e.g. some older existing units, such as those at Four Ashes, require significant upgrading and

Theme	Stakeholder Response Summary
	investment. Lack of public transport access to 'out of town' industrial sites / distribution centres is a particular issue for enabling staff to access workplaces sustainably.

b) Qualitative Assessment of Existing Employment Sites

6.3 In addition to speaking with stakeholders to understand the characteristics and trends in the commercial property market, site visits were also undertaken to existing designated employment sites and sites with extant employment commitments in South Staffordshire with the purpose of updating the quality assessments set out in the Part 1 EDNA (August 2018). These assessments provide further understanding of the current market by considering occupancy rates on existing sites and development progress on emerging or committed sites.

6.4 **Appendix 1** of this report provides details of the sites that were reviewed and their scoring. Each site was assessed based on criteria related to 'market attractiveness', 'sustainability' and 'strategic planning' factors. These 'strategic planning' factors related to each site's consistency with strategic policy and economic growth objectives and as such were weighted slightly higher (40% weighting) than 'market attractiveness' (30% weighting) and 'sustainability' (30% weighting) in calculating the overall score for each site.

6.5 A summary of the site scores and ranking is set out in Table 22 below. Sites highlighted in yellow are those identified in the Preferred Options Local Plan consultation as having land available for development within the plan period. The top quartile represents the best category (25% of all sites, highlighted green); the second and third quartiles are classified as good (next 50%, highlighted orange); and the fourth quartile represents the 'other' classification (lowest scored 25%, highlighted red).

Table 22. Summary of Employment Site Quality Scoring

	Market Attractiveness Total	Sustainability Total	Strategic Planning Score Total	Grand Total	Weighted Total
i54 Wobaston Road	30	36	20	86	89.0%
i54 Western Extension	30	32	20	82	86.0%
Hilton Cross, Hilton	29	35	19	83	85.7%
West Midlands Interchange	24	28	23	75	81.8%
Vernon Park	29	33	17	79	81.0%
ROF, Featherstone	21	33	22	76	81.0%
Bericote Four Ashes	23	34	20	77	80.5%
Hawkins Drive Industrial Estate, Cheslyn Hay	26	35	14	75	74.7%
Balliol Business Park	24	33	15	72	72.8%
Argos, Acton Gate	25	32	14	71	71.4%
Heathmill Road Industrial Estate, Wombourne	24	33	13	70	69.6%
Former GE Aviation, Bilbrook / Owens Trading Estate	20	33	15	68	68.8%

	Market Attractiveness Total	Sustainability Total	Strategic Planning Score Total	Grand Total	Weighted Total
Hilton Main Industrial Estate, Hilton	18	35	15	68	68.3%
Kingswood Business Park, Kingswood	26	28	12	66	66.2%
Landywood Lane Industrial Estate, Cheslyn Hay	16	34	14	64	63.9%
Hobnock Road, Essington	21	25	15	61	63.8%
Former Sandvik Site, Brinsford	22	29	12	63	63.0%
Coppice Lane, B.S Eaton, Cheslyn Hay	23	33	9	65	62.2%
Dunston Business Village	21	27	13	61	62.1%
Landywood Enterprise Park, Great Wyrley	19	31	12	62	61.5%
Hepworth Site, Warstones Road, Essington	21	26	13	60	61.3%
Huntington Industrial Estate, Huntington	18	29	13	60	60.6%
Proposed ROF Extension (West)	14	21	19	54	60.2%
Proposed ROF Extension (East)	14	23	18	55	60.1%
Littleton Business Park, Littleton Drive, Huntingdon	18	31	11	60	58.9%
Wombourne Enterprise Park	19	27	12	58	58.5%
Paradise Lane, Slade Heath	20	25	12	57	58.0%
Former Loades PLC, Great Wyrley	16	31	11	58	56.9%
Acton Plaza, Acton Gate	21	22	11	54	55.1%
Essington Light Industrial Estate, Bognop Road	13	27	12	52	52.5%
Wolverhampton Business Airport, Bobbington	12	23	13	48	50.1%
Smestow Bridge Industrial Estate, Wombourne	10	27	12	49	49.5%

Source: SPRU analysis

6.6 The site visits revealed a range of quality scores across the existing and allocated employment sites within the district, with older existing employment sites generally receiving lower scores, particularly on criteria related to 'market attractiveness' due to requiring upgrading and investment (as reflected in the feedback from stakeholders, set out in Table 21). Occupancy rates across all existing employment sites appeared to be high with few

vacant units identified, indicating that demand for both industrial and office floorspace is high, which is reflective of the feedback received from stakeholders.

6.7 It was noted however that a number of units on some of the older, well-established industrial employment sites, such as Smestow Bridge Industrial Estate, Wolverhampton Business Airport and Heathmill Road Industrial Estate, have been converted to non-office/industrial uses, such as cafes, children's nurseries, gyms and retail units (for recent data on industrial and office floorspace losses see sections 6(e) and 6(g) respectively). It should be noted that in some instances these activities will sustain alternative employment-generating uses that may be compatible with mixed-use locations including commercial floorspace. This indicates that demand for traditional employment floorspace at these sites is lower than in other locations, including those in the north of the district where demand for employment floorspace appears to be high, particularly on newer employment sites such as i54 and Hilton Cross.

6.8 Whilst there are few existing office-led employment sites within the district, those that do exist, including Dunston Business Village and Kingswood Business Park, appear to be well-occupied with low vacancy rates, although both are in relatively remote rural locations with limited access to public transport.

6.9 The findings of the site assessment exercise may be used to inform the retention of existing employment sites and the allocation of emerging sites through the Local Plan process. The 'low' scoring sites in particular may require further targeted investment to enhance their quality, or they may be identified as potentially suitable sites for redevelopment for other uses, subject to suitable quantities of replacement employment land being allocated elsewhere, if required.

c) Quantitative Indicators of the Commercial Market

6.1 The table below shows the overall quantum of office and industrial floorspace in South Staffordshire as shown by data from the Valuation Office Agency (VOA). The VOA data is divided into Office and Industrial uses which includes both B2 and B8 use classes.

6.2 The data shows there was a total of 770,000 sqm of industrial floorspace in South Staffordshire as of 2021, and 44,000 sqm of office floorspace. The VOA data shows that since 2001 there has been a net growth of 160,000 sqm (26%) of industrial floorspace, and 13,000 sqm (42%) of office floorspace.

Table 23. Total Commercial Floorspace (sqm), South Staffordshire

	Floorspace 2021 (sqm)	% Increase 2000/01-2020/21	Net Increase (sqm) 2000/01-2020/21	Average Annual Increase (sqm) 2000/01-2020/21
Industrial	770,000	26.23%	160,000	8,000
Office	44,000	41.94%	13,000	650

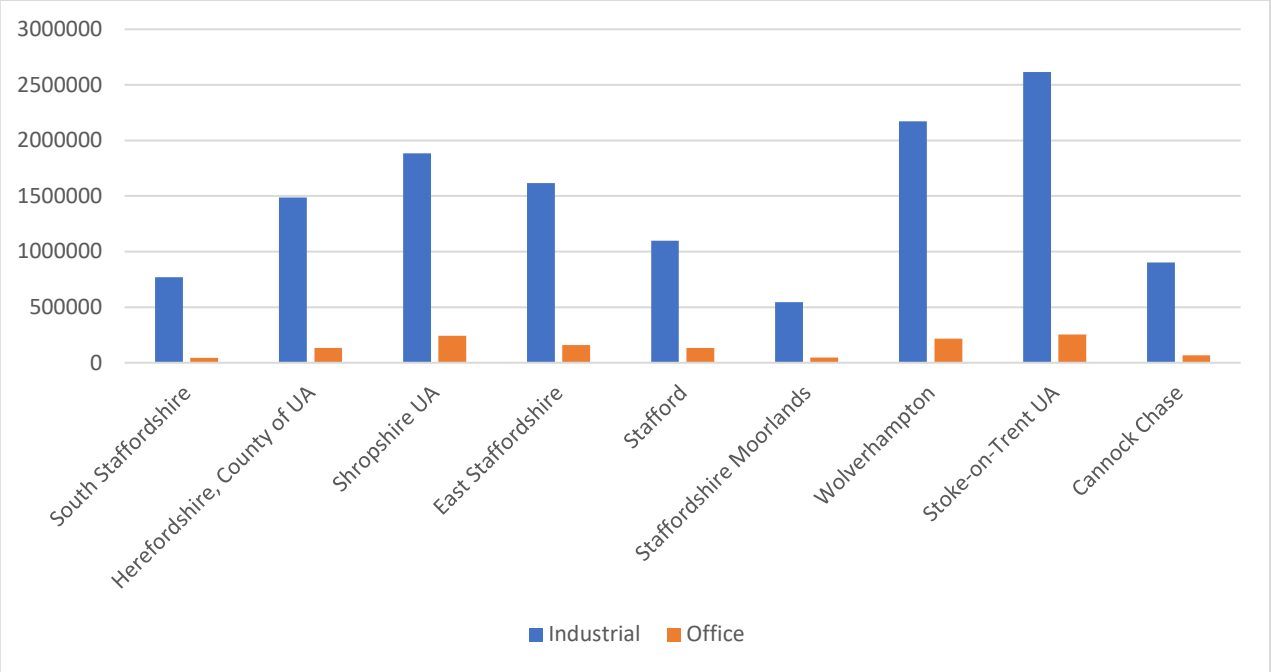
Source: VOA

6.3 Figure 11 provides a comparison of the scale of employment floorspace between South Staffordshire and neighbouring areas.

6.4 The data shows South Staffordshire as having higher industrial space than the Staffordshire Moorlands, and similar levels of office space to Cannock Chase.

6.5 Stoke-on-Trent UA, part of the LEP, has a much larger quantum of both office and industrial space, with over three times as much industrial space than South Staffordshire.

Figure 11. Commercial Floorspace (sqm), 2021 – South Staffordshire District and Neighbouring Authority Areas



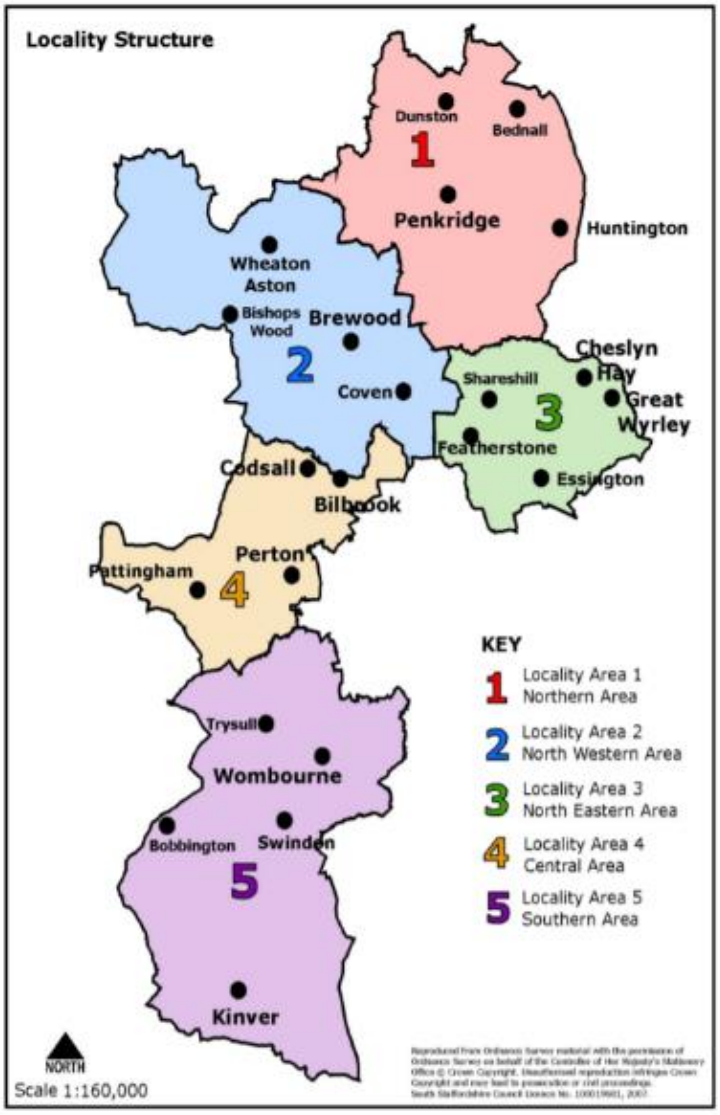
Source: VOA

d) Existing Industrial[28] Floorspace and Vacancy Rates

6.6 The locality areas of South Staffordshire are set out in the South Staffordshire Core Strategy 2012 and have been carried across to the Preferred Options Local Plan. The locality area boundaries can be seen in Figure 12. These locality areas are referred to in the following analysis.

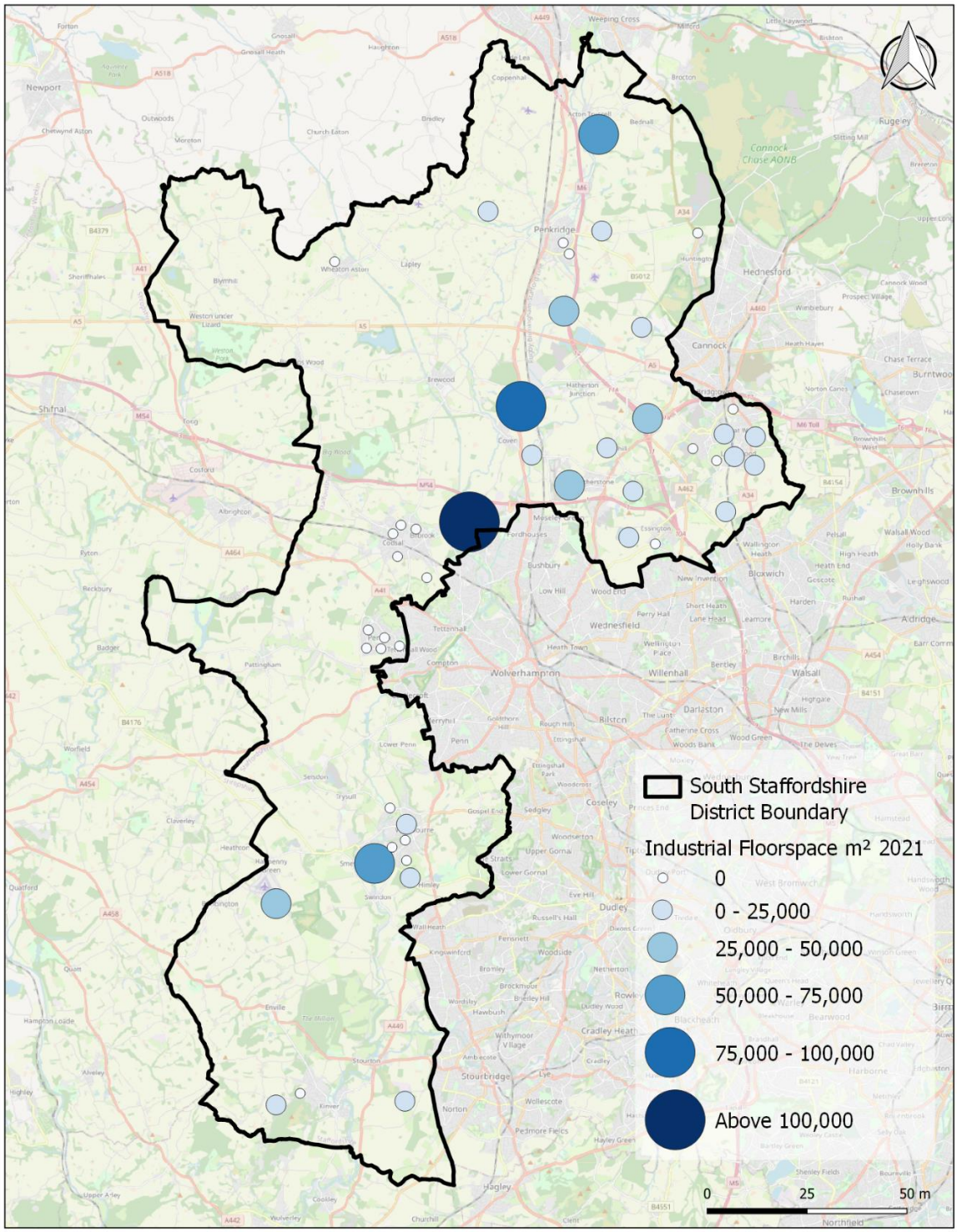
[28] In accordance with the VOA and general practice for commercial property agents, in this section 'Industrial' refers to planning use classes B1c, B2, and B8 - pre-September 2020 changes to Use Classes Order

Figure 12. South Staffordshire Locality Areas



6.7 Figure 13 below shows the location of South Staffordshire's industrial floorspace in greater detail. The data for each area is clustered by lower super output areas (LSOAs) so represents local areas rather than individual units.

Figure 13. Industrial Floorspace by Location, 2021



Source: SPRU analysis of VOA data, contains Ordinance Survey data © Crown copyright and database right 2020

6.8 This shows the distribution of industrial (i.e. B1c, B2, and B8) floorspace across South Staffordshire. This identifies three main concentrations of industrial floorspace –

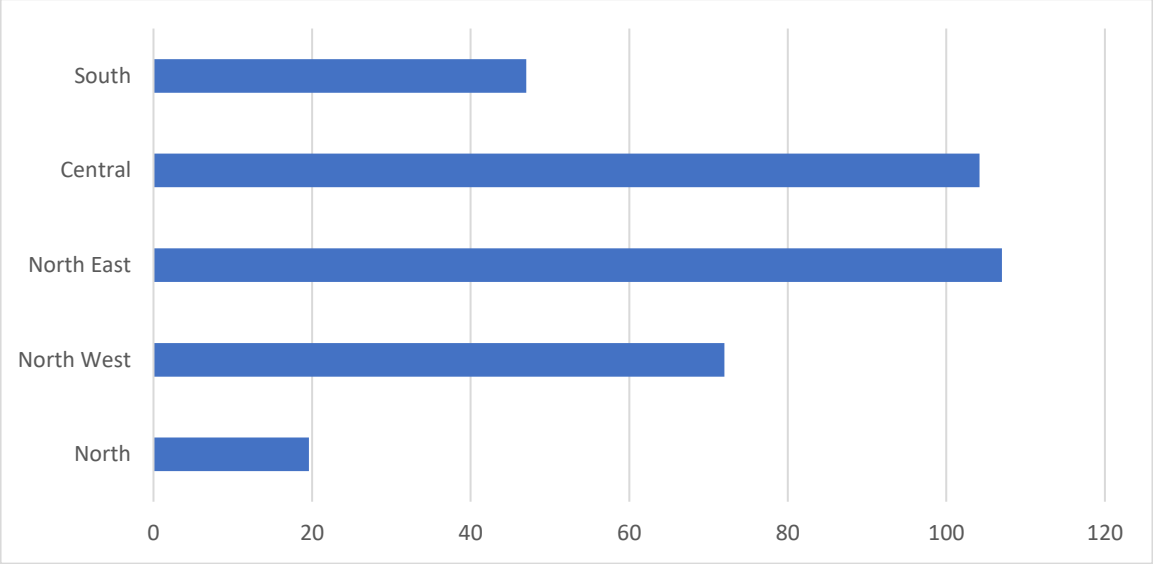
- In the north the area between Dunston and Bednall provide between 50,000 – 75,000m^2 of industrial floorspace. This is situated in the Northern locality area.
- The cluster of employment sites near Coven in the centre of South Staffordshire includes the i54 Business Park and the Four Ashes Business Park. These two sites make up 70% of the industrial floorspace delivered in South Staffordshire since 2016.
- In the south of South Staffordshire there is a cluster of industrial employment sites around Wombourne, with one site being between 50,000-75,000m^2.

6.9 In total these areas constitute the majority of the total industrial floorspace with the remaining quarter distributed across other smaller sites across the rest of the district.

6.10 It should be noted that the district saw a rapid growth in industrial floorspace since 2017/18, with a 17% increase to 2020/21. This period alone saw an extra 112,000m^2 of industrial floorspace introduced, the majority of which was delivered at large strategic employment sites.

6.11 As shown in Figure 14 below, the majority of existing employment land at main employment sites (including both office and industrial uses) is situated within the North East and Central locality areas.

Figure 14. Existing Employment Land at Main Employment Areas by Locality (Hectares)



Source: SPRU analysis of South Staffordshire Local Plan Preferred Options, Table 9. Excludes undeveloped allocations.

Table 24. Industrial Vacancy Rate in South Staffordshire

	Floorspace (sqm)
Total Industrial Vacancies	39,346
Total Industrial Stock	770,000
Industrial Vacancy Rate	**5.1%**

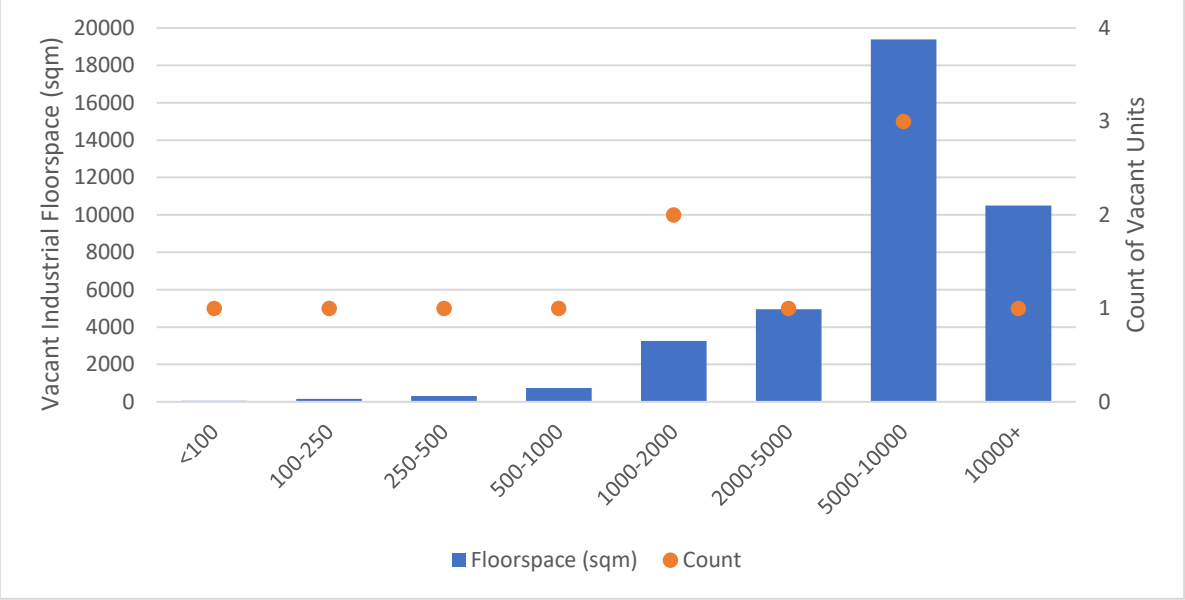
Source: SPRU analysis of VOA, Estate Gazettes and Realla CoStar data

6.12 The advertised available space in South Staffordshire equates to around 5% of existing

stock, as shown in Table 24. This provides a 'snapshot' of availability at a single point in time which, along with other data sources, provides an indication of the current state of the industrial market in South Staffordshire. A guideline for a healthy vacancy rate is generally considered to be around 7.5%[29], therefore, the slightly lower vacancy rate in South Staffordshire suggests a relatively tight supply of premises to meet the high demand for industrial floorspace in the borough.

6.13 Figure 15 shows the industrial vacancies by size. This highlights that over a third of all currently available industrial units (36%, 4 units) are medium-large scale units with a floorspace of more than 5,000 sqm. The total floorspace of these 4 units (29,876 sqm) represents 76% of the total vacant industrial floorspace in the district (39,346 sqm).

Figure 15. Industrial Vacancies, November 2021



Source: SPRU analysis of Estate Gazettes and Realla CoStar data

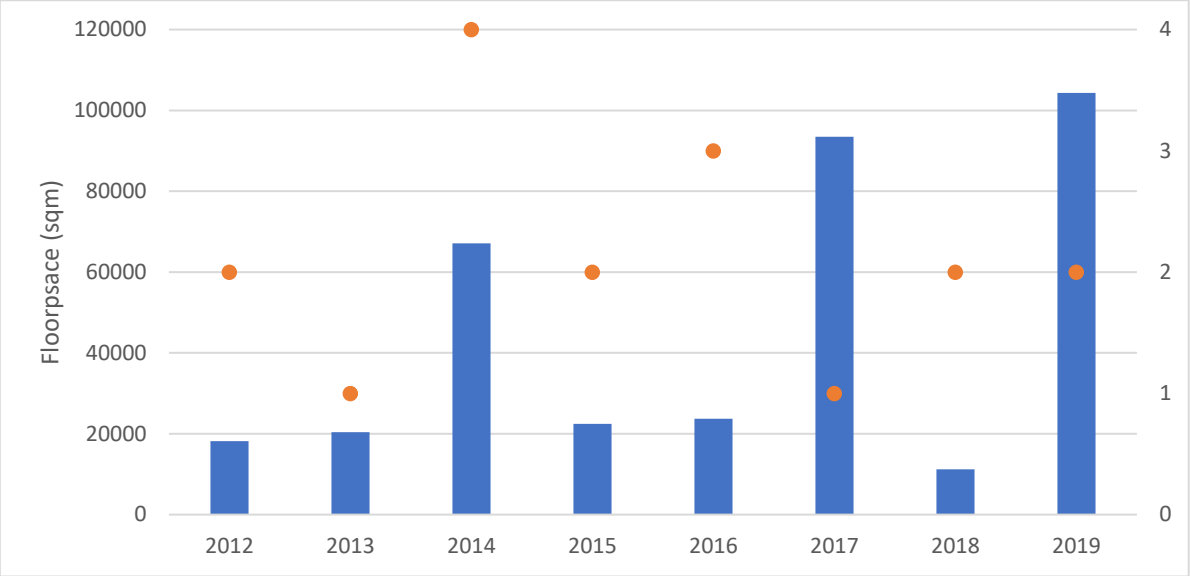
e) The Recent Pattern of Industrial Floorspace Supply and Loss

6.14 There has been a total of 360,907 sqm of industrial floorspace (B1c, B2 and B8) delivered across South Staffordshire between 2012 and 2019[30], meaning an average of 45,113 sqm per annum. Analysis of Class B1c, B2 and B8 completions in South Staffordshire has been undertaken based on completions data provided by the Council. This data has been analysed to remove any change of use between Classes B1c, B2 and B8 which does not actually constitute the development of additional floorspace.

6.15 Figure 16 shows the gross industrial floorspace completions per year. This does not suggest a steady trend in terms of rates of completion across this period, with two large spikes in delivery, with the i54 Strategic Employment Site and Four Ashes Strategic Employment Site recently delivered in 2017 and 2019 respectively.

[29] Planning Advisory Service, Housing & Economic Development Needs Assessment Technical Advice Note Volume 3 Economic Development, April 2016
[30] Monitoring years 2012/13 to 2019/20

Figure 16. Industrial Completions 2012-2019 (sqm, number of developments)



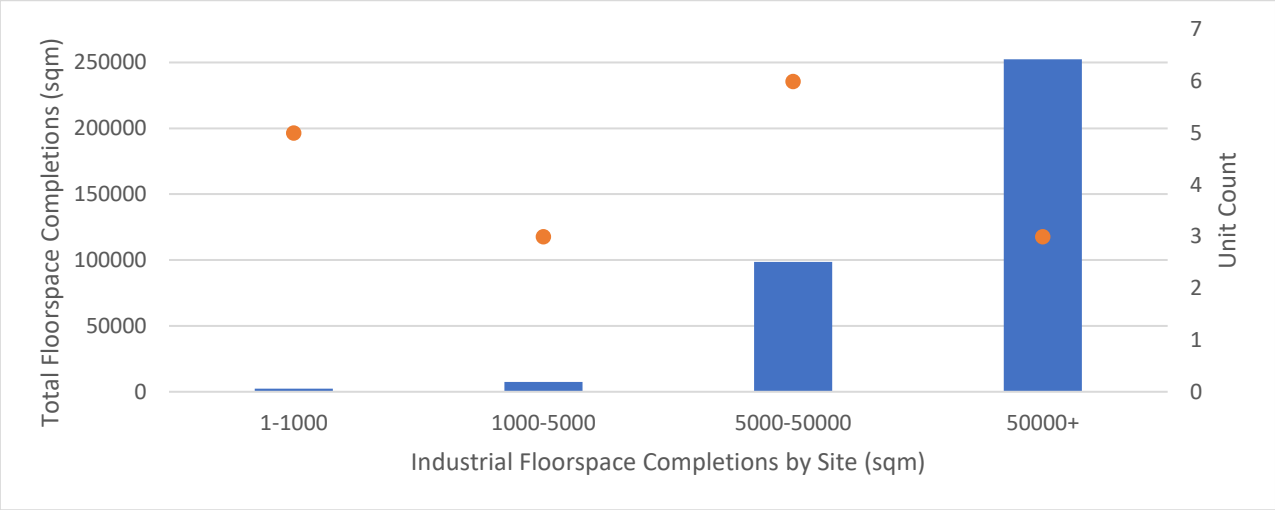
Source: SPRU analysis of Local Authority Monitoring Data

6.16 Figure 17 shows the same industrial floorspace completions data but organised by size band. In terms of overall industrial floorspace completions, 28% was delivered by the large development of four new industrial units at the Four Ashes Strategic Site. A further 26% was delivered by the JLR Module 4 development at the i54 Business Park (93,505 sqm).

6.17 In total between 2012 and 2019, 28% of industrial completions in South Staffordshire were delivered at the Gestamp/Amazon development at Four Ashes Strategic Employment Site (totalling 101,305 sqm) and 48.4% of industrial completions were delivered at the JLR site at i54 Business Park (totalling 174,571 sqm). Together, these two sites account for over three quarters (76%) of South Staffordshire's industrial floorspace completions between 2012 and 2019. These are primarily larger size units of over 20,000 sqm.

6.18 With regard to smaller units, those that delivered under 5,000 sqm account for 8 out of the 17 completed developments but just 3% of the total industrial floorspace delivered.

Figure 17. Industrial Floorspace Gains by Size bands, 2012-2019



Source: SPRU analysis of Local Authority Monitoring Data

6.19 Table 25 shows the rate of gross completions in South Staffordshire from 2012 to 2019. This shows the average annual gross completions of 45,113 sqm, compared to the district's overall stock, taken from the VOA.

6.20 This shows that over the period between 2012 and 2019 gross completions in South Staffordshire have been equivalent to around 5.9% of total stock. This represents a very strong rate of growth. A rule of thumb sometimes used is that a growth of 1% per annum would indicate a healthy rate of growth.

6.21 Even excluding the large scale units completed at the Four Ashes site in 2019 (101,305 sqm) and the floorspace delivered at JLR at the i54 Business Park (174,571 sqm), the average annual completions for the 2012-19 period would be 10,629 sqm per annum. This is equivalent to 1.4% of stock, which still indicates a healthy rate of growth.

Table 25. Gross Industrial Completions vs Industrial Stock

Monitoring Year	Industrial Floorspace Completions (sqm)
2012/13	18,163
2013/14	20,400
2014/15	67,076
2015/16	22,452
2016/17	23,754
2017/18	93,505
2018/19	11,238
2019/20	104,319
Gross gains 2012-2019	**360,907**
Average completions per annum	45,113
2020/21 Stock	770,000
Annual completions as % of total stock	**5.9%**

Source: SPRU analysis of Local Authority Monitoring / VOA data

6.22 In terms of floorspace that has been lost to industrial employment use, over the period 2011 to 2020 for which there is data available, there was a total of 17,247 sqm of industrial

floorspace (B2 and B8)[31] lost to employment use, plus an additional 3,965 sqm *Sui Generis* employment floorspace, as shown in Table 26. This equates to an average annual loss of 681 sqm B2 floorspace and 1,044 sqm B8 floorspace. These figures exclude the large scale loss of 112,396 sqm B2 floorspace at the Baggeridge Brickworks site in 2017 (application refs. 11/00920/OUT and 14/00017/REM) which has been removed as an anomaly relating to a large and long-term redundant site.

Table 26. Industrial Employment Floorspace Losses (2011-2020)

Year	B2 Losses (sqm)	B8 Losses (sqm)	Sui Generis Losses (sqm)
2011	0	0	0
2012	0	0	0
2013	3,907	0	465
2014	0	0	0
2015	0	7,636	0
2016	0	0	3,500
2017	0	0	0
2018	0	0	0
2019	2,800	2,800	0
2020	104	0	0
Total	**6,811**	**10,436**	**3,965**
Average annual loss (2011-2020)	**681.10**	**1,043.60**	**396.50**

Source: SPRU analysis of Local Authority Monitoring data

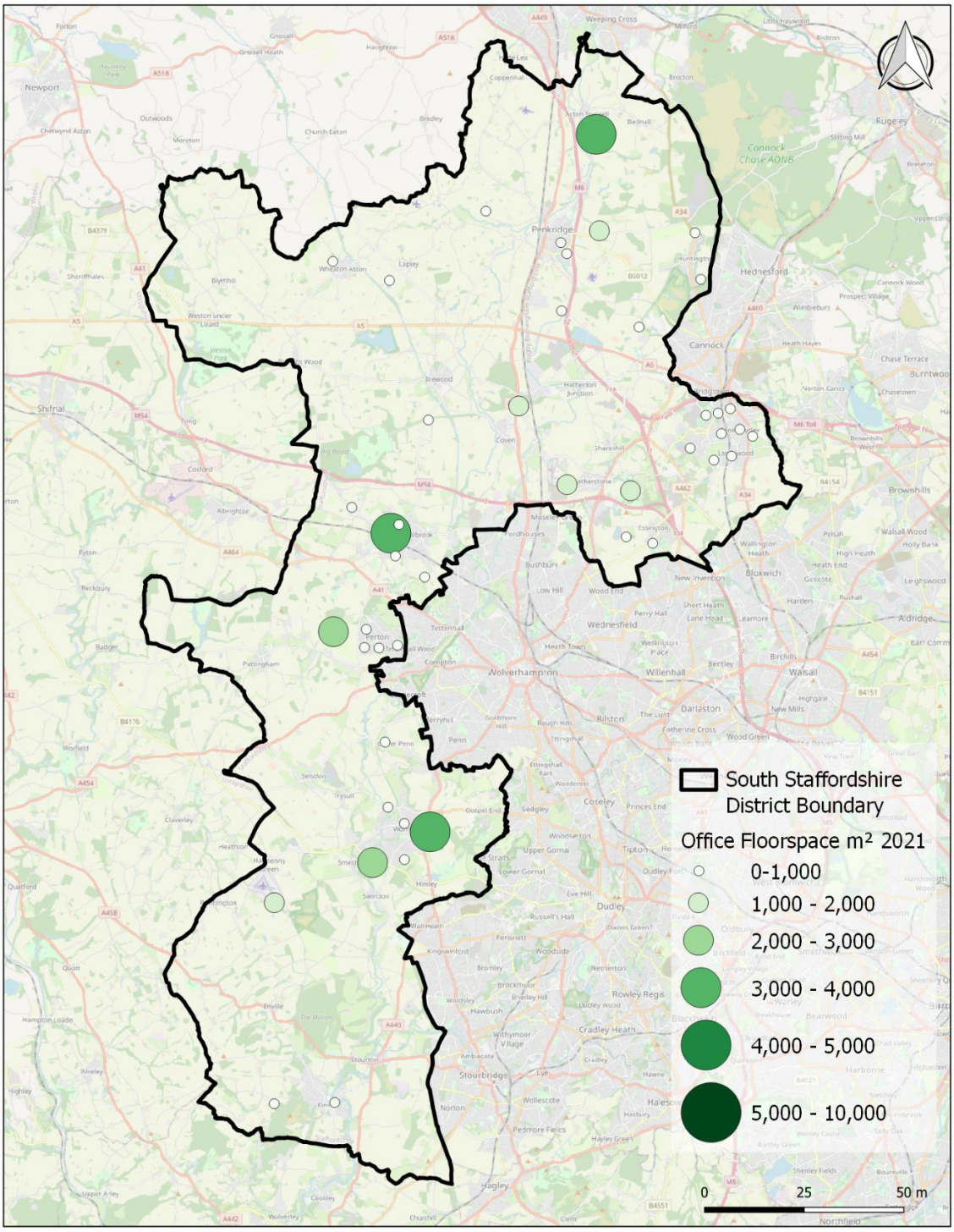
f) Existing Office Floorspace and Vacancies

6.23 As of the 2020/2021 monitoring year, South Staffordshire had around 44,000 sqm of office floorspace. South Staffordshire's office market is predominantly focused in Dunston Business Village to the north of Penkridge (Northern South Staffordshire) and South Staffordshire Business Hub in Codsall (central South Staffordshire). Together, these locations account for just over half (51%) of the total office floorspace in the district. There are also smaller concentrations of office space throughout the other employment sites across South Staffordshire, particularly in Wombourne.

6.24 The map below shows the location of South Staffordshire's office floorspace by area. The data for each area is clustered by lower super output area (LSOA) so each point represents the total office floorspace within a local area rather than individual units.

[31] No B1c floorspace losses were identified during the period 2011 to 2020.

Figure 18. Office Floorspace by Location, 2021

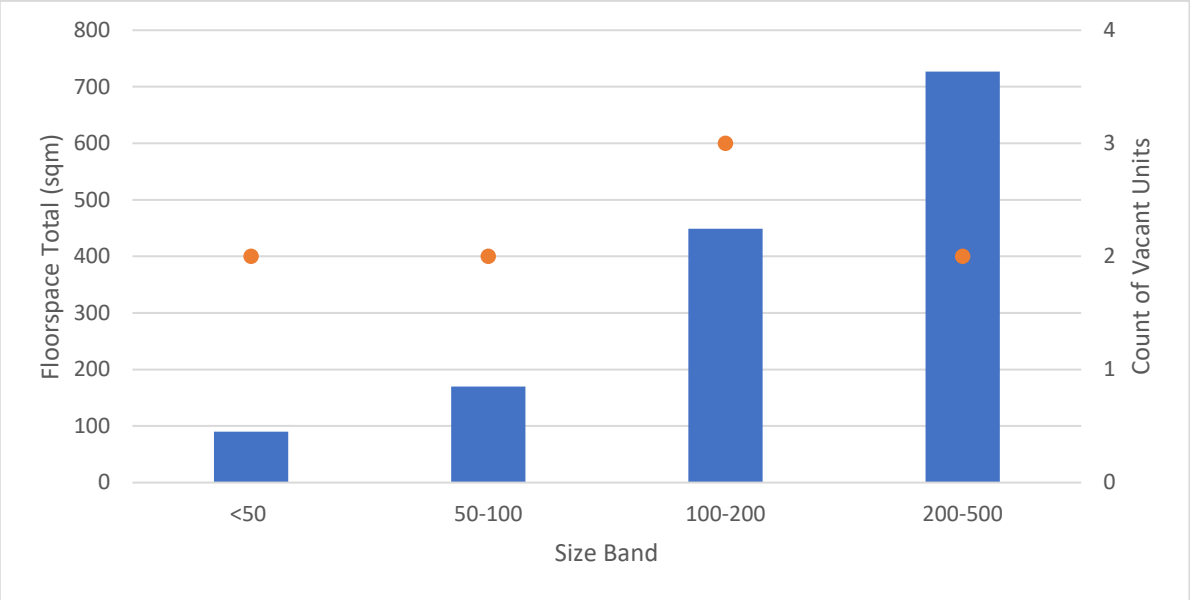


Source: SPRU analysis of VOA data

6.25 This study has collated details of office floorspace being advertised on Estate Gazette's Property link and CoStar's Realla commercial property listing websites. This has identified that as of November 2021, a total of 1,436 sqm of office space was being advertised in South Staffordshire across a total of 9 units.

6.26 The figure below shows that around one half (51%) of all office space being advertised in South Staffordshire constitutes two large units that comprise 307 sqm at Hilton Cross Business Park and 420 sqm at Perton Court Barns. In terms of the number of small-scale office units, there are 2 units of less than 50 sqm available (representing 6% of total available office floorspace).

Figure 19. Office Vacancies, November 2021



Source: SPRU analysis of Estates Gazettes and CoStar data

6.27 The above vacancy data can be combined with the overall floorspace data to identify a vacancy rate across the authority. This simply represents a snapshot at the time the assessment was undertaken and therefore should be treated as such.

6.28 This notwithstanding the data does provide a useful market indicator which shows a vacancy rate of around 3.3%. This suggests a reasonably constrained office market without a significant surplus of office space. However, as shown in the analysis of risks due to COVID-19 set out in Section 8, potential changes to working practices could well have an impact on the demand for office space in the future.

Table 27. Office Vacancy Rates, November 2021

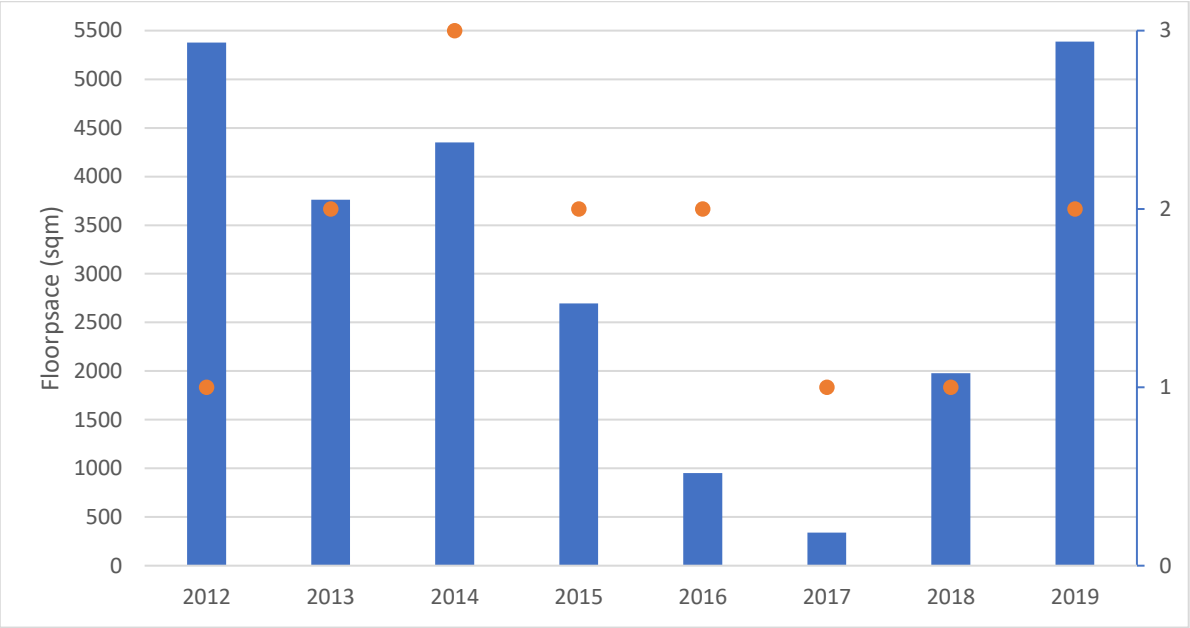
	Floorspace (sqm)
Total Office Vacancies	1,436
Total Office Stock	44,000
Office Vacancy Rate	**3.3%**

Source: SPRU analysis of VOA Estate Gazettes and CoStar data

g) The Recent Pattern of Office Floorspace Supply and Loss

6.29 Analysis of B1 office completions has been undertaken based on completions data provided by the Council. There has been a total of 24,845 sqm office floorspace (B1) delivered across South Staffordshire between 2012 and 2019. This equates to an annual average of 3,106 sqm. Figure 20 sets out the gross office completions by year in South Staffordshire during the period 2012 to 2019. This shows considerable variation in the amount of office floorspace delivered year-on-year.

Figure 20. Office Completions 2012-2019 (sqm / Number of Developments))



6.30 The peak in 2012 corresponds to an extension to the existing MOOG facility at i54 Business Park (5,377 sqm). This development alone equates to over a fifth (22%) of total office floorspace delivered in South Staffordshire during the period 2012 to 2019. This is office floorspace is ancillary to the primary industrial use.

6.31 A number of the other office developments delivered represent office floorspace that is ancillary to an industrial use, rather than a standalone office development (as reflected in feedback from stakeholders set out in Table 21). The majority (98%) of office floorspace completions during the period 2012 to 2019 were at the i54 and Four Ashes strategic employment sites (24,371 sqm), of which 16,877 sqm is identified as being ancillary to a primary industrial use.

6.32 Table 28 shows the rate of gross office completions in South Staffordshire from 2012 to 2019. This shows the average annual gross completions of 3,106 sqm compared to the district's overall office stock, taken from the VOA.

6.33 This shows that over the period between 2012 and 2019, gross office completions in South Staffordshire have been equivalent to around 7.1% of total existing office stock, which represents a strong rate of growth. Excluding the atypical ancillary office completions at JLR at i54 and Gestamp/Amazon at Four Ashes strategic employment sites (8,009 sqm) this reduces the total office completions to 16,836 sqm for the period 2012 to 2019, which equates to an annual average completion rate of 2,105 sqm. This is equivalent to 4.8% of stock, which is still a relatively strong rate of growth.

Table 28. Gross Office Completions vs Office Stock

Monitoring Year	Office Floorspace Completions (sqm)
2012/13	5,377
2013/14	3,763
2014/15	4,351
2015/16	2,695
2016/17	952
2017/18	339
2018/19	1,980
2019/20	5,388
Gross gains 2012-2019	**24,845**
Average completions per annum	3,106
2020/21 Stock	44,000
Annual completions as % of total stock	**7.1%**

Source: SPRU analysis of Local Authority Monitoring / VOA data

6.34 In terms of floorspace that has been lost to office use over the period 2011 to 2020 for which there is data available, there was a total of 4,567 sqm floorspace lost to office use. This equates to an average annual office floorspace loss of 457 sqm, as shown in Table 29.

Table 29. Office Floorspace Losses (2011-2020)

Year	B1 Losses (sqm)
2011	0
2012	0
2013	0
2014	0
2015	337
2016	0
2017	0
2018	0
2019	4,075
2020	155
Total	**4,567**
Average annual loss (2011-2020)	**456.70**

Source: SPRU analysis of Local Authority Monitoring data

h) Future Employment Land Requirement Based on Past Completions Trends

6.35 In accordance with Planning Practice Guidance, the trend of past completions can be considered as a means to forecasting future employment land needs. Extrapolating the past completions forward over a twenty-year period provides a basic way to estimate the future requirements in South Staffordshire for the plan period.

6.36 Estimating future employment land needs based on a simple extrapolation of past completion trend data has the benefit of being straightforward and transparent. It is easy to understand the implications in terms of delivery rates being a continuation of existing patterns.

6.37 However, there are disbenefits of this approach: It potentially models forward historic or existing supply-side constraints; and it reflects the market context of the time period considered which may not be representative of the forecasting period.

6.38 In accordance with national guidance, the past completions trends should be considered against alternative approaches to considering future needs, in the context of the latest contextual data on commercial market and economic trends. A comparison of the different scenarios is set out in Sections 8 and 9 of this report.

6.39 The completions trend forecast should therefore be considered with these caveats in mind.

6.40 Table 30 sets out the completions trend forecast for office and industrial employment floorspace for the period 2020 to 2040. This forecast is based on the average annual completion rates for each land use type (as calculated over the period 2012/13-2019/20) multiplied by the plan period. The average annual completion figures exclude atypical schemes, namely the industrial and office floorspace delivered at JLR (i54) and Amazon/Gestamp (Bericote Four Ashes).

Table 30. Completions Trend Forecast / Past Take-up Scenario, 2020-40

Floorspace Type	Average annual Completions, sqm (2012/13-2019/20)	Forecast Completions 2020-2040, sqm	Land Requirement, Ha (based on 40% plot ratio)
Office (B1a, B1b)	2,105	42,100	10.5
Industrial (B1c, B2)	7,523	150,460	37.6
Industrial (B8)	3,105	62,100	15.5
Total	**12,733**	**254,660**	**63.7**

Source: SPRU Analysis

i) Summary

6.41 This section has provided a qualitative and quantitative assessment of South Staffordshire's commercial property market. The first part provides a qualitative assessment based on feedback received from stakeholder engagement as well as site visits. The second part provides a quantitative assessment based on a range of data sources and monitoring data. The final part of this section looks at the future employment land requirement for each land use type based on a past completions trend.

6.42 The qualitative analysis indicates a low vacancy rate across both office and industrial sectors and an anticipated high take-up rate of emerging and pipeline employment sites, such as the i54 western extension, Hilton Cross and ROF Featherstone. There is no evidence to indicate any significant divergence is expected from the current rate of losses on existing office or industrial sites.

6.43 The quantitative analysis indicates that South Staffordshire has seen strong rates of delivery in recent years, particularly at strategic sites in the north of the district, such as i54 and Hilton Cross. This means South Staffordshire has had considerable success attracting inward investment and this looks set to continue in the form of commitments at existing sites as well as through the emergence of new sites such as West Midlands Interchange. These recent rates of delivery are not reflected in previous employment evidence that has been prepared for the district and will be further assessed in Section 7 through the analysis of econometric forecasts.

Key Points

- Interviews with stakeholders revealed a trend of unprecedented growth in the commercial property market in South Staffordshire, particularly e-commerce, warehousing and logistics sectors – a trend which has been seen across the country and has been accompanied by increasing rental yields and land values. A number of the strategic employment sites in South Staffordshire are delivering quicker than expected with strong levels of demand, particularly for floorspace within Use Classes B2 and B8.
- VOA data reveals a 26% net growth in industrial (B1c/B2/B8) floorspace in South Staffordshire since 2001, with a particularly high level of growth since 2017/18. An average of 45,113 sqm industrial floorspace was delivered per year in South Staffordshire between 2012 and 2019. This included a number of large units (over 20,000 sqm each) delivered at i54 and Four Ashes, which accounted for 76% of all industrial floorspace completions. By 2020/21, South Staffordshire had a total industrial stock of 770,000 sqm and a low vacancy rate of 5.1%. In terms of industrial floorspace losses between 2011 and 2020, South Staffordshire experienced very low average annual losses of 681sqm B2 floorspace and 1,044sqm B8 floorspace[1].
- Demand for office (B1a/B1b) floorspace in South Staffordshire is significantly lower, which is partly due to a less buoyant office market in South Staffordshire more generally, partly due to the concentration of ancillary office functions within manufacturing and logistics development and likely to be exacerbated by changing working practices following the onset of the COVID-19 pandemic.
- VOA data reveals a 42% net growth in office (B1a/B1b) floorspace in South Staffordshire since 2001. As of 2020/21 South Staffordshire had around 44,000 sqm office floorspace with a vacancy rate of just 3.3%. An average of 3,106 sqm

office floorspace was delivered in South Staffordshire each year between 2012 and 2019. One fifth of the total office floorspace delivered was an ancillary office extension to the existing industrial MOOG facility at i54 (5,377sqm). 98% of office completions between 2012 and 2019 were at the i54 and Four Ashes strategic employment sites. In terms of office floorspace losses between 2011 and 2020, South Staffordshire experienced very limited average annual losses of 457sqm B1 floorspace.

- A 'Completions Trend Forecast' has been calculated by extrapolating past average annual office and industrial floorspace completions forward over the plan period to 2040. This identifies a total employment land requirement of 63.7ha.
- South Staffordshire is seen as a key area for investment given its proximity to labour force and strategic transport links, relatively low labour costs compared to larger cities and availability of suitable employment sites including strong demand for the remaining pipeline of identified and allocated sites. The majority of these strategic employment sites were assessed as being 'high quality' when reviewed as part of this EDNA. However, a number of the District's older, well-established industrial sites received lower quality scores, with some units being lost to employment use in recent years.
- The findings of the site assessment exercise may be used to inform the retention of existing employment sites and the allocation of emerging sites through the Local Plan process. The 'low' scoring sites in particular may require further targeted investment to enhance their quality, or they may be identified as potentially suitable sites for redevelopment for other uses, subject to suitable quantities of replacement employment land being allocated elsewhere, if required.

7.0 FUTURE ECONOMIC GROWTH

7.1 This section provides an assessment of the future economic growth forecasts for South Staffordshire to 2040. The forecasts are assessed on an overall and sectoral basis to consider their suitability and robustness for planning purposes.

a) Economic Growth Forecasts

7.2 This section sets out the future employment growth identified by the econometric forecasts. Three econometric forecasts have been assessed:

- Cambridge Economics (CE)
- Oxford Economics (OE)
- Experian

7.3 These forecasts were produced in November 2021 and run to 2040 or 2041. All forecasts take account of the impacts of Brexit and COVID-19 in their modelling.

7.4 The forecasts provide different conclusions on future jobs growth in South Staffordshire due to their different modelling methodologies and assumptions. These are described in **Appendix 2** of this report.

b) Comparison of Forecasts for South Staffordshire

7.5 Due to the differing methodologies and input assumptions (as summarised in **Appendix 2**), there are considerable differences between the forecasting outputs for South Staffordshire. These are set out below. This sectoral analysis will primarily focus on sectors which will impact on the quantum of employment floorspace and land required.

7.6 The total level of employment change in South Staffordshire, as shown in the three forecasts, is as follows:

- CE shows a job growth for the period 2020-40 of 5,010 jobs;
- Experian shows a growth of 3,000 jobs; and
- OE shows a net loss of -2,300 jobs over this period.

7.7 From 2020 the three forecasts therefore show very different future prospects for South Staffordshire.

7.8 All three forecasts reflect a decrease between estimated and forecast employment between 2019 and 2021, with total employment remaining below pre-Covid levels:

- CE shows a decrease of 1,930 jobs (-4.4%) from 44,065 jobs in 2019 to 42,133 jobs in 2021 and not returning to total pre-Covid levels until 2027. The CE data provide the only estimate indicating that total employment increased between 2020 and 2021 as part of a partial recovery towards 2019 levels.
- Experian shows a decrease of 1,500 jobs (-3.5%) from 42,300 jobs in 2019 to 40,800 jobs in 2021 and not returning to pre-Covid levels until 2028/29.
- OE shows a decrease of 2,340 jobs (-5%) from 46,510 jobs in 2019 to 44,170 jobs in 2021 – with the OE forecast never indicating a return to pre-Covid employment levels in the forecast period.

7.9 All three forecasts show growth up to and including the year to 2018/19. Table 31 below provides an initial summary of the impact of COVID-19 as reported in the respective forecasts.

Table 31. Forecast Employment Totals (000s) and Percentage Change Relative to 2019 Levels

	2019/20 Change	%	2020/21 Change	%	2019-2021 Change	%	Return to 2019
CE	-2.11	-4.8%	0.18	0.4%	-1.93	-4.4%	2027
Experian	-1.30	-3.1%	-0.20	-0.5%	-1.50	-3.5%	2028/29
OE	-1.66	-3.6%	-0.68	-1.5%	-2.34	-5.0%	N/A

Source: Forecasting data (CE, Experian, OE)

7.10 It should be noted that these figures differ from the employment data shown in the latest BRES data which showed a total of 36,000 jobs in 2020. The three forecasts draw upon the BRES data as the major source data to inform their employee jobs, but also include self-employed jobs drawn from the Labour Force Survey (LFS) which means the historic job figures shown in the three forecasts are slightly higher than the BRES figures.

7.11 In adopting a 2020 base for the forecasts there is a period of significant upward and downward fluctuation in employment in the years prior to the forecast that is not included in the calculation of net change. This is considered to be appropriate to provide a consistent basis for analysis, noting three main observations:

- Excluding the year 2019/20 means the analysis does not assume that part of the forecast period is simply making up for past losses – this is because one cannot know whether this employment will be replaced on a like-for-like basis by industry/employer or even across different sectors. For sectors where the pandemic contributes to assumptions of longer-term decline the result of including this period would mean that unrecovered losses are effectively 'netted off' from the overall growth.
- While there was a large amount of floorspace delivered between 2018 and 2020 the forecasts will not necessarily reflect whether this was yet fully occupied or had maximised its potential for employment generation. These short-term impacts only have a relatively modest effect on the overall forecasting methodology. It is also therefore problematic to compare delivery in the 2018-2020 period with details recorded in each forecast.
- Taking into account points 1 and 2 there is nevertheless a relatively substantial scope for 'spaceless' growth within which growth in the employment forecasts might be accommodated, given recent trends in the district both through the full occupation of recently delivered floorspace and a recovery of employment levels in some sectors that is part of the post-Covid 'bounce' and return to past totals.

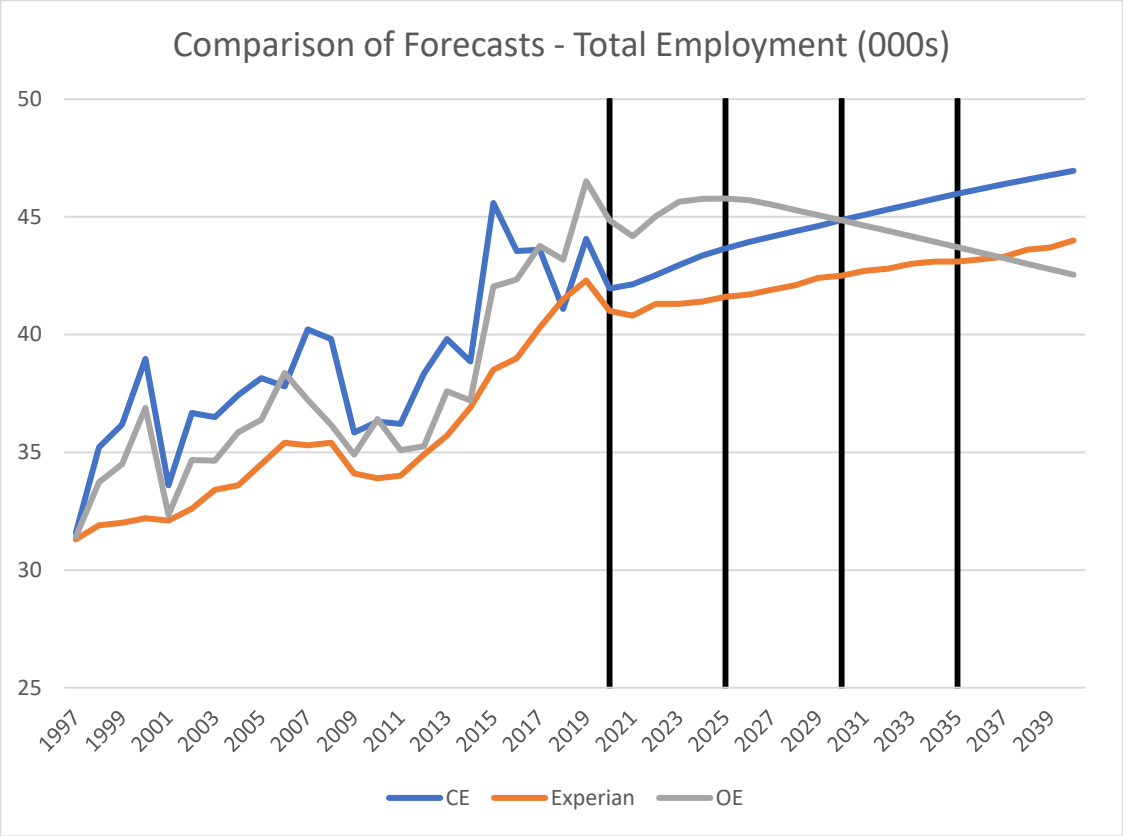
7.12 The three points in combination suggest that the findings of the three economic forecasts is likely to provide an upper estimate of the requirement of land and floorspace to support economic development based on a measure of local labour demand.

7.13 The most recent estimates and future jobs growth shown in the forecasts can be appropriately analysed over individual five-year periods, with the first 2020-25 period corresponding with the recovery from the Coronavirus pandemic.

7.14 Generally, the three forecasts are fairly consistent with regards to past trends in employment numbers, with the main discrepancies being due to the Experian forecast smoothing the data.

7.15 Looking forward, all three forecasts show contrasting levels of growth and indicate different characteristics in terms of employment trends within the individual periods identified, as shown in Figure 21. The OE forecast stands in contrast to the other forecasts insofar as it shows negative growth over the period 2020-40. This is due to the forecast's longer-terms trend, rather than the short-term impacts of COVID-19.

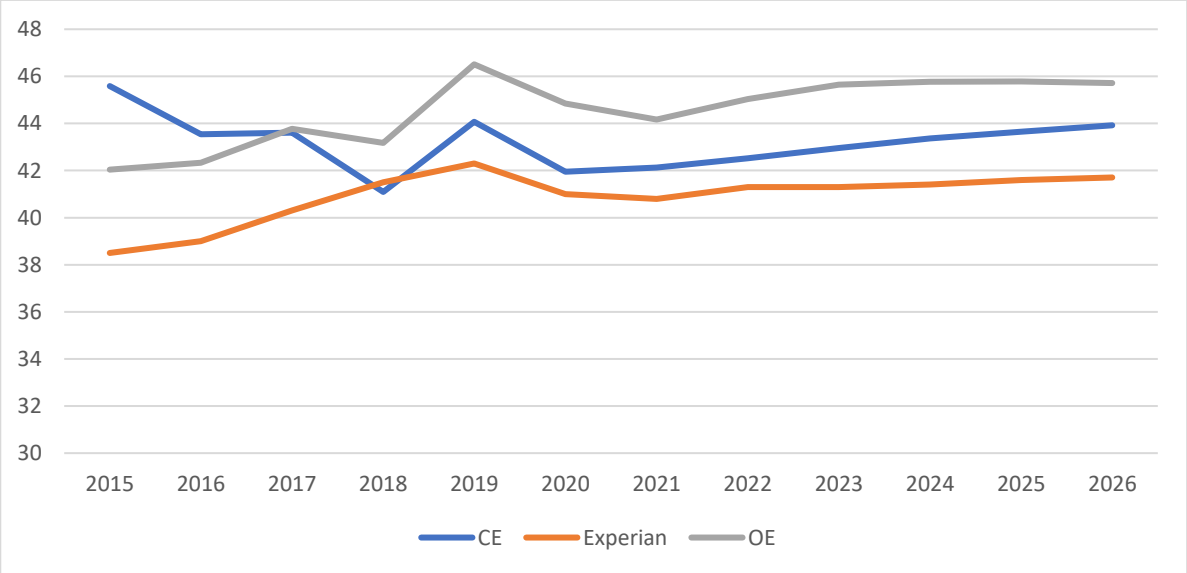
Figure 21. Total Employment Jobs, 1997-2040



Source: SPRU Analysis of various forecasts (markers at 5-year intervals from 2020)

7.16 The short-term trends are shown in Figure 22 below. This shows employment in South Staffordshire falling between 2019 and 2021 with all three forecasts showing some levelling off in 2021.

Figure 22. Total Employment Jobs (000s), 2015-2026



Source: SPRU Analysis of various forecasts

7.17 The main differences between the forecasts reflect:

- The strength and extent of the post-COVID-19 bounce.
- Performance between 2011 and 2020 and the period immediately prior to the onset of COVID-19.
- Longer-term trends and relationship with pre-Covid employment levels.

7.18 This is most clearly illustrated by setting out forecast trends within five-year periods and past estimates of 2011-2020 performance, as shown in Table 32 below.

Table 32. Forecast Growth by Five-Year Periods

	2011-2020		2020-25		2025-30		2030-35		2035-40		2020-40
	Growth	CAGR	Growth	CAGR	Growth	CAGR	Growth	CAGR	Growth	CAGR	Total
CE	5,740	1.6%	1701	0.8%	1208	0.5%	1119	0.5%	975	0.4%	5,003
Experian	7,000	2.1%	600	0.3%	900	0.4%	600	0.3%	900	0.4%	3,000
OE	9,760	2.8%	931	0.4%	-930	-0.4%	-1145	-0.5%	-1160	-0.5%	-2,304

Source: SPRU Analysis of various forecasts

7.19 Also shown below in Table 33 are respective periods for 2020-2025 (aligning specifically with post-COVID-19 trends and not affected by changes in total employment immediately preceding the pandemic) and 2025-2040 that reflects longer-term trends. Isolating the longer-term period illustrates that the CE and Experian forecasts show a relatively close alignment over these years with the majority of any difference occurring in the earlier part of the forecast.

Table 33. Post-Covid and Longer-Term Comparison of Forecast Employment Growth

	2020-25		2025-40	
	Growth	CAGR	Growth	CAGR
CE	1,701	0.8%	3,302	0.5%
Experian	600	0.3%	2,400	0.4%
OE	931	0.4%	(3,234)	-0.5%

Source: SPRU Analysis of various forecasts

c) Summary of Key Features by Forecast

7.20 Key features of the CE forecast are as follows:

- The CE forecast shows the strongest rate of employment growth throughout all five year bands and the strongest 'bounce' in terms of post-Covid recovery during 2020-2025.
- The CE forecast thus shows the highest growth in total employment (+5,010 jobs) and overtakes the OE forecast to indicate the highest estimates of total employment from 2030 onwards.
- The strong rate of growth in the 2020-2025 period (and the post-recovery medium-term of 2025-2030) is reflective of pent up consumer demand for products and services, which was effectively delayed due to COVID. This drives a surge in growth in a number of sectors.
- Analysis of Broad Sectors in the CE forecast shows the greatest net change within

Accommodation, Food Services & Recreation, Financial, Professional & Other Private Services and Public Services, which demonstrate compound growth rates only slightly lower than the 2011-2020 trend.

- The CE forecast shows the number of jobs returning to pre-COVID levels by 2027. In the years following 2025 and 2030 the growth in the CE forecast returns to a slower rate but is still the highest amongst the three forecasts. It is relevant to note that for all bands the growth rate is slower than the 2011-2020 trend. The CE forecast contains the lowest estimated growth in employment between 2011 and 2020 (5,740 jobs).
- The strongest net growth in employment and compound rate of change is within the **Accommodation and Food Services sector** (1.9% CAGR; +1,500 total employment 2020 to 2040). A higher proportion of this growth is indicated in 2020 to 2030, including as part of the post-Covid recovery.
- The **Information and Communication sector** shows a relatively high growth rate (1.4%) but within the context of very modest levels of total jobs at present (+240 persons employment change).
- Employment growth in the **Financial, Professional & Business Services** comprises a relatively significant proportion of total change (+1,420 jobs 2020 to 2040). The growth rate of this sector (1.0%) is only slightly lower than 2011-20 levels (1.7%).
- A relatively high compound growth rate is also provided for the **Transport and Storage sector** (1.1%; net change in employment of +740 jobs). This is substantially below the compound growth rate between 2011 and 2020 (4.8%) although this calculation is disproportionately affected by estimated employment growth in the sector between 2018 and 2020. This is anomalous to the 2011-2018 growth rate in the CE forecast of only 0.2% in this sector. A higher rate of compound growth is forecast for the 2020 to 2025 period (2.5%), reducing to between 0.6% and 0.7% in the five-year bands for the remainder of the forecast.
- **Manufacturing** shows net losses over the 2020-2040 forecast period, together with very limited growth in **Wholesale** employment over the same period. This is relatively consistent with the lower overall compound growth rate shown in the CE forecast for the period 2011-20 and specifically lower compound growth rates for these sectors within the forecast during the 2011-2020 period.

7.21 Key features of the Experian forecast are as follows:

- The Experian forecast shows growth in employment of 3,000 jobs over the 2020-2040 period. The Experian forecast shows the least 'bounce back' from the COVID-19 pandemic and the lowest rate of employment growth from 2020-2025 (+600 net change in employment). The rate of employment growth then increases slightly and is stable (between 0.3% and 0.4% annually) for the remaining five year periods.
- The Experian forecast shows the second strongest rate of estimated employment growth between 2011 and 2020 (+7,000 net change; CAGR 2.1%) with this growth being predominantly concentrated in the period before 2018 and 2020.
- The Experian forecast shows more modest evidence for change in total employment in the years immediately before the onset of the Coronavirus pandemic, which is consistent with the shallower profile provided for in the subsequent recovery.
- The Experian forecast overall suggests that the five-year periods from 2025 onwards are a clearer indication of overall patterns of employment growth and longer-term trends.
- The key feature of the Experian forecast is that it is the only one of the forecasting houses to show a growth in **Manufacturing** over the 2020-2040 period (+1,900 jobs). This is consistent with the strong growth that Experian report for the sector for 2011-

2020 (4.7% CAGR; +1,500 jobs). This is by far the greatest growth shown in any one Sector.

- However, the performance in Manufacturing is offset by forecast net losses in **Construction** (-0.6% CAGR; -600 jobs) and relatively limited growth in **Transport & Storage** (0.2% CAGR; +100 jobs).
- The forecast performance of the **Wholesale and Retail sector** (0.5% CAGR; +500 jobs) contrasts with the forecasts provided by either OE or CE and partly offsets the differential with the outlook for the **Transport & Storage sector**. This is consistent with Experian providing more positive estimates for employment growth in this sector since 2011 (CAGR 0.7%), primarily as a result of adopting a shallower profile for the contract of wholesale and retail reflected in all the forecasts from 2016.
- The Experian forecast only produces a net reduction in employment in one other sector (**Public Services**). It is, however, associated with shallower profiles for several sectors resulting in significantly lower rates of compound growth than estimates for the 2011 to 2020 period.
- The difference in outlook is most pronounced for **Financial, Professional & Business Services** (CAGR 3.3% 2011-20 versus 0.4% 2020 to 2040) along with **Accommodation, Food Services & Recreation** (2.7% 2011-2020 versus 0.1% 2020 to 2040).

7.22 Key features of the OE forecast are as follows:

- The OE forecast stands in contrast to the other forecasts insofar as it shows negative growth over the period 2020 to 2040 (a significant loss of -2320 jobs). This is due to the forecast's longer-terms trend, rather than the short-term impacts of COVID-19. Although employment levels do not return to pre-COVID totals it is still only the 2020-2025 five-year period that shows an overall net growth in jobs (+930 increase in employment).
- The post-Covid bounce within the OE forecast is unevenly distributed between different sectors. Around half of anticipated jobs growth in the period 2020 to 2025 is anticipated in the **Financial, Professional and Other Services sector**.
- In contrast several sectors the observed more significant estimated increase in employment in the years preceding the pandemic are subject to more modest assumptions surrounding recovery – particularly **Accommodation, Food Services & Recreation** along with **Transport & Storage**.
- It is relevant to note that for all bands the growth rate is slower than the 2011-2020 trend with the OE forecast showing strongest employment growth for this earlier period (CAGR 2.8%; +9,760 employment growth), drawing specifically upon a high level of net employment growth in the period 2018 to 2020. The compound rate for losses accelerates for the period 2030-35 and 2035-40, when compared with 2025-2030 (CAGR -0.5% versus -0.4%).
- In terms of Broad Sectors, the OE forecast only shows net employment growth in small number of sectors, with growth in excess of 100 jobs only applicable to the **Financial, Professional & Other Private Services** (CAGR 0.3%; +760 jobs). This corresponds to the OE forecast estimating the greatest increase in jobs in this sector for the period 2011 to 2020. This sector is also the only one to show continued compound growth across all five-year periods in the forecast, albeit total employment growth within these industries remains the lowest amongst the three forecasting houses.
- The findings for several sectors show the greatest departure from recent estimated trends: the OE forecast estimates the highest rate of change during the 2011 to 2020 period for **Manufacturing; Transport & Storage**; **Accommodation, Food Services**

& Recreation; **Construction**; and **Information & Communication**.

- Within the **Manufacturing sector** the impact of forecast reduction in employment occurs across all five-year periods, accelerating from a rate of -0.7% in the period 2020-2025 to between -2.4% and 2.5% annually from 2025 onwards.
- Otherwise, the compound rates of several sectors are similar (ranging between –0.1% and -0.4% for **Accommodation, Food Services & Recreation**; **Wholesale and Retail**; and **Transport & Storage** (resulting in losses of between -40 and -270 jobs for the 2020 to 2040 period). In this respect the forecast shows far less variation between sectors over the forecast period, as well as being significantly more negative than 2011 to 2020 trends. The small differences between these sectors principally only arises as a result of the relatively stronger post-Covid bounce in the **Accommodation, Food Services & Recreation sector** (+160 jobs) in the 2020 to 2025 period.
- Compound rates of change relatively close to 0% for **Construction, Public Services and Information & Communication** also broadly explain relatively limited levels of net change in employment. The OE forecast therefore offers a relatively limited rationale to distinguish the performance of individual sectors in terms of their longer-term growth prospects and it suggests that a downward direction in rates of employment growth will be experienced relatively similarly across a diverse range of industries, irrespective of their relative difference in terms of past performance.

7.23 Table 34 sets out the jobs growth in each broad sector shown in each forecast. As a general observation, for the majority of sectors the OE forecast is more negative than the other forecasts, with Manufacturing in particular being considerably more negative. However, there are some sectors where the differences between the forecasts are large enough to warrant further analysis to consider the reasons for the discrepancies. These are set out in **Appendix 3**.

Table 34. Jobs Growth by Broad Sector, 2020-40

	CE	Experian	OE
Agriculture, Forestry & Fishing	50	500	-420
Extraction & Mining	-100	0	-70
Manufacturing	-510	1900	-1880
Utilities	20	0	-60
Construction	240	-600	40
Wholesale & Retail	110	500	-270
Transport & storage	740	100	-270
Accommodation, Food Services & Recreation	1500	100	-40
Information & communication	240	100	50
Financial, Professional & Business Services	1420	800	760
Public Services	1300	-400	-160
Total	**5010**	**3000**	**-2320**

Source: SPRU Analysis of various forecasts

d) Baseline Sectoral Forecasts – Summary of Findings

7.24 Overall, the analysis suggests that none of the individual forecasts provides a fully consistent 'off-the-shelf' basis to estimate the reasonable prospects for growth in all sectors in South Staffordshire over the proposed plan period 2020 to 2040. At least in part this reflects volatility, and in some sectors very high levels of short-term growth, in the years prior to the onset of the Coronavirus pandemic.

7.25 In terms of the impacts of Coronavirus national economic indicators show signs of a significant bounce over the months following the pandemic (from April-July 2020). For further analysis see Section 8.

7.26 The ongoing evidence therefore supports an economic bounce, however the sustained scale of this is largely unknown at this point in time and could, for example, be dampened by other impacts upon the economy.

7.27 Within the OE forecast the 2020-2025 period is distinct from performance within the forecast over the medium and longer-term periods where negative compound growth in employment is recorded in total and across a wide range of key sectors, notably in manufacturing.

7.28 The OE forecast's prediction for these periods departs from local estimates of employment change and historic periods within the forecast (2001-2011 and 2011-20). There are limited grounds to utilise the OE forecast as a reasonable estimate of change over the plan period.

7.29 For CE and Experian both forecasts show an economic bounce in the 2020 to 2025 period, but this is substantially lower in the Experian forecast. The Experian forecast would in-fact show a negative compound rate of employment change from 2018 to 2023. In practice the shallower economic bounce is compounded by the shallower employment growth between 2018 and 2019. This means that assumptions for job losses during the pandemic are the most significant factor in the period. Overall, the Experian forecast records a net growth of only +100 jobs from 2018 to 2025, compared to +2,600 in CE.

7.30 The Experian and CE forecasts are much more alike when the medium and longer-term periods are considered in isolation. Net employment change for 2025-2040 is forecast as +3,300 CE and +2,400 Experian – a difference of 900. This is much less than the total difference of around 2,000 when the forecasts are compared 2020 to 2040. This is a useful starting point to judge that both forecasts may provide reasonable forecasts of jobs growth in South Staffordshire over the plan period, pending a more detailed assessment and scenario-testing of individual sectors.

7.31 The overall implication of this difference in the phasing of the Experian forecast is that overall, it produces a smoother and shallower growth profile of employment overall and within individual sectors. This shallower profile particularly affects the Financial and Professional Services, Transport & Storage and Accommodation and Food Services sectors. This has the result of forecasting substantially less growth than CE, but this is essentially a function of not capturing 'lumpier' estimated and forecast performance between 2018 and 2025 that the other forecasting houses report. For Financial and Professional Services Experian in-fact shows a loss for 2020-2025 period. This does not preclude Experian from showing higher compound rates of growth in later years relative to the other forecasting houses.

7.32 There are two outliers at either end of the Experian forecast that respectively represent the highest forecast net loss and growth in employment: Construction -600 jobs and Manufacturing +1,900 jobs.

7.33 With the exception of the more 'extreme' forecast shown by Experian for the Manufacturing and Construction sectors the main consideration for preparation of this EDNA relates to reasons to adopt the smoother profile of this forecast or the more uneven but significantly greater forecast change in employment shown by CE, albeit this is primarily a function of

2020-2025 period and the associated impact of pre-pandemic estimates of change. This is considered further as part of scenario testing and more detailed analysis of individual sectors and sub-sectors set out in the remainder of this Section and **Appendix 3**.

7.34 The sectors which have the largest differences between the forecasts are the Accommodation and Food Services sector, Manufacturing Sector, and the Transport and Storage sector. Tables 35, 36 and 37 show the recent past trends for these sectors in South Staffordshire since 2011 and compare these to the forecast future growth rates in each of the forecasts[32].

7.35 The CE forecast shows a much higher level of growth in the **Accommodation and Food Services sector** over the plan period (1.9% growth per annum) following an even greater compound rate of growth to 2020. Losses during the COVID-19 pandemic only partly account for the lower forecast rate and all forecasts show a slow-down in the growth rate from 2030 (and net losses in the context of OE and Experian). The impacts of COVID-19 are set out further in Section 8, but the findings show that this sector has been one of the hardest hit and is at highest risk of further jobs losses and lower rates of growth should there be longer-term structural impacts on the sector and consumer behaviour in response to the pandemic and the risk of future restrictions eroding the initial post-COVID economic bounce. This analysis suggests that the generally stable position of employment for this sector shown in the Experian forecast is more reasonable.

Table 35. Accommodation and Food Services Sector Growth Trend

	Average Annual Growth 2011-20	Average Annual Growth 2020-40
OE	4.4%	-0.1%
Experian	2.7%	0.1%
CE	4.3%	1.9%

Source: SPRU Analysis of various forecasts

7.36 For the **Manufacturing** sector only the Experian forecast shows positive compound change, despite 2011-2020 data in all three forecasts showing a strong net growth rate. The OE and CE forecasts show a limited economic bounce following the Coronavirus pandemic and negative growth from around 2025 onwards.

7.37 The Experian forecast records stronger growth in the longer-term period. Stakeholders identified some growth in the manufacturing sector locally, albeit slower than other industrial employment sectors such as warehousing and distribution, indicating that while there may be reasonable prospects for growth of the sector some more detailed analysis of the forecast would be appropriate.

Table 36. Manufacturing Sector Growth Trend

	Average Annual Growth 2011-20	Average Annual Growth 2020-40
OE	3.8%	-2.0%
Experian	3.6%	1.4%
CE	3.1%	-0.5%

Source: SPRU Analysis of various forecasts

7.38 For the **Transport & Storage sector**, the CE forecast shows more positive growth than the

[32] Note that the past trends differ between the forecasts due to their differing methodologies of how they calculate past jobs. The difference between the forecasts is particularly large in the Accommodation and food services sector due to the high number of self-employed and temporary jobs in this sector.

Experian and OE forecasts, with the latter indicating an unexpected and surprising negative rate of change. However, as shown in Table 37, the growth shown in even the CE forecast is substantially below the growth rate estimated in the sector since 2011, with the OE forecast and Experian both more significantly below recent trends.

7.39 This sector has seen particularly strong growth nationally over recent years. This has been reflected to some degree in South Staffordshire and the surrounding sub-region, and is expected, at a national scale, to continue to see continued growth which is reflected in the forecasts for South Staffordshire (particularly CE). This is notwithstanding that the district may over time capture a greater proportion of wider sub-regional demand in this sector not currently reflected in the forecasts. This also takes account that all three forecasts show a relatively limited impact of the COVID-19 pandemic on the sector and a relatively shallow bounce (as evidenced by feedback from stakeholders, summarised in Section 6).

7.40 These more complex dynamics mean that a more detailed review of the Transport & Storage sector will help to establish which of the forecasts provides a reasonable basis for the assessment of labour demand locally within South Staffordshire, as set out in **Appendix 3**.

Table 37. Transport & Storage Sector Growth Trends

	Average Annual Growth 2011-20	Average Annual Growth 2020-2040
OE	6.6%	-0.4%
Experian	3.5%	0.2%
CE	4.8%	1.1%

Source: SPRU Analysis of various forecasts

e) Assessment of Growth Sectors

7.41 This section provides a detailed assessment of the growth sectors identified in the Stoke & Staffordshire LEP's Local Industrial Strategy. It provides an assessment of recent trends in these sectors and the extent to which the growth sectors are accounted for in the Experian jobs growth forecast, which is considered the most reasonable to take forward to forecast labour demand in South Staffordshire based on the details assessment of sectors set out in **Appendix 3**. Three key observations support this view. Firstly, the Experian forecast indicates highest total net change in priority sectors discussed later in this section[33] (2,300 versus 2,130 in CE). Secondly, as part of this total the Experian forecast is the only one to indicate a positive net change in manufacturing locally. Third, the Experian forecast provides a generally stable position of employment (and compares more closely to OE) for a range of other sectors not anticipated to significantly affect demand for land and floorspace for economic development.

7.42 In accordance with PPG, assessments of future economic growth should take account of LEP Local Industrial Strategies (LIS). The extent to which the Experian forecast aligns with the Stoke-on-Trent & Staffordshire LIS is considered below.

7.43 The Experian forecast estimates local jobs in each sector by linking local and regional jobs growth by sector and then constraining demand for jobs by sector to demand for jobs for the same sector at the regional level. However, this top-down approach has the potential to constrain forecast local growth in a district based on the forecast growth in that sector at a regional scale.

7.44 This could potentially override local growth drivers in a local economy and does not take account of sub-regional drivers such as those set out in LEP LIS's. Conversely, sub-regional

[33] Excluding the role of the Visitor Economy

drivers may provide a more balanced assessment of the prospects for individual sectors in circumstances where the past trends for job growth in the local area have been disproportionately affected by one-off developments or individual employers. This section therefore provides an assessment of the growth sectors identified in the LIS.

7.45 The starting point for assessing Growth Sectors is provided through the identification of 'Key Sectors' in the LEP's Strategic Economic Plan (2018), listed as follows:

- Advanced Manufacturing (specifically Agri-tech, Energy, Auto-aero, Applied Materials and Medical Technologies)
- Digital Economy
- Visitor Economy
- Business / professional services
- Construction
- Creative industry

7.46 The LEP's Local Industrial Strategy and its evidence base provides a more detailed assessment of the reasons for identification of these Key Sectors and their contribution to the area's economic performance in terms of jobs growth and future growth prospects. The LIS reflects that the economic geography of the LEP area is varied, and identifies corridors with a significant influence on the relationship with Key Sectors.

7.47 The **Logistics and Transportation** sector, whilst not identified as a Key Sector specifically within the SEP, is assessed in greater detail within the LIS evidence base. This recognises that the concentration of employment within the operation of warehousing and storage facilities for land transport activities generates a location quotient for the LEP area of 3.26, which is over three times more specialised than the national average. This EDNA therefore also considers the Logistics and Transportation Sector in the context of the representation of this growth sector in South Staffordshire and the three employment forecasts.

7.48 South Staffordshire forms an important part of the M6 Toll / M54 / M6 corridor and acts as a focus for advanced manufacturing with a role in national and international supply chains. The LIS identifies opportunities to:

> *"Develop the infrastructure needed to support key sites and secure large-scale inward investment opportunities in advanced manufacturing and logistics."*

7.49 In terms of other spatial areas identified by the LIS South Staffordshire sits at the southern end of the M6 / West Cost Mainline corridor providing strong north-south links and opportunities to concentrate the growth of professional services at key centres including Stafford and Stoke-on-Trent. South Staffordshire is not directly linked to the A38 Burton-upon-Tent / Lichfield corridor but the LIS records similar characteristics in terms of the delivery of large scale sites for economic development and further opportunities to invest in the transport infrastructure and sites development needed to create manufacturing and logistics employment at scale.

7.50 The evidence base for the LIS considers the concentration of industries within the LEP area together with grouping sectors by those showing the highest level of jobs growth between 2009 and 2017[34]. The analysis is not grouped specifically around the Key Sectors identified within the Strategic Economic Plan but provides a more detailed view of broad sectors that illustrate the reasons for the area's recent growth.

7.51 As part of a balanced assessment the evidence base also identifies those industries and sub-sectors that have shown a decline in employment over the same period. These have

[34] Including individual SIC2 categories and SIC5 groupings by Broad Sector

been explored as part of this EDNA and found to relate poorly to South Staffordshire in terms of their contribution to total employment or actual evidence for job losses in the district within these industries over the period. It is therefore not relevant to consider these industries further in terms of negatively impacting on the prospects for employment growth in South Staffordshire relating to the LEP's Key Sectors.

7.52 The presentation of the LIS evidence base provides the rationale that some (albeit not all) of the Key Sectors identified by the LEP are founded within strong evidence of employment growth. South Staffordshire's relationship with the Key Sectors identified by the LEP has been considered in the context of the economic geography summarised above. It is considered that the LIS evidence base provides a good overview of those sub-sectors that are locally important in South Staffordshire as well as aligning with the LEP's own wider objectives i.e., they have informed the LEP's aims for the area as a result of being reflected in existing trends.

7.53 This EDNA has considered the analysis within the LIS evidence base and provides a more detailed comparison with the circumstances in South Staffordshire and the extent to which the local and sub-regional trends are reflected by the three forecasting houses. Due to the way that the LIS evidence base groups detailed industrial classifications within each broad sector (that broadly correlate with the SEP's Key Sectors) there are inevitably some elements that have a very weak relationship with South Staffordshire. This primarily occurs where concentrations (measured by Location Quotient) are very low. Conversely, there are some industrial classifications where the relative concentration in South Staffordshire is extremely high and is effectively the driver for identification of Key Sectors relevant to the wider LEP area.

i) *Advanced Manufacturing and Engineering*

7.54 The Advanced manufacturing and engineering sector is identified as one of the key growth sectors for the LEP. The LEP identifies this as comprising the following sub-sectors:

- Agri-tech
- Energy
- Auto-aero
- Applied Materials; and
- Medical Technologies

7.55 The LIS evidence base suggests that ten manufacturing sectors (based on SIC2 sub-sectors) justify more detailed analysis based on the concentration of employment relative to England totals.

7.56 The table below provides a location quotient analysis of the proportion of the Advanced manufacturing and engineering sub-sectors in the South Staffordshire economy compared to other areas – the LEP itself and the West Midlands. In this analysis a location quotient of 1.00 indicates that the proportion of jobs in that sub-sector in South Staffordshire is the same as the comparator area. A location quotient of greater than 1.00 indicates a relative strength of the sub-sector in South Staffordshire. Conversely, a value of less than 1.00 indicates a relative weakness.

7.57 The data highlights the strength of the advanced manufacturing sector in South Staffordshire is highly concentrated. For some sub-sectors the proportion of jobs in South Staffordshire is more than 3 or 4 times the LEP rate and the regional average. Where South Staffordshire performs strongly compared to these areas it should be noted that they themselves have higher than average rates for these industries. One notable sub-sector is the manufacture of motor vehicles, where the LEP area as a whole underperforms against the regional average while South Staffordshire shows concentrations twice those of the West Midlands.

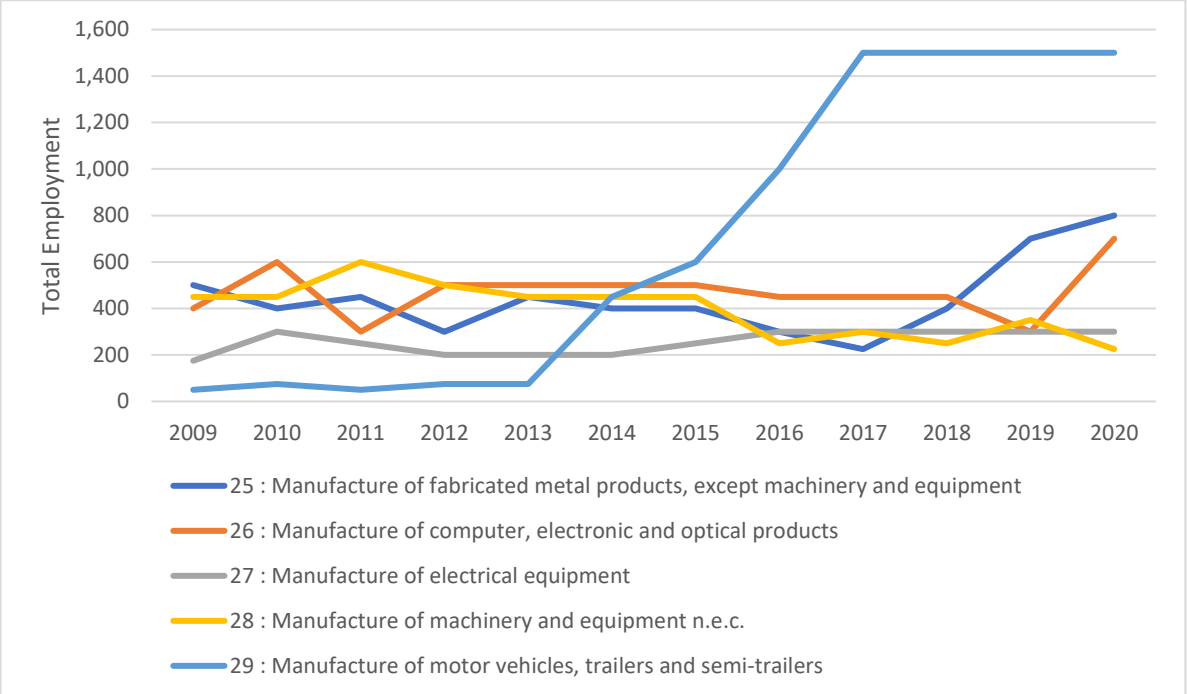
Table 38. Advanced Manufacturing and Engineering Location Quotient

	LQ vs LEP	LQ vs West Mids	LQ LEP vs West Mids
11 : Manufacture of beverages	0.33	0.61	1.84
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	0.66	0.82	1.24
20 : Manufacture of chemicals and chemical products	0.59	1.46	2.48
22 : Manufacture of rubber and plastic products	1.11	1.08	0.97
23 : Manufacture of other non-metallic mineral products	0.58	1.71	2.94
25 : Manufacture of fabricated metal products, except machinery and equipment	1.18	1.13	0.95
26 : Manufacture of computer, electronic and optical products	3.72	5.69	1.53
27 : Manufacture of electrical equipment	1.99	2.44	1.22
28 : Manufacture of machinery and equipment n.e.c.	0.50	0.78	1.57
29 : Manufacture of motor vehicles, trailers and semi-trailers	3.99	2.07	0.52

Source: BRES, 2020

7.58 The most recent BRES data for the SIC2 components relating to advanced manufacturing illustrate that these have performed well in South Staffordshire in recent years, notwithstanding the impact of Coronavirus in the overall data for 2020. This has increased the concentration total employment in these sectors, relative to the LEP and West Midlands. At the same time, levels of employment in the manufacture of motor vehicles have stabilised. The trends may reflect the impact of the LEP's wider LIS alongside growth in related industries complementing the established growth in the manufacturing of motor vehicles.

Figure 23. Employment Count by Advanced Manufacturing SIC2 Classification



Source: BRES (2020)

7.59 When assessing the relative concentrations some care should be taken to the overall size of total employment in South Staffordshire compared with the wider LEP and the absolute number of jobs in each manufacturing sub-sector. Only the manufacture of computer equipment, fabricated metal and motor vehicles record total employment exceeding 500 persons. Total employment in the former two categories has also been more stable (though showing some increase in the most recent years' data to 2020) with only the manufacture of motor vehicles being subject to very high levels of employment growth.

7.60 This is reflected in more detail in the LIS evidence base analysis of more detailed specialisation and sub-sectors and the resulting trend in employment. SIC5 sub-sectors grouped by those associated with Manufacturing and contributing to 500+ growth in total employment between 2009 and 2017 are heavily influenced by the automotive sector, where South Staffordshire has substantially out-performed the LEP area (and thus drives the sub-regional growth trend). The LEP area as a whole demonstrates concentrations of employment within the manufacture of motor vehicles substantially below those in the West Midlands.

7.61 There are, however, some sub-sectors that have influenced LEP-wide employment growth with very limited representation in South Staffordshire. Table 39 below provides Location Quotients based on the LEP's more detailed analysis of jobs growth in the sector.

Table 39. Advanced Manufacturing Detailed Sub-Sectors Location Quotient

	LQ vs LEP	LQ vs West Mids	LQ LEP vs West Midlands
28220 : Manufacture of lifting and handling equipment	0.66	1.22	1.84
29100 : Manufacture of motor vehicles	8.86	2.44	0.28
46690 : Wholesale of other machinery and equipment	0.52	0.75	1.46
77390 : Renting and leasing of other machinery, equipment and tangible goods nec	1.77	2.93	1.65
16230 : Manufacture of other builders' carpentry and joinery	0.76	1.17	1.54
22290 : Manufacture of other plastic products	0.53	0.61	1.15
33200 : Installation of industrial machinery and equipment	0.05	0.12	2.29
23410 : Manufacture of ceramic household and ornamental articles	0.00	0.00	5.51
71121 : Engineering design activities for industrial process and production	5.31	5.22	0.98

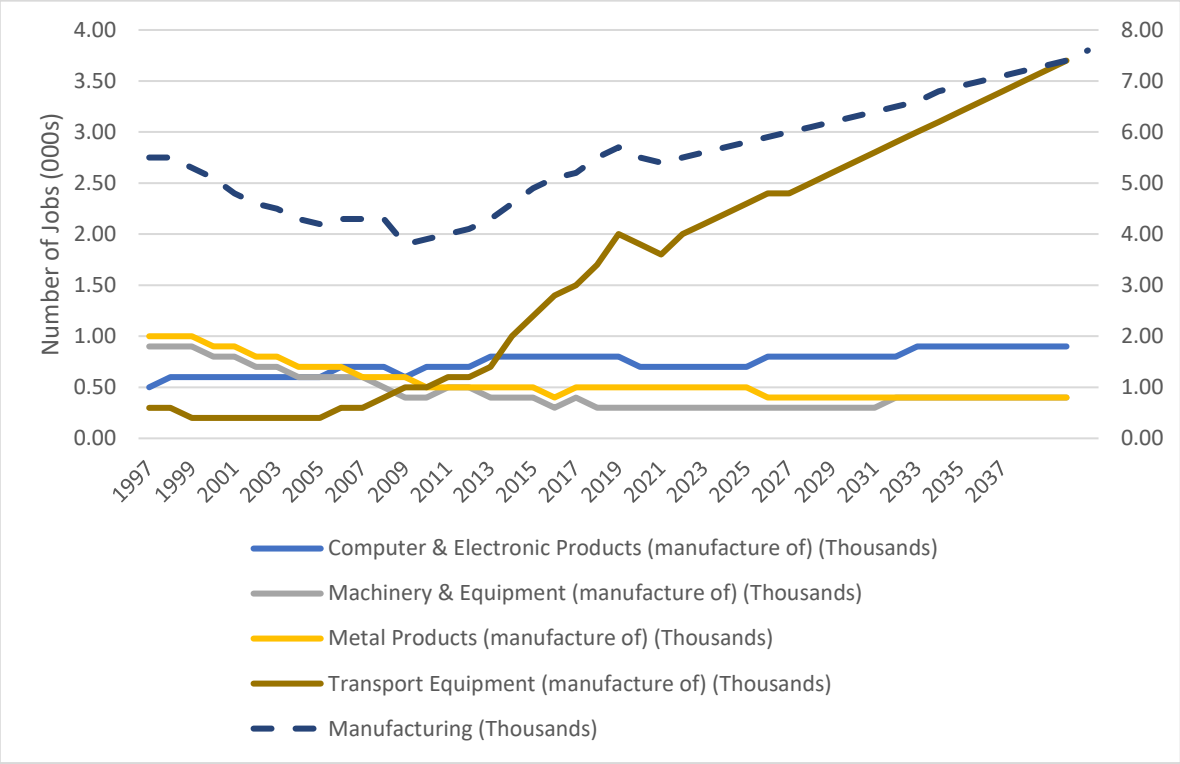
Source: BRES, 2020

7.62 Figure 24 below shows the Experian forecast in relation to its assumptions on how jobs in the advanced manufacturing sub-sectors have changed over time and how they are forecast to change over the plan period. Note that Experian groups some of the sub-sectors together. Total manufacturing employment is illustrated on the secondary axis.

7.63 This highlights the change in performance over time, with the long-term decline seen throughout the period up to 2011. This decline did not, however, significantly impact upon

pre-existing levels of employment in the manufacturing of motor vehicles and computer equipment. Since 2011 this trend has changed and there has been overall growth in manufacturing sector, with this essentially driven by the automotive sub-sector. The Experian forecast shows from 2020 onwards this trend will broadly remain stable for all other sub-sectors but with Manufacture of transport equipment expected to show forecast growth with almost doubling of total employment.

Figure 24. Advanced Manufacturing Jobs Trend and Forecast



Source: Experian (dashed line denotes secondary axis)

7.64 Table 40 below shows the average annual growth rates of each sub-sector for the recent past (2011-20) and the forecast for the plan period (2020-2040).

Table 40. Comparison of Growth Rates in South Staffordshire – Recent Trend vs Forecast

	2011-20	2020-2040
Computer & Electronic Products (manufacture of) (Thousands)	0.00%	1.26%
Machinery & Equipment (manufacture of) (Thousands)	-5.52%	1.45%
Metal Products (manufacture of) (Thousands)	0.00%	-1.11%
Non-Metallic Products (manufacture of) (Thousands)	3.81%	-0.77%
Transport Equipment (manufacture of)	13.66%	3.39%
Manufacturing (Total Jobs)	**1.04%**	**1.36%**

Source: BRES; SPRU Analysis of forecasting data

7.65 The Experian forecast therefore does not appear to fully reflect the LEP's LIS to support

continued growth across a range of manufacturing sub-sectors. While for some sectors there is a reversal of past trends in job losses (notably Computer & Electronic Products and Machinery & Equipment) in other sub-sectors there is forecast to be negative growth despite stable performance (or growth) to 2020. Levels of growth in vehicle manufacturing are forecast to continue at a very high rate, despite this sector having very little representation in South Staffordshire prior to the start of Jaguar Land Rover's operations[35]. This does not accord with the LIS or the wider economic indicators and stakeholder engagement undertaken as part of this study.

7.66 We have therefore considered the implications of continuing to apply the growth rate seen in the Experian forecast where this is driven almost exclusively by the manufacturing of motor vehicles sub-sector.

7.67 A more balanced forecast has been produced which applies the overall compound growth rate observed across the LEP area based on the SIC5 industries that constitute the most significant increases in total employment within the 'manufacturing' grouping. This has been achieved by exploring all other manufacturing sub-sectors separately to vehicle manufacturing.

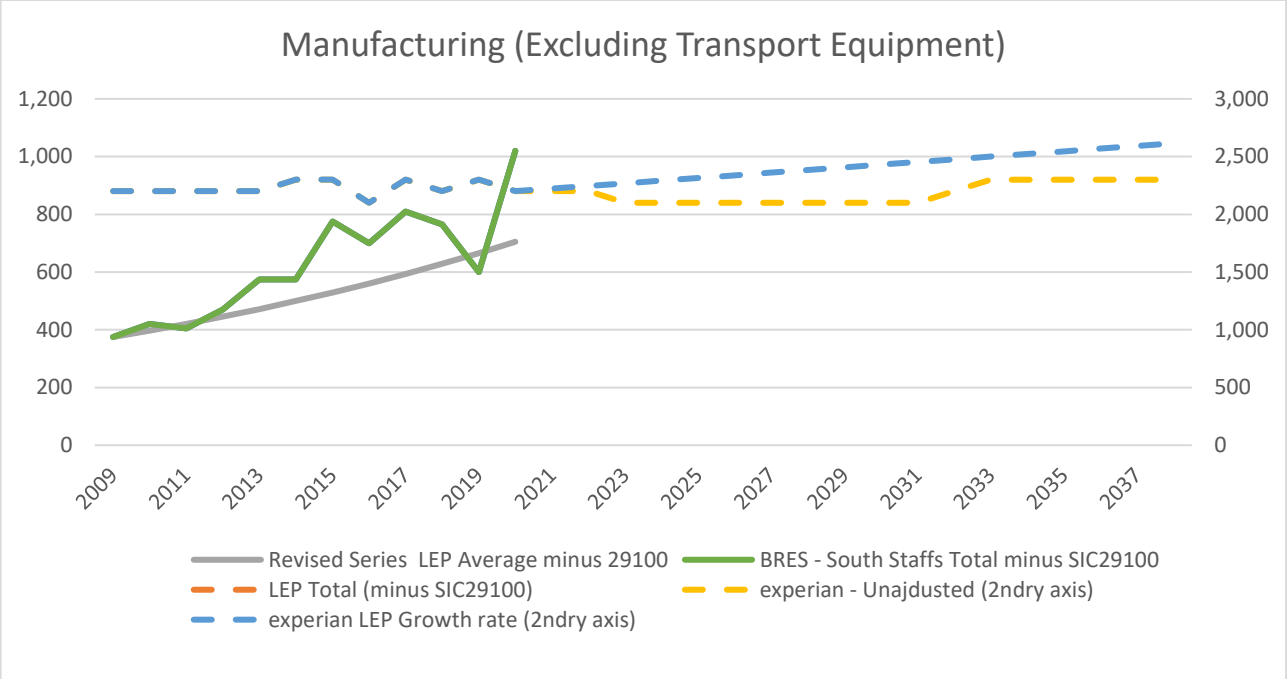
7.68 Figure 25 below illustrates how the LEP growth rate[36] applied to the BRES starting point in South Staffordshire for the period 2009 to 2020 (grey line) produces a very similar profile to the published BRES data for all SIC5 industries within the grouping in South Staffordshire (green line).

7.69 This illustrates that the rest of the overall LIS grouping for manufacturing industries is also associated with employment growth in South Staffordshire.

7.70 By way of comparison the compound LEP Growth Rate applied to generate the revised 2009-2020 series (5.9%) is similar to recent compound growth rates in the SIC2 classifications for fabricated metal and computing & electrical equipment manufacturing recorded in South Staffordshire in the latest BRES data (at least prior to the onset of the Coronavirus pandemic).

[35] BRES data for SIC5 29100: Manufacture of motor vehicles comprising one of the LEP LIS's main growth sub-sectors shows zero employment in South Staffordshire before 2020.
[36] Excluding SIC5 29100 from the LEP LIS' evidence base

Figure 25. Comparison of Growth in Key Manufacturing Sub-Sectors and Total Forecast Trends (Excluding Manufacturing of Motor Vehicles)



Source: BRES; Experian; SPRU Analysis

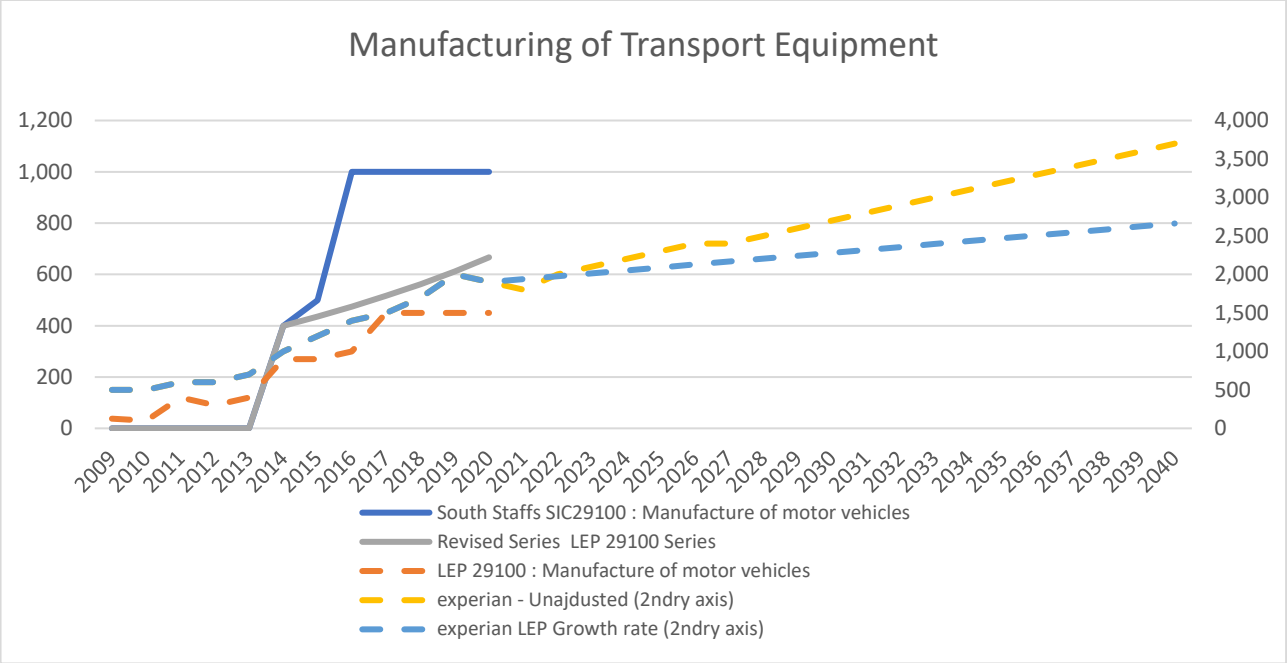
7.71 To generate the adjusted series (dashed blue line) the average per annum employment growth generated by the Manufacturing LEP Growth Rate series for South Staffordshire for the period 2009 to 2020 has been applied in place of the Experian forecast for the sub-sectors of Computer & Electronic Products and Machinery & Equipment from 2020 onwards. Neither of these sectors were found to have been impacted by significant losses potentially associated with the Coronavirus pandemic during the 2018-2020 period. In addition, the forecast for the manufacture of metal products and non-metallic products (both forecast to lose -100 jobs in the Experian data) are held constant from 2020. The rationale for this adjustment is that both sub-sectors displayed growth or stable employment in the 2011-2020 period.

7.72 The outcome of the adjusted forecast shows growth in these manufacturing sub-sectors (as illustrated by the blue dashed line against the secondary axis) (+461 jobs). This remains unlike either the OE or CE forecast. The forecast growth in this revised series is not solely dependent on increasing the representation of the vehicle manufacturing sub-sector in South Staffordshire.

7.73 The revised series is considered to reflect reasonable prospects for employment growth in other sub-sectors not captured by the Experian forecast, which would otherwise provide for effectively no net change in the sub-sectors assessed.

7.74 For the Manufacturing of Transport Equipment, the same methodology has been applied looking specifically at the LEP LISs' evidence base for SIC5 29110 (Manufacture of motor vehicles). This is shown in Figure 26.

Figure 26. Comparison of Growth in Key Manufacturing Sub-Sectors and Total Forecast Trends (Manufacturing of Transport Equipment)



Source: BRES; Experian; SPRU Analysis

7.75 To generate the adjusted series (dashed blue line) the average per annum employment growth generated by the SIC29100 LEP Growth Rate series for South Staffordshire for the period 2013 to 2020[37] has been applied in place of the Experian forecast for this sub-sector. This produces a forecast profile much more similar to the LEP profile for this sector (orange dashed line on secondary axis) and the profile of this sub-sector had its growth since 2014 corresponded to the LEP average (grey line). It is also relevant to note that the Experian forecast's estimate for total employment in 2020 (2000 jobs) exceeds the relevant BRES data for SIC29100 (1,000 jobs) or all jobs within the SIC29 2-digit classification (1,500 jobs).

7.76 The outcome of the adjusted forecast shows growth in the Manufacturing of Transport Equipment (as illustrated by the blue dashed line against the secondary axis) (+762 jobs) compared to +1,800 in the unadjusted Experian baseline (yellow dashed line indicating a doubling of jobs).

7.77 The adjusted series reflects more reasonable prospects for this sector. This takes account of the fact that it remains an important area of potential growth in the sub-region, moderated by evidence from the response of stakeholders suggesting that future large-scale jobs growth within these specific industries is likely to fall below recent trends.

7.78 Applying the moderated forecast for this sub-sector as described above does not, however, wholly overcome the point that specifically in South Staffordshire (but also more widely in the LEP area) the recent outcome of significant employment growth in this sub-sector is heavily influenced by substantial inward investment by Jaguar Land Rover (JLR) and the specific location of its facilities in South Staffordshire.

7.79 This means that in practice it is reasonable to assume that supporting any future growth in this sub-sector, as part of a measure of local labour demand, may principally be driven by the delivery of large-scale strategic provision of employment floorspace (including extant

[37] An average over 7 years, corresponding with the dates this sector was first represented in South Staffordshire in terms of levels of employment.

allocations) as part of similar patterns of development facilitating JLR's investment. This would equally apply if jobs growth were to occur in-line with the Experian baseline forecast.

7.80 Had this not taken place the forecasts for this sub-sector in South Staffordshire would be fundamentally different and result in a different outcome to the scenario described above. This can be considered further as part of recommendations on the supply and demand balance for employment floorspace in Section 12.

7.81 These combined adjustments to the sub-sectors as described results in the number of jobs in the Manufacturing sector increasing from 4,800 in 2020 to 6,020 in 2040 – an increase of 1,220 jobs of which 760 are forecast in the Manufacturing of Transport Equipment. This compares against the Experian forecast which shows net jobs in the Manufacturing sector increasing by 1,900 jobs to 6,700 by 2040, within which the Transport Equipment sub-sector would show net growth of 1,800 jobs.

7.82 Table 41 below provides a summary of the outcomes in terms of compound rates of growth for the different sub-sectors assessed.

Table 41. Comparison of Growth Rates in South Staffordshire – Recent Trend vs Forecast

	Experian 2020-2040	Adjusted Growth 2020-2040
Computer & Electronic Products (manufacture of) (Thousands)	1.26%	1.91%
Machinery & Equipment (manufacture of) (Thousands)	1.45%	1.91%
Metal Products (manufacture of) (Thousands)	-1.11%	0.00%
Non-Metallic Products (manufacture of) (Thousands)	-0.77%	0.00%
Transport Equipment (manufacture of)	3.39%	1.71%
Manufacturing (Total Jobs)	**1.36%**	**1.14%**

Source: SPRU Analysis

ii) *Digital Economy*

7.83 In preparing the Growth Scenario a consistent approach has been taken to analyse the relationship between the LIS evidence base, latest BRES data and Experian forecast based on the SIC5 grouping on industries listed in the LIS evidence base.

7.84 The digital economy comprises part of the Information and Communications broad sector within the Experian forecast. The LIS evidence base indicates strong growth in a number of specific industry sub-sectors comprising an important component of the digital economy across the LEP area. Concentrations of employment in these industries within both South Staffordshire and the wider LEP area are typically below concentrations in the West Midlands notwithstanding recent relative increases in the proportion of total jobs in these industries. This is shown in Table 42 below.

Table 42. Digital Economy Detailed Sub-Sectors Location Quotient

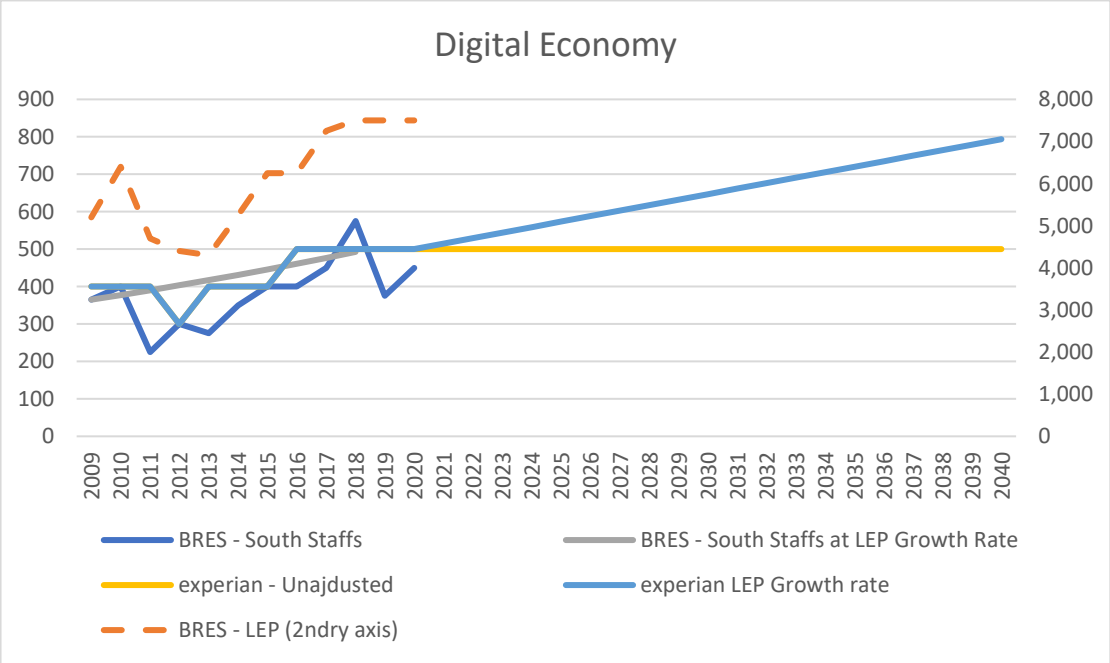
	LQ vs LEP	LQ vs West Mids	LQ LEP vs West Midlands
62012 : Business and domestic software development	0.80	0.50	0.63
62020 : Computer consultancy activities	1.00	0.91	0.92
62090 : Other information technology and computer service activities	0.44	0.55	1.24

Source: BRES, 2020

7.85 Figure 27 illustrates that between 2009 and 2020 the BRES data record an average of around 20 jobs per annum growth within the industries identified within the LIS digital economy grouping in South Staffordshire (blue line). When the LEP growth rate is applied to the BRES starting point in South Staffordshire for the period 2009 to 2020 (grey line) the profile is similar and would generate an equivalent growth in employment of around 15 jobs per annum. Total jobs within the LEP area are shown on the secondary axis via the orange dashed line.

7.86 The Experian forecast for the Computing & Information Services sub-sector[38] charts the increased employment within the broad sector observed to 2019 but following a fall in employment does not forecast any net change beyond 2020. It is therefore reasonable to conclude that the Experian forecast does not reflect the LEP's LIS in seeking to support this sector.

Figure 27. Comparison of Growth in Key Digital Economy (Information and Communication) Sub-Sectors and Total Forecast Trends



Source: BRES; Experian; SPRU Analysis

7.87 To generate the adjusted series (light blue line) the average per annum employment growth generated by the Digital Economy LEP Growth Rate series for South Staffordshire for the period 2009 to 2020 has been applied in place of the Experian forecast for the Information

[38] Zero employment is shown for all other sub-sectors in this industrial grouping in the Experian forecast.

and Communication sector from 2020 onwards. This ensures that the pre-Covid performance reflected in the forecasts remains captured in terms of total employment trends for the plan period.

7.88 This results in the number of jobs in the Information and Communication sector increasing from 500 in 2020 to 790 in 2040 – an increase of around 290 jobs. This compares against the Experian forecast which shows no net change in jobs in the sub-sector over the same period.

iii) *Construction*

7.89 Construction comprises a separate broad sector within the Experian forecast made up of categories relating to the construction of buildings, civil engineering, and specialist construction activities. Specialist construction represents a significant proportion of the overall total within the sector and is a substantial component of the overall forecast. This corresponds with official BRES estimates relating to SIC2 43 which reports a high total of specialist construction jobs within the district.

7.90 The combined sub-sectors forecast a total loss of -600 jobs between 2020 and 2040, with the percentage change therefore disproportionately affecting the smaller categories of civil engineering and the construction of buildings.

7.91 The LIS evidence base indicates strong growth in a number of specific industry sub-sectors comprising an important component of the construction sector across the LEP area. Concentrations of employment in these industries within South Staffordshire typically exceeds the wider LEP area and West Midlands averages, whereas these growth industries typically have concentrations in the LEP area that are below the West Midlands average.

7.92 It is important to note that the SIC5 industries listed in the LEP evidence base *exclude* the specialist construction activities that comprise a very high proportion of the pre-existing proportions of total employment in the sector in South Staffordshire. This is shown in Table 43 below:

Table 43. Construction Detailed Sub-Sectors Location Quotient

	LQ vs LEP	LQ vs West Mids	LQ LEP vs West Midlands
41100 : Development of building projects	1.66	1.14	0.69
41201 : Construction of commercial buildings	1.06	1.04	0.98
41202 : Construction of domestic buildings	1.03	1.11	1.08
42990 : Construction of other civil engineering projects n.e.c.	1.33	1.16	0.88
43290 : Other construction installation	2.08	3.05	1.47

Source: BRES, 2020

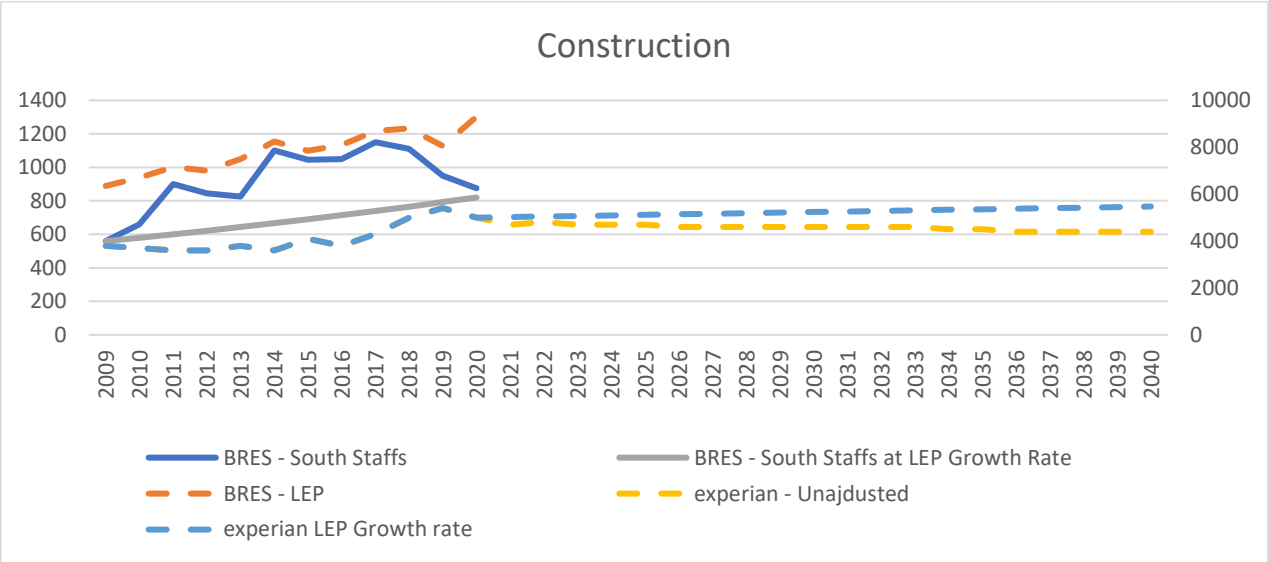
7.93 Figure 28 illustrates that between 2009 and 2018 the BRES data record an average of around 55 jobs per annum growth within the industries identified within the LIS construction grouping in South Staffordshire (blue line), before a relatively significant impact during the 2018-2020 period.

7.94 When the LEP growth rate is applied to the BRES starting point in South Staffordshire for the period 2009 to 2020 (grey line) the profile is less steep and would generate an equivalent growth in employment of around 24 jobs per annum, though importantly this sub-sector continued to grow in the LEP area between 2018 and 2020 perhaps reinforcing its identification in the LEP LIS evidence base. Total jobs within the LEP area are shown on the

secondary axis via the orange dashed line.

7.95 The Experian forecast for the Construction sector charts the increased employment within the broad sector observed within the middle of the last decade but following a fall in employment to 2019 shows further net losses of around 600 jobs to 2040. It is therefore reasonable to conclude that the Experian forecast does not reflect the LEP's LIS in seeking to support this sector.

Figure 28. Comparison of Growth in Key Construction Sub-Sectors and Total Forecast Trends



Source: BRES; Experian; SPRU Analysis (dashed line denotes secondary axis)

7.96 To generate the adjusted series (light blue line dashed line against the secondary axis) the average per annum employment growth generated by the Construction LEP Growth Rate series for South Staffordshire for the period 2009 to 2020 has been applied in place of the Experian forecast for the Construction sector from 2020 onwards. This ensures that the pre-Covid performance reflected in the forecasts remains captured and forms a component of the future recovery.

7.97 This results in the number of jobs in the Construction sector increasing from 5,000 in 2020 to 5,470 in 2040 – an increase of around 470 jobs. The resulting compound growth rate for the 2020-2040 period (0.45%) aligns relatively closely to the CE forecast but remains well below the 2011-20 trend. This compares against the Experian forecast which shows a net change of -600 jobs in the sector over the same period.

iv) *Business / Professional Services*

7.98 Professional services comprise a category within the Experian forecast that forms a component of the Professional and Other Private Services broad sector. This category forms a relatively significant component within the overall forecast (comprising around 8% of total jobs at 2020) and is forecast to show growth of around 400 jobs between 2020 and 2040. This sub-sector displayed very strong growth in the 2011-20 period, notwithstanding loss of around 300 jobs in years 2018-2020 suggesting a moderate impact arising from the Coronavirus pandemic.

7.99 The LIS evidence base indicates strong growth in a number of specific industry sub-sectors relating to business and professional services across the LEP area. Concentrations of employment in these industries within South Staffordshire is typically substantially below

levels seen across the LEP area and West Midlands averages. This reflects the inclusion of a number of industries within the financial services and administration sub-sectors within the LIS grouping that are not closely related to the economy in South Staffordshire. This is shown in Table 44 below.

Table 44. Business and Professional Services Detailed Sub-Sectors Location Quotient

	LQ vs LEP	LQ vs West Mids	LQ LEP vs West Midlands
70100 : Activities of head offices (*)	0.83	0.63	0.76
70229 : Management consultancy activities (other than financial management) (*)	1.14	0.91	0.80
68310 : Real estate agencies	0.35	0.27	0.75
68320 : Management of real estate on a fee or contract basis	1.42	0.61	0.43
66220 : Activities of insurance agents and brokers	0.21	0.24	1.15
71121 : Engineering design activities for industrial process and production (*)	5.31	5.22	0.98
71200 : Technical testing and analysis (*)	5.31	7.31	1.38
69102 : Solicitors	0.33	0.24	0.73
69201 : Accounting, and auditing activities	0.89	0.58	0.65
69202 : Bookkeeping activities	0.22	0.09	0.41
73110 : Advertising agencies	0.57	0.61	1.07

Source: BRES, 2020

7.100 On this basis only four of the industries included within the LIS evidence base are considered relevant for analysis in terms of a comparison of trends between the LEP and South Staffordshire and the findings of the Experian forecast. These are illustrated with an (*) in Table 44 and all relate directly to the Professional Services sub-sector. Of these 4 industries Engineering and Design Activities are not included in the trend analysis, on account of being separately considered in the LIS as informing trends in the Manufacturing sector.

7.101 Growth in Technical Testing and Analysis is considered to be the most significant SIC5 industrial classification of those identified in terms of estimates of employment growth and its likely correlation with the district's other sectoral strengths in manufacturing and logistics.

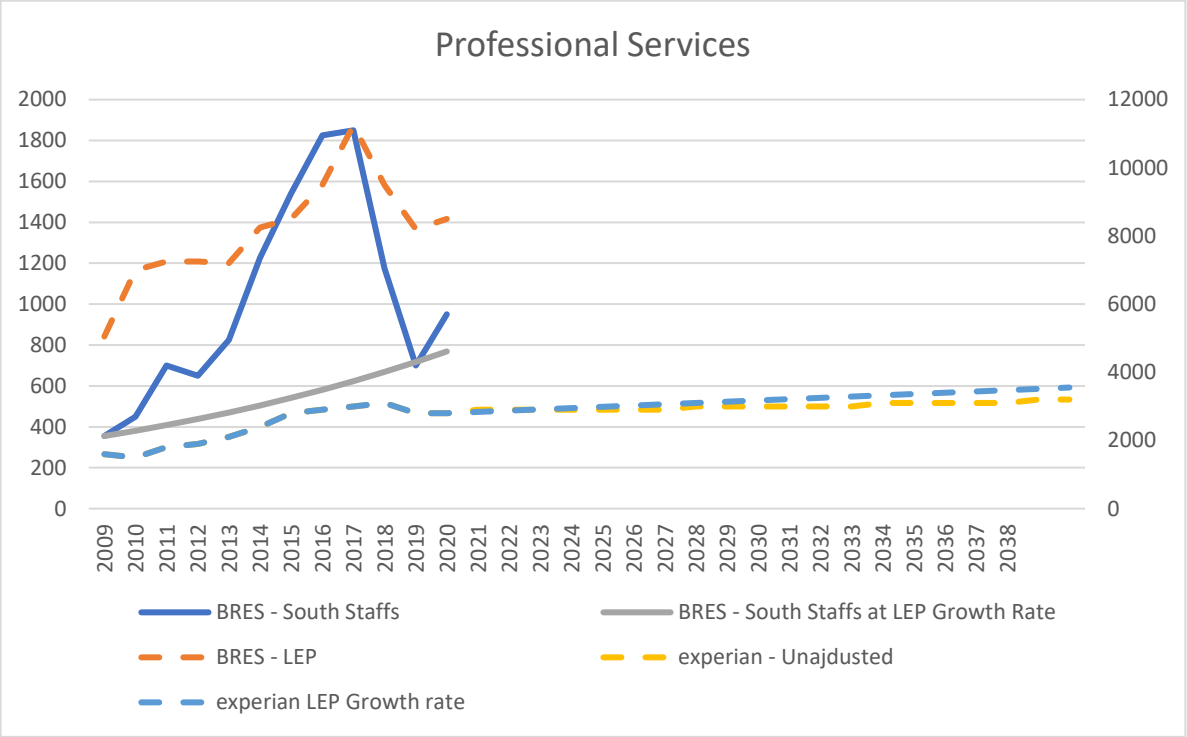
7.102 Figure 29 illustrates that between 2009 and 2018 the BRES data record an average of around 80 jobs per annum growth within the industries identified within the LIS professional services grouping in South Staffordshire (blue line). The years following 2018 are omitted to recognise the impact of Coronavirus upon the sub-sector.

7.103 When the LEP growth rate is applied to the BRES starting point in South Staffordshire for the period 2009 to 2018 (grey line) the profile is less steep and would generate an equivalent growth in employment of around 38 jobs per annum. Total jobs within the LEP area are shown on the secondary axis via the orange dashed line. The profiles are similar, including likely reporting of the impacts of the Coronavirus pandemic between 2019 and 2020

7.104 The Experian forecast for the Professional Services sector charts the increased employment within the broad sector observed within the middle of the last decade but following a fall in employment between 2018 and 2020 shows very modest growth of +400 jobs between 2020 and 2040 (with overall net change of 0 in employment between 2018 and 2038). It is therefore reasonable to conclude that the Experian forecast does not reflect the LEP's LIS in seeking

to support this sector.

Figure 29. Comparison of Growth in Key Professional Services Sub-Sectors and Total Forecast Trends



Source: BRES; Experian; SPRU Analysis

7.105 To generate the adjusted series (light blue line dashed line against the secondary axis) the average per annum employment growth generated by the Professional Services LEP Growth Rate series for South Staffordshire for the period 2009 to 2018 has been applied in place of the Experian forecast for the Professional Services category from 2020 onwards. This ensures that the pre-Covid performance reflected in the forecasts remains captured in terms of total employment trends for the plan period, which includes an overall loss between 2018 and 2020.

7.106 This results in the number of jobs in the Professional Services sector increasing from 2,800 in 2020 to 3,550 in 2040 – an increase of around 750 jobs. This compares against the Experian forecast which shows net change of +400 in the category over the same period.

v) *Logistics and Transport*

7.107 Transport & Storage comprises a separate broad sector within the Experian forecast. For South Staffordshire employment in the sector solely comprises jobs in the sub-category of Land Transport, Storage & Post. The Experian forecast reports substantial growth in the sector over the previous decade (net gain of around 700 jobs). This broadly corresponds with growth in the SIC2 52 Classification for Warehousing and support activities for transportation reported in the official BRES data. The Experian forecast estimates a further net gain of around 700 jobs between 2011 and 2020 at slightly higher compound rate (3.55% CAGR vs. 2.39% 2001-2011).

7.108 The LIS evidence base indicates strong growth in a number of specific industry sub-sectors comprising an important component of the logistics sector across the LEP area. The industrial classifications listed within the LIS evidence base cut across the broad sectors for Transport & Storage and those dealing with Retail and Wholesale.

7.109 Concentrations of employment in these industries within South Staffordshire typically fall below the wider LEP area, but are similar to or exceed concentrations within the West Midlands. The LEP area as a whole records substantially greater concentrations in these industries than the West Midlands, illustrating the importance of this growth sector.

7.110 It is important to note that those SIC5 industries listed in the LEP evidence base that deal with Wholesale classifications effectively record no employment in South Staffordshire, meaning that when comparing trends with the LIS it is only industries within the logistics and transport sector that are influencing the district's position against the LEP. This is shown in Table 45 below:

Table 45. Logistics and Transport Detailed Sub-Sectors Location Quotient

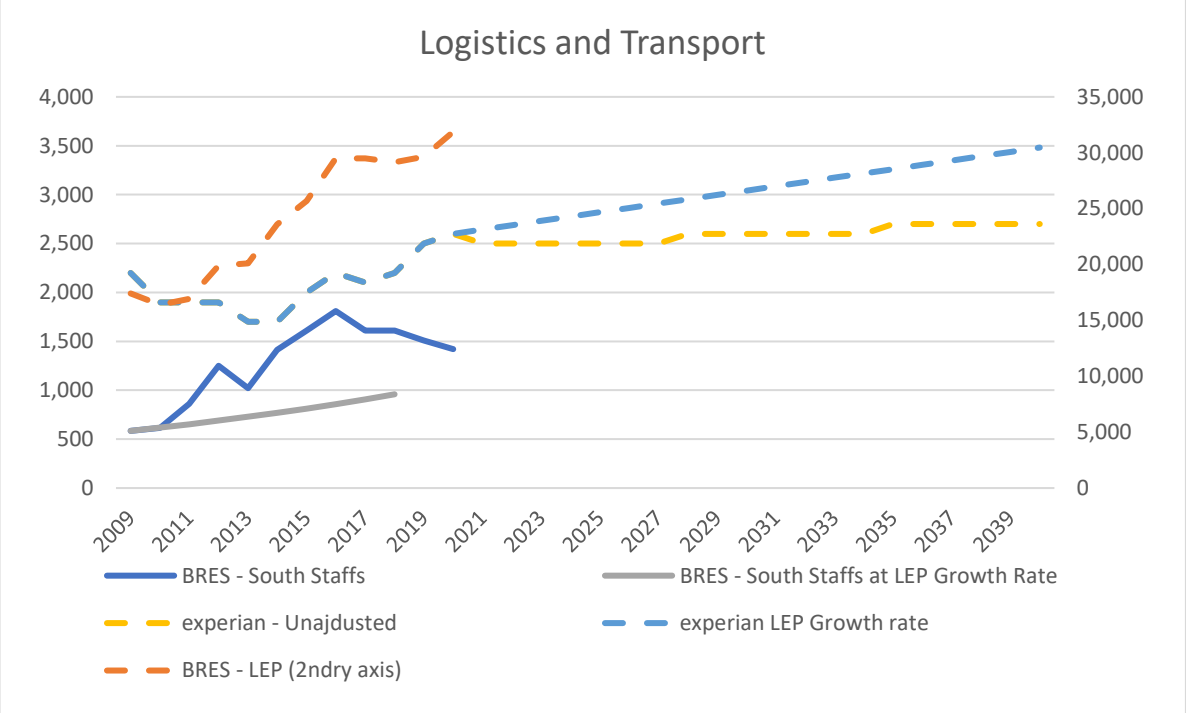
	LQ vs LEP	LQ vs West Mids	LQ LEP vs West Midlands
52103 : Operation of warehousing and storage facilities for land transport activities of division 49	0.70	1.40	1.99
49410 : Freight transport by road	0.51	0.94	1.84
46310 : Wholesale of fruit and vegetables	0.00	0.00	0.55
46342 : Wholesale of wine, beer, spirits and other alcoholic beverages	0.21	0.59	2.75
46450 : Wholesale of perfume and cosmetics	0.00	0.00	0.64

Source: BRES, 2020

7.111 Figure 30 illustrates that between 2009 and 2020 the BRES data record an average of around 76 jobs per annum growth within the industries identified within the LIS Logistics and Transport grouping in South Staffordshire (blue line). When the LEP growth rate is applied to the BRES starting point in South Staffordshire for the period 2009 to 2020 (grey line) the profile is less steep and would generate an equivalent growth in employment of around 44 jobs per annum. Total jobs within the LEP area are shown on the secondary access via the orange dashed line and show continued growth across the sub-region.

7.112 The Experian forecast for the Transport & Storage sector charts the increased employment within the broad sector observed within the middle of the last decade but then stabilised and forecasts a very shallow profile of future employment growth in the sector (+100 jobs between 2020 and 2040). It is therefore reasonable to conclude that the Experian forecast does not reflect the LEP's LIS in seeking to support this sector.

Figure 30. Comparison of Growth in Key Logistics and Transport Sub-Sectors and Total Forecast Trends



Source: BRES; Experian; SPRU Analysis

7.113 To generate the adjusted series (light blue line dashed line) the average per annum employment growth generated by the Logistics LEP Growth Rate series for South Staffordshire for the period 2009 to 2020 has been applied in place of the Experian forecast for the Transport & Storage sector from 2020 onwards. This ensures that the pre-Covid performance reflected in the forecasts remains captured in terms of total employment trends for the plan period, which includes sustained growth in employment between 2018 and 2020.

7.114 This results in the number of jobs in the Transport & Storage sector increasing from 2,600 in 2020 to 3,480 in 2040 – an increase of around 880 jobs. This compares against the Experian forecast which shows a net change of only 100 jobs in the sector over the same period and is not considered to reflect its reasonable prospects for growth between 2020 and 2040 based on the performance of the sub-region.

f) Conclusions on the LEP Economic Growth Scenario

7.115 This section provides a detailed assessment of the growth sectors identified in the LIS. The growth sectors are identified by the LEP as being of particular importance to the economy in Stoke & Staffordshire and are sectors which have performed strongly in recent years, including within the study area. Industries within these sectors are expected to continue to deliver jobs and productivity growth and are supported by a range of business development and support initiatives.

7.116 This analysis has identified a number of LIS growth sectors where the Experian forecast shows considerably worse future economic performance in South Staffordshire than has been seen in the recent past when compared locally or against the wider sub-region. This could simply be a result of the forecasting methodology which takes a top-down approach and may not adequately take account of local circumstances.

7.117 Conversely the analysis suggests it would be appropriate to take a broader view regarding

the prospects for growth in the Manufacturing sector that divorces expected trends from assumptions in the Experian forecast that are dependent on a further doubling of employment in vehicle manufacturing over the 2020 to 2040 that may not be considered realistic.

7.118 The analysis of the LIS Growth Sectors in the previous section has been used to create an Economic Growth Scenario. This is based on the Experian forecast, as this is considered to provide the most reasonable forecast for planning for future jobs growth in South Staffordshire. However, adjustments have been made to the following sectors to reflect jobs growth in these sectors in South Staffordshire since 2009 (corresponding to the base-date of the LIS evidence base):

- Construction
- Transport & storage
- Professional Services
- Manufacturing
- Information & communication

7.119 This results in a Growth forecast which aligns with, and takes account of, the LEP's LIS. The Growth forecast shows a growth of 4,824 net additional jobs over the period 2020-40. This represents an annual growth of 240 jobs compared to 150 in the Experian forecast. A summary by sector is provided in Table 46 below. The cells highlighted in the final column are those sectors in which adjustments have been applied.

Table 46. Comparison of Experian LEP Growth Scenario and Baseline Forecasts

2020-2040	CE	Experian[39]	OE	Experian-based LEP Growth
Agriculture, Forestry & Fishing	50	500	-420	500
Extraction & Mining	-100	0	-70	0
Manufacturing	-510	1900	-1880	1223
Utilities	20	0	-60	0
Construction	240	-600	40	473
Wholesale & Retail	110	400	-270	400
Transport & storage	740	100	-270	882
Accommodation and Food Services	1500	100	-40	100
Information & communication	240	0	50	294
Financial, Professional & Business Services	1420	900	760	1253
Public Services	1300	-300	-160	-300
Total	**5010**	**3000**	**-2320**	**4824**

Source: SPRU Analysis of various forecasts

7.120 Taking account of the LEP's LIS generates a higher degree of consistency between the three forecasts in terms of prospects for employment growth within a number of significant sectors where the individual forecasts offer inconsistent results. Notable changes to the Experian

[39] Several of the broad sectors contain small differences due to rounding and the grouping of sub-sectors used to consider the growth scenario in more detail. This includes -100 jobs in Accommodation and Food Services to account for jobs in Recreation being reassigned to the services category but +100 jobs in Accommodation when the remaining sub-sectors are summed (+100 total); +100 jobs due to rounding when the Public Services sub-sectors are summed; -100 due to rounding when the Wholesale & Retail sub-sectors are summed; and -100 in Information and Communication when the relevant sub-sectors are summed.

forecast appear in the Construction and Transport & Storage sectors. To a lesser extent the differences between the forecasts within the Financial, Professional & Business Services sector are also reduced, which is achieved in the Growth Scenario due to specific adjustments to the Professional Services category only.

7.121 This LEP Growth forecast also reflects that a moderated forecast for the prospects for further gains in employment within the manufacturing sector would retain a substantially more positive outlook than the assessments in the OE or CE forecasts.

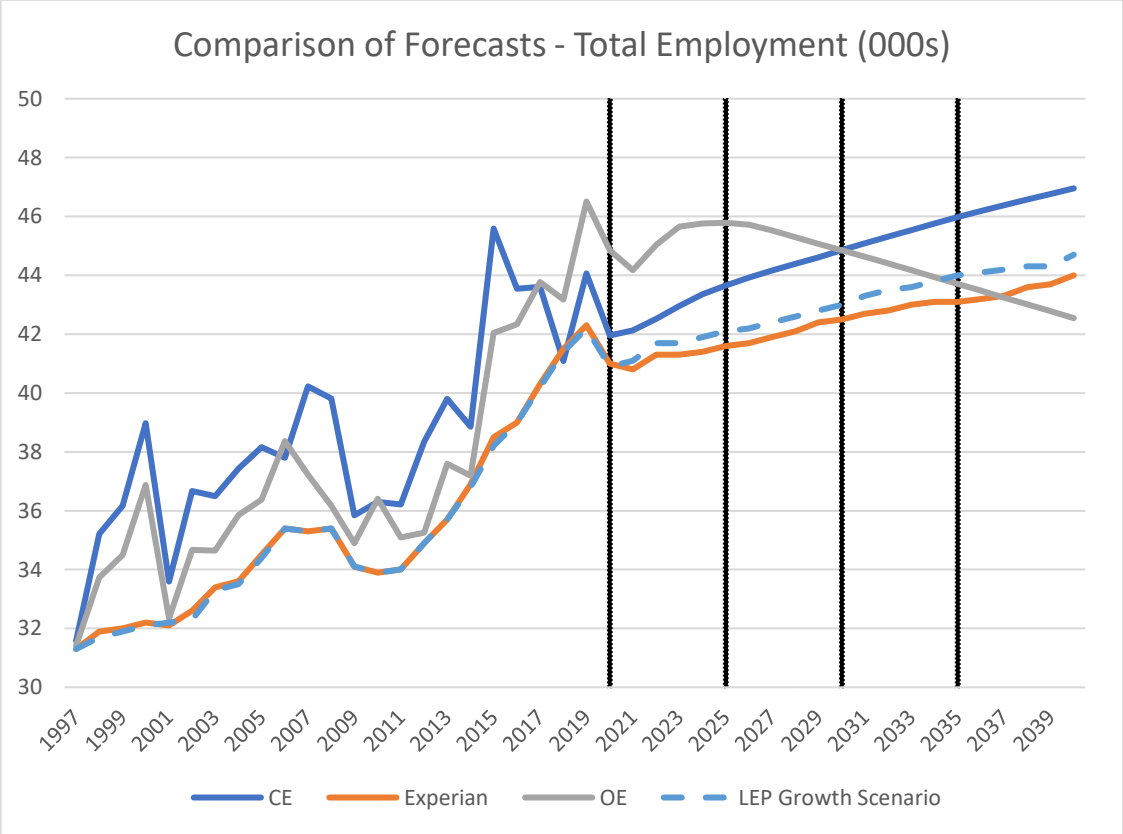
7.122 The Growth forecast shows an annual growth rate of 0.57% per annum compared to 0.35% in the Experian forecast. For comparison, the growth rate seen in South Staffordshire since the last 'trough' in 2011 (2011-2018) is between 1.8 and 3.0% per annum dependent on the assumptions between the forecasting houses.

Table 47. Comparison of Forecasts for South Staffordshire

	Jobs Growth 2020-2040	Annual Growth Rate 2020-40
CE	5,010	**0.56%**
OE	-2,300	**-0.26%**
Experian	3,000	**0.35%**
Growth Forecast	4,824	**0.57%**

Source: SPRU Analysis of various forecasts. Note, the net change figures in this table have been rounded by sector to the nearest hundred.

Figure 31. Comparison of Jobs Growth Forecasts



Source: BRES; SPRU Analysis of various forecasts (five-year markers from 2020)

g) Summary

7.123 This section provides an assessment of the future economic growth forecasts for South Staffordshire to 2040. The forecasts are assessed on an overall and sectoral basis to consider their suitability and robustness for planning purposes.

7.124 This section sets out the future employment growth identified by the econometric forecasts. Three econometric forecasts have been assessed:

- Cambridge Economics (CE) which shows a job growth of around 5,010 jobs for the period 2020-2040;
- Oxford Economics (OE) which shows a net loss of 2,320 jobs over this period; and
- Experian which shows a growth of 3,000 jobs.

7.125 Overall, the analysis suggests that the Experian and CE forecasts provide reasonable forecasts of jobs growth for South Staffordshire over the plan period. These forecasts show more similar overall levels of growth from 2020.

7.126 There are a number of sectoral differences between these two forecasts with the largest differences in the Financial, Professional & Business Services sector together with Public Services and Accommodation, Food Services & Recreation. In all of these examples CE shows substantially higher growth despite relatively limited representation amongst these sectors within the local economy. These differences, while numerically substantial, in-fact have a relatively limited bearing on the relationship between the forecasts and the resulting considerations of new land and floorspace required in order to provide for economic development in these sectors.

7.127 Conversely there are also less significant but important sectoral differences that would significantly impact on future development needs. The Experian forecast is the only one to show any forecast growth in employment within the Manufacturing sector, whereas CE forecasts continued growth in the Construction sector against losses in the Experian forecast. Both forecasts show growth in the Transport & Storage sector, with this being higher in the CE forecast and likely a result of not taking into account any supply-side factors.

7.128 Taking all of the analysis set out above into account, and drawing on analysis throughout the various other sections of this report, the Experian forecast is considered to provide the most positive yet realistic basis for planning for future economic growth in South Staffordshire if compared solely to the other forecasts.

7.129 However, in accordance with PPG, assessments of future economic growth should take account of LEP Local Industrial Strategies (LIS). The growth sectors are identified by the LEP as being of particular importance to the sub-regional economy in Stoke & Staffordshire and are sectors which have performed strongly in recent years, and as such are expected to continue to deliver jobs and productivity growth in South Staffordshire. These key sectors are supported by a range of business development and support initiatives and local evidence of their reasonable growth prospects.

7.130 A Growth forecast has been developed based on the Experian forecast but with adjustments to the following LIS growth sectors:

- Construction
- Transport & storage
- Professional Services
- Manufacturing
- Information & communication

7.131 For the other LIS growth sectors, these are either forecasted sufficient growth in the Experian scenario to not warrant a further uplift, or are not specialisms of South Staffordshire (but rather other districts within the LEP area) and so do not justify any adjustment.

7.132 The Experian LEP Growth forecast shows a growth of 4,824 net additional jobs over the plan period 2020-2040. The Growth forecast shows an annual growth rate of 0.57% per annum compared to 0.35% in the Experian forecast and 0.56% in the CE forecast.

Key Points

- After assessing the three forecasting houses in detail, the OE forecast was excluded from further analysis as it showed negative growth rates across the 2020-2040 period which did not reflect historic growth rates or local evidence of employment change, including from local stakeholders. The Experian and CE forecasts were found to provide reasonable forecasts of jobs growth for South Staffordshire over the plan period, forecasting jobs growth of 3,000 and 5,010 respectively over the 2020-2040 period.
- An assessment of the Experian and CE forecasts for individual employment sectors revealed a number of sectoral differences. Notably the Experian forecast was the only one to show any forecast growth in employment within the locally important Manufacturing sector albeit this relied upon assumptions of a further doubling of jobs in transport and vehicle manufacture (further to recent investment by Jaguar Land Rover). The need for an element of moderation and assessment of the reasonable prospects for performance in different manufacturing sub-sectors was therefore also identified. Following detailed analysis, the Experian forecast was considered to provide the most positive yet realistic economic growth forecast for South Staffordshire in terms of providing a starting point to identify reasonable prospects for future change across a majority of sectors identified as locally significant.
- Using the Experian forecast as a starting point, a 'Growth Forecast' was then developed which made a number of adjustments to the growth sectors identified in the LEP Local Industrial Strategy (LIS) as being important to the South Staffordshire economy, including:
    - Construction
    - Transport & storage
    - Professional Services
    - Manufacturing
    - Information & communication
- The Growth Forecast shows a growth of 4,824 net additional jobs in South Staffordshire over the period 2020-40.

8.0 RISKS OF BREXIT AND COVID-19

a) Risks Due to Brexit

8.1 The UK voted to leave the EU in a referendum vote in June 2016 with the UK eventually leaving in January 2020. A year-long 'transition period' followed which lasted until the end of 2020. Negotiations between the UK and the EU regarding longer-term trade deals are currently ongoing. At the time of the preparation of this EDNA the potential renegotiation of the Northern Ireland Protocol incorporated within the EU-UK Withdrawal Agreement of December 2020 remained a potential barrier to predicting any definitive outcome of the future trading relationship.

8.2 At the macroeconomic level, Brexit will inevitably have numerous implications for the UK's economy. However, the nature of the political arrangement between the UK and the EU following Brexit remains unclear, and therefore forecasting the economic implications of Brexit is a difficult process.

8.3 This notwithstanding, all three forecasting houses have incorporated the implications of Brexit into their forecasting approaches. The various models estimate the impacts of Brexit based on what they consider to be the most likely outcomes, given announcements and published reports by think-tanks, non-profit organisations and the UK Government.

8.4 The current political particulars of the future relationship with the EU have only in effect been agreed at a high level within the Withdrawal Agreement and are embryonic in terms of their implementation in practice and taking account of ongoing transitional provisions in a number of areas. At this point in time there is no greater certainty on the assumptions in the forecasts:

- The UK agrees a bespoke deal with the EU;
- The UK secures an ability to reduce EU migration (and consequentially how assumptions are derived in terms of migration flows from outside the EU);
- The UK can remain in the single market for goods but not services (so there is no financial services passporting); and
- There are likely to be some continued payments for access to the EU from the UK (although these are negligible in macroeconomic terms).

8.5 These assumptions have been converted into economic modelling assumptions, which provide inputs for the model used in the forecasting process. For the purposes of forecasting, the macroeconomic impacts of Brexit are considered in terms of three main factors: exports, workforce, and investment.

8.6 Table 48 presents CE's overview[40] of the specific long-term economic assumptions of the impacts of Brexit by broad sector:

[40] https://cambridgeshireinsight.org.uk/wp-content/uploads/2020/07/EEFM_2017_UK_forecast_assumptions_August2017.pdf

Table 48. Sectoral Brexit Risk Rating

Sector	Export Impact	Workforce Impact	Investment Impact
Agriculture	Mild slowdown in EU demand	Strong employment constraints	Mild slowdown in investment
Mining and Quarrying	No specific impact	Moderate employment constraints	Moderate to pronounced slowdown in investment
Low and medium-low tech manufacturing	Mild slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
High and medium-high tech manufacturing	Mild to moderate slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
Construction	Mild slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
Utilities and energy	Mild slowdown in EU demand	Moderate employment constraints	No specific impact
Transport, distribution, retail and wholesale trade	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Accommodation and food service	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Administrative and support services	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Information and communication	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Financial and insurance	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Real estate	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Professional, scientific and technical	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Government services	Mild slowdown in EU demand	Moderate employment constraints	Mild slowdown in investment
Arts, recreation, and other services	Mild slowdown in EU demand	Moderate employment constraints	Mild slowdown in investment

Source: CE

8.7 Aggregating the results for each of the three impacts shows the following sectors are the most at risk sectors due to Brexit:

- Transport, distribution, retail and wholesale trade
- Accommodation and food service
- Administrative and support services

8.8 The following sectors are at moderate risk due to Brexit:

- Agriculture
- Mining and quarrying
- Low and medium-low tech manufacturing
- High and medium-high tech manufacturing
- Construction
- Information and communication
- Financial and insurance
- Real estate
- Professional, scientific and technical

8.9 The following sectors are at low risk due to Brexit:

- Utilities and energy
- Government services
- Arts, recreation, and other services

8.10 This analysis has been used to identify the scale of risk in the sectoral jobs growth forecasts for South Staffordshire over the period 2020-2040. The scale of jobs growth in each sector is set out in the table below along with the risk rating identified above.

Table 49. Sectoral Brexit Risk Rating, South Staffordshire

Sector	Total Jobs 2020	Forecast Jobs Growth 2020-40				Risk Rating
		CE	OE	Experian	Experian LEP-Based Growth	
Agriculture and mining	2080	-50	-490	500	500	Med
Manufacturing	5000	-510	-1880	1900	1223	Med
Electricity, gas & water	240	20	-60	0	0	Low
Construction	3000	240	40	-600	473	Med
Wholesale and retail trade	4500	110	-270	400	400	High
Transport & storage	2000	740	-270	100	882	High
Accommodation & food services	3000	1,500	-40	100	100	High
Information & communications	700	240	50	0	294	Med
Financial & business services	5650	1400	510	800	1153	Med
Government services	8250	1,300	-160	-300	-300	Low
Other services	1300	20	250	100	100	Low
Total	**35,720**	**5010**	**-2320**	**3000**	**4824**	

Source: SPRU Analysis of various forecasts

8.11 Tables 50 and 51 sum the total number of jobs growth forecast in South Staffordshire categorised by the identified risk rating due to Brexit. This is shown in the tables by total jobs growth and the proportion of jobs in each risk rating. This analysis isolates the volatility in the 2018-20 period. The impact of Coronavirus and the assumptions regarding a post-COVID bounce cannot, however, be divorced from how these assumptions affect the 2020 to 2040 period.

8.12 In terms of background a high proportion of jobs growth in high-risk sectors was in-fact

recorded as part of the strong performance between 2018 and 2020. This is particularly true for the OE forecast, which shows a negative outlook for high-risk sectors from 2020 onwards (i.e., any net growth only results from assumptions for years between 2018 and 2020).

8.13 The tables show that as of the 2020-base date 41% of jobs in South Staffordshire were in the moderate risk category, with 32% are low risk, and 27% high risk.

8.14 The level of net jobs growth in the forecasts does not necessarily reflect the same proportions at the 2020 base-date. Forecast net changes in total employment are effectively concentrated within the higher-risk sectors within the CE forecast (47%). In absolute terms the principal difference between the CE and Experian forecasts relates to the total number of net jobs gained within higher-risk sectors. For Experian a smaller number of high risk jobs are more spread across the three high risk sectors, including small net gains in Wholesale & Retail contrary to losses forecast by CE and OE.

8.15 Both the CE and Experian forecasts also show sharp disparities in their assumptions regarding growth in moderate risk sectors (CE: 26% of net jobs growth; Experian 87%) and low risk Sectors (Experian: -7% of net jobs growth; CE: 27%). The outcome for low risk sectors reflects the downward trend in Public Services within the Experian forecast and the relatively small size of other service industries.

8.16 Relatively little significance should therefore be placed on the range for low-risk sectors on account that all three forecasts show very similar (and in absolute terms limited) net gains in employment within the Other Services sector. The difference between CE and the other forecasts only arises due to its very positive assumptions for continued employment growth in Government Services (i.e., health, education and public administration) that together have only limited implications for this EDNA's method to derive requirements for new land and floorspace for economic development.

8.17 The OE forecast, which shows net jobs losses overall, does specifically indicate net losses from within the high-risk category, which is consistent with OE's more negative overall outlook due, in part, to Brexit. Of those sectors within the OE forecast showing net gains in employment between 2020 and 2040 this is effectively concentrated in the Low-risk categories and professional services industries but is considerably more negative regarding the moderate risk categories overall principally as a result of the forecasts specific assumptions for manufacturing and agriculture.

Table 50. Jobs by Brexit Risk Rating, South Staffordshire

	Total Jobs 2020	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Experian LEP-Based Growth
High	9,500	2,350	-580	600	1,382
Moderate	16,430	1,320	-1,770	2,600	3,642
Low	9,790	1,340	30	-200	-200

Source: SPRU Analysis of various forecasts

Table 51. Proportion of Jobs by Brexit Risk Rating, South Staffordshire

	Total Jobs 2020	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Experian LEP-Based Growth
High	27%	47%	N/A	20%	29%
Moderate	46%	26%	N/A	87%	75%
Low	27%	27%	N/A	-7%	-4%

Source: SPRU Analysis of various forecasts

8.18 The degree to which the CE and Experian forecasts indicate increased exposure to potentially high-risk sectors following Brexit therefore requires some further consideration. Comparison of BRES estimates for 2018 and 2020 (i.e., years preceding completion of the Withdrawal Agreement and accounting for the initial impacts of Coronavirus) indicate only modest impacts on total jobs (net -530 jobs), which have not disproportionately affected high-risk sectors. The BRES data show a loss of only -2.6% of the total in high-risk sectors versus -4.3% in moderate-risk sectors - principally resulting from changes within the Construction and Agriculture sectors.

8.19 In principle this indicates that there are good prospects of the limited losses between 2018 and 2020 being recovered over the forecast period to 2040. High-risk sectors performed relatively strongly and did not appear to be disproportionately affected by weaknesses – such as those associated with pre-Brexit uncertainty – prior to the onset of Coronavirus.

8.20 This being said, the CE forecast has a much higher exposure in absolute terms due to its assumptions for growth in the Accommodation & Food Services from 2020 onwards. These forecast trends are less well supported by recent BRES data. To a lesser extent this is also the case for the higher levels of growth in the Transport & Storage sector but the CE and Experian data show similar forecast trends that appear reasonable taking into account the BRES data and stakeholder feedback.

8.21 Putting this in context, the CE forecast for 2020 to 2040 shows nearly four-times the absolute growth in high-risk sectors than the base Experian forecast. The Experian-based LEP Growth scenario (including an increase to Experian's forecast for growth in Transport & Storage) still shows around 40% fewer additional jobs in high-risk sectors than the CE forecast.

8.22 Looking at moderate-risk sectors the CE forecast suggests these account for only 26% of total net employment change between 2020 and 2040. The assumptions by sector are heavily reliant on growth in Professional & Financial Services (+1,400 jobs) with net losses across the other combined moderate-risk categories. The Experian base forecast shows 87% of all net growth in the moderate-risk sectors from 2020 to 2038, principally due to assumptions regarding Manufacturing.

8.23 In isolation the respective components of each forecast could be regarded as overly exposed to the moderate Brexit-related risks in these sectors.

8.24 The Experian-based LEP Growth Scenario shows a similar forecast proportion of net change across moderate-risk sectors (75%) despite an absolute increase in total net change compared to the Experian base forecast (+3,640 vs +2,600). Growth in moderate-risk sectors is, however, much more evenly spread across relevant sectors, taking into account moderation of the assumptions regarding Manufacturing.

8.25 This analysis suggests that the majority of existing jobs and forecast total growth within the South Staffordshire economy derived from the Experian-based forecasts are not considered to be at high risk of negative consequences of Brexit. Conversely, some moderation of the

CE forecast may be appropriate were this to be adopted 'off the shelf' in relation to high and moderate-risk sectors.

8.26 The Experian-based LEP Growth scenario means that this forecast also should not be considered to be at high risk of negative consequences of Brexit. In absolute and relative terms, both across total employment and changes by sector, the Growth scenario is considered to result in a reasonable and more balanced forecast that would not benefit from any further moderation to take account of risks relating to Brexit.

b) Stakeholder Views on Brexit

8.27 Stakeholders identified potential opportunities resulting from Brexit within the District, particularly the opportunity to benefit from new inward investment opportunities as a result of 're-shoring', in which the manufacturing sector in particular is looking to bring its supply chain links back into the UK rather than being dependent on imports from overseas which in some cases are becoming prohibitively expensive. Stakeholders identified evidence of European companies now looking to expand or relocate their manufacturing bases within the UK following Brexit (in order to reduce transport costs and avoid any punitive import tariffs), as well as some companies looking to relocate within the UK out of larger cities (such as London) to more nationally strategic locations, including South Staffordshire. However, the majority of interest for new employment premises in South Staffordshire (around 80%) is from businesses already located within the District.

8.28 Warehousing and industrial sectors (including primary manufacturers and component suppliers) in particular are expected to see increased levels of growth, which South Staffordshire is well-placed to embrace. This is already being illustrated by the rapid take-up of the proposed i54 extension. Stakeholders also identified a strong international trade intention within the District following Brexit and that very few companies are understood to have ceased trading as a result of the impacts of Brexit.

8.29 It was however also noted by stakeholders that these opportunities for growth may be constrained due to a lack of available employment floorspace and developable employment land within the District. Some further constraints on growth were identified in respect of the ability to attract workers from overseas as a result of Brexit and the restrictions on free movement of labour which has had an impact upon employment locally. 'Blue collar' businesses in particular are now having to work harder to attract employees from within the local labour market. Stakeholders also identified some anecdotal evidence that small-scale import and distribution businesses within the District may be suffering due to significant increases in export costs that they are struggling to absorb.

c) Risks Due to COVID-19

8.30 In the first half of 2020 the UK was hit by the Coronavirus (COVID-19) pandemic which has had a significant impact on the global, national, and local economy. The forecasts used in this assessment take account of the impact of COVID-19. However, the full scale of the impact is likely to continue to evolve over future years. Due to the unprecedented nature of the initial event, and subsequent uncertainty regarding the pace and extent to which associated restrictions have been removed and re-imposed together with the success of measures to prevent future 'waves', the ongoing and future impacts remain highly uncertain.

8.31 This section considers the impact that COVID-19 might have on South Staffordshire's economy, including:

- The risk to existing jobs and job creation in different sectors of the economy; and
- The impact on employment land requirements, to support growth sectors, due to changes in working patterns and increased home working.

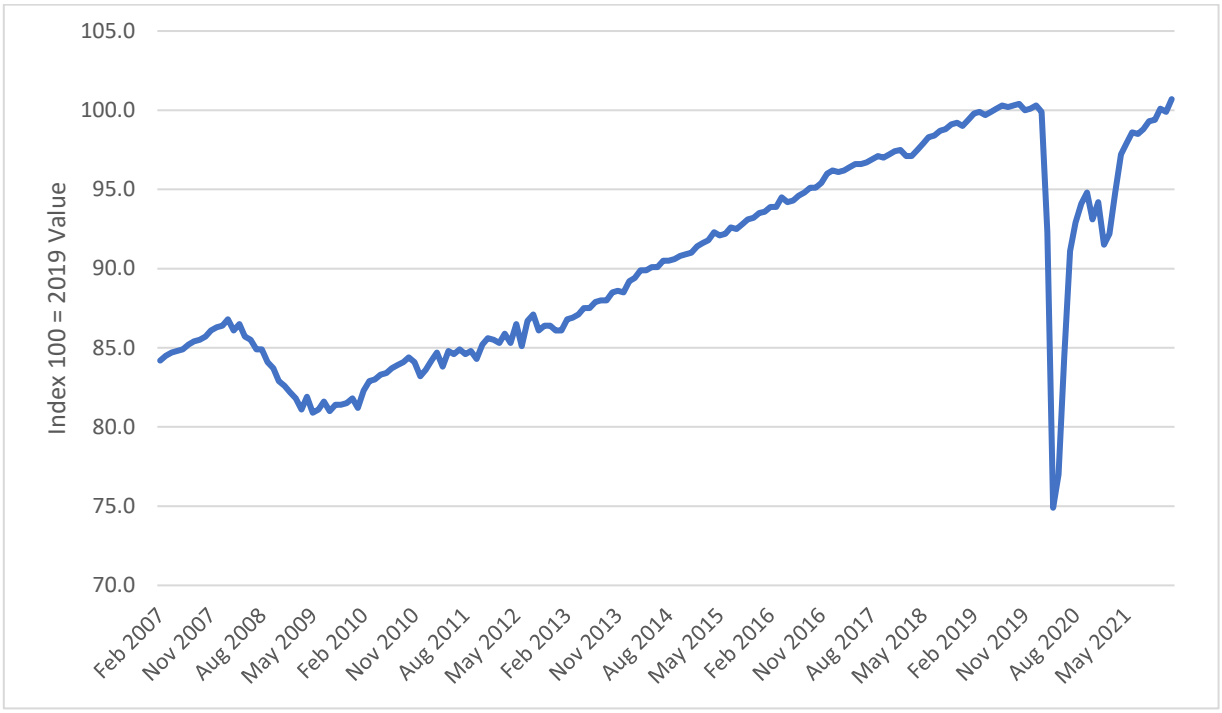
8.32 The data and analysis in this section is correct at the time of writing. However, the fast changing pace of developments both in terms of the virus itself as well as the Government's policy response means that the analysis in this section could quickly become superseded by events. We recommend the Council closely monitor the official economic indicators and Government guidance as they are published.

d) Impact on Employment - Overview

8.33 The latest monthly national GDP figures published by ONS show the impact of COVID-19 and the ensuing lockdown had on the national economy. This shows a drop of around 25% between January and April 2020. However this was followed by 6 months of continuous growth, with GDP recovering to around 94.8% of January 2020 levels by October 2020 and the re-imposition of more significant restrictions. The 'second wave' during the winter of 2020/21 had a less pronounced impact on GDP, falling back to around 91.3% of January 2020 levels by January 2021, still significantly ahead of performance at the end of the first lockdown.

8.34 The latest data as of January 2022 now indicate that GDP has shown further increases to sit fractionally above January 2020 levels (around 0.4%), with the profile of growth slowing since June 2021 and averaging only around +0.12% per month.

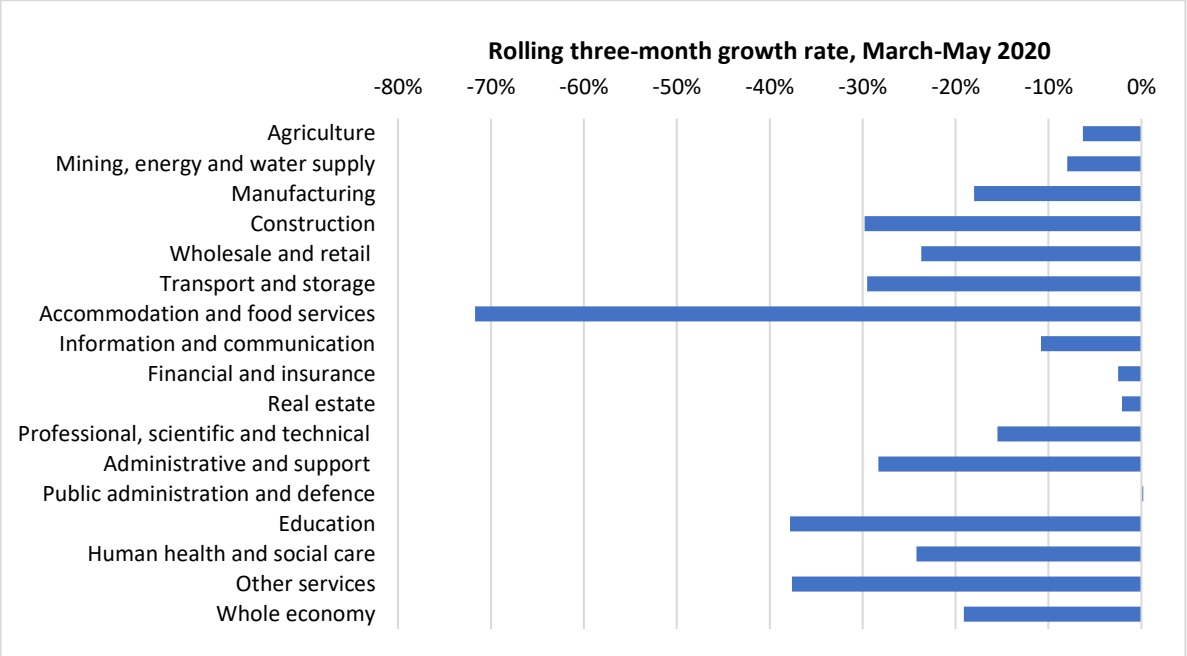
Figure 32. Monthly GDP, Jan 2007-Jan 2022, UK



Source: ONS

8.35 Nationally, all sectors have seen a reduction in GDP with the exception of Public administration and defence which has seen zero growth. Across all sectors GDP was down 19.1% over the period from March-May 2020. The Accommodation and Food Service sector was hardest hit with a GDP contraction of -70% through this period reflecting the fact that the majority of businesses in the sector have been closed throughout this time.

Figure 33. GDP by Sector, March to May 2020, UK



Source: ONS GDP monthly estimate

8.36 Predicting the longer-term impacts that COVID-19 might have on the economy will be an important exercise to inform a wide range of disciplines, including land use planning. However, given the lack of precedent for a pandemic of this scale in modern times, forecasting future economic performance remains highly uncertain. This high level of uncertainty is due to a range of factors, the majority of which pose significant downside risks:

- **Long-term changes to market confidence and consumer attitudes to spending.** The current crisis results in less confidence in spending and risk-taking behaviour resulting in a long-running adverse effect on investment, entrepreneurship and innovation, weighing on the productive capacity of the economy. This could mean the long-term damage to the UK economy proves more significant than expected.
- **Economic recovery is heavily reliant on intervention of government policy.** Any changes to government policy or spending would have significant impacts, more so than usual.
- **Impact on negotiating post-Brexit deals.** The UK continues to negotiate its future trade deals with the EU and many other countries worldwide. However, the disruption caused by COVID-19 has meant a necessary switch of political priorities delaying this process.

8.37 The economic downturn related to COVID-19 resulted from a series of planned partial shutdowns of the economy rather than due to imbalances in the private sector or public sector policy mistakes, which are more usual causes for entering a recession. Similarly, unlike a natural disaster there is no damage to the country's physical capital, such as buildings and infrastructure. This means the fundamentals of the economy can be regarded as stronger than is typical for an economy entering recession.

8.38 This provides optimism that there could be a strong 'bounce back' once restrictions are lifted and consumer spending and confidence returns. The size and duration of this bounce depends on consumer confidence and mindset, as well as retaining the means to spend.

8.39 The most recent evidence of monthly GDP growth reflects further confidence in the overall effectiveness of policies to maintain existing companies and jobs. Further potential downside

risks associated with subsequent 'waves' of the virus and associated restrictions were realised by the fall in GDP reflected in the second lockdown of Winter 2020/21. This appears to have had a limited effect in terms of increasing uncertainty or introducing greater risks of long-term behavioural change (see above) which could lead to a dampened bounce and slower recovery. GDP growth following these second and third lockdowns retained a similar profile to the initial recovery phase.

8.40 Production of relevant sectoral forecasts for South Staffordshire at the district level reflect inputs relating to changes in level of employment and output that pre-date the most recent UK-wide position in terms of GDP. Each of the forecasts partly reflects the characteristics of a post-Covid 'bounce'. The scale of the bounce differs between the forecasts, which takes account of variations in outlook by sector and total employment levels.

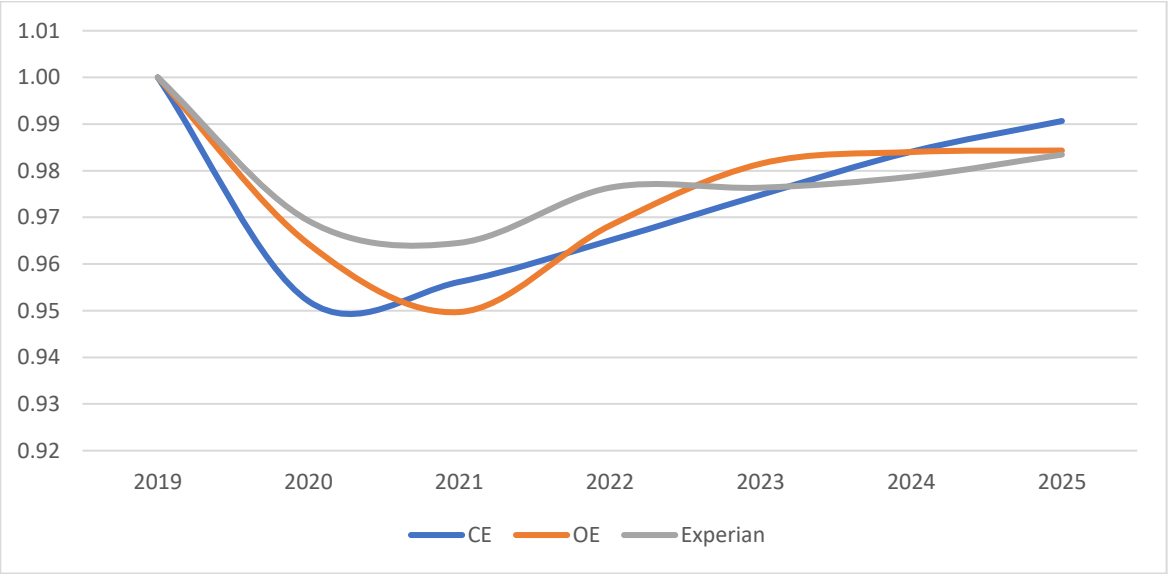
8.41 Some sectors will be affected much more than others. For many service sectors, GDP has been lost permanently. For example, accommodation and food services not purchased during lockdown have been lost for ever. Conversely, spending on durable goods, such as cars, may have simply been deferred, which would lead to a post-lockdown bounce in demand and production. The size and duration of this bounce depends on consumer confidence and mindset, as well as retaining the means to spend.

8.42 Notwithstanding the overall national picture for GDP employment levels, the forecasts for South Staffordshire are not expected to return to pre-Coronavirus levels until after 2025, as shown in Figure 34. Evidence of the bounce is most prominent in the OE forecast. This follows a steeper decline in employment between 2019 to 2021 and returning to 98% of pre-Covid levels by 2023. Thereafter, the OE forecast begins tailing off indicating that assumptions specifically regarding the recovery from Coronavirus have an effect on moderating negative changes in employment in some sectors across the overall trend period.

8.43 The Experian forecast also shows evidence of a bounce with a return to 98% of pre-Covid employment levels by 2022 before the overall profile of forecast jobs growth becomes shallower (exceeding 2019 levels by 2028).

8.44 The CE forecast does not indicate an identifiable post-Covid bounce, but sees the fastest overall return to 2019 employment levels (from 2026) before a less significant shallowing in the forecast trend.

Figure 34. Short-Term Employment Forecast, South Staffordshire 2019-2025



Source: Analysis of CE, OE, and Experian

e) Impact on Employment – Immediate Effects of the Pandemic

8.45 There are a number of characteristics of an economy which will be more or less susceptible to the impacts of COVID-19. Data from the Business Impact of Coronavirus Survey (BICS) was produced by ONS during the peak of the Covid pandemic to assess the impact COVID-19 has had on different sectors of the economy. The BICS provides data on a range of economic performance indicators, but should not be treated as providing an indication of long-term economic performance or employment trends. The data do show which sectors have been hardest hit by COVID-19.

8.46 Data from the Business Impact of Coronavirus (COVID-19) Survey (BICS) can be assessed to identify the impact COVID-19 has had on the economy to date. The BICS is produced by ONS and the indicators are based on responses from the voluntary fortnightly business survey, which captures businesses' responses on how their turnover, workforce costs, trade and business resilience have been affected in the two week reference period.

8.47 This section of the EDNA looks at the BICS data covering the period from March to June 2020 charting the immediate impacts of the pandemic. As such it represents a very short time period from which to draw conclusions. It also reflects business performance in the context of changing Government guidance and policy responses – for example the Coronavirus Job Retention Scheme.

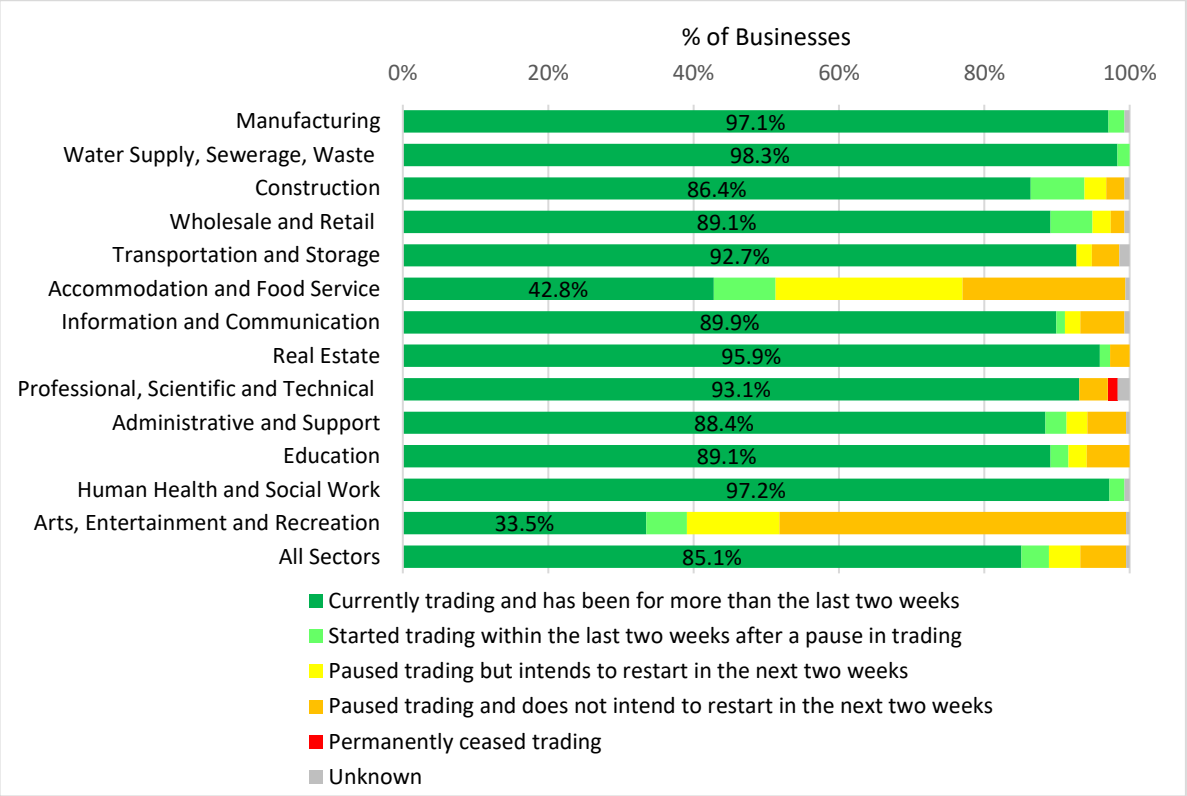
8.48 Estimates from the BICS are currently unweighted and should be treated with caution when used to evaluate the impact of COVID-19 across the UK economy.

8.49 A review of more recent data is provided to consider the extent to which the immediate BICS 'snapshot' of impacts relating to the COVID-19 pandemic provides an indication of the expected future sectoral performance in the short to medium term.

8.50 Figure 35 shows the trading status of businesses in each sector as of June 2020. This shows that 85.1% of all businesses were continuing to trade and had been for more than the previous two weeks. This figure increases to 88.9% when including businesses which had resumed trading in the previous two weeks.

8.51 However, there are two sectors where this figure is considerably lower. For Accommodation and Food Service just 51.3% of businesses are currently trading. For Arts, Entertainment and Recreation this figure is even lower at 39.1%.

Figure 35. Business Trading Status, UK

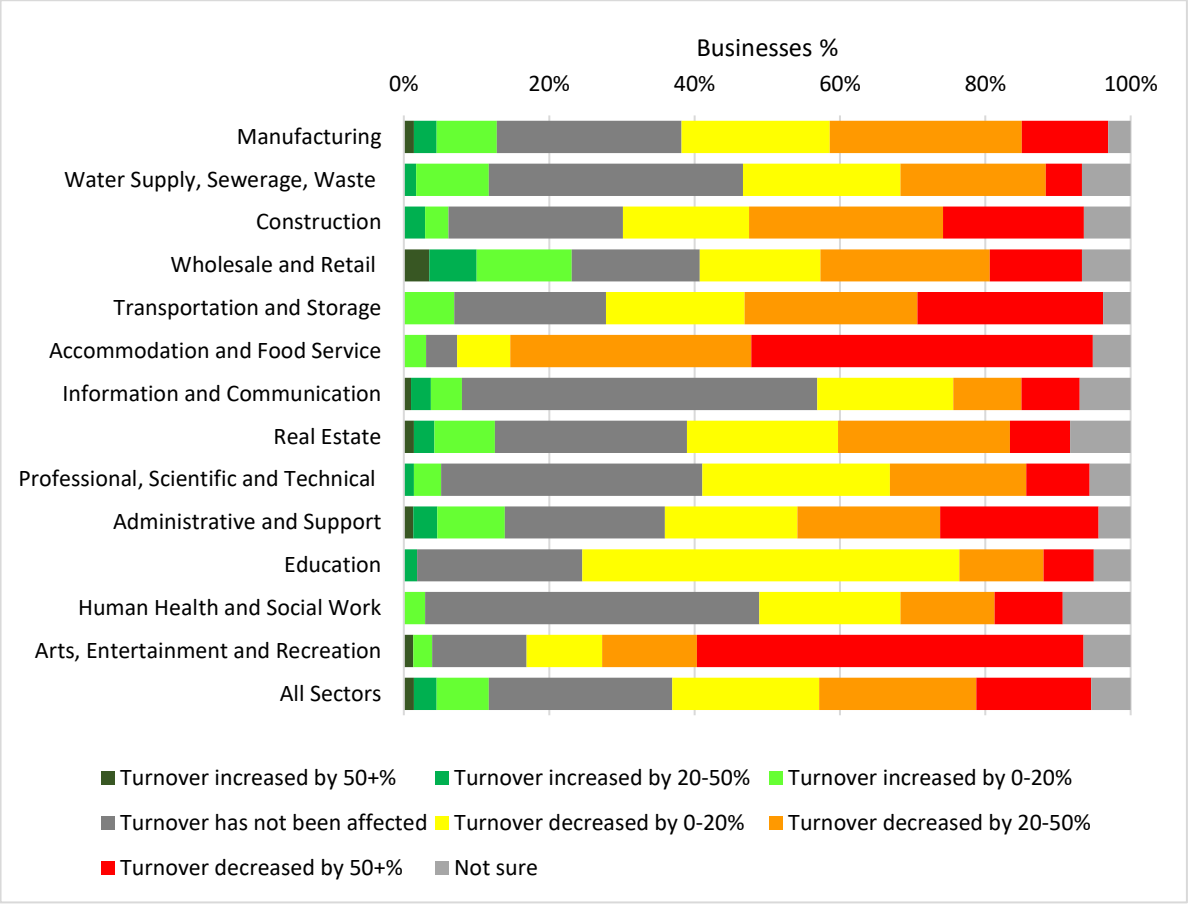


Source: ONS BICS June 2020

8.52 Figure 36 shows the reported change in turnover in 2020 compared to the same period in 2019. Across all sectors, 57.6% of businesses reported a drop in turnover. The data again shows the worst hit sectors have been the Accommodation and Food Service sector (86.0% reporting lower turnover), and the Arts, Entertainment and Recreation sector (76.6% lower). However, the following sectors all had the majority of businesses reporting a lower turnover compared to 2019:

- Accommodation and Food Service (86.0%)
- Arts, Entertainment and Recreation (76.6%)
- Education (69.3%)
- Transportation and Storage (67.1%)
- Construction (62.9%)
- Administrative and Support Services (59.6%)
- Manufacturing (58.7%)
- Professional, Scientific and Technical (53.1%)
- Real Estate (52.7%)
- Wholesale and Retail (52.6%)

Figure 36. Change in turnover from same time in 2019, UK



Source: ONS BICS June 2020

8.53 One of the key factors affecting businesses who are continuing to trade is the decreasing availability and increasing cost of importing and exporting goods. This has particularly impacted businesses who trade overseas due to differing restrictions of trade and movement in different jurisdictions, and different countries enforcing and relaxing lockdown restrictions at different times.

8.54 Overall, nearly half (44.6%) of businesses reported having challenges relating to exporting. The sectors most widely hit have been Transportation and Storage, Wholesale and Retail trade, and Manufacturing, as shown in Table 52.

Table 52. COVID impacts on exporting[41]

	Manufacturing	Wholesale and Retail Trade	Transportation and Storage	Information and Communication	Professional, Scientific and Technical	Administrative and Support	Education	All Sectors
Coronavirus-related transport restrictions	22.5%	25.0%	55.0%	17.4%	21.1%	21.7%	50.0%	23.9%
Increases in transportation costs	28.7%	33.6%	35.0%	15.2%	9.2%	13.0%	10.0%	25.5%
Closure of infrastructure used to export goods or services	7.9%	16.4%	40.0%	10.9%	3.9%	8.7%	0.0%	10.0%
Destination countries changing their border restrictions	9.6%	14.3%	45.0%	17.4%	10.5%	17.4%	10.0%	12.3%
Other	2.0%	2.1%	10.0%	2.2%	9.2%	8.7%	0.0%	3.5%
Did not experience any challenges with exporting	58.2%	50.0%	30.0%	56.5%	59.2%	52.2%	40.0%	55.4%

Source: ONS BICS June 2020

8.55 Restrictions on imports have had a similar impact to a wide range of sectors with Transportation and Storage, Administration and Support, Wholesale and Retail trade, and Manufacturing most affected, as shown in Table 53.

[41] Data for the Construction sector not available, most likely due to low level of exports within the sector.

Table 53. COVID impacts on importing

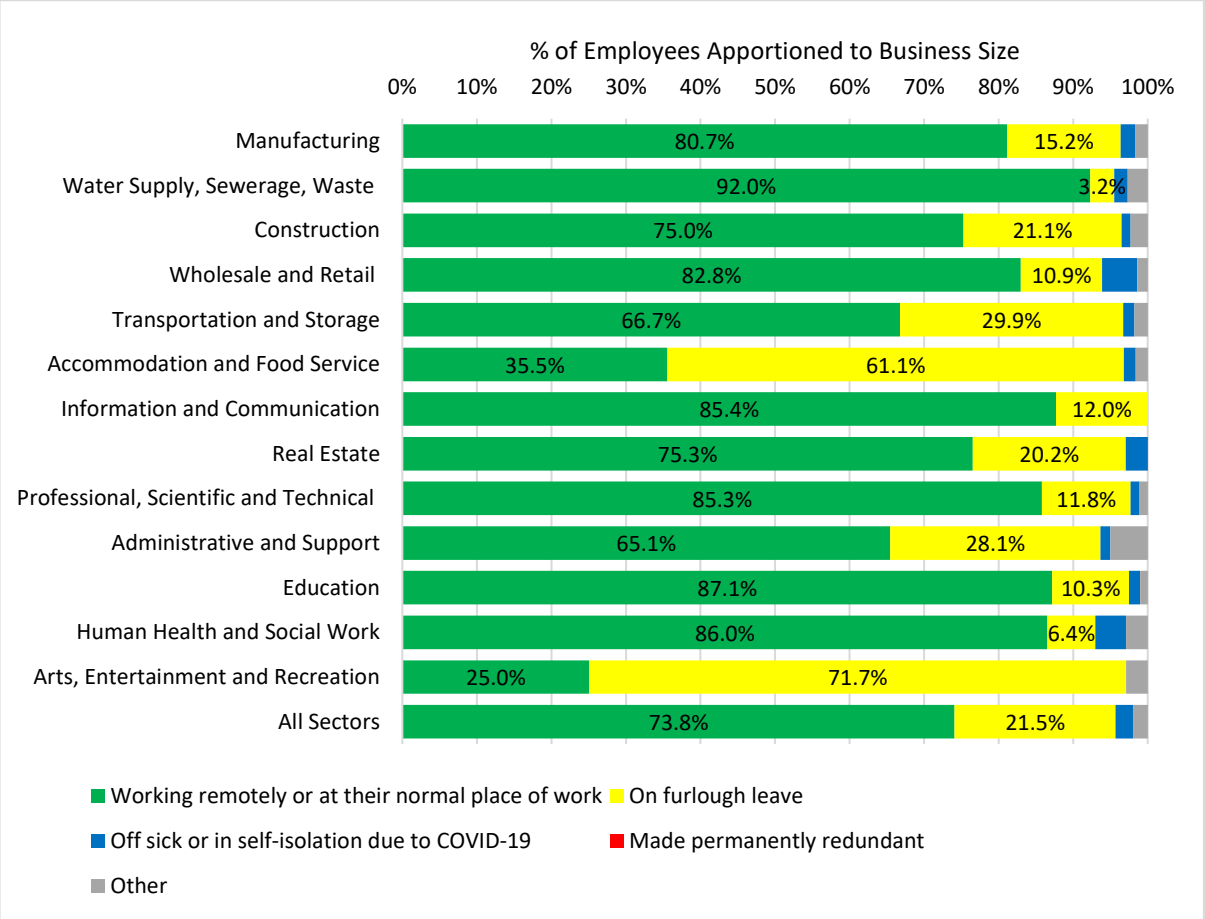
	Manufacturing	Construction	Wholesale and Retail	Transportation and Storage	Information and Communication	Professional, Scientific and Technical	Administrative and Support	Education	All Sectors
Coronavirus-related transport restrictions	27.8%	20.0%	26.6%	50.0%	18.8%	21.6%	30.0%	41.2%	27.7%
Increases in transportation costs	28.8%	10.0%	32.4%	40.9%	15.6%	13.7%	20.0%	5.9%	27.1%
Closure of infrastructure used to import goods or services	8.7%	20.0%	14.4%	22.7%	12.5%	7.8%	13.3%	0.0%	10.9%
Source countries changing their border restrictions	8.4%	0.0%	9.0%	40.9%	9.4%	9.8%	13.3%	5.9%	10.2%
Other	2.3%	0.0%	4.5%	0.0%	9.4%	7.8%	0.0%	0.0%	3.7%
Did not experience any challenges with importing	53.8%	70.0%	46.4%	40.9%	53.1%	60.8%	53.3%	58.8%	51.6%

Source: ONS BICS June 2020

8.56 This challenging economic environment has had a significant impact on businesses' ability to retain employees. Figure 37 shows the employee status of all businesses which have not permanently stopped trading (i.e. including those continuing to operate or those who have temporarily ceased operations). This shows that across all sectors 21.5% of staff have been placed on furlough leave, while 73.8% continue to work (either at their normal place of work or remotely).

8.57 The data again shows the worst hit sectors have been the Accommodation and Food Service sector (61.1% on furlough), and the Arts, Entertainment and Recreation sector (71.7% on furlough). Other sectors which have seen higher than average rates of staff furloughing are Transportation and Storage (29.9%) and Administrative and Support Services (28.1%).

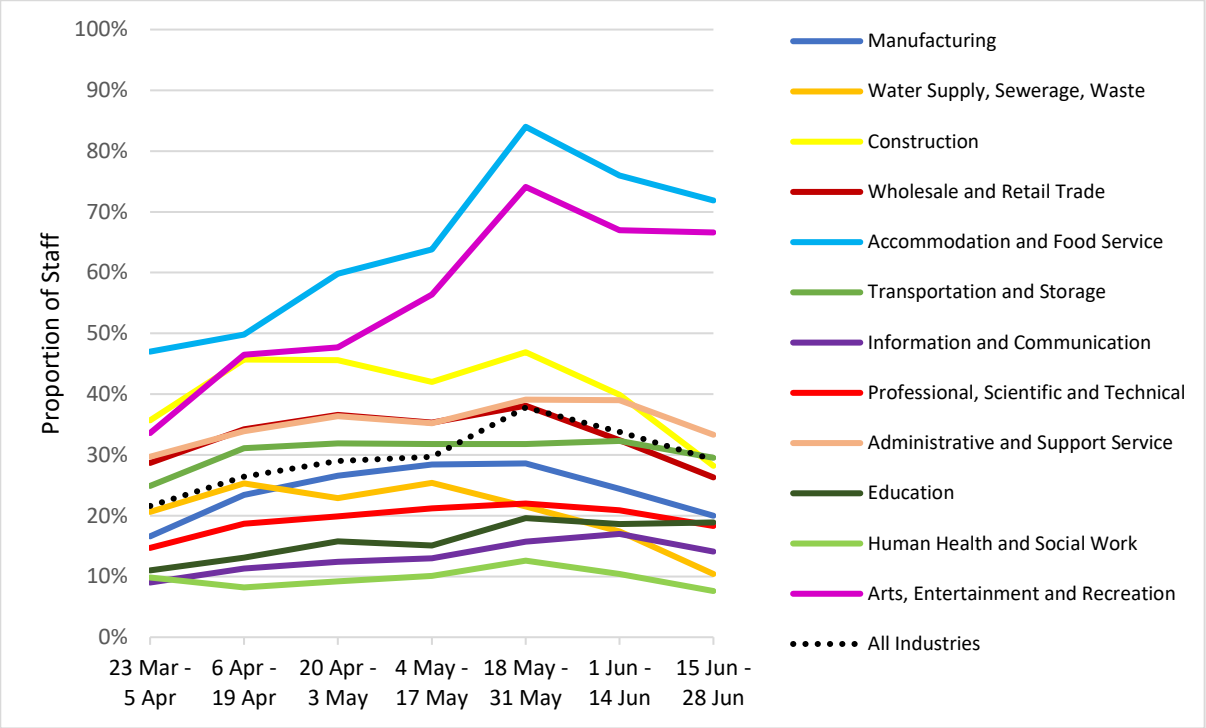
Figure 37. Employee Status



Source: ONS BICS June 2020

8.58 Figure 38 shows the proportion of employees in each sector on furlough or sick leave due to COVID and how this has changed over time from March-June 2020. This shows the highest rate of non-working due to COVID was in late May 2020 and since then rates of people on either furlough or sick leave have dropped in almost all sectors. This is particularly evident in the Construction sector which has seen 19% of staff return to work over this period.

Figure 38. Proportion of Staff on Furlough or Sick Leave – Time Series



Source: ONS BICS Mar-June 2020

f) Impact on Employment – Official Estimates of Post-Covid Recovery and Ongoing Effects

8.59 Further context for the characteristics of the post-Covid recovery is available through a review of the more recent data for GDP growth and the relative performance of different sectors of the economy. As of October 2021, the ONS reports that only the services sector had returned to its pre-pandemic levels in terms of overall GDP (output measure). This is primarily a result of the monthly contribution to GDP growth from the Construction and Production components of the economy failing to match pre-pandemic levels.

8.60 This means that the year-on-year contribution to growth in the whole economy is less than the equivalent contraction observed in data throughout 2020, reflecting that recent losses in terms of negative contributions to growth between 2020 and 2021 are not being fully offset, or are being offset and balanced out by different sectors of the economy.

8.61 Figure 39 below compares the contribution to growth by sector in the 12 months to October 2020 (negative change) and 12 months to October 2021 (positive change). The difference between the two series in terms of the total difference in contribution to GDP over the 24-month period is -0.5 – corresponding to the overall change in output remaining slightly below pre-Coronavirus levels.

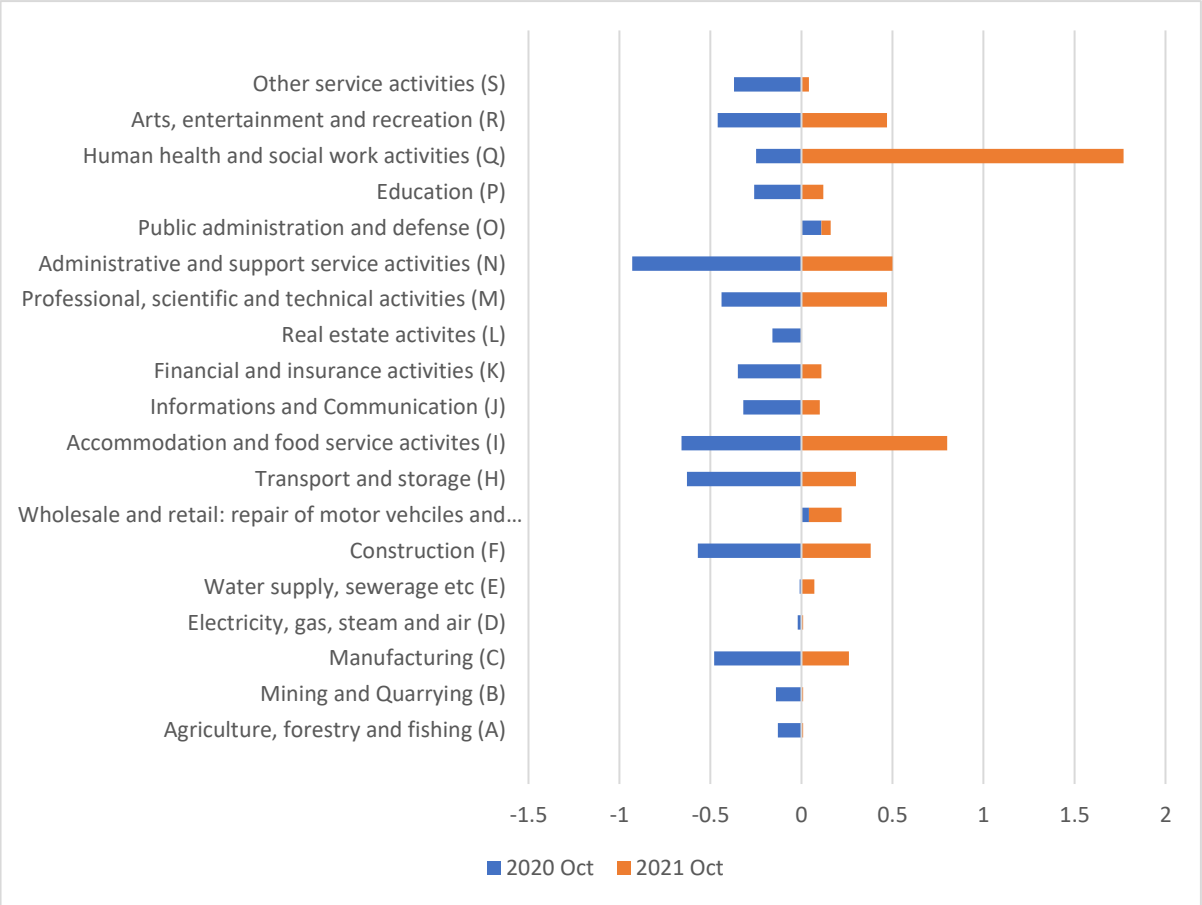
8.62 The October 2020 data in comparison show the contribution of sectors at that time to output 6% below pre-Coronavirus levels. These data helpfully illustrate that over a 12-month horizon some sectors bearing the brunt of the initial lockdown including arts, entertainment, accommodation and food services, all show only relatively modest contributions to the fall in output. This is indicative of sectors likely to drive the recovery as part of the post-Coronavirus bounce. The Wholesale and Retail sector is notable in delivering a net contribution to growth in the 12-months to October 2020, reflecting that pent-up demand for increased consumer spending was realised very sharply following the lifting of restrictions.

8.63 Data for the 12-months to October 2021 provide an illustration of sectors that have failed to

keep pace with recovering the equivalent losses in the contribution to growth that remained visible as of October 2020. This particularly includes the Manufacturing, Construction and Transport & Storage sectors. Within the services sector as a whole there has been a re-profiling in the distribution of contributions to growth that has enabled this component of the economy as a whole to return to pre-Coronavirus levels. This has been particularly driven by the Human Health sector. It is, however, notable that accommodation together with arts and recreation have continued to contribute to growth sufficient to offset past losses. Within the services component of the economy there remain sectors including administration and finance that have made a more limited contribution to growth.

8.64 Noting the relative performance in October 2020 these sectors act to limit the overall profile of the service economy compared to pre-Coronavirus levels and remain relevant to understanding the reasons GDP remains lower than at October 2019.

Figure 39. Rolling 12-month Performance of Contribution to GDP Growth by Sector



Source: ONS BICS

8.65 The slower recovery of some sectors may not be directly attributable to the impact of Coronavirus and may instead represent a multitude of factors impacting upon these areas of the economy. However, due to the successive 'waves' of the pandemic across winter 2020/21 and the ongoing nature of restrictions into 2021 it is reasonable to conclude the most recent 12-month period reflects effects associated with Coronavirus to some extent. This enables a slightly longer-term view to be taken in terms of whether reasonable future prospects for economic growth should be moderated further.

8.66 The contribution to overall GDP growth recorded in Figure 39 above is dependent on the overall percentage change in each sector. In practice this means that if any individual sector

fails to maintain percentage growth of the levels observed over the preceding 12-month period this will affect the overall contribution to growth. This is particularly significant for larger individual sectors such as Manufacturing, where levels of growth in percentage terms will disproportionately affect the overall economy (with the converse being true where levels of growth are lower).

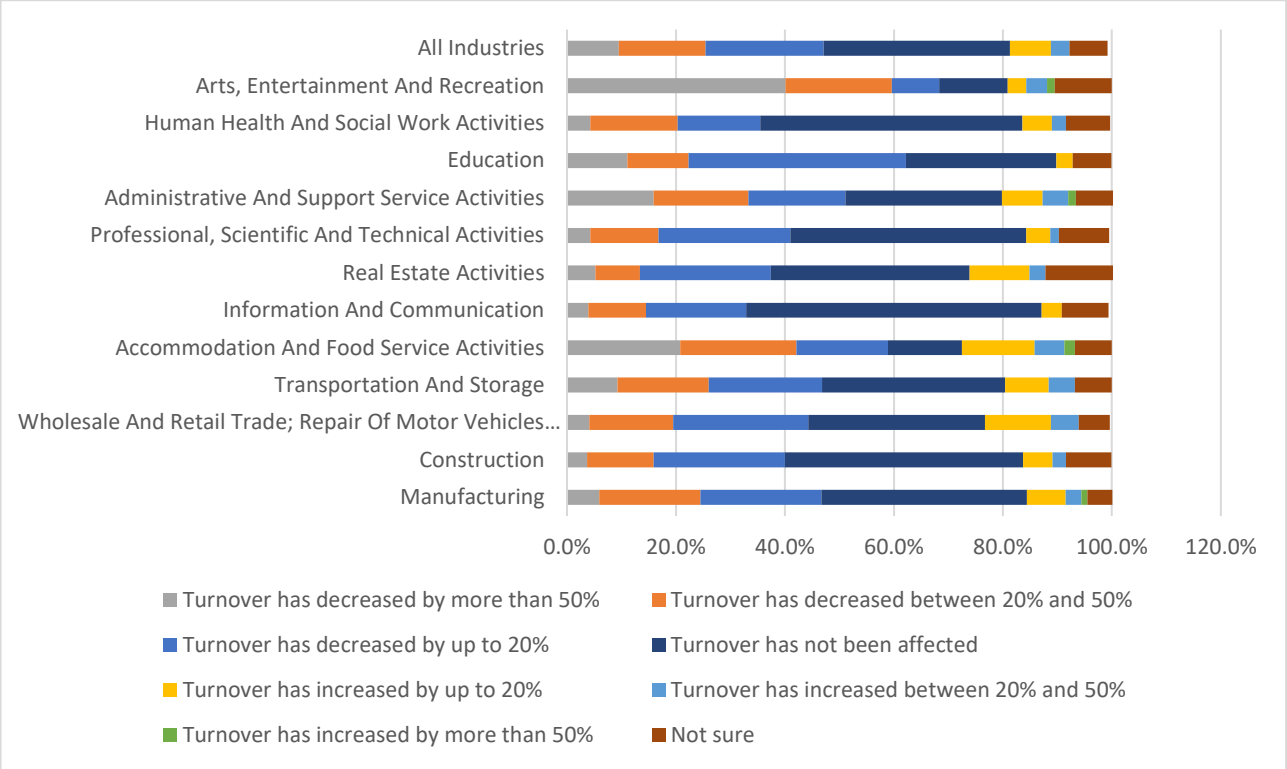
8.67 The Government has supplemented understanding of the impacts of the Coronavirus pandemic through ongoing analysis. The BICS was carried in out in its original form until 1 November 2020 ('Wave 17') after which it was replaced by Business insights and impacts on the UK economy dataset. Weighted datasets of the retitled fortnightly 'Business Insight Conditions Survey' have continued to be undertaken and published to inform these findings.

8.68 Government publications and bulletins up to May 2021 considered Coronavirus and the latest indicators for the UK economy and society. From May 2021 onwards these findings have formed part of the broader 'Economic activity and social change in the UK, real-time indicators' series of publications. Changes to the BICS questionnaire and other datasets compiled as part of the indicators means that impacts directly attributable to Coronavirus are less readily discernible within the most recent information. Comparing datasets and survey findings over different time periods is unlikely to be a reliable indicator of changing trends in terms of identifying and charting the specific impacts of the pandemic. The range of factors affecting different sectors in alternate ways is also likely to have broadened over the 2019 to 2021 horizon – most significantly the combined effects of Brexit and COVID-19.

8.69 It is, however, relevant to compare October 2020 BICS findings with the 12-month change in contribution to GDP recorded in Figure 39 above. This shows a more balanced impact across different sectors of the economy, taking account of the early stages of recovery. It is apparent that very few sectors recorded no negative contribution to growth over this 12-month period, and that adverse contributions to the fall in GDP were more widely distributed. This position can be compared with these sectors that further failed to make contributions to GDP growth in the following 12-months that would, taken together, indicate a return to pre-pandemic levels of growth cancelling out change in the individual sector. This helps to focus understanding of the extent to which, for those sectors worst affected over a 12-month period, this remained closely attributable to impacts of the Coronavirus pandemic becoming more entrenched over the short-to-medium term. By extension this allows an understanding of the extent to which COVID-19 specific factors remain a barrier to the subsequent recovery in the latest data to October 2021 – either as a result of structural changes to the economy of the cumulative impact of reintroducing restrictions in the Winter of 2020/21.

8.70 Figure 40 below demonstrates that as of October 2020 the effect of Coronavirus on turnover compared to typical expectations for the time of year were more balanced. Although Accommodation and Food services businesses comprised the highest proportion of all sectors identifying turnover being adversely affected (58.9%) this represents a significant reduction compared to the measure from March-May 2020 (86%). Other sectors continued to record impacts on turnover that corresponded more closely to the immediate impacts of the pandemic – notably administration and support services and arts and recreation. Manufacturing and Transport & Storage recorded relatively fewer businesses reporting that turnover had not been affected, and fewer businesses reporting turnover higher than expected for the time of year.

Figure 40. Change in turnover from same time in 2020 (October-based), UK

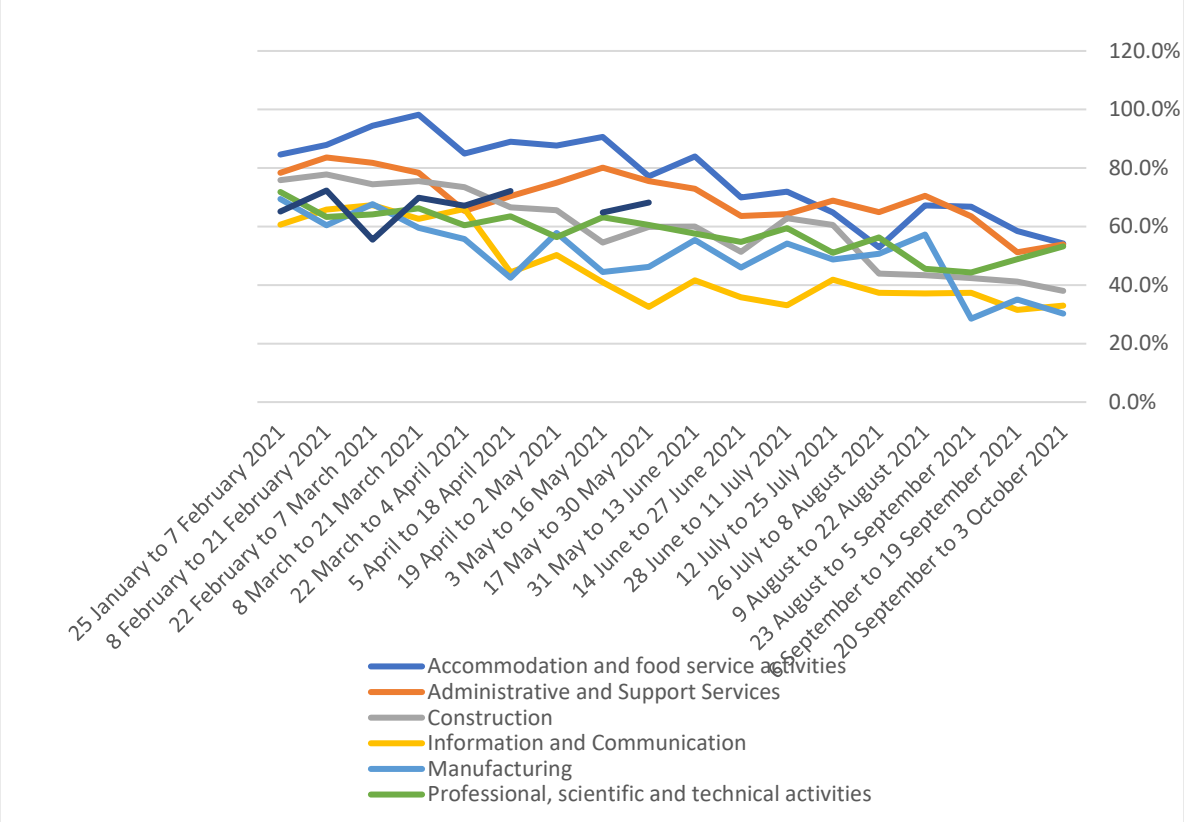


Source: ONS BICS

8.71 Looking forwards subsequent iterations of the BICS have shown a further narrowing of effects, and generally a closer alignment between ongoing impacts that may be attributable to Coronavirus and overall constraints on GDP recovery and growth.

8.72 Figure 41 provides the trend from BICS survey responses from January 2021 to October 2021 of those businesses reporting continued effects on turnover. A finding of these data is a narrowing between the sectors in terms of those citing Coronavirus as a reason for the effects on turnover. This was particularly pronounced during the Spring and Summer of 2021, likely corresponding with a further recovery in the hospitality sector. Conversely, the number of businesses reporting impacts in the administrative service sector and to a lesser extent construction and manufacturing showed a slower rate of decrease. This suggests that the potential effects of Coronavirus may have become more established upon these sectors around factors such as supply chains and impact upon labour supply or working patterns.

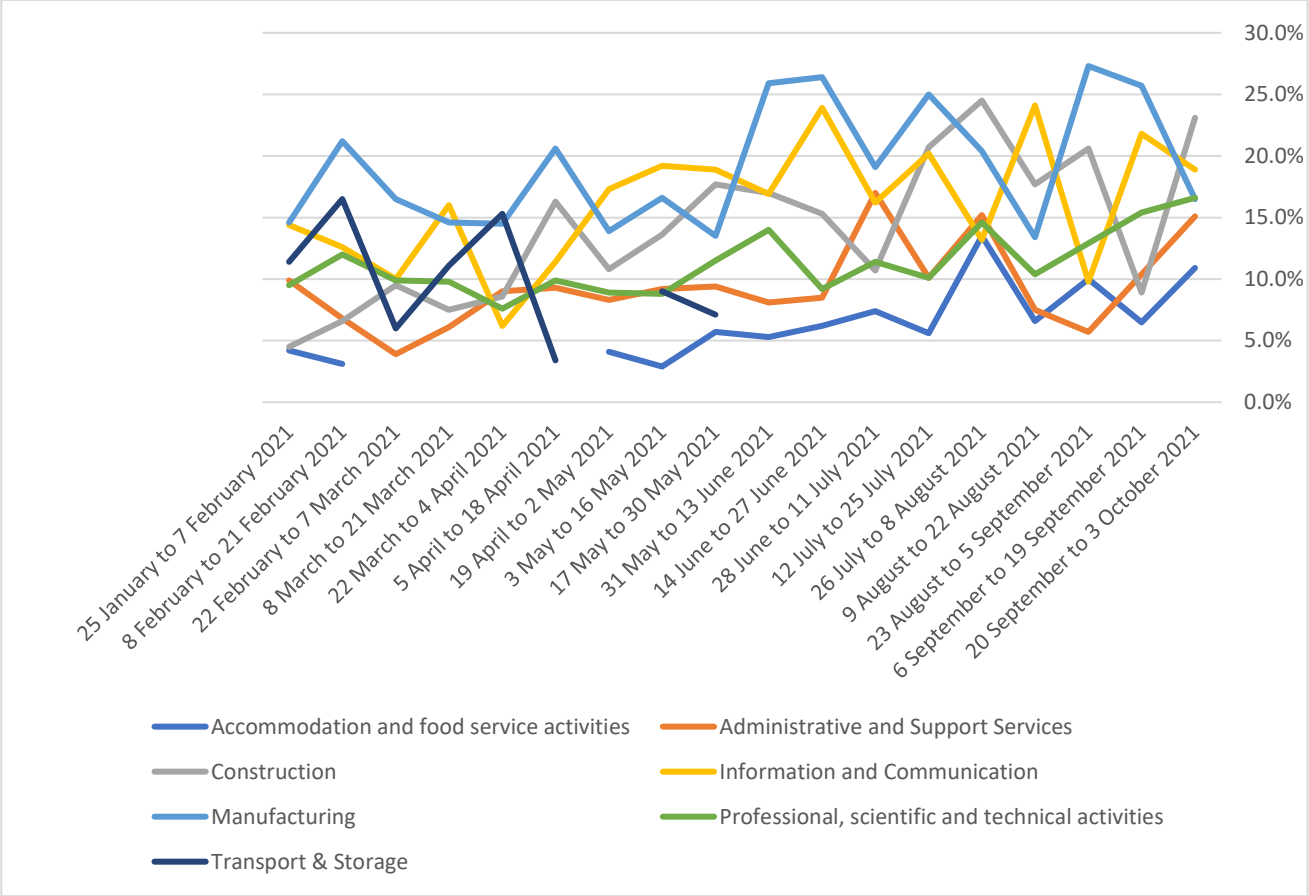
Figure 41. Coronavirus-Related Impact on Turnover by Sector – 2021 BICS Trend



Source: ONS BICS

8.73 Further evidence for this within the BICS is reflected in Figure 42, which illustrates a significant and steadily growing number of businesses reporting the combined effects of Coronavirus and the end of the EU transition period as the reason for effects on turnover. These combined effects are less commonly cited within the services (and particularly hospitality sector) resulting in a further narrowing of overall impacts of Coronavirus across different sectors of the economy.

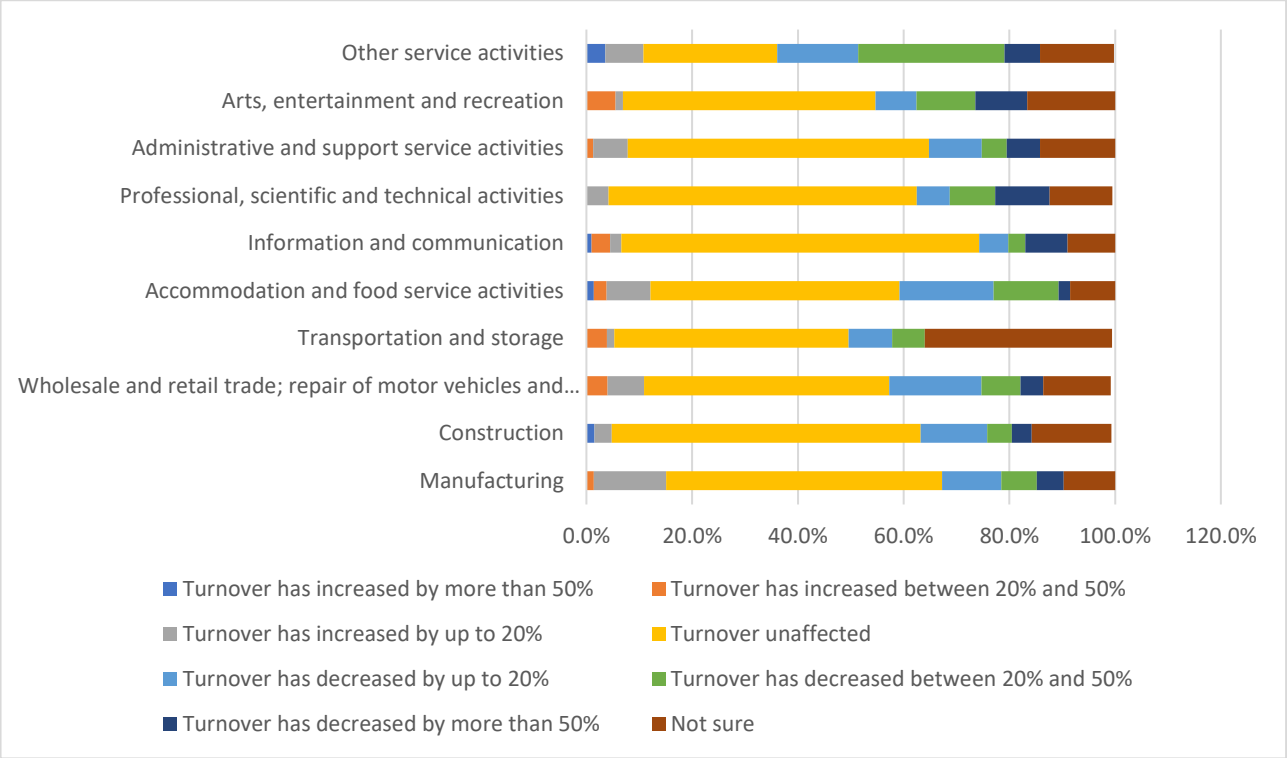
Figure 42. Combined Coronavirus and EU-Transition Related Impact on Turnover by Sector – 2021 BICS Trend



Source: ONS BICS

8.74 Finally, Figure 43 below shows the most recent BICS results in terms of the proportion of businesses each sector reporting differences in financial performance relative to typical expectations for the time of year. Although the proportion of businesses reporting decreased turnover remains highest within accommodation and food services (32.3%) this is a further sharp reduction compared to 58.9% in October 2020. Conversely, the proportion of businesses with turnover affected in other services has only reduced from 61% to 51%

Figure 43. Change in turnover from same time in 2020 (October), UK



Source: ONS BICS

g) Impact on Employment – Relevant Local Context

8.75 The evidence considered in this section demonstrates that there are significant challenges to forecasting the economic impacts that COVID-19 might have on the economy. Following the pandemic most of the immediate effects are now recorded in official estimates and employment estimates with the characteristics of individual sectors affecting the assessment of future prospects for recovery. More generally it is helpful to isolate features of an economy which will be more or less susceptible to the impacts of COVID-19 and the ongoing effect of these features going forward in terms of the prospects for recovery.

8.76 A useful range of indicators was identified by Oxford Economics in their Regional Scorecards for UK Regions (ICAEW UK Economic Report, May 2020). This identifies the following characteristics of a local economy which determine how severely an area's economy is impacted by COVID-19:

- **Exposure to hospitality & tourism:** reflecting the susceptibility of these services to cancellation and closure as people suspend their travel plans and social activities, subsequently reflected in GVA trends for these sectors during the immediate impact of the pandemic.
- **Exposure to retail:** reflecting the closure of non-essential shops across Europe during the initial impact of the pandemic, with OE also applying the rationale that consumers may defer or delay long-term purchases, such as of cars.
- **Exposure to manufacturing:** reflecting the rationale of the most significant impact by supply-chain disruptions affecting this sector.
- **Trade intensity:** regions with high exposure to supply chains will take larger hit from their disruptions due to the outbreak, with vulnerability measured by the sum of freight (un)loaded by road, air and sea relative to GDP.

- **Share of self-employed:** self-employed workers do not earn wages when they self-isolate or contract the virus, leading to an immediate consumption hit
- **Share of small firms (with 0-9 employees):** small firms are at a higher risk of bankruptcy due to lower cash buffers and more restricted access to credit.
- **Working from home capabilities:** the speed at which firms can adapt to remote working will depend on previous experience and whether tasks can realistically be performed remotely.
- **Internet access:** as containment measures such as lockdowns are imposed, many people (especially in services) will have to work from home
- **Share of population 65+:** reflecting mortality rates of COVID-19 being significantly higher for older people.
- **Hospital beds per 100,000 population:** proxy for the capacity of the healthcare system to deal with a large-scale outbreak.
- **Population density (number of people per square kilometre):** regions with higher density may have increased transmission rates, increasing the likelihood of longer/more extensive lockdowns.

8.77 For the West Midlands Region, OE make the following conclusions:

- GVA and employment may fall by more than the UK average in 2020. That may be followed by a slightly faster than average recovery in 2021, but after that the region will probably underperform the UK slightly[42].
- 2021 employment levels were forecast to be lower than pre-virus totals, at 2.89m compared with 2.95m in 2019.
- The region is more manufacturing intensive than the UK average but has a smaller than average hospitality sector. Digital connectivity is, however, slightly better than average.

8.78 However, the West Midlands is a diverse region and it is therefore worth considering how these factors affect South Staffordshire compared with other areas before considering their relationship with findings on the subsequent recovery.

8.79 Table 54 below sets out the key characteristics of the local economy, which provides an indication of the potential susceptibility of South Staffordshire's economy to the impacts of COVID-19 as indicated by OE's assumptions relatively close to the onset of the pandemic.

Table 54. Characteristics of South Staffordshire's economy which increase risks of COVID-19

Characteristic	South Staffordshire Context
Exposure to hospitality & tourism	South Staffordshire has a relatively high proportion of jobs in the Accommodation and food services sector with 9.0% of all jobs. This ranks 71st out of the 310 local authorities in England. Conversely levels of employment in the arts, entertainment, recreation and other services are low as a proportion of total jobs (3.8% or 223rd of 310 local authorities in England) indicating

[42] This remains the assumption of Oxford Economics in forecasts provided to the Government to inform Regional and National Economic Indicators (as of December 2021 - https://commonslibrary.parliament.uk/research-briefings/sn06924/). Experimental Regional GDP statistics for Q1 2020 to Q4 2020 are also broadly consistent with the steeper falls in GDP for the West Midlands indicated by OE in their assumptions relating COVID-19 susceptibility (https://www.ons.gov.uk/file?uri=%2feconomy%2fgrossdomesticproductgdp%2fdatasets%2fquarterlycountryandregionalgdp%2foctobertodecember2020/publicationtablesq42020.xlsx)

Characteristic	South Staffordshire Context
	limited wider exposure to these activities.
Exposure to retail	South Staffordshire has a very low proportion of jobs in the Retail sector with 6.4% of all jobs. This ranks 291st out of the 310 local authorities in England.
Exposure to manufacturing	South Staffordshire has a relatively high proportion of jobs in the Manufacturing sector with 15.4% of total jobs. This ranks 42nd out of the local authorities in England.
Trade intensity	The Business Impact of Coronavirus (COVID-19) Survey (BICS) data set out below (Table 56) shows that, at a national level, the sectors which have been most affected by import/export restrictions due to COVID are Transport and Storage, Wholesale and Retail, and Manufacturing. Employment rates in South Staffordshire in Retail and Manufacturing are set out above (Table 18). For Transport and Storage, 5.6% of jobs in South Staffordshire are in this sector ranking 80th out of the local authorities in England. Some wider sub-regional impact may be associated due to the agglomeration of effects given the similarly high (or higher) levels of employment in Transport & Storage in neighbouring areas (e.g., Cannock Chase – 12.2%; Stoke-on-Trent – 9% and Walsall – 7.6%)
Share of self-employed	Levels of self-employment in South Staffordshire have fluctuated historically. In the 12 months to December 2019 (i.e., prior to the onset of Coronavirus) the self-employment rate was 8.6%. This is below the England average of 11.1% and ranks 235th out of the 310 local authorities in England.
Share of small firms (with 0-9 employees)	In South Staffordshire 87.5% of firms have between 0 and 9 employees. This is above the national average of 84.8% and ranks 59th of the 310 local authorities in England.
Working from home capabilities	The BICS data set out in Figure 49 below shows, at a national level, that the sectors which have seen the lowest changes in home working are Human Health and Social Work, Manufacturing, Construction, Accommodation and Food Service, and Utilities. For Human Health and Social Work this most likely represents the higher demand for services rather than the capability to work from home. For the other sectors this likely reflects lower capabilities. Manufacturing and Accommodation and Food Service have been considered above. Employment in the Utilities sector in South Staffordshire represents 1.4% of total jobs. This means South Staffordshire ranks 84th of the local authorities in England. For Construction, the figure in South Staffordshire is 10.3% which ranks 11th of all local authorities in England and reflects high exposure to this sector.
Internet access	The latest data (2020) from ONS shows that within Staffordshire (the lowest level of geographical unit reported) 12.1% of the

Characteristic	South Staffordshire Context
	population have not used the internet within the last 3 months or have never used it (increased from 10.8% in 2019). This is higher than the West Midlands Region average of 9.0% and significantly above the UK average of 7.8%, both of which fell relative to 2019, indicating potential barriers to access or limited uptake of increased online connectivity during the pandemic.
Share of population aged 65+	ONS's 2019 Mid-Year Estimates (MYE) of population show that 24.7% of South Staffordshire's population is aged 65 and above. This is higher than the UK and West Midlands average of 18.6% and amongst the highest concentrations of older people amongst local authorities in England (ranking 51st of 310).
Hospital beds per 100,000 population	The latest data from the NHS provides the total hospital bed numbers for each of its commissioning regions. Combining this with the latest ONS MYE population figures shows the Midlands has 226 hospital beds per 100,000 population. This is virtually the same as the UK average of 229 beds per 100,000.
Population density	Based on the 2020 MYE data, South Staffordshire has a population density of 276 people per sq km. This ranks 221st of the local authorities in England and is well below the England average of 434 people per sq km.

8.80 Overall, this analysis suggests that South Staffordshire's economy has some characteristics which are identified as vulnerable to COVID-19. These notably include the exposure to the Manufacturing and Transport & Storage sector coupled with the area's demographic and business profile comprising a higher than average proportion of smaller businesses within a relatively small local economy. However, the overall susceptibility to the immediate impacts of the Coronavirus pandemic is likely to have been significantly moderated by the District's low exposure to the retail and hospitality sector, lower population density and lower levels of self-employment at the time of the pandemic.

8.81 This indicates that the district is unlikely to be at particularly greater risk due to the effects of COVID-19 specifically, compared to other areas of the country with higher risk characteristics, subject to the outlook for more susceptible sectors which may depend on a number of non-COVID-19 related factors and where impacts may be further moderated by the particular profile of these sectors locally.

h) Impact on Employment – Summary of COVID-19 Risks

8.82 The range of data set out above has been collated in Table 55 below in terms of low, medium, and high risk for each element and sector. This is then aggregated to identify an overall level of risk for each sector.

Table 55. Sectoral Risk of COVID-19

	Trading Status	Turnover	Import/ Export	Employee Status	Overall Risk
Manufacturing	Low	Med	High	Low	Med
Water Supply, Sewerage, Waste	Low	Low	Low	Low	Low
Construction	Low	High	Med	Med	Med
Wholesale and Retail	Low	Med	High	Low	Med
Transportation and Storage	Low	Med	High	Med	Med
Accommodation and Food Service	High	High	Low	High	High
Information and Communication	Low	Low	Med	Low	Low
Real Estate	Low	Low	Low	Med	Low
Professional, Scientific and Technical	Low	Med	Med	Low	Med
Administrative and Support	Med	High	Med	Med	High
Education	Low	High	Med	Low	Low
Human Health and Social Work	Low	Low	Low	Low	Low
Arts, Entertainment and Recreation	High	High	Low	High	High

Source: SPRU Analysis

8.83 This analysis has been used to identify the scale of risk in the sectoral jobs growth forecasts for South Staffordshire. The scale of jobs growth in each sector is set out in Table 56 along with the risk rating identified above.

Table 56. Sectoral COVID-19 Risk Rating, South Staffordshire

	Total Jobs 2020	Forecast jobs growth 2020-40				COVID Risk
		CE	OE	Experian	Experian LEP-Based Growth	
Agriculture and mining	2080	-50	-490	500	500	Low
Manufacturing	5000	-510	-1880	1900	1223	Med
Electricity, gas & water	240	20	-60	0	0	Low
Construction	3000	240	40	-600	473	Med
Wholesale and retail trade	4500	110	-270	400	400	Med
Transport & storage	2000	740	-270	100	882	Med
Accommodation & food services	3000	1500	-40	100	100	High
Information & communications	700	240	50	0	294	Low
Financial & business services	5650	1400	510	800	1153	High
Government services	8250	1300	-160	-300	-300	Low
Other services	1300	20	250	100	100	High
Total	**35,720**	**5010**	**-2320**	**3000**	**4824**	

Source: SPRU Analysis of various forecasts

8.84 Tables 57 and 58 below sum the total number of jobs growth forecast in South Staffordshire

categorised by the identified risk rating due to COVID-19. This is shown in the tables by total jobs in 2020 and forecast jobs growth, and then shows the proportion of jobs in each risk rating.

8.85 The Financial and Business Services Sector has been classified as 'High' risk due to the specific findings for the Administrative and Support sub-sector, which comprised a relatively high proportion of the total (40% based on 2020 BRES estimates).

8.86 The impact of Brexit cannot, however, be divorced from how these assumptions affect the 2020 to 2040 period.

8.87 Comparing the volatility in the years before the base-date for this EDNA and the 2020-2040 forecast period it is clear that a high proportion of jobs growth in high-risk sectors was in-fact recorded as part of the strong performance between 2018 and 2020. This is particularly true for the OE and CE forecasts. However, the CE forecast retains a significantly higher proportion of growth within the COVID-19 high risk sectors.

8.88 The data shows that for current jobs in South Staffordshire 28% are in the high risk sectors, 32% in low risk sectors, and the majority (41%) in moderate risk sectors. This reflects the relatively more significant exposure to Coronavirus impacts within the local economy.

8.89 For the forecast jobs growth, all of the other forecasts show the majority of future jobs growth is in the moderate risk sectors, broadly in keeping with the structure of the existing economy. The OE forecast shows an overall negative jobs growth over the period which means it is not possible to do a meaningful proportional analysis, although analysis of net change by risk category indicates this forecast only shows growth in employment within high risk sectors. This further undermines the validity of the forecast assumptions.

8.90 For the other forecasts there is relatively low levels of growth in the low risk sectors but relatively high proportions of growth in the high risk sectors. The CE forecast shows a potentially disproportionate exposure to high risk sectors (58% of growth) that is more than double current representation of employment. In contrast there is very little forecast growth in more resilient moderate risk sectors.

8.91 The reasons for the low net change within the low risk sector in the Experian forecast especially is principally a function a differences between sectors within this grouping, notably in terms of the outlook for jobs in Government Services. This compounds the relatively low representation of low risk sectors in total jobs as of 2020.

8.92 Growth in the high risk sectors in absolute terms is much greater in the CE forecast as a function of strong prospects outlined for the Accommodation and Food Services sector – this represents a particularly high exposure to COVID-19 risks within these forecasts.

8.93 The Experian forecast takes a more moderated view of high risk sectors and shows the highest proportion of jobs in the moderate risk category due to its higher growth in the Manufacturing sector.

8.94 The Experian-based LEP Growth Forecast shows a lower exposure to net growth in high risk sectors and in overall terms retains a similar proportion of forecast job growth within the moderate risk category. The level of forecast net losses in low risk sectors is also slightly increased due to the prospects for the Information & Communications sector.

8.95 Several indicators suggest that the Growth forecast represents a moderated exposure to overall risks related to COVID-19. This includes the moderated growth forecast for the Manufacturing sector and relatively modest overall growth in the Transport & Storage sector. Given the local evidence for the strong performance across a range of medium-risk sectors, taking account of the evidence base within the wider sub-region, this indicates that the Growth forecast is not overly-susceptible to COVID-19 related risks. A further point is that

while the Growth forecast applies an uplift to Financial and Business Services this is concentrated amongst the Professional Services sub-sector that is itself assessed as low/medium risk. This is expected to comprise 65% of net jobs growth in the overall sector, slightly exceeding the current total of 44% of jobs in these industries.

8.96 The characteristics of the economy in terms of high-risk sectors is expected to remain similar to the position of total jobs in 2020, which indicates that these components of the forecast are not overly susceptible to any future or ongoing impacts resulting from Coronavirus.

Table 57. Jobs by COVID Risk Rating, South Staffordshire

	Total Jobs 2020	Forecast jobs growth 2020-40			
		CE	OE	Experian	Growth
High	9,950	2,920	720	1,000	1,353
Moderate	14,500	580	-2,380	1,800	2,978
Low	11,270	1,510	-660	200	494

Source: SPRU Analysis of various forecasts

Table 58. Proportion of Jobs by COVID Risk Rating, South Staffordshire

	Total Jobs 2020	Forecast jobs growth 2020-2040			
		CE	OE	Experian	Growth
High	28%	58%	N/A	33%	28%
Moderate	41%	12%	N/A	60%	62%
Low	32%	30%	N/A	7%	10%

Source: SPRU Analysis of various forecasts

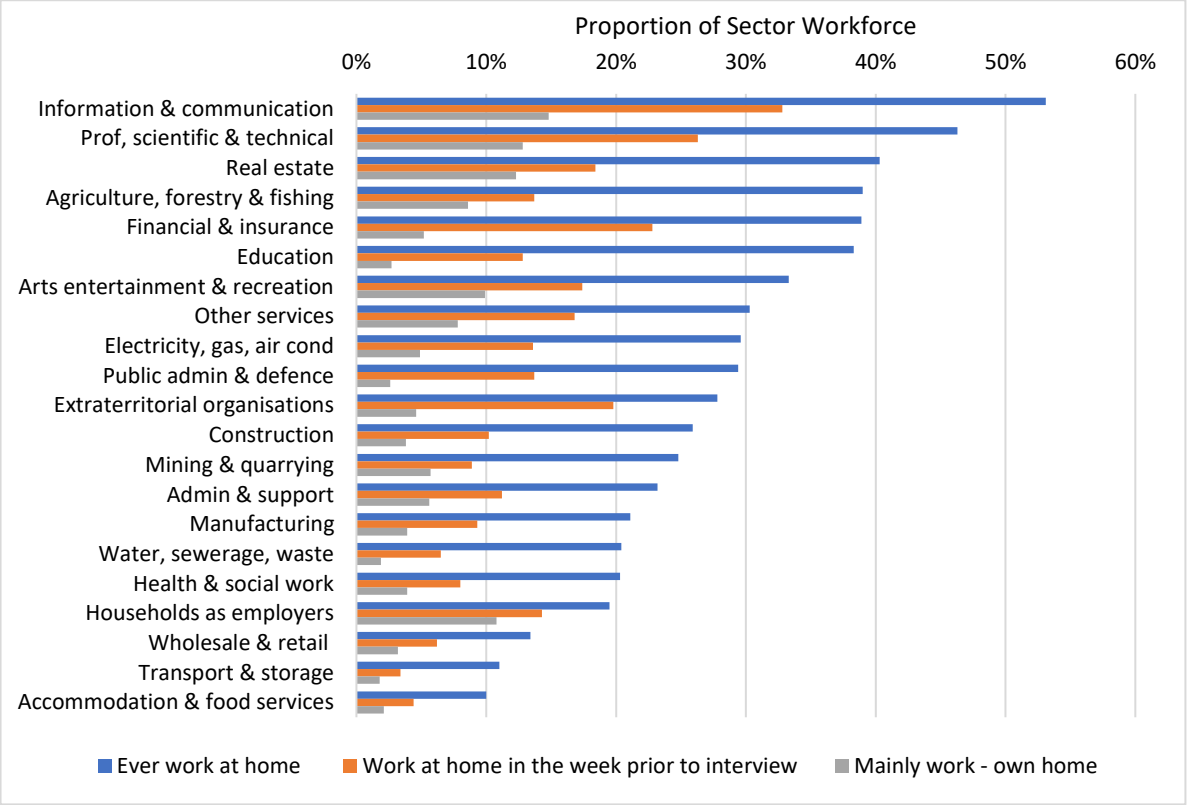
i) Changes to working practices

8.97 It is clear that COVID-19 has necessitated a large shift in the amount of home working. This change in working practices could have a significant impact on the quantum of employment space required to support existing and future jobs growth.

8.98 Figure 44 shows the proportion of home working in different sectors in 2019 and provides a useful baseline position pre-COVID. This shows that pre-COVID working from home was still relatively rare. This shows working from home is most prevalent in the Information and Communications sector, and this sector was the only one where more than half of the workforce (53%) had ever worked from home. Conversely, in the Accommodation and Food Service sector 90% had never worked from home.

8.99 There is a clear distinction between ‘ever worked from home’ and ‘mainly work from home’. Even in the Information and Communications sector where 53% had ever worked from home, only 14.8% said that was their main working location. This was the highest of any sector. For the majority of sectors less than 5% of workers mainly worked from home.

Figure 44. Percentage of UK workforce homeworking by sector, 2019

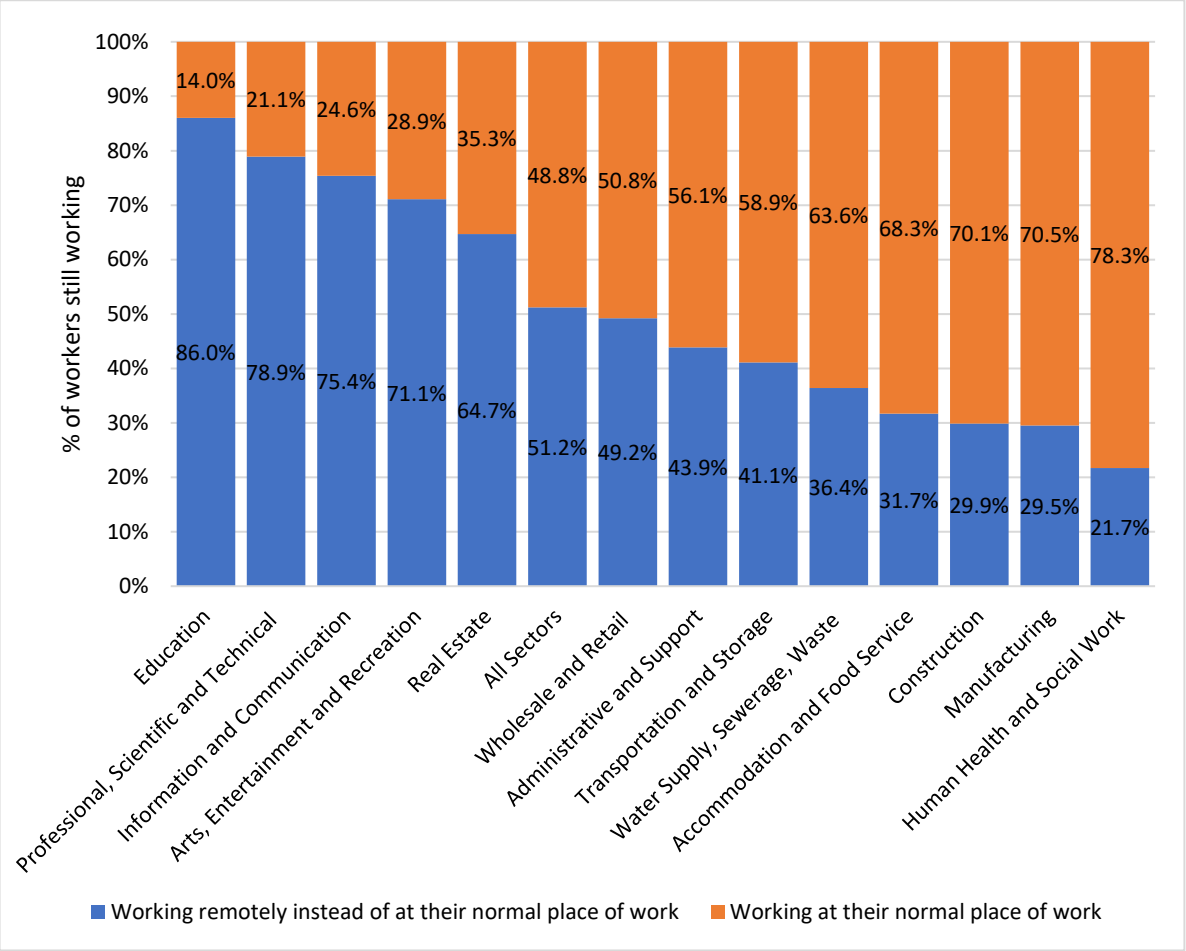


Source: ONS

8.100 The lockdown restrictions due to COVID-19 have affected different sectors to different degrees, depending largely on the nature of work and whether it is possible for normal work tasks to be completed whilst working from home. This has driven many companies to update their operating practices and computer hardware/software in order to facilitate longer-term home working. This has no doubt increased the capacity for homeworking for a number of businesses. The lockdown has also necessitated a change in business culture with regards to home working, for example a greater number of business meetings taking place online rather than face to face.

8.101 The BICS data from ONS provides an indication of how this situation has changed since lockdown restrictions came into place. Figure 45 shows the level of home working achieved for each sector during lockdown.

Figure 45. Work location of workers by sector, June 2020

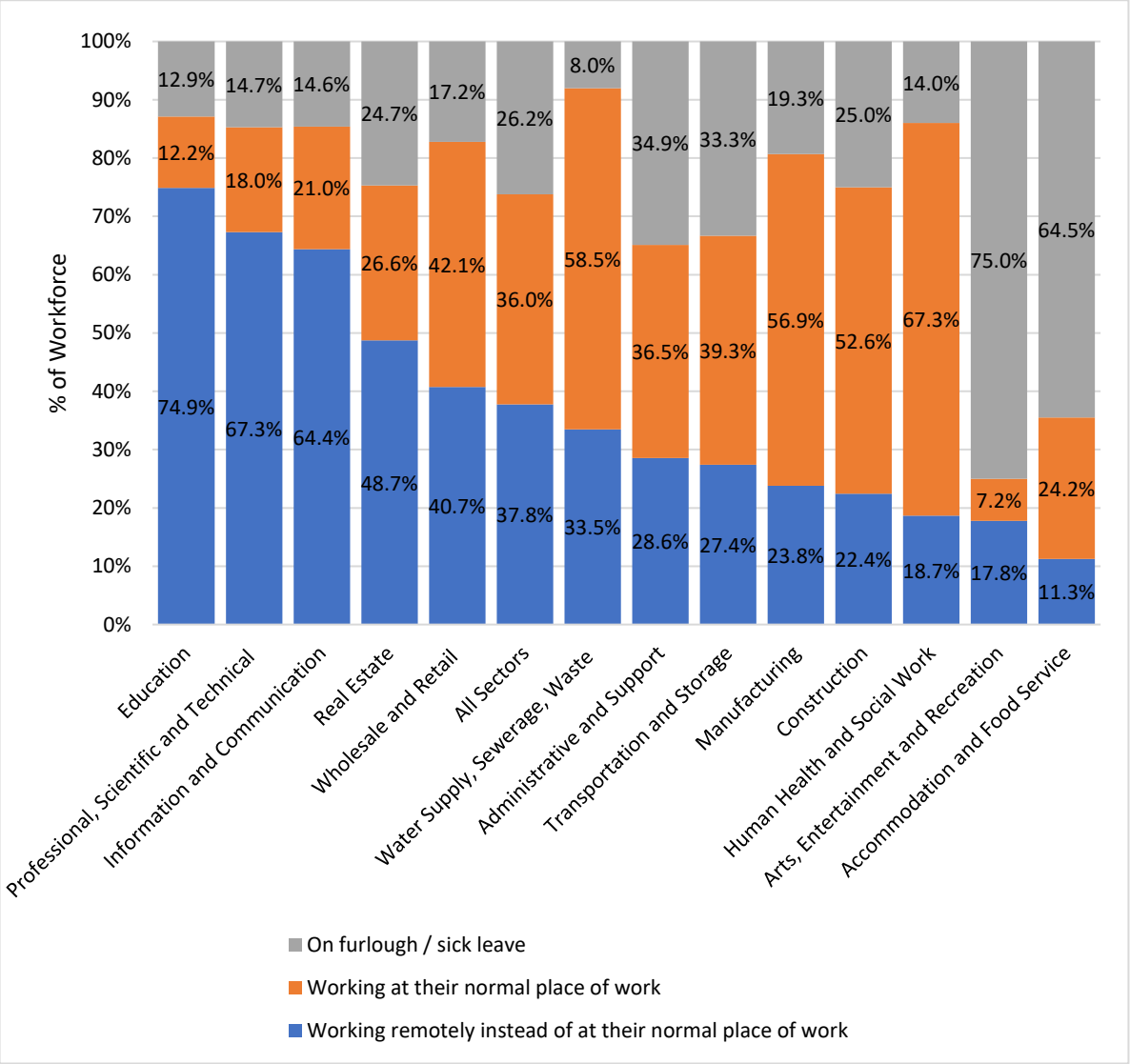


Source: ONS BICS (Wave 8) June 2020

8.102 The data in Figure 45 includes data for workers who were still in work and does not include workers who have been placed on furlough or off sick due to COVID-19. In many cases, workers who could not work from home and were not identified as key workers were placed on furlough leave.

8.103 Figure 46 cross references the data in Figure 45 with the data on Employee Status (Figure 37) in order to identify the proportion of all workers – including those on furlough or sick leave – who are working from home.

Figure 46. Work location of workforce by sector, June 2020



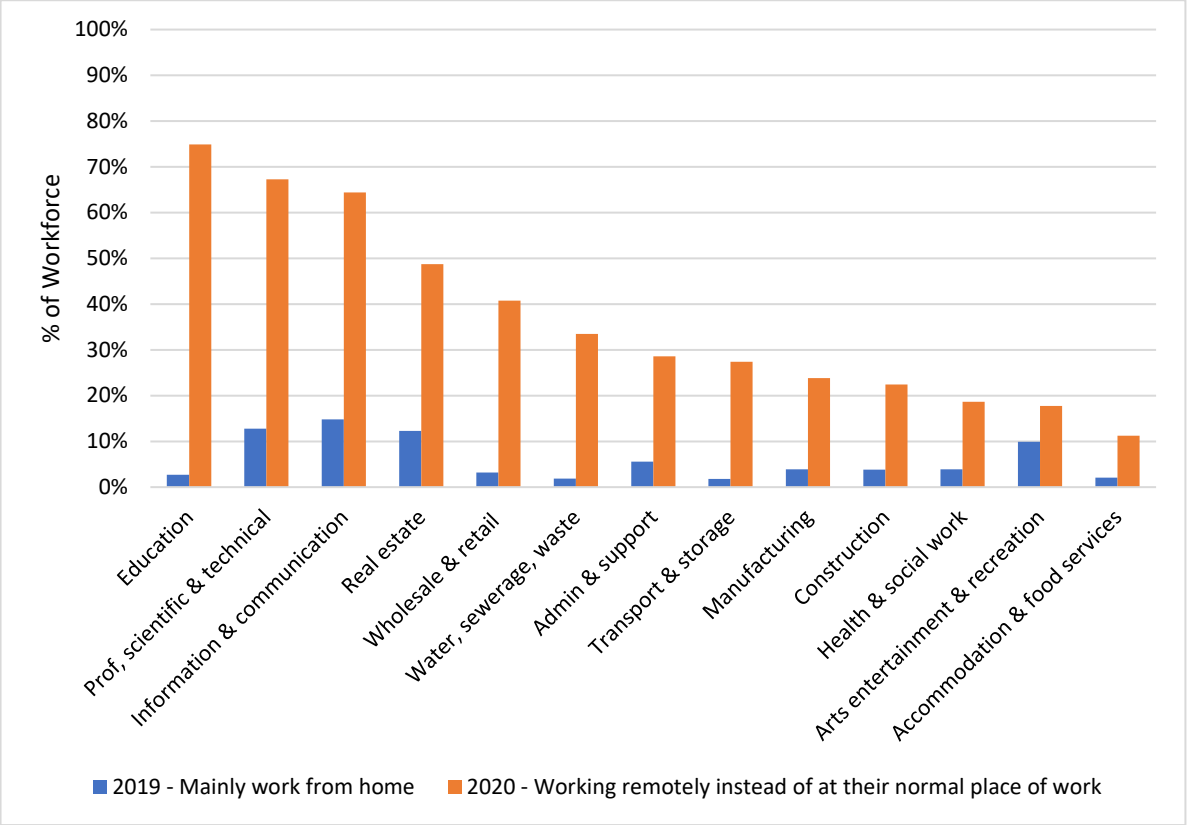
Source: ONS BICS (Wave 8) June 2020

8.104 Figure 47 compares the pre- and post-lockdown remote working figures. This shows the increase in home working in each sector. It is clear from the data that sectors with high levels of office-based activities have seen particularly high levels of remote working, and large increases from the rates of home working seen pre-lockdown:

- Professional, Scientific and Technical Services increasing from 12.8% to 67.3%;
- Information and Communications increasing from 14.8% to 64.4%; and
- Real Estate from 12.3% to 48.7%.

8.105 The data provides a reasonable estimate for the capacity for home working in each sector. In this sense it provides a reasonable 'upper bound' of the potential for home working in each sector.

Figure 47. Remote working by sector, 2019 vs June 2020



Source: SPRU analysis of various ONS data

8.106 Whether these are long term changes to working practices remains to be seen. Going forward, as lockdown restrictions are eased, the 'new normal' is unlikely to see a continuation of this level of home working but equally it is unlikely to drop back to pre-COVID levels.

8.107 For some sectors – for example Education, which has seen the highest increase – the levels of remote working were a requirement due to the closure of education establishments. These are very likely to have dropped significantly towards pre-COVID levels following the re-opening of these establishments in September 2021. Impacts for these sectors will therefore likely have been relatively short-term.

8.108 However, it is clear that the lockdown has required an unprecedented level of home working which has demonstrated that it is a viable option for many and has removed many of the barriers to home working such as technology and corporate culture. A repeated theme of the stakeholder engagement has been that this has resulted in many of the barriers to home working being overcome out of necessity. Three main issues have been identified:

- Technological barriers
- Corporate attitudes towards homeworking and fears about reduced productivity
- Limitations on teamworking, training, and client facing

8.109 Feedback from stakeholders suggests that enforced homeworking has resulted in the first two of these barriers being overcome, at least to some degree. However, the third barrier largely remains. The evidence suggests that this would likely result in increased working from home in the future.

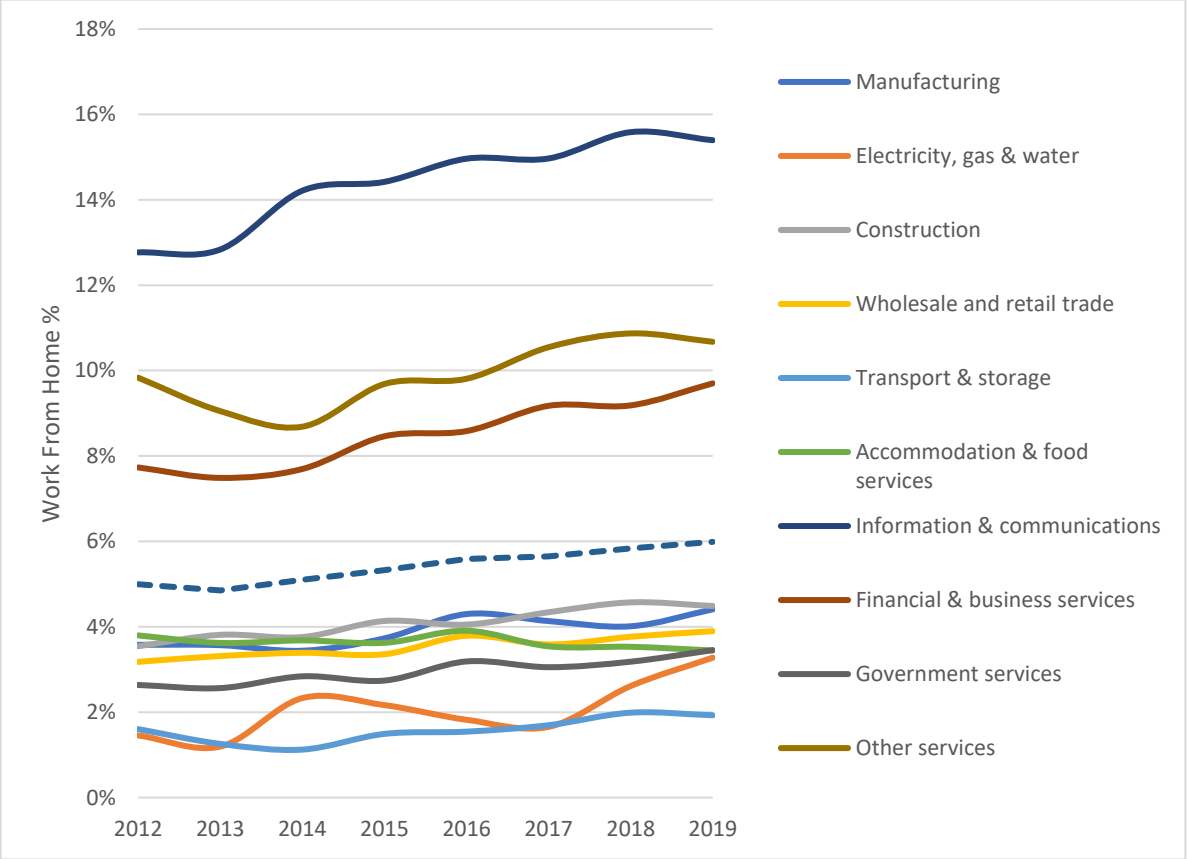
8.110 Some respondents suggested that this could alter their recruitment practices allowing the

recruitment of entirely remote workers over a much wider geographical range. However, the majority of businesses suggest that they are simply delaying activities such as recruitment, training, networking and corporate events, until after restrictions are lifted. This suggests that the current level of home working is not sustainable.

8.111 Nonetheless, this is clearly a salient issue and one which will need to be addressed in the employment land modelling to ensure robustness of the figures.

8.112 ONS's remote working data at a national level shows that from 2012-19 the scale of homeworking – those who mainly work from home – has increased from 5.0% in 2012 to 6.0% in 2019. This ranges by sector, from 1.9% in Transport and Storage to 15.4% in IT and Communications.

Figure 48. Numbers of Homeworkers by Sector, UK



Source: ONS (All Jobs Average denoted by dashed line)

8.113 Remote working is traditionally factored into the modelling implicitly via the employment densities from the HCA Employment Densities Guide (2015) which considers the amount of floorspace per worker for different uses and factors in things such as hot-desking and agile working. In order to avoid 'double counting' these factors, 2015 has been used as a baseline and changes in home working trends have been measured from 2015 onwards over the plan period to 2040 to assess how home working rates are likely to increase since the HCA figures were calculated.

8.114 The changes in working from home rates between 2015 and 2040 have been calculated by extrapolating the growth trend in home working from 2012-19 to 2040. This is done for each sector and results in a total proportion of home working of 9.2% by 2040 – an increase of 3.6% on 2015 rates. For some sectors this is notably higher – the highest is IT and Communications which grows to 23.3% by 2040. This suggests that the predominantly office-

based sectors will be most impacted, which accords with feedback received from the stakeholder consultation.

Table 59. Projected Change in Working from Home per Sector, 2015-40

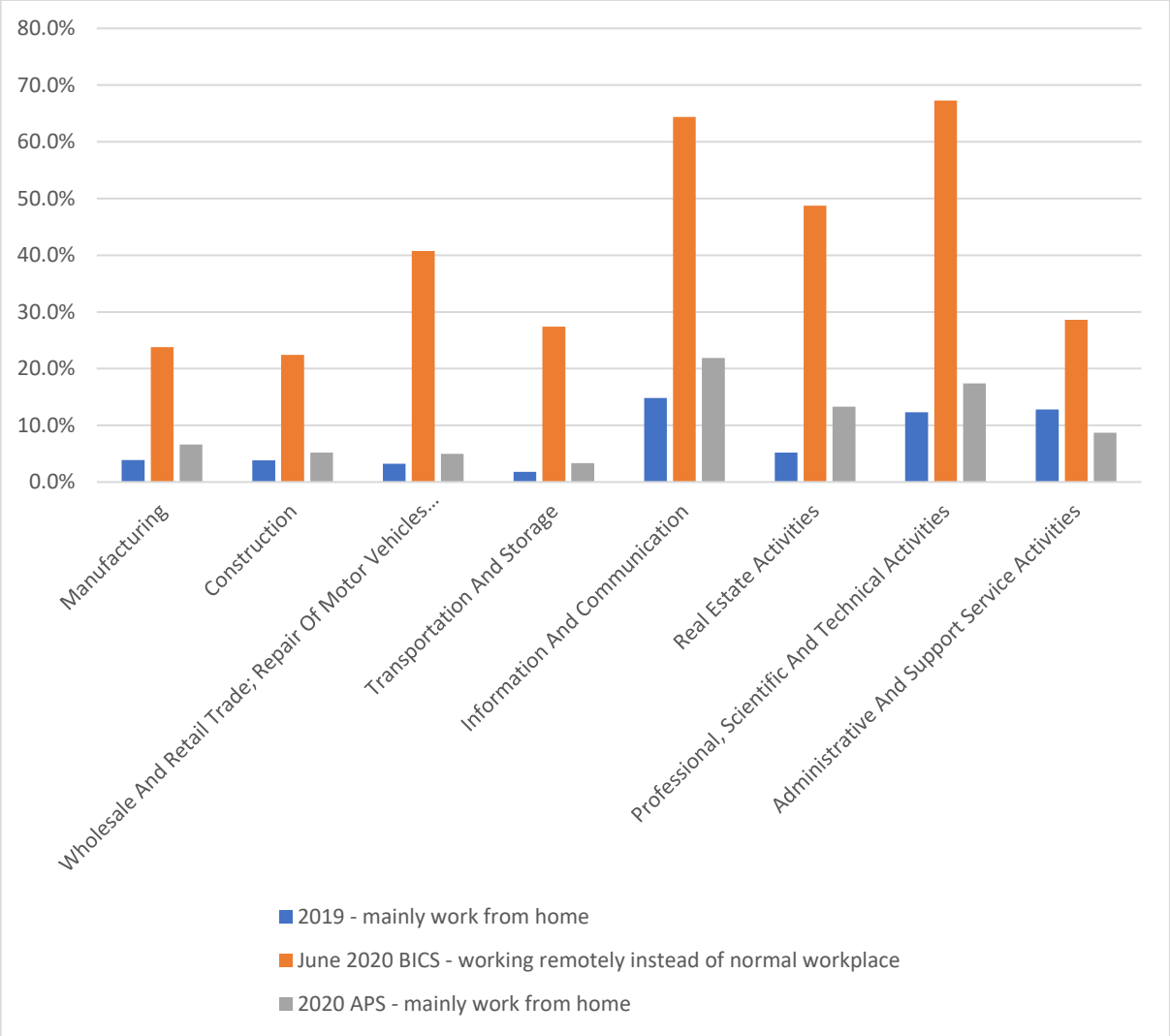
	2015	2040	Change
Manufacturing	3.7%	6.9%	3.2%
Electricity, gas & water	2.2%	8.7%	6.6%
Construction	4.1%	7.3%	3.2%
Wholesale and retail trade	3.4%	6.1%	2.7%
Transport & storage	1.5%	2.9%	1.4%
Accommodation & food services	3.6%	2.4%	-1.2%
Information & communications	14.4%	23.3%	8.9%
Financial & business services	8.5%	15.6%	7.1%
Government services	2.7%	5.9%	3.2%
Other services	9.7%	13.2%	3.5%
All Jobs	**5.3%**	**9.2%**	**3.6%**

Source: SPRU Analysis of various forecasts

8.115 Due to the unprecedented nature of the Coronavirus pandemic the ONS has maintained its research outputs in terms of patterns of homeworking. This includes publication of its most recent bulletin taking account of 2020 Annual Population Survey data. The ONS records that the Annual Population Survey (APS) covers January to December 2020. This means workers may have responded to the question on where they "mainly" work before the onset of the national lockdown in March 2020 in which many were forced to work from home. This being said, the majority of the APS period post-dates the immediate impacts of the pandemic and thus provides some insight in changes in working patterns as restrictions were first lifted. The APS data allows further comparison of those working mainly from home in 2020.

8.116 Figure 49 below sets out analysis for selected sectors and can be compared with Table 59 above in terms of the trend-based assumptions in this EDNA. Notwithstanding the caveat that the 2020 APS shows a rapid return to lower levels of employees working permanently from home across all sectors there is a closer parallel between the latest post-Covid information and the modelling in the trend-based scenario, suggesting that Coronavirus has likely accelerated some structural changes in the economy to facilitate longer-term homeworking. However, in all cases there is some 'headroom' between the trend data and the latest APS estimates (that as discussed above are likely to also reflect restrictions in place in terms of the context of some returns).

Figure 49. Comparison of Those Working Mainly from Home by Selected Sector – 2019 and 2020



Source: SPRU Analysis

8.117 The latest data indicate that application of trend-based changes in levels of homeworking is an appropriate approach in the context of the onset and subsequent recovery following the Coronavirus pandemic.

8.118 These projected working from home rates are factored into the land requirement modelling set out in Section 9. In the modelling it is assumed that the proportion of jobs in each sector which will be filled by workers working from home in accordance with the rates set out in Table 60. These jobs will therefore not require additional floorspace and are removed from the final floorspace requirement figures.

j) Stakeholder Views on COVID-19

8.119 Monitoring of impacts on the sub-regional economy undertaken by the SSLEP[43] has examined the ongoing effects of the pandemic in the context of the early stages of recovery. The SSLEP's observations appear consistent with the analysis in this section in terms of

[43] Economic Bulletin Issue 8 (Feb 2021) - https://www.staffordshire.gov.uk/Business/Coronavirus-COVID-19-support-for-businesses/Economic-recovery-and-renewal/Documents/Economic-Bulletin-Issue-8-February-2021-v1.1.pdf

demonstrating that the sub-region has not appeared disproportionately susceptible to adverse effects resulting from the pandemic. Relevant findings note the positive impact of Government support and additional infrastructure funding (via the Getting Building Fund) in helping to sustain levels of employment and future growth in labour demand. This has meant that unemployment levels and claimant counts have remained below national and regional averages.

8.120 The SSLEP considers that most of its key sectors retain a positive outlook (including advanced manufacturing and logistics together with the digital economy). It is reasonable to conclude that the characteristics of these sectors in the local area may be more resilient than the overall assessment of COVID-19 risks.

8.121 Further evidence is provided at pages 20 and 21 of the bulletin. This shows continued growth in employment amongst staff within the distribution, storage and engineering professions (together with healthcare likely to reflect the immediate effects of the pandemic). The SSLEP reports high levels of labour demand within the same sectors, together with demand for manufacturing. The recent outlook of the services sector has been mixed, consistent with national observations, with the majority of negative changes in employment affecting the hospitality and administrative professions. Overall South Staffordshire saw growth in advertised job vacancies between January 2020 and January 2021 (+5%). This exceeded the West Midlands (0%) and England (-1%) averages as well as being marginally higher than the total across the SSLEP area (+3%).

8.122 COVID-19 hasn't slowed down occupier demand within the district – in fact there has been record take-up of employment land throughout the pandemic. Stakeholders identified a significant increase in the demand for warehousing (storage and distribution) floorspace in order to support the recent exponential growth in logistics that has resulted from growth in e-commerce and online retail sales. There is a particular growing demand for 'big box' warehousing units greater than 100,000 sq ft. Some of this growth is thought to have been directly related to the COVID-19 pandemic and the growth in online retail which resulted from the lockdown periods and temporary closure of non-essential retail units, whilst some of the growth in demand for warehousing floorspace is attributable to the long-term shift towards online shopping that has been accompanied by a decline in town centre and high street retail.

8.123 It is thought that the COVID-19 pandemic played a role in exacerbating these trends and in South Staffordshire in particular this has led to unprecedented demand for large-scale warehousing and industrial units which has exceeded supply. Stakeholders reported that a number of large-scale units had been let before they had been completed. There is also increased availability of funding for companies looking to develop employment sites or expand their businesses throughout the pandemic. It is expected that growth in the logistics / warehousing sector will continue to remain strong in at least the short-medium term.

8.124 The main constraint on growth during the pandemic however has been due to delays in the supply of construction materials, which has led to lead-in times of 9-12 months in some cases. This has resulted in extended construction phases on some new developments which has placed increased demand on existing available floorspace.

8.125 Since the start of the pandemic, South Staffordshire has seen a significant growth in 'start-up' businesses and an associated growing demand for small-scale or incubator employment floorspace. This is reflective of a trend that has been observed across the UK which is thought to have been both a result of people being made redundant during the pandemic and people choosing to embark upon a career change.

8.126 Local businesses have been able to benefit from the Covid Relief Fund, as well as a Start-Up Fund and Business Loan Scheme, which has enabled existing companies to remain in business and provided opportunities for new business growth.

8.127 COVID-19 is not considered to have had a long-term negative impact on levels of employment within the district and most markets are understood to have recovered well in recent months. Demand for office floorspace however has been observed as declining within the district (as it is across the UK generally) as a result of increases in flexible and home-working arrangements.

k) Summary

8.128 Brexit and COVID-19 represent largely unprecedented phenomena to the national, and local economy. This section has considered the risks that COVID-19 / Brexit impact in two ways:

- Jobs retention and growth, which affects future job levels; and
- Changing working patterns, which affects the quantum of employment floorspace needed in future.

8.129 In terms of job retention and growth, the analysis suggests that as of 2020, 27% of jobs in South Staffordshire were in sectors at 'high risk' due to Brexit, whilst 31% were in 'low risk' sectors.

8.130 All of the forecasts take account of both Brexit and COVID-19 but make a range of different modelling assumptions which result in the range of different outputs. This section provides a useful assessment of the forecasts in terms of the risks to the sectoral growth shown in each forecast due to Brexit and COVID-19.

8.131 In terms of Brexit risks, the Experian forecast is not overly reliant on growth in jobs in the high risk sectors, however the CE forecast for 2020 to 2040 shows nearly three-times the absolute growth in Brexit 'high-risk' sectors than the base Experian forecast and therefore some moderation of these forecast figures may be required.

8.132 In terms of COVID-19 risks, the Experian forecast illustrates the highest growth in 'moderate risk' COVID-19 sectors and a decline in 'low risk' COVID-19 sectors over the period 2020-2040, whereas the CE forecast shows higher levels of growth in the 'low risk' COVID-19 sectors compared to the Experian forecast.

8.133 In respect of COVID-19 impacts, the OE forecast shows employment levels returning to 98% of pre-COVID levels by 2023 before tailing off. The Experian forecast shows evidence of a return to 98% of pre-COVID levels by 2022 before the overall profile of forecast jobs growth becomes shallower. Whereas the CE forecast does not show an identifiable post-COVID 'bounce' but sees the fastest return to 2019 employment levels from 2026 before a less significant shallowing in the forecast trend.

8.134 As the forecasts have already taken account of Brexit and COVID-19 in their modelling, it is not considered appropriate to develop further sensitivity scenarios based on this analysis as this would mean taking account of the impacts of Brexit and COVID-19 for a second time.

8.135 Considering the impact of COVID-19 on changing working patterns, the analysis shows that the lockdown restrictions have necessitated the increase in homeworking and this means a number of the barriers to homeworking have been overcome. This suggests that there will likely be higher levels of working from home in future, even once COVID-related restrictions and measures have been lifted.

8.136 This suggests that calculations of future employment land should take account of the changing working from home patterns. However, it would be unrealistic to assume the post-lockdown levels of remote working will continue. We have taken account of this by estimating increasing rates of home working throughout the plan period. Homeworkers are then discounted from the calculations of future employment land requirements. This is set out in detail in Section 9.

Key Points

Risks due to Brexit

- All three forecasts that were assessed take account of the impacts of Brexit and COVID-19 to varying degrees. Under the LEP Growth Scenario (2020 to 2040) 29% of forecast jobs growth is expected to be in sectors classified as 'high risk' due to Brexit, compared with a 75% growth in sectors classified as 'moderate' risk and a 4% reduction in 'low risk' sector jobs.
- The LEP Growth Scenario is therefore not considered to be at high risk of negative consequences of Brexit. In absolute and relative terms, both across total employment and changes by sector, the Growth Scenario is considered to result in a reasonable and more balanced forecast that would not benefit from any further moderation to take account of risks relating to Brexit.

Risks due to COVID-19

- In terms of any longer-term impacts of COVID-19 on future economic performance these remain to some extent uncertain. Each of the three forecasts show a post-Covid 'bounce' to pre-Covid levels of employment, although these vary by sector and timescales.
- Further analysis suggests that South Staffordshire's economy has some characteristics which are identified as vulnerable to COVID-19. These notably include the exposure to the Manufacturing and Transport & Storage sector coupled with a higher than average proportion of smaller businesses within a relatively small local economy. However, the overall susceptibility to the immediate impacts of the Coronavirus pandemic is likely to have been significantly moderated by the district's low exposure to the retail and hospitality sector, lower population density and lower levels of self-employment at the time of the pandemic. This indicates that the district is unlikely to be at particularly greater risk due to the effects of COVID-19 specifically, compared to other areas of the country with higher risk characteristics.
- Under the LEP Growth Scenario (2020 to 2040) 28% of forecast jobs growth is expected to be in sectors classified as 'high risk' due to COVID-19 compared with 62% in sectors classified as 'moderate' risk and 10% in 'low risk' sector jobs. The Growth Scenario shows a lower exposure to net growth in high risk sectors and in overall terms retains a similar proportion of forecast job growth within the moderate risk category compared to the baseline forecast scenarios. The Growth Scenario forecast is not overly-susceptible to COVID-19 related risks.
- In terms of changes to working practices, it is clear that COVID-19 has necessitated a large shift in the amount of home working. Going forward, following the easing of lockdown restrictions, the 'new normal' is unlikely to see a continuation of this level of home working but equally it is unlikely to drop back to pre-Covid levels.
- The changes in working from home rates between 2015 and 2040 have been calculated by extrapolating the growth trend in home working from 2012-19 to 2040. This is done for each sector and results in a total proportion of home working of 9.2% by 2040 – an increase of 3.6% on 2015 rates. For some sectors this is notably higher – the highest is IT and Communications which grows to 23.3% by 2040. This suggests that the predominantly office-based sectors will be

most impacted, which accords with feedback received from the stakeholder consultation.

- These projected working from home rates are factored into the land requirement modelling. In the modelling it is assumed that the proportion of jobs in each sector which will be filled by workers working from home in accordance with the rates for 2040. These jobs will therefore not require additional floorspace and are removed from the final floorspace requirement figures.

9.0 FUTURE EMPLOYMENT LAND NEEDS

a) Labour Demand Scenarios

9.1 This section considers the level of employment land needed to support the level of employment growth shown in each of the econometric forecasts. This is one of the approaches to assessing future need – the 'labour demand' approach – as set out in PPG. The labour demand approaches should be considered alongside other approaches and economic and contextual data set out in the other sections of this report.

9.2 The starting point for the labour demand scenarios is the econometric forecasts. These are set out in more detail in Section 7. The following three forecasts are considered:

- Cambridge Econometrics (CE)
- Oxford Economics (OE)
- Experian

9.3 These forecasts have been assessed at a more detailed level to identify the extent to which they reflect local circumstances and economic drivers in South Staffordshire which have been identified as part of the commercial market assessment and through stakeholder consultation with the LEP and local businesses and commercial agents (set out in Section 6).

9.4 The employment outputs of each forecast are set out below. Note, the figures in these tables may not sum exactly due to rounding net change by sector to the nearest hundred.

Table 60. CE – Total Employment Growth

	2020	2040	Net Change 2020-40
Agriculture etc	1,000	1,000	-
Mining & quarrying	200	-	-100
Manufacturing	5,500	5,000	-500
Electricity, gas & water	500	500	-
Construction	4,600	4,900	200
Distribution	4,900	5,000	100
Transport & storage	3,000	3,700	700
Accommodation & food services	3,400	4,900	1,500
Information & communications	800	1,000	200
Financial & business services	6,700	8,100	1,400
Government services	9,300	10,600	1,300
Other services	2,200	2,300	-
Total	**42,000**	**47,000**	**5,000**

Source: CE forecast

Table 61. OE – Total Employment Growth

	2020	2040	Net Change 2020-40
Agriculture, forestry and fishing	2,300	1,900	-400
Mining and quarrying	100	100	-100
Manufacturing	5,600	3,800	-1,900
Electricity, gas, steam	-	-	-
Water supply, sewerage, waste	500	400	-100
Construction	6,200	6,300	-
Wholesale and retail trade	4,900	4,600	-300
Transportation and storage	3,200	2,900	-300
Accommodation and food service	3,600	3,500	-
Information and communication	700	700	100
Financial and insurance	300	300	-
Real estate	900	800	-100
Professional, scientific and technical	2,500	2,700	200
Administrative and support service	3,000	3,400	400
Public administration and defence	1,700	1,400	-300
Education	3,700	3,400	-300
Human health and social work	3,800	4,200	500
Arts, entertainment and recreation	1,100	1,300	200
Other service activities	700	700	-
Total	**44,900**	**42,500**	**-2,300**

Source: OE forecast

Table 62. Experian – Total Employment Growth

	2020	2040	Net Change 2020-40
Agriculture, Forestry & Fishing	1,500	2,000	500
Extraction & Mining	-	-	-
Fuel Refining	-	-	-
Computer & Electronic Products (manufacture of)	700	900	200
Food, Drink & Tobacco (manufacture of)	400	400	-
Machinery & Equipment (manufacture of)	300	400	100
Metal Products (manufacture of)	500	400	-100
Non-Metallic Products (manufacture of)	700	600	-100
Other Manufacturing	300	300	-
Pharmaceuticals (manufacture of)	-	-	-
Printing and Recorded Media (manufacture of)	-	-	-
Textiles & Clothing (manufacture of)	-	-	-
Transport Equipment (manufacture of)	1,900	3,700	1,800
Wood & Paper (manufacture of)	-	-	-
Chemicals (manufacture of)	-	-	-
Utilities	400	400	-
Construction of Buildings	1,000	800	-200
Civil Engineering	400	300	-100
Specialised Construction Activities	3,600	3,300	-300
Retail	2,700	3,100	400
Wholesale	2,400	2,400	-
Land Transport, Storage & Post	2,600	2,700	100
Air & Water Transport	-	-	-
Accommodation & Food Services	3,200	3,300	100
Telecoms	-	-	-
Computing & Information Services	500	500	-
Media Activities	-	-	-
Insurance & Pensions	-	-	-
Finance	300	300	-
Real Estate	700	600	-100
Professional Services	2,800	3,200	400
Administrative & Supportive Services	2,700	3,200	500
Public Administration & Defence	1,600	1,400	-200
Education	3,300	2,900	-400
Health	1,200	1,400	200
Residential Care & Social Work	2,500	2,600	100
Recreation	1,000	1,100	100
Other	700	700	-
Total	**39,900**	**42,900**	**3,000**

Source: Experian forecast

9.5 For the purpose of labour demand modelling the Experian forecast has been utilised based on the detailed measures of employment growth by sub-sector. Due to the relatively small total for employment within the local economy and the very small size of some sub-sectors the overall sum of the Experian forecast together with the sum of the grouping by broad category differs from the sub-sector totals. This is principally a result of rounding.

9.6 For comparison with OE and CE the sub-sectors of the Experian forecast have been aligned with the broad sectors used in the CE forecast. The measure of total employment within these broad sectors, together with the forecast totals and resulting difference in change between 2020 and 2040 is shown in Table 63 below.

Table 63. Experian – Employment Growth by Broad Sector Grouping and Total Forecast Workforce Jobs

	2020	2040	Net Change 2020-40
Agriculture etc	1,500	2,000	500
Mining & quarrying	0	0	0
Manufacturing	4,800	6,700	1,900
Electricity, gas & water	400	400	0
Construction	5,000	4,400	-600
Distribution	5,100	5,500	400
Transport & storage	2,600	2,700	100
Accommodation & food services	3,200	3,300	100
Information & communications	500	500	0
Financial & business services	6,500	7,300	800
Government services	8,600	8,300	-300
Other services	1,700	1,800	100
Total	**39,900**	**42,900**	**3,000**

Source: Experian forecast

9.7 Despite the differences in the overall total, the implications of the grouped broad sectors for the purposes of labour demand modelling are relatively modest (less than 1.4ha across all Use Classes), as most of the difference relates to sectors with no or limited implications of requirements for land and floorspace. The Experian forecast based on the broad sector groupings has therefore been used for the purposes of further analysis.

9.8 Section 7 sets out more detailed analysis of the forecasts at a sectoral and sub-sectoral basis to consider the extent to which the forecasts reflect the Stoke-on-Trent and Staffordshire LEP's (SSLEP) Local Industrial Strategy (LIS). This considers the extent to which the LIS is reflected in the future level of employment growth shown in each forecast. This analysis also considers indicators from economic performance within the sub-region and West Midlands.

9.9 This analysis highlighted that there are several sectors where the recent, current, and expected future performance is not reflected in some or all of the forecasts. As such, for these sectors the forecasts do not appear to capture local drivers of growth.

9.10 A Growth Scenario has been developed which seeks to reflect the local drivers of growth in the South Staffordshire economy. This reflects the LEP's growth plans as set out in the LIS and a range of feedback received from the stakeholder engagement. The Growth Scenario also moderates the prospects for the manufacturing sector to reflect that both the OE and CE forecasts indicate an overall loss of jobs from this sector. The Growth Scenario considers

that this does not reflect the reasonable prospects for a range of industries in the sub-region and fails to reflect strong recent performance in the sector as a whole. The Experian forecast, which relies upon a doubling of the Manufacture of Transport Equipment sub-sector between 2020 and 2040 as the source for very high levels of employment growth in the broad sector, is moderated by applying recent trends in growth across a wider range of industrial sub-sectors with identified prospects for growth based on recent trends.

9.11 The Growth Scenario makes adjustments to the following sectors. For these sectors, the Growth Scenario is based on the trend of jobs growth in that sector seen in South Staffordshire over the 2009-2020 period:

- Construction
- Transport & storage
- Professional Services
- Manufacturing
- Information & communication

9.12 Table 64 sets out the growth in total employment showed in the Growth Scenario. As set out in Section 7, the Growth Scenario is based on the Experian forecast but with adjustments made to the key growth sectors identified in the LEP LIS.

Table 64. Growth Scenario – Total Employment Growth (by Broad Sector)

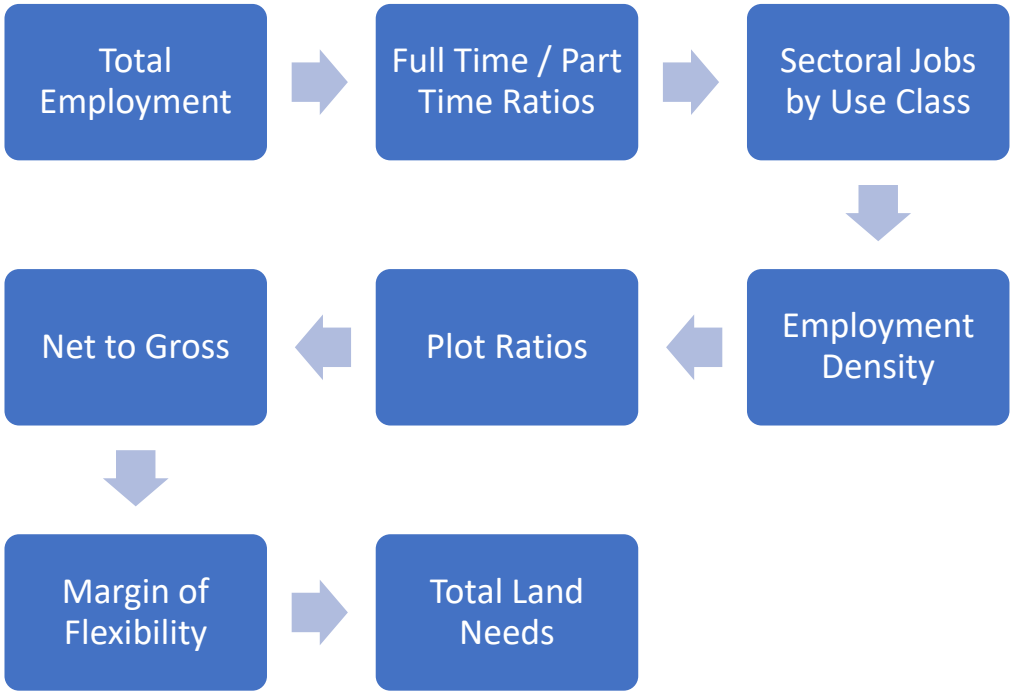
	2020	2040	Net Change 2020-40
Agriculture etc	1,500	2,000	500
Mining & quarrying	0	0	0
Manufacturing	4,800	6,023	1,223
Electricity, gas & water	400	400	0
Construction	5,000	5,473	473
Distribution	5,100	5,500	400
Transport & storage	2,600	3,482	882
Accommodation & food services	3,200	3,300	100
Information & communications	500	794	294
Financial & business services	6,500	7,653	1,153
Government services	8,600	8,300	-300
Other services	1,700	1,800	100
Total	**39,900**	**44,724**	**4,824**

Source: SPRU Analysis of Experian forecast

b) Labour Demand Modelling

9.13 The approach to modelling the labour demand scenarios is set out in the flow chart below. The starting point for each scenario is the total net growth in employment in each sector shown in each forecast. Other than these differing inputs the modelling assumptions made are consistent for each scenario.

Figure 50. Approach to Employment Land Needs Modelling



Source: SPRU

9.14 The modelling assumptions for each stage of the process are set out in the table below.

Table 65. Labour Demand Modelling Assumptions

#	Stage	Description
i	Full Time Equivalent Jobs	A figure for 'Full-Time Equivalent' (FTE) jobs has been calculated for each sector based on the ratio of full-time and part-time employment jobs for each sector from BRES. An average for each sector was taken for the years 2017-2020.
ii	Sectoral Jobs by Use Class	The proportion of jobs in each sector is disaggregated by the type of employment (B Class)[44] use class and non-employment use classes. The use classes are: • B1a – office • B1b – Research and development office • B1c – Light Industrial • B2 – General Industrial • B8 – Distribution • Other (any jobs not requiring B Class space) The use class proportions for each sector are based on detailed (SIC4 sub-sectors) BRES data for each sector in South Staffordshire's economy. Each SIC4 sub-sector has been

[44] It is noted that B1 uses now come under the new Class E. However, the modelling takes account of the employment densities set out in the HCA Employment Densities Guide 3rd Edition which provides figures in terms of the B Class sectors.

#	Stage	Description
		allocated a use class, and this is used to calculate the proportional jobs in each sector by use class, where the proportions of each sector reflect the proportions of jobs in each SIC4 sub-sector.

iii	Employment Density	This reflects the quantum of floorspace required for each job. This is informed by the Employment Density Guide 3rd Edition (HCA, 2015). The following employment densities are used:
		• B1a office:
		  ○ Corporate: 13 sqm/job
		  ○ Technology / Media / Telecoms: 11 sqm/job
		  ○ Professional services: 12 sqm/job
		  ○ Public services: 12sqm/job
		• B1b Research and Development: 50 sqm/job
		• B1c Light Industrial: 47 sqm/job
		• B2 general industrial: 36 sqm/job
		• B8 distribution: 80 sqm/job
		These employment densities reflect fairly average densities for each use class as there was no evidence arising from the commercial market assessment to suggest any alternative assumptions. The B8 employment density assumption is slightly higher than the average size for regional distribution centres (77 sqm/job) reflecting the growth profile of the sub-regional logistics and distribution sectors in South Staffordshire across recent years.
		The employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area (GEA). The employment densities for B1 are quoted as net internal area (NIA) and have been converted to GEA based on a conversion of 20% for B1a office and 10% for B1b and B1c. The employment densities for B2 are quoted for gross internal area (GIA) and have been converted to GEA based on a conversion of 5%. The employment densities for B8 are quoted as GEA.

iv	Plot Ratios	The next stage is to convert floorspace requirements to land requirements. A plot ratio of 40% has been assumed for all use classes. This is based on the assumption that the majority of the new office space will be delivered at either out of town locations or otherwise lower density urban sites, reflecting the dispersed settlement hierarchy in South Staffordshire and limited profile of town centre opportunities. While it is acknowledged that there may be some potential for higher density mixed-use development, this assumption reflects that the majority of office development will not be of this type. It assumes an average plot ratio for industrial uses, and for

#	Stage	Description
		distribution uses representing a relative lack of very large national scale distribution centres.
v	Net to Gross	The econometric forecasts all provide jobs growth on a net basis – i.e. they include for sectors which will see growth and sectors which will see decline. This means figures up to this point are net. The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period. There is relatively limited evidence of any large-scale past loss of land and floorspace in the district. A future estimate has been based on past trends of employment land lost to other uses in each authority since 2011/12 annualised and then forecast forward over the 20-year forecasting period. To provide a sense-check on the robustness of the allowance for losses a comparison has been undertaken with the current committed pipeline of employment floorspace that may be lost to other uses. On an annualised basis the current pipeline of losses continues to compare closely with past trends but if replicated based on the most recent commitments data would produce a lower total than allowed for based on the 2011 to 2020 data, suggesting a robust approach has been applied to this allowance.
vi	Changing Trends in Working from Home	Another key factor arising from the stakeholder engagement is that the number of people working from home is expected to increase. The lockdown following the outbreak of COVID-19 has enforced many more people to work from home. The lockdown rate of homeworking is not expected to continue in the long-term, with evidence that levels have dropped substantially since restrictions have eased. However, the stakeholder engagement has revealed that this process has meant many of the barriers to home working have been overcome for significant numbers of businesses. The impact that this could have on the amount of B Class space required to support the forecast jobs growth has been modelled in a series of sensitivities to the main modelling.
vii	Margin of Flexibility	For the final stage we have added a margin of flexibility. This reflects the following factors: • To allow greater flexibility to support changing business needs; • To provide a choice of sites to facilitate competition in the property market; • To provide flexibility to allow for any delays in individual sites coming forward;

#	Stage	Description
		• The potential error margin associated with the forecasting process. The size of the margin of flexibility depends on the location and local drivers of demand. Generally, a margin of between 2 and 5 years' worth of completions is usually considered reasonable. One of the key findings of the stakeholder engagement is that a high level of flexibility of supply is required in order to be in a position to respond to emerging needs of both indigenous businesses and to continue to attract inward investment opportunities. A higher level of flexibility is also an appropriate response to the strong performance in delivery observed in recent years. Accordingly, we have calculated the margin of flexibility based on 5 years' worth of completions.
ix	Total Land Needs	Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of B1a/b office, B1c/B2 industrial, and B8 distribution. This is in order to provide an indication of demand for each type of use. However, it is recommended the Council are flexible with regard to allocating land for specific types of (B Class) employment use at the detriment to other types of employment uses.

9.15 The starting point for the labour demand modelling is the jobs growth forecasts for South Staffordshire. A worked example of this process is set out below based on the CE forecast[45]. The scenarios based on the other forecasts take the same approach and use the same modelling assumptions. The CE, OE, and Experian forecasts all provide slightly different sectoral breakdowns and so the model has been calibrated, where necessary, to support each forecast by dividing sectors on a proportional basis, thereby ensuring consistency in modelling between scenarios. Note, figures in the following tables may not sum exactly due to rounding.

vi) *Full Time Equivalent (FTE) jobs*

9.16 The first stage is to calculate the FTE jobs. This is calculated individually for each sector in each forecast.

[45] The CE forecast has been chosen as a worked example due to it disaggregating outputs across a smaller number of sectors than the Experian forecast, and thus making the findings easier to present.

Table 66. CE – FTE Jobs Growth 2020-40

	FTE %	FTE Growth 2020-40
Agriculture etc	97%	-
Mining & quarrying	98%	-100
Manufacturing	97%	-500
Electricity, gas & water	94%	-
Construction	93%	200
Distribution	82%	100
Transport & storage	90%	700
Accommodation & food services	68%	1,000
Information & communications	92%	200
Financial & business services	87%	1,200
Government services	80%	1,000
Other services	73%	-
Total	**85%**	**4,000**

Source: CE forecast

vii) *Sectoral Jobs by Use Class*

9.17 This estimates the number of jobs which will require each type of B Class premises and other (non-B Class) space. This is based on estimates of the current breakdown of jobs for each sector using detailed analysis of BRES data. The jobs growth for each type of employment uses is shown in the table below:

Table 67. CE – Jobs Growth by Use Class 2020-40

	B1a/b	B1c/B2	B8	Non B Class
Agriculture etc	-	-	-	-
Mining & quarrying	-	-	-	-100
Manufacturing	-	-500	-	-
Electricity, gas & water	-	-	-	-
Construction	-	100	100	100
Distribution	-	-	-	100
Transport & storage	-	-	600	100
Accommodation & food services	-	-	-	1,000
Information & communications	200	-	-	-
Financial & business services	1,000	100	-	100
Government services	200	-	-	800
Other services	-	-	-	-
Total	**1,500**	**-400**	**700**	**2,200**

Source: CE forecast

viii) *Employment Density*

9.18 Applying the average employment densities results in the floorspace requirement for each type of B Class use. The floorspace (sqm) is shown in the table below:

Table 68. CE – Floorspace (sqm) by Use Class 2020-40

	B1a/b	B1c/B2	B8	Total
Agriculture etc	-	-	-	-
Mining & quarrying	-	-	-	-
Manufacturing	-	-20,600	-	-20,600
Electricity, gas & water	-	400	-	400
Construction	-	2,100	4,200	6,300
Distribution	-	-	2,300	2,300
Transport & storage	-	-	46,200	46,200
Accommodation & food services	-	-	-	-
Information & communications	3,000	-	-	3,000
Financial & business services	17,400	2,300	-	19,700
Government services	3,000	-	-	3,000
Other services	-	100	-	100
Total	**23,400**	**-15,800**	**52,700**	**60,300**

Source: SPRU Analysis of CE forecast

ix) *Plot Ratios*

9.19 The plot ratios allow an estimation of the land required to accommodate the identified quantum of floorspace identified above. This is the net employment land required to support the level of net additional jobs growth shown in the econometric forecasts.

9.20 The first four stages of the modelling provide outputs in terms of net employment land needs – the quantum of land required purely to meet the jobs growth shown in the econometric forecasts. The outputs for each forecast and authority are shown in the tables on the following pages.

9.21 As shown in Table 69, the net employment demand figures range from a net loss of 24 ha of the OE scenario to a gain of 33.8 ha in the LEP-based Experian Growth' Scenario that captures the sub-regional growth trend in the professional services, construction and transport/logistics sectors.

9.22 Two of the three baseline forecasts show a net loss of B1c/B2 industrial land driven by net losses in manufacturing jobs, whereas the Experian forecast reflects forecast net growth of 1,900 persons employed in the sector in 2040 compared with 2020. The CE forecast by far offsets loss of land for B1c/B2 through growth for B1a/b and B8 space and reflects growth in employment within the transport/logistics sector and financial services. These combined effects mean that CE provides the second highest baseline forecast for net demand for employment land (15.1 hectares). This is not the case for the OE forecast which shows a net loss of 24 ha of employment land.

Table 69. Net Employment Land Needs (ha), 2020-40

	B1a/b	B1c/B2	B8	Total
CE	5.8	-3.9	13.2	15.1
OE	-0.1	-18.4	-5.4	-24.0
Experian	0.8	19.5	-1.1	19.2
Experian-based Growth Scenario	2.9	14.8	16.2	33.8

Source: SPRU Analysis of various forecasts

9.23 The Experian baseline forecast based on the detailed sub-sectors for this output indicates a low requirement for land and floorspace within the B8 Use Class. It should be noted that within this forecast growth in the Transport and Storage sector is offset by net losses in Wholesale and Construction, which in overall terms negatively affect the requirement based on these uses. These combined net effects will not necessarily reflect qualitative differences in requirements by sub-sector (i.e., any land lost from construction or wholesale uses may not reflect the sectoral requirements of the transport and storage sector).

9.24 The net employment land needs derived from the OE forecast show negative values in all three floorspace categories. This will not necessarily be reflective of the qualitative requirements for individual sectors. For office floorspace in-particular the small negative value generated by the forecast is a combined output that includes net jobs growth for employment within Professional, Scientific and Technical activities together with Administrative and Support Services. The format and location of floorspace to support these activities will not necessarily be comparable to sectors generating a corresponding negative change in land needs over the same period – including forecast job losses within Public Administration and Real Estate.

9.25 Additionally, a higher proportion of forecast employment growth within the OE forecast is also contained within sectors with a high part-time employment ratio. This reduces the number of jobs gained on a Full-Time Equivalent basis (upon which land and floorspace requirements are derived) and by extension exaggerates the higher proportion of FTE losses in other sub-sectors, resulting in a net overall reduction in floorspace requirements for these uses.

x) *Net to Gross Needs*

9.26 The figures in Table 69 above show the net need for employment land to support the levels of jobs growth in the forecasts. In addition to this, there will also be an employment land requirement arising from the need to update and replace existing stock. This is calculated by looking at the trend of losses of B Class employment land to alternative (non-B Class) uses and using this to forecast expected future losses of employment land.

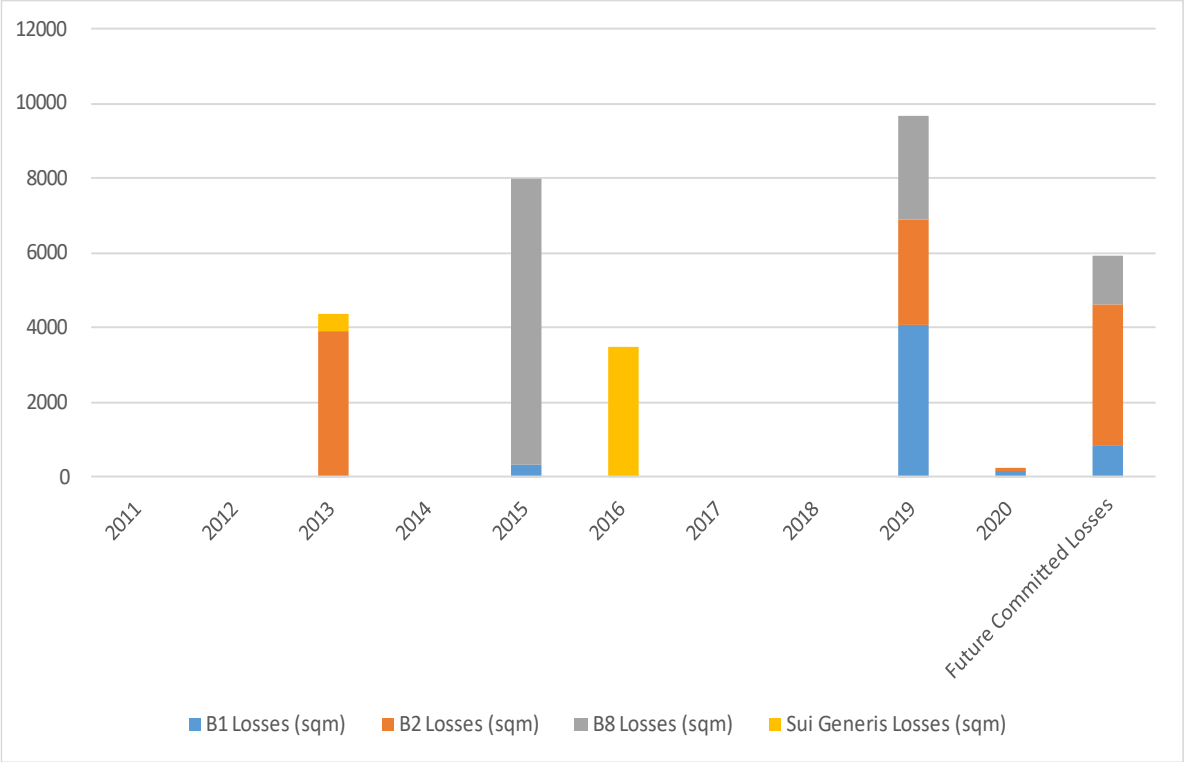
9.27 Figure 51 below shows the net losses of employment land in South Staffordshire since 2011. This shows in total around 25,000 sqm of B Class and *Sui Generis* floorspace has been lost over this period – equivalent to around 2,200 sqm of 'B-Class' floorspace per annum.

9.28 There is relatively limited evidence of any large-scale past loss of land and floorspace in the district. The isolated loss of small and medium scale warehouse and industrial premises (c.1,000sqm – 10,000sqm) has a distorting effect on data for individual years. The loss of a single long-term redundant site at Baggeridge Brickworks has been excluded from the analysis. Office premises comprise the lowest total of losses and have generally been very minor in scale, with the exception of one redevelopment at Calf Heath. Future committed losses of office floorspace are also modest.

9.29 Assuming this level of losses continues over the plan period would mean that a further 44,000

sqm of B-Class employment land will be lost. It is important that this is adequately reprovisioned or else there will not be sufficient employment land to support the net growth in jobs over the plan period.

Figure 51. Employment Floorspace Losses (sqm) – 2011-20



Source: SPRU analysis of local authority data

9.30 The net losses data has been annualised and then multiplied by twenty to identify the replacement demand required for the forecasting period. This is then converted to land requirement using the plot ratios used in the main labour demand modelling.

9.31 To provide a sense-check on the robustness of the allowance for losses a comparison has been undertaken with the current committed pipeline of employment floorspace that may be lost to other uses. On an annualised basis the current pipeline of losses continues to compare closely with past trends but if replicated based on the most recent commitments data would produce a lower total than allowed for based on the 2011 to 2020 data, suggesting a robust approach has been applied to this allowance. As a result, no allowance has been made for past trends of losses from *Sui Generis* floorspace.

9.32 This replacement demand is then added to the net requirement in order to estimate gross needs.

Table 70. Replacement Demand (ha), 2020-2040

	B1a/b	B1c/B2	B8	Total
Replacement Demand (ha)	2.28	3.41	5.22	10.91

Source: SPRU Analysis

xi) *Changing Trends in Working from Home*

9.33 As set out in Section 8, one of the largest impacts of COVID-19 and workplace behaviour in the course of the subsequent recovery has been the sustained numbers of people working from home. A repeated theme of the stakeholder engagement has been that this has resulted in many of the barriers to home working being overcome out of necessity.

9.34 The removal of these barriers suggests that the prevalence of remote working is likely to increase in future. However, the scale of growth has been moderated, with a significant return to the workplace across all sectors following the easing of restrictions although a continuation of pre-COVID levels also seems unlikely.

9.35 Remote working is traditionally factored into employment land modelling implicitly via the employment densities from the HCA Employment Densities Guide (2015). These figures consider the average amount of floorspace required per worker for different uses. It factors levels of remote working – such as hot-desking and agile working – into the employment density ratios.

9.36 There are a number of barriers to home working. Three main issues have been identified:

- Technological barriers
- Corporate attitudes towards homeworking and fears about reduced productivity
- Limitations on teamworking, training, and client facing

9.37 These barriers have meant that the growth in the proportion of workers mainly working from home is relatively small and growth has been relatively slow. It also raises significant questions about the scale of future growth in the rates of homeworking, and none of the recognised forecasting houses produce forecasts of how this might increase in future.

9.38 Feedback from stakeholders suggests that enforced homeworking due to COVID-19 has resulted in the first two of these barriers being overcome, at least to some degree. However, the third barrier largely remains. This suggests that this would likely result in increased working from home in the future, but this differs greatly between different sectors.

9.39 We have therefore considered how the working from home trends are likely to change from 2015 onwards over the plan period, as shown in Table 71 below. This has been done using national data on home working from ONS for the period 2012-19. This has been extrapolated forward to 2040 (see Section 8 for details). This is done for each sector and results in a total proportion of home working of 8.7% by 2040 although for some (predominantly office-based) sectors this is higher – the highest is IT and Communications which grows to 23.3% by 2040. Using 2015 as a base-date – as this aligns with the latest HCA employment densities data – we have calculated the increase in the proportion of homeworking for each year to 2040.

Table 71. Percentage Working from Home per Sector[46]

	2015	2040
Manufacturing	3.7%	6.9%
Electricity, gas & water	2.2%	8.7%
Construction	4.1%	7.3%
Wholesale and retail trade	3.4%	6.1%
Transport & storage	1.5%	2.9%
Accommodation & food services	3.6%	2.4%
Information & communications	14.4%	23.3%
Financial & business services	8.5%	15.6%
Government services	2.7%	5.9%
Other services	9.7%	13.2%
All Jobs	**5.3%**	**9.2%**

Source: Derived from ONS data

9.40 The increase in homeworking for each sector is then factored into the employment land modelling for South Staffordshire. This identifies the number of jobs growth in each sector by 2040 which will not require additional floorspace. (This only accounts for the growth since 2015 so the implicit homeworking assumptions in the HCA employment densities remain in the modelling). The additional homeworkers are assumed not to require additional floorspace and so are discounted from the analysis at Stage (iii) in Table 65 above.

9.41 The changes in working from home rates applies to all jobs in South Staffordshire, not just the additional jobs shown in the forecasts. Even though the OE forecast shows a negative jobs growth, the increasing working from home rates further reduce employment land needs under this scenario.

9.42 This results in a reduction to the overall floorspace requirements for each of the labour demand scenarios. This is different for each forecast due to the different proportions of growth in each sector. The CE, Experian, and Growth forecasts all show a similar working from home reduction of 5.2-5.5 ha. This represents a reduction of between 9% and 13%, as shown in Table 72. The net floorspace requirements once the homeworking adjustments have been applied are shown in the bottom half of Table 72.

[46] The data for the Agriculture, forestry and fishing and Mining and quarrying sectors has been omitted due to unreliable outputs based on the small sizes of these sectors. This does not affect the employment land requirement figures for South Staffordshire.

Table 72. Adjustment to Account for Homeworking (ha), 2020-2040

Adjustment	B1a/b	B1c/B2	B8	Total	% of Overall
CE	-1.9	-1.8	-1.8	-5.5	13%
OE	-0.9	-1.5	-1.7	-4.1	N/A
Experian	-1.0	-2.4	-1.9	-5.2	11%
Growth Scenario	-1.1	-2.2	-2.2	-5.4	9%
Net Requirement Following Adjustment	**B1a/b**	**B1c/B2**	**B8**	**Total**	
CE	4.0	-5.8	11.4	9.6	
OE	-1	-19.9	-7.1	-28	
Experian	-0.2	17.1	-3	13.9	
Growth Scenario	1.8	12.5	14.0	28.3	

Source: SPRU Analysis of various forecasts

xii) *Flexibility Margin*

9.43 The margin of flexibility has been considered based on several years' worth of completions for each authority. It is typical to add between 2-5 years' worth of completions as a margin. Engagement with the commercial property market has identified that flexibility of supply important within South Staffordshire, reflecting the strong take-up and delivery in recent years across a wide range of sectors. Flexibility is an important component of ensuring a sufficient quantum and range of sites are available to support business growth and inward investment opportunities. Such an allowance at least in part enables flexibility in provision to accommodate needs not anticipated in the plan period, as noted at Paragraph 82(d) of the NPPF 2021. Therefore, we have included a margin of flexibility equivalent to 5 years' worth of completions data, applicable to the 20-year total requirement for land and floorspace (i.e., to be monitored across the plan period).

Table 73. Flexibility Margin (ha), 2020-2040

	B1a/b	B1c/B2	B8	Total
Margin (ha)	2.6	9.4	3.9	15.9

Source: SPRU Analysis

9.44 The flexibility margin adopts a consistent set of assumptions regarding the delivery of atypical schemes that distort analysis of past take-up and by extension their potentially disproportionate impact on this allowance. Land and floorspace associated with the JLR facility at i54 together with the large-scale Amazon and Gestamp strategic distribution premises at Bericote Four Ashes have been excluded when calculating the flexibility margin.

9.45 The delivery of ancillary office floorspace as a component of schemes, including other premises at i54 and Four Ashes excluding the atypical users referred to above, has been included when calculating the flexibility margin. This reflects that this ancillary office floorspace has been counted separately from the industrial and storage/distribution uses delivered under the same schemes.

xiii) *Total Employment Land Needs*

9.46 Taking the sum of the net employment land needs, the net to gross demand, and the flexibility margin identifies the total employment land requirement for South Staffordshire for the range of labour demand scenarios.

9.47 The table below shows the outputs of the labour demand scenarios, which provide a wide

range of results. The outputs of the labour demand scenarios are assessed against the other scenarios as well as wider economic and commercial market factors (Section 6), economic baseline (Section 5), the role of the Strategic Rail Freight terminal at West Midlands Interchange (Section 10) and risks of Brexit and COVID-19 (Section 8) in order to inform the overall conclusions on employment land needs for South Staffordshire. The figures in the table below should be considered within this context.

Table 74. Total Employment Land Needs (ha) – Comparison of Labour Demand Scenarios, 2020-2040

Stage	Description	CE	OE	Experian	Growth Scenario
i-iv	Net Growth Needs	15.1	-24.0	19.2	33.8
v	Net to Gross[47]				10.9
vi	Changing Trends in Working from Home	-5.5	-4.1	-5.2	-5.4
vii	Margin of Flexibility[48]				15.9
xiii	**Total Employment Land Needs**	**36.4**	**-1.3**	**40.8**	**55.1**

Source: SPRU Analysis

9.48 The table above shows the method of calculation for employment land as a whole, with the outputs for each B Class use class set out below.

Table 75. Total Employment Land Needs (ha) – Comparison of Labour Demand Scenarios, 2020-40

	B1a/b	B1c/B2	B8	Total
CE	8.9	7.1	20.5	**36.4**
OE	3.9	-7.1	2.0	**-1.3**
Experian	4.8	30.0	6.1	**40.8**
Growth Scenario	6.7	25.3	23.1	**55.1**

Source: SPRU Analysis

c) Summary

9.49 This section considers the level of employment land needed to support the level of employment growth shown in each of the econometric forecasts. The starting point for each scenario is the total net growth in employment in each sector shown in each forecast. A series of stages are then taken in order to estimate the quantum of floorspace required to support the scale of economic growth shown in the forecasts:

- The first step is to estimate the full time equivalent (FTE) jobs related to the total jobs growth. This is calculated for each sector based on the ratio of full-time and part-time employment jobs.
- The next step is to disaggregate the proportion of jobs growth in each sector by the type of employment (B Class) use class and non-employment use classes. This is based on the existing mix of jobs in each sector in South Staffordshire.

[47] As derived from Table 70.
[48] As derived from Table 73.

- This is translated into floorspace by assessing the quantum of floorspace required for each job using employment densities.
- The next stage is to convert floorspace requirements to land requirements using a plot ratio, which is the ratio of the size of land required to support the identified quantum of floorspace.
- The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period.
- Account is made of changing trends in working from home which is based on forecast increases in the number of people working from home in each sector.
- The final stage is adding a margin of flexibility to support changing business needs.

9.50 This process identifies a range of employment land needs figures for South Staffordshire for the period 2020-2040. There is a relatively high level of overall synergy between the CE, Experian and Growth Scenario forecasts, with land requirements ranging between 36 ha and 55 ha.

9.51 There are important differences by Use Class within each forecast, with the Growth Scenario producing the highest overall total for land in industrial/distribution uses and a more even profile of the land requirements across sub-sectors resulting in additional labour demand for these types of land and floorspace. This is considered to reflect the reasonable prospects for industries most closely associated with employment growth under the sectoral forecast.

9.52 Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of B1a/b office, B1c/B2 industrial, and B8 distribution. This is in order to provide an indication of demand for each type of use. However, it is recommended the Council are flexible with regard to allocating land for specific types of (B Class) employment use at the detriment to other types of employment uses.

Key Points

The net employment land needs for the Growth Scenario were calculated, to which adjustments were applied to take account of:

- Net to gross adjustment (to take account of loss of existing stock)
- Changing trends in working from home
- Additional flexibility margin

After the assumptions pertaining to modelling the labour demand have been applied to the Growth Scenario forecast, the total gross employment land needs for each B use class for SSDC is as shown below:

- B1a/b – 6.7ha
- B1c/B2 – 25.3ha
- B8 – 23.1ha
- Total – 55.1ha

10.0 RELATIONSHIP BETWEEN WEST MIDLANDS INTERCHANGE AND FUTURE ECONOMIC GROWTH SCENARIOS

a) Background

10.1 Section 4 of this EDNA provides the contextual background to the Development Consent Order issued for the West Midlands Interchange SRFI within South Staffordshire. This section considers the relationship between this development and future economic growth scenarios based on forecast labour demand.

10.2 The Examination undertaken as part of the Development Consent Order process considered in detail the relationship between provision of a SRFI in this location within the context of market demand and potential implications for labour supply.

10.3 The outcomes of the Examination have also been reflected within existing local evidence[49] seeking to explore these issues. These studies have also been taken into account as part of the preparation of this EDNA.

10.4 This EDNA has also been informed by further ongoing engagement with stakeholders in the delivery of the West Midlands Interchange to reflect the most up-to-date inputs in terms of expectations regarding the phasing of development and likely job creation.

10.5 The characteristics of the SRFI mean that it will perform a wider sub-regional and regional role in terms of the development of an intermodal rail freight industry. Expanding this network forms a priority within the National Policy Statement for National Networks. The WMI site establishes a strong relationship with the potential for economic growth to be delivered as part of the overarching transport, storage and logistics sectors must be viewed in that context.

10.6 The evidence base for the DCO has been reviewed in a paper prepared by Stantec on behalf of South Staffordshire and the Black Country Authorities (May 2020). This reinforces the conclusions of the Examining Authority that the SRFI will have no significant labour impact in the market area – including South Staffordshire. This summarises the assumption that the SFRI will draw its labour from a very wide catchment and make use of unemployed or underemployed labour – many will commute out of peak hours and/or via a new dedicated 'shuttle bus' network proposed to allow the workforce to travel in time for shift changes.

10.7 For South Staffordshire the opportunity to draw labour from 'recalled' out-commuters is considered to offset potential labour supply from a reduction in already low unemployment levels. These conclusions echo the evidence base for WMI that based on 1 in 5 employees being expected to currently live in South Staffordshire the Examining Authority concluded that such a shift in employment patterns (including reduced out-commuting) would not be likely to have a disruptive effect on the labour market (amounting to around 1.93% of the working-age population). The extensive testing of these assumptions as part of the DCO process means it is not necessary to test in detail the level of labour supply available locally to meet estimates for job creation given that the site's wide catchment and relatively modest potential shifts in commuting patterns have been endorsed.

10.8 The assumptions in the May 2020 paper addressing labour supply are independent to the WMI's potential role in meeting specific measures of labour demand. The question of whose need the SRFI will serve has been assessed separately on behalf of the Black County Authorities (Stantec, February 2021). The issue was considered in broad terms using standalone indicators relating to the distribution of existing strategic warehousing floorspace

[49] Local studies include 'West Midlands Strategic Rail Freight Interchange: Employment Issues Response Paper – Whose need will the SRFI serve?' (Stantec, Feb 2021) and 'West Midlands Strategic Rail Freight Interchange Employment Issues Response Paper – Labour Supply' (prepared on behalf of South Staffordshire Council and the Black Country Authorities) (Stantec, May 2020)

and projected population growth.

10.9 Notwithstanding the uncertainties associated with estimates of labour demand based on economic forecasts this approach does not take any account of the current performance of relevant sectors or an assessment of their reasonable prospects for growth relative to existing employment levels. This is recognised as being an approach commonly utilised by Councils in preparing their own evidence base.

10.10 Stantec's February 2021 paper recognises that the profile of any needs considered to be met by the SRFI site will be determined by the actions of other Councils and their views on the market area served by WMI (in relation to their own needs) and the pipeline provided by existing and alternative sites to meet locally assessed needs in full. In broad terms this may lead to a narrower range of authorities potentially identifying WMI as a source of supply contributing towards unmet needs, meaning that overall supply is more closely associated with the immediate service area including South Staffordshire and the Black Country. At the time of preparing this EDNA the progression of engagement under the Duty to Cooperate has identified several authorities in the market area whose needs are considered to be met in full without relying on the apportionment of needs served by the SRFI site based on Stantec's analysis.

10.11 At the same time, it is relevant to note that the same process explained above in relation to labour demand and the relationship with identified needs applies equally to the circumstances for the preparation of the evidence base in South Staffordshire. The assessment of relevant sectors and their reasonable future prospects is a relevant and desirable in terms of establishing the relationship between estimates of demand and the WMI site and by extension the proportion of needs that the site may meet (and their relative proportion of the site total). While this will not necessarily equate directly to the broad-ranging assessments of whose need is served by the SRFI that have been prepared to date the nature of the exercise in South Staffordshire is an important additional component to determine how a proportion of the land at WMI should be incorporated into the balance of supply and demand.

b) Context for the Labour Demand Scenario

10.12 The existing evidence base does not support development of any scenario that looks at South Staffordshire in isolation in terms of the impact of accommodating future economic growth (in terms of labour demand and supply) associated with delivery of the proposals. This is consistent with the outcomes of the DCO process.

10.13 Current sectoral forecasts for South Staffordshire will by definition not reflect the impact of the presence of a SRFI facility in the district on local employment trends. Future forecasts taking account of the operational phase would reflect a position where changes in total employment associated with the SRFI have a relatively weak relationship to local trends in labour demand and supply given the expected catchment of the WMI site in terms of the logistics market and its workforce.

10.14 The analysis in this EDNA is consistent with that prepared to support the SRFI and considered locally since the DCO was consented, including the work by Stantec (2021). Namely, this reflects that market demand for strategic warehousing and logistics floorspace has in effect been displaced to more marginal locations in a wider service area. The northern extent of this service area includes Stoke-on-Trent and areas north of South Staffordshire and thus aligns with the sectoral strengths in logistics recognised by the SSLEP.

10.15 Development of the SRFI proposals within South Staffordshire thus provides alternatives to meeting needs that have arisen across a wider area (principally Birmingham and the Black Country). Occupiers previously dependent on a wider initial search area would not seriously consider taking further space at the periphery of a market area where alternative facilities

are available, such as the committed development at WMI.

10.16 It is generally accepted within the local evidence prepared by neighbouring authorities that current trends in supply and take-up reflect additional demand, over and above that which would normally be expected to occur locally, resulting from constraints to the availability of land and floorspace for strategic warehousing in Birmingham and the Black Country. These trends have been specifically noted in Cannock and Lichfield. The Market Assessment prepared to inform the SRFI proposals also identifies South Staffordshire as an area subject to the focus of additional demand as a result of these constraints.

10.17 The issue for this EDNA is the extent to which these patterns of supply and take-up are reflected within existing economic forecasts and resulting labour demand scenarios. The SRFI proposals were also supported with evidence of proposed Economic Benefits, including the contribution that additional jobs at WMI would make towards LEP-wide employment target for the SSLEP: 8,550 (17%) of 50,000 jobs. This illustrates the sub-regional importance of the WMI site.

10.18 South Staffordshire records location quotients marginally below 1.0 when comparing detailed sub-sectors and the SIC 2-digit classifications for Transport and Storage with the wider SSLEP area. Location quotients do, however, exceed 1.0 relative to the wider West Midlands. As demonstrated by the analysis in Section 7 of this EDNA the district has shown strong employment growth in these sectors to 2020. It is, therefore, reasonable to consider the extent to which the econometric forecasts provide a comparable measure of labour demand in South Staffordshire that aligns with these recent trends.

c) Relationship with Economic Forecasts

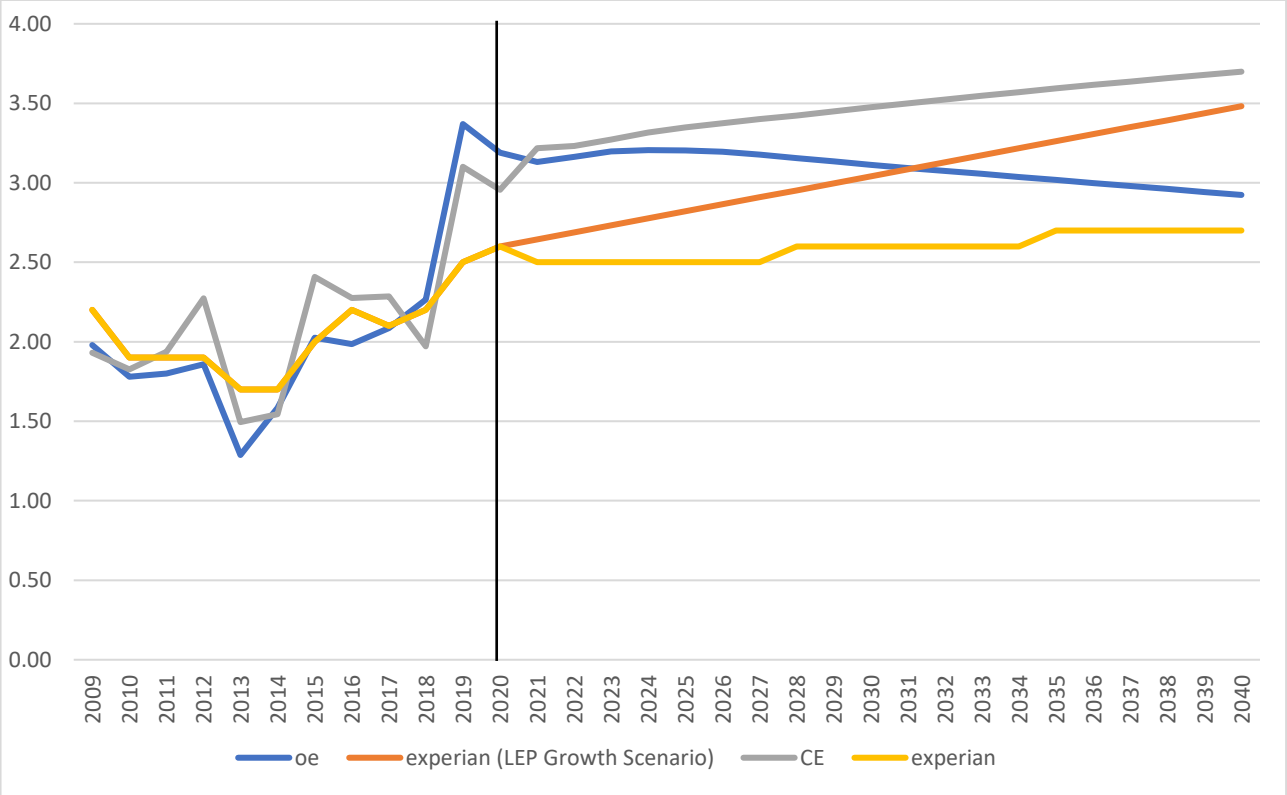
10.19 Section 7 of this EDNA considers the Experian forecast and identifies that the Transport and Storage sub-sector fails to reflect the reasonable prospects for growth set out in the evidence base for the SSLEP Local Industrial Strategy. This demonstrates that there are reasons to adjust the Experian forecast to align future forecast trends with the average rate of growth observed in relevant key sub-sectors within the SSLEP sub-region.

10.20 Reflecting these wider sub-regional trends would, by definition, also bring the adjusted Experian forecast into alignment with the assumptions that were presented to support promotion of the SRFI proposals and WMI's role in shifting patterns of how the demand for strategic warehousing can be accommodated to meet the needs of the market area.

10.21 The three forecasting houses show very different trends in the Transport & Storage sector. These provide a starting point to assess the baseline for this component of the local economy as it exists prior to the introduction of the SRFI at WMI. The differences are a result of the methodology of the respective forecasts. This means that each forecast reaches a different conclusion on the relative strength on the sector and relationship with past trends.

10.22 Figure 52 below compares the three forecasts together with the amendment to the Experian forecast based on the LEP Growth Scenario:

Figure 52. Comparison of South Staffordshire Econometric Forecasts – Transport and Storage Sector Employment (000s)



Source: BRES; SPRU Analysis of various forecasts (marker indicates 2020 base-date)

10.23 The Cambridge Econometrics forecast produces a very similar profile from 2020 onwards to that produced by the Experian LEP Growth Scenario assumptions applied from 2020.

10.24 The historical growth for Transport & Storage sector for South Staffordshire from 1994-2019 (the period that the CE forecast estimation is based on, when extending the historical relative relationships with the region/UK) is 6.9% pa compared to 3.1% pa in the region and 1.4% pa in the UK. The 2019 estimate for employment in the Transport and Storage sector has a significant impact on analysis for the trend period and may to correlate with the delivery of large amounts of floorspace including atypical schemes for Gestamp and Amazon and Bericote Four Ashes.

10.25 On a sector-by-sector basis this historical growth relative to the region or UK (depending on which area it has the strongest relationship with) informs the assumption that those relationships continue into the future. Thus, if a sector in the local area outperformed the sector in the region (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future.

10.26 Historically, this sector outperforms both the region and the UK quite substantially. This relationship is therefore assumed to continue in the forecast. Over 2020-2050, local employment is projected to grow by 0.9% pa compared to 0.7% pa and 0.3% pa in the region and the UK respectively.

10.27 What this means in practice is that South Staffordshire has shown a location quotient relative to the West Midlands Region over the forecast period that remains broadly stable. There has been a longer-term change in the profile of the sector, where the Location Quotient increased

from 0.5 to 1.1 over 1981-2019. Between 2020 to 2040 the change is only from 1.12 to 1.16. The change when comparing the Location Quotient with England is more significant – increasing from 1.38 in 2020 to 1.56 in 2040.

10.28 In contrast the Oxford Economics forecast shows a fall in employment within the Transport & Storage sector from 2020. This is due to a slightly weaker outlook compared to the regional and national position when applying OE's top-down approach to forecasting. The forecast for transport and storage in South Staffordshire is driven by the consumer spending forecast (the rationale being that higher spending leads to higher demand within the sector). Against this measure, South Staffordshire's consumer spending forecast lags both the regional and UK average, thus explaining the relatively weaker outlook for the sector. This includes a weaker 'bounce' following the Coronavirus pandemic.

10.29 The nature of the OE forecasting methodology is less suited to reflecting the sub-regional drivers of market demand that have supported the promotion of the WMI proposals.

10.30 The unadjusted Experian forecast shows effectively stable levels of employment in the Transport & Storage sector from 2020 onwards. The local authority district figures for the Transport and Storage sector are disaggregated using a simplified version of the top-down approach, which first ensures 2-way scaling between the regional and UK totals – based on the regional series first and subsequent sector splits that are constrained to regional totals and the UK series. Local authority district (LAD) figures are prepared on a simplified disaggregation where the sectors for a particular LAD must sum to the total for the individual LAD and all LAD totals for a particular sector must sum to the regional sector.

10.31 The Experian forecast reflects that South Staffordshire is a relatively small local area within the West Midlands, accounting for around 1.3% of the region's total employment. As such the final figures at this granular level are shaped by the regional trends and additionally skewed by the larger LAD totals within the region. When the Transport and Storage sector is viewed in a wider sub-regional context, including trends in Cannock Chase, Stoke-on-Trent and Newcastle-under-Lyme, the sector has been far more positive in other LADs. When deriving the forecasts, given the larger size of these areas, their more promising outlook outweighs the potential for South Staffordshire.

10.32 The Experian forecast is also informed by historic trends from 1997. Over the historic period the Transport and Storage sector has demonstrated a fair degree of volatility, broadly referred to as a 'shakeout' where employment in the sector as a proportion of total workforce jobs fell sharply to 2013 (from a mid-2000s peak) to below the West Midlands average. The recent improvement from 2013 is aligned to what has been witnessed at the wider regional level and not exceptional when viewed as a change in the proportion of total workforce jobs (although activity by sub-sector is likely to be very different compared to historic trends – in effect the profile of modern logistics may have replaced in large part former industries and activities in this sector such as postal couriers).

10.33 As such, given the dynamics of the region, the local area and this specific sector, the outlook for workforce jobs in Transport & Storage is relatively benign. The potential is on the upside given recent trends, considering that the Experian forecast smooths the most recent estimates of employment change.

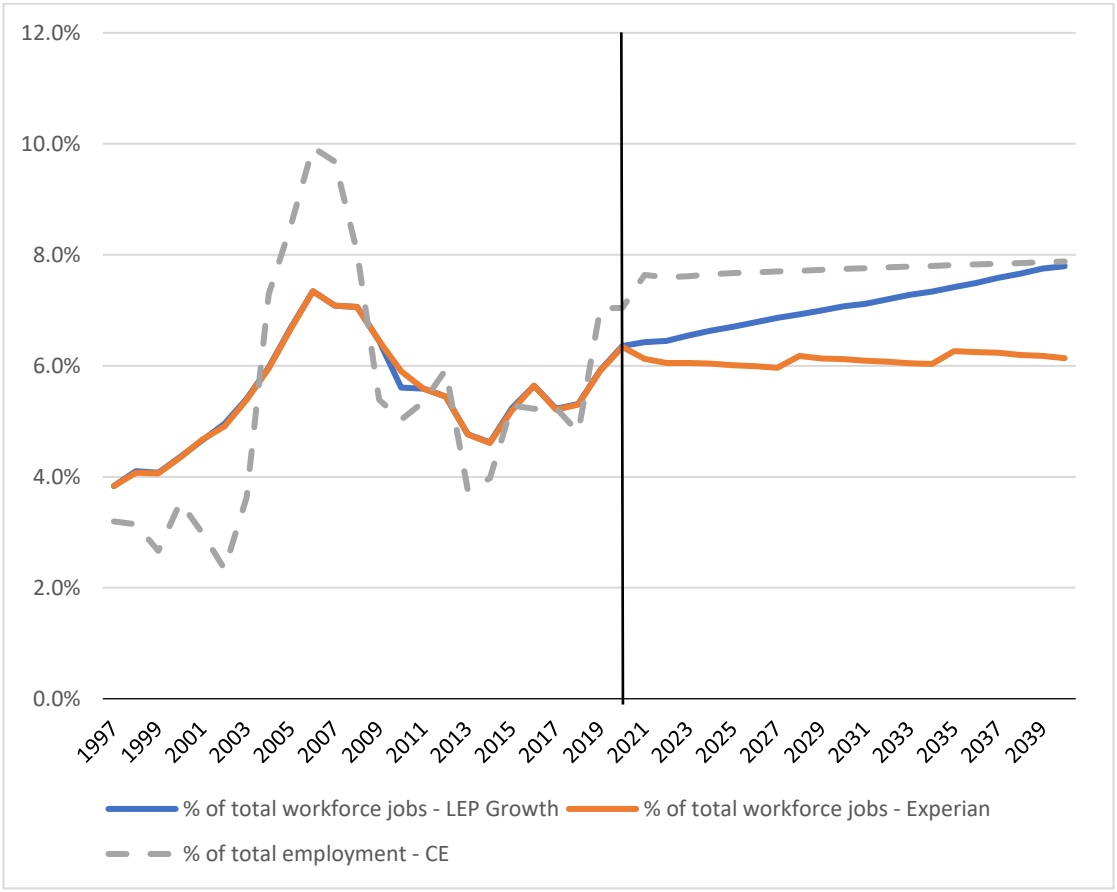
10.34 Because the Transport and Storage sector remains small in South Staffordshire there is currently only a negligible prospect that the forecasting methodology would account for meaningful changes in the scope of total employment. This would increase forecast total employment in the district (and resultant changes to the sectoral performance and total employment distribution across other LADs). Although unlikely, if needed, the labour supply within future iterations of the Experian forecast could respond to increased labour demand through higher participation rate, as well as changes in the commuting flow (essentially

consistent with the evidence examined as part of the WMI proposals).

10.35 It should therefore be noted that the methodologies of two of the three forecasting houses do not provide the basis to identify significant growth in the Transport & Storage sector at the district level. The reasonable prospects for growth in the sector are heavily dependent on reflecting wider regional and sub-regional trends, consistent with the evidence base for the WMI proposals. The application of the assumptions for the Transport & Storage sector applied to the LEP-based Growth Scenario in this EDNA achieve the incorporation of sub-regional trends into the forecasting methodology for this sector.

10.36 Figure 53 illustrates this, demonstrating that the proportion of the total workforce within the Transport and Storage Sector under the Growth Scenario increases to broadly match the position of the CE forecast, which remains stable over the period and broadly tracks the current West Midlands average that also remains stable (at a lower 6.7% - 6.9% 2020-2040 not shown on the chart below).

Figure 53. Transport & Storage Sector – Employment by Proportion of Workforce Jobs



Source: BRES; SPRU Analysis of various forecasts (marker indicates 2020 base-date)

10.37 This conclusion supports the close comparability demonstrated by the CE forecast and this EDNA's rationale for development of the Experian-based LEP Growth scenario for the Transport & Storage sector.

d) Relationship of WMI To Land Requirements for the Transport & Storage Sector

10.38 This EDNA does not identify grounds to set out a separate scenario for South Staffordshire that identifies a requirement of land and floorspace for economic development in the district that specifically reflects estimates for total employment at the WMI site. This would not be an appropriate interpretation of the evidence base for the SRFI or its relationship to the relevant economic forecasts.

10.39 Instead, the Experian-based LEP Growth scenario forms a reasonable basis to identify the proportion of land within the WMI (Use Class B8) that can be attributed to requirements for economic development in South Staffordshire based on labour demand scenarios. For the period 2020-2035, corresponding with the expected 15 year build-out of the WMI site, this reflects **a total of 10.0 hectares** based on Table 76 below.

Table 76. Net Employment Land Needs (ha) - Transport & Storage Sector Only Including Allowance for WMI Jobs (where stated)

			B8 Total
	2020-2035	**2035-40**	**2020-40**
CE	9.3	1.7	11.0
Experian	1.2	0	1.2
Experian + WMI	19.5	0	19.5
Experian-based LEP Growth Scenario	10.0	3.5	13.5
LEP Growth Scenario + all WMI jobs for South Staffs	18.8	3.5	22.3

10.40 This is based on the rationale that the adjustments within the Growth Scenario capture the same sub-regional indicators of demand that the WMI proposals will seek to satisfy as a result of the development of new distribution floorspace.

10.41 This Experian-based LEP Growth forecast shows an increase in employment of around 880 jobs in the Transport & Storage sector from 2020 to 2040. Around 660 of these jobs would be created in the period 2020-2035, corresponding with the WMI build-out period, assuming a linear delivery of the Growth forecast. If taken up by South Staffordshire residents this is equivalent to around 42% of the total forecast for job creation at WMI expected to be taken up locally (c.1,560 jobs).

10.42 The forecasts therefore indicate that there is no quantitative basis to provide for an additional pipeline of land for storage and distribution in South Staffordshire beyond the pipeline of supply at WMI that can be attributed to forecast labour demand in the district. This is on the basis that the development of the SRFI at WMI is consistent with the justification for identification of the growth scenario for the Transport & Storage sector.

10.43 For the avoidance of doubt the land and floorspace requirements associated with the additional jobs within the Transport & Storage Sector should be accounted for on a 1-for-1 basis in terms of the relationship between the Experian-based LEP Growth forecast and the representation of the WMI proposals within this labour demand scenario.

e) Scenarios for the Provision of B8 Land and Floorspace Within and Outside WMI from 2020

10.44 There are, however, more detailed qualitative and quantitative reasons to provide for additional land and floorspace for B8 storage and distribution uses over the plan period to support the operation of relevant sectors (including Transport & Storage) outside of the WMI site. This can be justified on the grounds of the uncertainty in the characteristics of land and floorspace required to satisfy the range of baseline forecasts for labour demand in the Transport and Storage sector and the extent to which these needs will continue to be met through existing land and floorspace, including that resulting from recent development prior

to the 2020 base-date for this assessment.

10.45 The justification to consider additional land and floorspace for B8 uses outside of the significant commitments at WMI is provided by four separate considerations:

- The extent to which the WMI proposals make provision for the increased retention of the resident labour force in South Staffordshire through additional employment opportunities and reductions in unemployment and out-commuting
- The treatment of monitoring the development of land under Use Class B8 occurring prior to the delivery of WMI, including in the 2018 to 2020 period.
- The baseline characteristics of each forecast, which may be affected by recent development trends (including the importance of a flexibility margin)
- The relevance of the forecast period from 2035-2040 after the expected build-out of the WMI site

10.46 When comparing the range of scenarios for the purposes of the proposals at WMI it is necessary to compare the implications for net B8 land use in respect of the Transport & Storage sector only. This is so that the forecasts can be compared on a like-for-like basis, taking account that the prospects for changes in levels of employment in other sectors such as construction and distribution (wholesale) affecting the total calculation of B8 land requirements but not relating directly to the WMI proposals.

10.47 This is particularly relevant to moderating the effect of forecast net losses of construction jobs in the unadjusted Experian forecast and differences in the prospects for the manufacturing sector across the forecast scenarios.

i) ***Sensitivity Testing of Employment Growth at WMI***

10.48 A separate sensitivity test has been undertaken that reflects the difference between the unadjusted Experian forecast and levels of employment at WMI expected to be taken up by the resident labour force in South Staffordshire. This can be compared to the unadjusted baseline forecast.

10.49 This scenario is based on a total of 1,560 jobs of which 80% are attributed to the Transport & Storage sector (c.1,245 jobs). This takes account of the evidence base for the WMI proposals identifying that the SRFI will support jobs in sectors including engineering, technical testing and analysis, and the digital economy.

10.50 Take-up of this level of employment in the sector by South Staffordshire residents would be equivalent to 19.5 hectares of B8 land use at the WMI site (i.e., +18.3 hectares compared to the minimum baseline scenario).

10.51 The same assumptions applied to the Experian-based LEP Growth scenario to provide for the full estimate of job creation at WMI would indicate provision +8.8 hectares of Use Class B8 Land compared to the Growth Scenario based on past trends within the Transport & Storage sector across the sub-region. This is derived from an additional c.580 jobs not already captured by the Growth Forecast for this sector over the 2020-2035 period (660 + 580 = **1,240 jobs**).

10.52 It is helpful to consider that the change in employment associated with the addition of all estimated WMI jobs to the Growth Scenario is unlikely to have significant implications for labour supply in South Staffordshire. The estimated total to fully account for potential job creation at WMI is a reflection of the expected increases in employment resulting from reduced unemployment and reduced out-commuting of the labour force in South Staffordshire.

10.53 Provision for labour demand within the WMI proposals that the evidence base suggests is attributable to employment of the labour force in South Staffordshire but not presently

captured in any forecast scenario (i.e. the 10.0ha identified in paragraph 10.39 above) can be identified on the basis of the difference between the Experian-based LEP Growth scenario and the findings of this scenario *plus* all WMI jobs within the Transport & Storage sector (22.3 – 13.5 = **8.8 hectares (see Table 76 above)**).

10.54 The apportionment of land within the WMI proposals as a component of the forecast labour demand scenarios set out within this EDNA based on prospects for the specific Transport & Storage sector should therefore be considered conservative. This is because the type of jobs growth at the SRFI is expected to include activity in other sectors including the Digital Economy, Engineering and also Construction. Employment growth within these sectors is already factored into the overall Experian-based LEP Growth scenario.

10.55 It is not proposed to suggest that a component of provision towards any level of potential jobs growth across these other industries and sectors should be attributed to a proportion of the delivery of any non-B8 land and floorspace at the WMI proposals. In other words, potential expectations for jobs growth in these other sectors at the WMI site have not been deducted from the forecast Growth scenario. The simplest reason for this is that the consented WMI proposals comprise B8 land and floorspace in their entirety. This approach also adds robustness in that the recommendations of the EDNA reflect that South Staffordshire district makes provision for land and floorspace for these jobs outside of WMI based on forecast trends continuing (i.e., reflecting that jobs in these sectors are not commonly apportioned to B8 land uses).

10.56 There is also further uncertainty that jobs growth at the WMI within these cross-cutting sectors may primarily generate opportunities to increase the proportion of the resident labour force within South Staffordshire employed within the district through reduced out-commuting and reduced unemployment. This would have the result of not displacing existing labour demand in these sectors within South Staffordshire into activity at the WMI. This reflects that the contribution that the WMI makes to jobs growth in other sectors is likely to be complementary rather than a replacement for the overall prospects of jobs growth.

ii) ***Relationship with the Delivery of Storage and Distribution Floorspace, 2018 to 2020***

10.57 The significant changes in employment recorded in the sector between 2018 and 2020 are reflected differently in each forecast.

10.58 By way of comparison net requirements for 8 hectares of additional land use for the Transport & Storage are identified from the baseline Experian forecast if applied for the period 2018 to 2038. This cannot realistically be considered as a separate guideline for provision of land for Use Class B8 over the whole 2018 to 2038 period. 6.4 hectares of this total would be attributable to estimates of changing employment between 2018 and 2020.

10.59 With reference to past take-up modelled figures for the 2018 to 2020 period in each forecast would exceed the 0.8 hectare average for B8 uses (see Table 29 in Section 6, page 87 – 15.5ha / 20 = 0.775ha per annum). This is because the past take-up analysis excludes atypical schemes relating to the delivery of strategic distribution floorspace for Amazon and Gestamp at Bericote Four Ashes that impacts directly upon the 2018 to 2020 modelling period as one potential explanation for the increase in employment. This further reinforces the justification to exclude atypical schemes from the past take-up analysis.

10.60 This also requires consideration of the point that there will not necessarily be a close relationship between the delivery of jobs and floorspace over the short-term.

10.61 Notwithstanding the observations above the 2020 base-date for this assessment means that monitoring records prior to this date do not need to be reconciled directly with the findings of the labour demand scenarios and implications for the WMI proposals.

iii) *Relationship with baseline forecasts for the Transport & Storage Sector*

10.62 The 1.2 hectares shown in the unadjusted Experian forecast for the period 2020 to 2040 represents a minimum baseline level of forecast growth and acts as a guideline for reasons to support the provision of land for Use Class B8 for the Transport & Storage sector separately to the pipeline at WMI.

10.63 Alternatively, the 11.0 hectare figure for the Transport & Storage sector derived from the CE forecast would therefore form one appropriate potential basis for an upper guideline of qualitative requirements that would support delivery of a wider pipeline of land and floorspace within Use Class B8. This comprises the highest of the three baseline forecasts for the Transport & Storage sector. This also requires judgement on the extent to which the forecast labour demand from the Transport & Storage sector (consistent with the CE forecast and Experian-based LEP Growth Scenario) could be expected to continue without development of the WMI proposals.

10.64 The extent to which support for provision of land within Use Class B8 outside of the WMI site would support forecast labour demand scenarios within the Transport & Storage sector should also consider:

- A comparison of the 1.2 hectare to 11.0 hectare range with overall trends in past take-up
- A comparison with monitoring of delivery between 2018 and 2020, excluding atypical schemes delivered for Amazon and Gestamp at Bericote Four Ashes
- Calculation of overall gross requirements that already take account of past losses and a margin for flexibility - which cannot be attributed to performance of the SRFI at WMI prior to its impact on the forecast scenarios for labour demand

10.65 Taking account of these considerations indicates that it would be reasonable to provide for a greater level of flexibility in the Transport & Storage sector i.e., as per 11 hectares within the CE baseline. This is principally on the basis that under the assumptions of the CE forecast more modest levels of total employment growth, consistent with sustaining the total proportion of jobs in the Transport & Storage sector and the concentration of employment relative to the region, could be sustained by continuing past trends in the delivery of land excluding atypical schemes.

10.66 This suggests reasonable prospects for the Transport and Storage sector in the local economy without factoring the assumptions of additional growth relative to the sub-region (consistent with the profile of strategic distribution anticipated at WMI) that are consistent with the growth scenario.

10.67 This flexibility would have the additional benefit of sustaining the prospects for growth in the forecast period and ensuring that the uncertain relationship between the delivery of floorspace and job creation in the 2018 to 2020 period is not given greater weight. In other words, it may be inappropriate to discount the remainder of the CE forecast even if its assumptions relating to the total proportion of workforce jobs arising from estimated growth in the Transport & Storage sector between 2018 and 2020 are unreliable.

iv) *Implications of the LEP-Based Growth Forecast for the 2035-40 Period and Other Sectors*

10.68 The final two considerations from the forecast scenarios leading to the recommendation of provision for a pipeline of land and floorspace within the B8 Use Classes outside of the WMI proposals relate to the conversion of sectoral employment forecasts to Use Class and the modelling of the Transport & Storage sector post-2035 (upon which comparisons with expected jobs growth at WMI have been based).

10.69 The Experian-based LEP Growth scenario provides for a growth in Construction jobs together with a moderated forecast for prospects within the Manufacturing sector. A proportion of employment growth in these sectors can be attributed to land requirements under the B8 Use Class. The total generated within the forecast scenario can be derived from the difference between land requirements for the Transport & Storage sector. Taking account of net changes across all other relevant sectors between 2020 and 2040, including trends towards remote working, generates a small net additional requirement for land and floorspace in Use Class B8 of 0.5 hectares (14.0 [50] – 13.5 = **0.5 hectares**).

10.70 In addition, the LEP-Based Growth scenario assumes an even rate of jobs growth in the Transport & Storage sector beyond 2035. This generates expected employment growth of around 220 jobs for the period 2035-2040 that are not counted towards the comparison between the growth forecast and WMI proposals for the previous 2020-2035 period. Forecast growth in the sector for the last five year period would generate a further net additional requirement for **3.5 hectares of land**. Notwithstanding the uncertainties relating to the phasing of scenarios based on forecast labour demand this part of the forecast means this total is separate to the apportionment of land in at the WMI SRFI.

10.71 As both totals cannot be apportioned to the WMI proposals these represent justification for provision for land within the B8 Use Class, additional to the 1.2 hectare baseline scenario for the Transport & Storage sector from Table 76 above (0.5 + 3.5 + 1.2 = **5.2 hectares**).

[50] See Table 72 for how the Growth Scenario figure was derived based on 'working from home' adjustments.

f) Conclusions Regarding Implications for Total Gross B8 Land and Floorspace Needs and Apportionment of Demand Arising from WMI

10.72 Table 77 below summarises the range of assumptions considered within this section relating to the gross needs for employment land requirements within the B8 Use Class, taking account of the implications of the consented WMI SRFI proposals. The calculation comprises the following elements:

i. Utilising sub-regional trends for the Transport and Storage sector as these are higher than local trends and are considered to better reflect the likely level of sub-regional demand (rather than local demand reflected in the forecasts). This suggests a need of some 13.5 hectares.

ii. A further 1.2 hectares associated with net needs for the Transport and Storage sector is retained from the Experian baseline forecast for the district. This is a forecast generated by the changes to the local rather than the sub-regional economy. It is therefore considered appropriate to be met in addition to the sub-regional trend-based adjustments applied separately to generate the Growth Scenario.

iii. To this has been added the outputs of the Growth Scenario forecast for net B8 land and floorspace needs for other sectors requiring B8 land and floorspace (0.5 hectares) which provide a local measure of labour demand for these uses not impacted by the specific sub-regional Transport & Storage sector trends and their relationship to WMI.

iv. A further addition has been proposed to take into account forecast future losses of B8 floorspace to other uses (this is based upon past trends) and requires 5.2 hectares as part of the conversion from net to gross requirements for land and floorspace.

v. An allowance has been made to provide for future flexibility. This is based on providing an extra five years' provision for growth based on past take-up rates for all sectors providing for B8 floorspace. This is calculated by using the recent take up of B8 land and floorspace outside of large 'one-off' schemes on existing strategic sites and separate to the strategic allocation at WMI. Average take-up of 0.78ha (based on the last 8 years' data) has been extrapolated to five years to result in a further requirement for 3.9 hectares for all B8 uses. This represents flexibility in the calculation of net to gross requirements as opposed to an alternative scenario based solely on past take-up applied to the full 20-year period.

vi. This provides a total gross need of 24.3 hectares

vii. In the above scenario we have modelled the local need outside of the sub regional forecast as being 1.2 hectares. However, the CE forecast, which reflects local rather than sub-regional growth produces a much higher requirement (11ha) than the 1.2 hectares of the Experian model and so it is appropriate to ensure that provision is made for this potentially higher level of growth which would require some 11 hectares.

viii. Adding the CE higher local level of growth (11ha) takes the gross requirement to 35.5 hectares. The gross need calculation has been undertaken using the Experian forecasts plus an allowance for losses (5.2 hectares) and flexibility based on past build rates (3.9 hectares) (5.2 + 3.9 = total 9.1 hectares). So, while it is appropriate to ensure that provision is made for this potentially higher level of growth which would require some additional 11 hectares it is important to avoid double counting the elements of local growth and flexibility included in the gross needs calculation, which have to be subtracted from the higher requirement of 11 hectares.

ix. From the 11 hectares has to be subtracted the Experian locally based projection 1.2 hectares as both figures essentially representing different local growth forecasts

x. There has already been an allowance of 3.9 ha made for flexibility using an approach

based on past take-up. A proportion of this must be removed to avoid double counting of the Transport & Storage sector. According to the CE forecast this sector has a growth rate of approximately 0.5 hectares per annum (11 hectares / 20 years). Therefore, provision for an additional 5 years would be 2.5 hectares (0.5 x 5 = 2.5 hectares). This would leave some 1.4 hectares of the 3.9 hectares flexibility allowance using past build rates to provide for non-Transport & Storage sectors. Given that the 3.9 hectares is already within the gross needs calculation, we have deducted the 2.5 hectares which relates to growth of the Transport & Storage sector as this is already accounted for by the 11 hectares total under the CE forecast.

xi. The application of adjustments to avoid double-counting inclusion of the CE local labour demand forecast reduce the additional provision for flexibility to 7.3 hectares (11 – (1.2+2.5) = 7.3). 7.3 hectares. This results in total gross needs of **31.6 hectares** comprising the Experian-based Growth Scenario plus additional flexibility.

Table 77. Breakdown of Gross Requirements for B8 Land and Floorspace and Recommendations for Additional Flexibility

	Components of Gross Labour Demand	2020-2040 (hectares)	Cumulative Total
i	Net B8 Land Use – Transport & Storage Sector (Growth Scenario based on sub-regional trends)	13.5	13.5
ii	**Plus** Transport & Storage Sector - Experian Baseline	1.2	14.7
iii	Net B8 Land Use from Other Sectors – Growth Scenario	0.5	15.2
iv	Allowance for Losses[51]	5.2	20.4
v	Allowance for Flexibility[52]	3.9	24.3
vi	**Total - Gross Needs**		**24.3**
vii	Transport & Storage Sector based on CE Forecast[53]	11	35.3
viii	***Total Potential Gross Needs plus Additional Flexibility from CE Forecast***		*35.3*
ix	***Minus*** Transport & Storage – Experian Baseline	-1.2	34.1
x	***Minus*** Existing Margin for Flexibility (accounted for in overall Gross Needs Calculation)	-2.5	31.6
xi	**Total Gross Needs plus Additional Flexibility (vii + xi)**		**31.6**

Source: SPRU Analysis

10.73 Table 78 summarises the apportionment of these gross needs including their relationship with the SRFI, as a proportion of the gross total of 31.6 hectares identified in Table 77 above.

10.74 Row (i) of Table 77 reflects that sub-regional growth trends within the Transport & Storage sector, which the WMI site within South Staffordshire is expected to provide for, have been included in a labour demand Growth Scenario for the district.

[51] See Table 70.
[52] See section 9(b)(xii)
[53] See Table 76 (row 2) and paragraph 10.63

10.75 Of the 31.6 hectares required for B8 uses over the Plan period under the Growth Scenario some 10.0 hectares are already provided for in the WMI development, for the period to 2035. This is derived from capturing sub-regional trends in the Transport & Storage sector within the Growth Scenario forecast for the proposed WMI build-out period of 2020 to 2035. This forms part of the gross employment land needs for South Staffordshire district and can attributed to reasonable prospects for growth within the Experian-based LEP Growth forecast for South Staffordshire.

Table 78. Summary of Relationship Between Gross Employment Needs for B8 Uses Taking Account of Consented WMI Proposals

	Apportionment of Gross Need	**Provision to be met by WMI 2020-2035**	**Other B8 Uses / Flexibility / Transport & Storage Sector Post-2035**	**Total**
i	Net B8 Land Use – Transport & Storage Sector (Growth Scenario based on sub-regional trends)	10	3.5	13.5
ii	Net B8 Land Use from Other Sectors – Growth Scenario	N/A	0.5	0.5
iii	Transport & Storage Sector - Experian Baseline	N/A	1.2	1.2
iv	Allowance for Losses (5.2 hectares) + Flexibility (3.9 hectares) (sum of rows iv and v from Table 77 above)	N/A	9.1	9.1
v	Recommended Additional Allowance for Flexibility	N/A	7.3	7.3
vi	***Total Apportioned Gross Needs ((i + ii + iii + iv + v)***	10	21.6	31.6
	Supply Demand Balance versus WMI Apportionment	***WMI***	***Elsewhere***	***Total***
vii	Consented Supply Equivalent to 1,240 Transport & Storage Sector Jobs	18.8	N/A	
viii	Surplus/Deficit versus Gross Needs (vii – vi)	+8.8	N/A	8.8
ix	**Total Recommended Provision - Reflecting assumptions for local job creation within consented WMI supply (vi + viii)**	**18.8**	**21.6**	**40.4**

10.76 Table 78 also compares the measure of labour demand associated with the WMI proposals (10 hectares) summarised above with expectations for job creation at this location. The figure of 18.8ha (row vii) captures the assumptions for job creation anticipated to be taken up by South Staffordshire residents as explored through the DCO process and informing the position in the emerging Local Plan and proposed allocation of the site under Policy SA7.

10.77 The 18.8ha total is a measure of the 'supply side' of this policy and it is appropriate that the Council's 'share' includes within its provision expected jobs growth in a consented scheme. The labour demand for total expected job creation for South Staffordshire residents is presently 'unsourced' (consistent with previous work this would be assumed to be drawn from reduced out-commuting or reduced unemployment) but cannot be subtracted from an existing forecasted B8 requirement derived in-line with sub-regional trends captured by the labour demand scenario.

10.78 The apportionment of an additional 8.8 hectares of the WMI scheme would therefore be consistent with the total expected take-up of labour in the Transport & Storage sector by South Staffordshire residents, where not already captured in labour demand scenarios.

10.79 All other components of the gross employment land needs within the Use Class B8 (21.6 hectares) fall outside of the Growth Scenario assumptions for sub-regional trends within the Transport & Storage sector and are thus considered separately to the SRFI at WMI. A total gross requirement of **21.6 hectares** is identified separately to the assumptions for WMI.

10.80 The overall recommendations of this EDNA in Section 12 further consider the extent to which this total corresponds with potential delivery towards the labour demand forecast on sites excluding WMI but including other extant strategic allocations.

g) Updated Summary of Gross Employment Land Needs and Recommendations for Future Provision – Taking Account of WMI Proposals

10.81 Further to Table 75 in Section 9, inputs to the Growth Scenario have been considered in terms of their relationship with the consented Strategic Rail Freight Interchange proposals at WMI.

10.82 Relevant changes affect gross needs for land within Use Class B8 only and comprise the addition of forecast changes within the Transport & Storage sector from the Experian baseline forecast (**1.2 hectares**), in addition to the growth scenario assumptions.

10.83 Together with B8 land use requirements from other sectors and baseline growth in the Transport & Storage sector within the Experian forecast a further **7.3 hectares'** flexibility should be provided for B8 land uses. This is to reflect the overall prospects for the Transport & Storage sector to at least maintain the current proportion of total workforce jobs, consistent with past take-up trends, without delivery of the WMI proposals.

10.84 Table 79 below summarises these implications for the Growth scenario.

Table 79. Total Gross Employment Land Needs (ha) – Growth Scenario Taking Account of WMI Proposals, 2020-40

	B1a/b	B1c/B2	B8	Total
Growth Scenario incorporating review of Transport & Storage sector	6.7	25.3	24.3	**56.2**
Baseline Forecast Additional Flexibility for Transport & Storage Sector	-	-	7.3	**-**
Total Gross Employment Land Needs Incorporating Apportionment of WMI	**6.7**	**25.3**	**31.6**	**63.6**
Additional WMI Apportionment (further take-up)	-	-	8.8	**-**
Total Growth Scenario incorporating Adjustments for Provision at WMI	**6.7**	**25.3**	**40.4**	**72.4**[1]

10.85 Table 78 summarises that **10.0 hectares** of land within the consented WMI SRFI proposals should be attributed to reasonable prospects for growth within the Experian-based LEP Growth forecast for South Staffordshire (forming part of the 24.3 hectares set out in the top row of the table providing the Growth Scenario).

10.86 This equates to a total gross requirement, excluding allowance for the WMI site, of 21.6 hectares. Of this total 14.3 hectares is already accounted for in the 24.3 hectares (shown under rows (i) to (iv) in Table 78 above) prior to the application of 7.3 hectares' additional flexibility applicable separate to accounting for the SRFI proposals at WMI.

10.87 The apportionment of an additional **8.8 hectares** of the WMI scheme would be consistent with the total expected take-up of labour in the Transport & Storage sector by South Staffordshire residents, where not already captured in labour demand scenarios. This does not form part of the 24.3 / 31.6 hectares for gross needs set out above.

10.88 A total requirement of B8 land and floorspace of around 21.6 hectares (40.4 –18.8) should be measured separately to WMI for the period from 2020 to 2040, taking account of the reasonable prospects for Transport & Storage and other sectors outside of the Growth Scenario assumptions relating to a strengthening of the Transport & Storage sector relative to the sub-region.

[1] Of which a total 18.8 hectares is attributable to modelling of the potential take-up of jobs at the WMI site by South Staffordshire residents including 8.8 hectares additional to assumptions in the current labour demand forecasts

Key Points

- The nature of the West Midlands Interchange SRFI development means it will perform a wider sub-regional and regional role in meeting the needs of the Transport and Storage sector, including the rail freight industry and wider demand for distribution and logistics operations. This EDNA therefore considers the potential impact of the WMI development for measures of labour demand in South Staffordshire including the district's current relationship with this sector. This is considered together with what proportion of WMI can be considered to be meeting South Staffordshire's employment land needs and what proportion may be considered as contributing towards the unmet needs of neighbouring authorities.
- The SRFI proposals are not currently reflected in existing economic forecasts and resulting labour demand scenarios for South Staffordshire. The adjustments made to the Transport & Storage sector to produce the LEP Growth Forecast already, to some degree, reflect the sub-regional growth in this sector that is expected to be delivered by WMI and can therefore be attributed to the requirements for economic development (Use Class B8) in South Staffordshire based on the labour demand scenarios.
- Further analysis indicates that an **additional 8.5 hectares** should be provided in the total B8 land use requirement to provide flexibility for performance of the sector that may take place outside of WMI (7.3ha) plus accounting for baseline growth in the Transport & Storage sector within the baseline Experian forecast (1.2ha) that has not been subject to the Growth Scenario adjustment that this EDNA treats as synonymous with sub-regional demand of the type to be met by the WMI proposals. The provision for additional flexibility and demand indicated by the baseline forecasts is to reflect the overall prospects for the Transport & Storage sector to at least maintain the current proportion of total workforce jobs in South Staffordshire, consistent with past take-up trends, without delivery of WMI.
- **10.0 hectares** of the 36.1 hectares gross total required for B8 uses over the Plan period under the Growth Scenario have been attributed to the WMI development. In addition, **WMI adds a further 8.8 hectares to the 10.0 hectares employment land (for B8 uses) already attributed to WMI in the Growth Scenario**. This is a measure of the additional jobs provided at WMI that it is anticipated will be met by the existing South Staffordshire labour force through either reduced unemployment or reduced out-commuting. **This totals 18.8 hectares of WMI that is attributable to SSDC.**
- With these additional flexibilities and adjustments, this results in a total B8 land requirement under the Growth Scenario of **40.4 hectares**, of which 18.8 hectares can be attributed to labour demand associated with the WMI proposals and their sectoral offer.

11.0 CONCLUSIONS ON ECONOMIC GROWTH AND EMPLOYMENT LAND NEEDS

a) Future Economic Growth

11.1 The starting point for assessing future employment growth is the econometric forecasts. Three econometric forecasts have been assessed:

- Cambridge Economics (CE)
- Oxford Economics (OE)
- Experian

11.2 These forecasts were produced in November 2021 and run to either 2040 or 2041. All forecasts take account of the impacts of Brexit and COVID-19 in their modelling. The forecasts provide different conclusions on future jobs growth in South Staffordshire due to their different modelling methodologies and assumptions. From 2020 the three forecasts show very different future prospects for South Staffordshire.

11.3 All forecasts show a significant decrease between 2019 and 2021, with total employment remaining below pre-Covid levels:

- CE shows a decrease of 1,930 jobs (-4.4%) from 44,065 jobs in 2019 to 42,133 jobs in 2021 and not returning to total pre-Covid levels until 2027. The CE data provide the only estimate indicating that total employment increased between 2020 and 2021 as part of a partial recovery towards 2019 levels.
- Experian shows a decrease of 1,500 jobs (-3.5%) from 42,300 jobs in 2019 to 40,800 jobs in 2021 and not returning to pre-Covid levels until 2028/29.
- OE shows a decrease of 2,340 jobs (-5%) from 46,510 jobs in 2019 to 44,170 jobs in 2021 – with the OE forecast never indicating a return to pre-Covid employment levels in the forecast period.

11.4 Table 80 sets out the jobs growth in each forecast by employment sector. As a general observation, for the majority of sectors the OE forecast is more negative than the other forecasts, with Manufacturing in particular being considerably more negative. However, there are some sectors where the differences between the forecasts are large enough to warrant further analysis to consider the reasons for the discrepancies. These are set out in detail in Appendix 3.

Table 80. Forecast Jobs Growth by Broad Sector, 2020-2040

	CE	Experian	OE
Agriculture, Forestry & Fishing	50	500	-420
Extraction & Mining	-100	0	-70
Manufacturing	-510	1900	-1880
Utilities	20	0	-60
Construction	240	-600	40
Wholesale & Retail	110	500	-270
Transport & storage	740	100	-270
Accommodation, Food Services & Recreation	1500	100	-40
Information & communication	240	100	50
Financial, Professional & Business Services	1420	800	760
Public Services	1300	-400	-160
Total	**5010**	**3000**	**-2320**

Source: CE, Experian and OE forecasts

11.5 The analysis set out in Section 7 shows that the Experian forecast is considered to provide the most positive yet realistic basis for planning for future economic growth in South Staffordshire compared to the other forecasts.

11.6 In accordance with PPG, assessments of future economic growth should take account of LEP Local Industrial Strategies (LIS). A number of adjustments have therefore been made to the Experian forecast to take account of the growth sectors identified in the Stoke & Staffordshire LEP's LIS and Strategic Economic Plan, as detailed in Section 7(c). These adjustments have been applied to the following identified growth sectors, in order to derive an Experian-based LEP Economic Growth Scenario:

- Construction
- Transport & storage
- Professional Services
- Manufacturing
- Information & communication

11.7 For the other LIS growth sectors, these are either forecasted sufficient growth in the Experian scenario to not warrant a further uplift or are not specialisms of South Staffordshire (but rather other districts within the LEP area) and so do not justify any adjustment.

11.8 The LEP Growth forecast produces 4,824 net additional jobs over the plan period, representing an annual growth of 241 jobs compared to 150 in the Experian forecast, as illustrated in Table 81 below.

Table 81. Growth Scenario – Total Employment Growth (by Broad Sector)

	2020	2040	Net Change 2020-2040
Agriculture etc	1,500	2,000	500
Mining & quarrying	0	0	0
Manufacturing	4,800	6,023	1,223
Electricity, gas & water	400	400	0
Construction	5,000	5,473	473
Distribution	5,100	5,500	400
Transport & storage	2,600	3,482	882
Accommodation & food services	3,200	3,300	100
Information & communications	500	794	294
Financial & business services	6,500	7,653	1,153
Government services	8,600	8,300	-300
Other services	1,700	1,800	100
Total	**39,900**	**44,724**	**4,824**

Source: CE, Experian and OE forecasts

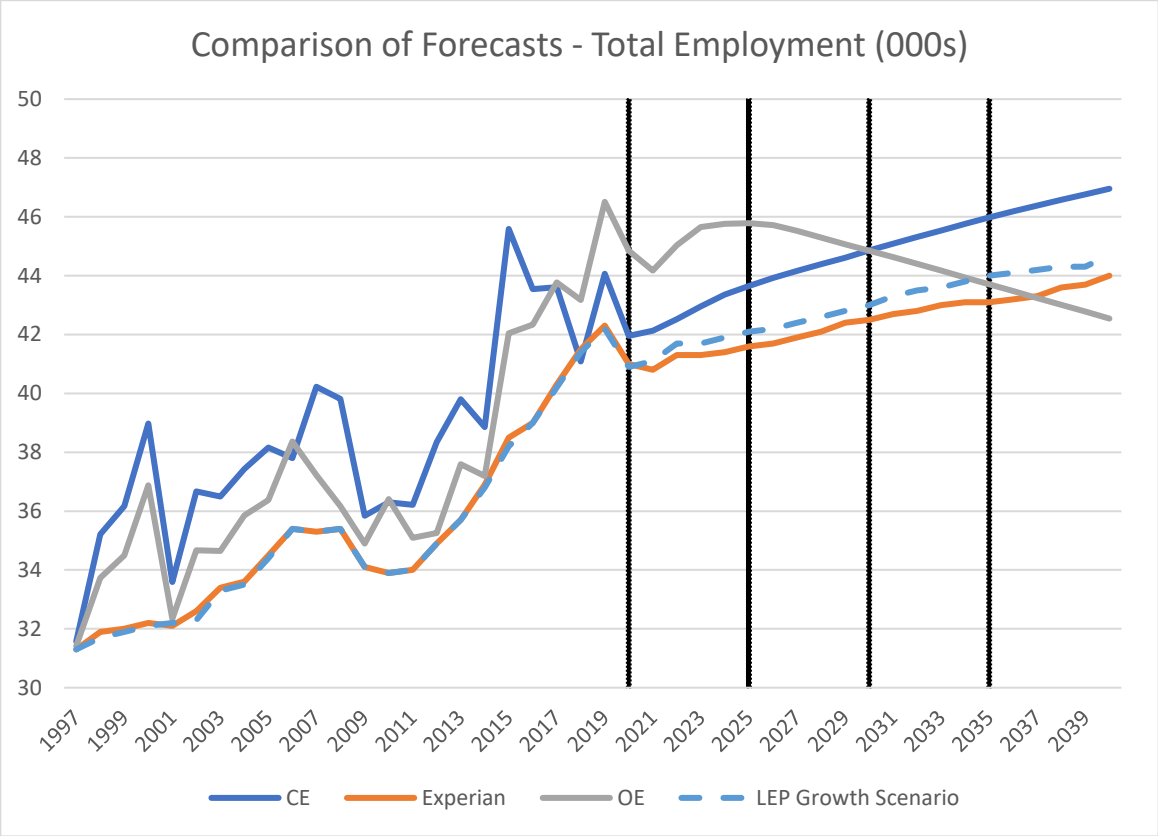
11.9 The LEP Growth forecast shows an annual growth rate of 0.57% per annum compared to 0.35% in the Experian forecast and 0.56% in the CE forecast. For comparison, the growth rate seen in South Staffordshire since the last 'trough' in 2011 (2011-2018) is between 1.8 and 3.0% per annum dependent on the assumptions between the forecasting houses. This is illustrated in Table 82 and Figure 54 below.

Table 82. Comparison of Forecasts for South Staffordshire

	Jobs Growth 2020-2040	Annual Growth Rate 2020-40
CE	5,010	**0.56%**
OE	-2,300	**-0.26%**
Experian	3,000	**0.35%**
Growth Forecast	4,824	**0.57%**

Source: SPRU Analysis of various forecasts. Note, the net change figures in this table have been rounded by sector to the nearest hundred.

Figure 54. Comparison of Jobs Growth Forecasts



Source: BRES; SPRU Analysis of various forecasts (five-year markers from 2020)

b) Risks Due to Brexit and COVID-19

11.10 Brexit and COVID-19 are two events which are likely to have significant impact on future economic performance for all local authorities in the forthcoming years. Section 8 of this report has considered the risks that COVID-19 / Brexit impact in two ways:

- Jobs retention and growth, which affects future job levels; and
- Changing working patterns, which affects the quantum of employment floorspace needed in future

11.11 All of the forecasts take account of both Brexit and COVID-19 but make a range of different modelling assumptions which result in the range of different outputs. As the forecasts have already taken account of Brexit and COVID-19 in their modelling, it was not considered appropriate to develop further sensitivity scenarios based on this analysis as this would mean taking account of the impacts of Brexit and COVID-19 for a second time.

11.12 However, considering the impact of COVID-19 on changing working patterns, the analysis shows that the lockdown restrictions have necessitated the increase in homeworking and this means a number of the barriers to homeworking have been overcome. This suggests that there will likely be higher levels of working from home in future, even once COVID-related restrictions and measures have been lifted. This suggests that calculations of future employment land should take account of the changing working from home patterns. We have taken account of this by estimating increasing rates of home working throughout the plan period. Homeworkers are then discounted from the calculations of future employment land requirements.

11.13 The changes in working from home rates have been calculated by using national data on home working by employment sector from ONS for the period 2012-19, which is then extrapolated forward to 2040, as shown in Table 83 below. This increase in homeworking for each sector is then factored into the employment land modelling.

Table 83. Percentage Working from Home per Sector[54]

	2015	2040
Manufacturing	3.7%	6.9%
Electricity, gas & water	2.2%	8.7%
Construction	4.1%	7.3%
Wholesale and retail trade	3.4%	6.1%
Transport & storage	1.5%	2.9%
Accommodation & food services	3.6%	2.4%
Information & communications	14.4%	23.3%
Financial & business services	8.5%	15.6%
Government services	2.7%	5.9%
Other services	9.7%	13.2%
All Jobs	**5.3%**	**9.2%**

Source: Derived from ONS data

c) Future Employment Land Needs

11.14 Future employment land needs have been calculated using a number of different scenarios and assumptions, as detailed in Section 9 (Table 65). The starting point for each scenario is the total net growth in employment in each sector shown in each forecast. A series of stages are then taken in order to estimate the quantum of floorspace required to support the scale of economic growth shown in the forecasts:

- The first step is to estimate the full time equivalent (FTE) jobs related to the total jobs growth. This is calculated for each sector based on the ratio of full-time and part-time employment jobs.
- The next step is to disaggregate the proportion of jobs growth in each sector by the type of employment (B Class) use class and non-employment use classes. This is based on the existing mix of jobs in each sector in South Staffordshire.
- This is translated into floorspace by assessing the quantum of floorspace required for each job using employment densities.
- The next stage is to convert floorspace requirements to land requirements using a plot ratio, which is the ratio of the size of land required to support the identified quantum of

[54] The data for the Agriculture, forestry and fishing and Mining and quarrying sectors has been omitted due to unreliable outputs based on the small sizes of these sectors. This does not affect the employment land requirement figures for South Staffordshire.

floorspace.

- The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period.
- Account is made of changing trends in working from home which is based on forecast increases in the number of people working from home in each sector.
- The final stage is adding a margin of flexibility to support changing business needs.

11.15 Taking the sum of the net employment land needs, the net to gross demand, and the flexibility margin identifies the total employment land requirement for South Staffordshire for the range of labour demand scenarios, as shown in Table 74 in Section 9. The outputs for each B Class use class are set out in Table 75 in Section 9.

11.16 The inputs to the Growth Scenario also take account of the consented Strategic Rail Freight Interchange proposals at WMI. The EDNA also compares the measure of labour demand associated with the WMI proposals (10 hectares) with expectations for job creation at the site (see Section 10) and allowances for district-wide flexibility and replacement for future losses.

11.17 This process identifies the gross employment land requirements for South Staffordshire over the period from 2020-40, as set out in Table 84 below.

11.18 Also set out below is a scenario based on past completion trends based on monitoring data recorded by the Council for 2012-19. Development in South Staffordshire over this period has been relatively strong, particularly in large-scale industrial floorspace that has recently been delivered at i54 and Four Ashes.

11.19 The completions trend scenario identifies an employment land requirement assuming that past trends seen over this period were to continue to 2040. The average annual completion figures within this scenario exclude atypical schemes, namely the industrial and office floorspace delivered at JLR (i54) and Amazon/Gestamp (Bericote Four Ashes).

d) Overall Conclusions of Gross Employment Land Needs

11.20 The employment land needs identified in each scenario are set out in Table 84 below.

Table 84. Total Employment Land Needs (ha) 2020-40 – Comparison of Scenarios

	B1a/b	B1c/B2	B8	Total
Labour Demand – CE	8.9	7.1	20.5	**36.4**
Labour Demand – OE	3.9	-7.1	2.0	**-1.3**
Labour Demand – Experian	4.8	30.0	6.1	**40.8**
Labour Demand – Growth Scenario	6.7	25.3	23.1	**55.1**
Total Objectively Assessed Gross Employment Land Needs	6.7	25.3	31.6	**63.6**
Growth Scenario taking account of WMI proposals and other adjustments[55]	6.7	25.3	40.4	**72.4**[1]
Completions Trend Scenario	10.5	37.6	15.5	**63.7**

[55] See Table 78

[1] Of which a total 18.8 hectares is attributable to modelling of the potential take-up of jobs at the WMI site by South Staffordshire residents including 8.8 hectares additional to assumptions in the current labour demand forecasts

Source: SPRU Analysis

11.21 The labour demand scenarios provide a more nuanced approach to employment land forecasting. They incorporate a wide range of factors including macro-economic – such as Brexit and COVID-19 – as well as local factors such as the LIS and stakeholder engagement. The labour demand scenarios do not anticipate significant growth in manufacturing, which was reflected in feedback from stakeholders which suggested manufacturing growth in the district was currently slower than other industrial uses, particularly warehousing and distribution.

11.22 This process identifies a range of employment land needs figures for South Staffordshire for the period 2020-2040. There is a relatively high level of overall synergy between the CE, Experian and Growth Scenario forecasts, with land requirements ranging between 36ha and 55ha. However, there are important differences by Use Class within each forecast, with the Growth Scenario producing the highest overall total for land in industrial/distribution uses and a more even profile of the land requirements across sub-sectors resulting in additional labour demand for these types of land and floorspace. This is considered to reflect the reasonable prospects for industries most closely associated with employment growth under the sectoral forecast.

11.23 The completions trend forecast provides a useful comparison to see how the forecast requirement compares to the past rates of delivery. This shows a higher rate of delivery of office and B1c/B2 industrial land than any of the labour demand scenarios. This is likely to reflect two principal factors: firstly, the uncertainty between the delivery of land and floorspace and net employment growth; and secondly the sub-regional background to planning for economic development in South Staffordshire.

11.24 COVID-19 restrictions have meant an increase in levels of home working, which is particularly applicable to office-based sectors. It is not yet clear the extent to which this change in working patterns is permanent or temporary and so the rates of remote working in future remain uncertain. However, this is likely to have an impact on the need for office floorspace in future. This is taken into account in the modelling via the increasing rate of homeworking in different sectors throughout the plan period which impacts more greatly on office-based sectors.

11.25 The stakeholder consultation identified that South Staffordshire is a preferable location for inward investment, particularly in the warehousing and logistics sector, and the Council has a strong track record of supporting these opportunities for growth including through the proposed development at WMI. Similarly, there are a number of locational factors – such as agglomeration of existing businesses and support services, access to a skilled labour market, and access to the national motorway network – which are very attractive for large occupiers. This is reflected in the existing business demography and the new businesses who have moved into the district in recent years.

11.26 Based on gross needs identifiable within the labour demand Growth Scenario the district's objectively assessed need for employment land comprises **63.6 hectares** as shown in Table 84 above (including 31.6 hectares within Use Class B8, taking account of providing additional flexibility for demand within the Transport & Storage sector outside of the SRFI proposals at WMI).

11.27 The apportionment of an **additional 8.8 hectares** of the WMI scheme would be consistent with the total expected take-up of labour in the Transport & Storage sector by South Staffordshire residents, where not already captured in labour demand scenarios.

11.28 With these additional flexibilities and adjustments, this results in a total B8 land requirement under the Growth Scenario (plus adjustments for consented supply at WMI and expectations for job creation for South Staffordshire residents) of **40.4 hectares** (31.6 + 8.8 hectares).

This forms part of a total recommended provision for land of **72.4 hectares**. Of this total 18.8 hectares can be attributed to labour demand associated with the WMI proposals and their sectoral offer.

11.29 In summary terms the recommendations of the Growth Scenario are considered to reflect these future economic prospects. This indicates that provision for labour demand associated with the continued success of the Transport & Storage and Manufacturing sectors, together with potential employment in a number of service sub-sectors with locational strengths (including links to the aforementioned industries) would support planning for the area's priorities in terms of economic development.

Key Points

- The LEP Growth forecast produces 4,824 net additional jobs over the plan period, representing an annual growth of 241 jobs or 0.57% per annum.
- As the LEP Growth forecast already takes account of Brexit and COVID-19 in the Experian modelling on which this forecast is based, it was not considered appropriate to develop further sensitivity scenarios based on this analysis.
- Calculations of future employment land needs do however take account of changing working patters and expected increases in home working.
- Taking the sum of the net employment land needs, the net to gross demand, changes in home working and the flexibility margin, the LEP Growth forecast projects a need for 55.1ha employment land over the plan period (2020-2040).
- The district's objectively assessed need for employment land comprises **63.6 hectares** as shown in Table 84 above (including 31.6 hectares within Use Class B8, taking account of providing additional flexibility for demand within the Transport & Storage sector
- Factoring in the additional B8 requirements for WMI which are not currently captured in the LEP Growth scenario (+8.8 hectares within Use Class B*), this results in the following total recommendations of provision for employment land and floorspace for SSDC:
    - B1a/b – 6.7ha
    - B1c/B2 – 25.3ha
    - B8 – 40.4ha
    - Total – 72.4ha

12.0 REVIEW OF FINDINGS, SUPPLY/DEMAND BALANCE AND POLICY RECOMMENDATIONS

a) Review of Context for EDNA Findings on Labour Demand

12.1 The findings of this EDNA demonstrate that there is a very strong relationship between an assessment of future requirements of land and floorspace to support economic development identified using either labour demand or past take-up scenarios. This is summarised in Table 85 below:

Table 85. Total Employment Land Needs (ha) 2020-40 – Comparison of Scenarios

	B1a/b	B1c/B2	B8	Total
Labour Demand – CE	8.9	7.1	20.5	**36.4**
Labour Demand – OE	3.9	-7.1	2.0	**-1.3**
Labour Demand – Experian	4.8	30.0	6.1	**40.8**
Labour Demand – Growth Scenario	6.7	25.3	23.1	**55.1**
Total Objectively Assessed Gross Employment Land Needs	6.7	25.3	31.6	**63.6**
Labour Demand – Growth Scenario taking account of WMI proposals and other adjustments[56]	6.7	25.3	40.4	**72.4**[1]
Completions Trend Scenario	10.5	37.6	15.5	**63.7**

Source: SPRU Analysis

12.2 This relative comparability is a marked departure from previous evidence within the district and follows a recent period of strength in terms of growth in employment and the delivery of new land and floorspace. The background to the realisation of these trends principally relates to previous activities in terms of plan-making and the subsequent delivery of sites identified as part of those processes where there was a recognised opportunity to support sub-regional priorities for economic development. This context is summarised in more detail in Section 6.

12.3 Policy recommendations considered in the context of the scenarios outlined above need to consider several relevant points. These have been explored through the quantitative and qualitative analysis undertaken in this EDNA, including as part of scenario development and preparation of the Growth Forecast described in Section 7. In summary the following observations are further evaluated in this Section as part of a review of the overall findings:

- There is a reason to isolate the impact of large scale one-off or strategic investment in specific sectors that the forecasts may either fail to reflect or represent disproportionately in terms of their relationship with labour demand scenarios
- Past delivery is nonetheless at least partly reflected in the forecasts as a measure of local labour demand
- There is also a relatively strong representation of sub-regional growth sectors within the respective forecasts contributing additionally to measures of potential labour demand but with a potentially less direct relationship with past delivery (i.e., with relatively low existing levels of employment within relevant industries)

[56] See Table 78

[1] Of which a total 18.8 hectares is attributable to modelling of the potential take-up of jobs at the WMI site by South Staffordshire residents including 8.8 hectares additional to assumptions in the current labour demand forecasts

- A very high proportion of delivery has been upon strategic sites, but not necessarily specifically captured by bullet one above (i.e., inward investment by Jaguar Land Rover). This makes the relationship between the background to sub-regional decisions regarding plan-making and their impact upon local labour demand scenarios or past take-up based scenarios uncertain.
- Sites identified through the previous sub-regional context for economic development are still being delivered – the scenarios identified must be interpreted in the context that the committed pipeline of sites identified to meet the background described above is still being brought forward.

12.4 In the simplest terms the recent trends in South Staffordshire's economy exist as a result of accommodating sub-regional needs and drivers to support and provide for economic development. The effect of this approach is embedded within any analysis of past completion trends and increasingly impacts upon measures of local labour demand.

12.5 This does not mean that the effects of previous strategies can be separately distinguished entirely in terms of the type and level of employment generated by the types of site provided. It is, however, fundamentally correct that scenarios identifying the requirements for land and floorspace to support economic development in South Staffordshire could be provided for across a combination of strategic and non-strategic sites, to reflect at least in part the larger-than-local reasons for identified labour demand in the District.

12.6 A useful starting point to consider the applicability of these points to this EDNA's contribution to policy recommendations is to separate the past take-up ('Completions Trend') scenario into a breakdown by delivery of strategic[57] and non-strategic sites, as shown in Table 86 below. The Completions Trend scenario has also been expanded to demonstrate the implications of including atypical schemes (JLR and Amazon/Gestamp) at the i54 and Four Ashes sites respectively:

Table 86. Breakdown of Completions Trend Scenarios by Strategic and Non-Strategic Sites Based on 2012/13-2019/20 Past Completions Trend

	B1a/b	B1c/B2	B8	Total
Completions Trend Scenario – Non-Strategic Sites	2.4	1.2	15.3	18.9
Completions Trend Scenario – Strategic Sites	8.2	36.4	0.2	44.8
Completions Trend Scenario – Strategic Sites + JLR + Amazon/Gestamp	15.5	146.7	78.8	241.1

Source: SPRU Analysis

12.7 The total sum of rows 1 and 2 (63.7ha) corresponds to the past take-up scenario analysed in Section 6(h). Losses for the period 2012/13 to 2019/20 (based on SSDC monitoring data[58]) have a relatively minor effect upon the past take-up scenario (amounting to around 0.5 hectares per annum) and generally occurring across a dispersed range of smaller and non-strategic existing sites. The replacement for future losses across the period 2020 to 2040 applied as part of the net-to-gross conversion of the labour demand scenarios has a relatively greater effect contributing 10.9 hectares to the overall requirement for land and floorspace. For the purposes of comparing the relationship between past take-up and labour demand

[57] Defined as i54 and Four Ashes
[58] See Table 26 and Table 29 for losses data.

scenarios it has not been assumed that replacement for future losses will be made on a like-for-like basis i.e., upon non-strategic sites.

12.8 Over the 2020 to 2040 period this would disproportionately impact upon the quantity of supply attributable to non-strategic sites, relative to past trends. Furthermore, the characteristics of delivery would indicate that due to the changing nature and demand for floorspace in terms of user requirements it is likely that modern provision upon more recently allocated strategic sites has already played some role in offsetting past losses e.g., to meet requirements for business expansion or the needs of different growth sectors.

12.9 This analysis also shows that there has been a very limited contribution of land and floorspace in Use Class B8 delivered upon strategic sites, with the exception of the Amazon/Gestamp scheme at Four Ashes.

12.10 In contrast, strategic sites have supported a diverse range of Use Class B2 development (and a substantial quantum of ancillary office floorspace) in addition to the very large facilities of Jaguar Land Rover.

12.11 Finally, the result of the past completions scenario incorporating atypical schemes demonstrates that this would be wholly divorced from the assessment of labour demand scenarios. This would disproportionately extrapolate forward the impact of large scale one-off investment not generally captured by the relevant forecasts.

b) Implications for Measurement of the Supply-Demand Balance on Strategic Sites

12.12 An approach having regard to past completions trends would be an appropriate basis to determine the proportion of the identified LEP-based Growth Scenario that might be accommodated within the pipeline of strategic sites (subject to their future delivery).

12.13 Table 87 below shows the distribution of past completions (excluding past losses) between strategic and non-strategic sites, based on SSDC monitoring data. To support the flexible use of land, completions in B2 and B8 Use Classes have been combined as part of this analysis.

Table 87. Analysis of Past Trends Completions Scenario by Strategic and Non-Strategic Sites

	B1	B2/B8
Delivery upon Strategic Sites	77%	69%
Delivery upon Non-Strategic Sites	23%	31%
Total	**100%**	**100%**

Source: SPRU Analysis

12.14 Table 88 below utilises the LEP-based Growth Scenario from Table 85 above and taking account of adjustments for the WMI site apportions how this would be accommodated if the delivery profile of the identified requirements for land and floorspace was delivered in-line with the breakdown by Strategic and Non-Strategic sites using the Completions Trend scenario – for example 25.3ha of land for B2 Uses would be apportioned as 69% to strategic sites.

Table 88. Apportionment of LEP-Based Growth Scenario by Strategic and Non-Strategic Sites

	B1 (ha)	B2 (ha)	B8 (ha)	Total (ha)	Apportionment (%)
Strategic Sites	5.2	17.5	14.9	37.5	51.8%
Non-Strategic Sites	1.5	7.9	6.7	16.1	22.2%
WMI	0	0	18.8	18.8	26.0%
Total	**6.7**	**25.3**	**40.4**	**72.4**	**100%**

Source: SPRU Analysis

12.15 Table 88 therefore provides an appropriate starting point to assess the supply-demand balance in South Staffordshire with reference to the background to plan-making described above. This also provides an initial basis to identify the contribution that any 'surplus' in land and floorspace might be considered to constitute a contribution towards meeting the unmet needs of neighbouring authorities.

12.16 In assessing the availability of land within Strategic Sites to meet the 37.5 hectares identified by the apportionment of the Growth Scenario it should be recognised that this identified total would rely on slightly lower levels of delivery than the past take-up of land on equivalent sites for the 2012 to 2019 period (44.8 hectares). This is due to several factors including relatively modest forecast growth in the Manufacturing sector and the expected role of the WMI site in providing for the requirements of the Transport & Storage sector – in effect providing an additional strategic site associated with demand included in the Growth Scenario. The difference is also likely to be illustrative of the role of these sites in meeting wider needs to-date and generating employment not necessarily captured by the forecasts. The possibility that strategic sites have also disproportionately provided replacement floorspace for past losses upon existing sites over the same period is also a relevant consideration.

12.17 Due to these uncertainties, it would be reasonable to assume that any pipeline of supply upon strategic sites would match the requirements under the Growth Scenario at a rate of around 84% of the total compared to past trends (37.5ha / 44.8ha = 83.7%) i.e., an additional 7.3 hectares should be allowed for when converting the identified pipeline for the purposes of undertaking the supply-demand balance.

12.18 If the ratio was applied based on the breakdown of past trends in the delivery of Strategic Sites by Use Class, this would anticipate around 82% of the 7.3 hectares comprising land in the combined B2/B8 Use Classes and around 18% to provide for Office floorspace. This is a small departure from labour demand modelled by the Growth Scenario. This is illustrated by Table 89 below:

Table 89. Allowance for Supply on Strategic Sites Equivalent to Accommodating Apportionment of the LEP-Based Growth Scenario

	B1	B2/B8	Total
Apportionment by LEP-based Growth Scenario	5.2	32.4	37.5
Total by Past Trends on Strategic Sites	8.2	36.6	44.8
Difference Applicable for Conversion to Supply-Demand Balance based on split of Past Take-Up	1.3	5.9	7.3
Applicable Difference by Equivalence Ratio for Past Trends	18.2%	81.8%	
Growth Scenario Apportionment + Difference by Equivalent for Past Take-Up	6.5	38.3	44.8
Difference as a % of Growth Scenario Apportionment	26%	18%	19%

Source: SPRU Analysis

12.19 Calculation of the 'differences' as shown in Table 89 illustrates how the outputs of the Growth Scenario by Use Class may be compared to past trends in the delivery of land and floorspace by Use Class. It would be reasonable to assume that the 7.3 hectares difference is a combined total for all uses. This would reflect that the 8.2 hectares attributed to Use Class B1 for the purposes of comparison based on past take-up is a product of the strong relationship between the delivery of ancillary office floorspace as a component of facilities under Use Class B2/B8. This is not necessarily a relationship that will persist into the future hence it will be important for the Council to keep details of the remaining pipeline by Use Class up-to-date and as accurate as possible when monitoring the supply-demand balance over time.

12.20 The EDNA considers this adjustment based on providing policy recommendations for management of the supply-demand balance **after** the overall calculation of need for land and floorspace under the Growth Scenario. This reflects that the Growth Scenario provides a more robust measure of future requirements compared to scenarios solely based on past trends. For the avoidance of doubt, this means that the adjustment does not change the overall objectively assessed need for land and floorspace of 53.6 hectares (excluding the impact of WMI) but is a function of the likely role of existing Strategic Sites in meeting these overall needs. Table 90 summarises the overall calculation of demand on this basis:

Table 90. Total Demand Adjusted for Past Take-Up and Apportionment to Strategic Sites

	B1	B2/B8	Total
Need - Strategic Sites	5.2	32.3	37.5
Need - Non-Strategic Sites	1.5	14.6	16.1
Gross Objectively Assessed Needs (Excluding WMI)	6.7	46.9	53.6
Allowance for Conversion to Supply-Demand Balance based on Past Take-Up (Strategic Sites)	1.3	5.9	7.3
Demand – Strategic Sites Subtotal	*6.5*	*38.3*	*44.8*
Demand – Total (Excluding WMI)	8.0	52.9	60.9

12.21 Quantitative and qualitative assessment of the remaining pipeline of supply upon Strategic Sites may nonetheless identify that these are anticipated to provide very low levels of office floorspace and thus weaker links to the sectors requiring land and floorspace for these uses as part of forecast job growth identified in this EDNA. In these circumstances it may be reasonable to assume that Strategic Sites would generate a shortfall against the overall (6.7 hectares) and apportioned (5.2 hectares) requirements for office uses. This would need to be considered in the context of the overall supply demand balance against the remainder of the pipeline of identified office floorspace.

12.22 For the purpose of calculating the Supply-Demand balance taking account of strategic sites it is therefore assumed that the Council substitutes the ratio applied based on past trends with known details for the identified pipeline in terms of land by Use Class. Details of the pipeline by Use Class (where available) as of 1 April 2020 have therefore been used for the subsequent analysis of the supply-demand balance in this section but will need to be monitored and kept up-to-date by the Council.

12.23 The broad assumptions based on past trends could, however, be utilised for any 'unknown' details of the type of delivery expected. This will determine whether the allowance for 'Supply on Strategic Sites Equivalent to Accommodating Apportionment of the LEP-Based Growth Scenario' (37.5 hectares) is met or exceeded. This will also allow identification of whether the minimum difference applicable for conversion of the pipeline upon strategic sites (the 7.3 hectares equivalence derived from the ratio based on past trends) is also demonstrated.

c) Treatment of any Surplus and Potential Contribution Towards Unmet Needs from Strategic Sites – Based on Supply on 1 April 2020

12.24 The recommended method described in the preceding sub-sections is applied below based on the Council's data for the pipeline of land for economic development at 1 April 2020. This first considers the remaining pipeline on strategic sites and then an estimate of the overall supply-demand balance taking account of the assumptions employed.

12.25 Table 91 is based on a supply of 14.7 hectares of office floorspace and 72.3 hectares of B2/B8 assumed to come forward upon relevant strategic sites. Where the split of floorspace was unknown from details in the pipeline (e.g. a mix of B1/B2/B8) the expected delivery profile has been applied based on past-trends comprising around 80% of the total as land for industrial or storage and distribution functions (B2/B8) and 20% for office (B1) uses.

Table 91. Identification of Minimum Contribution Towards Additional Needs Not Covered by Growth Scenario and Past Take-Up Assumptions

Row		B1	B2/B8	Total
i	Strategic Sites - Total Pipeline	14.7	72.3	87.0
ii	Total Pipeline – Potentially attributable to Past Trend Equivalence Ratio vs Growth Scenario (16.2% of total)	2.6[59]	11.5[60]	14.1
iii	Applicable Difference by Equivalence Ratio for Past Trends	18.2%	81.8%	0.0
iv	Total Pipeline - attributable to Labour Demand (i – ii)	12.1	60.8	72.9
v	Apportionment by LEP-based Growth Scenario	5.2	32.4	37.5
vi	**Minimum Potential Contribution Towards Unmet Needs (iv – v)**	**7.0**	**28.4**	**35.4**
vii	Total Potentially Attributable to Labour Demand and Equivalence for Past Trends (ii + v)	7.7	43.9	51.7
viii	Total (vi + vii)	14.7	72.3	87.0

Source: SPRU Analysis (figures may not sum exactly due to rounding)

12.26 Table 91 identifies the potential contribution towards the unmet needs of neighbouring authorities from a supply of land upon strategic sites in South Staffordshire of 87 hectares would be **at least 35.4 hectares.** This is subject to further recommended adjustments set out below as part of Tables 91 and 93. Key outputs from Table 90 are summarised as follows:

- Assuming that the equivalence ratio based on past trends is applicable to the total supply from strategic sites would indicate a total allowance of 14.1 hectares[61].
- The allowance of 7.3 hectares for conversion of the apportioned Growth Scenario to take-up on strategic sites (see row iii) of Table 89) is covered by the 14.1 hectares total and remains part of the assumptions for the supply-demand balance.
- The difference between the 14.1 hectares total and 7.3 hectares allowance under the apportioned Growth Scenario comprises **6.8 hectares[62]**. This net additional figure, which exceeds the requirements based on the Growth Scenario from Table 89, would provide for delivery on strategic sites to exceed past take-up (excluding atypical one-

[59] 14.1 x 0.182 = 2.6 hectares
[60] 14.1 x 0.818 = 11.5 hectares
[61] Growth Scenario Apportionment vs. Past Trend Equivalent: 37.5 / 44.8 (rounded) = 0.8377; 87 hectares supply pipeline x 0.8377 = 72.9 hectares; 87 – 72.9 = 14.1 hectares
[62] Rounded figure – see Table 91

off schemes).

- The remainder of the pipeline (72.9 hectares) can be considered against requirements based upon labour demand.
- The 37.5 hectares requirement based on the Growth Scenario, prior to the adjustment for past take-up, is deducted from the 72.9 hectares remainder.
- Including the net additional figure of 6.8 hectares within the 14.1 hectares total means that a total of **51.7[63] hectares** (37.5 + 14.1) is potentially attributable to requirements based on labour demand and allowances for higher take-up based on strategic sites based on past trends.

12.27 The minimum identified potential contribution towards unmet needs of 35.4 hectares therefore comprises the remainder of the 87 hectares pipeline not covered by the Growth Scenario, or the net additional allowance based on the relationship between the apportionment of the Growth Scenario and take-up based on past trends.

12.28 As part of the approach outlined in terms of recommendations on the supply-demand balance it is also assumed that non-strategic sites would not make any potential contribution towards unmet needs from neighbouring authorities.

12.29 The total pipeline upon strategic sites comprises an absolute total of 42.2 hectares of land additional needs assessed on the basis of the apportioned Growth Scenario plus equivalence for past trends (87 – 44.8[64] = 42.2 hectares). Using Table 91, this total comprises the minimum potential contribution towards unmet needs (35.4 hectares) plus the potential surplus arising from the difference between equivalence for past trends applied to the overall pipeline (14.1 hectares) and equivalence for past trends versus the Growth Scenario (7.3 hectares) (14.1 – 7.3 = 6.8 hectares; 35.4 + 6.8 = 42.2 hectares).

12.30 The total of 35.4 hectares minimum contribution towards unmet needs comprises around 84% of the 42.2 hectares total, consistent with the equivalence for past trends allowed for in deriving 'need' for land within strategic sites alongside the Growth Scenario (see Table 89 and paragraph 12.17).

12.31 Table 92 below considers the treatment of the 51.7 hectares potentially attributable to requirements based on labour demand and allowances for past take-up, identified in Table 93, for the purposes of the supply-demand balance upon strategic sites and against the identified need of 44.8 hectares from Table 89.

[63] 87 – 51.7 = 35.4 hectares (figures may not sum exactly due to rounding)
[64] 37.5 hectares + 7.3 hectares = 44.8 hectares corresponding to the total in Table 89 (row 5).

Table 92. Supply-Demand Balance (including identification of surplus) – Strategic Sites

Row		B1	B2/B8	Total
i	Total Potentially Attributable to Labour Demand and Equivalence for Past Trends	7.7	43.9	51.7
ii	**Need** - based on Growth Scenario and Past Trend Equivalent	6.5	38.3	44.8
iii	Potential Surplus/Deficit - Strategic Sites (i – ii)	1.2	5.6	6.9[65]
iv	Proportion of Surplus to be Assessed within Overall Balance	0%	100%	
v	**Supply** - Available towards labour demand + past-trend equivalent (ii + (iii * iv))	6.5	43.9	50.4
vi	**Surplus** (to be Assessed within Overall Balance) (v – ii)	0.0	5.6	5.6

Source: SPRU Analysis

12.32 Table 92 reflects that the Council could potentially use some or all the 6.9 hectares difference arising between identified needs (44.8 hectares) and 51.7 hectares calculated in Table 90 to contribute towards the overall supply-demand balance. This represents a surplus versus application of the past trend equivalent when apportioning the Growth Scenario.

12.33 The rationale for this is that higher take-up on strategic sites in the past has been associated with generating the measure of labour demand in the Growth Scenario. If future supply continued to provide for this higher take-up, then higher proportions could be attributed to delivery of a pipeline of strategic sites and lower levels of supply on non-strategic sites (e.g., a failure to replace future losses in full) and would not be a barrier to achieving economic development under the overall scenario.

12.34 Some caution should be applied to the assumption that additional provision towards the local forecast for labour demand might be apportioned to strategic sites using the allowance for the equivalence ratio. This reflects that there will not necessarily be a good qualitative match with past-trends or needs of specific growth sectors where strategic sites are assumed to meet a higher proportion of labour demand. One specific illustration of this is the high representation amongst ancillary office floorspace comprising part of delivery on strategic sites.

12.35 Assuming a flexible approach to the total 6.9 hectares' net additional provision on strategic sites contributing to the overall supply-demand balance would introduce a very high level of uncertainty in terms of whether this would be a like-for-like alternative to the apportionment of 16.1 hectares of the Growth Scenario to non-strategic sites based on past trends.

12.36 The Council should therefore take a pragmatic view on the contribution of strategic sites towards any surplus within the supply-demand balance against the Growth Scenario recommendations. This should be further informed by the specific details of the supply pipeline on strategic sites and the prospects for its future delivery at a given point in time (i.e., the status of planning commitments, proposed uses and delivery timescales).

12.37 Within Table 92, **5.6 hectares** identified as a surplus relative to past trends on strategic sites for B2/B8 uses is considered relevant to contribute towards the overall supply-demand balance for the labour demand Growth Scenario. This total is lower than the total allowance for replacement of future losses for these uses (8.6ha) allowed for over the 2020-2040 period. Due to uncertainty regarding the potential to replace around 30% of future losses on non-

[65] Rounded figure

strategic sites (around 2.5 hectares of the Growth Scenario apportioned by the split of previous delivery on this type of site) together with the broad profile of plots and unit sizes delivered upon strategic sites to-date it is reasonable to assume that this surplus would contribute towards the overall requirement based on local labour demand. This equates to a total supply of 43.9 hectares for B2/B8 uses upon Strategic Sites (50.4 hectares overall) contributing towards the total identified requirement for land and floorspace.

12.38 For the purpose of this assessment, it has been assumed that the potential surplus of land for office floorspace on strategic sites is not counted towards the overall supply-demand balance. This reflects uncertainty over the exact mix of floorspace in future delivery and the extent to which additional predominantly ancillary floorspace on strategic sites would contribute towards the needs of sectors identified in the labour demand scenario.

12.39 As a result, 1.2 hectares potentially identifiable as additional supply relative to past trends on strategic sites, but not included in the supply-demand balance for the local labour demand scenario, should be accounted towards potential contributions to needs that are additional to the Growth Scenario, including unmet needs from neighbouring authorities. Table 93 calculates an adjusted **36.6 hectares** total comprising a reasonable minimum indicator of supply not attributed to findings of the Growth Scenario or trends in past take-up, discounting the role of significant atypical schemes such as the investment by Jaguar Land Rover.

Table 93. Adjusted Potential Unmet Needs Contribution Based on Treatment of Surplus versus Growth Scenario and Past Trends

Row		B1	B2/B8	Total
i	Minimum Potential Unmet Needs Contribution	7.0	28.4	35.4
ii	Potential Surplus - Excluded from Growth Scenario and Past Trend Equivalent	1.2	0.0	1.2
iii	Adjusted Total Potential Unmet Needs Contribution (i + ii)	8.2	28.4	36.6

d) Outcome of the Overall Supply-Demand Balance at April 2020

12.40 The findings of Table 92 above can be applied in the context of the overall findings for labour demand based on the Growth Scenario. On 1 April 2020 the Council identified around 12 hectares' supply on non-strategic sites (comprising 1.4 hectares for offices uses and 10.7 hectares for Use Class B2/B8 functions.

12.41 Table 94 indicates that this would represent a small deficit against the apportionment of the Growth Scenario for both types of land and floorspace although this would be very modest for office uses (less than 0.1 hectares). The potential deficit for B2/B8 functions would be more than offset by the potential surplus relative to past trends provided upon strategic sites (i.e. more than offset by the 5.6ha shown in Table 91 above) when the overall supply demand balance is calculated as shown in Table 95.

Table 94. Supply-Demand Balance – Non-Strategic Sites

Non-Strategic Sites	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	1.5	14.6	16.1
Supply	1.4	10.7	12.0
Surplus/Deficit	-0.1	-3.9	-4.1

Source: SPRU Analysis

Table 95. Supply-Demand Balance – Overall

Total (Strategic and Non-Strategic Sites	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	8.0	52.9	60.9[66]
Supply - Non-Strategic Sites	1.4	10.7	12.0
Supply - Strategic Sites including surplus	6.5	43.9	50.4
Total Supply (SSDC proportion)	7.9	54.6	62.4[67]
Surplus/Deficit	-0.1	1.7	1.5

Source: SPRU Analysis

12.42 The broad balance between the position of supply and demand based on the Growth Scenario is unsurprising and mainly results from the past relationship between the delivery of strategic and non-strategic sites and the current findings based on forecasts for labour demand. The current position of the remaining strategic sites pipeline to continue to be delivered in excess of past trends indicates that this relationship, as underpinned by the existing development plan, is expected to continue. This is without prejudice to the point that the remaining pipeline of supply indicates potential contributions towards labour demand not captured locally under the requirements of the Growth Scenario.

12.43 The Council should respond positively to the recommendations of the supply-demand balance to ensure a range and mix of provision on non-strategic sites where this would support diversity and choice in the portfolio of employment land and potentially better address needs identified under the Growth Scenario assumptions but outside of the Strategic Sites.

12.44 There are, however, reasonable qualitative and quantitative grounds to consider that this broad balance between supply and demand can be achieved going forwards without requiring the allocation of further strategic or non-strategic sites. It is noted that of the 12 hectares supply on non-strategic sites at 1 April 2020 around 2.2 hectares comprised 'windfall' provision not identified within the existing development plan. The Council should consider any further evidence that such sites will reliably and consistently become available over the plan period (e.g., through intensification or expansion on existing sites) in order to comprise further additional land and floorspace to that identified in Table 91 above.

e) Potential Considerations for the Treatment of Additional or Extended Strategic Sites

12.45 Table 93 identifies a minimum **36.6 hectares'** supply not attributed to findings of requirements under the Growth Scenario or trends in past take-up, discounting the role of significant atypical schemes such as the investment by Jaguar Land Rover.

12.46 Strategic sites identified for the purpose of this comparison with the Growth Scenario recommendations and past trends comprise only currently allocated sites identified with recognition of sub-regional needs. Any new proposed allocations (or further extensions to existing allocated sites) would lead to a greater potential contribution towards unmet needs.

12.47 This would also have the effect that the proportion of development attributable to the SRFI proposals at West Midlands Interchange would reduce the larger the pipeline is for other site types. To some extent this would reduce the weight attributable to the relative importance of growth in the Transport & Storage sector as part of the Growth Scenario assumptions and

[66] 44.8 + 16.1 = 60.9 (excludes WMI)

[67] Total supply pipeline (99ha) minus adjusted contribution towards unmet needs (36.6 hectares) = 62.4ha (see Tables 93/94 for full details of calculation of the supply on strategic sites available for unmet needs); 44.8 + 12.0 + 5.6ha surplus for B2/B8 uses derived from strategic sites = 62.4 hectares.

would represent a departure from expected trends.

12.48 The approach outlined means that the identification of a larger pipeline of strategic sites would be surplus to South Staffordshire's needs based on the findings of labour demand and past trend scenarios considered in this EDNA. It should be noted that the nature of the surplus calculated on this basis, while numerically greater, would not necessarily be comparable to the nature of land and floorspace utilised to accommodate past atypical schemes and large-scale investment such as that by Jaguar Land Rover (which have been omitted from past trends and are not well-reflected within forecasts for labour demand).

12.49 To this extent for the purposes of policy-making it is necessary that the extent of the potential contribution towards unmet needs should also have regard to the location and nature of identified supply – for example the ability to support known investor demand and the locational benefits of providing for certain sectors upon different types of site.

12.50 This would be necessary as part of ensuring that any potential contribution towards unmet needs is sustainably located as part of an assessment of all reasonable alternatives, rather than simply for the purposes of comparison against provision towards labour demand in South Staffordshire identified by the findings of this EDNA and the Growth Scenario.

Key Points

- The employment land requirements set out in the Growth Scenario could be provided for across a combination of strategic and non-strategic sites, to reflect at least in part the larger-than-local reasons for identified labour demand in the District.
- The EDNA concludes by assessing the supply-demand balance, including identifying the contribution that any 'surplus' in land and floorspace might be considered to constitute a contribution towards meeting the unmet needs of neighbouring authorities.
- In order to do this, we began by apportioning the land use requirements in the Growth Scenario by strategic and non-strategic sites at a ratio that reflects the proportion of past completions delivered on strategic and non-strategic sites. This results in the land requirements by use class as shown in the table below.

	B1 (ha)	B2 (ha)	B8 (ha)	Total (ha)	Apportionment (%)
Strategic Sites	5.2	17.5	14.9	37.5	51.8%
Non-Strategic Sites	1.5	7.9	6.7	16.1	22.2%
WMI	0	0	18.8	18.8	26.0%
Total	**6.7**	**25.3**	**40.4**	**72.4**	**100%**

- A further adjustment to the requirement on strategic sites has been made to take account of past completions trends. This results in an adjusted B1 land requirement on strategic sites of **6.5 hectares** and a B2/B8 combined requirement on strategic sites of **38.3 hectares (total 44.8 hectares)**.
- This adjustment does not alter the overall **objectively assessed need for employment land in SSDC of 63.6 hectares (53.6 hectares excluding WMI)** but is a function of the likely role of existing Strategic Sites in meeting these overall needs and therefore reflected in calculation of the supply-demand balance.

Total Demand Adjusted for Past Take-Up and Apportionment to Strategic Sites

	B1	B2/ B8	Total
Need - Strategic Sites	5.2	32.3	37.5
Need - Non-Strategic Sites	1.5	14.6	16.1
Gross Objectively Assessed Needs (Excluding WMI)	6.7	46.9	53.6
Allowance for Conversion to Supply-Demand Balance based on Past Take-Up (Strategic Sites)	1.3	5.9	7.3
Demand – Strategic Sites Subtotal	*6.5*	*38.3*	*44.8*
Demand – Total (Excluding WMI)	8.0	52.9	60.9

- Based on the Council's total committed pipeline of supply on strategic sites as at 1st April 2020 (87 hectares), there is a minimum identified potential contribution towards unmet needs of **35.4 hectares**. This comprises the remainder of the 87 hectares pipeline not covered by the Growth Scenario, additional allowances based on the relationship between the apportionment of the Growth Scenario and take-up based on past trends.

	B1	B2/B8	Total
Strategic Sites - Total Pipeline	14.7	72.3	87.0
Allowance for Ratio of Past Take-Up versus Growth Scenario for Strategic Sites	2.6	11.5	14.1
Total Pipeline - attributable to Labour Demand	12.1	60.8	72.9
Apportionment by LEP-based Growth Scenario	5.2	32.4	37.5
Minimum Potential Contribution Towards Unmet Needs	**7.0**	**28.4**	**35.4**
Total Potentially Attributable to Labour Demand and Past Take-Up	7.7	43.9	51.7

- The total pipeline upon strategic sites comprises an absolute total of 42.2 hectares of land additional needs assessed on the basis of the apportioned Growth Scenario including a potential surplus of around 6.9 hectares arising from the difference between equivalence for past trends applied to the overall pipeline versus needs under the Growth Scenario.

- This provides an adjusted **36.6 hectares** total comprising a reasonable minimum indicator of supply not attributed to findings of the Growth Scenario or trends in past take-up, discounting the role of significant atypical schemes such as the investment by Jaguar Land Rover.

Row		B1	B2/B8	Total
i	Minimum Potential Unmet Needs Contribution	7.0	28.4	35.4
ii	Potential Surplus - Excluded from Growth Scenario and Past Trend Equivalent	1.2	0.0	1.2
iii	Adjusted Total Potential Unmet Needs Contribution (i + ii)	8.2	28.4	36.6

- Based on the Council's total committed pipeline of supply on **non-strategic sites** as at 1st April 2020 (12 hectares), there is a small deficit against the apportionment of the Growth Scenario for both types of land and floorspace (as shown in the table below) although again this would be very modest for office uses (less than 0.1 hectares).
- The potential deficit for B2/B8 functions would be more than offset by the potential surplus relative to past trends provided upon strategic sites for these uses.

Total (Strategic and Non-Strategic Sites)	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	8.0	52.9	60.9[1]
Supply - Non-Strategic Sites	1.4	10.7	12.0
Supply - Strategic Sites including surplus	6.5	43.9	50.4
Total Supply (SSDC proportion)	7.9	54.6	62.4[1]
Surplus/Deficit	-0.1	1.7	1.5

- The result of the supply-demand balance indicates that strategic sites can be expected to provide for the majority of labour demand locally.
- The Council should ensure a range and mix of provision on non-strategic sites where this would support diversity and choice in the portfolio of employment land.
- There are however reasonable qualitative and quantitative grounds to consider that this broad balance between supply and demand can be achieved going forwards without requiring the allocation of further strategic or non-strategic sites.

Strategic Planning Research Unit

APPENDIX 1 SITE ASSESSMENT SCORING

		Market Attractiveness							Sustainable Development Factors									Strategic Planning Factors										
Site Ref.	Site Name	Market Activity / Developer Interest	Development Constraints	Need for Investment	Accessibility	Site Condition	Quality of Surrounding Environment	Market Attractiveness Total	Location	Previously Developed / Greenfield	Public Transport Accessibility	Estimated impact on Environment / Biodiversity	Suitability for Growth Sectors	Suitability for employment development (including all possible uses)	Suitability and benefits of other uses	Proximity to worlforce with suitable skill and qualification characteristics	Sustainability Total	Planning Policy Constraints	End-User Flexibility	Contribution to Regeneration	Importance to Economic Vibrancy (Local Plan Preferred Options Strategic Objectives)	Importance to Strategic Economic Aims / Key Growth Sectors (SEP/LIS)	Neighbouring Uses	Strategic Planning Score Total	Grand Total	Weighted Total	Commentary on Overall Quality / Adjustments to Part 1 EDNA Scores
E24	i54 Wobaston Road	5	5	5	5	5	5	30	5	3	4	4	5	5	5	5	36		5	1	5	5	4	20	86	89.0%	Based on update of Part 1 EDNA site assessment scores. Existing strategic industrial site. Relatively recently constructed. Mostly B1/B2 uses. Some vacant units currently being advertised including Apex@54 (6,306 sqm). Some units still to be delivered (www.mucklowparks54.com - 6 hectares due to deliver advanced manufacturing units between 4,645sqm to 14,864sqm). Excellent connectivity to M54. Bus service directly serves site. Road links to i54 western extension in place. 'Location' score adjusted from 1 to 5 to reflect sustainable location of site close to urban areas and transport
E44	i54 Western Extension	5	5	5	5	5	5	30	1	3	4	4	5	5	5	5	32		5	1	5	5	4	20	82	86.0%	Based on update of Part 1 EDNA site assessment scores. Outline permission approved in March 2019 (ref. 18/00637/OUT) subject to S106 for up to 100,000m2 of employment development (Uses Classes B1b, B1c and B2) together with the creation of primary highway access to the i54 site.
E20	Hilton Cross, Hilton	5	5	4	5	5	5	29	4	5	3	5	5	5	5	3	35		5	1	5	3	5	19	83	85.7%	Based on update of Part 1 EDNA site assessment scores. Newly built industrial estate located to west of Hilton Main Industrial Estate. Good links to A460 (to east) and M54 junction 1 (to north). Medium-large scale units occupied by range of warehousing / manufacturing companies. Two new units currently being constructed on site including Wolf Pack (logistics / manufacturing unit, 10,498 sq.m) on land to north, and B2/B8 employment development for a 5,760 sq.m unit (1) and a 4,436 sq.m unit (2) on land to south (permission ref. 20/01078/FUL / amended under ref. 20/01078/AMEND). Site currently includes 5 industrial units (Mercury) and 8 office units (Element Court) - all fully occupied with exception of one office unit currently available to let (1,609 sqft). 'Location' score increased from 1 to 4 to reflect sustainable location of site.
E33	West Midlands Interchange	5	3	4	5	3	4	24	5	2	3	2	5	5	3	3	28		5	5	5	5	3	23	75	81.8%	Based on update of Part 2 EDNA site assessment scores. Large strategic site with significant developer interest. Mixture of previously developed and greenfield land. Some works appear to have commenced on eastern part of site. 'Public transport accessibility' score adjusted from 5 to 3 to reflect scores of neighbouring sites and limited bus connections at present.
E14	Vernon Park	5	5	5	5	5	4	29	4	5	3	5	3	5	5	3	33		5	1	3	3	5	17	79	81.0%	Based on update of Part 1 EDNA site assessment scores. Western part of site recently developed to include three medium-large scale industrial units (currently occupied by DHL, J Banks & Co and Mann + Hummel. Each unit has its own designated car parking. Site accessed off roundabout on A460 to south west of site, close to M54 junction. Site adjoins Hilton Main Industrial Estate to south. South-eastern part of site currently undeveloped - planning application lodged in September 2021 (ref. 21/00948/FUL) for B8 warehouse (10,176 sqm), ancillary office building (580sqm), landscaping and car parking - decision pending. 'Location' score increased from 1 to 4 to reflect sustainable site location.
E18	ROF, Featherstone	5	3	3	4	3	3	21	5	5	2	5	5	4	4	3	33		3	4	5	5	5	22	76	81.0%	Based on update of Part 1 EDNA site assessment scores. Previously developed site, currently vacant. Located immediately south of HMP Featherstone, close to M54 Junction 2 (to south west of site). Agricultural fields to west and east. Existing site access off Cat and Kittens Lane to west. Site may require remediation (was site of former Royal Ordnance Factory - buildings now demolished). Outline planning application submitted in December 2020 (ref. 20/01131/OUT - permission granted subject to UU) for employment uses (E, B2 and B8) with floorspace up to 158,121 sq.m, and G.I.A., support hub uses (E and sui generis) with floorspace up to 511 sq.m. Site advertised as new industrial / distribution park (Logic 54) available to let or for sale, including units from 50,000 to 500,000sqft (4,656 to 46,450 sqm). Site expected to create up to 2,800 jobs. 'Contribution to regeneration' score increased from 1 to 4 to reflect redevelopment of previously disused employment site.
E06	Bericote Four Ashes	5	5	3	4	3	3	23	5	5	3	5	3	5	5	3	34		4	1	5	5	5	20	77	80.5%	Based on update of Part 1 EDNA site assessment scores. Existing industrial estate, well-occupied. Limited number of vacant units, including 0.16 acre storage yard. Mixture of unit sizes / quality. Primarily medium to large size warehousing / manufacturing units. Quality / condition of site is mixed - in need of investment in places, especially in older central areas of site. Limited / constrained car parking in older parts of site. Older units primarily in use as car repair garages, recycling facilities and specialist manufacturing / industrial uses. 'Location' score adjusted from 1 to 5 to align with assessment score of neighbouring sites. 'Public transport' accessibility score adjusted from 2 to 3 to align with score of immediately adjacent sites. 'Proximity to workforce' score adjusted from 2 to 3 to align with score of adjacent sites.
E09	Hawkins Drive Industrial Estate, Cheslyn Hay	3	5	5	5	4	4	26	4	5	3	5	5	5	5	3	35		4	1	3	1	5	14	75	74.7%	Based on update of Part 1 EDNA site assessment scores. Mixture of large scale warehousing / manufacturing units and smaller scale business units (South Staffordshire Business Park). All units appeared to be fully occupied. Site is in moderately good condition with well-maintained access road but limited landscaping around the site.
E22	Balliol Business Park	4	5	4	4	3	4	24	2	5	3	5	3	5	5	5	33		5	1	3	1	5	15	72	72.8%	Based on update of Part 1 EDNA site assessment scores. Existing industrial site containing two medium-large scale units (B2/B8) currently occupied (Oakbrook and Cargill). Large car park area serving both units accessed via Balliol Road. Site condition relatively good but limited landscaping. Site bordered by former GE Aviation site immediately north and fields to west and east. River Penk and nature area situated to the south. Western site boundary is formed of the Shropshire Canal. 'Location' score adjusted from 1 to 2 to reflect relatively sustainable location of site in close proximity to urban area. 'Public transport' score adjusted from 4 to 3 to reflect lack of nearby bus services.
E01	Argos, Acton Gate	2	5	5	5	4	4	25	1	5	3	5	5	5	5	3	32		5	1	3	1	4	14	71	71.4%	Based on update of Part 1 EDNA site assessment scores. Site currently being marketed as available to let as warehouse distribution unit (474,903 sq ft) - deal to take on the lease understood to have been recently agreed with The Range (December 2021). 'Proximity to workforce' score adjusted from 4 to 3 to reflect distance from labour supply in wider West Midlands conurbation compared with other sites to south. 'Neighbouring uses' score adjusted to 4 to reflect distance from residential uses.
E25	Heathmill Road Industrial Estate, Wombourne	3	4	5	5	3	4	24	4	5	3	5	5	5	3	3	33		5	1	3	1	3	13	70	69.6%	Based on update of Part 1 EDNA site assessment scores. Large existing industrial estate comprising a range of unit sizes and types, including B1, B2 and B8. Units have own accesses and parking facilities all accessed off Heath Mill Road which runs through the centre of the site. Large Sainsbury's supermarket to north east of site and residential properties (forming Wombourne main urban area) to the north. Units appear to be mostly fully occupied. Range of occupiers including McCain's chip factory, car garages, HAS-Vent, as well as non-B Class uses, such as a mixed martial arts centre and children's nursery. A number of units were unoccupied and in a state of disrepair. Poor quality boundary treatments and landscaping in need of maintenance. 'Site condition' score adjusted from 4 to 3 to reflect relatively poor condition of site. 'Quality of surrounding environment' score adjusted from 5 to 4 to reflect relatively poor condition of surrounding environment.

		Market Attractiveness							Sustainable Development Factors									Strategic Planning Factors									
Site Ref.	Site Name	Market Activity / Developer Interest	Development Constraints	Need for Investment	Accessibility	Site Condition	Quality of Surrounding Environment	Market Attractiveness Total	Location	Previously Developed / Greenfield	Public Transport Accessibility	Estimated impact on Environment / Biodiversity	Suitability for Growth Sectors	Suitability for employment development (including all possible uses)	Suitability and benefits of other uses	Proximity to worlforce with suitable skill and qualification characteristics	Sustainability Total	Planning Policy Constraints	End-User Flexibility	Contribution to Regeneration	Importance to Economic Vibrancy (Local Plan Preferred Options Strategic Objectives)	Importance to Strategic Economic Aims / Key Growth Sectors (SEP/LIS)	Neighbouring Uses	Strategic Planning Score Total	Grand Total	Weighted Total	Commentary on Overall Quality / Adjustments to Part 1 EDNA Scores
E21	Former GE Aviation, Bilbrook / Owens Trading Estate	3	4	3	4	3	3	20	2	5	3	5	3	5	5	5	33	Principal policy constraints affected sites are Green Belt or Open Countryside designations	5	1	3	1	5	15	68	68.8%	Based on update of Part 1 EDNA site assessment scores. Existing employment site located to south of Wobaston Road. Sign advertising site available to let (57,037 sq ft and 12,877 sq ft in two existing units, advertised by Bulleys). Site appears to be occupied by Seconique Furniture and was previously occupied by GE Aviation. Extant permission (ref. 17/00691/OUT) for demolition of 2 buildings and construction of a new industrial unit for B1, B2 or B8 use together with associated works. 'Location' score adjusted from 1 to 2 as site is relatively sustainably located close to urban area. 'Public transport' score adjusted from 4 to 3 to reflect lack of nearby bus stop.
E13	Hilton Main Industrial Estate, Hilton	3	3	2	4	3	3	18	4	5	3	5	5	5	5	3	35		5	1	3	1	5	15	68	68.3%	Based on update of Part 1 EDNA site assessment scores. Site comprises number of small-medium sized industrial units on Hilton Main Industrial Estate (16 units) and adjoining Hilton Main Small Business Park (18 units) - signage currently indicate one vacant unit. Car parking located along eastern side of site. One larger unit at northern end of site (Elliott Modular Building Solutions). 'Market activity' score adjusted from 2 to 3 to reflect fact that site is mostly occupied. 'Location' score adjusted from 1 to 4 to reflect sustainable site location close to M54 and A460.
E23	Kingswood Business Park, Kingswood	3	5	5	3	5	5	26	1	5	2	5	4	5	5	1	28		5	1	3	1	2	12	66	66.2%	Based on update of Part 1 EDNA site assessment scores. Purpose-built office business park located in relatively remote rural location. Site comprises a number of two-storey buildings containing rented office units. Site is well-maintained with attractive landscaping and car parking areas. Site accessed off A464 which runs to the north of the site. No public transport access to site. Site is surrounded by agricultural fields to the east, south and south-west, and a residential caravan park immediately to the west. Four units within the site are currently advertised as vacant and available to let.
E10	Landywood Lane Industrial Estate, Cheslyn Hay	3	4	2	3	2	2	16	4	5	5	5	3	5	3	4	34		5	1	3	2	3	14	64	63.9%	Based on update of Part 1 EDNA site assessment scores. Mixture of uses - some medium-large scale warehousing, office and specialist manufacturing units in western part of site, which appear to be well-maintained. Eastern part of site comprises smaller industrial units with storage yards (e.g. garages, vehicle repairs, recycling facilities) - this area of the site is poorer quality and generally less well-maintained. Site is in close proximity to Landywood Station. The site forms part of the Cheslyn Hay / Great Wyrley urban area. There are residential uses located immediately north of the site. 'Market activity' score increased to reflect fact that site appears to be fully occupied. 'Importance to strategic economic aims' increased from 1 to 2 to reflect presence of some specialist manufacturing uses on the site.
E15	Hobnock Road, Essington	5	3	1	4	4	4	21	1	3	3	4	4	4	3	3	25		3	3	3	3	3	15	61	63.8%	Based on update of Part 2 EDNA site assessment scores. Large previously developed site, currently vacant with exception of some large piles of stone/rubble. Existing vehicular access to site off Hobnock Road to north. Some residential properties to east. Site previously granted permission for distribution centre (B8) (ref. 16/01000/FUL - now expired). 'Public transport accessibility' score reduced to reflect infrequency of bus service on Hobnock Road to north of site.
E19	Former Sandvik Site, Brinsford	3	4	3	5	4	3	22	2	5	2	5	2	5	5	3	29		3	1	3	1	4	12	63	63.0%	Based on update of Part 1 EDNA site assessment scores. Unable to access site due to access road closure. Site accessed via driveway off Cat and Kittens Lane to west of site. Site located immediately adjacent to HMP Featherstone to north and ROF Featherstone to south. Site currently for sale, comprising 5,105.5sqm (54,955 sqft) warehouse/manufacturing floorspace on 2.25ha site. Site advertised as being suitable for owner occupation or redevelopment subject to planning.
E17	Coppice Lane, B.S Eaton, Cheslyn Hay	3	4	3	5	4	4	23	4	5	3	5	3	5	4	4	33		2	1	3	1	2	9	65	62.2%	Based on update of Part 1 EDNA site assessment scores. Site currently occupied by B S Eaton (concrete supplier). Residential land uses immediately south of site. 'Market activity' score increased to reflect fact that site is currently occupied. 'End user flexibility' score adjusted down to reflect fact that this site is a specialist manufacturing facility (concrete) and may not be easily adaptable for other uses. 'Neighbouring uses' score adjusted down to reflect proximity of adjacent residential uses.
E04	Dunston Business Village	3	3	4	3	3	5	21	1	5	2	5	3	5	5	1	27		5	1	3	1	3	13	61	62.1%	Based on update of Part 1 EDNA site assessment scores. 'Site condition' score adjusted from 4 to 3 to reflect poor quality car park surfacing. Central area of site fenced off - potential building work being undertaken. B1 office units and café/bistro. Office units appear fully occupied. Insufficient car parking.
E11	Landywood Enterprise Park, Great Wyrley	3	3	3	3	3	4	19	4	5	5	5	1	5	3	3	31		5	1	3	1	2	12	62	61.5%	Based on update of Part 1 EDNA site assessment scores. Site owned and managed by South Staffordshire Council. Site comprises 36 individual small-scale light industrial units. Site is currently fully occupied - no units listed as available on SSDC website. Car park was busy, limited parking available. Site forms part of Landywood urban area with countryside to south. Bus stops close to site. Residential uses to north and east of site. 'Quality of surrounding environment' score increased to align with neighbouring site assessments.
E08	Hepworth Site, Warstones Road, Essington	3	3	5	4	3	3	21	1	5	3	5	1	4	5	2	26		3	1	3	1	5	13	60	61.3%	Based on update of Part 1 EDNA site assessment scores. Site comprises large warehousing unit and car parking, currently occupied by APC. Site accessed from A462 (Warstone Road) to the south. Site surrounded by countryside / fields and a number of active quarries to the south. 'Market activity' score increased to 3 to reflect fact that site is currently occupied.
E03	Huntington Industrial Estate, Huntington	3	3	5	2	2	3	18	3	5	3	4	3	5	3	3	29		3	1	3	1	5	13	60	60.6%	Based on update of Part 1 EDNA site assessment scores. Site comprises 3 medium-sized industrial units with own vehicular access points from Cocksparrow Lane to north of site. Units currently occupied by oils/manufacturing and vehicle repair companies. Fields and nature reserve to north of site. 'Market activity' score increased to reflect fact that site is fully occupied. 'Quality of surrounding' environment score increased to reflect pleasant surroundings which include nature reserve / countryside.
E37	Proposed ROF Extension (West)	2	2	1	3	3	3	14	5	0	2	3	2	3	3	3	21		3	3	5	5	3	19	54	60.2%	Based on update of Part 2 EDNA site assessment scores. Greenfield site located to west of Cat and Kittens Lane and just north of M54. Site currently used for agriculture - some trees and hedgerows border site. Some electricity pylons within site boundary. DVLA Test Centre and ROF Featherstone site located to east. Site falls within the red line boundary for the ROF Featherstone outline consent (ref. 20/01131/OUT) which has been approved subject to UU. 'Public transport accessibility' adjusted to 2 to reflect lack of nearby public transport services.
E36	Proposed ROF Extension (East)	2	2	1	3	3	3	14	5	2	2	3	2	3	3	3	23		3	3	5	5	2	18	55	60.1%	Site not previously assessed in Part 1 or Part 2 EDNA. Part greenfield, part brownfield site located immediately east of ROF Featherstone main site. Site forms part of main outline consent for ROF Featherstone redevelopment (ref. 20/01131/OUT) which has been approved subject to UU. Access to site can be gained via main ROF site or off Brookhouse Lane to the east. Close proximity to M54. Large band of trees within site - potential for ecological / biodiversity impacts. Site close to new residential area which has recently been developed off East Road to the north east of the site.
E02	Littleton Business Park, Littleton Drive, Huntingdon	3	3	4	2	2	4	18	3	5	4	5	3	5	3	3	31		3	1	3	1	3	11	60	58.9%	Based on update of Part 1 EDNA site assessment scores. Low vacancy rate - no available units identified. Mixture of unit sizes, including some smaller starter units. Limited on-site car parking. Site adjacent to urban built form of Huntington to east and rural landscape / open countryside to west. Mostly older industrial units but appear well-maintained. Access roads throughout site in need of maintenance. Generally poor quality environment - in need of a tidy up. Mixture of uses including car garages, manufacturing and recycling facilities. 'Market activity' score adjusted from 2 to 3 to reflect lack of vacant units on site. 'Need for investment' and 'site condition' scores reduced to reflect relatively poor site quality. 'Proximity to workforce' score increased to reflect proximity to Cannock urban area.

		Market Attractiveness							Sustainable Development Factors									Strategic Planning Factors									
Site Ref.	Site Name	Market Activity / Developer Interest	Development Constraints	Need for Investment	Accessibility	Site Condition	Quality of Surrounding Environment	Market Attractiveness Total	Location	Previously Developed / Greenfield	Public Transport Accessibility	Estimated impact on Environment / Biodiversity	Suitability for Growth Sectors	Suitability for employment development (including all possible uses)	Suitability and benefits of other uses	Proximity to worlforce with suitable skill and qualification characteristics	Sustainability Total	Planning Policy Constraints	End-User Flexibility	Contribution to Regeneration	Importance to Economic Vibrancy (Local Plan Preferred Options Strategic Objectives)	Importance to Strategic Economic Aims / Key Growth Sectors (SEP/LIS)	Neighbouring Uses	Strategic Planning Score Total	Grand Total	Weighted Total	Commentary on Overall Quality / Adjustments to Part 1 EDNA Scores
E29	Wombourne Enterprise Park	2	4	3	3	3	4	19	4	5	2	5	1	5	2	3	27		4	1	3	1	3	12	58	58.5%	Based on update of Part 1 EDNA site assessment scores. Existing industrial site comprising 4 medium-large scale existing industrial units. Richard Hall House (occupying western part of site) is identified as having office space available to let. Site occupied by a number of manufacturing, packaging, used car and financial services businesses. Unit at north-eastern part of site appears to be vacant and dilapidated. Site is bounded to the west and south by Smestow Brook and a band of trees. Access to the site is off the B4176 which forms the northern site boundary. Site is in close proximity to Wombourne urban area to the north. There does not appear to be any direct public transport access to the site. 'Public transport' score adjusted from 3 to 2 to reflect lack of public transport services in close proximity to the site. 'Neighbouring uses' score reduced from 4 to 3 to reflect relatively close proximity to residential properties to the north.
E07	Paradise Lane, Slade Heath	2	5	3	4	3	3	20	2	5	2	4	3	4	4	1	25		4	1	3	1	3	12	57	58.0%	Based on update of Part 1 EDNA site assessment scores. Site currently in use as B8 storage/warehousing (Bickford Truck Hire). Site located to north-west of HMP Featherstone. Site accessed from Paradise Lane to east. Canal bridge with weight restriction located on Old Stafford Road to west of site. Site is in semi-rural location. Residential dwellings to north of site. Further employment land to east (JMR Vehicle Solutions).
E16	Former Loades PLC, Great Wyrley	2	2	2	3	3	4	16	4	5	5	5	1	5	3	3	31		4	1	3	1	2	11	58	56.9%	Based on update of Part 1 EDNA site assessment scores. Site comprises vacant warehouse / industrial unit (53,604 sq ft). Site comprises 8 bay warehouse / industrial factory unit with adjacent office block. Site currently being advertised as available to lease by DBA Estates. Bus stop adjacent to site entrance. Site forms part of Landywood urban area and adjoins Landywood Enterprise Park to the west and residential properties to the east. 'Quality of surrounding environment' score increased from 3 to 4 to reflect pleasant suburban location.
E05	Acton Plaza, Acton Gate	3	3	3	5	3	4	21	1	2	3	3	1	4	5	3	22		2	1	3	1	4	11	54	55.1%	Based on update of Part 1 EDNA site assessment scores. Accessibility score adjusted from 1 to 5 as site is directly adjacent to J13 M6. Previously undeveloped land. Relatively small, constrained site. Extant permission for office (B1) (ref. 15/00455/OUT). No development activity on site at present.
E12	Essington Light Industrial Estate, Bognop Road	1	3	2	3	2	2	13	3	5	3	5	1	5	3	2	27		5	1	3	1	2	12	52	52.5%	Based on update of Part 1 EDNA site assessment scores. Site comprises number of small industrial units, some of which appear to be vacant. Mixture of light industrial uses including vehicle repairs, small scale manufacturing. Site surroundings quite run-down, poor quality environment. Residential properties located immediately to south of site. 'Development constraints' score adjusted from 1 to 3 to align with scoring of other existing employment sites. 'Accessibility' score increased from 1 to 3 to reflect moderately good accessibility of site.
E28	Wolverhampton Business Airport, Bobbington	2	1	1	2	3	3	12	1	5	2	4	1	4	4	2	23		3	1	3	1	5	13	48	50.1%	Based on update of Part 1 EDNA site assessment scores. Existing employment site associated with Wolverhampton Business Airport offering number of small, single storey units for range of office / retail / cafe uses and uses associated with the airport (e.g. air scouts, flying school). Units are old and appear in need of repair. Sign at site indicates a number of office units are available to let although no evidence of this found through online search. Remote rural location accessed via narrow country roads. No public transport access. Taxi stand within site but unclear how often this is used.
E27	Smestow Bridge Industrial Estate, Wombourne	2	2	2	2	1	1	10	4	5	2	5	1	5	2	3	27		5	1	3	1	2	12	49	49.5%	Based on update of Part 1 EDNA site assessment scores. Existing industrial estate comprising a range of unit sizes and uses, including some non-industrial uses (cafes, Funworld and gym). Primary uses are car garages. Site is poor quality and in need of improvements. Large part of site is used for vehicle storage associated with Copart Wolverhampton (salvage car auction business). Site is located on the edge of Wombourne urban area to the east and is surrounded by fields. Site is accessed from Bridgnorth Road to south. Limited public transport access to the site. 'Public transport' score adjusted from 3 to 2 to reflect limited bus services in proximity to the site.

Site with available land for employment development (2018-2038)

APPENDIX 2 MODELLING METHODOLOGIES AND ASSUMPTIONS

i) *Cambridge Econometrics (CE)*

A2.1 The approach taken by the CE forecast is perhaps the simplest of the forecasting houses, insofar as it assumes that economic growth in the local area is not constrained by supply-side factors – such as population and the supply of labour. Therefore, the CE forecast makes no estimates of population, activity rates and unemployment rates of the local population. The forecast only provides outputs for total employment, which is equivalent to workforce jobs.

A2.2 The CE forecast simply assumes that there will be enough labour (either locally, or through commuting and future in-migration) with the right skills to fill the jobs. The forecast provides no outputs on demographic or local population labour supply. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be constrained.

A2.3 The CE forecast is based on historic growth trends assessed in terms of the local area's performance relative to the region or UK trend – whichever has the strongest relationship with the local area. This process is undertaken on a sector by sector basis.

A2.4 The forecast assumes that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in the region (or UK) in the past, then it will be assumed to continue to do so in the future. Similarly, if it underperformed the region (or UK) in the past then this will be projected forward in the future.

ii) *Oxford Economics (OE)*

A2.5 The Oxford Economics forecasts sit within their global and national forecasts. This ensures macro-economic factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This means the trends in OE's global, national and sectoral forecasts have an impact on the local area forecasts and means that the OE forecast is more than just an extrapolation of historical trends.

A2.6 OE's local forecasting model depends essentially upon three factors:

- National/regional outlooks – consistency with the broader global and national forecasts;
- Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development; and
- Fundamental economic relationships which interlink the various elements of the outlook.

A2.7 OE report in their data guide that the current macro-economic climate means that their local forecasts show most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

A2.8 The OE forecasts are produced within an integrated modelling framework, which takes account of labour supply-side factors such as migration, commuting and activity rates and thus the approach forecasts both employment and population growth.

A2.9 The starting point in producing employment forecasts is the determination of workplace-based employees in employment in each of broad sector consistent with the regional and UK outlooks. At local authority level sectoral growth is driven by a range of factors:

- Some sectors are driven predominantly by population estimates,
- Others by total employment in the area,
- The remainder relative to the regional performance (largely exporting sectors),

- All sectors are also influenced by past trends in the local area.

A2.10 Total employment is calculated by adding the employees in employment, the self-employed and Her Majesty's Forces. Self-employment data by region is taken from Workforce jobs data which is then broken down into detailed sectors using both employee trends and comparison with the UK. Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down using the employees in employment sectoral structure. The sectors are forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.

A2.11 The OE framework models population as an output which is economically driven and thus forecasts differ from the official population projections. The OE model uses official births and deaths projections from the 2016-based population projections; however, they use different migration assumptions based on their modelled UK migration, and at the local level, migration is linked to the forecast employment rate.

iii) *Experian*

A2.12 Like OE, the Experian forecast is an integrated model providing a wide range of outputs on employment, workforce, and population trends. The Experian local model is based on the resolution of demand and supply for labour. This process takes into account commuting between local areas within a region and across the regional boundary as well as an estimate of the growth in the economic participation rates in a local area.

A2.13 For population, the Experian model takes as an input data from the 2014-based Sub-National Population Projections. This shows considerable variation at the regional level. This, along with the economic participation rates, combine to produce substantial variation in the labour force forecasts for different regions.

A2.14 Commuting flows are used to derive the available labour force for a region. In the case of the South East, these flows lead to a substantial difference between the resident employment and the workplace based employment.

A2.15 In parallel, labour demand (in terms of workforce jobs) is estimated. This is done by industry sector by linking job growth in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level.

A2.16 The Experian forecast constructs workforce jobs series for each local area using BRES/ABI data to disaggregate estimates for each industry sector. This is determined by the BRES share for a particular industry in a local area relative to the share in its parent region, which is then used to disaggregate the regional workforce jobs series for that industry to a local level.

A2.17 The effect of this is:

- Demand for jobs at the local level is greatest / grows faster in those industries which are performing best at the regional level.
- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

A2.18 The supply and demand for labour is then resolved by considering:

- The historic ratio between resident employment and workplace based employment in that local area
- The inflow and outflow of workers across regional boundaries
- Historic commuting patterns.

A2.19 This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

APPENDIX 3 COMPARISON OF FORECAST OUTPUTS BY SECTOR

A3.1 **Agriculture, forestry and fishing** – All three forecasts show fluctuations in employment levels in this sector since the last recession. Compound growth rates vary between 4.4% (OE) and -2.1% (CE) for the years 2011 to 2020 following the global financial crisis. All three forecasts also mirror trends in the district's official estimate of productivity for this sector (GVA balanced) that show a reduction from £197m (2017) to £35m (2018) and remaining static at this lower measure (£36m) in 2019. Official estimates from the latest Business Register Employment Survey (BRES) data do not record a substantial loss of employment between the same period (2,000 persons in 2017, 2019 and 2020 and 2,250 persons in 2018) but the CE and Experian forecasts reflect these trends through estimates of reduced total jobs from 2018.

A3.2 The OE forecast shows the highest level of employment in the sector, and the least significant reduction in employment between 2018 and 2020, but the forecast takes forward a sustained loss over the period of -416 jobs (a compound rate of -0.98% per annum). The CE forecast shows the greatest total loss of employment and highest compound rate of reduction between 2018 and 2020 with a limited reduction thereafter (CAGR 0.23% 2020 to 2040; growth of 45 jobs). The Experian forecast shows growth in employment by 500 jobs over the 2020 to 2040 period (at a compound rate of 1.45%). The majority of this growth is concentrated in the 2020 to 2025 period (4.8% per annum; +400 jobs) corresponding to a stronger post-covid bounce. The Experian forecast would appear to be a more reasonable estimate of future growth prospects within the sector being broadly stable over the longer-term, noting that the majority of forecast growth simply offsets losses between 2018 and 2020.

A3.3 **Manufacturing** – All three forecasts show a very similar assessment of trends since 2008 and report employment levels in the sector that are almost identical at the 2020 base-date. Decline is reported for the period 2001-2011 (including the 2008-2010 global financial crisis) and similar compound rates of growth for 2011 to 2020 (ranging between 3.1% (CE) and 3.8% (OE)). All three forecasts diverge markedly over the 2020 to 2040 period. The OE forecast shows 1,900 net losses with the compound rate greater over the longer-term (-2.5%) and a relatively shallow impact of Coronavirus (with employment not materially falling below 2018 levels). The CE forecast shows a less steep decline (-500 jobs) with a similar pattern over time – a small, continued increase in employment growth in the period before the pandemic, no net change in employment 2020 to 2025 and a compound decline of -0.7% per annum 2025-2040.

A3.4 The Experian forecast is the only series to show a growth in employment (+1900 jobs) and in contrast to the other forecasting houses shows a higher compound rate for 2025-2040 (1.69% versus 1.1% for the period 2020-2025). It is also the case that the Experian forecast shows a shallower rate of decline in the sector for the period 2001 to 2011 (-1.8% per annum) and stable employment levels 2018 to 2020.

A3.5 The Experian forecast appears to be more indicative of future prospects for the sector. This is supported by the stakeholder feedback (as summarised in Section 6) which indicates an ongoing, albeit comparatively slow, rate of growth in the manufacturing sector. Reflecting recent gains in the sector this forecast would appear to set out a realistic outlook for a longer-term profile of sustained and shallower growth in employment levels. This is considered in more detail below.

A3.6 **Construction –** The OE and CE forecasts include relatively similar assumptions for compound growth rates for the period 2020 to 2040 (0.0% and 0.3% respectively) and both show net growth of around 40-240 jobs. Both forecasts also include estimates that employment in the sector continued to grow between 2018 and 2020.

A3.7 The profiles of each forecast differ slightly, with OE showing a higher compound growth rate 2020 to 2030, primarily resulting from a stronger post-Covid bounce albeit this only partly offsets estimated losses within the sector since 2019. The remainder of the forecast displays a shallow but negative compound rate of growth from 2030 onwards thereafter, with employment not at any point attaining back to 2019 levels. The CE forecast, which includes levels of employment more closely matching official BRES estimates, shows from 2021 (following the impact of COVID-19) a slow growth back to broadly the 2019 level of employment by 2038. This results in compound growth across the forecast period (0.3% 2020 to 2040) exceeding the forecast in the initial 2020 to 2025 and 2025 to 2030 periods.

A3.8 The Experian forecast differs substantially (net loss of 600 jobs) with compound rates of change of -0.8% (2020-2030 and overall from 2020 to 2040) consistent across the forecast period. This is a significant departure from past trends, with growth recorded in the sector for 2001-2011 and 2011-2018. In the Experian forecast the level of growth shown between 2018 and 2019 is less (+300 jobs) and this is more than offset by losses between 2019 and 2021 (-700). These losses are not made up as part of a post-Covid recovery and compounded by further forecast decline in the sector.

A3.9 Taking account of longer-term trends both the CE and OE forecasts appear to be a reasonable assessment of future prospects, with CE preferred due to greater stability in the compound rate of change.

A3.10 **Wholesale and retail trade** – All three forecasts show negative change in employment over the period 2001-2011 including the global financial crisis. Only the CE forecast shows continuing decline between 2011 and 2020 whereas OE and Experian both show the sector returning to growth over the period (2.3% and 1.4% respectively), even taking account of Coronavirus related losses up to 2020. The Experian forecast provides for the strongest post-Covid bounce (CAGR 1.1%; +300 jobs 2020 to 2025), leading to employment exceeding pre-pandemic levels from 2021 onwards, and stable but lower rates of continued growth from 2025 onwards.

A3.11 The CE forecast departs from past trends to show modest employment growth of around 100 jobs 2020 to 2040 (CAGR 0.1%) and as part of this includes a very limited post-Covid bounce relative to the longer-term forecast trend. The profile of the OE forecast is similar results in a negative change in employment (-270 jobs) with all losses taking place from 2025. The forecast provides for the most limited post-Covid bounce, which must be seen in the context of the sharpest estimated contraction of the sector immediately prior to the pandemic (CAGR -6.3% 2018-2020).

A3.12 Over the longer-term both the Experian and CE forecasts look reasonable in terms of stable trends in employment, with the difference primarily relating to the degree of weight placed on post-2011 gains and the scale of the post-COVID bounce back towards 2018 levels of employment. Given the relatively modest levels of employment the Experian forecast appears to show the most reasonable overall prospects.

A3.13 **Transport and Storage** – Estimated employment changes prior to the start of the forecast period, particularly between 2018 and 2019 are relevant to the analysis of outputs from all three forecasting houses (Experian: +300 jobs; OE: +1100 jobs; CE: +1,100 jobs). The official BRES estimate of employment count also records growth of 750 jobs in the same year.

A3.14 The forecasts record compound growth rates for the period of 2001 to 2011 ranging from 2.4% to 6.8% and 2011 to 2020 ranging from 2.1% to 4.8%. The OE forecast departs from these past trends in the period from 2025 to show a negative compound rate of change (-0.6%). This compares to Experian and CE showing between of 0.6% and 0.8% respectively. Over the longer-term horizon both forecasts suggest similar levels of absolute growth in employment (growth between 200 and 400 jobs).

A3.15 The CE and Experian forecasts also show a relatively limited impact of the COVID-19 pandemic and either sustain or quickly bounce-back up to and above pre-pandemic levels. This explains the main difference between the forecasts, with Experian showing no growth in the 2020-2025 period (-100 jobs), corresponding to relatively shallow growth in the immediately preceding 2018-2020 period (8.7%). The CE forecast shows a strong bounce (+400 jobs) over the same period, which corresponds to recovering rapid growth in the sector in the previous 2 years.

A3.16 The CE forecast shows a compound rate of growth for the 2020 to 2040 period (1.1%) that is the highest of the three forecasts but nonetheless significantly below past trends and largely dependent on assumptions regarding an immediate post-Covid bounce. None of the forecasts reflects the significant change recorded between 2018 and 2019 as part of its longer-term trends. The forecasts themselves do not correlate closely with feedback received from stakeholders (as summarised in Section 6) which identified significant and growing levels of demand in the warehousing / distribution sector as a result of the exponential growth of e-commerce in particular.

A3.17 The methodologies of the forecasting houses are not, however, intended to capture the impact of very recent spikes in development activity and potentially high levels of employment change resulting from individual schemes as a significant measure of labour demand at the local level going forward over the longer-term. This is considered in more detail in Sections 7 and 10 in terms of whether any of the forecasts for this sector provide a reasonable assessment of future prospects for labour demand in South Staffordshire.

A3.18 **Accommodation, food and recreation services** – The CE forecast shows a significant gain of +1500 jobs for the period 2020 to 2040 (CAGR 1.9%) whereas the OE and Experian forecasts effectively show stable levels of employments (compound rates between -0.1% and 0.1%). All three forecasts indicate relatively little discernible impact of the Coronavirus pandemic upon the sector although within the OE forecast strong growth in the years prior to the onset of the pandemic does not translate into a strong post-Covid bounce. The sector then shows a loss of employment from 2025 to 2040. Within the Experian forecast the profile for recovery is similar, but follows shallower changes in gains and losses in the years before 2020. In practice this means a more stable profile for the longer-term forecast which sustains levels of employment at between +100 and +200 jobs compared to pre-pandemic levels.

A3.19 The CE forecast shows strong and sustained growth of over 2% per annum for the periods 2020-2025 and 2025-2030 with no discernible impact of the Coronavirus pandemic resulting in employment levels exceeding 2018 levels throughout. The rate of growth slows slightly from 2030 but the forecast still provides a total increase in employment of around 650 jobs over the final 10 years.

A3.20 This looks to be unrealistically high given that all three houses report that the sector declined between 2001 and 2011 and official BRES estimates state lower total employment from 2018 onwards compared to 2016 levels. It should also be noted that Location Quotients the SIC2 activities in this sector show strong representation of employment relative to the West Midlands. This is likely in part to reflect the relatively smaller size of other commercial, service and industrial activities in South Staffordshire and the rural nature of the district compared to a relatively urban region. While this impacts upon the methodologies for the forecasting houses in different ways, the local concentration of existing employment is not necessarily an accurate indicator for potential future growth.

A3.21 The Experian forecast showing effectively stable levels of employment appears to provide a reasonable assessment of future prospects in this context albeit the relative strength of the sector means it is likely to remain important locally.

A3.22 **Financial, professional & business services** – The three forecasts show different profiles

of growth in jobs in this sector over the 2020 to 2040 period but in broad terms show a good degree of consistency. All three forecasts show an increase in employment in the sector at growth rates between 0.3% and 0.7%. Strong growth is reported within the sector from 2001-2011 and 2011-18, with limited evidence of impacts on employment resulting from the global financial crisis. None of the forecasting houses shows a significant impact of the COVID-19 pandemic on this sector (which is consistent with stakeholder feedback, as summarised in Section 6).

A3.23 The CE forecast shows the largest forecast growth in employment (+1400 jobs) and principally this is a result of a consistent rate of change for all five year bands from 2020-2025 onwards (all ranging between 0.7% and 0.8%). The OE forecast in contrast shows growth in the sector reducing sharply from 2030 (around 600 of 760 growth in jobs taking place before 2030). In contrast the Experian forecast sees the rate of growth increase from 2030. Growth of only 200 jobs in forecast 2020 to 2030, including no discernible change between 2020 and 2025 (i.e., very limited evidence of a post-Covid bounce in the services sector).

A3.24 A like-for-like assessment of each forecast is made more difficult by how each groups sub-sectors within the Financial, Professional & Other Private Service industries. The CE forecast shows a very high proportion of growth in the broad Financial and Business Services category and a limited profile for 'Other Service (CAGR of only 0.05% 2020 to 2040). The OE and Experian forecasts include a higher proportion of growth in these categories, which is broadly consistent with longer-term trends. While any of the three forecasts might be considered a reasonable estimate of future prospects for the services sector it is most appropriate to explore the Experian and OE forecasts with particular reference to their finer granularity relating to professional services sub-sectors

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