South Staffordshire Economic Development Needs Assessment Update

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0.0 EXECUTIVE SUMMARY

a) Introduction

0.1 This Economic Development Needs Assessment (EDNA) Update updates the evidence previously published in the EDNA 2022 by presenting an up-to-date position on the employment requirements of South Staffordshire District through to 2041.

0.2 As well as reflecting the extended Local Plan period, which now runs to 2041, this EDNA Update also takes account of recent changes to national planning policy (including the new NPPF published in December 2023), recently published regional evidence, and responses that were submitted during the Pre-Submission Regulation 19 consultation in November 2022.

0.3 The methodology for assessing the District's employment land requirements in this EDNA Update is the same as that used in the EDNA 2022. The approach used in the EDNA 2022 is considered to be robust and the EDNA Update should therefore be considered a 'refresh' of the existing evidence which will not require a fundamental change to the Council's strategy for addressing the needs identified.

b) Local and Regional Policy Context Update

0.4 Following publication of the EDNA 2022, a Regulation 19 consultation on the Pre-Submission Draft Local Plan was undertaken in November-December 2022. This EDNA Update has therefore reviewed and, where necessary, responded to comments received during the consultation. Whilst the overarching methodology has not significantly changed from that applied in the EDNA 2022, we have made a number of minor adjustments, including reviewing the deliverability of existing site allocations and removing those considered undeliverable from the pipeline supply, taking account of provision for frictional vacancy and making an allowance for loss replacement based on current commitments.

0.5 The Black Country Employment Land Needs Assessment (ELNA, 2023) update has also been published since the previous South Staffordshire EDNA was prepared. This ELNA identifies an employment land shortfall in the Black Country of 153ha for the period 2020 to 2041. This shortfall reduces to around 19.4ha when factoring in the potential South Staffordshire contribution of 103.6ha (comprising 36.6ha on strategic sites and 67ha at West Midlands Interchange), as set out in the South Staffordshire Regulation 19 Pre-submission Local Plan, and a proposed 30ha contribution from Shropshire.

0.6 This EDNA Update reviews the South Staffordshire's potential contribution towards meeting the unmet employment land needs of the Black Country authorities. A Statement of Common Ground (SoCG) between the South Staffordshire FEMA authorities was also drafted in November 2022 and set out the minimum contribution of employment land in South Staffordshire which could contribute towards meeting the needs of the Black Country FEMA. This may need to be revisited in the context of findings of this EDNA Update.

0.7 It is also noted that an update to the West Midlands Strategic Employment Sites Study (WMSESS, 2021) is currently being prepared. The revised WMSESS had not been published at the time of preparing this EDNA Update, although it is expected to provide a range of indicative floorspace needs for the period 2022 to 2045.

c) Reconfirming the Functional Economic Market Area (FEMA)

0.8 This EDNA Update confirms that given the limitations associated with Census 2021 commuting flow data (notably the effects of Covid-19 lockdown and furlough measures in place at the time the Census was undertaken) it is not considered necessary to review the definition of the South Staffordshire FEMA.

0.9   As such, on the basis of the analysis presented in the previous EDNA 2022, the 'best fit' FEMA for South Staffordshire comprises South Staffordshire, Wolverhampton, Dudley, Walsall, Cannock Chase and Stafford.

d)   Commercial Market Signals and Completions Trends

0.10   A review of the commercial property market reveals the total industrial floorspace in South Staffordshire has increased by 55,000sqm since the EDNA 2022 was prepared. There has been no net change in the amount of office floorspace.

0.11   Comparing the EDNA 2022 analysis with the latest available floorspace and vacancy figures reveals an increase in the vacancy rates across both office and industrial uses. The office vacancy rate has increased to 5.9% from 3.3% in the EDNA 2022, and the industrial vacancy rate has increased to 9.0% from 5.1% in the EDNA 2022.

0.12   In terms of the proportion of overall employment by sector in South Staffordshire, some sectors have experienced a decline between 2020 and 2022, including agriculture, wholesale, and business administration and support. Other sectors have however increased as proportion of total employment, such as transport and storage, manufacturing, and property.

0.13   Since the previous EDNA was published, there have been additional gross employment floorspace completions (i.e. excluding losses) totalling 41,493 sqm, of which 61% is B1c/B2, 33% is B8 and just 6% is B1a/B1b floorspace. In terms of losses to non-employment uses, a total of 1,200 sqm floorspace was lost during the period 2020/21 to 2022/23. The majority of these floorspace losses were offices, which were primarily lost through office to residential conversions.

e)   Future Economic Growth

0.14   This EDNA Update undertakes further analysis of the same economic forecasts obtained to inform preparation of the 2022 Report. 2020 has been retained as the base-date for forecast labour demand.

0.15   The assumptions used to develop the labour demand Growth Scenario within the EDNA 2022 are also considered robust. Adjustments have been updated where these apply to 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

0.16   Compared with the EDNA 2022, the updated Growth Scenario indicates a very modest change in terms of total labour demand (+115 jobs) if measured 2020 to 2040. This reflects some reduction in growth in the Professional Services and Construction sectors and a slight strengthening of the performance of Manufacturing and Information and Communication sectors. Wider sub-regional trends in the Transport & Storage sector have remained consistent.

0.17   The EDNA Update also rolls forward forecast labour demand to the end of the proposed plan period in 2041. This results in a further increase in employment of +387 jobs versus the EDNA 2022, mainly concentrated in the Transport & Storage, Wholesale & Retail and Professional Services sectors.

0.18   The updated Growth Forecast shows a growth of **5,326 net additional jobs** in South Staffordshire over the period 2020-41.

f)   Working From Home

0.19   The previous EDNA 2022 concluded that there was no specific reason to moderate the reasonable prospects for forecast employment change under the Growth Scenario due to specific effects related to Brexit or Covid-19 when risks were considered on a sector-by-sector basis. This conclusion remains relevant for the EDNA Update.

0.20   The EDNA 2022 also applied a 'working from home' adjustment by extrapolating the growth trend in home working from 2012-19 to 2040. The EDNA Update extends this extrapolation to 2041.

0.21   These projected working from home rates remain 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 2041. These jobs will therefore not require additional floorspace and are removed from the final floorspace requirement figures.

g)   Future Employment Land Needs

0.22   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 1   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. This has been retained for consistency and to mitigate the potential short-term effects of Coronavirus upon full-time or part-time working patterns.
Sectoral Jobs by Use Class	The proportion of jobs in each sector is disaggregated by the type of employment (B Class)[1] 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.
	For the EDNA Update this allowance has been modified to reflect the annual average for current details for committed losses (applied over three years) and multiplied across the total remaining 2023-2041 period. This is a conservative position in response to the current position for

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[1] 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
	committed losses, which exceeds the past annual average over 2010-2023 or more recent five year average 2018/19 to 2022/23 where the years 2020/21, 2021/22 and 2022/23 reflect a very limited loss of stock. Basing this allowance on current committed losses more closely reflects that replacement provision would offset the latest evidence where industrial and storage uses comprise the majority of floorspace where future losses might be anticipated based on details of planning commitments.
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.

0.23 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 2   Growth Scenario Employment Land Needs by Use Class

2020-2041	B1a/b	B1c/B2	B8	Total
Growth Scenario	5.1	32.2	22.3	**59.6**

Source: SPRU Analysis

0.24 This EDNA Update reflects the volatile and uneven nature of assessing need upon past take-up trends.

0.25 Updated total mean take-up trends of **148ha (2023-41)** and mean trend (excluding atypical schemes (**53.1ha**) are both reduced from the findings of the 2022 EDNA with the total figure heavily distorted by delivery at Amazon/Gestamp (Four Ashes).

0.26 Total Median trends (**106ha**) and Median trends distinguishing strategic and non-strategic sites (**105ha and 11ha respectively**) are identified as potentially better reflecting the volatility of take-up trends.

0.27 Median trends are identified as potentially more appropriate for comparing future growth in land and floorspace with past trends across the total supply pipeline and would still reflect a strong rate of growth relative to a longer-term index.

h)   Labour Supply Approach

0.28 An assessment of labour supply scenarios has been undertaken which considers the total change in employment land and floorspace that could be attributed to projected growth in the labour force from 2023 to 2041. The implications of this scenario for the workplace population in South Staffordshire are a product of assumptions taking account of demographic change, commuting ratios, economic activity rates and the extent of double-jobbing.

0.29 The land required under the labour demand Growth Scenario could in theory support additional levels of employment growth beyond those delivered under the labour supply scenario based on a 1:1 commuting ratio.

0.30 Growth in the workplace population under the labour demand Growth Scenario is likely to be proportionally high relative to the current total for persons living and working in South

Staffordshire. This reflects high levels of gross in-commuting and out-commuting relative to the resident population living and working in South Staffordshire. Resultant low levels of workplace-based self-containment are illustrative of the conclusion that South Staffordshire does not form a separate Functional Economic Market Area (FEMA) and demonstrates the significant interaction of the labour market across numerous adjoining authorities. There is presently very weak evidence that these characteristics would be changed by a specific increase in housing provision to support future jobs growth in the district.

i)   B8 Adjustments for Flexibility Within Total Labour Demand Employment Land Needs

0.31   Further adjustments have been made to the gross need for B8 land and floorspace under the Growth Scenario to incorporate additional flexibility in this sector, to account for future losses of B8 to other uses, and to better reflect sub-regional trends for the Transport and Storage sector (which are higher than local trends). This results in a total gross need of 31.7 ha B8 land for the period 2020-2041.

0.32   Adding this to the total land requirements under the Growth Scenario for B1a/b and B1c/B2 uses results in **a total employment land needs based on labour demand in South Staffordshire of 69.0 ha for the period 2020-2041**, as shown in the following table.

Table 3   Growth Scenario Employment Land Needs by Use Class (including B8 adjustments)

2020-2041	B1a/b	B1c/B2	B8	Total
Growth Scenario	5.1	32.2	31.7	**69.0**

Source: Source: SPRU Analysis

j)   Relationship between WMI and Updated Growth Scenario

0.33   The EDNA Update considers what proportion of the West Midlands Strategic Rail Freight Interchange (WMI) development 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.

0.34   The WMI proposals remain largely undeveloped at the 2023 base-date for the EDNA Update and are therefore not reflected in existing economic forecasts and resulting labour demand scenarios for South Staffordshire.

0.35   The adjustments made to the Transport & Storage sector to produce the LEP Growth Forecast[2] 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.

0.36   Of the 31.7 ha B8 requirement, some 10.0 ha are considered to be provided for in the WMI development, which will be delivered in the period to 2035.

0.37   A further 8.8 ha B8 land is also expected to be delivered at WMI which could accommodate local employment, however this is in addition to the 69.0 ha figure for employment land needs (and therefore cannot be counted towards meeting local B8 needs based on labour demand).

0.38   The updated Growth Scenario assumptions for total employment land needs also take account of the equivalent of 10.4 hectares of land and floorspace completed against the forecast for labour demand from 1 April 2020 to 31 March 2023. Table 4 illustrates total employment land needs for the residual 2023-2041 period.

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[2] See Section 5(b) of the Main Report

Table 4   Growth Scenario Employment Land Needs by Use Class (including B8 adjustments) 2023-2041

2023-2041	B1a/b	B1c/B2	B8	Total
Growth Scenario	4.5	25.9	28.3	58.6
Growth Scenario Excluding WMI	4.5	25.9	18.3	48.6

k)   **Total Gross Objectively Assessed Needs and Calculation of the Supply-Demand Balance**

0.39   The final outputs the EDNA Update identify total gross objectively assessed needs that it is recommended should be planned for to identify the requirement for economic development within the residual period 2023 – 2041. This analysis provided as part of the supply-demand recommendations utilises the total labour demand employment land needs from previous sections of the Report together with considerations including:

- The relationship between past trends and labour demand;

- The pattern of delivery upon strategic and non-strategic sites in the district;

- The potential implications for overall market vacancy resulting from meeting future labour demand; and

- Identifying potential contributions to unmet needs from neighbouring authorities as an output of the supply-demand balance against total objectively assessed needs.

0.40   The EDNA Update applies the outputs of repeating the methodology in the original study alongside considering representations to the 2022 Report to evaluate the rationale for any changes to presentation of the supply/demand balance.

0.41   The previous EDNA demonstrated that 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.

0.42   The EDNA Update identifies that a total of 13.9 hectares additional provision for land and floorspace should be allowed for within the current pipeline of strategic sites (excluding WMI, equivalent to 81.7 hectares) to account for the previous patterns of delivery including the relationship with non-strategic sites. This is a product of the relationship between the apportionment of the growth scenario to strategic sites and the relationship between this apportionment and past take-up on strategic sites[34].

0.43   This additional provision also satisfies a requirement for provision for an allowance for frictional vacancy to sustain healthy levels of activity within the property, or 'churn'. The additional figure of 13.9 hectares is applied together with a small number of rounding adjustments related demand within the B8 sector and apportionment of WMI to identify **total gross objectively assessed needs for the residual period 2023-2041** as shown in Table 5 below.

0.44   This comprises a figure of **62.4 hectares to be considered as part of the supply/demand balance, excluding WMI**.

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[3] 48.6 hectares – 14.5 hectares apportioned to non-strategic sites see Table 6 with full details of the apportionment set out in Appendix 1.
[4] For details see Table 49 of the Main Report with full calculation provided at Appendix 1

Table 5   **Updated Total Gross Residual Objectively Assessed Needs (OAN) Allowing for Frictional Vacancy and Take-Up Margin**

2023-41 (Hectares)	B1a/b	B1c/B2	B8	Total
Labour Demand Land Needs Exc WMI	4.5	25.9	18.1	**48.5**
Labour Demand Employment Land Needs Inc WMI Apportionment	4.5	25.9	28.1	**58.5**
Labour Demand Employment Land Needs Inc WMI Apportionment Plus Additional WMI Jobs In Accordance with DCO	4.5	25.9	36.9	**67.3**
Additional Vacancy and Past Take-Up Margin Included Within OAN	*+1.8*	*+6.0*	*+6.0*	***+13.9***
Total Gross OAN Including Vacancy and Take-Up Margin Exc WMI	6.3	32.0	24.2	**62.4**
Total Gross OAN Including Vacancy and Take-Up Margin Inc WMI Apportionment	6.3	31.9	34.2	**72.4**
Total Gross OAN Including Vacancy and Take-Up Margin Inc WMI Apportionment Plus Additional WMI Jobs In Accordance with DCO	6.3	31.9	43.0	**81.2**

0.45   A 2020-2041 total, inclusive of the equivalent of 10.4 hectares of land and floorspace completed up to 31 March 2023, would comprise 72.8 hectares (excluding WMI) but this would not represent the latest starting point for assessment of the supply/demand balance.

0.46   The output of gross residual objectively assessed needs for the period 2023 – 2041 is compared with a current supply pipeline equivalent to 89.95ha of land and floorspace to generate the following conclusions regarding the total supply/demand balance as shown in Table 6.

Table 6   **Supply/Demand Total Including Frictional Vacancy (Hectares)**

	B1	B2/B8	Total
Need - Strategic Sites	3.0	31.1	34.1
Need - Non-Strategic Sites	1.5	13.0	14.5
Allowance for Frictional Vacancy Reflecting Past Take-Up	1.8	12.1	13.9
Gross Objectively Assessed Needs (Excluding WMI)	6.3	56.1	62.4
Supply – Total (Excluding WMI)	15.8	74.2	90.0
Surplus – Potential Unmet Needs Contribution	9.5	18.1	27.6

0.47   The Report also identifies separate supply/demand balance assessment conclusions for strategic and non-strategic sites, with a notional 33.8 hectare surplus upon strategic sites (as shown in Table 7) and a deficit of around 6.2 hectares on non-strategic sites[5].

Table 7   **Supply/Demand Assessment – Strategic Sites (Hectares)**

	B1	B2/B8	Total
Need - Strategic Sites	3.0	31.1	34.1
Allowance for Frictional Vacancy Reflecting Past Take-Up	1.8	12.1	13.9
Gross Objectively Assessed Needs (Strategic Sites Excluding WMI)	4.8	43.2	48.0
Supply – Total (Excluding WMI)	15.4	66.4	81.7
Surplus / Deficit	10.6	23.2	33.8

[5] 14.4 hectares gross residual non-strategic OAN – 8.2 hectares non-strategic supply = -6.2 hectare deficit.

0.48   The result of the supply-demand balance indicates that strategic sites can be expected to provide for the majority of labour demand locally. Reflecting a reduction in the pipeline from non-strategic sites this pattern on demand and supply has been reinforced since production of the EDNA 2022.

0.49   In broad terms the increasing shortfall against the characteristics of non-strategic sites that might otherwise have continued to meet needs in-line with past trends and as a proportion of 'local' labour demand indicates that the prospects for economic development are increasingly dependent on a more stable pipeline of allocated and strategic sites.

0.50   The conclusions of the EDNA Update further blur the distinction between strategic and non-strategic sites. The EDNA Update concludes it would be simpler, and more appropriate, to suggest the pipeline of supply should be compared relatively more closely with an overall assessment of demand. While there is some prospect of increases to provision on non-strategic sites via windfall the EDNA Update concludes that the pipeline of strategic sites has an increasingly important role in offsetting these shortfalls.

I)   Recommendations, Benchmarking and Potential Contributions Towards Unmet Needs

0.51   Presenting the overall relationship on this basis, and reflecting the current details of the total pipeline, a surplus of **27.6 hectares** represents a reasonable and appropriate contribution towards wider needs for economic development including potential unmet needs from neighbouring areas.

0.52   The EDNA Update calculates this as a reduction from a potential contribution of 36.6 hectares identified in the 2022 EDNA. Appendix 1 of this EDNA has been prepared to illustrate that a like-for-like update on the methodology would reduce the contribution to 34.7[6] hectares. However, this would not fully account for the factors including the need for frictional vacancy and addressing the shortfall upon non-strategic sites as applied within the calculation of gross objectively assessed needs as part of the EDNA Update. These are addressed through the provision the additional 13.9 hectares included as part of the total requirement in this Report.

0.53   The potential contribution towards unmet needs continues to reflect that previous patterns of development in South Staffordshire, and the remaining characteristics of supply upon strategic sites, provide opportunities for economic development in the district that exceed local measures of labour demand. It remains the case that previous take-up trends in the district, while uneven and not including any significant examples of the delivery of 'atypical' or one-off strategic employment development (such as Jaguar Land Rover) since 2020, also bake-in these characteristics of contributing towards wider patterns of need.

0.54   The EDNA Update concludes that any significant additional allocations for economic development that are proposed in the emerging Local Plan in excess of the existing pipeline could be considered as additional to the potential unmet needs contribution currently calculated at 27.6 hectares.

0.55   This reflects the circumstances that the existing pipeline (excluding WMI) accounts for a very robust measure of total gross objectively assessed needs in South Staffordshire, as necessarily identified for the purposes of plan-making, it is entirely appropriate to conclude that further additions to the supply pipeline would constitute additional provision for wider (i.e., potentially unmet) needs in the sub-region.

0.56   The EDNA Update reinforce this conclusion through a benchmarking exercise to consider

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[6] The difference between the two Reports (34.7 – 27.6 = 6.9 hectares) is less because the 2022 EDNA made an allowance for 7 hectares not counted within the supply/demand assessment from strategic sites potentially contributing towards unmet needs however this was not captured in the calculation of total gross objectively assessed needs as applied within the methodology for the EDNA Update.

total employment land needs and the components of overall residual gross objectively assessed needs against past take-up trends. This exercise also illustrates the volatility of basing assessments of need on past take-up trends.

0.57   The outputs of the supply/demand balance, considered alongside the benchmarking exercise provide a sense-check for potential future market signals in South Staffordshire within the context of current economic performance and a significant pipeline of supply. This pipeline continues to reflect the recent evolution of the labour and property market and cross-boundary strategic relationships in terms of contributing to wider patterns of demand for economic development.

0.58   The EDNA also supports the conclusion that comparison with take-up trends should also reflect the pipeline for development at WMI, which will comprise the characteristics of future instances of 'atypical' and large one-off scale development. Analysis of labour demand and take-up trends should therefore, as a minimum, include the apportionment of WMI to potential future jobs growth attributable to needs in South Staffordshire.

0.59   Comparison with longer-term overall Median take-up trends is identified as the most appropriate benchmark to smooth out past and future volatility in the delivery of large-scale, atypical and 'one-off' schemes. Against this measure total gross objectively assessed needs are broadly aligned with sustaining a reasonable assessment of recent past trends in delivery. While a like-for-like comparison is not an outright objective of the Update this Report concludes that the extent of the current pipeline, including apportionments associated with WMI, provides the most reasonable basis to compare past trends that comprise a mixture of strategic and non-strategic sites including large one-off schemes.

0.60   When compared with a hybrid median trend for industrial uses, including provision for loss replacement, the two trends are virtually indistinguishable in terms of potential indexed growth. The difference in terms of land and floorspace over the period 2023-2041 would amount to around 68,000sqm, or approximately 17 hectares. This is shown in Figure 1 below.

Figure 1   Relationship Between Median Past Trends and Pipeline Including WMI Apportionments
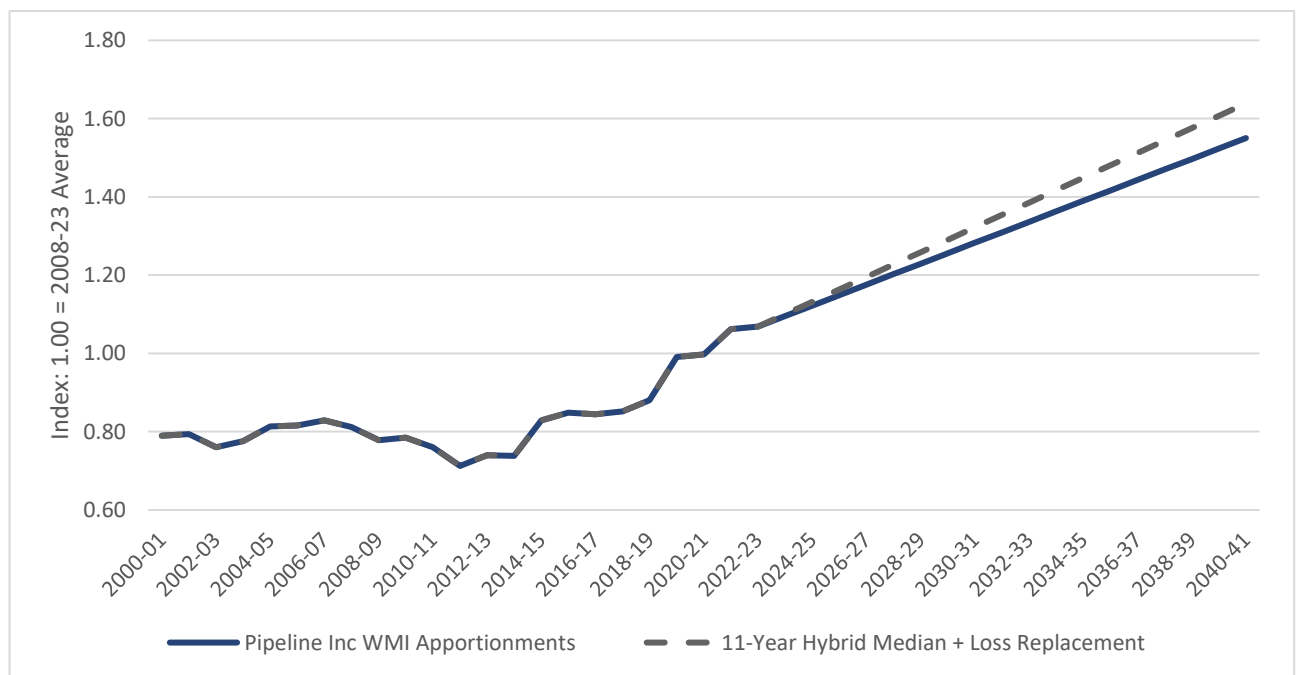
Source: VOA; Council Monitoring Data; SPRU Analysis

m)   Key Headline Findings

0.61   The key headline figures from the EDNA Update report are therefore as follows:

- The requirement for future provision for land and floorspace should provide for minimum gross residual objectively assessed needs of 62.4ha for the period 2023-2041

- This increases to 72.4ha inclusive of the apportionment of labour demand to WMI.

- Pipeline supply is equivalent to 89.95ha (split 81.7ha strategic and 8.2ha non strategic)

- Calculation of the supply/demand balance reflects the increasing role of strategic sites to address shortfalls of c. 6.2 hectares on non-strategic sites, which there is limited scope to address specifically via allocations.

- Labour demand within South Staffordshire will continue to be addressed across a combination of strategic and non-strategic sites and the overall supply/demand balance does not reflect an arbitrary distinction between these categories.

- An updated potential contribution towards Black Country unmet employment needs of 27.6ha that should be increased by any additional significant allocations proposed within the emerging Local Plan. This is a robust figure, taking into account the allowances included in the calculation of total gross objectively assessed needs and the potential for other non-strategic sources of supply that will be supported during the plan period (such as sub-division, redevelopment, intensification and rural diversification)

- The amount of WMI that will contribute to South Staffordshire's employment land supply remains 18.8ha, inclusive of 8.8ha not currently captured by forecast labour demand but reflecting the potential distribution of total job growth attributable to the district.

1.0 INTRODUCTION

1.1 This Economic Development Needs Assessment (EDNA) Update updates the evidence previously published in the EDNA 2022 by presenting an up-to-date position on the employment requirements of South Staffordshire District through to 2041. This EDNA Update will be used to underpin new employment land policies and proposals in South Staffordshire District Council's emerging Local Plan.

1.2 The Council is currently undertaking a comprehensive Local Plan review and previously carried out an initial Publication Plan (Regulation 19) consultation in November 2022. Following proposed changes to the National Planning Policy Framework (NPPF) in early 2023, the decision was taken to pause the Local Plan, particularly given significant proposed changes around Green Belt policy. The decision was then taken in July 2023 to restart work on the Local Plan with a view to undertaking a further Regulation 19 consultation in early 2024, which in turn has pushed back the end date of the Local Plan to 2041.

1.3 The EDNA 2022 previously modelled the District's employment land needs to 2040 and therefore up-to-date evidence on employment needs up until 2041 is now required to inform the new Regulation 19 Local Plan. This EDNA Update has also allowed consideration of recent changes to national planning policy (including the new NPPF published in December 2023) and recently published regional evidence (including the Black Country EDNA Update 2023), including how these may impact upon employment needs in South Staffordshire. This EDNA Update also takes account of responses to evidence presented in the EDNA 2022 that were submitted during the Pre-Submission Regulation 19 consultation in November 2022.

1.4 The overarching objective for the EDNA Update is to have up-to-date and robust evidence setting out the District's requirements for employment needs up to 2041 to underpin the Council's employment land policies and proposals in the Local Plan review. This has been undertaken in line with the Planning Practice Guidance (PPG) requirements for assessing employment needs, including confirming the South Staffordshire Functional Economic Market Area (FEMA) and identifying the objectively assessed employment land requirement for South Staffordshire. The EDNA Update also includes revised policy recommendations for how the identified employment needs can be considered through the Local Plan, including the relationship with predicted workforce growth resulting from proposed housing allocations.

1.5 In order to provide consistency, the methodology for assessing the District's employment land requirements in this EDNA Update is the same as that used in the EDNA 2022. The approach used in the EDNA 2022 is considered to be robust and the EDNA Update should therefore be considered a 'refresh' of the existing evidence which will not require a fundamental change to the Council's strategy for addressing the needs identified.

2.0 LOCAL AND REGIONAL POLICY CONTEXT UPDATE

2.1 This section provides an overview of the local planning policy and wider strategic context in which the EDNA Update has been prepared.

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 December 2023.

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 85 to 89 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 126 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 (LPAs) 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 December 2020.

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.

c)   South Staffordshire Local Plan Regulation 19 Consultation

2.12   A Regulation 19 consultation on the Pre-Submission Draft Local Plan was undertaken in November-December 2022. In preparing this EDNA Update we have reviewed the suite of Regulation 19 consultation responses relating to need and supply for economic development.

2.13   This review reveals that some respondents critiqued the EDNA 2022 in terms of the supply

pipeline, past take-up trends (including criticising the exclusion of strategic sites) and allowances for vacancy and loss replacement.

2.14   Objectors looking to rely on these 'simpler' criticisms generally appear to make the point that their interests are consistent with the types of industrial and distribution scheme delivered recently and would thus provide replacement supply, without necessarily needing to engage with the criteria (including potentially significant release of land from the Green Belt) relevant to contributing to a much greater (but wider) increase in demand. The 'typologies' of different promoted sites and their relationship with future needs are therefore a relevant consideration in preparing this EDNA Update.

2.15   The labour demand approach in the EDNA 2022 is broadly supported, but objectors indicate that small amendments to assumed growth rates in certain sectors would nonetheless materially increase need.

2.16   As part of undertaking this EDNA Update we have sought to address these points in the context of the original EDNA 2022 methodology, as summarised in Table 8 below. In particular, application of the Council's most recent monitoring data (to April 2023) relating to take-up and the supply pipeline has been a critical component of this update.

Table 8   Review of Regulation 19 Consultation Responses to EDNA 2022

Regulation 19 Consultation Response Summary	Response to inform EDNA Update
South Staffordshire supply should be reduced to exclude sites with historic non-delivery and those sites already committed in existing allocations.	The inclusion of existing allocations within the supply is an acceptable approach, where these are considered to be deliverable. Following liaison with SSDC it has been agreed appropriate to remove Hobnock Road and Acton Gate from the supply pipeline due to the likelihood of non-delivery. The other sites identified within the supply pipeline (see Section 9) are still considered to be deliverable within the plan period.
The South Staffordshire employment land requirement figure for local needs should be increased, as there is no evidence that these local needs will be met by West Midlands Interchange (WMI), or by commitments at ROF Featherstone and i54 Western Extension.	This would be contrary to the assumptions made in the Development Consent Order (DCO) process for WMI. The assessment of need set out in the EDNA 2022 includes an uplift for sub-regional trends that reflects the market analysis undertaken to inform the DCO application. The commitments at ROF Featherstone and i54 Western Extension are considered to meet local employment needs.
Allowance to account for increased working from home should not be included in the calculation of employment land requirements for manufacturing and warehousing uses.	The conclusion of the EDNA Update is that it remains appropriate to apply the modest extrapolated trends to all sectors particularly noting that there are other combined effects such as automation and artificial intelligence likely to impact on levels of home-working in the longer-term.
Further land should be allocated to sufficiently meet the Black Country's employment land needs.	Whilst there is no express requirement to make provision for a specific quanta of unmet needs in national policy, the potential contribution towards the Black Country's unmet needs has been reassessed as part of this EDNA Update.

Regulation 19 Consultation Response Summary	Response to inform EDNA Update
Objection to the exclusion of 'atypical' schemes from past completions trend analysis, including those at Four Ashes (Amazon and Gestamp) and i54 (JLR).	The EDNA 2022 did not propose to exclude these as part of the recommended Growth Scenario and was not intending to suggest that the evidence of future demand compares only to past completions trends excluding strategic sites. However, Section 6 of this EDNA Update provides updated completions trends, both including and excluding atypical schemes for comparison.
The modelling should include a vacancy adjustment.	The EDNA 2022 previously included a flexibility margin for the development pipeline, however in this EDNA Update we have also sought to ensure that the LPA retains a frictional vacancy of around 8.5% across all stock by counting the total strategic sites pipeline towards the 'need' side of the equation.
The past completions trend scenario should include a flexibility margin.	The updated completions trends analysis shown in Section 6 of this EDNA Update demonstrates that these trends are quite volatile, and as such we are not recommending that employment land needs should be based on a scenario derived from past completions trends. Flexibility margins that would maintain frictional vacancy have however been included in the updated Growth Scenario which is the recommended scenario for future employment land needs.
Logistics is under-represented in the modelling and the forecasting does not reflect the substantial recent growth in this sector in recent years.	The Strategic Rail Freight Interchange proposals at WMI are very much recognised as meeting sub-regional rather than local demands. Logistics is not well-reflected in local forecasts of labour demand, but the updated Growth Scenario takes account of sub-regional trends and employment growth in the district to indicate need, excluding WMI apportionments. This is substantially in excess of the baseline position but broadly consistent with the extant pipeline excluding WMI.
The EDNA 2022 does not model the strategic employment land needs of the Black Country FEMA as a whole and then attempts to justify South Staffordshire's contribution. That should be the remit of a wider strategic study. Until that exercise is completed, it cannot be said with conviction that 36.6 ha plus the WMI represents a 'proportionate' contribution to meeting wider needs across the Black Country FEMA.	As set out in the Black Country EDNA (2022), South Staffordshire is not considered to form part of the Black Country FEMA (although strong economic links are identified). It is therefore not considered necessary for the South Staffordshire EDNA to model the strategic employment land needs across the FEMA as a whole.
The WMSESS concludes an urgent need to identify a pipeline of new Strategic Employment Sites across the region to meet future needs, which has not yet been done within the Black Country and South Staffordshire 'key location'.	The updated WMSESS has not yet been published, and as such it has not been possible to take full account of its conclusions in this EDNA Update.

Regulation 19 Consultation Response Summary	Response to inform EDNA Update
The labour demand method is not appropriate for the estimation of future industrial and logistics land demand, as employment forecasts often reflect the continued restructuring of the economy away from industry towards services, which underestimates the industry and logistics sector's performance. Also, growth in floorspace/land is not accurately predicted by changes in jobs due to changes in the industry and logistics market.	The employment forecasts have been used as a baseline from which the Growth Scenario has been developed. This scenario incorporates appropriate sectoral adjustments to reflect past trends and economic interventions.
The labour demand method used in the EDNA 2022 does not account for 'supressed demand'. Historic demand projections reflect a constrained supply so do not give accurate picture of future growth, which is also being driven by housing growth and increased online retailing.	The employment forecasts have been used as a baseline from which the Growth Scenario has been developed. This scenario incorporates appropriate sectoral adjustments to reflect past trends and economic interventions.

d)   West Midlands Strategic Employment Sites Study

2.17   Although not yet published, the WMSESS is expected to provide a range of indicative floorspace needs for the period 2022 to 2045. In respect of the WMSESS's relationship with Local Authority EDNAs, it is not expected that the outcomes of the WMSESS will fully align with the individual local EDNAs due to differences in methodology, the outcomes of locally-led Duty to Cooperate discussions and publication timescales.

2.18   The WMSESS is expected to identify a significant need for strategic sites, the delivery of which will be determined through the local plan-making process and joint working between neighbouring authorities or those in the same FEMA. However, it may be the case that some of these strategic needs could be met on locally identified sites where these are of a sufficient scale.

2.19   As the updated WMSESS had not been published at the time of preparing this EDNA Update, it has not been possible to take account of its findings in this report's recommendations. The recommendations of the updated WMSESS may be used to inform future joint-working with neighbouring authorities.

e)   Black Country EDNA Update 2023

2.20   The Black Country authorities published an updated Employment Land Needs Assessment (ELNA) in October 2023. This ELNA identifies an employment land shortfall in the Black Country of 153ha for the period 2020 to 2041. This shortfall reduces to around 19.4ha when factoring in the potential South Staffordshire contribution of 103.6ha (comprising 36.6ha on strategic sites and 67ha at West Midlands Interchange), as set out in the South Staffordshire Regulation 19 Pre-submission Local Plan, and a proposed 30ha contribution from Shropshire.

2.21   The ELNA recommends that the Black Country Local Authorities continue engaging with neighbouring Local Plan areas identified as having a strong or moderate economic relationship with the Black Country FEMA, which includes South Staffordshire.

2.22   Section 8 of this EDNA Update reviews the South Staffordshire's potential contribution towards meeting the unmet employment land needs of the Black Country authorities in the context of the updated evidence.

f) **South Staffordshire Functional Economic Market Area Statement of Common Ground (November, 2022)**

2.23   A Statement of Common Ground (SoCG) was drafted between the authorities comprising the South Staffordshire FEMA in November 2022, including South Staffordshire, Stafford, Cannock Chase, Wolverhampton, Walsall and Dudley. Whilst Sandwell is not identified as being within the South Staffordshire FEMA it is identified as a related local planning authority and is included within the SoCG to recognise the emerging shortfall identified across the four Black Country authorities.

2.24   The Black Country Plan Regulation 18 draft (2021) indicates that the Black Country as a whole was required to export 210ha of employment land through the Duty to Cooperate in order to address its employment needs.

2.25   The SoCG reflects the findings of the EDNA 2022 which identifies a minimum contribution of 103.6ha of employment land in South Staffordshire which could contribute towards meeting the needs of the Black Country FEMA.

2.26   The SoCG identifies the following key issues relating to the South Staffordshire FEMA:

- There remains a shortfall of around 210ha of employment land arising cumulatively from the Black Country FEMA (Wolverhampton, Walsall, Dudley and Sandwell). This shortfall is being reviewed through the update to the published EDNA.

- The South Staffordshire FEMA and Black Country FEMA are different geographies, but include significant overlap, recognising the significant functional relationships between South Staffordshire and Cannock and most (but not all) of the Black Country FEMA authorities.

- Both South Staffordshire and Cannock are identified in the 2018 and 2021 update of the Black Country EDNA as areas outside of the Black Country FEMA which nonetheless have strong or moderate economic links with this geography.

- Stafford Borough is not identified as an area with strong or moderate economic links with the Black Country FEMA in the published Black Country EDNA, but this relationship will be reviewed through the EDNA update and subsequent Local Plan work.

- Birmingham, Lichfield, Tamworth, Solihull, Bromsgrove and Wyre Forest have either strong or moderate economic links with the Black Country FEMA, but are also outside of the South Staffordshire FEMA.

- The relationship between the individual Black Country FEMA authorities, and with authorities within the wider geography varies.

- Whilst over a much wider geography, there is also a need for South Staffordshire FEMA authorities to participate in a follow-up study to the West Midlands Strategic Employment Sites Study 2021.

2.27   The SoCG also identifies the following key areas of agreement between the authorities:

- The Black Country FEMA's shortfall, whilst not yet finalised through local plans, is nonetheless likely to be significant and requires cross-boundary working with local authorities within and outside of the Black Country FEMA in order to be addressed.

- Duty to Cooperate discussions with all other local authorities identified as having a strong or moderate economic relationship with the Black Country FEMA and other areas with which there is an evidenced functional relationship should continue to be progressed to identify further options to address the area's shortfall.

- Future updates to the West Midlands Strategic Employment Sites Study may inform future Duty to Cooperate discussions over the need for, scale of, location and phasing of additional strategic employment sites to meet wider needs potentially including those arising in the Black Country.

2.28   The SoCG identifies the following key areas where agreement is yet to be reached:

- There are currently differing views within the South Staffordshire FEMA as to whether Cannock and Stafford Borough are able to contribute to the Black Country's employment shortfall.

- The Black Country FEMA authorities will review the Regulation 19 Plan and advise on whether they consider that the South Staffordshire District Council's proposed contribution to unmet employment needs (103.6ha minimum) to be proportionate given its land constraints and the economic links the area has with the Black Country and the potential contributions from other neighbouring authorities with which the Black Country has a functional relationship. This response would be subject to the publication of the Black Country EDNA programmed for February 2023.

- The level of contribution that can reasonably be expected from authorities functionally linked to the Black Country but which are outside of the South Staffordshire FEMA is yet to be determined.

Key Points

- A Regulation 19 consultation on the Pre-Submission Draft Local Plan was undertaken in November-December 2022, which this EDNA Update has responded to.

- The overarching methodology has not significantly changed from that applied in the EDNA 2022, but we have made a number of minor adjustments, including reviewing the deliverability of existing site allocations and removing those considered undeliverable from the pipeline supply and the potential requirement of a margin for frictional vacancy.

- The Black Country Employment Land Needs Assessment (ELNA, 2023) update has also been published since the previous South Staffordshire EDNA was prepared. This ELNA identifies an employment land shortfall in the Black Country of 153ha for the period 2020 to 2041. This shortfall reduces to around 19.4ha when factoring in the potential South Staffordshire contribution of 103.6ha (comprising 36.6ha on strategic sites and 67ha at West Midlands Interchange), as set out in the South Staffordshire Regulation 19 Pre-submission Local Plan, and a proposed 30ha contribution from Shropshire.

- This EDNA Update reviews the South Staffordshire's potential contribution towards meeting the unmet employment land needs of the Black Country authorities. A Statement of Common Ground (SoCG) between the South Staffordshire FEMA authorities was also drafted in November 2022 and set out the minimum contribution of employment land in South Staffordshire which could contribute towards meeting the needs of the Black Country FEMA. This may need to be revisited in the context of findings of this EDNA Update.

- An update to the West Midlands Strategic Employment Sites Study (WMSESS, 2021) is currently being prepared. The revised WMSESS had not been published at the time of preparing this EDNA Update, although it is expected to provide a range of indicative floorspace needs for the period 2022 to 2045.

3.0   RECONFIRMING THE FUNCTIONAL ECONOMIC MARKET AREA

3.1   This section reviews and, where necessary, updates the evidence presented in section 3 of the EDNA 2022 which sets out the definition of the South Staffordshire FEMA.

a)   Planning Policy Context

3.2   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*

3.3   It should be noted that a FEMA is defined relative to each respective authority and as such the South Staffordshire FEMA 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.

b)   Existing Evidence and Previous Studies

3.4   The EDNA 2022 concluded that on the basis of available evidence, 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.

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

3.6   Since the EDNA 2022 was prepared, the Black Country authorities have published an updated EDNA (October 2023). This update does not seek to review the Black Country FEMA definition, which it states remains as reviewed in the November EDNA 2022 update. This review concludes that *"The Black Country (consisting of the four BCLAs) is a sufficiently self-contained labour market in terms of TTWAs to be considered to be a stand-alone Functional Economic Market Area".* It does however also note strong economic interactions between the Black Country authorities and South Staffordshire (and Birmingham). This is the same conclusion as drawn in the Black Country EDNA 2017 which was reviewed as part of the South Staffordshire EDNA 2022. Therefore this does not impact the conclusions drawn.

3.7   The South Staffordshire EDNA 2022 also includes an assessment of Travel to Work Areas

(TTWAs) and commuter flow data from the 2011 Census which revealed that the main commuter catchment is from within South Staffordshire, and whilst there were 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 were individually much weaker than the flows within the District boundary.

3.8   Whilst the Census 2021 commuter flow data has now been published, the ONS Travel to Work Areas have not yet been updated, so those based on Census 2011 data remain the most up-to-date. ONS also places a caution on the use of the Census 2021 commuter flow data for policy making purposes due to the fact that the Census 2021 took place during the Covid-19 pandemic, during which the national lockdown and furlough measures would have affected travel to work patterns.

3.9   Notwithstanding this, an analysis of the Census 2021 commuter data (as shown in

Table 39) reveals that of all people living in South Staffordshire (and working) (50,625 people), 56% of these were also working in the district or working from home, compared with 44% who were commuting outside the district for work. Of those working from home (43%), it is unclear what proportion of these were working for companies based in South Staffordshire district and what proportion of these people continued to work from home following the pandemic.

3.10   Given the limitations associated with the Census 2021 commuting flow data, it is not considered appropriate or necessary to re-review the definition of the South Staffordshire FEMA on the basis of this data. It is therefore concluded that on the basis of the analysis presented in section 3 of the EDNA 2022, the 'best fit' FEMA for South Staffordshire comprises South Staffordshire, Wolverhampton, Dudley, Walsall, Cannock Chase and Stafford.

Key Points

- It is not considered necessary to review the definition of the South Staffordshire FEMA as part of this EDNA Update.

- On the basis of the analysis presented in the previous EDNA 2022, the 'best fit' FEMA for South Staffordshire comprises **South Staffordshire, Wolverhampton, Dudley, Walsall, Cannock Chase and Stafford.**

4.0   COMMERCIAL MARKET SIGNALS AND COMPLETIONS TRENDS

4.1   This section provides an updated assessment of the commercial property market in South Staffordshire, including an assessment of employment floorspace supply and vacancy rates, employment by sector, and recent floorspace completions and losses.

4.2   The findings of the stakeholder engagement and qualitative assessment of sites that was undertaken as part of the EDNA 2022 (section 6) are still valid and do not require updating as part of this EDNA Update.

a)   Existing Commercial Floorspace

4.3   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.

4.4   As shown in Table 9, since the EDNA 2022 was prepared, the total industrial floorspace in South Staffordshire has increased by 55,000sqm, and there has been an average annual growth of 9,000sqm over the 23 year period 2001 to 2023. Since the publication of EDNA 2022, there has been no net change in the amount of office floorspace in South Staffordshire, meaning that since 2001 there has been an average annual increase in office floorspace in South Staffordshire of 565sqm.

Table 9   Total Commercial Floorspace (sqm), South Staffordshire

	Floorspace 2021 (sqm)	Floorspace 2023 (sqm)	% Increase 2001-2023	Net Increase (sqm) 2001-2023	Average Annual Increase (sqm) 2001-2023
Industrial	770,000	825,000	35.25%	215,000	9,348
Office	44,000	44,000	41.94%	13,000	565

Source: VOA

4.5   Strong growth in industrial floorspace has continued to be recorded between 2021 and 2023 (a further increase of 7.1%). This is likely to reflect a slight lag in recorded the most recent significant additions of logistics floorspace at Four Ashes and Hilton Cross.

4.6   This EDNA Update has undertaken further analysis to benchmark the very substantial rate of floorspace growth in South Staffordshire alongside neighbouring areas, which is a relevant indicator of 'healthy' levels of property market activity. This is also a helpful indicator when evaluating potential scenarios for future projections of land and floorspace based on past trends. Comparisons have been drawn based on the index of floorspace trends relative to the 2000-05 average, which represents a relatively stable period of net change in total floorspace stock.

4.7   Figure 2 shows that for industrial floorspace South Staffordshire's 2023 total of 825,000sqm achieves and indexed value of 1.36 relative to the local average, compared to 1.02 in Staffordshire and a small drop in the index for the West Midlands overall. In contrast, the Black Country has experience a loss of nearly 3,000,000sqft of industrial floorspace resulting in 2023 totals comprising an indexed value of 0.79. For South Staffordshire this change is strongly associated with substantial gross additions to floorspace since 2013/14, although to a lesser extent the relatively small property market is a potential cause of more modest net losses of stock in the years surrounding the 2008-2010 financial crisis.

Figure 2   Indexed VOA Industrial Floorspace – South Staffordshire and Comparators
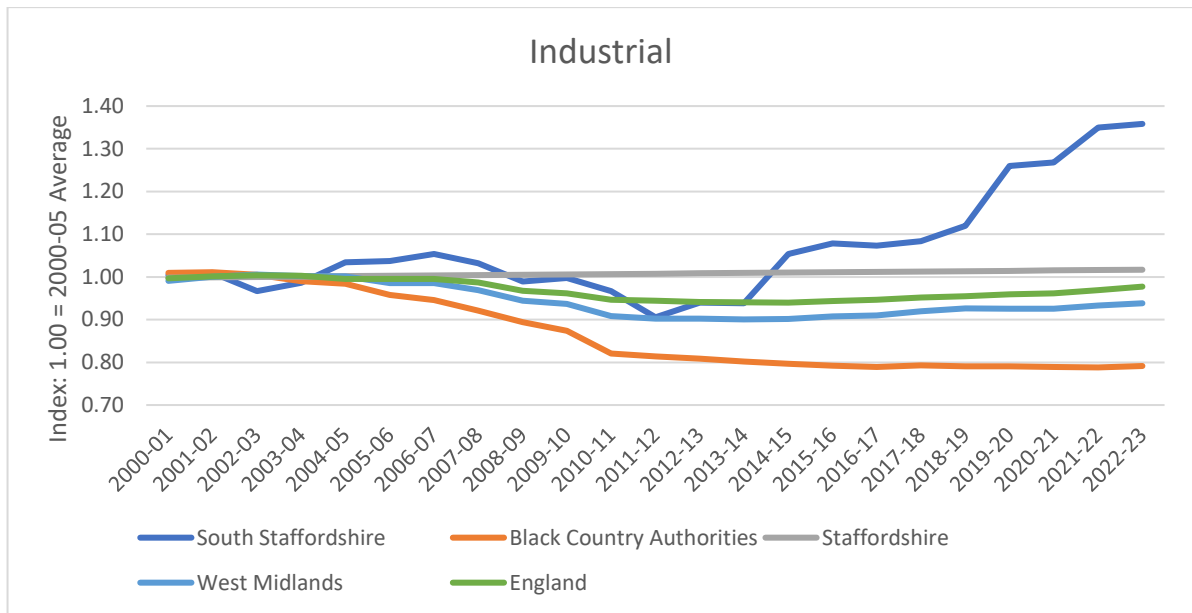
Source: SPRU analysis of VOA Data

4.8   The index of Office floorspace shows a positive trend for all comparator areas, excluding the Black Country, although the South Staffordshire indexed value of 1.37 substantially exceeds the next highest value of 1.24 for Staffordshire. For South Staffordshire this reflects a positive indexed net trend over a longer horizon (relatively consistently since 2007-08) although in part this may be a function of a more limited property market in terms of the starting point for stock. This is shown in Figure 3.

Figure 3   Indexed VOA Office Floorspace – South Staffordshire and Comparators
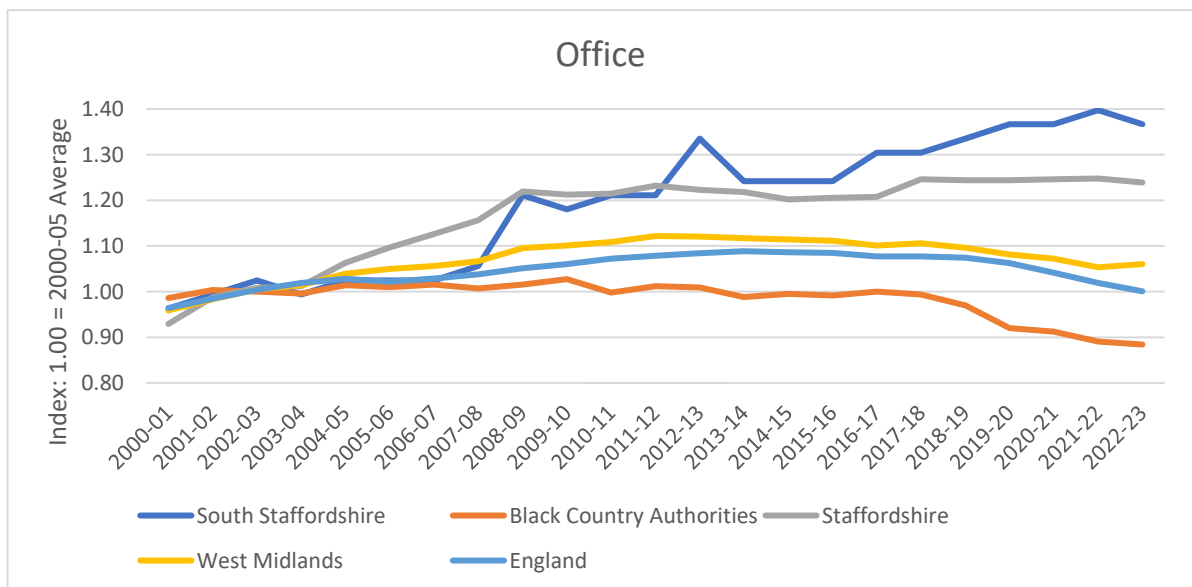
Source: SPRU analysis of VOA Data

4.9   The indexed trend has stabilised in the most recent three years in South Staffordshire, which has occurred later than in the comparator areas on Staffordshire and the wider West Midlands. This is likely to reflect in-part stronger indicators of demand in relevant sectors (noting the growth of sites such as Dunston Business Village) but also again potentially

reflects the smaller property market and more limited effect of losses of primarily secondary office stock through Permitted Development Rights.

b) **Vacancy Rates**

4.10 According to an online search undertaken in November 2023, the advertised available industrial floorspace in South Staffordshire equates to 16 units, as shown in Figure 4 below. There are 7 smaller units below 200 sqm, mostly located at the Four Ashes Industrial Estate and also at The Bradshaws in Perton. There are a number of medium-sized vacant units (between 1,000 and 5,000 sqm) and a handful of larger units at Hilton Cross Business Park and one at Four Ashes.

Figure 4 **Vacant Industrial Units in South Staffordshire by Size**
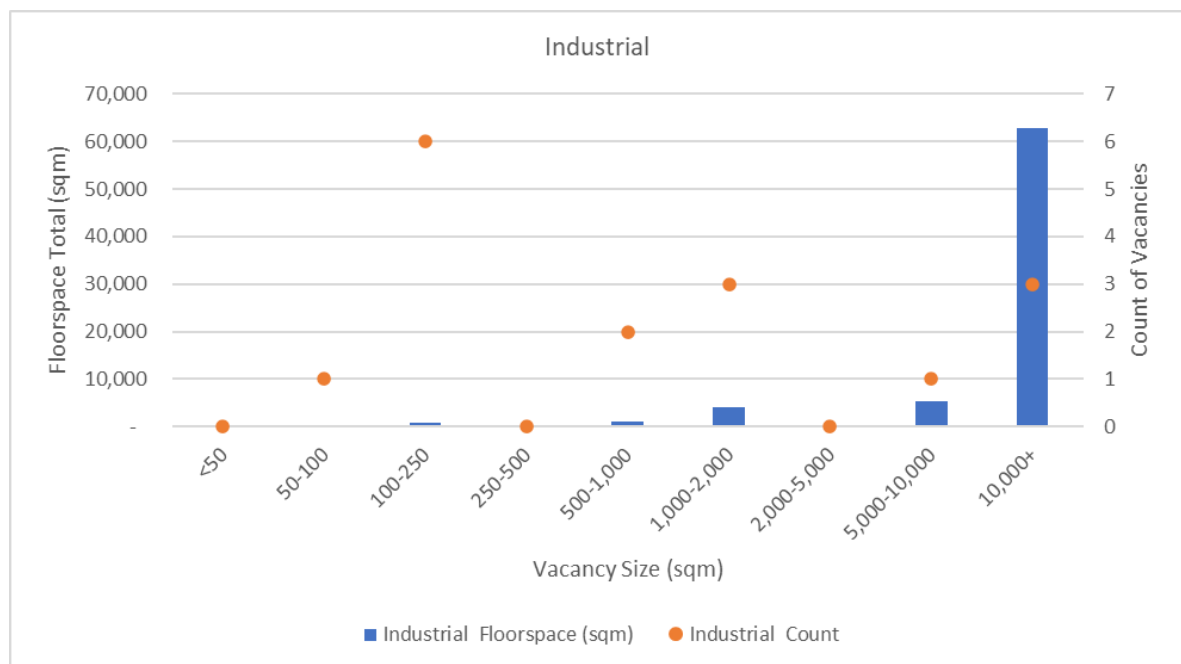
Source: SPRU analysis of Prime Location and sqwyre.com data (November 2023)

4.11 In terms of office floorspace, at the time the search was undertaken there were 17 vacant office units in South Staffordshire, the majority of which were below 500 sqm. There was one larger office unit of 929 sqm located at Dunston Business Village, as shown in Figure 5.

Figure 5   **Vacant Office Units by Size**
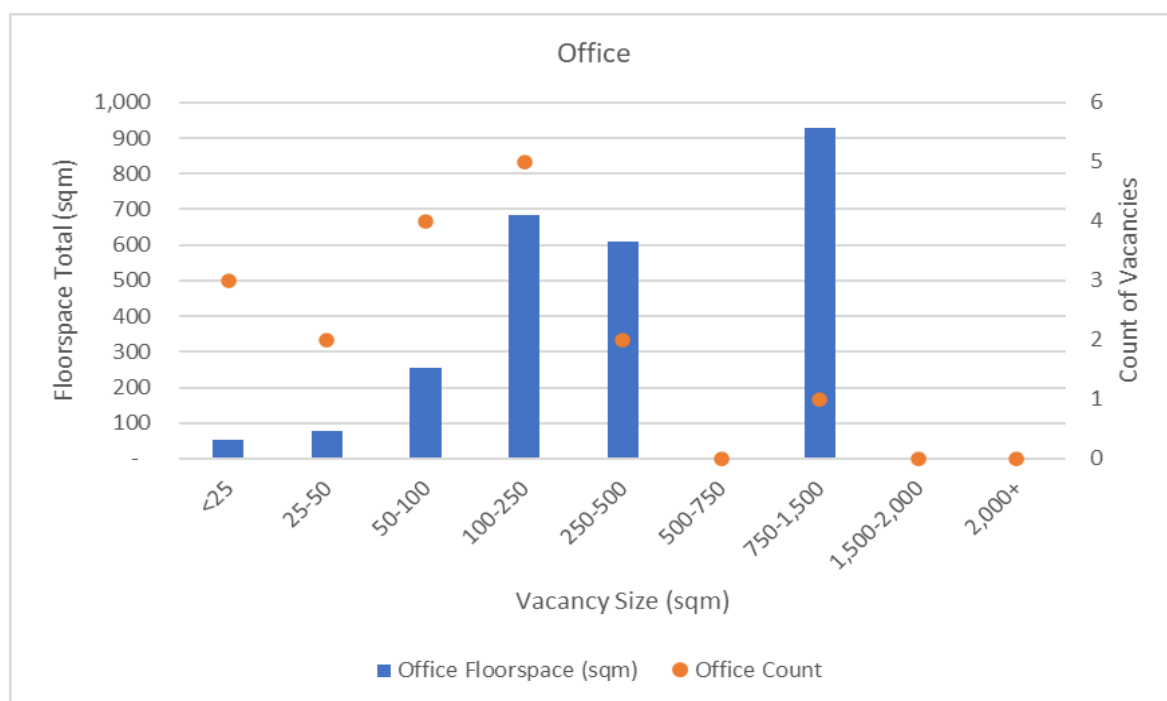
Source: SPRU analysis of Prime Location and sqwyre.com data (November 2023)

4.12   As shown in Table 10, comparing the EDNA 2022 analysis with the latest available floorspace and vacancy figures reveals an increase in the vacancy rates across both office and industrial uses. The office vacancy rate has increased to 5.9% from 3.3% in the EDNA 2022, and the industrial vacancy rate has increased to 9.0% from 5.1% in the EDNA 2022.

4.13   The analysis presented here 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 and office market in South Staffordshire. A guideline for a healthy vacancy rate is generally considered to be around 7.5%[7], therefore, the current industrial vacancy rate of 9.0% is considered to represent a healthy industrial property market, whereas the slightly lower vacancy rate for offices in South Staffordshire suggests a relatively tight supply of premises to meet the demand for office floorspace in the district.

Table 10   **Office and Industrial Floorspace and Vacancy Rates**

	EDNA 2022	EDNA Update
Industrial		
Total Industrial Vacancies	39,346	73,989
Total Floorspace (sqm)	770,000	825,000
Vacancy Rate	**5.11%**	**8.97%**
Offices		
Total Office Vacancies	1,436	2,606
Total Floorspace (sqm)	44,000	44,000
Vacancy Rate	**3.26%**	**5.92%**

Source: VOA, Prime Location and sqwyre.com data (November 2023)

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[7] Planning Advisory Service, Housing & Economic Development Needs Assessment Technical Advice Note Volume 3 Economic Development, April 2016

c) **Rates of Employment**

4.14 Provisional BRES data for 2022 identifies approximately 38,350 employees in South Staffordshire, which represents an increase of 3,325 since 2021. There has been a compound annual growth rate in employment of 2.4% since 2011, as illustrated in Figure 6.

Figure 6 **Total Employees in South Staffordshire (2011-2022)**
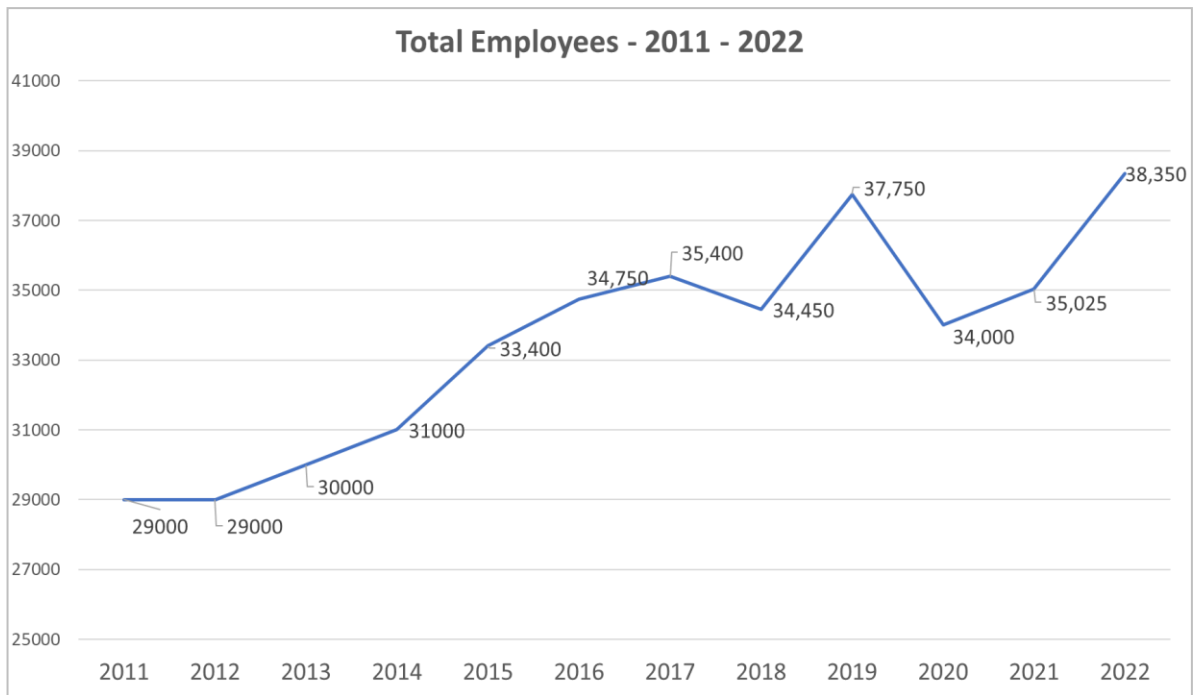
Source: *BRES 2022*

4.15 In terms of the proportion of overall employment by sector in South Staffordshire, as shown in

Table 11, some sectors have experienced a decline between 2020 and 2022, including agriculture, wholesale, and business administration and support. Other sectors have however increased as proportion of total employment, such as transport and storage, manufacturing, and property.

Table 11   South Staffordshire Employment by Sector (2020 and 2022)

Employment Sector	2020 figures (EDNA 2022)		2022 figures (EDNA Update)		% of Total Employment Point Change 2020-2022
	Employment	%	Employment	%	
1 : Agriculture, forestry & fishing (A)	1,250	3.7%	1,000	2.6%	-1.1%
2 : Mining, quarrying & utilities (B,D and E)	300	0.9%	350	0.9%	0.0%
3 : Manufacturing (C)	5,000	14.7%	6,000	15.6%	0.9%
4 : Construction (F)	2,500	7.4%	3,000	7.8%	0.5%
5 : Motor trades (Part G)	600	1.8%	600	1.6%	-0.2%
6 : Wholesale (Part G)	1,500	4.4%	1,250	3.3%	-1.2%
7 : Retail (Part G)	2,500	7.4%	2,500	6.5%	-0.8%
8 : Transport & storage (inc postal) (H)	2,000	5.9%	3,000	7.8%	1.9%
9 : Accommodation & food services (I)	2,500	7.4%	3,000	7.8%	0.5%
10 : Information & communication (J)	700	2.1%	600	1.6%	-0.5%
11 : Financial & insurance (K)	300	0.9%	300	0.8%	-0.1%
12 : Property (L)	600	1.8%	1,000	2.6%	0.8%
13 : Professional, scientific & technical (M)	2,500	7.4%	2,500	6.5%	-0.8%
14 : Business administration & support services (N)	2,250	6.6%	2,000	5.2%	-1.4%
15 : Public administration & defence (O)	1,750	5.1%	2,250	5.9%	0.7%
16 : Education (P)	3,000	8.8%	3,000	7.8%	-1.0%
17 : Health (Q)	3,500	10.3%	4,000	10.4%	0.1%
18 : Arts, entertainment, recreation & other services (R,S,T and U)	1,250	3.7%	2,000	5.2%	1.5%
Total	**34,000**	**100%**	**38,350**	**100%**	

Source: SPRU analysis of BRES data

4.16   An analysis of compound annual growth rates (CAGR) in employment over the period 2011 to 2022 (see Table 12) reveals a significant growth in the Property sector in South Staffordshire, although the BRES data suggests that this growth has predominantly occurred in 2022. As expected, there has been strong recent growth in employment in the Transport and Storage sector (CAGR 7.6%) in South Staffordshire. This exceeds the growth in this sector seen across the wider LEP and employment losses in this sector in the Black Country.

4.17   The largest decline in employment in South Staffordshire between 2011 and 2022 has been in the Financial and Insurance sector (CAGR -2.4%). The LEP also experienced a decline in this sector (CAGR -4.1%), whilst the Black Country experienced growth in this sector (CAGR 1.1%).

Table 12   Comparison of Compound Annual Growth Rates (CAGR) in Employment by Sector and Location

Industry	South Staffordshire CAGR 2011-2022	LEP CAGR 2011-2022	Black Country CAGR 2011-2022
1 : Agriculture, forestry & fishing (A)	3.0%	0.8%	-1.6%
2 : Mining, quarrying & utilities (B,D and E)	-1.1%	-0.7%	5.5%
3 : Manufacturing (C)	3.4%	0.9%	0.0%
4 : Construction (F)	2.4%	1.0%	0.4%
5 : Motor trades (Part G)	1.5%	0.7%	1.7%
6 : Wholesale (Part G)	-1.5%	1.7%	0.3%
7 : Retail (Part G)	0.9%	-0.3%	0.6%
8 : Transport & storage (inc postal) (H)	7.6%	4.6%	-3.0%
9 : Accommodation & food services (I)	2.4%	1.5%	-1.4%
10 : Information & communication (J)	4.6%	2.7%	1.4%
11 : Financial & insurance (K)	-2.4%	-4.1%	1.1%
12 : Property (L)	10.6%	5.1%	-4.0%
13 : Professional, scientific & technical (M)	4.3%	2.3%	-2.0%
14 : Business administration & support services (N)	-1.0%	0.6%	2.0%
15 : Public administration & defence (O)	3.4%	0.0%	1.7%
16 : Education (P)	0.0%	-0.8%	-0.4%
17 : Health (Q)	1.1%	0.9%	-1.2%
18 : Arts, entertainment, recreation & other services	4.0%	0.9%	-2.6%

Source: SPRU analysis of BRES data

d)   Productivity and Contribution to Output by Sector

4.18   As part of the EDNA Update this baseline analysis also records that the South Staffordshire economy has continued to perform well in terms of productivity and economic output (measured by Gross Value Added) since preparation of the 2022 EDNA. This continues a trend identified within the original Study where South Staffordshire was noted to be out-performing comparator areas within the most recent period thus bringing its contribution towards economic growth in-line with longer-term averages.

4.19   This has continued since 2019 and

Table 13 below illustrates a total CAGR of 3.52% 2001-2021, compared to 3.20% across the West Midlands. Within South Staffordshire this is a function of relatively modest net effects of the Coronavirus pandemic on GVA between 2019 and 2020. As such, while all comparator areas showed a strong rebound of between 7% and 8% between 2020 and 2021 the total contribution to increased output in South Staffordshire has been relatively greater since 2019.

Table 13   Comparison of Compound Annual Growth Rates (CAGR) in GVA by Location

	CAGR 1998-2008	CAGR 2001-2011	CAGR 2011-21	CAGR 2001-2021	2019-2021 % Change
South Staffordshire	3.18%	2.70%	4.34%	3.52%	6.5%
Stoke and Staffordshire LEP	3.85%	3.39%	3.02%	3.21%	3.1%
Black Country	2.96%	2.25%	2.70%	2.47%	1.3%
West Midlands	3.71%	3.07%	3.33%	3.20%	1.7%

Source: SPRU analysis of GVA data

4.20   The contribution to total GVA of £2,050m (balanced current prices) in 2021 is shown in Table 14 below together with change since 2019 and total CAGR since 2001 by sector.

Table 14   GVA By Sector – South Staffordshire

Sector	GVA 2021 (£million)	% of Total	CAGR 1998-2021	% of Total (2019)	Proportion of Total – Percentage Point Change 2021 vs 2019	GVA % Change 2021 vs 2019
Manufacturing	555	27.1%	3.5%	25.9%	1.1%	11%
Real estate activities	369	18.0%	2.1%	18.9%	-0.9%	2%
Construction	214	10.4%	5.5%	10.9%	-0.5%	2%
Wholesale and retail trade; repair of motor vehicles	170	8.3%	3.5%	7.1%	1.2%	24%
Education	126	6.1%	4.3%	6.3%	-0.1%	4%
Administrative and support service activities	100	4.9%	6.1%	4.2%	0.7%	23%
Public administration and defence	94	4.6%	4.3%	4.9%	-0.4%	-1%
Human health and social work activities	93	4.5%	4.5%	4.3%	0.3%	13%
Agriculture, mining, electricity, gas, water and waste	86	4.2%	4.7%	3.9%	0.3%	15%
Transportation and storage	65	3.2%	4.3%	3.5%	-0.3%	-3%
Professional, scientific and technical activities	65	3.2%	4.5%	3.0%	0.2%	14%
Accommodation and food service activities	42	2.0%	3.4%	2.7%	-0.7%	-19%
Information and communication	32	1.6%	6.8%	1.6%	0.0%	7%
Other service activities	22	1.1%	2.2%	1.4%	-0.3%	-19%
Arts, entertainment and recreation	9	0.4%	0.6%	0.7%	-0.2%	-31%
Financial and insurance activities	5	0.2%	-1.6%	0.6%	-0.4%	-58%
Activities of households	3	0.1%	0.0%	0.2%	0.0%	0%
All industries	**2,050**	**100%**	3.7%	N/A	N/A	7%

Source: SPRU analysis of GVA data

4.21   Stronger performance between 2019 and 2021 is likely to be at least in part a function of the local economy and concentration of output within sectors including Manufacturing and Wholesale that were locally resilient during the course of the pandemic and comprise the first and fourth most significant contributors to total output. The contribution of these sectors as a proportion of total GVA increased by 1.1% and 1.2% respectively, largely offsetting contributions to output from Real Estate and Construction (as the second and third most significant sectors in terms of output.

4.22   While longer-term growth in output from these sectors has been relatively more modest (both 3.5% relative to the total CAGR of 3.7% since 1998) this concentration of growth within the most recent five-year period at a time of more constrained growth in output in comparator areas has demonstrated the increased importance of these sectors to the local economy.

4.23   The Administrative Services Sector was also resilient during the pandemic and saw its increased to the proportion of total output increase by around 0.7 percentage points. In terms of contribution to the total CAGR both Professional Services and Information & Communications have performed in excess of the overall average and experienced growth in output since 2019, albeit from a relatively modest starting point in terms of proportion of total GVA. The trend in total GVA, by sector, is shown in Figure 7 below.

Figure 7   Total GVA By Sector in South Staffordshire (1998-2021)
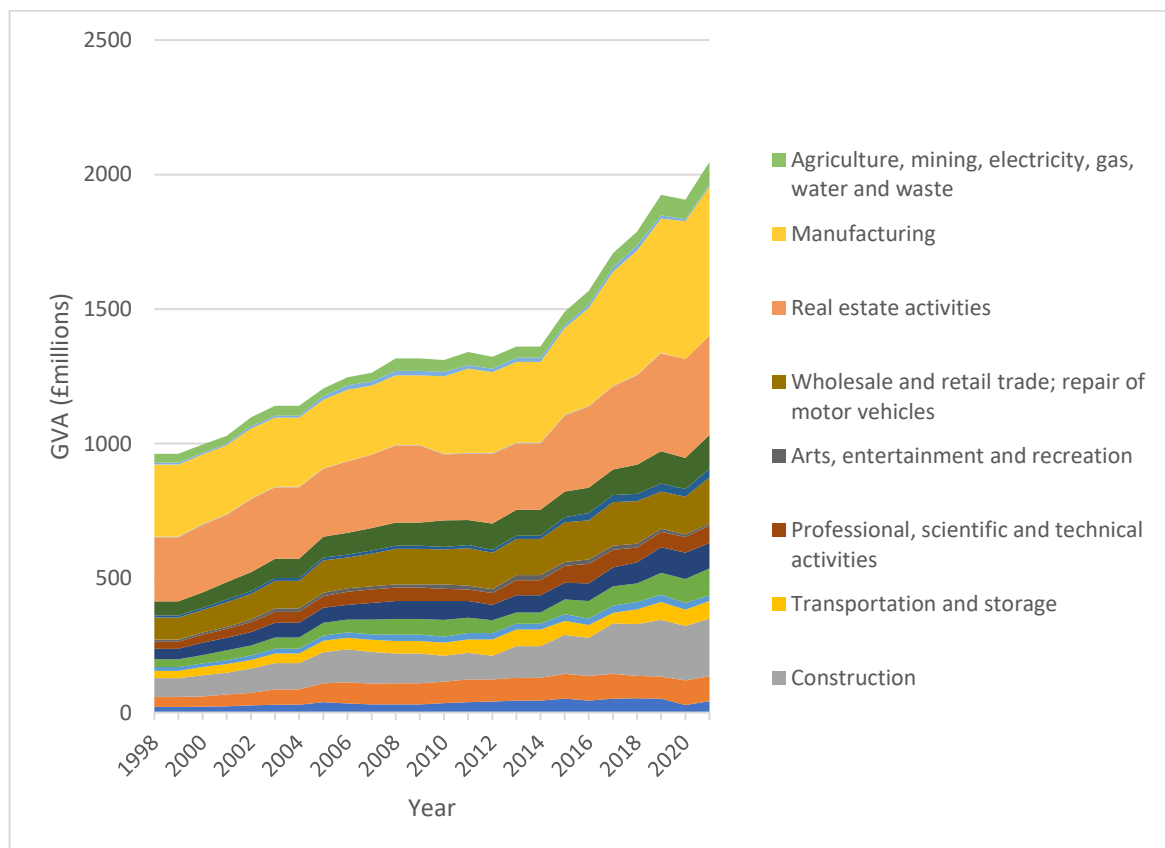
Source: ONS; SPRU analysis

4.24   This analysis has also been undertaken to illustrate that in the context of strong recent local evidence for growth in employment, delivery of new employment floorspace and increased economic output there appears to be a relatively weak link between these variables by sector. This reinforces the methodology of this EDNA in not seeking to provide future estimates of land and floorspace based on further forecast change in economic output (measured by Gross Value Added) by sector.

4.25 Figure 8 below illustrates total VOA industrial floorspace over time, alongside both GVA and BRES employment for Manufacturing and Transport & Storage sectors separately. This shows that total increased floorspace has been associated with increased GVA, but this is principally related only to manufacturing output. GVA has continued to increase for this sector since 2019, notwithstanding relatively more limited completions of industrial floorspace and more limited change in net employment. This increase may be illustrative of continued net change in the sector (effectively the creation of higher value jobs) or a 'lag' in recording or generating increased output from as a result of investment (jobs and floorspace growth).

Figure 8   Industrial and Transport & Logistics Employment and GVA 2011-2023
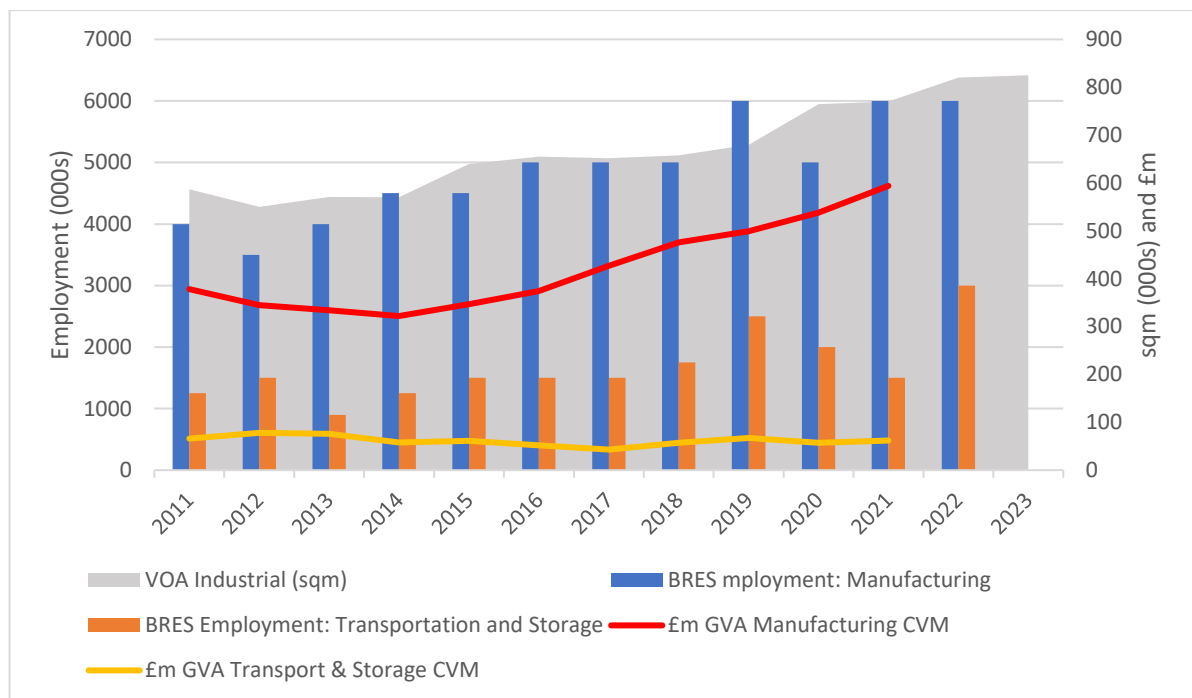
Source: ONS; BRES; VOA; SPRU analysis

4.26 In contrast while the majority of net growth in employment in Transport & Storage post-dates the most recent GVA data to 2021 it is relevant to note that output in this sector has thus far had a negligible impact in terms of net change in total economic output. It is likely that this is a further result of 'lag' in the recording of the effect of investment and jobs growth or alternatively the contribution to output principally being captured across other sectors (such as Wholesale) or recorded at locations beyond South Staffordshire.

e)   Recent Pattern of Employment Floorspace Supply and Loss

4.27 Analysis of the Council's recent monitoring data reveals that since the previous EDNA was published, there have been additional gross employment floorspace completions (i.e. excluding losses) totalling 41,493 sqm, of which 61% is B1c/B2, 33% is B8 and just 6% is B1a/B1b floorspace.

Table 15   Gross Employment Floorspace Completions (2020/21 – 2022/23)

Gross Completions excl. losses (sqm)	B1a/B1b	B1c/B2	B8	Total
2020-2021	496	7,706	540	**8,742**
2021-2022	858	6,858	2,261	**9,976**
2022-2023	1,258	10,568	10,949	**22,775**
Total	**2,612**	**25,132**	**13,750**	**41,493**

Source: SPRU analysis of Local Authority monitoring data

4.28   In terms of losses, a total of 1,200 sqm floorspace was lost during the period 2020/21 to 2022/23. The majority of these floorspace losses were offices, which were primarily lost through office to residential conversions.

Table 16   Employment Floorspace Losses (2020/21 – 2022/23)

Losses (sqm)	B1a/B1b	B1c/B2	B8	Total
2020-2021	-155	-104	0	**-259**
2021-2022	-702	0	-109	**-811**
2022-2023	-172	0	0	**-172**
Total	**-1,029**	**-104**	**-109**	**-1,242**

Source: SPRU analysis of Local Authority monitoring data

4.29   When added to the previous gross completions data for the period 2012/13 to 2019/20 (as analysed in the EDNA 2022), this reveals total gross completions (excluding losses) of 427,245 sqm over the 11 years from 2012/13 to 2022/23, as shown in Table 17. This equates to an average gross completions total (excluding losses) of 38,840 sqm per year, of which 61% is B1c/B2, 33% is B8 and 6% is B1a/B1b floorspace.

Table 17   Gross Employment Floorspace Completions (2012/13 – 2022/23)

Gross Completions excl. losses (sqm)	B1a/B1b	B1c/B2	B8	Total
2012/2013 - 2019/2020 (8 years)	24,845	234,759	126,149	385,752
2020 - 2021	496	7,706	540	8,742
2021 - 2022	858	6,858	2,261	9,976
2022 - 2023	1,258	10,568	10,949	22,775
Total (2012/2013 - 2022/2023)	27,457	259,890	139,898	427,245
Average annual gross completions (excl. losses) 2012/2013-2022/2023	2,496	23,626	12,718	38,840
Average annual gross completions (excl. losses) 2020/2021 - 2022/2023	871	8,377	4,583	13,831

Source: SPRU analysis of Local Authority monitoring data

4.30   This shows that over the period 2012/13 to 2022/23, gross average annual office completions (B1a/B1b) in South Staffordshire have been equivalent to 5.7% of existing office stock (taken from the VOA figures shown in Table 10). This represents a very strong rate of growth, with the rule of thumb being that a growth of 1% per annum indicates a healthy rate of growth.

4.31   In terms of industrial floorspace, gross average annual completions of B1c/B2/B8 uses in South Staffordshire over the period 2012/13 to 2022/23 have been equivalent to 4.4% of

existing industrial stock (taken from VOA figures shown in Table 10), which again indicates a healthy rate of growth.

4.32   The analysis in the EDNA 2022 also presents the total completions separated by strategic and non-strategic sites, and all sites excluding 'atypical' schemes (JLR at i54 and Gestamp/Amazon at Four Ashes). This analysis has been updated to include recent completions (2020/2021 - 2022/2023) as shown in Table 18 below.

Table 18   Gross Employment Floorspace Completions (2012/13 – 2022/23) by Site Type

Gross Completions excl. losses (sqm) 2012/13-2022/23	B1a/B1b	B1c/B2	B8	Total	Annual Average
Non-strategic sites	6,403	8,732	27,856	**42,991**	**3,908**
Strategic sites	21,054	251,158	112,042	**384,254**	**34,932**
All sites	27,457	259,890	139,898	**427,245**	**38,840**
All sites (excluding 'atypical' schemes)	19,448	85,319	38,593	**143,360**	**13,033**

Source: SPRU analysis of Local Authority monitoring data

Key Points

- The total industrial floorspace in South Staffordshire has increased by 55,000sqm since the EDNA 2022 was prepared. There has been no net change in the amount of office floorspace.

- The office vacancy rate has increased to 5.9% from 3.3% in the EDNA 2022, and the industrial vacancy rate has increased to 9.0% from 5.1% in the EDNA 2022.

- Some sectors have experienced a decline in overall employment between 2020 and 2022, including agriculture, wholesale, and business administration and support. Other sectors have increased as proportion of total employment, such as transport and storage, manufacturing, and property

- Since the previous EDNA was published, there have been additional gross employment floorspace completions (i.e. excluding losses) totalling 41,493 sqm, of which 61% is B1c/B2, 33% is B8 and just 6% is B1a/B1b floorspace.

- A total of 1,200 sqm floorspace was lost during the period 2020/21 to 2022/23, the majority of which was offices, primarily lost through office to residential conversions.

5.0   FUTURE ECONOMIC GROWTH

a)   Future Jobs Growth and Labour Demand

5.1   This EDNA Update undertakes further analysis of the same economic forecasts obtained to inform preparation of the EDNA 2022. 2020 has been retained as the base-date for forecast labour demand and the forecast period has been extended to 2041.

5.2   Updated forecasts have not been acquired on the basis that the relatively positive outlook generated through preparation of the Growth Scenario within the EDNA 2022 reflected assumptions for a post-Covid bounce and limited evidence of adverse prospects for growth by sector arising from Brexit-related effects. Analysis of the economic baseline considered within the EDNA Update indicates that for the district itself these assumptions remain relatively robust, reflected in positive indicators for growth in output and employment.

5.3   The EDNA 2022 also evaluated the characteristics of key growth sectors in the district and the relationship between past and future forecasts for growth prospects compared with performance within the same sectors across the wider region. The EDNA Update has found limited evidence for change in the profile of these sectors or reasonable future growth prospects. This indicates that the principle behind assumptions for labour demand underpinning the Growth Scenario within the previous study are therefore considered robust in terms of a positively prepared longer-term outlook for economic development.

5.4   In evaluating the merits of obtaining up-to-date economic forecasts the EDNA Update notes that the methodologies of the forecasting houses take account of more recent events including increased inflation and the Ukraine-Russia war which generally correspond to downward pressure on prospects for economic growth.

5.5   The principal effect of this is to negate some of the expectations for a post-Covid 'bounce' included in the forecasts for the EDNA 2022. The effects of this change could, however, translate to a lower overall forecast for net labour demand in terms of changes in employment over the longer-term. Taking account of what are potentially short-term constraints upon the global in this economy would be less consistent with planning positively for economic development of the plan period, reinforcing the justification that rolling forward the baseline forecasts and Growth Scenario prepared for the EDNA 2022 would remain a robust approach.

5.6   Taking into account the above justification for maintaining use of the existing baseline projections, together with the uncertain outcomes for a post-Coronavirus bounce within the first five years following the pandemic and the relatively modest delivery of land and floorspace since 2020 this base-date for the forecast scenario remains an appropriate starting point for monitoring. In terms of measuring total labour demand for under the Growth Scenario for the period 2020-2041 this means it is appropriate to present a residual total, net of floorspace completed between 2020/21 and 2022/23, for the purposes of the supply demand balance.

5.7   The methodology retained for preparation of the Growth Scenario, based upon the Experian forecast, within the EDNA Update remains the starting point to identify reasonable prospects for future change across a majority of sectors identified as locally significant. Adjustments have been updated where these apply to 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

5.8   Details of the updated adjustments made to the individual growth sectors are set out in section (b) below.

5.9   Figure 9 compares the Experian baseline forecast with the Experian-based Growth Scenario which was developed in the EDNA 2022 and as part of this EDNA Update has been extended to cover the period to 2041. The series is shown from 2015 only, and excludes the OE and CE baseline forecasts.

Figure 9   Comparison of Forecasts – Total Employment (000s)
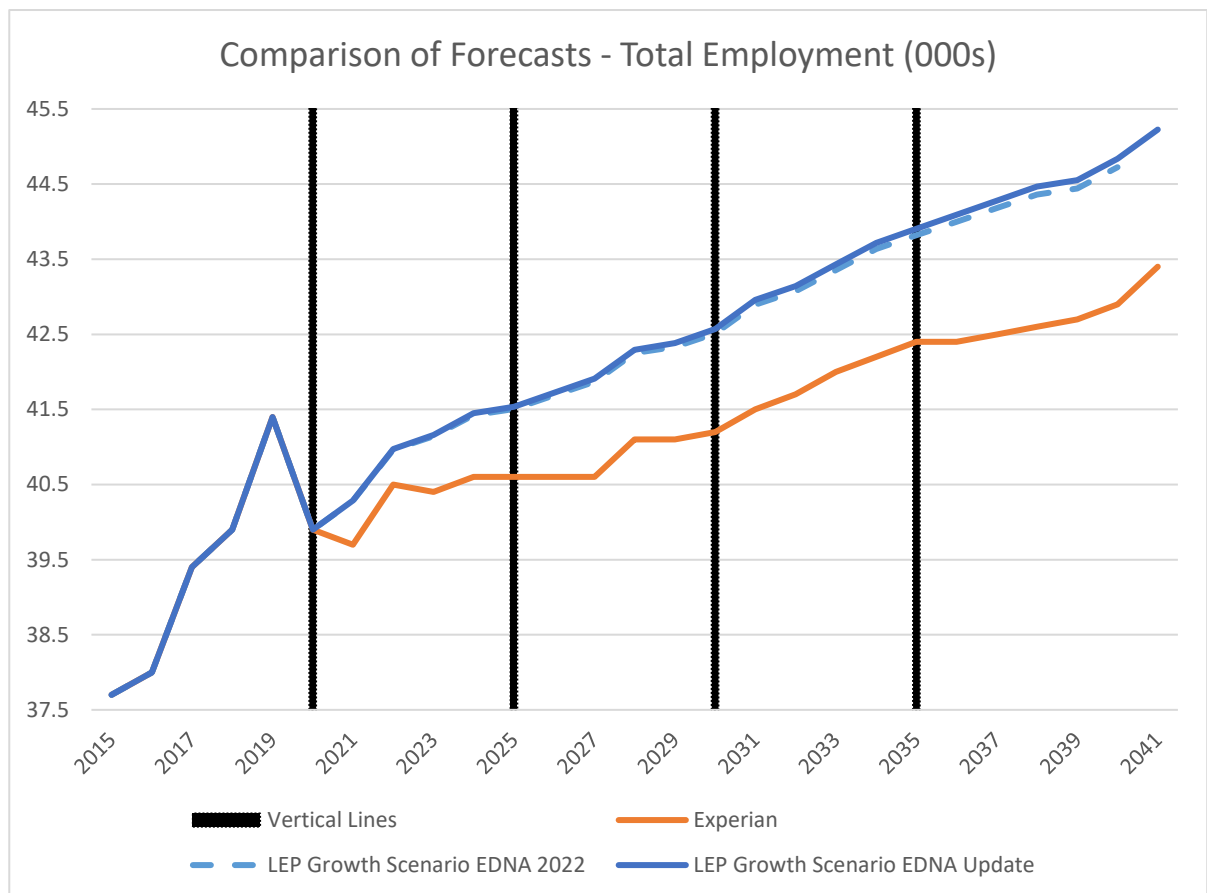
Source: SPRU analysis of CE, Experian and OE forecasting data

5.10   The updated Growth Scenario forecast shows a growth of **5,326 net additional jobs** in South Staffordshire over the period 2020 to 2041 (compared with a jobs growth figure of 4,824 projected over the period 2020 to 2040 in the EDNA 2022). While closely comparable in terms of the baseline position and basis for adjustments the updated Growth Scenario reflects a small increase in the Compound Annual Growth Rate.

5.11   While the OE forecast was discounted from further analysis in the original EDNA the CE baseline forecast has been used to evaluate assumptions for reasonable prospects for growth within the Transport & Storage sector as part of the Growth Scenario. It is relevant to note that the updated Growth Scenario shows a stronger outlook across the total forecast period, including the additional modelling for 2040-41. As well as forecasting a greater proportion of labour demand within conventional B-Use employment sectors these features of the updated Growth Scenario result in generating both a higher CAGR and greater

absolute change in jobs than the CE baseline position. This is a slight change from the position in the 2022 EDNA. A summary is provided in Table 19 below.

Table 19   Comparison of Forecasts – Absolute Employment Change and CAGR

	2020-2040		2020-2041	
	Change	CAGR	Change	CAGR
CE	5,003	0.56%	5,176	0.56%
Experian	3,000	0.36%	3,500	0.40%
LEP Growth Scenario EDNA Update	N/A	N/A	5,326	0.60%
LEP Growth Scenario EDNA 2022	4,824	0.57%	N/A	N/A

b)   Summary of Growth Scenario Assumptions and Changes Since 2020

5.12   The 2022 EDNA provides full details of assumptions used to generate the Growth Scenario outcomes and any amendments to the prospects for the outlook in key sectors. That background should be read alongside this section, which only seeks to provide an overview of the relatively stable relationship between South Staffordshire's economy and sub-regional trends since 2020.

i) *Advanced Manufacturing and Engineering*

5.13   Table 20 below shows a stronger outlook for manufacturing specialisms since preparation of the EDNA 2022. This is broadly consistent with the sustained growth in the sector's contribution to economic output and stable total levels of employment since 2020. Performance of these sectors within the sub-region has also strengthened slightly, relative to South Staffordshire.

Table 20   Comparison of Growth Rates in South Staffordshire – Recent Trend vs Forecast

	Experian 2020-2040	Adjusted Growth 2020-2040	Updated Growth Scenario 2020-41
Computer & Electronic Products (manufacture of) (Thousands)	1.26%	1.91%	2.30%
Machinery & Equipment (manufacture of) (Thousands)	1.45%	1.91%	2.30%
Metal Products (manufacture of) (Thousands)	-1.11%	0.00%	0.00%
Non-Metallic Products (manufacture of) (Thousands)	-0.77%	0.00%	0.00%
Transport Equipment (manufacture of)	3.39%	1.71%	1.84%
Manufacturing (Total Jobs)	**1.36%**	**1.14%**	**1.30%**

Source: Source: SPRU Analysis

5.14   Figure 10 below shows the updated relationship between the performance of key sectors (excluding Transport Manufacturing) for South Staffordshire against the series based on growth tracking the average for the LEP. While there has been some local volatility in employment locally within these sectors the recorded employment at 2022 matches almost exactly the total that would be expected had the relevant sub-sectors performed in-line with the LEP average (CAGR 4.9%). This reinforces the basis of this assumption within the updated Growth Scenario, relative to the more modest outlook within the Experian baseline forecast.

Figure 10   Comparison of Growth in Key Manufacturing Sub-Sectors and Total Forecast Trends (Excluding Manufacturing of Motor Vehicles)
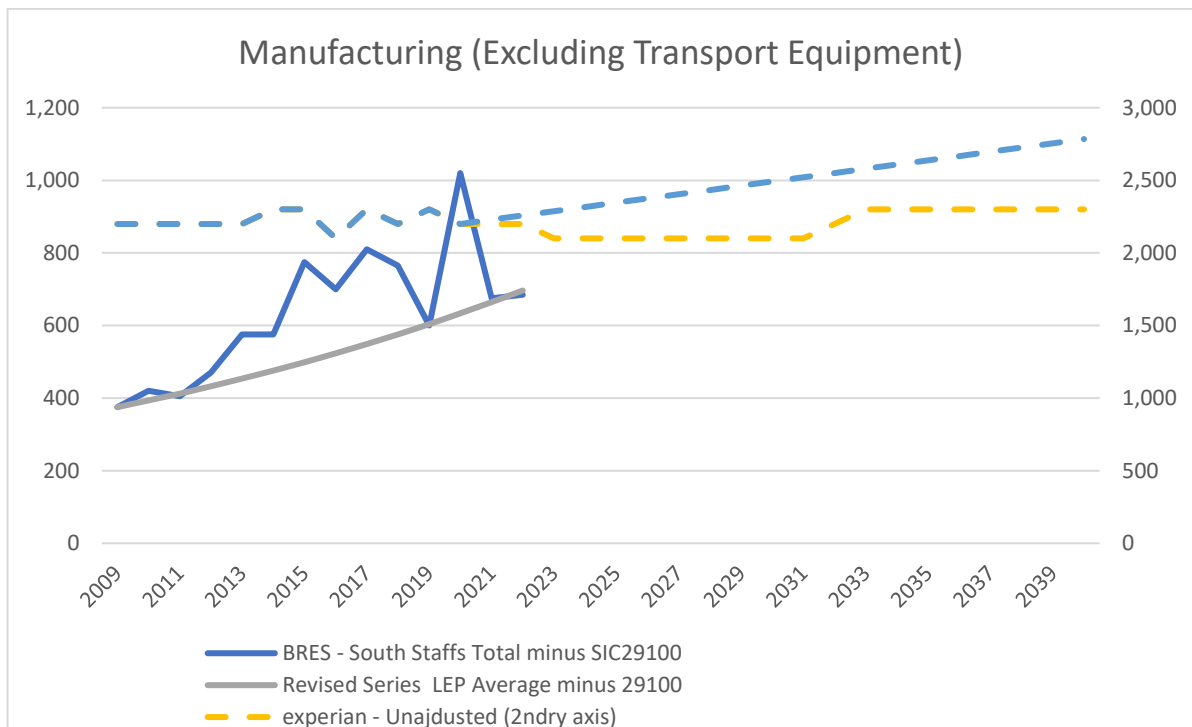
Source: BRES; Experian; SPRU Analysis

5.15   For the Manufacturing of Transport Equipment the implications for future growth prospects applied in-line with the average annual increase in employment derived from applying the LEP sub-regional trend to this sector in South Staffordshire are essentially unchanged.

5.16   The EDNA Update does not that this sub-sector recorded a loss in employment within the LEP area since 2020, compared to stable levels of employment in South Staffordshire. However, this is partly offset by a longer record of jobs growth in this sector in the LEP area (relative to its introduction in South Staffordshire) and Transport Manufacturing has continued to experience employment growth over the same period.

5.17   Applying the longer-term LEP Growth Rate since 2013 gives a CAGR of 8.7% (compared to 8.9% used in the EDNA 2022) but it is appropriate to apply this across the updated Growth Scenario trend period to 2022 in South Staffordshire (in other words meaning the locality is not impacted by job losses in the LEP area since 2020).

5.18   This produces slightly greater prospects for jobs growth in this sector compared to the 2022 EDNA but nonetheless reinforces the justification for moderating the Experian baseline forecast. This is shown in Figure 11.

Figure 11   Comparison of Growth in Manufacturing of Motor Vehicles Sub-Sector and Total Forecast Trends
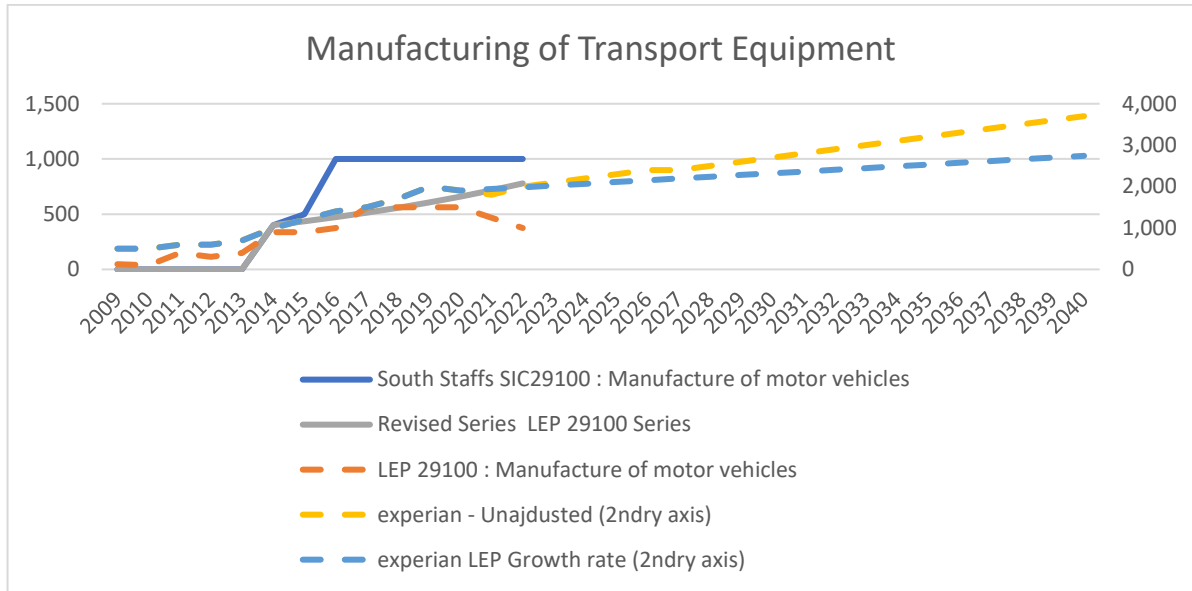
Source: BRES; Experian; SPRU Analysis

ii) *Digital Economy*

5.19   The digital economy has performed strongly since 2020 in both South Staffordshire and the LEP area. This has offset to an extent somewhat weaker performance and contributions to output from other elements of the services sector. Using the same approach to the original Growth Scenario it is reasonable to increase the CAGR applied to generate the Growth Scenario to 3.15% compared to 2.34% in the original EDNA. The analysis to prepare the Growth Scenario continues to reinforce that the Experian baseline forecast does not reflect reasonable prospects for the outlook for growth in this sector. This is equivalent to 459 jobs and illustrated in Figure 12 below:

Figure 12   Comparison of Growth in Key Digital Economy Sub-Sectors and Total Forecast Trends (Excluding Manufacturing of Motor Vehicles)
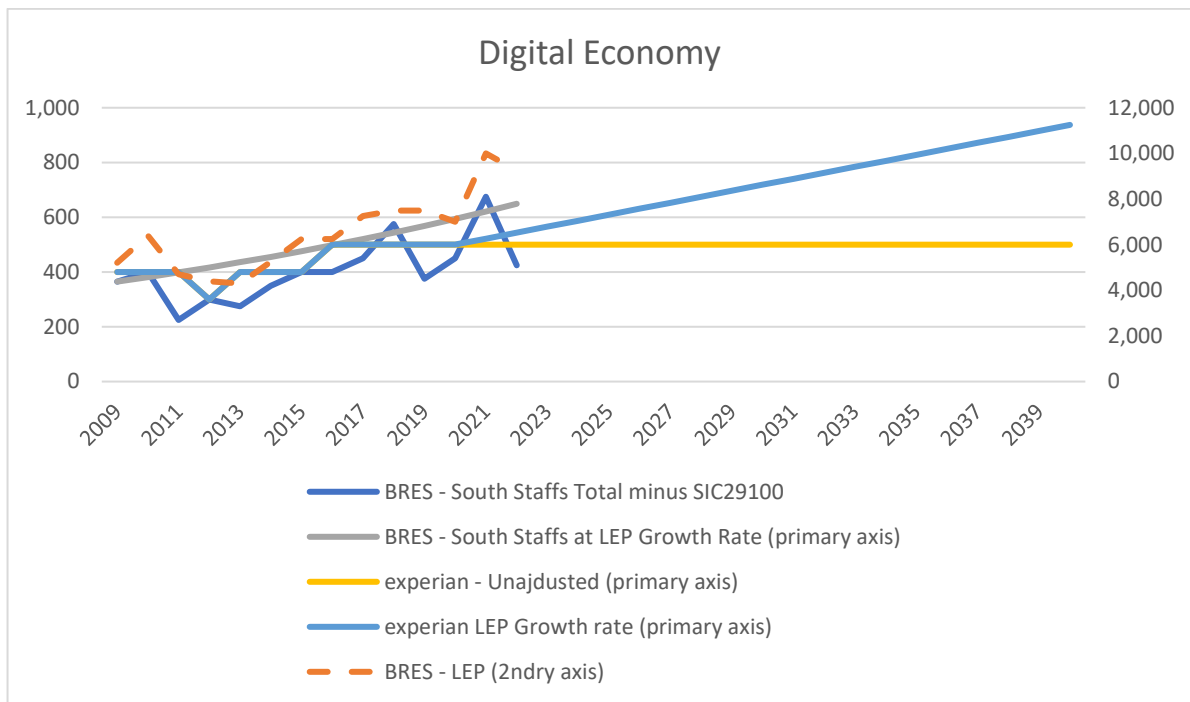
Source: BRES; Experian; SPRU Analysis

iii) *Construction*

5.20   The updated Growth Scenario reflects the relatively weaker performance of the Construction sector since 2020. This is a factor nationally and identified upon updating the comparison with sub-regional trends in the LEP area. Broadly this can be associated with a more uncertain economic outlook as part of the immediate post-Coronavirus recovery. Locally, however, employment in the sector has recovered to pre-pandemic level.

5.21   The effect of this is that the Growth Scenario for the three combined Construction sub-sectors has a forecast CAGR of 0.34% 2020-2041 in the updated Growth Scenario compared to 0.45% in the EDNA 2022. This corresponds to 367 jobs 2020-41 versus 473 jobs 2020-2040. This still indicates substantially stronger prospects compared to the Experian baseline forecast (-600 jobs 2020 to 2040). This is shown in Figure 13.

Figure 13   Comparison of Growth in Key Construction Sub-Sectors and Total Forecast Trends
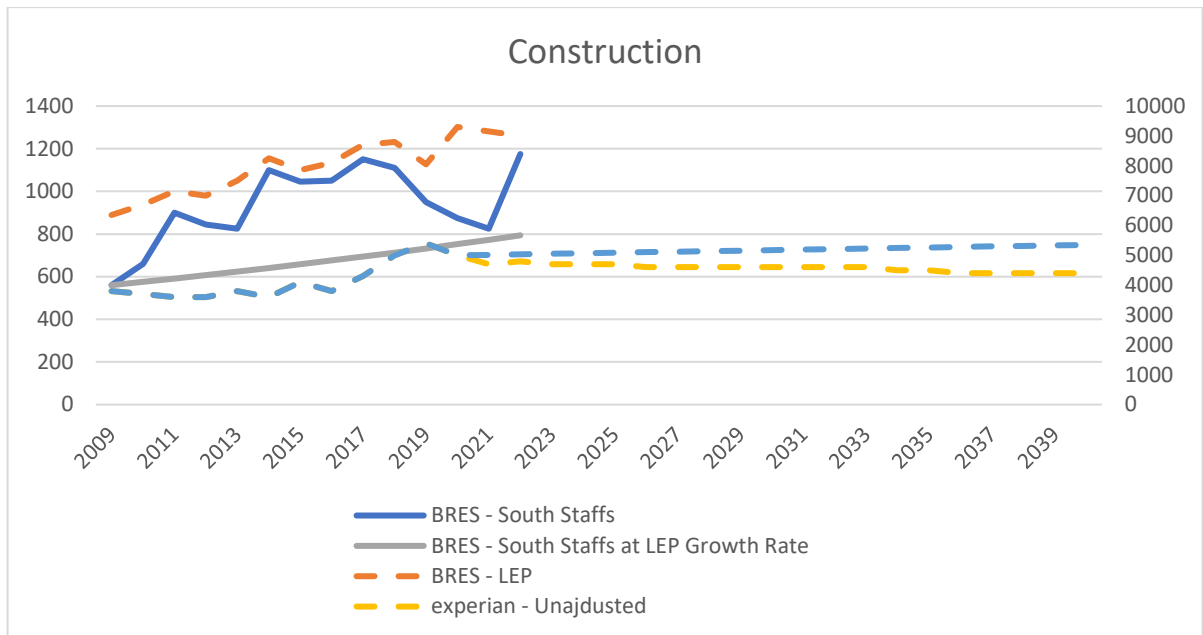
Source: BRES; Experian; SPRU Analysis

iv) *Business / Professional Services*

5.22   The outlook for the Professional Services sector rolls forward that covered in the 2022 EDNA, recognising that performance in South Staffordshire has been somewhat more volatile than in the wider LEP area. This has remained the case since 2020, although this is within the context that the LEP-based series also shows a slightly weaker trend over the longer horizon to 2022, corresponding to an uncertain post-Coronavirus recovery.

5.23   This background resulted in relatively modest uplifts to this sector as part of the original Growth Scenario – CAGR of 1.20% compared to 0.67% in the baseline Experian forecast. This is equivalent to 1,153 jobs versus 800 jobs within the baseline forecast 2020-2040. The updated Growth Scenario amends this to 1.03% but utilises a slightly increased employment base within the latest BRES series, which equates to very similar annual employment growth when applied to the Growth Scenario. This EDNA Update therefore includes growth of 1,176 jobs over the rolled forward period 2020-2041. This is illustrated in Figure 14 below.

Figure 14 Comparison of Growth in Key Professional Services Sub-Sectors and Total Forecast Trends
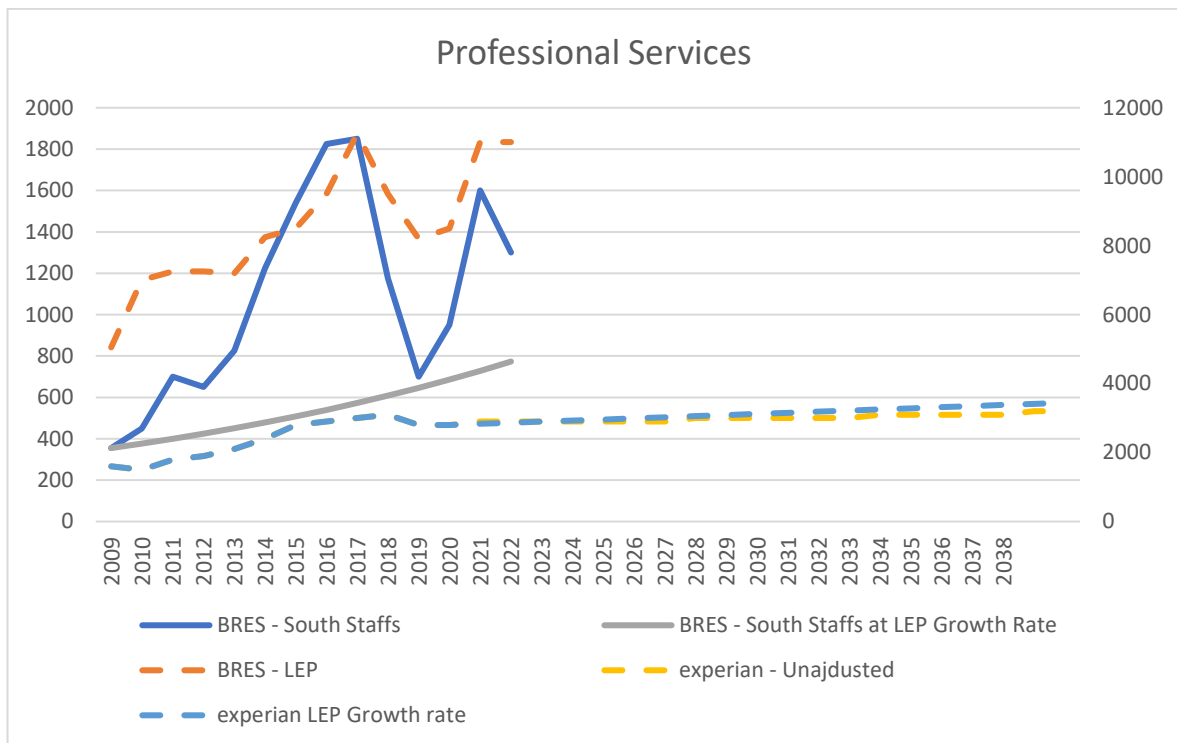
Source: BRES; Experian; SPRU Analysis

v) *Transport & Logistics*

5.24   Updating adjustments to the Experian baseline forecast to reflect continued growth in this sector in-line with sub-regional trends over an extended 2011-2022 period is considered to continue to reflect reasonable prospects in terms of the outlook for this sector as a measure of labour demand within South Staffordshire. This continues to necessitate revision to the baseline forecast, but is separate to observations elsewhere in the EDNA in terms of further adjustments for flexibility in this sector and the extent to which the SRFI proposals at WMI reflect wider patterns of demand together with a significant apportionment of needs within this sector identified within the Growth Scenario for South Staffordshire.

5.25   Logistics remains an important growth sector within the sub-region, an annual estimates of employment change within the updated Growth Scenario reflect a CAGR of 5.3% over the period 2011-2022. This is very similar to the West Midlands wide position of 5.6% and the annual forecast change identified in the original EDNA, also based on a 5.6% CAGR in the sub-region. To ensure that the EDNA Update does not incorporate any assumptions of weaker outlook for this sector the inputs to the Growth Scenario have therefore been retained from the original EDNA. This corresponds to 926 jobs over the period 2020-41, versus 882 jobs in the 2022 EDNA (2020-2040) and a CAGR of 1.47%. This corresponds to Figure 15 below.

5.26   Local and sub-regional employment estimates indicate that this is a robust position. It should be noted that employment within the sector locally has been more volatile, and thus consistent with a relatively limited addition contribution to output from the sector in terms of GVA to-date.

Figure 15   Comparison of Growth in Key Transport and Logistics Sub-Sectors and Total Forecast Trends
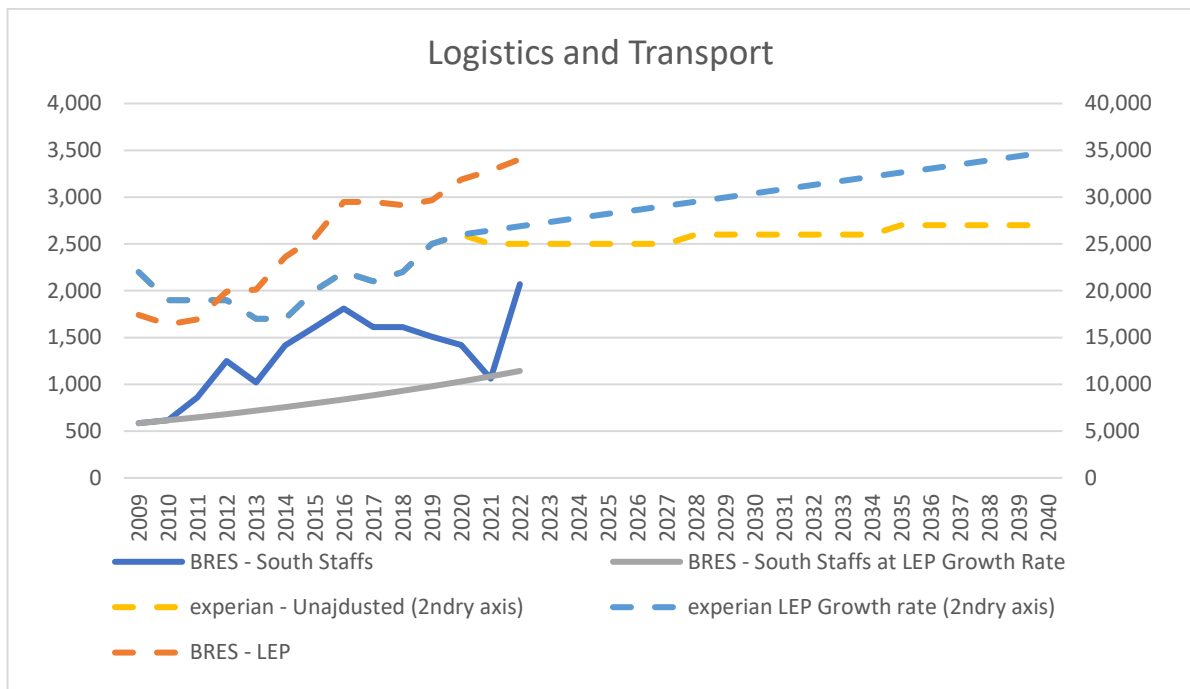
Source: BRES; Experian; SPRU Analysis

5.27   Where the LEP-based series is applied to generate the local total this produces almost identical estimates for employment in 2021 (1,086) versus the BRES estimate for the same year (1,060). It should also be noted that while the 2022 BRES estimate records employment of 2,070 persons this is a relatively small increase upon the previous 2016 peak of 1,810 jobs. In contrast, jobs in the sector within the LEP area showed an absolute increase from 29,500 to 34,050 jobs. In this respect satisfying demand in the sector locally in South Staffordshire has not necessarily been reflected in significant increases in net employment although this would be expected to change over the Plan Period if the authority continued to capture wider sub-regional demand in-line with the assumptions under the Growth Scenario. It should also be noted that the increase in employment between 2021 and 2022 recorded in BRES data is not netted off from labour demand identified under the Growth Scenario.

c)   Jobs Growth Forecasts by Employment Sector

5.28   The updated Growth Scenario forecast by employment sector is presented in Table 21 below. This incorporates a number of sector-specific adjustments made to the original Growth Scenario developed in the EDNA 2022 to reflect recent trends. When projected over same period as the EDNA 2022 (i.e. 2020-2040), the updated Growth Scenario forecast results in a very modest increase in terms of total labour demand (+115 jobs).

5.29   The adjustments made to the assumptions include some moderation in the outlook for the **Professional Services and Construction** sectors relative to regional trends and is consistent with some of the constraints affecting these sectors more widely since 2020.

5.30   This is offset by a slight strengthening of the performance of **Manufacturing and Information and Communication** sectors both in the wider sub-region and concentration of these activities in South Staffordshire.

5.31   Wider sub-regional trends in the **Transport & Storage** sector have remained consistent, notwithstanding localised employment growth in South Staffordshire between 2020 and 2022

and therefore the same adjustments to the baseline Experian forecast have been retained as per the EDNA 2022.

5.32 In addition to continuing to apply the Growth Scenario uplifts for reasonable prospects for future employment growth (above the baseline forecasts) the EDNA Update also rolls forward forecast labour demand to the end of the proposed plan period in 2041. This captures forecast assumptions for net change in employment within both the baseline and Growth Scenario forecasts, which results in a further increase in employment of +387 versus the EDNA 2022, principally concentrated amongst the Transport & Storage, Wholesale & Retail and Professional Services sectors.

5.33 This growth is distributed across the sectors shown in the following table and provided alongside the equivalent outputs from the EDNA 2022.

Table 21   Growth Scenario Forecast, Net Change in Number of Jobs by Sector

Sector	EDNA 2022 Growth Scenario 2020-2040	EDNA Update Growth Scenario		Difference between EDNA 2022 and EDNA Update Growth Scenario Outputs
		2020-2040	2020-2041	
Agriculture etc	500	500	500	0
Mining & quarrying	0	0	0	0
Manufacturing	1,223	1,426	1,498	275
Electricity, gas & water	0	0	0	0
Construction	473	350	367	-106
Distribution	400	400	500	100
Transport & storage	882	882	926	44
Accommodation & food services	100	100	100	0
Information & communications	294	437	459	166
Financial & business services	1,153	1,043	1,176	23
Government services	-300	-300	-300	0
Other services	100	100	100	0
Total	**4,824**	**4,939**	**5,326**	**501**

Source: SPRU Analysis

Key Points

- This EDNA Update undertakes further analysis of the same economic forecasts obtained to inform preparation of the 2022 Report. 2020 has been retained as the base-date for forecast labour demand.

- The assumptions used to develop the labour demand Growth Scenario within the EDNA 2022 are also considered robust. Adjustments have been updated where these apply to 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

- Compared with the EDNA 2022, the updated Growth Scenario indicates a very modest change in terms of total labour demand (+115 jobs). This reflects some reduction in growth in the Professional Services and Construction sectors and a slight strengthening of the performance of Manufacturing and Information and Communication sectors. Wider sub-regional trends in the Transport & Storage sector have remained consistent.

- The EDNA Update also rolls forward forecast labour demand to the end of the proposed plan period in 2041. This results in a further increase in employment of +387 jobs versus the EDNA 2022, mainly concentrated in the Transport & Storage, Wholesale & Retail and Professional Services sectors.

- The updated Growth Forecast shows a growth of **5,326 net additional jobs** in South Staffordshire over the period 2020-41.

6.0   FUTURE EMPLOYMENT LAND NEEDS

a)   Future Employment Land Requirement Based on Labour Demand Approach

6.1   The approach to modelling the updated Labour Demand Growth Scenario is set out in the flow chart below. The starting point is the total net growth in employment in each sector as shown in Table 21 above. The modelling assumptions set out in Table 22 are then applied in order to calculate a total land requirement.

Figure 16   Approach to Employment Land Needs Modelling
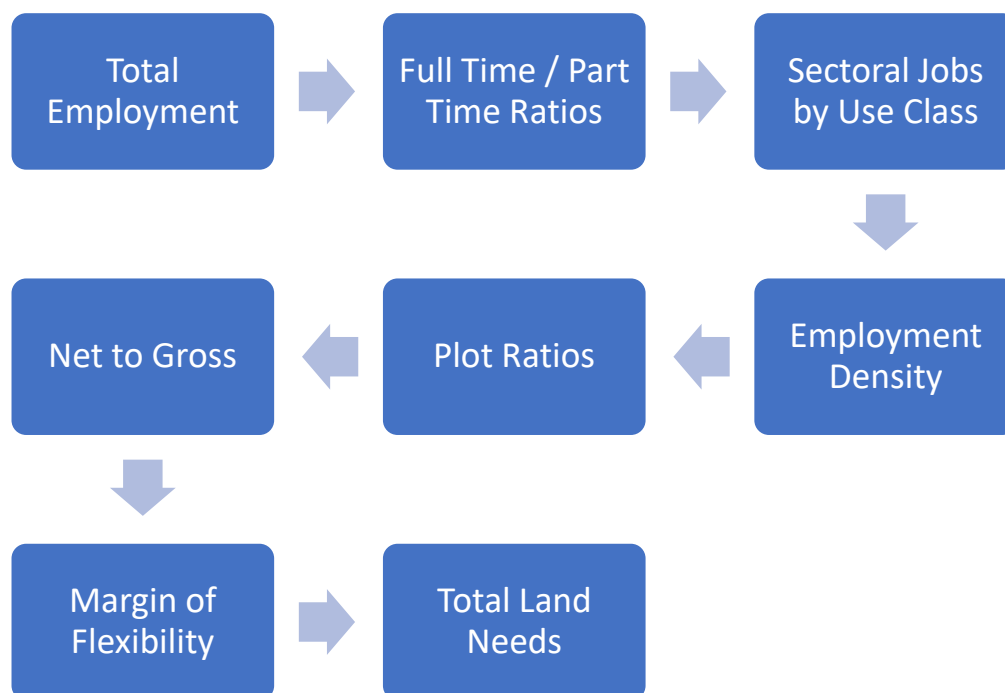
Source: SPRU

Table 22   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. This has been retained for consistency and to mitigate the potential short-term effects of Coronavirus upon full-time or part-time working patterns.
ii	Sectoral Jobs by Use Class	The proportion of jobs in each sector is disaggregated by the type of employment (B Class)[8] 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

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[8] 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
		• 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.
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 employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area (GEA).
iv	Plot Ratios	To convert floorspace requirements to land requirements a plot ratio of 40% has been assumed for all use classes.
v	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. For the EDNA Update this allowance has been modified to reflect the annual average for current details for committed losses (applied over three years) and multiplied across the total remaining 2023-2041 period. This is a conservative position in response to the current position for committed losses, which exceeds the past annual average over 2010-2023 or more recent five year average 2019-2023 where the years 2020/21, 2021/22 and 2022/23 reflect a very limited loss of stock. Basing this allowance on current committed losses more closely reflects that replacement provision would offset the latest evidence where industrial and storage uses comprise the majority of floorspace where future losses might be anticipated.
vi	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, as detailed in sub-section (vi) below.
vii	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).
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.

6.2 The following sub-sections detail how the above stages have been applied to the employment projections in the updated Growth Scenario.

i) *Full Time Equivalent (FTE) jobs*

6.3 The first stage is to calculate the full time equivalent (FTE) jobs. This is calculated individually for each sector in each forecast.

Table 23 **South Staffordshire Updated Growth Scenario – FTE Jobs Growth 2020-41**

	FTE %	FTE Jobs Growth 2020-41
Agriculture, Forestry & Fishing	97%	484
Extraction & Mining	90%	0
Fuel Refining	100%	0
Computer & Electronic Products (manufacture of)	96%	411
Food, Drink & Tobacco (manufacture of)	98%	0
Machinery & Equipment (manufacture of)	97%	178
Metal Products (manufacture of)	97%	0
Non-Metallic Products (manufacture of)	94%	0
Other Manufacturing	90%	0
Pharmaceuticals (manufacture of)	100%	0
Printing and Recorded Media (manufacture of)	83%	0
Textiles & Clothing (manufacture of)	97%	0
Transport Equipment (manufacture of)	100%	881
Wood & Paper (manufacture of)	96%	0
Chemicals (manufacture of)	98%	0
Utilities	92%	0
Construction of Buildings	90%	66
Civil Engineering	93%	27
Specialised Construction Activities	91%	241
Retail	75%	375
Wholesale	95%	0
Land Transport, Storage & Post	88%	818
Air & Water Transport	100%	0
Accommodation & Food Services	71%	71
Telecoms	92%	0
Computing & Information Services	96%	439
Media Activities	94%	0
Insurance & Pensions	92%	0
Finance	89%	0
Real Estate	81%	0
Professional Services	91%	615
Administrative & Supportive Services	86%	430
Public Administration & Defence	94%	-187
Education	77%	-308
Health	84%	168

	FTE %	FTE Jobs Growth 2020-41
Residential Care & Social Work	76%	76
Recreation	70%	70
Other Private Services	82%	0
Total	**86%**	**4856**

Source: ONS BRES; SPRU Analysis of Growth Scenario forecast

ii) *Sectoral Jobs by Use Class*

6.4   This stage estimates the number of jobs which will require each type of E(g)/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 use is shown in the table below.

Table 24   South Staffordshire Updated Growth Scenario – Jobs Growth by Use Class 2020-41

	E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Non-B Class
Agriculture, Forestry & Fishing	0	0	0	484
Extraction & Mining	0	0	0	0
Fuel Refining	0	0	0	0
Computer & Electronic Products (manufacture of)	0	411	0	0
Food, Drink & Tobacco (manufacture of)	0	0	0	0
Machinery & Equipment (manufacture of)	0	178	0	0
Metal Products (manufacture of)	0	0	0	0
Non-Metallic Products (manufacture of)	0	0	0	0
Other Manufacturing	0	0	0	0
Pharmaceuticals (manufacture of)	0	0	0	0
Printing and Recorded Media (manufacture of)	0	0	0	0
Textiles & Clothing (manufacture of)	0	0	0	0
Transport Equipment (manufacture of)	0	881	0	0
Wood & Paper (manufacture of)	0	0	0	0
Chemicals (manufacture of)	0	0	0	0
Utilities	0	0	0	0
Construction of Buildings	0	16	16	33
Civil Engineering	0	7	7	14
Specialised Construction Activities	0	60	60	121
Retail	0	0	0	375
Wholesale	0	0	0	0
Land Transport, Storage & Post	0	0	737	82
Air & Water Transport	0	0	0	0
Accommodation & Food Services	0	0	0	71
Telecoms	0	0	0	0

	E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Non-B Class
Computing & Information Services	439	0	0	0
Media Activities	0	0	0	0
Insurance & Pensions	0	0	0	0
Finance	0	0	0	0
Real Estate	0	0	0	0
Professional Services	523	31	0	62
Administrative & Supportive Services	129	86	0	215
Public Administration & Defence	-187	0	0	0
Education	0	0	0	-308
Health	0	0	0	168
Residential Care & Social Work	0	0	0	76
Recreation	0	0	0	70
Other Private Services	0	0	0	0
Total	**903**	**1671**	**820**	**1462**

Source: ONS BRES; SPRU Analysis of updated Growth Scenario forecast

iii) *Employment Density*

6.5 Applying the average employment densities set out in Table 22 results in the floorspace requirement for each type of E(g)/B Class use. The floorspace (sqm) required is shown in the table below. Note, this floorspace requirement is based on the requirement for office/industrial uses and does not include other sectors which fall outside the scope of this study (e.g. retail, accommodation and food services activities, health and social work).

Table 25   South Staffordshire Updated Growth Scenario – Net Floorspace (sqm) by Use Class 2020-2041

	E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Total
Agriculture, Forestry & Fishing	0	0	0	0
Extraction & Mining	0	0	0	0
Fuel Refining	0	0	0	0
Computer & Electronic Products (manufacture of)	0	17,262	0	17,262
Food, Drink & Tobacco (manufacture of)	0	0	0	0
Machinery & Equipment (manufacture of)	0	7,469	0	7,469
Metal Products (manufacture of)	0	0	0	0
Non-Metallic Products (manufacture of)	0	0	0	0
Other Manufacturing	0	0	0	0
Pharmaceuticals (manufacture of)	0	0	0	0
Printing and Recorded Media (manufacture of)	0	0	0	0
Textiles & Clothing (manufacture of)	0	0	0	0
Transport Equipment (manufacture of)	0	36,981	0	36,981
Wood & Paper (manufacture of)	0	0	0	0
Chemicals (manufacture of)	0	0	0	0

	E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Total
Utilities	0	0	0	0
Construction of Buildings	0	621	1,315	1,936
Civil Engineering	0	259	548	807
Specialised Construction Activities	0	2,279	4,822	7,101
Retail	0	0	0	0
Wholesale	0	0	0	0
Land Transport, Storage & Post	0	0	58,928	58,928
Air & Water Transport	0	0	0	0
Accommodation & Food Services	0	0	0	0
Telecoms	0	0	0	0
Computing & Information Services	5,789	0	0	5,789
Media Activities	0	0	0	0
Insurance & Pensions	0	0	0	0
Finance	0	0	0	0
Real Estate	0	0	0	0
Professional Services	8,781	1,163	0	9,943
Administrative & Supportive Services	1,857	3,249	0	5,106
Public Administration & Defence	-2,695	0	0	-2,695
Education	0	0	0	0
Health	0	0	0	0
Residential Care & Social Work	0	0	0	0
Recreation	0	0	0	0
Other Private Services	0	0	0	0
Total	**13,731**	**69,283**	**65,614**	**148,628**

Source: ONS BRES; SPRU Analysis of updated Growth Scenario forecast

iv) *Plot Ratios*

6.6   Applying a plot ratio assumption of 0.4 to all uses classes allows an estimation of the land required to accommodate the quantum of floorspace identified in Table 25 above. This is the net employment land required to support the level of net additional jobs growth shown in the Growth Scenario forecasts.

6.7   As shown in Table 26 below, the net employment demand figure for South Staffordshire under the updated Growth Scenario is 37.2 ha. This excludes any allowance for adjustments for working from home.

Table 26   South Staffordshire Net Employment Land Needs (ha), 2020-41

	E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Total
EDNA Update Growth Scenario	3.4	17.3	16.4	**37.2**

Source: SPRU Analysis of updated Growth Scenario forecast

v) *Net to Gross Needs*

6.8   In addition to the net employment land needed to support forecast levels of jobs growth, there

will also be an employment land requirement arising from the need to replace existing stock which is likely to be lost through conversion or redevelopment to other uses. This is calculated by looking at the trend of losses of E(g)/B Class employment land to alternative (non-B Class) uses and using this to forecast expected future losses of employment land.

6.9   As set out in Table 22, for the EDNA Update this allowance has been modified to reflect the annual average for current details for committed losses (applied over three years) and multiplied across the total remaining 2023-2041 period. This reflects the residual position against which to assess the supply/demand balance for the purposes of this Update but is also consistent with the very low level of losses recorded since 2020.

6.10   The annual average committed losses is 4465 sqm per annum (13,394sqm in total). Assuming this level of losses continues over the remaining plan period would mean that a further 48,218 sqm of E(g)/B Class employment land will be lost in South Staffordshire. Basing this allowance on current committed losses more closely reflects that replacement provision would offset the latest evidence where industrial and storage uses comprise the majority of floorspace where future losses might be anticipated.

6.11   The replacement demand required for the forecasting period is then converted to a land requirement using a plot ratio of 0.4. This replacement demand is then added to the net requirement in order to estimate gross needs.

Table 27   South Staffordshire Replacement Demand (ha) based on 100% Loss Replacement, 2023-2041

	E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Total
Replacement Demand (ha)	0.7	7.6	3.8	**12.1**

Source: SPRU Analysis

vi) *Working from Home Adjustment*

6.12   The previous EDNA 2022 concluded that there was no specific reason to moderate the reasonable prospects for forecast employment change under the Growth Scenario due to specific effects related to Brexit or Covid-19 when risks were considered on a sector-by-sector basis. In terms of the updated economic baseline for South Staffordshire this appears to remain a robust conclusion in terms of changes in employment and economic output between 2020 and 2022. Any evidence of downward pressure on the prospects for economic growth is largely attributed to separate macroeconomic factors post-dating Brexit and Coronavirus.

6.13   The EDNA Update has not utilised more recent baseline forecasts for labour demand that would at least to an extent be expected to capture these effects. By extension this means its outlook in terms of overall future net demand is likely to be relatively more positive but consistent with retaining the overall approach to the Growth Scenario from the previous study. On this basis it has not been deemed necessary to undertake a reassessment of Brexit or Covid-related factors nor any other sectoral-based risk assessment of factors that might moderate growth prospects.

6.14   The EDNA 2022 also applied 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. In light of the positively prepared approach that has been applied to preparation of the overall Growth Scenario the latest information indicates that it would be reasonable to roll forward this extrapolation to 2041. Since publication of the EDNA 2022 there has been no published details of any comprehensive suite of updated employment densities that take account of 'current' post-Coronavirus levels of home-working. The difficulties of any such exercise are compounded by the impact of Coronavirus upon the results of the 2021 Census.

6.15   The methodology applied by the EDNA 2022 envisages a significantly lower level of home-

working than those observed during the pandemic, even taking account of the updated projected trend to 2041. The effects of the extrapolated trends are most strongly reflected in sectors with the highest levels of home-working in 2015, which is consistent with the market observations regarding the more significant impact of post-Covid trends in occupier requirements and hybrid models of working upon the characteristics of demand for office floorspace. However, **the conclusion of the EDNA Update is that it remains appropriate to apply the modest extrapolated trends to all sectors particularly noting that there are other combined effects such as automation and artificial intelligence likely to impact on levels of home-working in the longer-term**.

6.16   These projected working from home rates remain 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 2041 set out in the table below. These jobs will therefore not require additional floorspace and are removed from the final floorspace requirement figures.

Table 28   **Projected Change in Working from Home per Sector, 2015-41**

	2015	**2041**	**Change**
Manufacturing	3.7%	9.7%	3.3%
Electricity, gas & water	2.2%	7.0%	6.8%
Construction	4.1%	9.0%	3.3%
Wholesale and retail trade	3.4%	7.4%	2.8%
Transport & storage	1.5%	6.2%	1.5%
Accommodation & food services	3.6%	2.9%	-1.3%
Information & communications	14.4%	2.3%	9.2%
Financial & business services	8.5%	23.6%	7.4%
Government services	2.7%	15.9%	3.3%
Other services	9.7%	6.0%	3.6%
All Jobs	**5.3%**	**9.1%**	**3.8%**

Source: SPRU Analysis

6.17   This results in a reduction to the overall floorspace requirements for the updated Growth Scenario of **-5.9 ha** (net demand of 31.2ha exclusive of net-to-gross allowance for loss replacement).

vii)   *Flexibility Margin*

6.18   The margin of flexibility has been considered based on several years' worth of completions data derived from past take-up trends. It is typical to add between 2-5 years' worth of completions as a margin. 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 86(d) of the NPPF 2023 together with allowing for an element of future vacancy and factoring in development timescales and the potential for some delays in sites coming forward. Therefore, we have included a margin of flexibility equivalent to 5 years' worth of completions data in each of the sectors (B1a/b, B1c/B2 and B8).

6.19   For the purposes of this allowance the margin is based on the average annual net completions (2012/13-2022/23) (excluding atypical sites), equating to 13,033 sqm, multiplied by five. This is to reflect the uncertainty over future instances of development providing

changes between existing employment floorspace uses over-and-above those examples that already form part of the existing pipeline. This ensures that the potential for the flexibility margin to be provided as part of new build floorspace is not under-estimated. The flexibility margin is set out in Table 29 below.

Table 29   South Staffordshire Flexibility Margin (ha), 2020-2041

	E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Total
Flexibility Margin (ha)	2.2	9.7	4.4	**16.3**

Source: SPRU Analysis of LPA Monitoring Data

f)   Total Employment Land Needs

6.20   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 updated Growth Scenario. The table below shows the outputs of the updated Labour Demand Growth Scenario.

Table 30   Total Employment Land Needs (ha) – Labour Demand Growth Scenario, 2020-2041

Stage	Description	Employment Land (ha)
i-iv	Net Growth Needs	37.2
v	Net to Gross	12.1
vi	Changing Trends in Working from Home	-5.9
vii	Margin of Flexibility	16.3
xiii	**Total Employment Land Needs**	**59.6**

Source: SPRU Analysis (figures may not sum due to rounding within individual components)

6.21   The table above shows the method of calculation for employment land needs as a whole, with the outputs for each B Class use class set out below.

Table 31   Total Employment Land Needs (ha) – Labour Demand Growth Scenario, 2020-2041

	B1a/b	B1c/B2	B8	Total
Growth Scenario Employment Land Needs (ha)	5.1	32.2	22.3	**59.6**

Source: SPRU Analysis

g)   Completions Trend Analysis

6.22   The following table shows the completions trend forecast for the period 2020 to 2041, based on a) mean annual completions calculated over the last five years (2018/19 to 2022/2023) and b) median annual completions calculated over the last 11 years (2012/13 to 2022/23). The Median series reflects that delivery of B8 floorspace has been sporadic and heavily concentrated within the Amazon / Gestamp scheme at Four Ashes thus the 'total' median figure for this Use Class is unreliable as a result of numerous years of non-delivery from any type of site. For this reason, the 'total median' is derived from all industrial (B1c/B2/B8) Use Classes.

6.23   These annual average completions are then projected forwards over the remaining plan period (18 years). This identifies a land requirement of 148.0 ha (mean) and 105.7 ha (median) over the period 2023 to 2041. This compares with the completions trend forecast in the EDNA 2022 (Table 86) for the period 2020 to 2040 of 241.1 ha. For information an

overall mean requirement over 11 years would result in a projected requirement of 175 hectares 2023 – 2041.

6.24 It remains the case that previous take-up trends in the district, while uneven and not including any significant examples of the delivery of 'atypical' or one-off strategic employment development (such as Jaguar Land Rover) since 2020, also bake-in these characteristics of contributing towards wider patterns of need.

Table 32 **Completions Trend Forecast / Past Take-up Scenario based on Average (Mean) Completions**

	Average (mean) annual completions (excl. losses), sqm (2018/19-2022/2023)	Forecast completions 2023-2041, sqm	Land requirement, Ha (based on 40% plot ratio)
Office (B1a, B1b)	1,996	35,926	9.0
Industrial (B1c, B2)	7,815	140,670	35.2
Industrial (B8)	23,073	415,310	103.8
Total	**32,884**	**591,906**	**148.0**

Source: SPRU analysis of Local Authority monitoring data

Table 33 **Completions Trend Forecast / Past Take-up Scenario based on Average (Median) Completions**

	Average (median) annual completions (excl. losses), sqm (2012/13-2022/2023)	Forecast completions 2023-2041, sqm	Land requirement, Ha (based on 40% plot ratio)
Office (B1a, B1b)	1,980	35,640	8.9
Industrial (B1c, B2)	10,929	196,722	49.2
Industrial (B8)	540	9,718	2.4
B1c / B2 / B8 Total	21,517	387,306	97
Total	**23,497**	**422,946**	**105.7**

Source: SPRU analysis of Local Authority monitoring data

6.25 For comparison, Table 34 and Table 35 show the mean and median average completions trends minus 'atypical' schemes (JLR and Amazon/Gestamp at the i54 and Four Ashes sites respectively). These show lower total land requirements of 53.1 ha and 41.8 ha respectively.

Table 34 **Completions Trend Forecast / Past Take-up Scenario based on Average (Mean) Completions minus Atypical Schemes**

	Average (mean) annual completions (excl. losses and atypical schemes), sqm (2018/19-2022/2023)	Forecast completions 2023-2041, sqm	Land requirement, Ha (based on 40% plot ratio)

Office (B1a, B1b)	1,173	21,116	5.3
Industrial (B1c, B2)	7,815	140,670	35.2
Industrial (B8)	2,812	50,612	12.7
Total	**11,800**	**212,397**	**53.1**

Source: SPRU analysis of Local Authority monitoring data

Table 35   Completions Trend Forecast / Past Take-up Scenario based on Average (Median) Completions minus Atypical Schemes

	Average (median) annual completions (excl. losses and atypical schemes), sqm (2012/13-2022/2023)	Forecast completions 2023-2041, sqm	Land requirement, Ha (based on 40% plot ratio)
Office (B1a, B1b)	1,258	22,644	5.7
Industrial (B1c, B2)	7,706	138,715	34.7
Industrial (B8)	332	5,976	1.5
Total	**9,296**	**167,335**	**41.8**

Source: SPRU analysis of Local Authority monitoring data

6.26   Further analysis of past trends has been undertaken to show the split of Mean and Median 11-year scenarios providing a split by strategic and non-strategic sites, as identified in the 2022 EDNA, but including all examples of delivery. For the Median scenarios this takes account of the relatively 'lumpy' or sporadic delivery of atypical one-off schemes on strategic sites when measured alongside schemes in other years delivering lower volumes floorspace quanta.

6.27   Within this analysis the Median series has been calculated as a 'hybrid' that discounts years of non-delivery by Use Class on non-strategic sites. This recognises that other than limited instances of floorspace over 10,000sqm most completions have been small scale and thus a median position (for years with delivery) avoids the distorting effect of larger schemes within an overall average.

6.28   For strategic sites, the median average uses an 8-year period 2012-2019 for office uses, reflecting no delivery (including ancillary offices) within this Use Class since 2019/20. This better reflects that these uses remain reflected within the pipeline. The hybrid Median scenario produces a higher overall total for the hybrid scenario than the total median (115ha versus 106ha) with the difference principally due to the higher figure for Office uses on strategic sites. The median position for delivery of industrial (B1c/B2/B8) Use Classes has continued to be assess together, again acknowledging the distorting effects of years with no delivery in specific classes. The results of total take-up scenarios split by strategic and non-strategic sites but including all schemes are shown in Table 36 below.

Table 36   Median and Mean Take-Up Scenarios by Strategic and Non-Strategic Sites

2023-2041		Sqm		Hectares		
		B1a	B1c/B2/B8	B1a	B1c/B2/B8	Total
Median (Hybrid)	**Strategic 18-yr total (2023-41)**	51,687	367,200	13	92	105

	Non-Strategic 18-yr total (2023-41)	16,286	27,455	4	7	11
11-Year Mean	**Strategic 18-yr total (2023-41)**	34,452	594,327	9	149	157
	Non-Strategic 18-yr total (2023-41)	10,477	59,873	3	15	18

6.29 Benchmarking analysis has then been undertaken to illustrate the potential impact of various past trend scenarios on indexed growth in floorspace. This analysis should be considered alongside Figure 2 and Figure 3, that demonstrate that over the period 2001-2023 Industrial and Office floorspace achieved indexed growth of 1.36 and 1.37 respectively relative to the 2000-05 average.

6.30 The past trend scenarios have been considered against an average for floorspace 2018-2023, reflecting recent growth and are set out net of loss replacement. This is shown as a separate line, indicating how existing floorspace may reduce should current committed losses be replicated over the period 2023-2041 and not replaced.

6.31 Figure 17 below demonstrates that all Mean scenarios would generate indexed growth (1.79 to 2.12) substantially above the rate of increase in floorspace seen between 2001 and 2023 that was itself significantly in excess of regional 'norms'. In contrast, both Median scenarios would result in indexed growth of around 1.57 for industrial floorspace. Taking account a reduction in the index of around 0.1 before any provision for loss replacement this would result in total floorspace change reasonably exceeding that recorded 2001-2023.

Figure 17   Benchmarking of Past Trend Scenarios and Indexed Floorspace Growth - Industrial
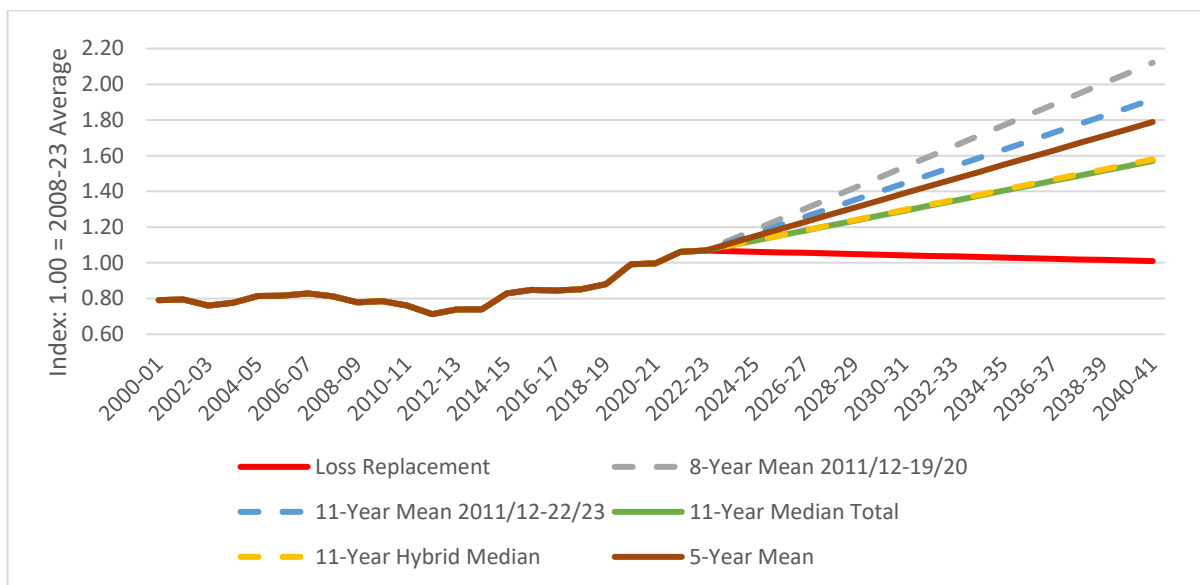
Source: VOA; LPA Monitoring Data; SPRU Analysis

6.32 For Offices the 11-year, 8-year and hybrid Median scenarios (inclusive of ancillary offices on strategic sites in-line with 2012-19 trends) show indexed growth above 2.00. This is a reflection of the small existing property market, but may not necessarily correspond to reasonable prospects for change in stock. Both the Median and 5-year Mean series show indexed growth also in excess of past actual rates of stock growth but more modest at around 1.8, net of loss replacement.
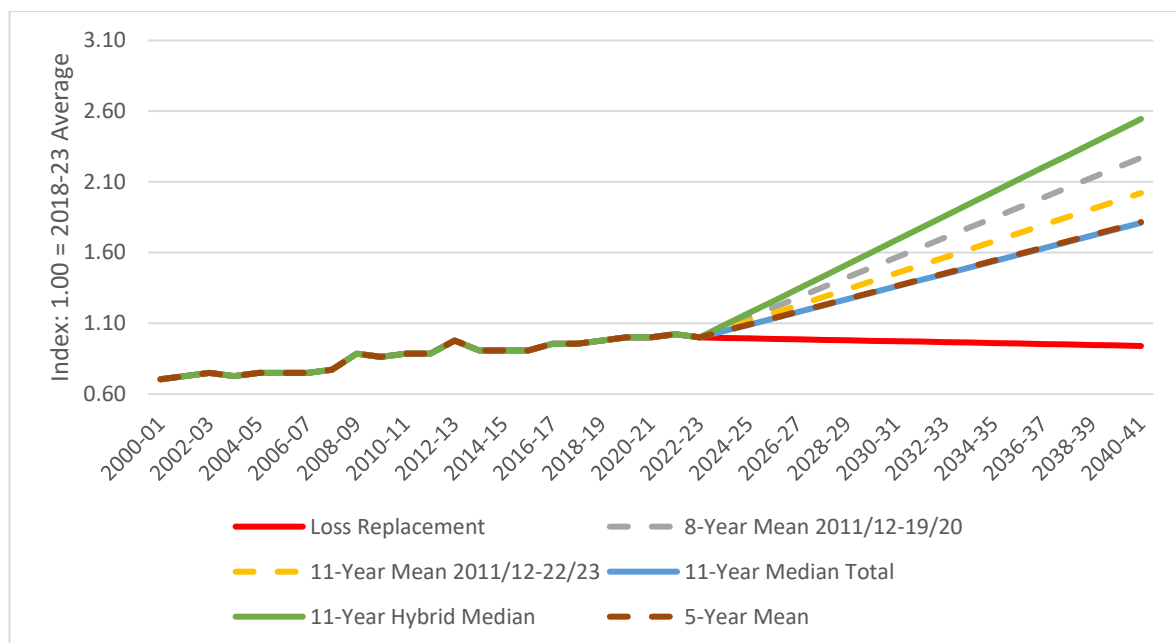
Figure 18   Benchmarking of Past Trend Scenarios and Indexed Floorspace Growth - Office

Source: VOA; LPA Monitoring Data; SPRU Analysis

Key Points

- A series of assumptions have been applied to model the employment land requirement under the Labour Demand Growth Scenario. These assumptions relate to employment densities by sector, plot ratios, working-from-home adjustments and a flexibility margin.

- Applying these assumptions results in a total gross Growth Scenario employment land need of **59.6 ha 2020-2041**.

- A comparative analysis based on past-completions trends shows that delivery in the three years of completions recorded since preparation of the EDNA 2022 has been lower, and has not included any examples of 'atypical' or large one-off employment-generating developments, such as Jaguar Land Rover.

- This EDNA Update reflects the volatile and uneven nature of potentially basing assessments of need upon past take-up trends on strategic sites, particularly where this includes examples of development contributing to wider demand for economic growth that would not be captured in local assessments of labour demand.

- Updated total mean take-up trends of **148ha (2023-41)** and mean trend (excluding atypical schemes (**53.1ha**) are both reduced from the findings of the 2022 EDNA with the total figure heavily distorted by delivery at Amazon/Gestamp (Four Ashes).

- Total Median trends (**106ha**) and Median trends distinguishing strategic and non-strategic sites (**105ha and 11ha respectively**) are identified as potentially better reflecting the volatility of take-up trends.

- Median trends are identified as potentially more appropriate for comparing future growth in land and floorspace with past trends across the total supply pipeline and would still reflect a strong rate of growth relative to a longer-term index.

- Comparison with take-up trends should also reflect the pipeline for development at WMI, which will comprise the characteristics of future instances of 'atypical' and large one-off scale development. Analysis of labour demand and take-up trends should therefore, as a minimum, include the apportion of WMI to potential future jobs growth attributable to needs in South Staffordshire.

7.0 LABOUR SUPPLY APPROACH

7.1 As part of the EDNA Update, this section updates the labour supply assessment element of the EDNA 2022 through developing a series of labour supply scenarios. This provides an estimate of future needs for land and floorspace based on assumptions for the level of workplace-jobs (consistent with labour demand scenarios) supported by a given change in the population of the district.

7.2 This section should be read alongside reconfirmation of the Functional Economic Market Area (FEMA) boundary in Section 3, and the original EDNA. The underlying context for this section is thus founded in the district's very high proportion of gross inflow and outflow commuting relative to resident and workplace-based populations. This underlying context provides a note of caution that potential policy interventions relating to the supply of housing and/or provision of land and floorspace for economic development have very weak prospects of ensuring a balance between labour demand and labour supply locally.

7.3 This section also demonstrates that any absolute reduction in out-commuting and reduced the overall net out-commute would arguably be a more sustainable outcome than additional housing growth in the district that mirrored existing commuting trends.

7.4 This also reinforces that it is very difficult in practice to distinguish 'local' labour demand in South Staffordshire from the wider profile of commuting flows and the implication that any large scale provision of employment will likely generate significant cross-boundary workplace movements.

a) Background and Relevant Policy Context

7.5 The relationship between future provision for homes and jobs arises from a wider context for considering the specific relationship between labour demand and labour supply. This reflects previous iterations of the Planning Practice Guidance.

7.6 Before the Standard Method, and under the previous PPG[9], it was conventional for assessments such as this to consider the link between housing and economic growth. This generally took the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. Whilst this step is not necessary for the purposes of Standard Method, it is of interest to estimate what level of job growth the projections might support.

7.7 Planning Practice Guidance continues to provide a non-exhaustive list of conditions that may indicate that actual housing need is higher than the standard method indicates and can include changing economic circumstances[10]. Ambitions for economic development that may support identification of a housing requirement in excess of the standard method are also now recognised at Paragraph 67 of the NPPF2023. Demographically derived assessments of current and future local labour supply (labour supply techniques) therefore remain relevant to assessing the implications of alternative economic scenarios that should be considered as part of market signals that may affect the forecast of future needs[11].

7.8 The removal of an express link between labour demand and labour supply does not mean that preparation of Local Plans should not ignore labour market alignment altogether which may potentially have soundness implications for the effectiveness of proposed strategic policies related to housing and economic development. This includes considerations relating to sustainable travel patterns and ensuring that inadequate housing supply does not constitute one potential barrier to investment (NPPF2023 Paragraph 86(c)). For authorities

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[9] ID: 2a-018-20140306
[10] ID: 2a-010-20201216
[11] ID: 2a-027-20190220

with a significant proportion of the Plan Area designated as Green Belt, paragraph 145 of the 2023 version of the Framework does, however, stipulate that it is not a requirement to review these boundaries to ensure needs are met in full.

b)   The Evidence Base for Labour Supply Scenarios

7.9   In an employment-led labour supply scenario, workplace-based employment forecasts are used to estimate likely population growth, using economic activity rates, a fixed commuting ratio, plus an unemployment rate that may be varied over the forecast period and can potentially be derived in line with the employment forecasts. Outputs derived on the basis of predicted workplace-based employment scenarios must be capable of being compared with the labour supply implications of other projected demographic changes (such as local housing need scenarios) where a 'jobs' figure is not applied as a constraint.

7.10   The context for this is that demographic projections producing outputs for labour supply are by definition residence-based estimates that essentially identify the number of jobs supported as a result of population and household change. This does not assume that all employment change associated with this total would be generated by workers originating within South Staffordshire. This is a result of the application of an overall commuting ratio consistent with inputs provided by either the 2011 Census or recently released 2021 Census origin-destination data.

7.11   The inputs that must be applied consistently to compare outputs for labour supply and any employment-led derived forecasts can be summarised as follows:

- Economic activity rates – the estimated annual change in resident labour force (either employment, or unemployed and looking for work)

- Unemployment rate – the proportion of unemployed people within the total economically active population

- Commuting ratio – the balance between the total level of employment and the number of resident workers (total persons living in South Staffordshire and working). A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the level of employment available in the area, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that employment in the area exceeds the size of the labour force, resulting in a net in-commute.

- Double-jobbing and relationship between total and full time equivalent (FTE) jobs – a 5% uplift is applied to the economically active population who are living in South Staffordshire and working (i.e., employed) to reflect the proportion of employed persons with more than one role.

7.12   In terms of the relationship between labour demand and labour supply scenarios it is important to note that the application of the assumptions summarised above are not applied as constants in the same way to the outputs of econometric forecasts.

7.13   In terms of the Experian model this adopts the most complex forecasting methodology and does have regard to the most recent official 2018-based subnational population projections. The outputs of the forecast can result in a small number of 'unfilled' jobs where criteria for the labour market to support a given number of workforce jobs locally are not met. Any unfilled jobs are not specified but what this means in practice is that the Experian forecast does not indicate that the baseline forecast of 3,000 jobs 2020-2040 would be impacted by constraints to labour supply. However, the assumptions applied to the forecast are dynamic rather than fixed. The baseline forecast for labour demand may be achieved as a result of flexing certain assumptions within reasonable bounds e.g., economic activity, unemployment and the effective commuting ratio.

c) Calculation and Implications of Commuting Ratios for the Relationship Between Labour Supply and Jobs

7.14 The calculation of commuting ratios, as a relevant input to labour supply scenarios, reinforce the justification that within South Staffordshire any explicit relationship between jobs and homes should be treated with specific caution in a given area. The calculation of the commuting ratio within the district is closely related to South Staffordshire not forming a self-contained Functional Economic Market Area (FEMA). South Staffordshire's relatively dispersed links with neighbouring authorities also preclude identifying specific FEMA boundaries as part of a wider 'best fit' geography.

7.15 According to the 2011 Census Travel to Work Survey, the number of resident workers was approximately 53,588, with the number of employed workers at 36,735. This results in a commuting ratio of 1.459, indicating a significant net out-commute. In practice applying this ratio constantly would mean that for any one net additional resident living in South Staffordshire and working only 0.68 additional jobs would be supported as additional to the total working in South Staffordshire. The calculation of the 2011 Commuting Ratio is shown in Table 37 below.

Table 37   South Staffordshire Commuting Ratio (2011)

	People	% of Total Working in LA
Live and work in South Staffs	8,981	24%
Home Workers	6,130	17%
No-Fixed Place	4,049	11%
In-Commute to South Staffs	17,575	48%
Out-Commute from South Staffs	34,428	
Total Working in South Staffs	36,735	
Total living in South Staffs (and working)	53,588	
Net Commuting Outflow	16,853	
Commuting Ratio	1.459	

Source: ONS Census 2011

7.16 Calculation of the 2011 ratio also indicates high totals of gross in-commuting and out-commuting flows due to relatively low residence-based containment for jobs and workers (21%) within the district as a whole. The actual workers expected to provide for workplace-based employment will be drawn heavily from neighbouring areas. Irrespective of the growth in the resident labour force supported within South Staffordshire these large gross flows and low self-containment means that the actual availability of workers in relevant sectors will be partly dependent on the characteristics of population change (and relationship with levels of housing growth) achieved by surrounding authorities.

7.17 In this respect total *workplace-based* change in employment as a result of labour demand scenarios considered within the EDNA are therefore consistent with relevant for comparison against the increase in the total number of persons working in South Staffordshire as generated by a combination of commuting flows. Neither set of scenarios implies that the net change in employment or jobs supported relates to activities undertaken by South Staffordshire residents only.

7.18 The commuting ratio calculated using 2011 data can be compared with the most recent outputs from the Census 2021.

7.19 According to the 2021 Census Travel to Work Survey, the number of resident workers was

approximately 50,625, with the number of employed workers at 46,180. This results in a commuting ratio of 1.096, indicating a much lower net out-commute than in 2011 (4,445 persons). In practice applying this ratio constantly would mean that for any one net additional resident living in South Staffordshire and working 0.91 additional jobs would be supported as additional to the total working in South Staffordshire.

Table 38   South Staffordshire Commuting Ratio (2021)

	People	% of Total Working in LA
Live and work in South Staffs	6,353	14%
Mainly working at or from home, No fixed place	21,892	47%
In-Commute to South Staffs	17,935	39%
Out-Commute from South Staffs	22,380	
Total Working in South Staffordshire	46,180	
Total living in South Staffs (and working)	50,625	
Net Commuting Outflow	4,445	
Commuting Ratio	1.096	

Source: ONS Census 2021

7.20   It is apparent from this calculation that the local impact upon the commuting ratio derived from the latest 2021 Census data has been highly volatile. This reflects the observations of the ONS published alongside the 2021 origin-destination data, noting specifically that levels of economic activity and workplace locations are likely to have been affected by the Coronavirus pandemic. Due to the restrictions imposed and the effect of furlough the ONS has specifically stated that the distribution of workplace flows does not provide a reliable indicator of actual levels of home-working.

7.21   A specific observation for South Staffordshire is that the total number of persons living in the district (and working) has reduced since 2011 (53,588 versus 50,625). This could in-part reflect the ageing population but may be partly associated with the implications of the pandemic in terms of reduced economic activity and increased unemployment. Depending on the destination (i.e., workplace) of any 'missing' employment this could be further reducing the commuting ratio.

7.22   Regarding the figure of 21,892 persons working from home or no fixed place (versus 6,130 in 2011) It is unlikely that all of these roles assigned to home-working or no fixed place in the 2021 Census and thus generating a lower commuting ratio are in-fact based in South Staffordshire.

7.23   However, the ratio overall is perhaps nonetheless more indicative of future expected trends in labour demand for workplace-based jobs in South Staffordshire with the prospects for employment growth being generally stronger than past trends. In support of this view, it is principally out-commuting from South Staffordshire that has reduced between the two Census (22,380 versus around 34,400). This indicates a likelihood of significantly increased remote working by resident workers during the pandemic.

7.24   Conversely, gross in-commuting flows have been relatively consistent (17,935 versus 17,575 in 2011). On one reading this could reflect the lower suitability of the characteristics of employment at workplaces in South Staffordshire to support remote working but equally it more correspond to substantial increased in-commuting since 2011 that is then offset by pandemic-related remote working that would otherwise have produced a higher figure. The latter explanation is at least plausible, particularly noting that the actual total for residents living and working in South Staffordshire (6,353) is lower in 2021 than 2011 (8,981). This at

the very least suggests volatility and a strengthening of cross-boundary commuting flows to generate the total workplace-based employment estimate for the district.

7.25   What this means in practice is that notwithstanding the rationale to use the lower 2021 Commuting Ratio for modelling (notwithstanding potential Covid-19 effects) Labour Supply is potentially quite an irrelevant or misleading indicator for the link between jobs and homes when levels of self-containment are very low and gross inflow and outflow commuting is very high. Applying the 2011 Commuting Ratio would further reinforce this point.

7.26   This also negates the extent to which any labour demand can truly be said to be 'local' to South Staffordshire, with the implication that any significant change in employment has the potential to affect gross inflow and outflow levels of commuting to/from surrounding areas.

d)   Calculation of Labour Supply Scenarios and the Link Between Jobs and Homes

7.27   The demographic profile resulting from dwelling and housing change associated with provision for minimum annual local housing need, as generated by consultants HDH preparing the Council's Strategic Housing Market Assessment, has been used to assess labour supply and its potential relationship with overall demand for economic development. These scenarios should be treated as indicative, and are capable of being re-run as part of the final outputs of the housing evidence base.

7.28   A brief summary of the assumptions used is as follows:

- The starting point is provided by the HDH LHN profile (household growth 4,936) population projection.

- EARs based on the 2011 Census, with the exception of EARs for 65-74 and 75+ age groups that reflect higher totals recorded in the 2021 Census. This may capture some of the recent impact of increased retirement age, though no future increase in EARs amongst older age groups has been applied for this exercise. These EARs are applied to all years in the HDH projection from 2023-2041.

- Application of an unemployment rate of 2.9% to the economically active population (labour force) in all years.

- Application of double-jobbing at 5% of the employed labour force.

- Use of the Census 2021 commuting ratio of 1.096 (see Table 38 above). However, the split of the total for components of employment in South Staffordshire (living and working in the district, home-workers, no fixed place and in-commuters) has been derived from the proportions in 2011 to counter potential pandemic-related effects.

- Using the assumptions for resident labour supply applied to the HDH projection (as described above) and 2021 Commuting Ratio the total number of persons living in South Staffordshire (and working) and total employment in South Staffordshire have been updated to a 2023 base-date prior to assessing net change 2023-2041. This is shown in

Table 39 below.

- The application of a 1:1 commuting ratio to future forecast growth in the labour supply.

Table 39   **South Staffordshire 2023 Base-Date for Resident and Workplace Employment**

	2021		2023	
	People	**% of Total Working in LA**	**People**	**% of Total Working in LA**
Live and work in South Staffs	6,353	14%	11939	24%
Home Workers	21,892	47%	8149	17%
No-Fixed Place	0	0%	5383	11%
In-Commute to South Staffs	17,935	39%	23364	48%
Out-Commute from South Staffs	22,380		28065	
Total Working in LA	46180		48835	
Total living in LA (and working)	50625		53,536	
Net Commute	-4,445		-4,701	
Commuting Ratio	1.096		1.096	

Source: ONS Census Data

b)   Local Housing Need Jobs Supported Labour Supply Projection

7.29   Table 40 below shows that the LHN projection would support a net increase of either 1,426 or 1,563 jobs in South Staffordshire.

Table 40   **Projected Growth in Jobs Support 2023-2041 under Local Housing Need**

	2023		2041 - 1426 jobs supported	2041 - 1563 jobs supported
	People	**% of Total Working in LA**	**People**	**People**
Live and work in South Staffs	11,939	24%	12,288	12,425
Home Workers	8,149	17%	8,387	8,387
No-Fixed Place	5,383	11%	5,540	5,540
In-Commute to South Staffs	23,364	48%	24,046	24,046
Out-Commute from South Staffs	28,065		28,884	28,747
Total Working in LA	48,835		50,261	50,398
Total living in LA (and working)	53,536		55,099	55,099
Net Commute	-4,701		- 4,838	-4,701
Commuting Ratio	1.096		1.096	1.093
Net Additional Out Commute	256		137	0

Source: ONS Census data, SPRU analysis

7.30   While the number of jobs supported is significantly below the figure from the EDNA Growth Scenario this needs to be viewed in the context of low self-containment within the district and very significant gross commuting flows. The LHN scenario would nonetheless indicate a specific increase of around 350 or 490 persons living and working at workplaces in South Staffordshire – equivalent to around 3-4% of 2011 components of resident worker flows or 6-8% of the 2021 totals. This would not impact upon residence-base of workplace-based containment and has not been subject to any further uplift in EARs nor any reduction in absolute levels of out-commuting compared to existing levels. There is therefore reasons to

suggest that the figure for the number of jobs supported could be greater.

7.31   In terms of the figures of 1,426 or 1,563 jobs the difference relates to the application of the commuting ratio to net additional growth in residents living in South Staffordshire (and working) (outlined further below).

7.32   The 1:1 ratio sensitivity test is useful to illustrate where assumptions for an absolute increase in levels of net out-commuting would arguably mean that other authorities (outside of South Staffordshire) would be providing jobs but not housing for people taking up those jobs. The 1:1 ratio is also considered useful in the context of COVID-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future. These observations are considered consistent with the findings of the EDNA.

7.33   The use of the 1:1 commuting ratio would appear to be reasonable in light of 2021 Census outputs given the relatively high levels of growth in the total number of workers in South Staffordshire reported in the second part of the last decade. It should be noted that while absolute levels of net commuting remain the same (-4701 persons) the gross outflow of commuters increases by +682 persons under the 1:1 scenario, indicating that there is still substantial scope for an increased level of employment growth provided locally to reduce journey distances. The LHN scenario would also depend on an absolute increase in gross in-commuting flows of the same magnitude, which could be affected by levels of house-building elsewhere.

7.34   The number of jobs supported being potentially greater due to trends in home-working, reflected as a proxy in the 1:1 scenario, does not necessarily compare with evidence for labour demand within this study on a like-for-like basis.

e)   Local Housing Need Labour Supply – Indicative Needs for Land and Floorspace

7.35   The assessment of labour supply scenarios considers the total change in employment based on growth in the labour force from 2023. This is achieved by matching the labour demand profile of the Growth Scenario to the total number of jobs supported (excluding home-workers[12]).

7.36   Sectors showing a negative change in employment are excluded from the apportionment of the additional jobs supported. This means that any net changes resulting in a reduction in employment levels from 2023 totals in other sectors, which may free up additional labour in addition to the jobs supported under the LHN scenarios is not considered. This also means that working from home trends applied to the total for existing jobs, which may reduce the future net requirement for land and floorspace to a negative value, are also not captured when the number of jobs supported is apportioned to sectors that only show positive employment change.

7.37   The estimates for additional jobs supported by growth in the labour supply and converted to employment land and floorspace, taking account of the working from home changes described above, will therefore exceed the outputs from labour demand scenarios where the total exceeds total net change within the labour demand scenario. This is because change

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[12] The matching exercise should take account of the increase in rate of home working incorporated within relevant sectors and Use Classes under the EDNA Growth Scenario forecast to ensure a like-for-like comparison. Where the number of jobs supported is increased by those working remotely (rather than an increase in the number living and working in South Staffordshire) it will not necessarily be the case that these roles will be fulfilling forecast changes in employment within the district. To counter this the future trend towards increased rates in home-working between 2020 and 2040 is also applied to the estimated number of jobs supported as identified by the LHN labour supply in both scenarios. A total adjustment of 17% is applied to the number of jobs supported using the 2023 value for home workers from Table 40 above. This is to ensure these roles are not 'double-counted' as part of labour supply generating a demand for land and floorspace, which is especially important for the jobs supported under the 1:1 commuting ratio.

within labour demand scenarios is inclusive of net change in all sectors and future trends in home-working applied to all existing employment and forecast future changes in office-based sectors.

7.38 Table 41 below demonstrates the outputs from estimates of labour supply and total number of jobs supported as originating from the indicative labour supply scenarios and for both commuting ratio assumptions.

7.39 These outputs can be compared with outputs from other techniques to assess need including labour demand and past take-up. All scenarios indicate total change in FTE employment to reflect the approach to converting jobs to land and floorspace within labour demand modelling (including under the Growth Scenario).

Table 41 Land and Floorspace Outputs of Indicative Labour Supply Scenarios (hectares)

Scenario	Jobs Supported		E(g)(i)/E(g)(ii)	E(g)(iii)/B2	B8	Total
LHN 16+ Additional Labour Force	Total workplace-based FTE	1,426	1.0	3.2	2.0	6.2
	1:1 Commuting	1,563	1.0	3.6	2.2	6.8

Source: SPRU Analysis of various Data

7.40 While in principle the number of jobs supported as an output of the LHN labour supply scenario falls below the labour demand Growth Scenario this conclusion should be treated with caution.

7.41 It is relevant that comparing future needs for land and floorspace based on support for population growth (labour supply) are different to forecasting future overall changes in labour demand. The labour supply measure is about provision for future employment needs of the growth in population. It takes no account of net change in existing labour demand and resultant effects on land and floorspace that may also affect the number of jobs supported. This is particularly relevant locally given strengthening of sectors including Logistics and Manufacturing that tend to provide employment at lower jobs densities.

7.42 For the same reason, it is important that the outcomes of the indicative labour supply implications for needs for land and floorspace are only compared with net evidence of labour demand (37.2ha – see Table 26). Using the 1:1 commuting ratio the indicative labour supply figure for land and floorspace is around 18% of the net total under the Growth Scenario. This sits very much within the range 14-24% of residents living and working in South Staffordshire as recorded in the 2021 and 2011 Censuses respectively and is broadly similar to the residence-based containment of worker flows used to assess definition of the FEMA (see paragraph 7.15). The contribution towards local labour market change and needs for land and floorspace associated with the Growth Scenario is therefore broadly consistent with the change that would be expected based on unconstrained outcomes for the profile of the workplace population likely to be generated by a given level of jobs growth.

7.43 Making provision for gross requirements for land and floorspace under the Growth Scenario (59.6ha – see Table 30) inclusive of a margin for flexibility and replacement for future losses could in theory support additional levels of employment growth outside of the assumptions for labour supply. However, the provision for net-to-gross adjustments and flexibility partly accounts for recent delivery trends and the expectation of positive and negative gross changes in employment across certain sectors. This allows for potential variability on matters such as jobs density and plot ratios included for any supply which is re-provided or converted to different employment uses.

7.44 The rationale for providing flexibility and choice is further strengthened by the outputs of the 2021 Census in terms of a reduced commuting ratio and slightly increased workplace

containment of commuting flows. However, given the low self-containment of resident and workplace-based flows in South Staffordshire the indicators for labour supply do not suggest that the drivers for flexibility in supply and potential associated prospects for increased jobs growth are contingent on a specific increase in housing provision to support small increases in those living and working in the district.

7.45   This reflects that patterns of supply and demand for land and floorspace in the district comprise a significant proportion of 'larger-than-local' schemes include strategic sites contributing to economic development more widely (thus driving in-commuting). This is notwithstanding what remains a relatively small workplace-based population in South Staffordshire.

7.46   The strong evidence for labour demand, alongside any additional flexibility in supply, means that growth in the workplace population is likely to be proportionally high relative to the current total for persons living and working in South Staffordshire. There is presently very weak evidence that these characteristics would be changed by a specific increase in housing provision to support future jobs growth. The characteristics for potential changes in the local labour market (for example, reducing out-commuting) are therefore more strongly associated with the overall effect upon the existing population resident in South Staffordshire (and working) in terms of potential changes in employment by sector or workplace location in response to these changes.

f)   Evaluation of Growth Scenario Derived Labour Supply Implications

7.47   A 'derived' total has been generated for the increase in employed persons living in South Staffordshire (and working) that would correspond to the increase in jobs supported in South Staffordshire associated with annual jobs growth from the updated Growth Scenario (242 jobs per annum 2023-2041). This would correspond to 4,150 additional persons employed in South Staffordshire, prior to allowing for 5% double-jobbing.

7.48   This scenario utilises the same assumptions for the labour supply total generated using local housing need, but should be treated purely as theoretical. Based on the distribution of workplace-based and residence-based flows there would be a maximum increase of 1,414 persons living and working in South Staffordshire. This reflects the very low level of self-containment. The reinforces the justification against seeking an explicit link between jobs and homes in South Staffordshire.

7.49   The labour supply assumptions corresponding to workplace-based outputs for the number of additional jobs supported indicate that at least 4,927 additional persons aged 16+ would be required over and above population change associated with local housing need (see Table 42 below). This would increase to 5,667 persons aged 16+ without a further improvement in the commuting ratio.

Table 42   Total Population Aged 16+ Indicated by Derived 'Growth Scenario' Labour Demand Jobs Supported

	2023-41	2023-41 (1:1 Commuting Ratio)
Total living in LA (and working)	58,085	57,685
Total 16+ Economically Active	59,819	59,408
Total 16+ Population	107,565	106,825
Difference versus LHN	+5,667	+4,927

Source: SPRU analysis

Key Points

- An assessment of labour supply scenarios has been undertaken which considers the total change in employment based on growth in the labour force from 2023.

- The land required under the labour demand Growth Scenario could in theory support additional levels of employment growth beyond those delivered under the labour supply scenario based on a 1:1 commuting ratio.

- Growth in the workplace population under the labour demand Growth Scenario is likely to be proportionally high relative to the current total for persons living and working in South Staffordshire due to very low levels of resident and workplace self-containment.

- There is presently very weak evidence that these characteristics would be changed by a specific increase in housing provision to support future jobs growth.

8.0 RELATIONSHIP BETWEEN WMI AND UPDATED GROWTH SCENARIO

8.1 This component of the EDNA Update is consistent with the methodology of the original Report. It seeks to reflect that 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. The EDNA Update continues to consider 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.

8.2 The SRFI proposals remain largely undeveloped at the 2023 base-date for the EDNA Update and are not reflected in existing economic forecasts and resulting labour demand scenarios for South Staffordshire. The adjustments made to the Transport & Storage sector to produce the updated Growth Forecast[13] 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.

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[13] See Section 5(b)(v)

Table **43** below illustrates how the gross needs for B8 land and floorspace have been calculated comprising the following elements, updated for the 2020-2041 assessment period and revised Growth Scenario:

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 14.1 hectares.

ii.   A further 2.7 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. The baseline Experian forecast shows stronger growth prospects beyond 2040 hence the allowance for this component is increase compared to the EDNA 2022.

iii. The updated Growth Scenario, particularly taking account of wider constraints to activity in the Construction sector, shows a negative net trend in requirements for B8 floorspace across other sectors to 2041. The equivalent output from the EDNA 2022 was 0.5 hectares of land required as 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. Due to the uncertainty on the longer-term effects of downward pressure on land and floorspace needs the 0.5ha output from the Growth Scenario has been retained for the overall assessment of B8 demand.

iv.   A further addition has been proposed to take into account forecast future losses of B8 floorspace to other uses (reflecting current committed losses) and requires 3.8 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 0.88ha (based on the last 11 years' data) has been extrapolated to five years to result in a further requirement for 4.4 hectares for all B8 uses. This represents flexibility in the calculation of net to gross requirements and provides an allowance for the typical time period between application for permission and completion of development and for the need for relocation space and expansion that means the completion of schemes and take-up of the pipeline may lag behind timescales for growing demand. This margin is applied as opposed to an alternative scenario based solely on past take-up applied to the remaining 18-year period (2023-2041).

vi.   This provides a total gross need of **25.6 hectares for the period 2020-2041.**

vii. In the above scenario we have modelled the local need outside of the sub regional forecast as being 2.7 hectares. However, the CE forecast, which reflects local rather than sub-regional growth produces a much higher requirement (11.7ha) than the 2.7 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 (11.7ha) takes the gross requirement to 37.2 hectares. The gross need calculation has been undertaken using the Experian forecasts plus an allowance for losses (3.8 hectares) and flexibility based on past build rates (4.4 hectares). So, while it is appropriate to ensure that provision is made for this potentially higher level of growth which would require some additional 11.7

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 2.7 hectares as both figures essentially representing different local growth forecasts. There has already been an allowance of 4.4 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 0.55 hectares per annum (11.7 hectares / 21 years). Therefore, provision for an additional 5 years would be 2.78 hectares (0.55 x 5 = 2.78 hectares). This would leave around some 1.6 hectares of the 4.4 hectares flexibility allowance using past build rates to provide for non-Transport & Storage sectors. Given that the 4.4 hectares is already within the gross needs calculation, we have deducted the 2.78 hectares which relates to growth of the Transport & Storage sector as this is already accounted for by the 11.7 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 6.1 hectares (11.7 – (2.7+2.78) = 6.1 (subject to rounding)). This results in total gross needs of **31.7 hectares** comprising the updated Growth Scenario plus additional flexibility.

Table 43 Breakdown of Gross Requirements for B8 Land and Floorspace and Recommendations for Additional Flexibility

	Components of Gross Labour Demand	2020-2041 (hectares)	Cumulative Total
i	Net B8 Land Use – Transport & Storage Sector (Growth Scenario based on sub-regional trends)	14.1	14.1
ii	**Plus** Transport & Storage Sector - Experian Baseline	2.7	16.8
iii	Net B8 Land Use from Other Sectors – Growth Scenario	0.5	17.4
iv	Allowance for Losses[14]	3.8	21.2
v	Allowance for Flexibility[15]	4.4	25.6
vi	**Total - Gross Needs**		**25.6**
vii	Transport & Storage Sector based on CE Forecast	11.7	37.2
viii	*Total Potential Gross Needs plus Additional Flexibility from CE Forecast*		*37.2*
ix	*Minus* Transport & Storage – Experian Baseline	-2.7	34.5
x	*Minus* Existing Margin for Flexibility (accounted for in overall Gross Needs Calculation)	-2.8	31.7
xi	**Total Gross Needs plus Additional Flexibility (vii + xi)**		**31.7**

Source: SPRU Analysis

8.4 Of the 31.7 hectares required for B8 uses over the Plan period under the updated 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.

8.5 A total gross requirement of **21.7 hectares** is identified separately to the assumptions for WMI. It is important to note that for the remaining assessment period 2023-2041 a residual total of 18.2 hectares applies, taking account of completions from 2020/21 to 2022/23. This is summarised in

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[14] See Table 27
[15] See Table 29 South Staffordshire Flexibility Margin (ha), 2020-2041

Table 44 below.

Table 44   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)	10.1	4.1	14.1
ii	Net B8 Land Use from Other Sectors – Growth Scenario	N/A	0.5	0.5
iii	Transport & Storage Sector - Experian Baseline	N/A	2.7	2.7
iv	Allowance for Losses (5.2 hectares) + Flexibility (3.9 hectares)	N/A	8.2	8.2
v	Recommended Additional Allowance for Flexibility	N/A	6.1	6.1
vi	*Completions 2020-2022 (ha equivalent)*	N/A	-3.4	-3.4
vii	*Residual of Total Apportioned Gross Needs ((i + ii + iii + iv + v + vi)*	10.1	18.2	28.3
viii	Allowance for Additional WMI Employment Apportionment	8.7	N/A	N/A
Total	**Total B8 Incorporating Adjustments**	**18.8**	**18.2**	**37.0**

Source: SPRU Analysis

8.6   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 2022 EDNA assumed that the WMI proposals will accommodate an element of the sub-regional growth equating to some 10 hectares, which remains the appropriate starting point based on the application of the Growth Scenario within this EDNA Update. **However, the assumptions for job creation set out through the DCO process suggest that WMI will generate some 1,560 jobs[16] 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[17])**. This equates to a figure of around **18.8ha** rather than 10ha assumed in Table 46. These assumptions have also informed the position in the emerging Local Plan and proposed allocation of the site under Policy SA5.

8.7   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.

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[16] 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)
[17] See Paragraph 10.49 of Main Report

g) **Summary of Total Growth Scenario and WMI Labour Demand Employment Needs 2020-2041 and 2023-2041**

8.8 Total employment land needs based on labour demand of **69.0 hectares** have been identified for the period 2020 to 2041. This has been calculated based on gross needs identifiable within the labour demand Growth Scenario together with analysis of the WMI SRFI proposals and their expected relationship with the district's labour market.

8.9 The employment land needs calculated at this stage of the EDNA Update <u>do not</u> comprise the total objectively assessed need relevant for consideration as part of the supply-demand balance in Section 9. The total of 69 hectares has been generated prior to considering further policy recommendations relevant to the supply-demand assessment. This includes the relationship between past trends and labour demand; the pattern of delivery upon strategic and non-strategic sites in the district; the potential implications for overall market vacancy resulting from meeting future labour demand. Total gross objectively assessed needs are presented in Chapter 9 inclusive of these additional considerations. It is total residual gross objectively assessed needs for the period 2023 - 2041 that inform the resultant implications for responding to any requests to contribute to unmet needs from neighbouring authorities.

8.10 The total minimum provision includes 31.7 hectares within Use Class B8) (of which around 10 hectares should be apportioned to committed supply at WMI). This calculation is shown in Table 45.

8.11 Approximately **8.8 hectares** of the WMI scheme potentially attributable to expected job growth in the district is in addition to that forecast in the Growth Scenario 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 69.0 ha but cannot be set against meeting general need for B8 in the district based on labour demand.

8.12 Taking the specific circumstances of the WMI into account, the total B8 land allocations under the updated Growth Scenario (including all the land at WMI) should be **40.5 hectares** (31.7 + 8.8 hectares), as shown in Table 45. This forms part of a total recommended provision for land of **77.8 hectares**. Of this total 18.8 hectares can be attributed to labour demand associated with the WMI proposals and their sectoral offer.

Table 45   **Employment Land Needs (ha) – Growth Scenario Taking Account of WMI Proposals, 2020-41**

	B1a/b	B1c/B2	B8	Total
Growth Scenario incorporating review of Transport & Storage sector	5.1	32.2	25.6	**62.9**
Baseline Forecast Additional Flexibility for Transport & Storage Sector	-	-	6.1	-
Total Gross Employment Land Needs Incorporating Apportionment of WMI	**5.1**	**32.2**	**31.7**	**69.0**
Additional WMI Apportionment (further take-up)	-	-	8.8	-
Total Growth Scenario incorporating Adjustments	**5.1**	**32.2**	*40.5*	**77.8**[1]

Source: SPRU Analysis

[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

8.13   The EDNA Update has been prepared using a 2020 base-date for labour demand but is able to take into the effect of completions to 31 March 2023 upon total land needs. Residual total land needs for the period 2023 – 2041 have therefore been calculated. The residual period 2023-2041 comprises the relevant starting point for the assessment of the supply-demand balance for the remainder of the plan period.

8.14   Taking the above assessment of need into account results in the overall residual employment land needs as summarised in Table 46 below. This takes account of completions since the 2020 base-date.

Table 46   Total Employment Land Needs (ha) – Growth Scenario Taking Account of WMI Proposals 2023-2041

	B1a/b	B1c/B2	B8	Total
Total Gross Employment Land Needs Incorporating Apportionment of WMI 2020-41	**5.1**	**32.2**	**31.7**	**69.0**
Net Adjustment for Completions 2020/21 to 2022/23	-0.7	-6.3	-3.4	**-10.4**
Total Residual Gross Employment Land Needs Incorporating Apportionment of WMI 2023-41	**4.5**	**25.9**	**28.3**	**58.6**
Total Residual Gross Employment Land Needs Incorporating Apportionment of WMI + Additional Take-Up 2023-41	4.5	25.9	37.1[18]	67.4
Total Residual Gross Employment Land Needs Excluding WMI 2023-41	4.5	25.9	18.3[19]	48.6

Source: SPRU Analysis

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[18] 28.3 hectares + 8.8 hectares
[19] 37.1 hectares – 18.8 hectares

Key Points

- Further adjustments have been made to the gross need for B8 land and floorspace under the Growth Scenario to incorporate additional flexibility in this sector, to account for future losses of B8 to other uses, and to better reflect sub-regional trends for the Transport and Storage sector (which are higher than local trends). This results in a total gross need of 31.7 ha B8 land for the period 2020-2041.

- Adding this to the total land requirements under the Growth Scenario for B1a/b and B1c/B2 uses results in a total need for employment land in South Staffordshire of 69.0 ha for the period 2020-2041. Note, this figure does not include further policy recommendations which result in a total objectively assessed need, as set out in Chapter 9.

- The following table shows the breakdown of land requirements by use class:

2020-2041	B1a/b	B1c/B2	B8	Total
Growth Scenario	5.1	32.2	31.7	**69.0**

- Of the 31.7 ha B8 requirement, some 10.0 ha are considered to be provided for in the WMI development, which will be delivered in the period to 2035.

- A further 8.8 ha B8 land is also expected to be delivered at WMI which could accommodate the proportion of total employment at WMI expected to attract South Staffordshire residents, however this is in addition to the 69.0 ha requirement (and therefore cannot be counted towards meeting local B8 needs based on labour demand).

- Total residual land needs for the period 2023-41 are recommended for the overall assessment of the supply-demand balance. These outputs are shown in the table below:

2023-2041	B1a/b	B1c/B2	B8	Total
Growth Scenario	4.5	25.9	28.3	58.6
Growth Scenario Exc WMI	4.5	25.9	18.3	48.6

9.0   SUPPLY/DEMAND BALANCE AND POLICY RECOMMENDATIONS

a)   Introduction

9.1   The analysis in this section provides the overall output of the EDNA in terms of total gross objectively assessed needs that it is recommended should be planned for including the requirement for economic development within the residual period 2023 – 2041. This analysis provided as part of the supply-demand recommendations utilises the total labour demand employment land needs from Section 8 together with considerations including:

- The relationship between past trends and labour demand;

- The pattern of delivery upon strategic and non-strategic sites in the district;

- The potential implications for overall market vacancy resulting from meeting future labour demand; and

- Identifying potential contributions to unmet needs from neighbouring authorities as an output of the supply-demand balance against total objectively assessed needs.

b)   Pipeline Supply

9.2   The following table shows the pipeline supply of employment land in South Staffordshire including sites with extant planning permission and, where specified, allocated sites.

Table 47   Comparison of Supply Pipeline – Hectares and Sqm 2020 and 2023

2020 Pipeline (Ha)	B1	B2/B8	Total
Strategic Sites (inc. allocations excl. WMI)	14.71	72.32	87.03
Non-Strategic Sites	1.36	10.66	12.02
Total	**16.07**	**82.98**	**99.05**

2023 Pipeline (sqm)	B1	B2/B8	Total
Strategic Sites (incl. allocations, excl. WMI)	61462	265427	326889
Non-Strategic Sites	1677	31242	32919
Total	**63139**	**296669**	**359808**

2023 Pipeline (Ha)	B1	B2/B8	Total
Strategic Sites (incl. allocations, excl. WMI)	15.37	66.36	81.72
Non-Strategic Sites	0.42	7.81	8.23
Total	**15.78**	**74.17**	**89.95**

Source: SPRU Analysis of LPA Monitoring Data

c)   Comparison of Approach with EDNA 2022

9.3   The previous EDNA demonstrated that 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. This analysis has been replicated for residual gross needs for the revised 2023-2041 period, taking into account completions since 2020.

9.4   The EDNA 2022 concluded 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. This was presented as a figure of 36.6 hectares.

9.5   Within Appendix 1 this EDNA Update undertakes the same exercise as the 2022 Report to assess the supply-demand balance on a like-for-like basis. This indicates that under the same approach a slightly reduced potential contribution of 34.7 hectares could be identified towards unmet needs. However, this like-for-like comparison was undertaken before giving full consideration to the range of factors informing the recommended requirement for employment land as part of the EDNA Update. These additional factors, summarised in Paragraph 9.1 above, inform total objectively assessed needs.

9.6   Specifically, the application of the same approach under the 2022 EDNA would continue to indicate an overall deficit in the supply-demand balance of around 0.3 hectares. The approach in the 2022 EDNA reflected reasonable assumptions that a higher proportion of development would continue to take place on strategic sites and that this should be reflected in the management of the pipeline. Increased allowances were included in the 2022 Report to take account of the relationship with past trends and delivery between non-strategic and strategic sites (calculated as a figure of 7 hectares in this update[20]).

9.7   Taking account of these allowances the calculation of the supply-demand balance anticipated that it would be reasonable for up to 6.9 hectares (as calculated for this EDNA Update[21], inclusive of 6 hectares of land for industrial/storage B2/B8 use) of the pipeline on strategic sites that could also offset any shortfalls in the supply-demand balance for non-strategic sites.

9.8   Total objectively assessed needs using the 2022 EDNA approach for the period 2023 – 2041 would therefore total 55.6[22] hectares. This compares to a potential supply pipeline of 55.3[23] hectares considered net of the 34.7 hectare potential contribution to unmet needs generated by the methodology for the original EDNA Report. The 34.7 hectare unmet needs adjustment is applied specifically to the pipeline of 81.7 hectares upon strategic sites (subject to rounding)[24].

9.9   The overall supply/demand balance is a product of separate calculations for strategic and non-strategic sites. Table 48 below illustrates the specific deficit upon non-strategic sites and thus illustrates the role of the pipeline of supply upon strategic sites to offset this.

Table 48   Supply-Demand Balance – Non-Strategic Sites

Non-Strategic Sites	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	1.5	13.0	14.5
Supply	0.4	7.8	8.2
Surplus/Deficit	-1.0	-5.2	-6.3

Source: SPRU Analysis

9.10   While within the 2022 EDNA this approach was sufficient to generate an overall supply-demand surplus. Reflecting the circumstances for the EDNA Update the same approach

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[20] See Table 3 within Appendix 1 for details of calculation

[21] Comprising the difference between 13.9 hectares as calculated through details set out in Table 49 of the Main Report with full calculation provided at Appendix 1 and 7 hectares applied under the EDNA2022 approach (see Paragraph 9.6 and footnote 20 above); 13.9 hectares - 7 hectares = 6.9 hectares.

[22] 48.6 hectares from Table 46 + 7 hectares (see paragraph 9.6 and Appendix 1) = 55.6 hectares

[23] Total supply pipeline (90ha) minus adjusted contribution towards unmet needs (34.7 hectares) = 55.3ha (see Appendix 1 for full details of calculation of the supply on strategic sites available for unmet needs); 41.1ha + 8.2ha + 6.0 ha surplus for B2/B8 uses derived from strategic sites = 55.3 hectares.

[24] 81.7 hectares – 34.1 hectares – 7 hectares – 6 hectares = 34.7 hectares potentially contributing towards unmet needs net of 6 hectare B2/B8 surplus on strategic sites used to offset deficit in supply on non-strategic sites.

would generate a small overall deficit of 0.3 hectares.

9.11   The result of the supply-demand balance indicates that strategic sites can be expected to provide for the majority of labour demand locally. Reflecting a reduction in the pipeline from non-strategic sites this pattern on demand and supply has been reinforced since production of the EDNA 2022, such that even under the assumption that a surplus of B2/B8 within strategic sites (6.0 hectares[25]) meets an increased proportion of the Growth Scenario there would be only a 0.8ha 'surplus' on provision through non-strategic sites for B2/B8 Uses.

9.12   The pipeline of strategic sites remains relatively well-matched to take-up trends. However, the pipeline of potential office floorspace on non-strategic sites is extremely limited, given the comparatively rural nature of South Staffordshire District and the lack of major urban centres. This indicates very little opportunity to provide for other characteristics of labour demand in this sector outside of the profile of supply typically seen on large strategic sites (generally comprising ancillary office floorspace to industrial or distribution activities).

9.13   It is important to respond positively to these recommendations arising from updating the approach in the original EDNA 2022. In broad terms the increasing shortfall against the characteristics of non-strategic sites that might otherwise have continued to meet needs in-line with past trends and as a proportion of 'local' labour demand indicates that the prospects for economic development are increasingly dependent on a more stable pipeline of allocated and strategic sites.

9.14   While there is some prospect that 'windfall' provision will contribute to non-strategic patterns of delivery the reduction in the pipeline since 2020 indicates a potential lack of reliability in these patterns of supply.

9.15   This contrasts with actual delivery, where since 2020 all 2,600sqm of office floorspace delivered was upon non-strategic sites (together with around 25% (10,000sqm) of all of industrial/storage floorspace delivered). A lack of opportunities for future similar patterns within the pipeline could generate a mis-match between characteristics of supply and demand.

9.16   In the absence of an ability to achieve policy support for reliable trends in windfall supply (such as redevelopment and intensification or rural diversification), or barriers to securing small-scale dedicated or mixed-use allocations 'non-strategic' allocations the extent of flexibility and allowance for churn and frictional vacancy in the overall pipeline is an important component of the supply/demand balance alongside net labour demand.

9.17   One further potential remedy for balancing the relationship between strategic and non-strategic sites would be seeking to support the sub-division or provision of smaller-scale plots within larger allocations in order to diversify their contribution towards patterns of demand.

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[25] See Appendix 1, Table 5 for derivation of the surplus and apportionment of the Growth Scenario to strategic sites.

d) Provision for additional flexibility related to allowances to meet needs on Strategic Sites

9.18 The EDNA Update applies the outputs of repeating the methodology in the original study alongside considering representations to the 2022 Report to evaluate the rationale for any changes to presentation of the supply/demand balance.

9.19 The findings of sustained evidence of labour demand, a reduction in the overall pipeline and an increased reliance upon delivery on 'strategic' allocated sites to provide for residual requirements in the period 2023-2041 are illustrative of reasons that the total figure for supply to be identified for needs attributable to South Staffordshire should be increased compared to the EDNA 2022. However, the reverse observation identified as part of the update reflects relatively modest overall delivery for the period 2020/21 to 2022/23 (and no provision for large-scale 'one-off' developments over these years) notwithstanding the availability of a substantial pipeline. All things being equal the effect of these findings would potentially reduce the ability to identify the same extent of contributions towards unmet needs from neighbouring areas within the current (2023) pipeline.

9.20 The findings from the updated application of the methodology further blur the distinction between strategic and non-strategic sites and illustrate the volatility of basing assessments of need on past take-up trends. In other words, it may be simpler to suggest the pipeline of supply could be compared relatively more closely with an overall assessment of demand and measures of take-up that look to smooth out past volatility.

9.21 The characteristics of 'atypical' schemes will change over time. As such, the expected contribution of the WMI SRFI to labour demand in South Staffordshire is ultimately interrelated to how the delivery of this site will appear as an 'atypical' or uneven contribution to future take-up trends. This supports applying a less explicit split between strategic and non-strategic sites when considering the overall supply/demand balance.

9.22 The EDNA 2022 methodology applied deductions to effectively exclude a proportion of the pipeline from calculation of the supply/demand balance relative to labour demand based on an explicit comparison of take-up and Growth Scenario outputs over the same period (2020-2040). This added robustness to moderating the extent of supply that might be specified towards unmet needs. This was a part of the methodology not readily highlighted in representations submitted to the Council's previous Regulation 19 consultation. By extension the adjustment also acknowledged some of the uncertainties in how supply might meet demand as summarised above.

9.23 As detailed in Appendix 1 the adjustments generated on the approach the 2022 EDNA result in a total of around **48.0 hectares** of the strategic supply pipeline at 1 April 2023 as potentially attributable to requirements based on labour demand and allowances for higher take-up based on strategic sites based on past trends. This is a product of the relationship between the apportionment of the growth scenario to strategic sites (34.1 hectares[26]) and the difference between this apportionment and a take-up trend for strategic sites (excluding atypical schemes) applied to the same period 2023-41.

9.24 This is based on the calculation of the flexibility margin in Table 29 (equivalent to 41.1ha over 18 years based on a total of 58.6ha of which an overall average of around 70% was delivered upon strategic sites). The same ratio[27] is applied to the total strategic sites pipeline of 81.7 hectares to generate a figure of **13.9 hectares**. This is shown in

9.25 Table **49** below. This total is broken down based on the characteristics of delivery by Use

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[26] 48.6 hectares – 14.5 hectares apportioned to non-strategic sites.
[27] 34.1 / 41.1 = 0.83

Class on strategic sites.

Table 49   **Relationship Between Past Trends and Growth Scenario Labour Demand Attributable To The Pipeline For Strategic Sites**

Row		B1	B2/B8	Total
i	Strategic Sites - Total Pipeline	15.4	66.4	81.7
ii	Total Pipeline – Potentially attributable to Past Trend Equivalence Ratio vs Growth Scenario (17% of total)	1.8[28]	12.1[29]	13.9[30]
iii	Applicable Difference by Equivalence Ratio for Past Trends	13%	87%	0.0
iv	Total Pipeline - attributable to Labour Demand (i – ii)	13.6	54.3	67.8

9.26   This total of 13.9 hectares is added to the apportionment of the growth scenario to generate the 48 hectare total.

9.27   Within the EDNA 2022 the deduction based on the allowance for this relationship within the supply/demand balance was generated on an explicit comparison of two outputs for take-up and labour demand (41.1 – 34.1 = 7 hectares). This was presented as separate to the exercise in assessing overall needs.

9.28   Having undertaken the EDNA Update the issue identified with this approach is that it effectively excludes what is in practice an outcome of the types of market signals that influence overall demand for economic development (such as changing locational and operational requirements) from the variables that can be uses to express needs. The allowances in the 2022 ENDA were therefore applied only a fixed-value on the supply-side of the equation.

9.29   The conclusion of this EDNA Update is that 13.9 hectares represents a justified addition to the total gross requirements for land and floorspace to more effectively support the normal operation of the market for employment land and reflect the changing patterns of delivery summarised above in terms of the relationship between strategic and non-strategic sites.

9.30   While the ratio used to generate this figure is unchanged (in terms of the relationship between the latest evidence for labour demand and take-up on strategic sites) the output can be evaluated in terms of its relationship with the total pipeline and current stock of floorspace.

e)   Relationship with Frictional Vacancy

9.31   The EDNA Update has concluded that 13.9 hectares would be an appropriate figure to consider forming part of total gross objectively assessed needs the pipeline should address. Vacancy analysis considered as part of the EDNA Update indicates that this is operating below 7.5% for offices (5.9%) and at only 4% for industrial floorspace excluding units recently completed at Four Ashes. This illustrates pressure on frictional vacancy arising from patterns of demand and potentially the concentration of supply on strategic sites.

9.32   This could be further compounded by provision for future net demand without a frictional allowance for healthy levels of market activity or 'churn' and noting that any future losses of employment land could further reduce effective vacancy levels until supply is replaced. It is also important that potential constraints to market churn and availability of second hand stock are treated separately to the margin for flexibility applied to needs for new development. This captures an allowance for the typical time period between application for permission and

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[28] 13.9 x 0.13 = 1.8 hectares

[29] 13.9 x 0.87 = 12.1 hectares

[30] Growth Scenario Apportionment vs. Past Trend Equivalent: 34.1 / 41.1 (rounded) = 0.83024; 81.7 hectares supply pipeline x 0.83024 = 67.85 hectares; 81.7 – 67.85 = 13.9 hectares

completion of development and for the need for relocation space and expansion that means the completion of schemes and take-up of the pipeline may lag behind timescales for growing demand.

9.33 Although calculated with reference to delivery trends, the 13.9ha figure (converted to floorspace) would allow for 8.6% industrial vacancy at 2041 taking account of total growth in industrial stock required to meet net additional demand under the Growth Scenario. For offices, a 9.4% vacancy would be achieved if 33% of the additional allowance for take-up on strategic sites was provided as new standalone office stock. This is shown in Table 50 below.

9.34 This corresponds to the current proportion of delivery on non-strategic sites and reflects that the majority of the current pipeline and past delivery of offices on strategic sites has been ancillary to industrial and distribution uses. Thus, while these trends are expected to continue only a small proportion of additional supply is likely to increase frictional vacancy.

Table 50   Effect of Take-Up Trends on Frictional Vacancy

	B1a/b	**B1c/B2/B8**
Current VOA Floorspace	44,000	825,000
Current Vacant Floorspace	2,606	32,360
Current Vacancy	5.9%	3.9%
2041 - Floorspace + Net Demand	52,976	940,977
Forecast Vacancy at Current Levels	4.9%	3.4%
2041 - Current + Frictional Vacancy Using Take-Up Trends	4,980	80,639
Forecast Vacancy (%) Including 13.9ha Adjustment	9.4%	8.6%

f)   Implications for Gross Residual Objectively Assessed Needs 2023 – 2041 and Updated Supply/Demand Balance

9.35

Table **51** below should be read alongside Table 46, which sets of gross residual objectively assessed needs 2023-2041 and row ii of

9.36   Table **49** that provides breakdown of 13.9ha past trends flexibility margin by Use Class that it is proposed to reflect within the demand side of the overall balance. Table 46 provides the information to also reflect this addition to the calculation of gross needs alongside the apportionments for WMI for the residual period 2023-2041. The table below incorporates a small number of rounding adjustments related demand within the B8 sector and apportionment of WMI.

9.37   The supply/demand balance should therefore be measured against total gross residual needs of 62.4ha, rising to 81.3ha included apportionments for WMI. In other words, 13.9 hectares is added to each of the respective totals. A 2020-2041 total, inclusive of the equivalent of 10.4 hectares of land and floorspace completed up to 31 March 2023, would comprise 72.8 hectares (excluding WMI) but this would not represent the latest starting point for assessment of the supply/demand balance.

Table 51   Updated Total Gross Residual Objectively Assessed Needs Allowing for Frictional Vacancy and Take-Up Margin

2023-41	B1a/b	B1c/B2	B8	Total
Labour Demand Land Needs Exc WMI	4.5	25.9	18.1	**48.5**
Labour Demand Employment Land Needs Inc WMI Apportionment	4.5	25.9	28.1	**58.5**
Labour Demand Employment Land Needs Inc WMI Apportionment Plus Additional WMI Jobs In Accordance with DCO	4.5	25.9	36.9	**67.3**
Additional Vacancy and Past Take-Up Margin Included Within OAN	*+1.8*	*+6.0*	*+6.0*	***+13.9***
Total Gross OAN Including Vacancy and Take-Up Margin Exc WMI	6.3	32.0	24.2	**62.4**
Total Gross OAN Including Vacancy and Take-Up Margin Inc WMI Apportionment	6.3	31.9	34.2	**72.4**
Total Gross OAN Including Vacancy and Take-Up Margin Inc WMI Apportionment Plus Additional WMI Jobs In Accordance with DCO	6.3	31.9	43.0	**81.2**

9.38   Due to the methodology of the EDNA 2022 previously applying a partial deduction to the supply-side calculation the effect of the larger margin for frictional vacancy is reduced. However, this more fully reflects the operation of the supply/demand balance to enable a greater proportion of needs to be accommodated on strategic sites. Taking all components of gross demand into account in this way reduces the potential contribution to unmet needs to 27.6ha.

9.39   A full illustration of this as a total supply/demand balance calculation is shown in Appendix 2 for both strategic and non-strategic sites combined, and summarised in Table 52.

Table 52   Supply/Demand Total Including Frictional Vacancy

	B1	B2/B8	Total
Need - Strategic Sites	3.0	31.1	34.1
Need - Non-Strategic Sites	1.5	13.0	14.5
Allowance for Frictional Vacancy Reflecting Past Take-Up	1.8	12.1	13.9
Gross Objectively Assessed Needs (Excluding WMI)	**6.3**	**56.1**	**62.4**
Supply – Total (Excluding WMI)	15.8	74.2	90.0
Surplus – Potential Unmet Needs Contribution	9.5	18.1	27.6

g)   Supply/Demand Balance for Strategic and Non-Strategic Sites

9.40   The outputs of the EDNA Update continue to enable the balance of supply and demand to be illustrated separately based upon the characteristics of strategic and non-strategic sites in South Staffordshire. As per the 2022 EDNA the apportionment of the Growth Scenario to strategic and non-strategic sites takes account of margins for flexibility and loss replacement included within the total employment land needs based on labour demand.

9.41   In terms of the changes to identification of total gross objectively assessed needs for 2023-2041 reflected in the EDNA Update it is assumed that the allowance for frictional vacancy and past take-up trends is applied to strategic sites only. This reflects their expected relationship with addressing shortfall on non-strategic sites.

9.42   For the supply/demand balance for strategic sites this means that in effect total gross

objectively assessed needs become 48ha. This is the same as Total Supply Potentially Attributable to Labour Demand and Equivalence for Past Trends under the EDNA 2022 approach as shown in Appendix 1 at Table 4. Because the allowance for past take-up and frictional vacancy is fully accounted for within needs under this approach it is therefore consistent with managing the supply/demand balance to consider this against the total strategic sites pipeline, calculated at 81.7 hectares. Notionally (subject to rounding) this generates a 33.8 hectare surplus upon strategic sites (81.7ha – 48ha = 33.8 hectares). This is illustrated in Table 53 together with the corresponding position for non-strategic sites in Table 54.

Table 53   Supply/Demand Strategic Sites Including Frictional Vacancy

	B1	B2/B8	Total
Need - Strategic Sites	3.0	31.1	34.1
Allowance for Frictional Vacancy Reflecting Past Take-Up	1.8	12.1	13.9
Gross Objectively Assessed Needs (Strategic Sites Excluding WMI)	4.8	43.2	48.0
Supply – Total (Excluding WMI)	15.4	66.4	81.7
Surplus / Deficit	10.6	23.2	33.8

Table 54   Supply/Demand Non-Strategic Sites Including Frictional Vacancy

	B1	B2/B8	Total
Need - Strategic Sites	1.5	13.0	14.4
Supply – Total (Excluding WMI)	0.4	7.8	8.2
Surplus / Deficit	-1.0	-5.1	-6.2

9.43   It would not, however, be appropriate to identify this total notional surplus from strategic sites as a potential contribution towards unmet needs without netting off the potential shortfall to be addressed on non-strategic sites. This reflects why any proposed contribution towards unmet needs should be calculated based on the total supply demand balance as indicated by the EDNA Update.

9.44   While it is reasonable to conclude that the shortfall in non-strategic sites may be reduced in practice through, for example, windfall development it would not be appropriate to increase the proposed contribution towards unmet needs on the expectation of this. This reflects the EDNA's overall findings of a downward trend in the pipeline of non-strategic sites and that the delivery on strategic sites are likely to meet a greater proportion of local labour demand based on changing characteristics in the labour and property market.

9.45   However, the EDNA Update includes substantial flexibilities built into the calculation of total employment land needs and residual gross objectively assessed needs that are intended to reflect these trends. Broadly speaking this means that any significant additional allocations for economic development that are proposed in the emerging Local Plan in excess of the existing pipeline could be considered as additional to the potential unmet needs contribution currently calculated at 27.6 hectares.

9.46   A reasonable guideline for allocations contributing towards wider needs might be regarded as 10 hectares on the basis or enabling some provision for larger scale industrial or distribution uses. The reality that the labour market (and low self-containment) in South Staffordshire means that additional supply would likely mean this could meet wider patterns of demand or more local needs for economic development.

9.47   In the circumstances that the existing pipeline (even excluding WMI) accounts for a very robust measure of total gross objectively assessed needs in South Staffordshire, as

necessarily identified for the purposes of plan-making, it is entirely appropriate to conclude that further additions to the supply pipeline would constitute additional provision for wider (i.e., potentially unmet) needs in the sub-region. This is considered further as part of a wider benchmarking exercise and relationship with past trends in the final sub-section below.

h) **Benchmarking the Implications of the Supply/Demand Balance Based Upon Total Residual Gross Objectively Assessed Needs**

9.48 A further benchmarking exercise has been undertaken to illustrate the components of the Growth Scenario against indexed outcomes for change in floorspace stock relative to past trends. This exercise is presented separately for Industrial and Office floorspace, reflecting information provided by the VOA.

9.49 Figure 19 demonstrates that for industrial floorspace the components of gross needs would result in indexed change in floorspace of 1.30 relative to 2018-2023 averages and thus broadly equivalent to change recorded 2001-2023. This does not take account of the pipeline exceeding gross residual objectively assessed need (excluding contributions to unmet needs). For office floorspace, as shown in Figure 20, the Growth Scenario would support indexed growth of around 1.51 net of an indexed change of around 0.06 for potential future losses.

Figure 19 **Growth Scenario Components of Indexed Change in Floorspace 2023-2041 (B1c / B2 / B8)**
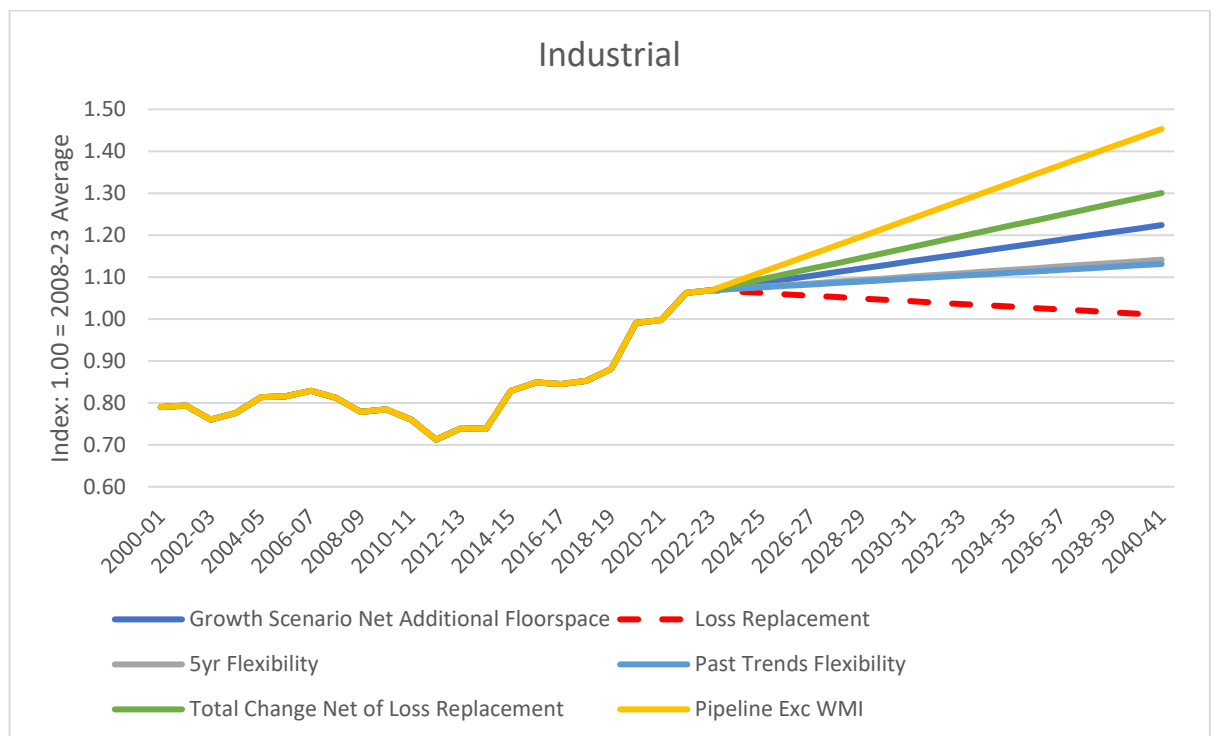
Source: VOA; LPA Monitoring Data; Experian; SPRU Analysis

Figure 20   Growth Scenario Components of Indexed Change in Floorspace 2023-2041 (B1a/B1b)
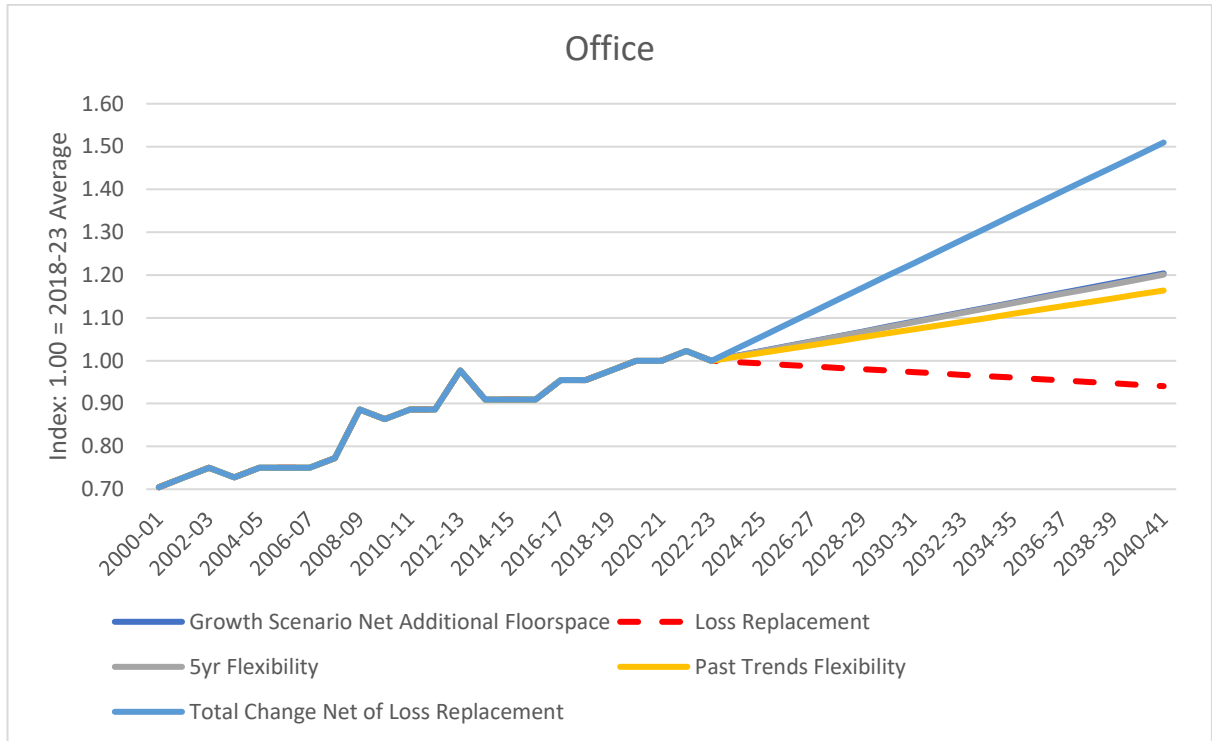
Source: VOA; LPA Monitoring Data; Experian; SPRU Analysis

9.50   Table 55 and VOA; LPA Monitoring Data; Experian; SPRU Analysis

9.51   **Table 56** present the same information in tabular form, illustrating the components of the Growth Scenario are consistent with very healthy levels of activity in the property market and annual changes in the stock of floorspace where 1% per annum is considered a useful benchmark.

Table 55   **Annual Floorspace Change by Pipeline and Component of Growth Scenario – B1c/B2/B8**

Growth Scenario Industrial	Floorspace 2023 (sqm)	Forecast Total Floorspace 2041 (sqm)	% Increase 2023-41	Net Increase (sqm) 2023-41	Average Annual Increase (sqm) 2023-41	Annual % Change 2023-41	CAGR 2023-41
Growth Scenario Excl WMI Net Additional Floorspace	825,000	944,887	14.53%	119,887	6,660	0.8%	0.8%
Loss Replacement	825,000	779,392	-5.53%	-45,608	-2,534	-0.3%	-0.3%
5yr Flexibility	825,000	881,324	6.83%	56,324	3,129	0.4%	0.4%
Past Trends Flexibility	825,000	873,279	5.85%	48,279	2,682	0.3%	0.3%
Total Change Excl WMI Net of Loss Replacement	825,000	1,003,882	21.68%	178,882	9,938	1.2%	1.1%
Pipeline Exc WMI	825,000	1,121,669	35.96%	296,669	16,482	2.0%	1.7%
Total Change Incl WMI Net of Loss Replacement	825,000	1,079,048	30.79%	254,048	14,114	1.7%	1.5%
Pipeline Inc WMI Apportionments	825,000	1,196,835	45.07%	371,835	20,658	2.5%	2.1%

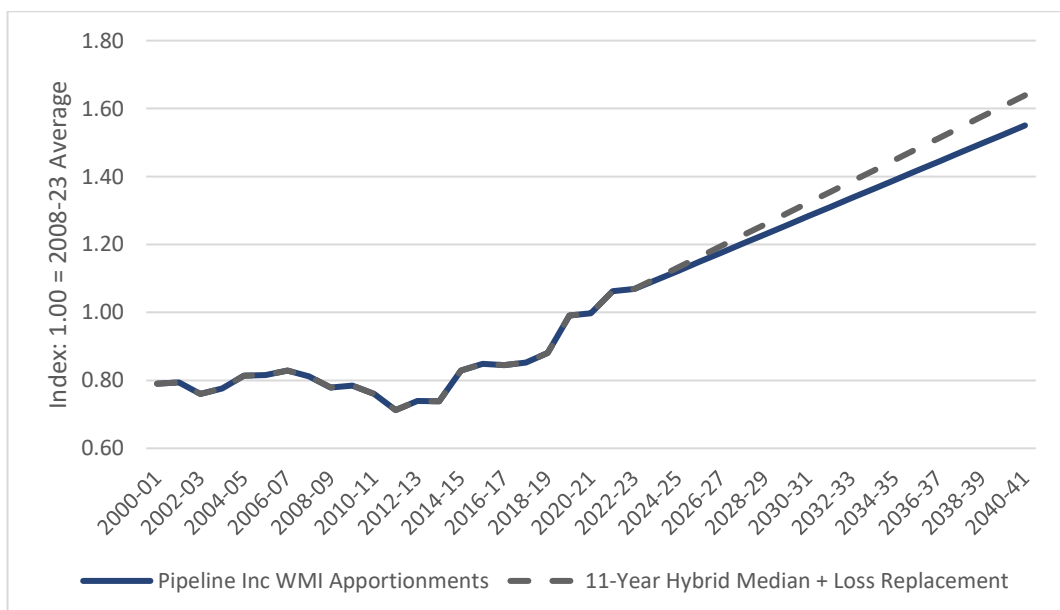*Source: VOA; LPA Monitoring Data; Experian; SPRU Analysis*

Table 56   **Annual Floorspace Change by Pipeline and Component of Growth Scenario – B1a/B1b**

Growth Scenario Office Exc WMI	Floorspace 2023 (sqm)	Forecast Total Floorspace 2041 (sqm)	% Increase 2023-41	Net Increase (sqm) 2023-41	Average Annual Increase (sqm) 2023-41	Annual % Change 2023-41	CAGR 2023-41
Growth Scenario Net Additional Floorspace	44,000	52,975	20.40%	8,975	499	1.1%	1.0%
Loss Replacement	44,000	41,390	-5.93%	-2,610	-145	-0.3%	-0.3%
5yr Flexibility	44,000	52,840	20.09%	8,840	491	1.1%	1.0%
Past Trends Flexibility	44,000	51,212	16.39%	7,212	401	0.9%	0.8%
Total Change Net of Loss Replacement	44,000	66,417	50.95%	22,417	1,245	2.8%	2.3%
Pipeline Exc WMI	44,000	107,139	143.50%	63,139	3,508	8.0%	5.1%

Source: VOA; LPA Monitoring Data; Experian; SPRU Analysis

9.52   The conclusion of this EDNA is that this benchmarking exercise, reflecting a robust measure of local labour demand and components of gross needs to support the future supply of land and floorspace, is an important sense-check for potential future market signals in South Staffordshire within the context of current economic performance and a significant pipeline of supply. This pipeline continues to reflect the recent evolution of the labour and property market and cross-boundary strategic relationships in terms of contributing to wider patterns of demand for economic development.

9.53   The continuation of this pattern of development is already anticipated to continue to the present of the WMI SRFI within the extant pipeline and to which a significant proportion of the district's future employment needs can be potentially attributed. It is therefore imperative that any additional assessment of site options and apportionment of requirements considering South Staffordshire's potential wider contribution to further sub-regional needs should be considered relative to this baseline and EDNA forecast growth in stock.

9.54   It may also be relevant to consider the contribution of the existing forecast annual change in total stock in South Staffordshire as a total inclusive of the stock of floorspace within the Black Country Authorities noting historic relationships with the provision of cross-boundary strategic sites and future proposed contributions towards unmet needs reflecting the existing pipeline.

9.55   Within this context, the EDNA Update finally notes that the conclusions of the study are broadly aligned with sustaining a reasonable assessment of recent past trends in delivery. While a like-for-like comparison is not an outright objective of the Update this Report concludes that the extent of the current pipeline, including apportionments associated with WMI, provides the most reasonable basis to compare past trends that comprise a mixture of strategic and non-strategic sites including large one-off schemes.

9.56   When compared with a hybrid median trend for industrial uses, including provision for loss replacement, the two trends are virtually indistinguishable in terms of potential indexed growth. The difference in terms of land and floorspace over the period 2023-2041 would amount to around 68,000sqm, or approximately 17 hectares.

Figure 21   Relationship Between Median Past Trends and Pipeline Including WMI Apportionments

Source: VOA; LPA Monitoring Data; SPRU Analysis

Key Points

- A total of 13.9 hectares additional provision for land and floorspace should be allowed for within the current pipeline of strategic sites (excluding WMI, equivalent to 81.7 hectares) to account for the previous patterns of delivery including the relationship with non-strategic sites.

- This additional provision also satisfies a requirement for provision for an allowance for frictional vacancy to sustain healthy levels of activity within the property, or 'churn'.

- The additional figure of 13.9 hectares is applied together with a small number of rounding adjustments related demand within the B8 sector and apportionment of WMI to identify **total gross objectively assessed needs for the residual period 2023-2041.** This comprises a figure of **62.4 hectares to be considered as part of the supply/demand balance, excluding WMI**.

- The output of gross residual objectively assessed needs for the period 2023 – 2041 is compared with a current supply pipeline equivalent to 89.95ha of land and floorspace.

- Separate supply/demand balance assessment conclusions are provided for strategic and strategic sites, with a **notional 33.8 hectare surplus upon strategic sites** (as shown in Table 7) and a **deficit of around 6.2 hectares on non-strategic sites**.

- Presenting the overall relationship on this basis, and reflecting the current details of the total pipeline, a surplus of **27.6 hectares** represents a reasonable and appropriate contribution towards wider needs for economic development including potential unmet needs from neighbouring areas.

- The overall supply/demand balance accounts for the factors including the need for frictional vacancy and addressing the shortfall upon non-strategic sites as applied within the calculation of gross objectively assessed needs as part of the EDNA Update

- The Council should support opportunities that would sustain and increase the provision of non-strategic employment floorspace such as sub-division of existing premises, redevelopment, intensification and examples of rural diversification subject to compliance with other policy requirements.

- Any significant additional allocations for economic development that are proposed in the emerging Local Plan in excess of the existing pipeline could be considered as additional to the potential unmet needs contribution currently calculated at 27.6 hectares.

- Comparison with longer-term overall Median take-up trends is identified as the most appropriate benchmark to smooth out past and future volatility in the delivery of large-scale, atypical and 'one-off' schemes. Against this measure total gross objectively assessed needs are broadly aligned with sustaining a reasonable assessment of recent past trends in delivery.

10.0   CONCLUSIONS AND POLICY RECOMMENDATIONS

10.1   This Economic Development Needs Assessment (EDNA) Update updates the evidence previously published in the EDNA 2022 by presenting an up-to-date position on the employment requirements of South Staffordshire District through to 2041. This update also reviews South Staffordshire's potential contribution towards meeting the unmet employment land needs of the Black Country authorities.

10.2   South Staffordshire's future employment land needs are based on a labour demand Growth Scenario, which was developed using the same methodology as set out in the EDNA 2022. This includes an adjustment to account for trends in 'working from home'. The updated Growth Scenario forecast shows an increase of **5,326 net additional jobs** in South Staffordshire over to period 2020 to 2041.

10.3   This net jobs growth forecast has been converted to an employment land requirement by applying a series of assumptions including employment densities and plot ratios and a margin of flexibility together with provision for loss replacement.

10.4   Further adjustments have also been made to the gross need for B8 uses under the Growth Scenario to provide additional flexibility and to better reflect sub-regional growth trends in the Transport and Storage sector. Total employment land needs, net of completions between 2020 and 2023 are therefore calculated at 58.6 hectares (48.6 hectares net of the apportionment of labour demand to WMI to reflect sub-regional trends in storage and distribution)

10.5   An additional allowance has also been applied to better reflect past take-up trends, the relationship between strategic and non-strategic sites and maintain frictional vacancy, equivalent to 13.9 hectares.

10.6   This modelling results in a **total gross objectively assessed employment land need for South Staffordshire of 62.4 ha excluding need and supply attributable to WMI.**

10.7   The **total pipeline supply** for South Staffordshire as of 31st March 2023 (excluding WMI) is **89.95 ha**, of which 81.7ha will be delivered on strategic sites and 8.2ha will be delivered on non-strategic sites.

10.8   The supply/demand balance is summarised in the table below. This identifies a **potential contribution towards the Black Country's unmet employment land needs of 27.6ha**.

Table 57   Employment Land Supply/Demand Balance (Excluding WMI)

	B1a/b	B1c/B2	B8	Total
Pipeline Supply (excl. WMI) (ha, based on 0.4 plot ratio)	15.8	45.7	28.4	**90.0**
Employment Land Needs (incl. flexibility margin) 2023-2041 (ha)	6.3	32.0	24.2	**62.4**
Supply/Demand Balance (ha)	9.5	13.8	4.3	**27.6**

Source: SPRU Analysis

10.9   Calculation of the overall supply/demand balance reflects the increasing role of strategic sites to address shortfalls of c. 6.2 hectares on non-strategic sites, which there is limited scope to address specifically via allocations.

10.10   Labour demand within South Staffordshire will continue to be addressed across a combination of strategic and non-strategic sites and the overall supply/demand balance does not reflect an arbitrary distinction between these categories.

10.11   The updated potential contribution towards Black Country unmet employment needs of 27.6ha could be increased by any additional significant allocation proposed within the emerging Local Plan and would potentially see the pipeline even more closely align with past trends (see Figure 21 and Paragraph 9.56).

10.12   The EDNA Update identifies that based on details provided by the Council in terms of its pipeline of land and floorspace at 1 April 2023 the output of the supply/demand balance identifying a surplus of 27.6 hectares can be presented as a firm position in terms of an ability to make an ongoing contribution towards wider needs for economic development. Total gross objectively assessed needs (excluding WMI) have been calculated on a robust basis, with substantial allowances for flexibility and loss replacement in addition to addressing local evidence of labour demand. Calculation of the supply/demand balance, measuring a pipeline comprising strategic and non-strategic sites against these gross objectively assessed needs, demonstrates that they can be met in full, without any additional reliance upon windfall supply while generating the resulting surplus of 27.6 hectares. This output reflects the changing relationship between delivery on strategic and non-strategic sites, with supply becoming increasing focused upon the former as a characteristic of market demand and take-up.

10.13   The Council should nonetheless support the potential for other non-strategic sources of supply that could be provided during the plan period (such as sub-division, redevelopment, intensification and rural diversification). Additional delivery would comprise 'windfall' in excess of the currently identified pipeline and would provide further flexibility in the characteristics of supply towards future needs.

10.14   In respect of the West Midlands Strategic Rail Freight Interchange (WMI), **10.0 ha** of this can be considered as contributing towards meeting South Staffordshire's employment land needs (as part of a total gross residual objectively assessed need of 72.4ha including WMI).

10.15   The EDNA Update calculates total gross objectively assessed needs of 81.2 hectares inclusive of a further 8.8 ha B8 land is also expected to be delivered at WMI which could accommodate local employment. The amount of WMI that will contribute to South Staffordshire's employment land supply remains **18.8ha**, inclusive of 8.8ha not currently captured by forecast labour demand but reflecting the potential distribution of total job growth attributable to the district. The difference of 8.8 hectares is additional to total employment land needs calculated based on the Growth Scenario and therefore is not counted towards meeting local B8 needs based on labour demand.

APPENDIX 1 TECHNICAL APPENDIX FOR CALCULATION OF THE SUPPLY/DEMAND BALANCE – 2022 EDNA APPROACH

A1.1 The previous EDNA demonstrated that 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. This analysis has been replicated for residual gross needs for the revised 2023-2041 period, taking into account completions since 2020. Table 46 within Section 8 of the main report therefore provides the details of needs for land and floorspace applied to this exercise.

A1.2 The approach adopted apportions 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. These rates are practically unchanged since the original Report, with the exception of a slight reduction in office delivery on strategic sites (principally corresponding to lower overall completions since 2020 and thus more limited provision of ancillary office floorspace).

Table 1.   Analysis of Past Trends Completions Scenario by Strategic and Non-Strategic Sites

	B1	B2/B8
Delivery upon Strategic Sites	67%	70%
Delivery upon Non-Strategic Sites	33%	30%
Total	**100%**	**100%**

Source: SPRU Analysis of LPA Monitoring Data

A1.3 Applying these ratios to the land-use requirements in the residual 2023-2041 Growth Scenario results in the land requirements by use class as shown in the table below.

Table 2.   Apportionment of Growth Scenario by Strategic and Non-Strategic Sites 2023-41

	B1 (ha)	B2 (ha)	B8 (ha)	Total (ha)	Apportionment (%)
Strategic Sites	3.0	18.3	12.8	34.1	50.6%
Non-Strategic Sites	1.5	7.7	5.4	14.5	21.5%
WMI	0	0	18.8	18.8	27.9%
Total	**4.5**	**25.9**	**37.0**	**67.4**	**100%**

Source: SPRU Analysis of LPA Monitoring Data

A1.4 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 (excluding one-off atypical schemes) 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.

A1.5 This results in an adjusted B1 land requirement on strategic sites of **3.9 hectares** and a B2/B8 combined requirement on strategic sites of **37.2 hectares** (combined total of 41.1 hectares versus 34.1 hectares of the apportioned Growth Scenario (see calculation in Table 3 below). The EDNA assesses a remaining pipeline of supply upon strategic sites equivalent to 81.7 hectares and calculates that using the same ratio 13.9 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.

A1.6 The EDNA 2022 considered 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. The Growth Scenario seeks to provide a more robust measure of future requirements compared to scenarios solely based on past trends. This does not change the Growth Scenario need for land and floorspace of 59.0 hectares 2020-2041 (or 48.6ha 2023-2041) (excluding the impact of WMI) but is a function of the likely role of existing Strategic Sites in meeting these overall needs. Table 3 summarises the overall calculation of demand on this basis.

Table 3.   Total Demand 2023-41 Adjusted for Past Take-Up and Apportionment to Strategic Sites

	B1	B2/B8	Total
Need - Strategic Sites	3.0	31.1	34.1
Need - Non-Strategic Sites	1.5	13.0	14.5
Total Employment Land Needs (Excluding WMI)	25.9	18.2	48.6
Allowance for Conversion to Supply-Demand Balance based on Past Take-Up (Strategic Sites)	0.9	6.1	7.0
Demand – Strategic Sites Subtotal	3.9	37.2	41.1
Demand – Total (Excluding WMI)	5.4	50.2	55.6

Source: SPRU Analysis

A1.7   Using these assumptions, the EDNA calculates a total of around **48.0 hectares** (34.1 + 13.9) 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 81.7 hectares would be at least 33.8 hectares[31], considered net of the apportioned Growth Scenario (34.1 hectares) and the proportion of the pipeline potentially attributable to past take-up trends (13.9 hectares). It is important to note that under this approach the calculated total of 48 hectares does not represent an assessment of 'need' or demand for strategic sites taking account of the Growth Scenario of past trends (with the relevant figure being 41.1 hectares in Table 3. Table 4 provides details of this calculation:

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[31] 81.7 – 48.0 = 33.8 hectares (figures may not sum exactly due to rounding)

Table 4. **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	15.4	66.4	81.7
ii	Total Pipeline – Potentially attributable to Past Trend Equivalence Ratio vs Growth Scenario (17% of total)	1.8[32]	12.1[33]	13.9[34]
iii	Applicable Difference by Equivalence Ratio for Past Trends	13%	87%	0.0
iv	Total Pipeline - attributable to Labour Demand (i – ii)	13.6	54.3	67.8
v	Apportionment by LEP-based Growth Scenario	3.0	31.1	34.1
vi	**Minimum Potential Contribution Towards Unmet Needs (iv – v)**	10.6	23.2	33.8
vii	Total Supply Potentially Attributable to Labour Demand and Equivalence for Past Trends (ii + v)	4.8	43.2	48.0
viii	Total (vi + vii)	15.4	66.4	81.7

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

A1.8 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 48.0 hectares potentially attributable to requirements based on labour demand and allowances for past take-up, identified in Table 4 exceeds the identified demand of 41.1 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 5 below.

Table 5. **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	4.8	43.2	48.0
ii	**Need** - based on Growth Scenario and Past Trend Equivalent	3.9	37.2	41.1
iii	Potential Surplus/Deficit - Strategic Sites (i – ii)	0.9	6.0	6.9[35]
iv	Proportion of Surplus to be Assessed within Overall Balance	0%	100%	
v	**Supply** - Available towards labour demand + past-trend equivalent (ii + (iii * iv))	3.9	43.2	47.1
vi	**Surplus** (to be Assessed within Overall Balance) (v – ii)	0.0	6.0	6.0

Source: SPRU Analysis

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[32] 13.9 x 0.13 = 1.8 hectares
[33] 13.9 x 0.87 = 12.1 hectares
[34] Growth Scenario Apportionment vs. Past Trend Equivalent: 34.1 / 41.1 (rounded) = 0.83024; 81.7 hectares supply pipeline x 0.83024 = 67.85 hectares; 81.7 – 67.85 = 13.9 hectares
[35] Rounded figure

A1.9 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 (34.1ha vs. 41.1ha – 7.0 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.

A1.10 By Use Class this provides a total of 6.0 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 2022 EDNA concluded that a potential surplus of land for office floorspace on strategic sites (updated to 0.9 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.

A1.11 As a result, 0.9 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 6 calculates an adjusted 34.7 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 6.   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	10.6	23.2	33.8
ii	Potential Surplus - Excluded from Growth Scenario and Past Trend Equivalent	0.9	0.0	0.9
iii	Adjusted Total Potential Unmet Needs Contribution (i + ii)	**11.5**	**23.2**	**34.7**

Source: SPRU Analysis

A1.12 Based on the Council's total committed pipeline of supply on **non-strategic sites** as at 1st April 2023, there is a small deficit against the apportionment of the Growth Scenario for both types of land and floorspace (as shown in Table 7 below) although this would be modest for office uses (around 1.0 hectares).

A1.13 The potential deficit for B2/B8 functions would be just offset by the potential surplus relative to past trends provided upon strategic sites for these uses (6.0 hectares from Table 5 above) as shown at Table 8 for the overall balance.

Table 7.   Supply-Demand Balance – Non-Strategic Sites

Non-Strategic Sites	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	1.5	13.0	14.5
Supply	0.4	7.8	8.2
Surplus/Deficit	-1.0	-5.2	-6.3

Source: SPRU Analysis

Table 8.   Supply-Demand Balance – Overall

Total (Strategic and Non-Strategic Sites	B1 (ha)	B2/B8 (ha)	Total (ha)
Demand	5.4	50.2	55.6[36]
Supply: Non-Strategic Sites	0.4	7.8	8.2
Supply: Strategic Sites including surplus	3.9	43.2	47.1
Total Supply (SSDC proportion)	4.3	51.0	55.3[37]
Surplus/Deficit	-1.0	0.8	-0.3

Source: SPRU Analysis

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[36] 41.1 + 14.5 = 55.6 hectares

[37] Total supply pipeline (90ha) minus adjusted contribution towards unmet needs (34.7 hectares) = 55.3ha (see Appendix 1 Tables 4 and 5 for full details of calculation of the supply on strategic sites available for unmet needs); 41.1ha + 8.2ha + 6.0 ha surplus for B2/B8 uses derived from strategic sites = 55.3 hectares.

APPENDIX 2 DETAILED ILLUSTRATION OF TOTAL SUPPLY/DEMAND BALANCE 2023-41

Row	Labour Demand Growth Scenario (South Staffs Total)	Office (B1a/B1b)	Industrial (B1c/B2)	Storage / Distribution (B8)	Total
(a)	Net Additional Floorspace Required (Including Working From Home Adjustment) (Sqm) (Excluding WMI Including B8 Sector Adjustments)	8,976	59,551	53,610	122,137
(b)	Net-to-Gross Conversion - Allowance for Expected Future Losses	2,610	30,478	15,131	48,218
(c)	Net Additional Floorspace Completed 2020-2023	2,612	25,132	13,750	41,493
(d)	Gross Additional Floorspace Required (Sqm) ('Demand') (a) + (b) - (c)	8,975	64,896	54,991	128,862
(e)	Demand (Equivalent ha)	2.2	16.2	13.7	32.2
(f)	Stock of Permissions and Allocations (Pipeline) (sqm)	63,139	182,930	113,739	359,808
(g)	Pipeline (Equivalent ha, based on 0.4 plot ratio)	15.8	45.7	28.4	90.0
(h)	Net Surplus/Deficit versus Pipeline (sqm) (f) - (d)	54,164	118,034	58,748	230,946
(i)	Flexibility Margin (converted to sqm)	8,840	38,782	17,542	65,164
(j)	Total Employment Land Needs (ha) (d) + (i)	4.5	25.9	18.1	48.5
(k)	Past Trends Flexibility Margin (excl WMI)	7,212	24,140	24,140	55,491
(l)	Additional Floorspace Required (including flexibility margin) (sqm) (d) + (i) + (k)	25,027	127,817	96,673	249,517
(m)	Total Gross Objectively Assessed Needs (Demand inclusive of flexibility (Equivalent ha) (derived from Row L)	6.3	32.0	24.2	62.4
(n)	Net Surplus/Deficit versus Pipeline (inclusive of flexibility margin) (f) - (l)	38,112	55,113	17,066	110,291
(o)	Supply/Demand Balance (Equivalent ha) (g) - (m) (Potential Contribution to Unmet Needs)	9.5	13.8	4.3	27.6

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