

Cannock Chase Economic Development Needs Assessment Covid-19 Update

Cannock Chase District Council

December 2020

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1.0 Introduction

Introduction

- 1.1 Lichfields has been commissioned by Cannock Chase District Council [the Council] to prepare an update to the Economic Development Needs Assessment [EDNA] that Lichfields produced on the Council's behalf in April 2019. That report, which was itself an update to a previous Employment Land Review [ELR] undertaken by Lichfields in 2018, was intended to fully align with the ongoing Local Plan work being undertaken by the Council as well as updated guidance in the National Planning Policy Framework 2019 [the Framework] and Planning Practice Guidance [PPG] on planning for employment land needs. The 2019 EDNA incorporated an extension to the Local Plan period (to 2018-2036/38) and provided the objectively assessed need [OAN] for B-Class employment land over the new plan period, having regard to updated planning policy documents and data releases.
- 1.2 The key outputs of the 2019 study were:
- 1 An analysis of Experian econometric forecast data to assess the employment growth across sectors in accordance with the revised Framework and PPG, and a translation into demand for B1, B2 and B8 employment land uses;
 - 2 An assessment of the economic context and key growth drivers in Cannock Chase District; and,
 - 3 Policy options and recommendations for the employment land requirement and demand in Cannock Chase District.
- 1.3 The 2019 EDNA concluded that Cannock Chase District's B-Class employment land OAN comprised a range of 30 to 67 hectares [ha] between 2018 and 2036, and between 33 and 74 ha to 2038. These land requirements were driven in particular by land-hungry B8 logistics, which is consistent with past completions and the fact that the bulk of extant planning permissions for B-Class employment sites relate to B8 warehousing. The logistics sector is forecast to grow strongly in the Experian projections, and is also the key target growth sectors in the relevant Strategic Economic Plans [SEP]. In terms of how the employment land requirement for Cannock Chase District could be split across the B-Class sectors, it was considered that a split of 25% for B1a/B1b office and 75% for B1c/B2/B8 industrial/distribution would be appropriate.
- 1.4 Since the EDNA was completed, we have of course experienced the unforeseeable economic shock resulting from the Covid-19 pandemic. The pandemic, and associated restrictions imposed on our everyday lives, has already caused a major economic shock to the global economy, and businesses and communities across the country are feeling the immediate effects of this. All aspects of the region's economy have been impacted in some way, and in some respects, the future in the aftermath of the pandemic will look very different.
- 1.5 In light of the pandemic, and the uncertainties surrounding the consequences of Brexit and the new E Class, Lichfields was asked to revisit and update the 2019 EDNA, factoring in our understanding of the local impacts of the pandemic within the District to date based on the latest available data (Section 2.0). This included an analysis of the latest econometric forecasts for how the District's economy may change and the effect on different sectors over the short and medium-term and test the impact on key industrial sectors.
- 1.6 Following from this analysis, the land and floorspace implications are specifically considered for the group of employment land sectors outlined below:
- **Offices, research & development (within the new E Use Class);**

- **Light Industry (within the new E Use Class);**
- **B2 General Industrial (factories and workshops); and,**
- **B8 Storage or Distribution (warehousing and distribution)**

1.7 Demand for employment land and floorspace is considered in this report, and references to 'employment space' are intended to mean both land and floorspace.

1.8 Alongside a stakeholder consultation update and a new Business Survey (issued to businesses in September 2020), the report has remodelled the employment land targets and draws conclusions as to whether the previous assessment of 33 to 74 ha of employment land over the Plan period remains valid to 2038.

2.0 Updated Socio-Economic Context

Introduction

2.1 This section sets out the economic context for Cannock Chase District in the context of the Covid-19 pandemic and associated economic shock. The findings are based primarily upon statistical data sources but have been validated and tested in consultations with key economic development stakeholders.

2.2 The section revisits key indicators for a range of topics, including economic performance, business demography, labour market, population demographics and deprivation. The key growth drivers for Staffordshire are also assessed in relation to Cannock Chase District. Comparisons are made to the rest of the West Midlands and England as a whole to provide points of reference. The section concludes with a summary of the key strengths, weaknesses, opportunities and threats [SWOT] facing Cannock Chase District.

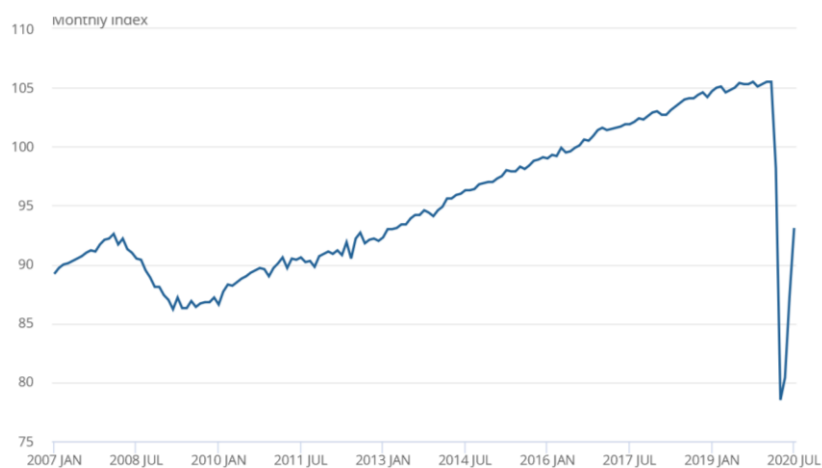
Economic Conditions and Trends

Macro-Economic Trends

2.3 Macro-economic trends are a critical influence on the future performance of Cannock Chase's economy. These shape the level of demand for the sale of goods and services. In turn this affects business formation and survival, investment decisions, recruitment, wages and productivity.

2.4 The outbreak of Covid-19 and resulting pandemic has developed rapidly with far reaching impacts on the economy and business across the country. Lockdown measures have led to unprecedented shut downs of large parts of the economy simultaneously, with effects being transmitted rapidly across all sectors.

Figure 2.1 UK GDP Monthly index, January 1997 until July 2020



Source: ONS GDP Monthly Estimate, September 2020

2.5 The latest official figures from the Office for National Statistics [ONS] show that UK Gross Domestic Product [GDP] fell by 20.4% in Q2, meaning the UK entered a technical recession. This is the largest fall since monthly records began in 1997, reflecting record widespread falls in services, production and construction output as the negative impacts of social distancing and lockdown kicked in (Figure 2.1). Monthly UK GDP grew by 6.6% in July 2020 as lockdown

measures continued to ease, following growth of 8.7% in June and 2.4% in May. This has still been insufficient to see a return to anywhere near where the economy was back at the turn of the year.

- 2.6 This equates to a UK GDP reduction of 7.6% across the three months to July 2020 following two consecutive quarterly falls, as shown in Figure 2.2. In July 2020, all areas of manufacturing, particularly distillers and car makers, saw improvements, while housebuilding also continued to recover. However, both production and construction remain well below previous levels. July 2020 UK GDP is now 18.6% higher than its April 2020 low. It remains 11.7% below the levels seen in February 2020, before the full impact of the coronavirus pandemic.

Figure 2.2 UK GDP growth, Quarter 1 (Jan to Mar) 2005 until Q2 2020

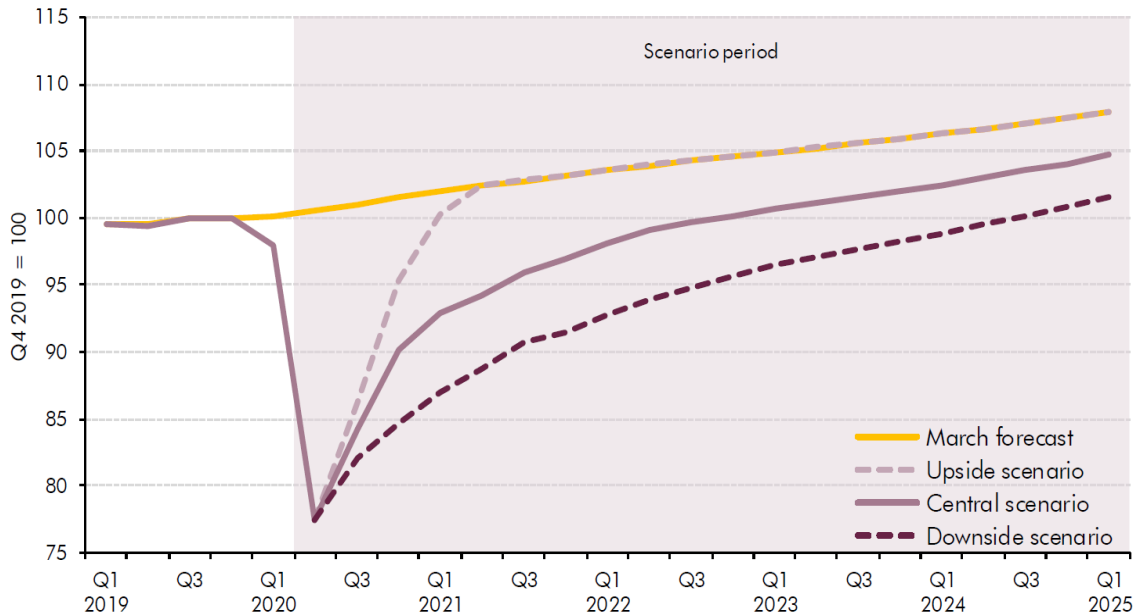


Source: ONS September 2020

- 2.7 The Office for Budget Responsibility [OBR] published a scenario on 14th April that assessed the potential impact of the coronavirus on the economy and public finances. This was updated a month later filling some gaps, refining some estimates and updating policy costings. Figure 2.3 summarises the results of the OBR’s three-month lockdown scenario where economic activity would gradually return to normal over the subsequent three months. It also included initial broad-brush estimates of the costs of various policy interventions as they stood at the time. Further announcements have followed, adding new interventions and amending some existing ones; it does not, however, reflect the Government’s new conditional plan for easing the lockdown; March GDP data; nor the likelihood of greater persistence in the near-term downturn and some economic scarring in the medium term.
- 2.8 The OBR’s preferred ‘delayed V-shaped’ economic scenario from the suggests that UK output (measured in terms of GDP) could drop by around 21% in the second quarter of 2020, following the 2% fall estimated by the ONS for the first quarter. This suggests that the trough in output occurred in April – approximately 25% below February – and the recovery began in May.
- 2.9 The UK remains on track to record the largest decline in annual GDP for 300 years. Whilst the OBR expects economic activity to bounce back later in the year, it is still forecasting an overall 12.4% fall in annual GDP in 2020, which would be significant in historical terms. The OBR is now forecasting that instead of a rapid ‘bounce back’ (the Upside scenario), output is likely to recover much more gradually, reaching its pre-virus peak at the end of 2022. This would see growth of 8.7% in 2021 and 4.5% in 2022. Output at the end of the scenario is 3% lower than the

OBR expected back in March. This Central scenario would also see a peak unemployment rate of 11.9% (Q4 2020).

Figure 2.3 UK Real GDP scenarios versus OBR March Forecast

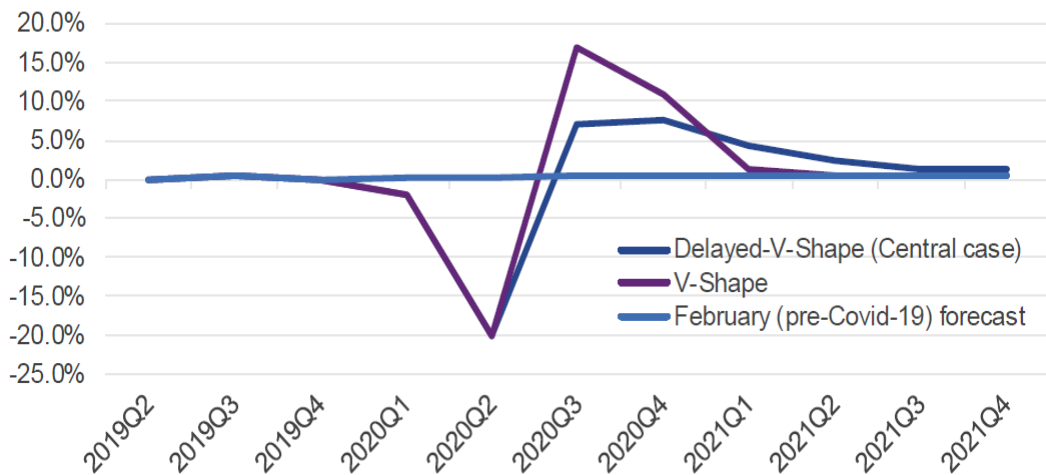


Source: ONS, OBR 2020

2.10

The most recent macro-economic forecasts were released by Experian at the end of June 2020. These include a base case ‘delayed V-shaped’ recovery scenario (similar to the OBR, although more pronounced) that implies an overall GDP reduction of 12.2% for 2020, following the sharp decline recorded in April as lockdown measures and social distancing stifled consumer spending (Figure 2.4).

Figure 2.4 Experian: UK GDP quarter-on-quarter growth



Source: Experian UK Macro Economic Forecast June 2020

2.11

With lockdown measures easing further through June and July, GDP is expected to have bottomed out in April and May, underpinning a return to growth in 2020 Q3. It could however take up to two years before UK output returns to 2019 levels.

2.12

The longer-term outlook continues to remain extremely uncertain and Experian note that risks

to the recovery further down the line have increased.

- 2.13 Returning to the OBR, it estimates that Government borrowing to finance policy interventions (such as the necessary but hugely expensive job protection furloughing scheme) could see Public Sector Net Borrowing [PSNB] increase by £298.4 billion between 2020 and 2021, with Public Sector Net Debt [PSND] increasing to 95.8% of GDP over that time period. By way of contrast, the PSND (excluding public sector banks) at the end of March 2019 was £1,801.0 billion, or 83.1% of GDP¹.

Table 2.1 OBR Coronavirus Reference Scenario (Updated May 14th 2020)

	Q2 2020	Q3 2020	2020	2020-21
Real GDP (% change on previous period)	-35%	+27%	-12.8%	
Unemployment Rate	10%	8.5%	7.3%	
Public Sector Net Borrowing [PSNB]				£298.4 billion
Public Sector Net Debt [PSND] (% of GDP)				95.8%

Source: Office for Budget Responsibility (May 2020): Coronavirus analysis

- 2.14 This may even be an under-estimate: according to ONS², PSND at the end of July 2020 exceeded £32 trillion for the first time at £2,004.0 billion), £227.6 billion more than at the same point last year.
- 2.15 Debt at the end of July 2020 was 100.5% of GDP, an increase of 20.4 percentage points compared with the same point last year and the first time it has been above 100% since the financial year ending March 1961.
- 2.16 Public sector net borrowing excluding public sector banks in April 2020 was estimated to have been £62.1 billion, £51.1 billion more than in April 2019; the highest borrowing in any month on record³.
- 2.17 Indeed, borrowing in the first four months of this financial year (April to July 2020) is estimated to have been £150.5 billion, £128.4 billion more than in the same period last year and the highest borrowing in any April to July period on record (records began in 1993), with each of the months from April to July being records⁴.
- 2.18 The current attention on the impacts of the Coronavirus has somewhat over-ridden pre-existing risks to global growth that could arise from an escalation of trade tensions beyond those already incorporated in the aforementioned growth forecast. A range of triggers beyond escalating trade tensions could spark a further deterioration in risk sentiment with adverse growth implications, especially given the high levels of public and private debt.
- 2.19 The main shared policy priority is for countries to resolve co-operatively and quickly their trade disagreements and reverse the resulting policy uncertainty, rather than raising harmful barriers further and destabilizing an already slowing global economy. Across all economies, measures to boost potential output growth, enhance inclusiveness, and strengthen fiscal and financial buffers in an environment of high debt burdens and tighter financial conditions are imperatives.

¹ ONS Public sector finances, UK: March 2019

² ONS Public sector finances, UK: July 2020

³ ONS Public sector finances, UK: April 2020

⁴ ONS Public sector finances, UK: July 2020

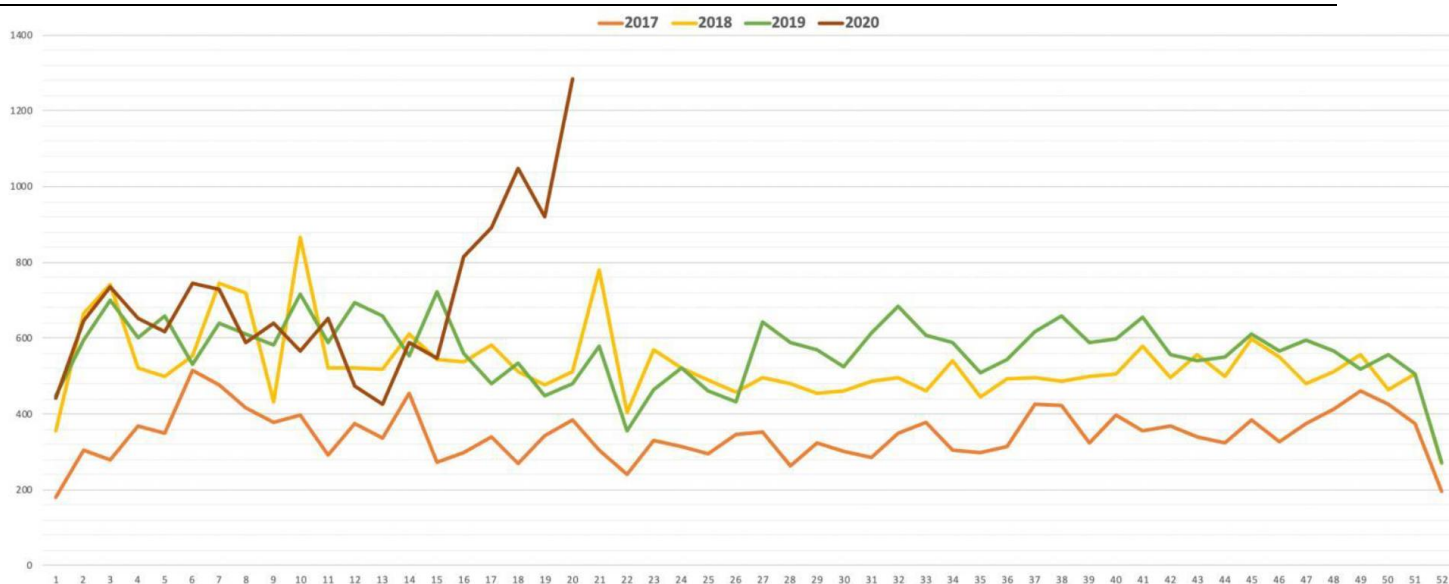
2.20 This has of course overshadowed the Chancellor’s earlier budget announcements regarding investments in infrastructure, technology, housing, skills, and clean growth. The underlying narrative was positioning the UK to capitalise on post-EU exit opportunities; however future spending decisions will depend on the Brexit deal outcome and the extent of the post-Covid recovery. In October 2019, the Chancellor claimed that austerity was over, yet it remains to be seen how this will be balanced against the subsequent unprecedented borrowing levels and likely deep recession. Clearly the considerable political and economic uncertainty over Brexit and the pandemic are ongoing (at the time of writing) and future growth projections are very much subject to change depending on the nature of the post-Covid 19 recovery, the UK’s exit and the implications of the terms of the EU deal.

UK Industrial Sector Growth Prospects

2.21 In terms of future growth prospects, clearly the uncertainty surrounding the pandemic and Brexit looms large over any attempt to project where the UK and Cannock Chase District in particular may be heading.

2.22 Similarly, although no part of the economy is immune from the effects of the pandemic, so far the impact on individual sectors has varied reflecting the extent to which lockdown measures have forced some industries to temporarily ‘shut down’.

Figure 2.5 Week by Week 2017-2020 Volume of e-Commerce Start-Ups

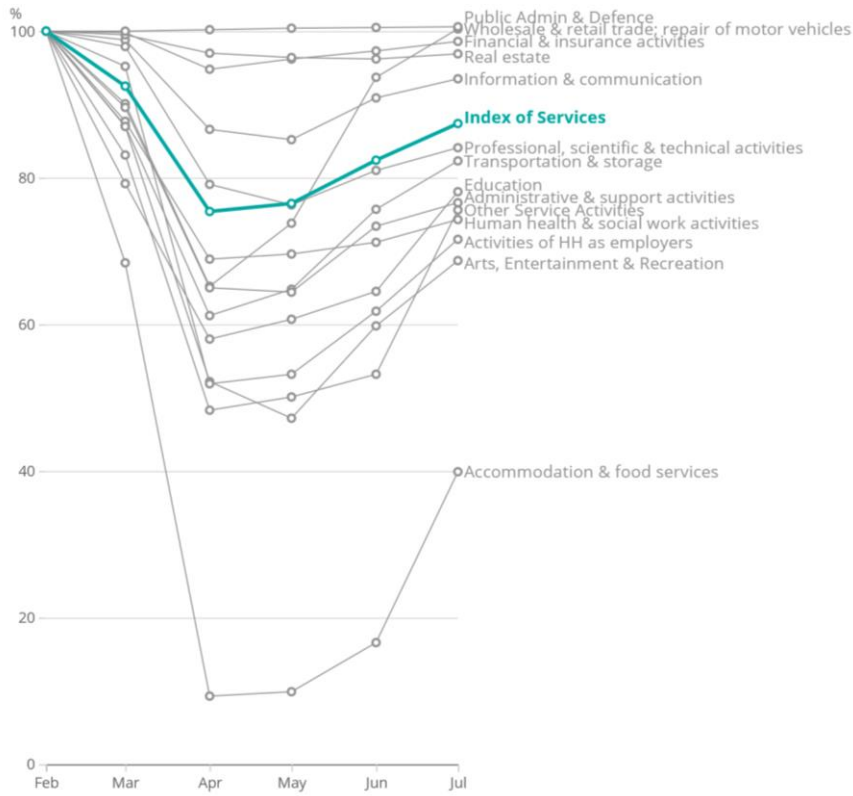


Source: Business Data Group (2020)

2.23 Some sectors have seen their output directly impacted by the lock-down (such as entertainment and recreation) while others have continued to function at some level through remote-working (such as professional services), albeit potentially with reduced capacity. For example, there is clear evidence that there has been a significant shift to e-commerce, with the volume of new eCommerce start-ups increasing significantly since March 2020 (Figure 2.5).

2.24 The services sector remained 12.6% lower than the level in February 2020, before the main impacts of the coronavirus were seen. As can be seen from Figure 2.6, all subsectors of services showed an increase in growth in July 2020, but output has not yet recovered to the pre-COVID-19 levels of February 2020.

Figure 2.6 Services Monthly output (March, April, May, June and July 2020) as a proportion of February 2020, February 2020 output = 100%



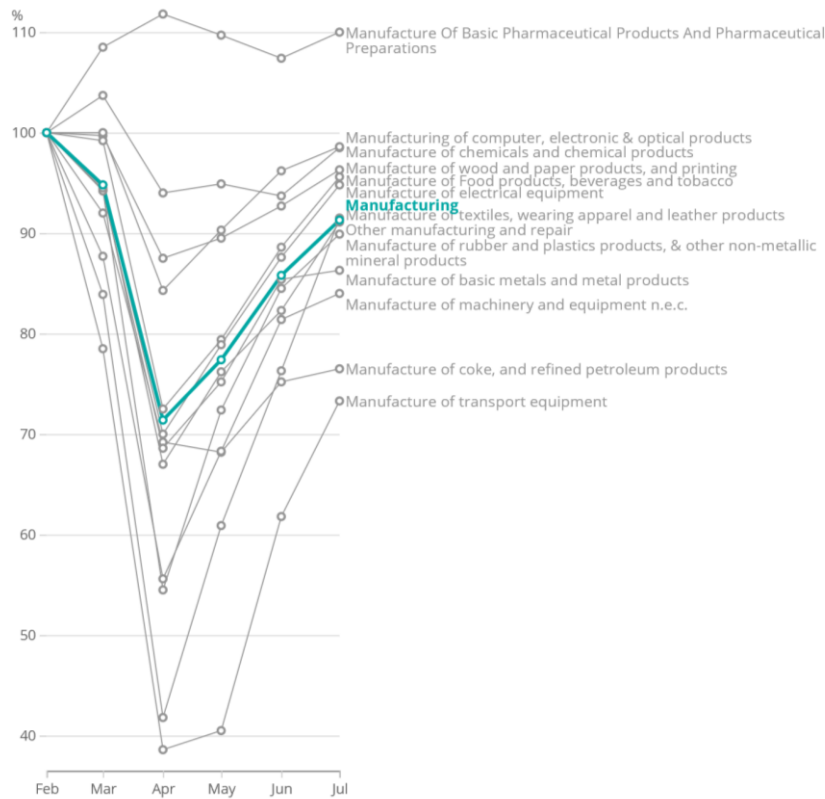
Source: ONS September 2020

2.25

According to the ONS, the production industries remained 7.0% below their February 2020 level, even after growth of 5.2% in the latest month, with manufacturing declining by 8.7% since February 2020 and growing by 6.3% since May 2020⁵. All sub-sectors of manufacturing showed an increase in growth in July 2020; however, output had still not recovered to pre-COVID levels in February 2020 (Figure 2.7).

⁵ ONS (18th September 2020): Coronavirus (COVID-19) roundup: Economy, business and jobs

Figure 2.7 Manufacturing Monthly output (March, April, May, June and July 2020) as a proportion of February 2020, February 2020 output = 100%



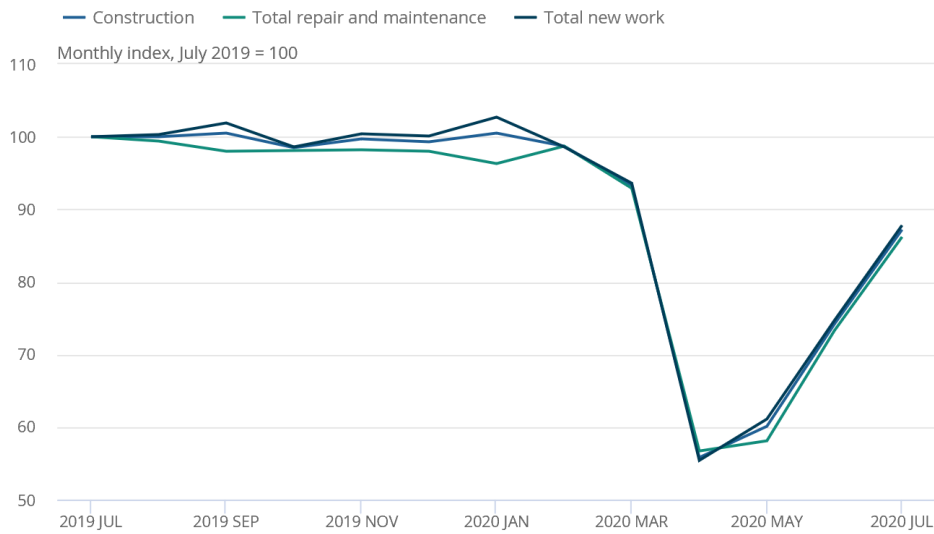
Source: ONS September 2020

2.26 Some sectors have the potential to rebound quickly as lock-down measures are eased, with construction being an obvious example. The construction sector remains 11.6% lower than the level in February 2020, before the main impacts of the coronavirus were seen. Construction grew by 17.6% in July 2020, however the level of output remains 11.6% lower than February 2020, before the pandemic (Figure 2.8)⁶.

2.27 However, there may well be longer-lasting effects. For instance, consumption-led activities such as retail may be vulnerable if consumer confidence and spending remains cautious.

⁶ ONS (18th September 2020): Coronavirus (COVID-19) roundup: Economy, business and jobs

Figure 2.8 Monthly Construction Index July 2019 to July 2020, July 2019 = 100



Source: ONS September 2020 – Construction Output in Great Britain

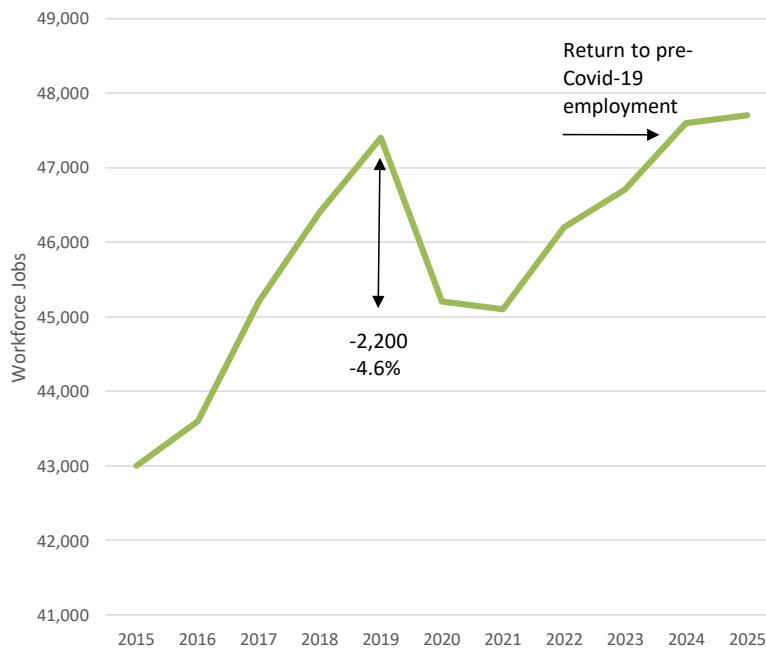
Cannock Chase District’s Economic Performance

Future Job Growth Prospects

2.28

Though viewed as a temporary shock, the latest Experian Covid-19 adjusted job forecasts for Cannock Chase District (June 2020) imply a significant impact on almost all sectors of the economy and all parts of the District. The forecasts are based on the assumption that the recovery will follow a delayed-V shape, with a substantial drop in output in Q2 2020 as economic activity was highly restricted due to lockdown measures to contain the virus. The virus in the UK is assumed (by Experian) to be brought under control after five months of intensive suppression, with the economy bouncing back in the second half of the year.

Figure 2.9 Experian: Cannock Chase District Workforce Jobs



Source: Experian UK Macro Economic Forecast June 2020

- 2.29 Experian forecast a fall of 2,200 jobs this year, or 4.0% of Cannock Chase District's workforce, a further fall of 100 jobs (0.2%) in 2021, before a protracted recovery that will see a return to pre-Covid levels by 2024 (Figure 2.9). This is a more protracted return to 2019 workforce jobs than is projected for England and Wales as a whole by Experian (a -3.6% adjustment 2019-20, followed by a recovery by 2023).
- 2.30 Over the longer term, 'policy off' net job growth between 2018 and 2038 is anticipated to be in the order of 3,900, with much of this growth occurring in the first few years after the pandemic. This equates to a Compound Annual Growth Rate [CAGR] of 0.40%.
- 2.31 Cannock Chase District's moderate future job growth prospects stand in contrast to the very strong historic job growth experienced since 2010 where an additional 8,700 jobs were created (net) to 2018, boosting the size of the local workforce by 23% and a CAGR of 2.63% - a growth rate substantially higher than the West Midlands and England & Wales as a whole. However, going forward, the 0.40% CAGR growth rate for the District is well below the comparator areas, and 45% lower than the annual growth rate projected for England and Wales (Table 2.2).

Table 2.2 Historic and Projected Employment Change

	2010 to 2018		2018 to 2038	
	Net Workforce Jobs Growth	CAGR	Net Workforce Jobs Growth	CAGR
Cannock Chase District	8,700	2.63%	3,900	0.40%
West Midlands	332,570	1.51%	291,750	0.47%
England & Wales	3,393,560	1.44%	3,763,860	0.73%

Source: Experian (June 2020) UK Local Market Forecasts Quarterly - Workforce Jobs: Lichfields analysis.

- 2.32 Table 2.3 shows the projected change in sector employment in Cannock Chase District over the Local Plan period 2018 to 2038. The Wholesale and Retail sector, which plays the largest role in the local economy in terms of the number of jobs, is projected to stay at a relatively similar level in 20 years' time, with the growth in wholesaling largely negated by ongoing decline in the retail sector. The largest growth sector is likely to be in Transport & Storage, which is forecast by Experian to increase by 1,900 jobs, a growth of a third on 2018 levels. The next largest growth sector is Health, Residential Care and Social Work, which is projected to increase by 31% or 1,200 jobs by 2038. Other significant growth sectors include Construction (+600 jobs) and Professional and Other Professional Services (+400 jobs). The biggest decreases are forecast in the Manufacturing sectors with a loss of 900 jobs, and Public Services (-100 jobs).

Table 2.3 Projected Sectoral Employment Change in Cannock Chase District 2018-38

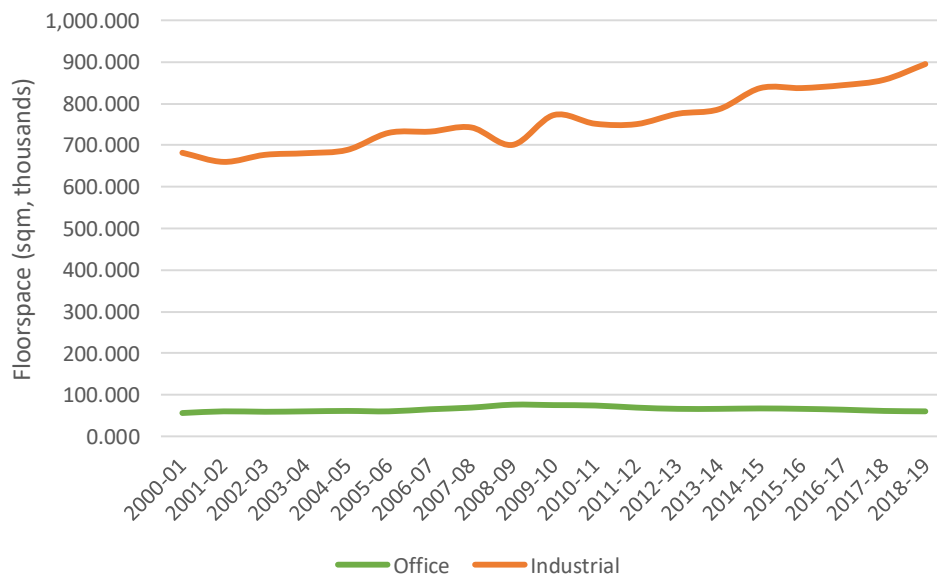
	2018		2038		Change from 2018 to 2038	
	Jobs	CAGR	Jobs	CAGR	Jobs	CAGR
Accommodation, Food & Recreation	3,700	8.0%	3,900	7.8%	200	5.41%
Agriculture, Forestry, Fishing & Mining	0	0.0%	0	0.0%	0	n/a
Construction	5,800	12.5%	6,400	12.7%	600	10.34%
Education	2,500	5.4%	2,700	5.4%	200	8.00%
Finance & Insurance	400	0.9%	400	0.8%	0	0.00%
Health, Residential Care & Social Work	3,900	8.4%	5,100	10.1%	1,200	30.77%
Information & communication	900	1.9%	1,100	2.2%	200	22.22%
Manufacturing	5,100	11.0%	4,200	8.3%	-900	-17.65%
Professional & Other Private Services	6,500	14.0%	6,900	13.7%	400	6.15%
Public Services	1,000	2.2%	900	1.8%	-100	-10.00%
Transport & storage	5,600	12.1%	7,500	14.9%	1,900	33.93%
Utilities	400	0.9%	400	0.8%	0	0.00%
Wholesale & Retail	10,600	22.8%	10,800	21.5%	200	1.89%
All Sectors	46,400	100.0%	50,300	100.0%	3,900	8.41%

Source: Experian (June 2020) UK Local Market Forecasts Quarterly - Workforce Jobs: Lichfields analysis.

Floorspace Trends

2.33 Based on Valuation Office Agency [VOA] data, it is clear that Cannock Chase District’s total stock of employment space increased from 739,000 sqm to 957,000 sqm between 2000/01 to 2018/19⁷ - an increase of 30%. In contrast with many other districts across the country, this change was actually driven by very strong growth in industrial floorspace, which increased by 214,000 sqm (31.4%), and much weaker growth in office space over this period, which increased by just 7.0% to 61,000 sqm (a net growth of 4,000 sqm). As a result, the share of office space of the total stock of employment space has decreased from 7.7% to 6.4%. The rate of industrial growth in Cannock Chase District stands in stark contrast to the declining floorspace experienced across the West Midlands (-6.2%) and England and Wales (-3.8%) more generally, although conversely the rate of office floorspace growth is much lower than both these comparator areas (14.4% and 11.6% for the West Midlands and England and Wales respectively).

Figure 2.10 Change in Cannock Chase District’s Commercial Floorspace 2000/01-2018/19



Source: VOA (2020): Total Commercial floorspace by administrative area, data to 31 March 2019

Age of Industrial/Commercial Premises

2.34 Table 2.5 compares the age of premises in Cannock Chase District with the corresponding data for the West Midlands and England & Wales as a whole. From this it can be seen that just over a third of all B-class units in Cannock Chase District were built before 1970. This is extremely low - the District’s stock of space comprises a much lower proportion of older premises than the West Midlands (62.9% of units built prior to 1970) and England and Wales (63.8%). As can be seen from the Tables, Cannock Chase District has a particularly low volume of industrial units constructed before WWII, with just 11.7% of factories and 10.0% of warehousing units dating from before 1940, a rate that is considerably lower than both the West Midlands and England & Wales averages.

2.35 This would suggest that the historic rate of industrial floorspace replacement has been higher in Cannock Chase District than in the comparator areas. This is less true for office units, with

⁷ VOA (2020) Business /Industrial Floorspace by administrative area

around 44% of stock dating from before the war, although even this is below the regional (49%) and national (51%) averages.

Table 2.4 Total units by Age for each bulk class (sqm)

	Use Class	Unknown Age	Pre 1940	1940-70	1971-80	1981-90	1991-2000	2001-03	All ages (excluding unknown)
Cannock Chase District	Office	13	179	55	26	70	61	12	403
	Factory	1	83	123	147	180	152	24	709
	Warehouse	1	42	54	49	132	117	28	422
	Total	15	304	232	222	382	330	64	1,534

Source: DCLG (2004): Age of commercial and industrial stock: local authority level 2004: Table 3.1: Number of hereditaments by LAD and age for each bulk class

Table 2.5 Proportion of units built up to 1970

		Pre-1940 floorspace	Floorspace built 1940-1970	Total Floorspace Pre-1970
Cannock Chase District	Office	44.4%	13.6%	58.1%
	Factory	11.7%	17.3%	29.1%
	Warehouse	10.0%	12.8%	22.7%
	Total B Class	19.8%	15.1%	34.9%
West Midlands Region	Office	48.7%	21.1%	69.7%
	Factory	31.1%	30.7%	61.9%
	Warehouse	26.9%	28.9%	55.8%
	Total B Class	35.9%	27.0%	62.9%
England and Wales	Office	51.0%	18.3%	69.2%
	Factory	32.7%	28.2%	60.9%
	Warehouse	32.1%	26.7%	58.8%
	Total B Class	40.0%	23.8%	63.8%

Source: DCLG (2004): Age of commercial and industrial stock: local authority level 2004: Table 3.1: Number of hereditaments by LAD and age for each bulk class/ Lichfields' analysis

Business Demography

2.36

Cannock Chase District has around 3,385 business enterprises, and, as is common across the West Midlands and the UK in general, the vast majority of these are classified as Small and Medium Enterprises [SMEs] with up to 249 employees⁸. Whilst the profile of businesses is similar across all areas, the District has proportionately fewer micro-sized businesses with fewer than 10 employees. Table 2.6 summarises the business stock in Cannock Chase District and compares it to the West Midlands and the UK.

Table 2.6 Size of Enterprises (2019)

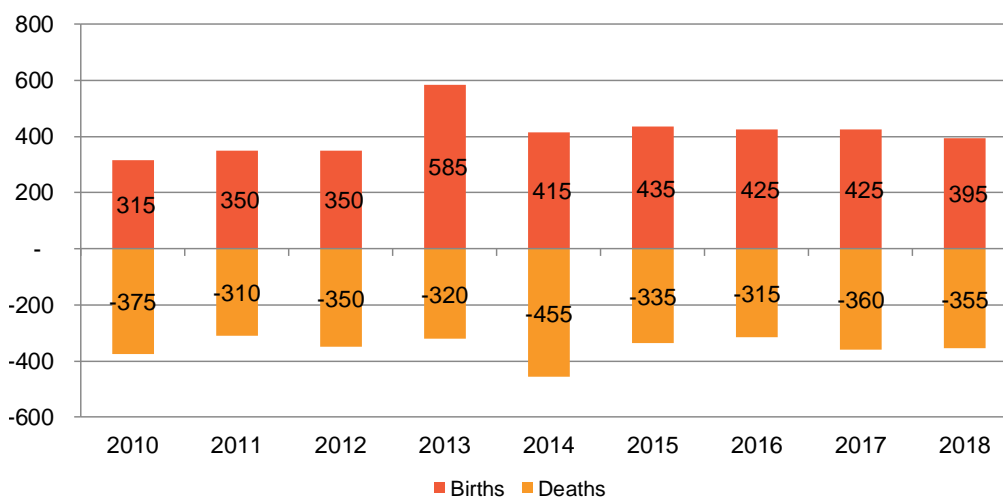
	Cannock Chase District		West Midlands	UK
Total	3,385	100.00%	100.00%	100.00%
Micro (0 to 9)	2,985	88.2%	89.1%	89.5%
Small (10 to 49)	355	10.5%	8.9%	8.6%
Medium (50 to 249)	40	1.2%	1.6%	1.5%
Large (250+)	10	0.3%	0.4%	0.4%

Source: ONS (2020) Inter Departmental Business Register – Enterprises 2019

⁸ ONS (2020) Inter Departmental Business Register – Enterprises 2019

2.37 In 2010 the stock of businesses in Cannock Chase District decreased by 60 enterprises, but since then the trend has generally reversed⁹. This was caused by a greater number of business births than business deaths, resulting in a net increase in most of the years from 2011 onwards. This was particularly notable in 2013, where there was a net growth of 265 businesses, although there was a net loss of 40 the following year. For 2018 (the most recent year for which data has been made available by ONS) there were 40 more business successes than failures. Figure 2.11 illustrates the number of business births and deaths in Cannock Chase District between 2010 and 2018.

Figure 2.11 Business Births and Deaths in Cannock Chase District



Source: ONS (2020) Business Demography - 2019: Enterprise Births, Deaths and Survivals

2.38 Between 2010 and 2018 Cannock Chase District’s business stock grew at a weaker rate (6.9%) than either the West Midlands (24.3%) or the UK (25%) as a whole. The number of active enterprises based in the District increased by just 240 over that period, just 0.5% of the West Midlands total net gain (Table 2.7).

Table 2.7 Annual Change in Active Enterprises

	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2010-2018
Cannock Chase	-80	0	190	60	-55	85	70	-30	240
	-2.3%	0.0%	5.6%	1.7%	-1.5%	2.4%	1.9%	-0.8%	6.9%
West Midlands	-2,915	355	4,710	6,635	9,215	15,725	6,395	6,125	46,245
	-1.5%	0.2%	2.5%	3.5%	4.6%	7.6%	2.9%	2.7%	24.3%
UK	-8,830	30,365	75,785	102,145	120,810	161,810	92,090	13,920	588,095
	-0.4%	1.3%	3.2%	4.2%	4.7%	6.1%	3.3%	0.5%	25.0%

Source: ONS (2020) Business Demography - 2018: Enterprise Births, Deaths and Survivals

2.39 Although Cannock Chase has comparatively few business ‘births’ year on year, those that do locate in Cannock Chase tend to have slightly higher survival rates than might be expected elsewhere. Table 2.8 indicates that of the 415 business births in 2014, 215, or 51.8%, were still a around 4 years later, compared to 50.1% regionally and 49.3% across the UK as a whole.

⁹ ONS (2018) Business Demography – 2017: Enterprise Births, Deaths and Survivals

Table 2.8 Births of units in 2014 and their survival

	Births	1-year survival	1-year (%)	2-year survival	2-year (%)	3-year survival	3-year (%)	4-year survival	4-year (%)
Cannock Chase	415	380	91.6%	320	77.1%	260	62.7%	215	51.8%
West Midlands	25,740	23,740	92.2%	19,615	76.2%	15,900	61.8%	12,890	50.1%
UK	350,305	323,105	92.2%	265,535	75.8%	214,460	61.2%	172,720	49.3%

Source: ONS (2020) Business Demography - 2018: Enterprise Births, Deaths and Survivals

- 2.40 Table 2.9 indicates that Cannock Chase District's business composition is quite different to the rest of the West Midlands and the UK more generally. For example, the agriculture, forestry & fishing sector is very small compared to elsewhere, whilst manufacturing and particularly construction are significantly over-represented. Indeed, over a fifth of all enterprises based in the District are related to Construction, compared to 12.8% nationally. Wholesale and retail are also over-represented, although traditional white-collar sectors such as ICT, Financial and insurance activities and administrative and support services are all under-represented.

Table 2.9 UK Business Counts - enterprises by industry (2020)

Industrial Sector	Cannock Chase District	West Midlands	UK
Agriculture, forestry and fishing	30	0.9%	5.6%
Mining and quarrying	0	0.0%	0.0%
Manufacturing	320	9.3%	6.5%
Electricity, gas, steam and air conditioning supply	5	0.1%	0.1%
Water supply; sewerage, waste management and remediation activities	20	0.6%	0.4%
Construction	725	21.1%	11.8%
Wholesale and retail trade; repair of motor vehicles and motorcycles	625	18.2%	15.5%
Transportation and storage	190	5.5%	6.9%
Accommodation and food service activities	195	5.7%	5.6%
Information and communication	135	3.9%	5.7%
Financial and insurance activities	45	1.3%	1.6%
Real estate activities	100	2.9%	3.5%
Professional, scientific and technical activities	430	12.5%	14.0%
Administrative and support service activities	240	7.0%	11.1%
Public administration and defence; compulsory social security	5	0.1%	0.3%
Education	55	1.6%	1.6%
Human health and social work activities	95	2.8%	4.0%
Arts, entertainment and recreation	50	1.5%	1.7%
Other service activities	170	5.0%	3.9%
Total	3,430	100.0%	100.0%

Source: ONS (2020) Inter Departmental Business Register 2019 - Enterprises. Lichfields analysis

Labour Market

Employment

- 2.41 The economic activity rate in Cannock Chase District is 90.6% (aged 16-64), which is extremely high and considerably higher than the West Midlands (77.8%) and Great Britain (79.1%) averages¹⁰. This is the highest rate on record for the District, with a low of 71.3% back in June

¹⁰ ONS (2020) Annual Population Survey April 2004-March 2005 to Apr 2019-March 2020

2006. As recently as January-December 2018, the rate was as low as 77.1%, which could suggest that the latest figure for March 2020 may be short-lived, particularly in light of the current.

2.42 The pandemic economically active population in Cannock Chase District has increased by 25.1% between 2004-05 and 2019-20. This is a much higher rate of increase than was experienced across the West Midlands and the UK (both around 41%).

2.43 It should be noted that all of these figures were taken before the full effects of the pandemic were felt, in March 2020, and hence it is very likely that the next set of results will be substantially worse, at all spatial levels.

2.44 Figure 2.12 illustrates the (ONS model-based) unemployment rates in Cannock Chase District and the comparator areas for the financial years 2004/05 to 2019/20. This suggests that with the exception of two peaks in 2008/09 and 2010/11, the District has consistently had a lower unemployment rate than either the West Midlands or Great Britain as a whole. The unemployment rate is currently 3.1% as of March 2020 (with 1,800 people unemployed), although this is highly likely to increase significantly in the months ahead due to the pandemic and the resultant economic crisis.

Figure 2.12 Unemployment Rate aged 16+ (2004-05 to 2019-20)



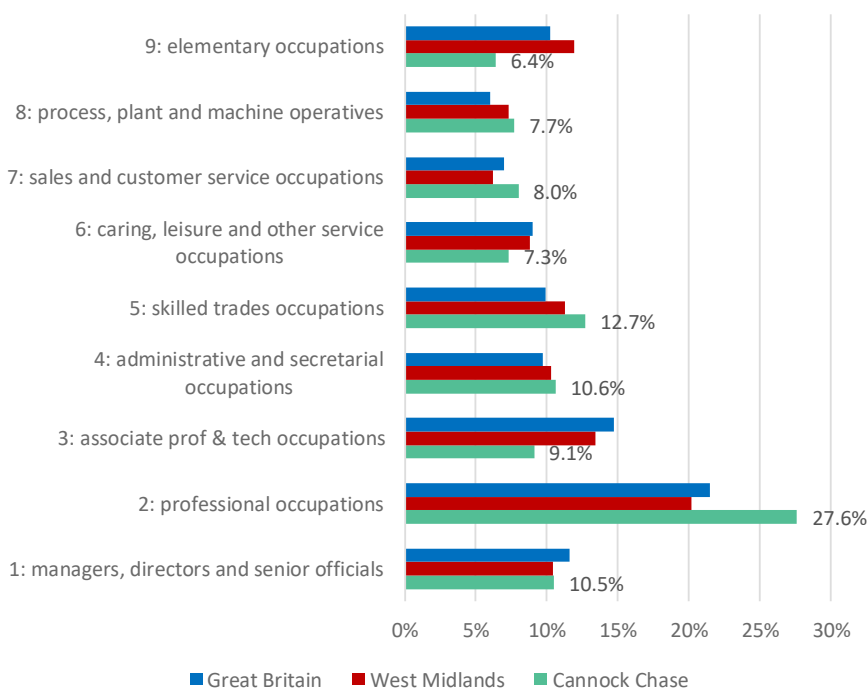
Source: ONS (2020) Annual Population Survey April 2004-March 2005 to April 2019-March 2020

Occupations

2.45 Figure 2.13 plots the proportion of Cannock Chase District’s residents who are employed in certain occupation grades, as of 2019/2020, against a number of regional and national comparators. In general, it is apparent that the District has some interesting differences in the composition of its workforce occupations to the rest of the West Midlands and Great Britain. The most striking difference relates to Professional Occupations, with 27.6% of all people in employment classified as working in this occupation, compared to 20.2% across the West

Midlands and 21.5% nationally. In contrast, the District has very few residents in the most elementary of occupations – just 6.4%, almost half the regional rate of 11.9% and much lower than the national rate of 10.2%.

Figure 2.13 Workforce Occupations (April 2019 – March 2020)



Source: ONS (2020) Annual Population Survey - Occupations

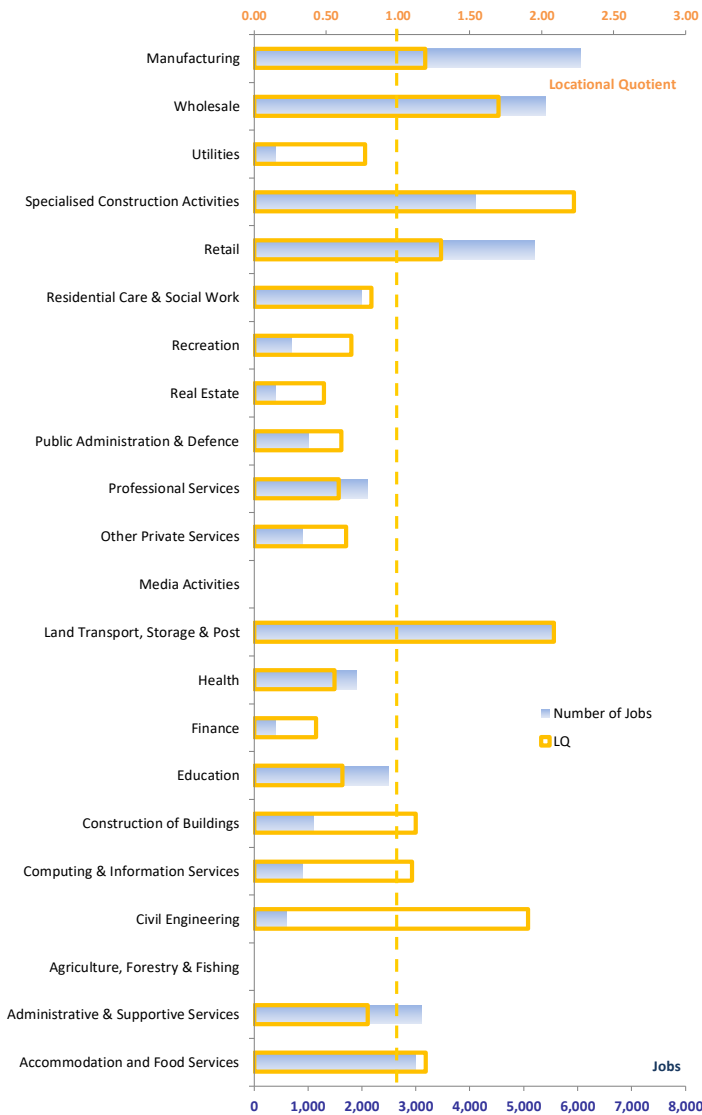
Location Quotients

- 2.46 Whilst recent government policy has focused on spatial led growth models, there is an increasing need for and shift towards sector-based growth models.
- 2.47 In order to identify the full economic potential of Cannock Chase District, it is important to revisit which industrial sectors are best placed to drive future growth. This is informed by an understanding of which sectors are under or over-represented in terms of local employment and their recent growth performance.
- 2.48 Figure 2.14 assesses Cannock Chase District’s current sectoral strengths through the use of location quotients, which measure the proportion of employment in an industry at the local authority level relative to the regional average. In the graph, the location quotients are shown using an orange bar. A value above 1.0 denotes a higher local representation of a sector compared to the West Midlands average, whilst anything below 1.0 signifies an under-representation. The further the orange bar is from 1.0, the greater the extent of any over or under-representation. In addition, the blue bars show the absolute level of employment within Cannock Chase District accounted for by each sector.
- 2.49 The graph indicates that the District has an extremely strong employment representation in Construction and Engineering; Manufacturing; Retail; Land Transport, Storage and Post; Wholesaling; and Accommodation & Food Services. Retail, Specialised Construction; Manufacturing and the B8 logistics sectors also employ very high levels of workers in absolute terms.

2.50 This is hardly a surprising finding, given that Cannock Chase has seen very significant increase in B8 logistics developments in recent years due to its excellent position at the heart of the national Motorway network.

2.51 Conversely, the chart also illustrates the very low rate (and in some cases, almost complete absence) of employment in the more white-collar service sectors. For example, just 400 people are employed in the Financial sector, and just 1,000 in public administration & defence.

Figure 2.14 Location Quotients of Economic Sectors in Cannock Chase District, 2018

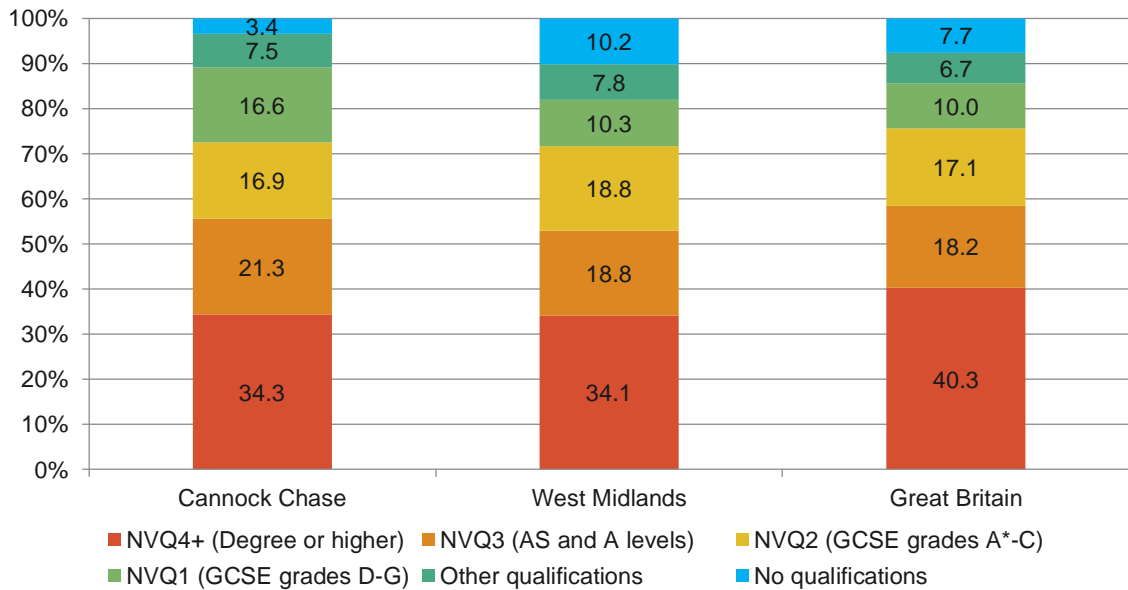


Source: Experian 2020 / Lichfields' Analysis

Skills and Qualifications

2.52 Figure 2.15 presents the qualification levels of residents aged 16 to 64. It indicates that Cannock Chase District has a well-qualified resident workforce when compared to the rest of the West Midlands, with 56% of residents qualified to AS/A level and above compared to 53% regionally. However, the proportion of people in the District with degree-level qualifications still remains well below the national level. Cannock Chase District does have a much lower proportion of residents with no qualifications, with just 2,100 residents unqualified out of 61,600 people living in the District aged 16-64.

Figure 2.15 Qualifications of People Aged 16 to 64 (January-December 2019)



Source: ONS (2020) Annual Population Survey

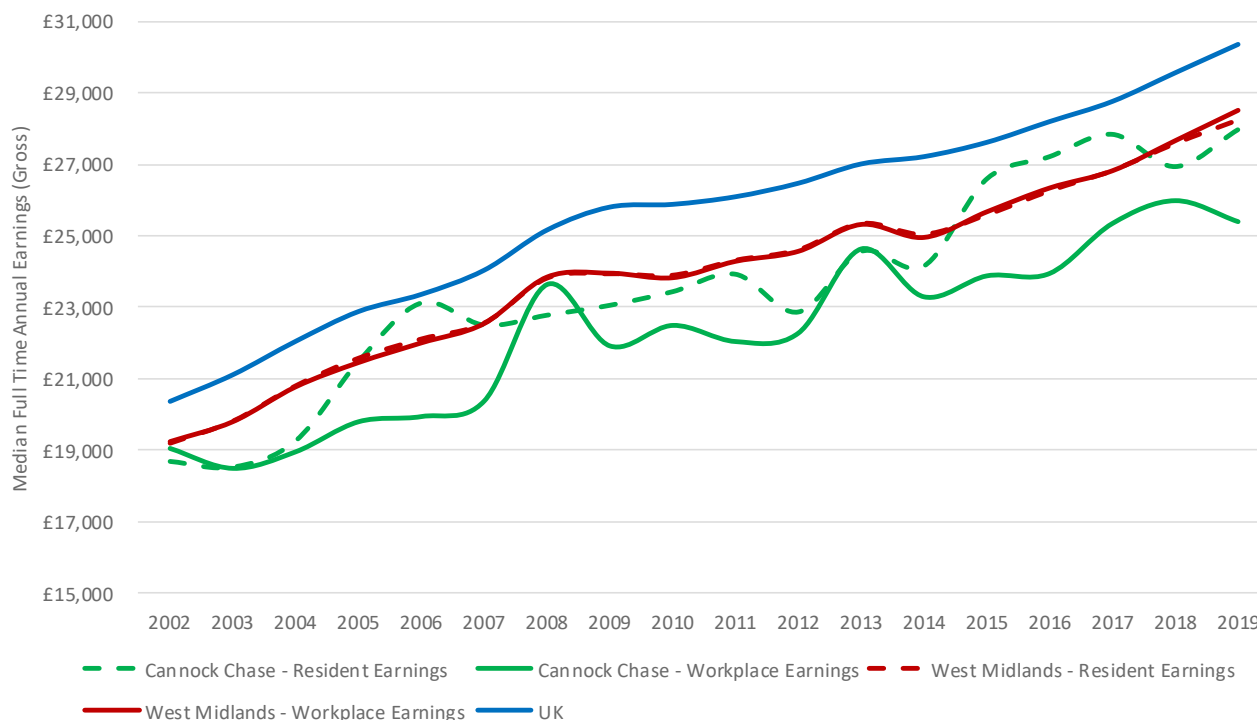
Earnings

2.53 Figure 2.16 compares changes to the gross median annual earnings in Cannock Chase District, the West Midlands and the UK between 2002 and 2019. Earnings for Cannock Chase’s residents have been consistently lower than the national average, although they have tended to fluctuate around the West Midlands average. They are currently very similar to the West Midlands average, at £27,985 compared to £28,262, although this remains well below the UK median gross annual earnings of £30,353. Workplace-based earnings are consistently lower than resident-based earnings in Cannock Chase District, at just £25,411.

2.54 Whilst Cannock Chase District’s resident earnings started from a lower base than the West Midlands and UK levels, they have increased by 50% between 2002 and 2019, compared to 47% and 49% for the West Midlands/UK respectively. The reverse is true for Cannock Chase’s workplace-based earnings, which have grown at a much slower rate of only 33.5% over the same timeframe¹¹.

¹¹ ONS (2020) Annual Survey of Hours and Earnings 2018

Figure 2.16 Resident and Workplace Gross Median Annual Earnings 2002-2019



Source: ONS (2020) Annual Survey of Hours and Earnings

2.55 Table 2.10 presents percentile earnings groups in Cannock Chase District, the West Midlands and the UK for 2018 (2019 data is suppressed by ONS for the District as it is statistically unreliable). Percentile groups show the earnings figure below which that proportion of employees fall. This indicates that Cannock Chase generally lags behind the West Midlands and the UK for both resident and workplace-based earnings, particularly at the upper end of the earnings range.

Table 2.10 Percentile Earnings Groups (2018)

Percentile Group	Workplace			Resident		
	Cannock Chase	West Midlands	UK	Cannock Chase	West Midlands	UK
20%	£18,678	£18,615	£19,664	£19,590	£18,649	£19,664
40%	£23,457	£24,422	£25,962	£24,202	£24,311	£25,962
60%	£28,409	£31,525	£33,597	£29,868	£31,211	£33,597
80%	£36,957	£42,506	£45,383	£37,511	£42,004	£45,383

Source: ONS (2020) Annual Survey of Hours and Earnings

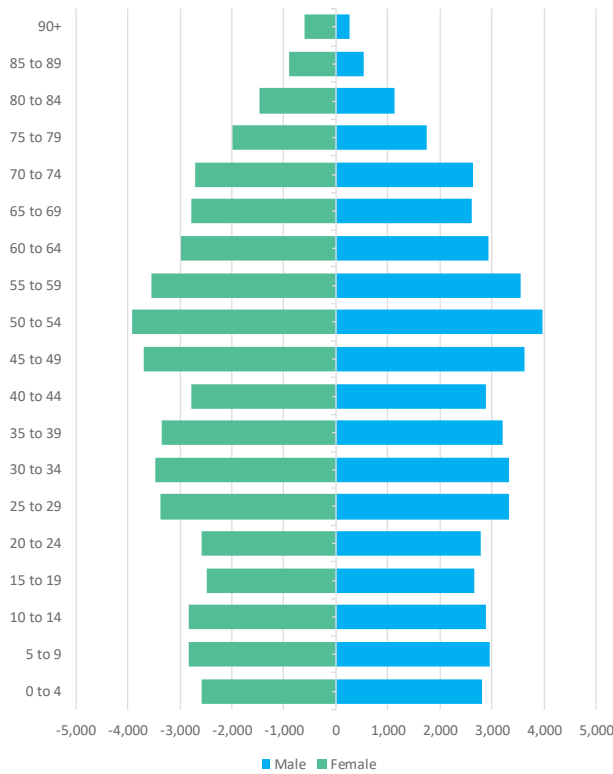
Population Demographics

2.56 Figure 2.17 illustrates Cannock Chase District population age and gender structure in 2019. A total of 100,762 people currently live in the District¹². Overall there is a ratio of 50.5 females to 49.5 males, which is virtually identical to the national average. 64.0% of the total population in Cannock Chase District (64,509 people) are of working age (between 16 and 65). This is a slightly higher proportion than the West Midlands (62.7%) and England and Wales as a whole (62.7%). The District also has a slightly higher proportion of over 65s living in the area, at

¹² ONS (2020) Mid-Year Population Estimate 2019

18,190 residents, or 18.1% of the population, compared with just 17.5% across the UK as a whole and 17.6% in the West Midlands.

Figure 2.17 Cannock Chase District Population Age Structure (2019)



Source: ONS (2020) Mid-Year Population Estimate 2019

- 2.57 Population growth in Cannock Chase District has been modest compared to England and Wales as a whole, although it has generally been in line with the West Midlands. The District’s population grew by 12.2% between 1992 and 2019 compared to 13.3% across the West Midlands and 16.8% nationally. The working age population in Cannock Chase District has grown by just 7.3% slower than the West Midlands rate (9.9%) and almost half the national rate (14.3%).
- 2.58 These demographic changes suggest that Cannock Chase District labour market is not being replenished by younger people as quickly as elsewhere across the country. The future availability of labour supply will influence the demand for employment space.
- 2.59 In this regard, the latest ONS 2018-based Sub-National Population Projections [SNPP] indicate that Cannock Chase District’s population growth will be around 12,200 between 2018 and 2038, a growth rate of 12.2% which is higher than the West Midlands rate of 11.2% and significantly higher than the national rate of 8.6%. This level of growth is much larger than was previously projected for the District using the 2014-based projections, which suggested growth of just 4,834 residents or 4.9%, less than half the new rate.
- 2.60 As can be seen from Table 2.11, this growth is not just confined to very high levels of projected growth in the 65+ age groups, which are projected to increase by a very substantial 28.9% over the next 20 years, as the crucial working age demographic indicates we are set to gain 6,569 residents of working age, an increase of 10.4% on current 2018 levels. Although slightly lower than the regional growth rate of 10.9%, it is still higher than the national rate of 7.2%. The rate of change is very different to that which was previously forecast in the 2014-based SNPPs, which

suggested that there would be a decline of 4,028 residents aged between 16 and 64, a fall of 6.4%.

Table 2.11 Population Growth for Cannock Chase District and comparator areas 2018-38

	Net Total Growth	Total Growth %	Working Age Growth	Working Age Growth %	State Pension age Growth	State Pension age Growth %
Cannock Chase District	12,204	12.2%	6,569	10.4%	5,523	28.9%
West Midlands	661,629	11.2%	397,542	10.9%	234,926	21.4%
England	4,789,075	8.6%	2,502,690	7.2%	2,664,637	26.0%

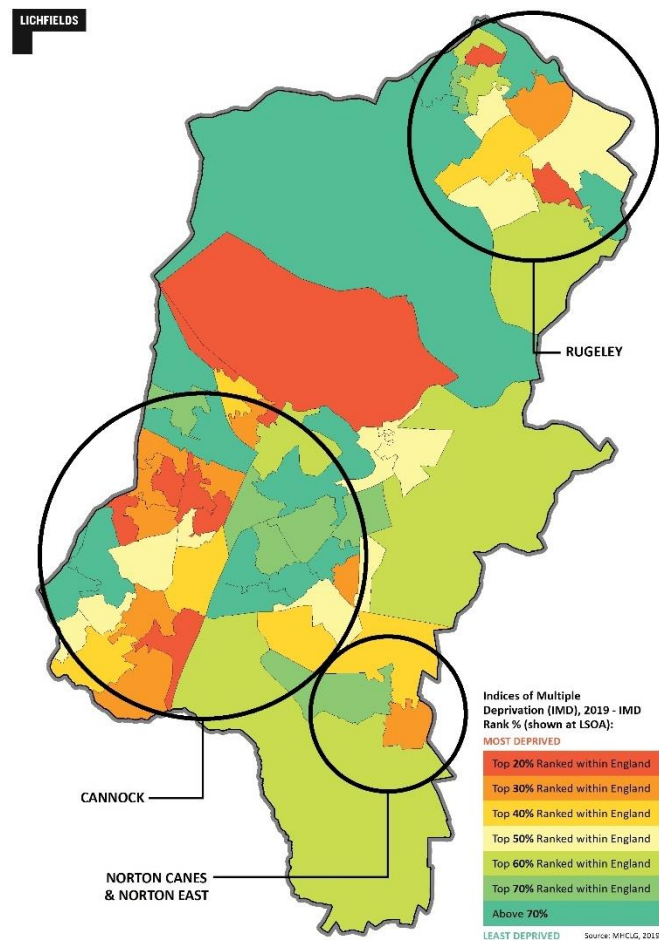
Source: ONS (2020): 2018-based Sub-National Population Projections

Deprivation

2.61

Figure 2.18 shows hotspots of deprivation in Cannock Chase District using the latest 2019 data from the ONS Indices of Multiple Deprivation [IMD]. The District ranks 126th out of 317 local authorities based on the IMD rank of average rank, which is a very slight worsening from the 2015 ranking of 128th (although it should be noted that the number of LAs has reduced from 326). As set out before, this District-wide profile masks some variation within Cannock Chase with unemployment and worklessness remaining entrenched in pockets of deprivation in Cannock and Rugeley, and the adjoining rural areas to the west and parts of the Chase itself in the central heart of the District.

Figure 2.18 Rank of Indices of Multiple Deprivation in Cannock Chase District



Source: Lichfields analysis, drawing upon ONS Indices of Multiple Deprivation 2019

SWOT Analysis

2.62 The main SWOTs facing Cannock Chase District are summarised in Table 2.12. This has taken into account the current Covid-19 crisis. It is based upon the economic conditions and trends discussed above.

Table 2.12 SWOT analysis

Current Strengths	Current Weaknesses
<ul style="list-style-type: none"> • Cannock Chase has experienced stronger employment growth (2.63% CAGR) than either regional (+1.51%) or national (1.44%) comparators in recent years • A very strong representation in logistics, construction and manufacturing • Just over a third of all B-class units in Cannock Chase District were built before 1970, which is extremely low • The District has seen very high levels of growth in industrial floorspace, which increased by 214,000 sqm (31.4%) between 2000/01 to 2018/19 • The economic activity rate in Cannock Chase District is 90.6% which is extremely high and considerably higher than the West Midlands (77.8%) and Great Britain (79.1%) averages. Unemployment is just 3.1% • Cannock Chase has a very high proportion of residents who are employed in Professional Occupations, with 27.6% of all people in employment classified as working in this occupation, compared to 20.2% across the West Midlands and 21.5% nationally • Well qualified workforce, with more residents with higher-level qualifications compared to the West Midlands • Lower workplace earnings are attractive to businesses 	<ul style="list-style-type: none"> • Cannock Chase District's business stock has grown at a much weaker rate (6.9%) than either the West Midlands (24.3%) or the UK (25%) as a whole • The District has a relatively limited white-collar business base, with few businesses in high value sectors such as Finance • The District has seen much weaker growth in office space in recent years, which increased by just 7.0% to 61,000 sqm (a net growth of 4,000 sqm) • There are few larger companies based in Cannock Chase and there are challenges around growing businesses beyond micro, small and medium-sized enterprises in the area • Workplace wages in Cannock Chase are low and are consistently lower than resident-based earnings • The proportion of residents in Cannock Chase with degree-level qualifications remains below the national levels • Hotspots of deprivation, predominantly in the major settlements of Cannock and Rugeley, driven by lower incomes • Smaller proportion of businesses and employment in more productive service sectors
Current Opportunities	Current Threats
<ul style="list-style-type: none"> • Stronger employment growth than was previous forecast, equal to +3,900 net jobs growth 2018-38, even accounting for the pandemic and Brexit • Logistics growth has remained strong and the move towards increased online retailing shows no signs of abating. Cannock Chase is very well placed relative to the strategic rail and road network to benefit from the increased demand for storage and warehousing space • The Health, Residential Care & Social Work and Transport & Storage sectors are forecast to drive future job growth in Cannock Chase • Labour market skills are strong compared to the rest of the region, which is attractive to businesses • Upskilling the workforce and encouraging greater take up of STEM/digital subjects which may lead to greater retention of younger residents • Rise of homeworking likely to continue as technology advances, the pandemic, and the Chase's highly attractive natural environment will continue to encourage successful individuals to move to the area • Large base of smaller businesses means their space 	<ul style="list-style-type: none"> • The current pandemic has hit Cannock Chase's leisure, recreation, retail and hospitality sectors very hard and recovery is uncertain. The structural reliance on traditional manufacturing jobs is also a risk over the long term • Experian forecast a fall of 2,200 jobs this year for Cannock Chase due primarily to the pandemic, whilst the recovery will be more protracted than elsewhere • The high level of home working as a result of the pandemic may mean that future patterns of working are changed permanently, which may have a serious knock-on effect on the need for new office space • Strong employment representation in logistics, which tend to employ lower levels of workers in absolute terms (although this is changing) • Lower business start-up rates means that the uptake of new employment space may be slow • Whilst unemployment rates are currently low, the rate is very likely to increase substantially (as elsewhere) once the Government's furloughing scheme ends in October 2020 • Manufacturing sector is forecast to decline by 18% by 2038

<p>requirements are more flexible</p> <ul style="list-style-type: none">• The latest 2018-based population projections are much more optimistic than the previous 2014-based iteration, and suggest that Cannock Chase will have a growing labour supply at a higher rate than either the regional or national rates	
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3.0 Overview of Employment Space

Introduction

- 3.1 This section provides an updated overview of the current stock of employment space in Cannock Chase District, while also summarising recent trends and changes to the supply of this employment space. The amount of employment land and floorspace has been considered across the three main types of employment uses (i.e. office, manufacturing and warehouse and distribution).

Development Rates

Gross Completions

- 3.2 Data on gross completions for the period 1996/97 to 2019/20 was analysed. Take-up (i.e. completions) of floorspace for employment development has been provided between 1996/97 and 2017/18, although prior to 2006/07 the data provided represents amalgamated figures with no detailed breakdown (see Figure 3.1). Gross completions have totalled an impressive 120.61 ha over the past 24 years stretching back to 1996/97, at an average of **5.025** hectares annually. However, it is worth noting that completions fluctuated from year to year; the annual average provides a 'smoothed' indication of delivery over the whole period.

- 3.3 This is slightly higher than the 4.95 ha average previously reported by the previous ELR due to 8.97 ha completed in 2018/19 and a further 3.5 ha in 2019/20. This includes some relatively significant completions:

2018/19:

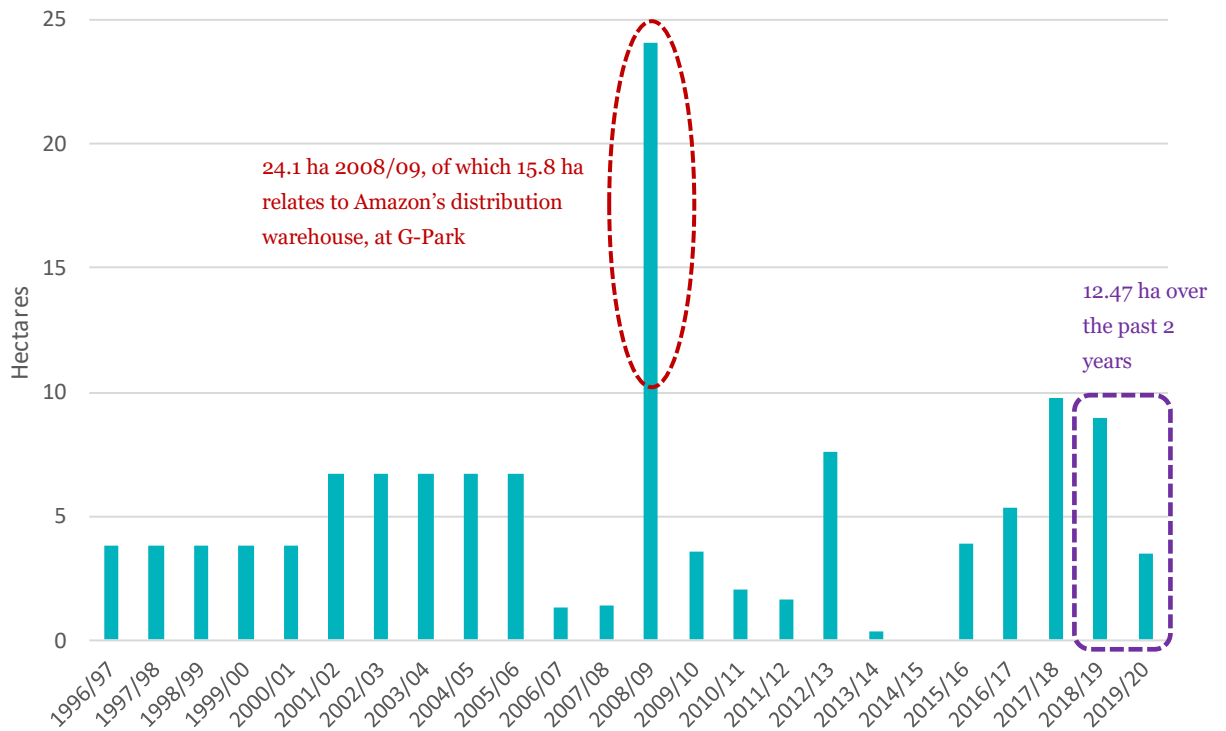
- 1 Kingswood Lakeside, Blakeney Way, Cannock – 3 hectares of B1, B2 and B8;
- 2 A T P Industries Group Ltd, Cannock Wood Industrial Estate, Cannock Wood – 0.07 ha of B8;
- 3 2 sites at Former Hawkins Works, Watling Street, Bridgtown, Cannock – 1.0 ha of B1a/B8;
- 4 Kingswood Lakeside-zone E, Kingswood Lakeside, Cannock – 2.3 ha of B2/B8;
- 5 Former Bowmur Haulage Site, Watling Street, Cannock – 2.6 ha of B1/B2/B8;

2019/20:

- 6 Kingswood Lakeside, Blakeney Way, Cannock – 3.5 ha of B8/B1a.

- 3.4 As noted in the previous ELR, the standout figure still relates to the 24.1 hectares delivered in 2008/09, nearly 16 hectares alone of which relates to just one site – the vast Amazon fulfilment centre at Towers Business Park. This represents almost half of all completions from 2006-2012. If this is removed, then the total gross completions falls to 104.81 ha.

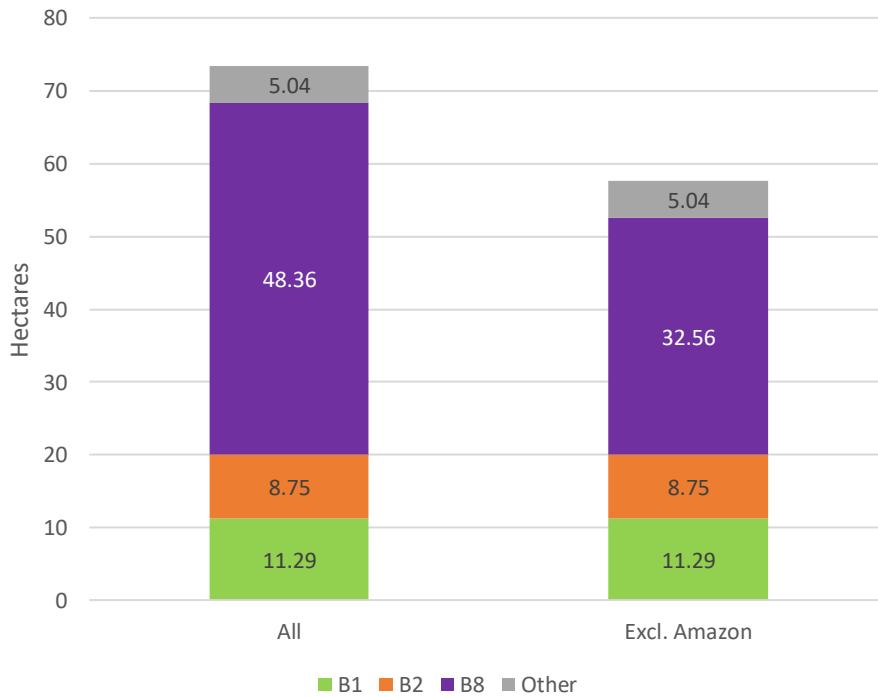
Figure 3.1 Gross Annual Employment Land Completions 1996/97-2019/20



Source: CCDC AMRs / 2020 ELAA // Lichfields analysis. Note – the completions data for 1996-2001, and 2001-2006 is only available as an amalgamation as no annual data was provided by CCDC

- 3.5 The 2020 ELAA breaks the employment land take up down to (former) B-Class uses, as summarised in Figure 3.2. It indicates that of the 73.451 ha of land delivered since 2006/07, 11.29 ha comprised B1 land; 8.75 ha of B2; 48.36 ha of B8 warehousing and distribution, and 5.04 ha of ‘Other’ employment land. Further examination of the Council’s data (by reviewing individual planning application forms) suggests that the ‘Other’ category includes retail and Sui Generis uses that are not strictly B-Class. Excluding this category reduces the total amount of employment land delivered to 68.41 ha (and 120.61 ha overall).
- 3.6 Again, excluding the Amazon distribution depot on the grounds that this is a ‘one-off’ development unlikely to be replicated for the foreseeable future in the District, would suggest that Cannock Chase has **averaged 4.367 ha of employment land since 1996/97**.

Figure 3.2 Annual Employment Land Completions by (former) B-Class Use, 2006/07-2019/20



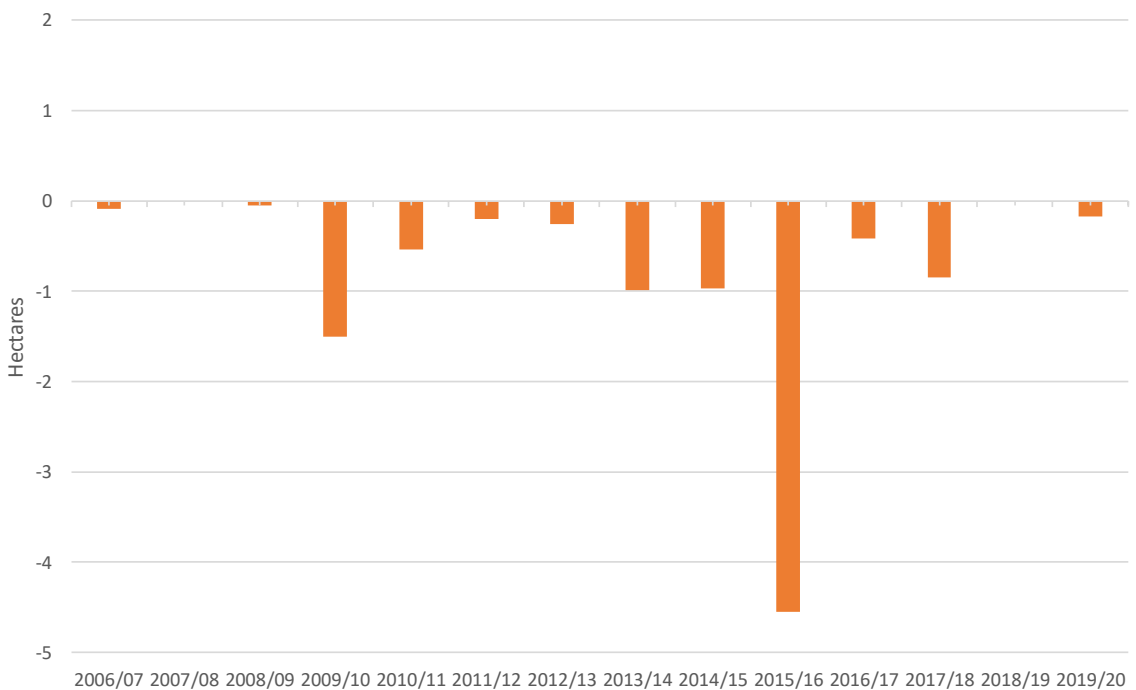
Source: CCDC AMRs and ELAAs / Lichfields analysis

Losses and Net Completions

3.7

Losses are also recorded by the Council, although data stretches back only to 2006/07, whilst a detailed breakdown of the specific B-Class sites lost goes back to only 2011/12 (see Figure 3.3).

Figure 3.3 Annual Employment Land Losses by B-Class Use, 2006/07-2019/20



Source: CCDC AMRs / Lichfields analysis

- 3.8 In total, 10.589 ha of (former) B-Class employment land has been lost to alternative uses over the past 12 years at a rate of **0.756 ha annually**. This average is slightly lower than the 0.87 ha average reported in the previous ELR, as just 0.173 ha of (former) B-Class floorspace was lost over the last 2 years. As set out previously, half of these losses relate to just one year – 2015/16, when a former industrial site that previously accommodated a large automotive lighting factory was redeveloped for 111 residential dwellings (Application reference CH/13/0323).
- 3.9 There has been a total of 22 instances of office conversions to residential uses, many under the Permitted Development Rights, in the past 9 years since 2011, with a total of 1.87 ha (c.18,700 sqm) lost over that time period.
- 3.10 Other significant losses of employment land include:
- 2012/13: 110 Mill Street, Cannock: demolition of tyre depot and erection of 10 houses (loss of 1,700 sqm);
 - 2013/14: The Timber Yard, Wimblebury Road, Cannock: Demolition of 8 light industrial buildings resulting in the loss of 8,863 sqm;
 - 2014/15: Edgemean Trade Centre, Park Street Cannock: Erection of 129 new dwellings and conversion of parts of a building to 6 dwellings, resulting in the loss of existing industrial units;
 - 2014/15: Former Hednesford Court Office, Anglesey Street, Hednesford: Erection of 14 dwellings (loss of 3,541 sqm); and,
 - 2017/18: Blocks A-D Beecroft Court.
- 3.11 Of the 8.409 ha of B-Class land that has been lost over the past 9 years, 26.7% has related to B1a/b office; 71.2% B1c/B2 industrial; and just 2.0% B8 warehousing.

4.0 Business Survey and Market Overview

Introduction

4.1 This section outlines the findings from the online Business Survey which was undertaken by Lichfields throughout October 2020 to gain a better understanding of local companies' current and future employment space needs. The survey was sent to contacts recorded by the Council in its business database. The Survey obtained responses from 19 businesses across a range of sectors and locations in the District. It is accepted that due to the comparatively small response size it is difficult to draw definitive conclusions regarding Cannock Chase's business needs from this source alone. The section also includes an update to the commercial property market overview provided in the previous 2019 EDNA in the light of current economic circumstances, informed by consultation with local commercial property agents.

Business Survey Results

Profile of Businesses

4.2 Of the 19 respondents, 5 are retail businesses, 3 are in construction, 2 are in manufacturing and 2 are in hospitality and tourism. Other respondents included a Mechanical Services business, a health and fitness centre, a building façade design business and a car garage.

4.3 Five respondents are sole traders whilst a further 10 have fewer than 9 employees. Four respondents are medium sized (with between 10 and 49 employees). The highest number of employees amongst respondents is 42. As shown in Table 4.1, the profile of businesses is therefore skewed more towards small businesses with 10 to 49 employees than that of Cannock overall. Larger businesses require larger employment space so it is disappointing that that no businesses with more than 42 employees engaged with the survey.

Table 4.1 Business Survey Size Profile

	Business Survey Respondents		Cannock Chase District	
Total	19	100.0%	3,385	100.00%
Micro (0 to 9)	15	78.9%	2,985	88.2%
Small (10 to 49)	4	21.1%	355	10.5%
Medium (50 to 249)	0	0.0%	40	1.2%
Large (250+)	0	0.0%	10	0.3%

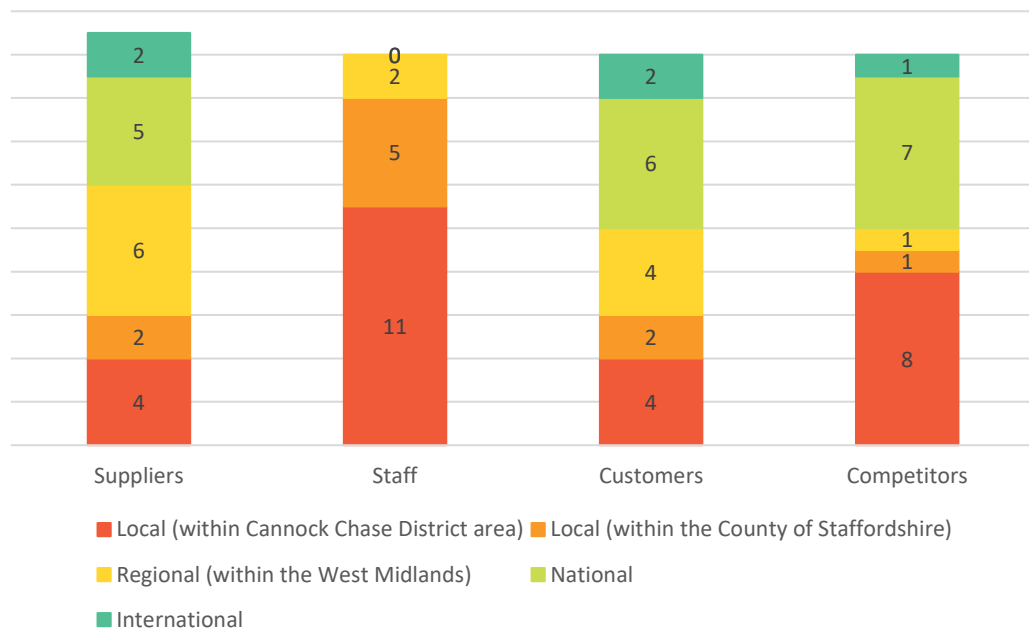
Source: Lichfields Analysis / ONS (2018) Inter-Departmental Business Register

4.4 As shown in Figure 4.1, a majority of respondents stated that their staff predominantly commute to work either from within Cannock Chase itself, or elsewhere within Staffordshire County. Four businesses stated that a majority of their suppliers and customers are within Cannock Chase, whilst eight see a majority of their competitors also being within District. This shows the need for planning policies (and corporate functions) to value and support the key role that smaller businesses are playing locally and the need to invest in and value these local connections, particularly given the current economic uncertainty.

4.5 Five businesses have supply chains that extend into the wider West Midlands; six service customers mostly within the region; and seven have mostly regional competitors. Two businesses have international suppliers and customers, whilst one competes mostly on an international basis.

4.6 Given the current economic uncertainty surrounding Brexit, it is perhaps a positive that only two of the companies surveyed relies on the majority of its supply chain coming from abroad.

Figure 4.1 Q7: Where are the majority of your suppliers / customers/staff/competitors from?



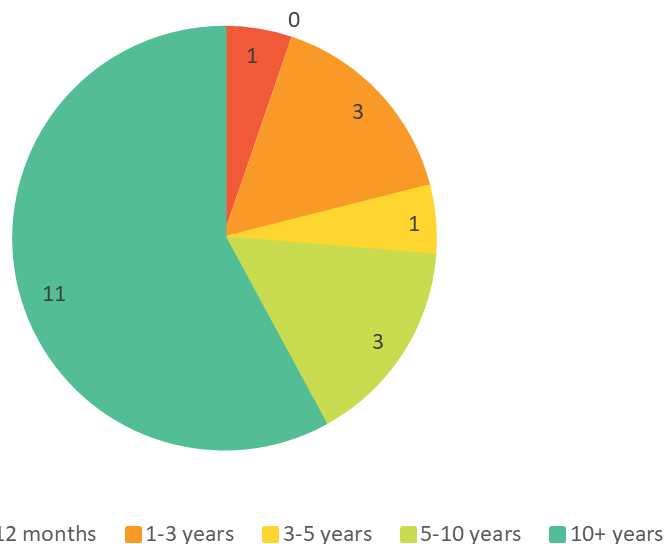
Source: Lichfields Analysis

Business Premises and Location

4.7

Of the 19 respondents, six operate from individual urban sites (such as high street shops); five operate from an office/business park; four from industrial estates; two are run solely from home; one is in a converted house and another is located in a shared market hall.

Figure 4.2 Q7: How long have you been based at your current premises?



Source: Lichfields Analysis

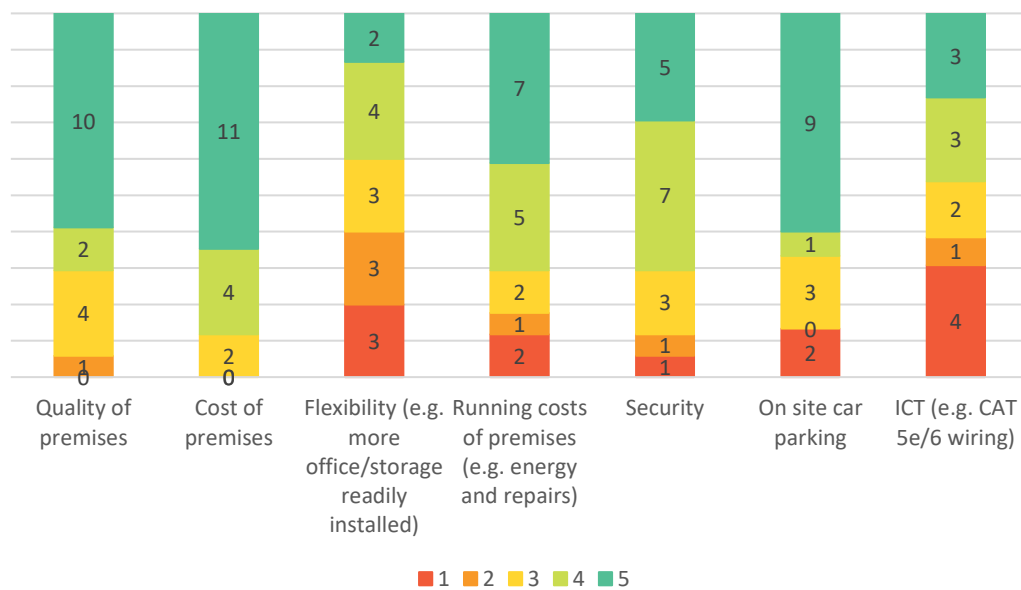
4.8

The majority of respondents have long-standing ties to the District, with eleven businesses (58% of the total) having been at their current premises for over ten years. Three businesses had been at their premises for 5-10 years, one for 3-5 years and three for 1-3 years. One respondent had been at their current premises for less than 6 months. Ten businesses had moved premises at

some point since they had started operation, with nine of those having moved from elsewhere within Cannock Chase, and one having moved from the wider West Midlands.

- 4.9 When asked which factors were most important when selecting their current premises, 15 respondents (88.2%) indicated that the cost of premises is the most important factor influencing decision making (rating it a 4 or 5 for importance), followed by the quality of the premises (70.6%), running costs (70.6%) and the security (70.6%). On-site parking was also deemed important (66.7%), with ICT (46.2%) and flexibility (40%) deemed less important.

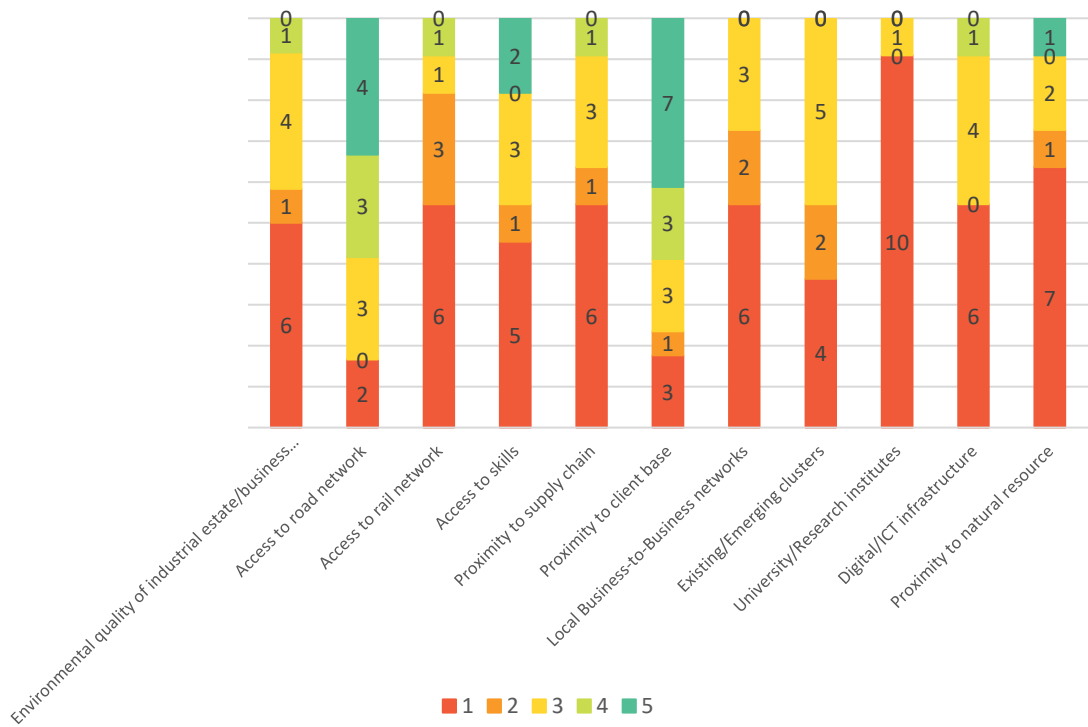
Figure 4.3 Q10: Did any of the following factors influence the selection of your current premises? (1 = least important, 5 = most important)



Source: Lichfields Analysis

- 4.10 When asked to name which factors influenced the selection of the business location, proximity to client base and access to road network were deemed the most important (a rating of 4 or 5) with ten (58.8%) and seven (58.3%) respondents respectively stating these factors as important. 18.2% of respondents stated that access to skills was an important factor, whilst 9.1% determined access to rail, proximity to supply chain, digital infrastructure and proximity to natural resources to be important. 8.3% deemed environmental quality of the estate to be important, whilst no respondents stated that local b2b networks, emerging clusters and universities/research institutions were important factors influencing their choice of location.

Figure 4.4 Q11: Did any of the following factors influence the selection of your current location? (1 = least important, 5 = most important)

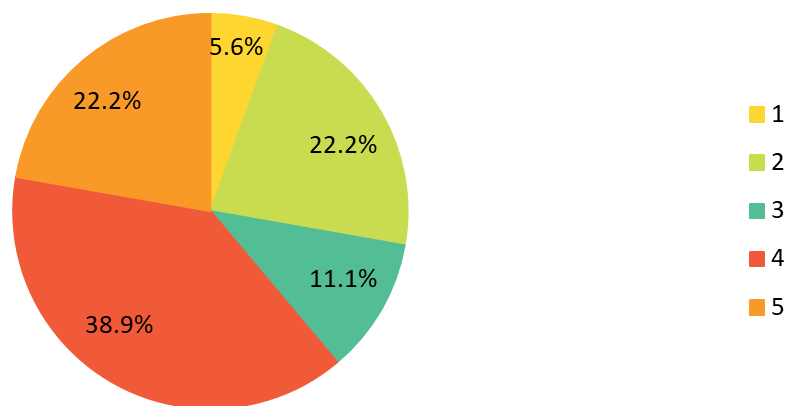


Source: Lichfields Analysis

4.11 72.2% of respondents reported that their current premises were adequate in terms of size, whilst 11.1% reported a lack of available space and 16.7% reported that their premises were underutilised. Similarly, 61.6% also indicated that their premises and site were of good to excellent quality (a rating of 4 or 5), whilst 27.8% reported them to be poor (a rating of 1 or 2).

4.12 When asked to provide further details, those respondents less satisfied with their premises and site mentioned issues with water leaks and damp, as well as a general need for refurbishment to bring buildings up to date. Four respondents (22.2%) also reported difficulties in finding new premises, with the reasons given including a general lack of available premises and difficulties in finding premises that did not require significant investment to bring up to their required standards.

Figure 4.5 Q13: How would you rate the quality of your buildings and site? (1=poor, 5=excellent)

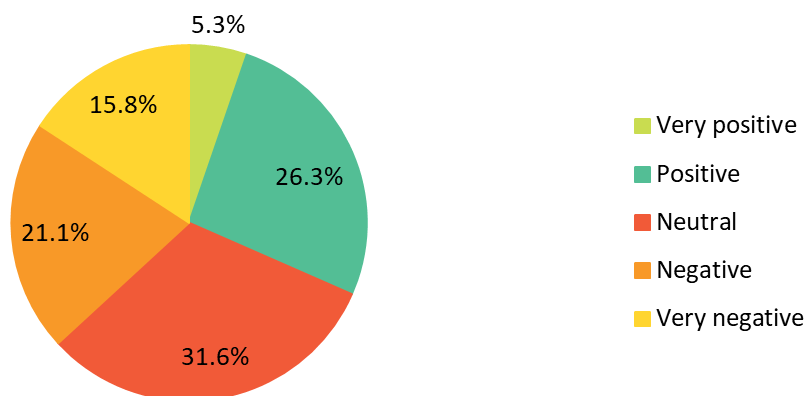


Source: Lichfields, Analysis

Business Impact of Covid-19

- 4.13 In terms of the overall impacts of Covid-19 and the lockdown on their business, 94.7% of respondents indicated that it had had a negative effect, with 26.3% indicating a major negative effect on their business and the remaining 5.3% of respondents indicating a minor positive effect.
- 4.14 When asked for more detail regarding these effects; 89.5% of businesses indicated a negative effect on demand; 42.1% reported cashflow issues; 31.6% reported negative supply-side effects, limited business travel to clients and staff having to isolate; 26.3% reported cancellations of events and 15.8% reported issues with increased sick pay. 89.5% of respondents stated that business had either continued throughout lockdown or has now continued following a shutdown period. When asked about staffing, 26.3% of respondents reported that they had furloughed over 50% of their workforce, whilst 31.6% had not furloughed any staff.
- 4.15 In light of the above, 36.8% of respondents indicated that they were feeling negative or very negative about the future position of their businesses, whilst 31.6% were neutral and 31.6% were positive or very positive.

Figure 4.6 Q19: Looking forward a year, how positive are you about the future position of your business?



Source: Lichfields, Analysis

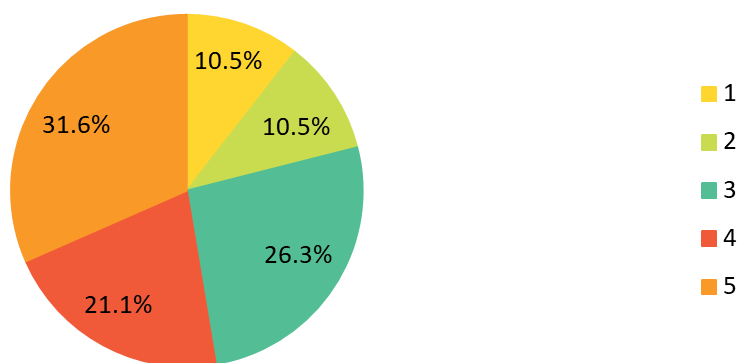
Future Requirements

- 4.16 Businesses were also asked what changes they might make to their businesses once Covid-19 restrictions are lifted. 36.8% indicated that they would increase the amount of home and remote working; 26.3% stated that they would seek to diversify the business; 21.1% said that they would reduce their number of core employees; and 15.8% stated that they would look to retrain/upskill their workforce.
- 4.17 Five businesses (23.6%) stated that they would seek to make changes to their premises over the next five years. Of those who do not plan to make any changes, eight businesses (57.1%) have no appetite or need to, whilst three businesses (21.4%) indicated that macroeconomic uncertainty is the main hurdle. Two businesses (14.3%) stated that a lack of suitable premises/sites is the main barrier.
- 4.18 Of the five businesses who do wish to make changes to their premises, two require more space due to business expansion and one due to changing requirements (no further details were given), whilst two require less space due to downsizing or changing requirements. The business requiring less space due to changing requirements gave the reason that the retail side of the businesses is changing due to the unprofitability of competing with an increasing online retail market. Of the two that require more space, one indicated a need for 350sqm more space and

one 500sqm more space. In light of the Covid-19 pandemic, we might have expected that some businesses would be looking to downsize their current premises whilst maintaining the same number of staff due to increased levels of home working. However, this was not an apparent trend within the survey responses.

Asked about the main barriers preventing business expansion, two respondents cited a lack of suitable premises, two cited a lack of affordable premises and two cited a lack of specialist skills or general labour shortages. One business also indicated that difficulty in obtaining planning consent was holding up expansion plans.

Figure 4.7 Q27: How satisfied are you with your local area as a business location? (1=very dissatisfied, 5=very satisfied)



Source: Lichfields Analysis

4.19 Overall, 52.7% of respondents rated their satisfaction with their local area as a business location 4 or 5 out of 5. Positive reasons given include Cannock Chase’s central national geography and proximity to the road network, although this was caveated with the lack of affordable premises.

“The office is very close to major roads within Cannock and surrounding areas so travelling to customers is pretty easy which means less time travelling. I just wish there was more affordable business premises in the area.”

4.20 On the other hand, 21% of respondents rated their local area a 1 or 2 out of 5, and many more negative reasons were given for this response. Four respondents expressed dissatisfaction with the current poor state of Cannock and Rugeley town centres, including lack of investment and maintenance as well as a general lack of an attractive offer for potential businesses and customers.

4.21 When asked about the advantages of their current location, eight businesses praised Cannock Chase’s central location for client base and staff, as well as the road network access. One business referenced the positive tourism opportunities presented by Cannock Chase, whilst another said that the area is good for small independent traders with few large chains.

4.22 In terms of disadvantages of the area as a business location, two respondents raised traffic issues for staff when commuting. Three businesses raised the issue of low footfall and investment levels in the town centres, with one noting specifically that new retail and housing developments are often away from and to the detriment of existing centres. Finally, one business suggested that there is a lack of affordable business premises, with rental levels being too high even on small units.

4.23 When asked about future priorities for the Council a number of issues were raised. One respondent mentioned that there is spare capacity in terms of premises, whilst another again raised the issue of affordability and high rents. A number of respondents mentioned the need for increased investment in high streets and town centres, whilst another called for increased

flexibility in commercial leases rather than 3+ year terms. The Cannock Chase Area of Outstanding Natural Beauty [AONB] was also raised as a key strength in terms of bringing in tourism and footfall to town centres.

Commercial Property Market Update

- 4.24 The previous EDNA produced by Lichfields in 2019 includes a detailed commercial property market overview informed by a review of market trends and secondary data, as well as consultations with a number of stakeholders such as commercial agents and developers. In light of the Covid-19 pandemic and related economic uncertainty, commercial agents were again consulted to provide a concise overview of how the market is responding given current circumstances.

Industrial and Logistics Space

- 4.25 The previous EDNA reported that significant levels of development have come forward in the industrial and logistics sector over the course of the previous five years or more, including a relatively high number of speculative developments coming forwards for B8 units in excess of 10,000 sqm. It was noted that whilst slow take up rates of large speculative units may be of concern, this was likely to be reflective of the current economic uncertainty particularly with regards to Brexit and this was not unique to Cannock Chase. Overall there was a level of optimism from agents in terms of recent market confidence and agents were relatively upbeat about the industrial and logistics market in Cannock Chase and considered that once the Brexit uncertainty has passed, the commercial and industrial floorspace that has recently been developed on a speculative basis has a strong prospect of securing occupiers.
- 4.26 During our more recent consultation with agents, this level of confidence showed no signs of being affected significantly by the pandemic. Agents reported that the market has performed relatively well in the months following the easing of the initial lockdown restrictions. This is in line with the national and regional picture, with Savills reporting that across the wider West Midlands, take up of units of over 100,000 sq ft was up 15% in 2019 compared with a year earlier. Furthermore:
- “Supply within the region currently stands at 7.19m sq ft, falling 17% from the peak of 8.68m sq ft reached in Q2 2019. Of the vacant space on the market 37% is considered to be of grade B & C quality which given the fact take-up is dominated by grade A units could suggest this stock is not suitable for modern requirements.*
- Of the 40 units on the market 35% have been constructed speculatively and all but 10 are under 200,000 sq ft. This does suggest that the market could take more units of a larger size, historically just 39% of take up is for units under 200,000 sq ft.”¹³*
- 4.27 Agents confirmed that rents have remained roughly static, averaging at around £5 to £6 per sq ft for smaller industrial units and £6 - £7 for larger ‘big box’ sheds. It was noted that in some cases landlord expectations had begun to fall, particularly regarding smaller units where some deals were being made on the basis of landlords offering deals such as 3 months rent free. In this regard it was reported that the market for smaller units had been particularly strong in the past, so this shift is a concern.
- 4.28 Some agents who predominantly focus on industrial units reported that they currently have nothing on their books in the area. There was a clear consensus that overall, agents have fewer

¹³ Savills Research (January 2020): Big Shed Briefing

large industrial units on their books than they would have 12 months ago, with one agent stating that lettings are currently moving faster than development.

Office Space

- 4.29 The previous EDNA reported that Cannock Chase is not known for being a significant office location, with relatively low levels of demand and take up, and a supply which is fragmented across the District. The market is predominantly driven by existing local occupiers expanding, resulting in their relocation from elsewhere within the District. Office space that has proven to be successful generally benefits from close-proximity to the major employment corridors within the District, with the most successful locations benefitting from good quality access to the strategic network including Kingswood Lakeside and Cannock Town Centre itself. Historically, the principal office location was centred around Cannock Town Centre, with other towns such as Rugeley providing modest additional (and secondary) office space; it was, however, noted that there has been an increasing shift towards the take up of office space in out-of-centre locations.
- 4.30 Cannock Chase's local office market is generally driven by smaller occupiers seeking offices of 1,000 to 2,000 sq. ft. Any office requirements exceeding 2,000 sq. ft. are seen as being significant requirements in the local market. In this regard agents again confirmed that this remains the case and there has continued to be strong levels of enquiries for smaller units throughout lockdown.
- 4.31 One agent in particular reported no difficulty in shifting even large office units in recent months, having recently let a unit of almost 20,000 sq ft at Upper Keys Business Park on a ten-year lease. Kingswood Lakeside Industrial Park was once more highlighted as the key location for large office development, with another agent mentioning the recent take up of the 102,000 sq ft "Rapida" unit by IT firm TES as a positive news story, particularly given that the site had been on the market for a considerable length of time.
- 4.32 In terms of rents, agents indicated average levels of between £7.50 to £8.50 per sq ft for serviced office floorspace and that this has not altered significantly in recent months, although again landlords may be willing to do more to entice occupiers, such as offering three or four months rent-free rather than a more typical one month period.

Summary

- 4.33 Overall, the respondents to the Business Survey included a higher share of small businesses than seen across Cannock more widely and were mostly well-established businesses who have been in the area for ten years or more. Perhaps unsurprisingly the cost and quality of premises remains the most important factor, and many respondents praised Cannock's central location for both staff and clients as well as the excellent road network access.
- 4.34 Just under a third of businesses considered their current premises to be poor, whilst just under a third indicated that they were either underutilising or struggling for space their current premises. Those not satisfied raised the issue of problems with damp, leaks or a general need for refurbishment. Similarly, around a fifth reported that they had faced difficulties when searching for new premises, including refurbishment needs and generally high rents.
- 4.35 Regarding future requirements, four businesses indicated that they intend to move location within the next five years, with two business requiring 350 – 500 sqm more space and two requiring less space due to changing requirements or the need to downsize. Respondents indicated that the main barriers preventing a move are a lack of suitable and/or affordable premises.

- 4.36 Just over half of respondents were satisfied overall with Cannock as a business location, primarily due to its location and proximity to the road network, although multiple respondents expressed concern at the decline of high streets and town centres.
- 4.37 As for the implications of these results for this assessment, it is clear that some businesses feel that their current premises are in need of investment and that refurbishment needs are also a key barrier to finding new premises. Amongst the respondents there is currently an appetite for new premises either for up or downsizing, and this is likely to increase once the current economic uncertainty is reduced and the economic recovery is underway. Finally, a lack of affordable premises was frequently raised in terms of both maintenance/refurbishment costs of available premises and in general rent terms. The Business Survey therefore indicates a need for good quality employment sites, new or refurbished, to come to the market to provide choice for businesses and increase overall levels of affordability across the District.
- 4.38 As for the commercial agents' discussion, this suggested that the market in Cannock Chase has not shifted significantly as a result of the pandemic, with many indicating that demand has actually exceeded expectations in the months following the easing of initial lockdown restrictions. Demand is still predominantly driven by larger industrial units, and particularly logistics, and this trend has if anything been exacerbated by the onset and the increase of homeworking/online shopping. Issues raised were generally more to do with levels of supply and agents struggling to maintain a consistent portfolio of available sites across a range of sizes, quality and locations. In this sense, the findings of the previous EDNA remain relevant to this assessment. Indeed, the consensus was that the Covid-19 pandemic has had less of an effect on the market than might be expected and that uncertainty surrounding Brexit remained the primary concern in terms of the future outlook.

5.0 **Future Employment Land Requirements**

Introduction

- 5.1 This section revisits the quantitative future economic growth needs in Cannock Chase District. A number of different growth scenarios are considered to test the likely need for employment land generated over the plan period 2018 to 2038. These scenarios consider the need for office and industrial (i.e. manufacturing and warehousing) floorspace.
- 5.2 As well as considering the baseline forecast growth using Experian’s Covid-19 adjusted June 2020 econometric projections, the scenarios take into account past delivery of employment space, the potential labour supply generated by housing growth scenarios (using the Government’s current Standard Methodology approach to calculating housing need), and aspirational regeneration-led growth.
- 5.3 The forecast demand scenarios are based on a quantitative requirement and do not take into account qualitative factors that may influence the actual requirement. For example, the assessment has not considered the quality of Cannock Chase District’s existing employment space. The aspirational ‘policy on’ growth scenario has, however, involved consultation with key economic development stakeholders, and a review of developments and intervention projects that are likely to generate additional demand for employment floorspace.

Methodology

- 5.4 The Government’s Planning Practice Guidance advises on how to calculate future employment land requirement. The Guidance¹⁴ sets out that strategic policy making authorities will need to: *“develop an idea of future needs based on a range of data which is current and robust, such as:*
- *sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand).*
 - *demographically derived assessments of current and future local labour supply (labour supply techniques).*
 - *analysis based on the past take-up of employment land and property and/or future property market requirements.*
 - *consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.*
 - *Authorities will need to take account of longer term economic cycles in assessing this data, and consider and plan for the implications of alternative economic scenarios.”*
- 5.5 This has not materially changed in the intervening year since Lichfields last undertook the assessment in April 2019, hence our analysis has followed these approaches. An aspirational ‘regeneration-led’ scenario has been retained which takes into account additional demand that could be generated by key growth sectors, private sector developments and interventions.

¹⁴ MHCLG (February 2019) Planning Practice Guidance – 027 Reference ID: 2a-027-20190220

- 5.6 The forecast employment land scenarios covering the 20-year period from 2018 to 2038 are:
- 1 Baseline employment forecasts (**labour demand**), using Experian's Local Market Quarterly Forecasts for June 2020 (compared to September 2018 previously). As a sensitivity test to this, we have trended-forward **past jobs growth** experienced in Cannock Chase District over the long term, from 1997-2018 and related this back to the Experian projection.
 - 2 **Regeneration-led** econometric model, which factors in the economic aspirations set out in the SSLEP's SEP and the GBSLEP's SEP; and key infrastructure projects, notably the West Midlands Interchange and the M6/M54/M6 Toll link road.
 - 3 Estimated growth in the **local labour supply** and the jobs and employment space that this could be expected to support. This is based upon the Government's standard methodology for calculating housing need, plus various levels of unmet need from the Black Country authorities.
 - 4 consideration of **past trends in completions of employment space** based on monitoring data collected by the Council, and how these trends might change in the future.
- 5.7 All of these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Cannock Chase. Furthermore, to be robust, the economic growth potential and likely demand for employment space in Cannock Chase needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future. It should be noted that the data provided by Council Officers relating to past take up is particularly detailed, and hence it is considered that in this instance further weight can be attached to this approach than might ordinarily be the case.
- 5.8 It should be noted that the final decision as to the level of need for which the District should plan for is not purely quantitative as there are qualitative factors that should be considered alongside the modelled scenarios set out in this section. These qualitative aspects are discussed in other sections of this study.
- 5.9 The ultimate judgement regarding the level of employment need that CCDC should plan for is not, therefore, simply shaped by a consideration of quantitative analysis. A range of qualitative factors should be taken into account, that would typically consider the quality and demand for existing premises, the spatial distribution of supply and demand for premises, and insights from commercial property agents and local businesses.

Growth Scenarios

A. Econometric Job Forecasting

Scenario 1) Experian Economic Forecasts (June 2020)

- 5.10 Experian econometric job forecasts were obtained by Lichfields to underpin this analysis. It should be emphasised that such forecasts tend to be most reliable at regional and national scales and consequently less so at the local economy level. Nevertheless, they provide a valuable input in respect of understanding future land needs by indicating the broad scale and direction of economic growth in different sectors.
- 5.11 Experian's model takes account of the existing economic structure of each Local Authority (broken down by economic sector) and the historical relationship between the regional performance of an industry and the performance observed at the Local Authority level. The forecasts of job growth by sector used here reflect recent trends and economic growth projections at national and regional level, and how economic sectors in Cannock Chase District

have fared relative to the West Midlands' growth in the past. The forecasts reflect the current post-Brexit economic climate. They are not constrained by either labour supply or land availability.

- 5.12 Before presenting the job growth outcomes from the scenarios it is worth highlighting in broad terms, limitations in how these were generated:
- 1 They are predominantly trend-based estimates projecting historic growth patterns into the future.
 - 2 For the latest June 2020 projections, the population data that underpins the modelling comprises the ONS 2016 mid-year estimates [MYE] for 1997-2016. 2016-based sub-national population projections [SNPP] for England were also used. Whilst the 2016 MYE were also used by Experian to inform the September 2018 job forecasts, they used the previous 2014-based SNPP rather than the 2016-based equivalents.
 - 3 The forecasts do not take into account policy influences and unforeseen impacts of individual business decisions.
 - 4 There is not always a clear-cut relationship between employment change and employment land needs. Additional employment space may be required even if employment itself is falling; for example, if a manufacturing firm requires more space to enable greater automation and achieve job reductions through productivity gains.
- 5.13 Since the projections were obtained in September 2018, the unprecedented economic shock resulting from the Covid-19 outbreak has generated considerable uncertainty for the local economy. Local area forecasts released by Experian in June 2020 provide an up-to-date view on the impact of Covid-19 for Cannock Chase District. Though viewed as a temporary shock, the forecasts imply a significant impact on all sectors of the economy and all parts of the District. As discussed in detail in Section 3.0, the forecasts are based on the assumption that the recovery will follow a delayed-V shape, with a substantial drop in output in Q2 2020 as economic activity was highly restricted due to lockdown measures to contain the virus.
- 5.14 Over the longer term for Cannock Chase District, the June 2020 Experian baseline workforce employment projections reported a period of sustained employment growth since the depths of the last recession from 2010 and 2018 (see Figure 5.1). There was an increase of 8,700 workforce jobs over this period, at a CAGR of 2.63%. This rate of growth is considerably higher than the national rate of growth (1.44% CAGR) and the regional level (1.51% CAGR). It is also higher than the same period projected for the District in the earlier September 2018 Experian projections which, as can be seen from the Chart, under-estimated jobs growth in the District for 2018.

Table 5.1 Workforce Jobs Growth for Cannock Chase District and comparator areas

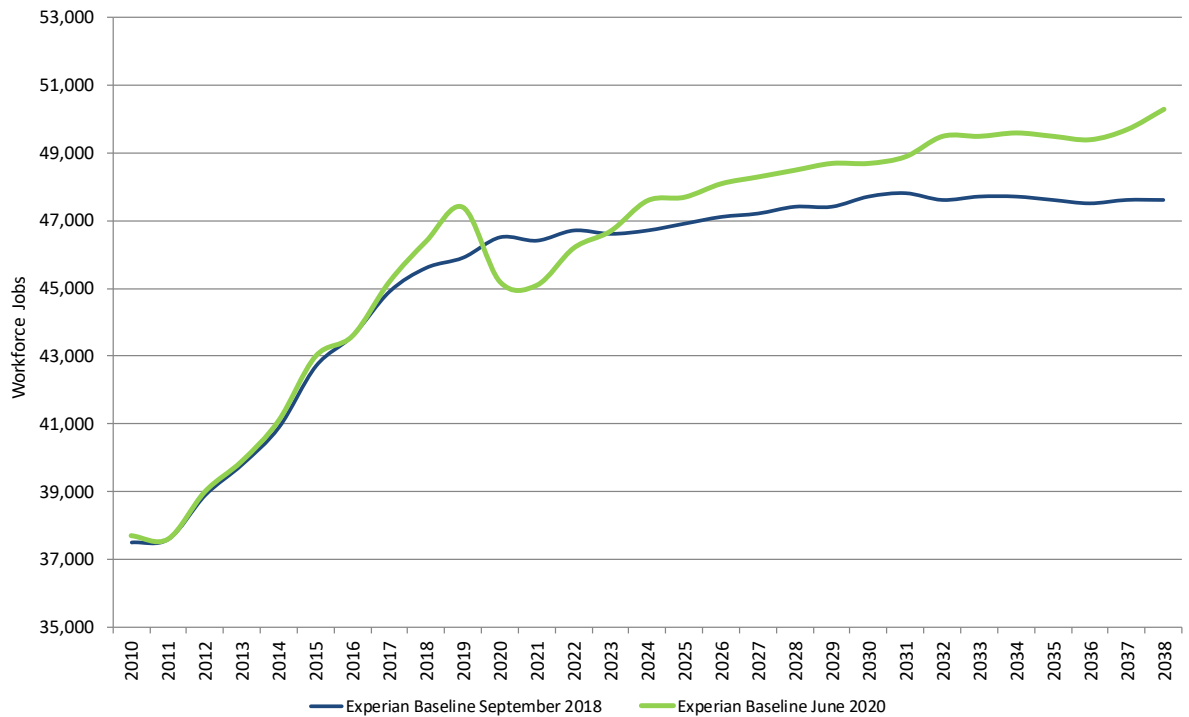
	1997-2018		2010-2018		2018-2038	
	Net Jobs Growth	CAGR	Net Jobs Growth	CAGR	Net Jobs Growth	CAGR
Cannock Chase Experian June 2020 Projections	14,100	1.740%	8,700	2.629%	3,900	0.404%
Cannock Chase Experian September 2020 Projections	13,100	1.626%	8,100	2.475%	2,000	0.215%
West Midlands Experian June 2020 Projections	358,080	0.619%	332,570	1.510%	291,750	0.474%
England & Wales Experian June 2020 Projections	5,888,190	0.991%	3,393,560	1.436%	3,763,860	0.566%

Source: Experian UK Macro Economic Forecasts June 2020 / September 2018

- 5.15 The reasons for this are numerous, but include:
- 1 The 2018 workforce jobs figure was an estimate in the September 2018 Experian Regional Planning Service projection, which used as a base the 2016 Business Register and Employment Survey [BRES]. In contrast, Experian's June 2020 projection saw the inclusion of the 2019 BRES, which provided data up to 2018.
 - 2 Although both versions use the 2016 MYE as a base for that year, the September 2018 model incorporated population growth data from the ONS's 2014-based SNPP, whilst the June 2020 model was able to incorporate the 2016-based SNPP, which had a very different growth trajectory.
 - 3 At a local authority level, the historical end-point (which represents the last period in time for which Experian applies its processes to collect) was 2016, or pre-2016 for Gross Value Added [GVA], GVA by sectors, labour market variables, income and consumer spending. The June 2020 model had access to 2018 Q4 data for most of this data (and 2017 Q4 data for income and consumer spending).
 - 4 The availability of data at the local authority level has been improved with the move to a balanced estimate of GVA. Sub-regional measures of GVA were previously only produced in current prices, at a NUTS2 and NUTS3 level¹⁵. As of June 2020, the balanced estimate of GVA has been incorporated into the RPS which is now provided at a local authority level, in both current and constant prices. The inclusion of new official statistics has led to noticeable historical revisions across the 38 sector forecasts; however, the data now provides a more accurate measure of historical activity in each local authority than was previously provided (in the September 2018 version).
- 5.16 Moving forward, in 2019 the number of workforce jobs hit a high of 47,400 in Cannock Chase District. Following the sharp dip due to the Covid-19 pandemic and (potentially) the new Brexit deal with the EU, the loss of 2,200 workforce jobs is overcome by 2024 after which time growth is reasonably strong to 2033. This results in an overall growth of 3,900 jobs between 2018 and 2038. This equates to a CAGR of 0.40% annually – a significant fall from the 2.63% stretching back to 2010. In comparison, the West Midlands and England & Wales as a whole are projected to experience job growth of 0.474% and 0.566% per annum respectively over the same 20-year time period to 2038.
- 5.17 It is worth noting that the net job growth of 3,900 projected for the District is significantly higher than the 2,000 net job growth previously projected by Experian, which was used to inform the baseline for the previous ELR for Cannock Chase.

¹⁵ [Nomenclature of Territorial Units for Statistics](#) [NUTS] roughly equivalent to Counties for Level 2 or Districts for Level 3

Figure 5.1 Change in Total Workforce Jobs in Cannock Chase District (historic and projected) 2010 to 2038



Source: Experian UK Macro Economic Forecasts June 2020 / September 2018

5.18 Table 5.2 summarises those sectors expected to experience the largest absolute increases or decreases in employment for Cannock Chase District over the Plan period.

Table 5.2 Fastest growing and declining sectors in Cannock Chase District (2018 to 2038)

Sector	Use Class	Job Change (2018 to 2038)
Land Transport, Storage and Post	PURPLE	+1,900
Residential Care & Social Work	RED	+700
Health	RED	+500
Specialised Construction Activities	ORANGE	+400
Accommodation and Food Services	RED	+300
Wholesale	ORANGE	+300
Wood & Paper Manufacture	PURPLE	-200
Non-Metallic Products Manufacture	PURPLE	-200
Metal Products Manufacture	PURPLE	-300

Source: Experian (June 2020) / Lichfields' analysis

Key: PURPLE = Office/industrial sector ORANGE = Part office/industrial sector RED = Non-office/industrial sector

5.19 The analysis shows that with one very notable exception, those sectors forecast by Experian to experience the greatest employment growth to 2038 are not likely to generate a significant requirement for additional office/industrial employment space (particularly Residential Care & Social Work and Health). The exception is Land transport, storage and post, which is one of the few industrial employment sectors forecast to have a substantial increase in employment at +1,900 jobs.

- 5.20 Conversely, many office/industrial employment sectors are forecast by Experian to decrease by 2038, with three manufacturing sub-sectors projected to lose 200 jobs or more over the next 20 years.
- 5.21 Overall, it is expected that over the plan period 2018 to 2038 there is likely to be job growth of around 3,900, with around half (+1,983) relating to non-office/industrial jobs. This is almost double the 2,000 net job growth projected by Experian over the same time period back in September 2018. This is shown in Table 5.3.
- 5.22 Industrial-related employment occupying B2 industrial floorspace is forecast to lose 782 jobs over the period to 2038, although light industrial jobs are projected to increase by 316. The warehouse and distribution sector is forecast to remain very strong with 2,031 net jobs growth, alongside more modest growth of 352 office jobs. There is also projected to be an increase of 1,983 jobs in non-office/industrial sectors. These forecasts suggest that the structure of employment in Cannock Chase District, which is already heavily reliant on logistics and warehousing jobs, will be consolidated moving forward.
- 5.23 The analysis includes an allowance for jobs in other sectors that typically utilise industrial or office space, such as some construction uses, vehicle repair, courier services, road transport and cargo handling and some public administration activities. This is because a certain proportion of these jobs will occupy premises falling within the office/industrial sectors.

Table 5.3 Forecast workforce change in Cannock Chase District 2018-2038

Use class	Cannock Chase District Workforce Jobs		Change
	2018	2038	2018-38
E(g)(i)/(ii) Office / R&D*	4,836	5,189	+352
E(g)(iii) Light Industrial**	5,130	5,446	+316
B2 General Industrial***	5,026	4,244	-782
B8 Warehousing****	9,559	11,590	+2,031
Total Office / Industrial / Distribution Jobs	24,552	26,468	+1,917
Other Jobs	21,848	23,832	+1,983
Jobs in All Sectors	46,400	50,300	+3,900

Source: Experian June 2020 / Lichfields Analysis. Note figures are rounded

* includes a proportion of public sector employment and administration & support services

** includes some manufacturing, vehicle repair and some construction activities

*** includes manufacturing and some construction/utilities

****includes elements of transport & communications sectors

- 5.24 In order to translate the resultant job forecasts into estimates of potential employment space it is necessary to allocate the level of employment change forecast for office, industrial, and wholesale / distribution uses as follows:
- 1 The office floorspace requirement is related to job growth / decline in the financial and business service sectors¹⁶;
 - 2 The industrial floorspace requirement is related to job growth / decline in the manufacturing sectors¹⁷; and,
 - 3 The wholesale / distribution floorspace requirement is related to job growth / decline in the industrial sectors of wholesale and land transport, storage and postal services.¹⁸

¹⁶ i.e. BRES Sectors 58-75, Office administration and support and 10% of Public Administration and Defence

¹⁷ Manufacturing sectors, plus car repair, some construction and waste and remediation activities.

- 5.25 Keeping the same assumptions as the 2019 ELR we have translated the resulting figures into employment land projections using standard employment densities that have been applied to the forecast job change figures (adapted from the latest HCA¹⁹ Guidance on employment densities). These translate FTEs into workforce jobs, and plot ratios by use class.
- 5.26 For the purposes of this EDNA Update it has been assumed that:
- 1 One general office workforce job requires 12.5 sqm of employment floorspace (Gross External Area [GEA]);
 - 2 One light industrial job requires 54 sqm of employment floorspace (GEA);
 - 3 One general industrial workforce job requires 36 sqm of employment floorspace (GEA);
 - 4 A combined industrial factor of one job per 45 sqm was obtained by averaging the aforementioned GEA equivalents; and,
 - 5 One job per 64.5 sqm for general, small scale warehouses (assumed to account for 50% of all requirements) and 1 job per 79 sqm for large scale, lower density warehouses (assumed to account for the remaining 50% of all requirements).
- 5.27 This guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot-desking. This has resulted in a decrease in the amount of floorspace per office worker compared to previous guidance.
- 5.28 It is accepted that the current Covid-19 pandemic has dramatically altered working patterns, with the number of people working from home rising exponentially since the lockdown began in March 2020. UK-wide, 24% of people in employment are currently working exclusively from home instead of their usual place of work²⁰. Cannock Chase District as a whole already had a low share of workers able to adapt or shift to home working to continue generating economic output during the pandemic. At just 7.9%, the share of Cannock Chase District's working residents that work mainly at or from home (based on Census 2011 data) is significantly lower than either the West Midlands average (11.89%) or the UK average (12.95%). Many commentators are suggesting that there will be a permanent shift towards home working and the greater flexibility this affords people, with the need for office space in particular falling significantly.
- 5.29 Whilst in our view it is quite likely that there will be some long-term shift in working patterns as a result of the pandemic, at the time of writing (December 2020) it is still far too soon to say what the scale of that change on home working is likely to be. Until robust data is available next year we therefore propose to retain the aforementioned job densities, particularly as the HCA work already factors in an element of home working / hot desking into the calculations.
- 5.30 An adjustment has also been made to reflect the fact that vacancy rates in Cannock Chase District are currently around 8.2% for office floorspace and around 8.5% for industrial/warehousing floorspace²¹. Both figures are lower than the levels reported in the 2019 ELR (11% for office floorspace and around 13% for industrial/warehousing floorspace).

¹⁸ Wholesaling less car repairs retail car sales, plus post/couriers and land transport

¹⁹ HCA (November 2015): *Employment Densities Guide, 3rd Edition*

²⁰ Source:

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheconomyandsocietyfasterindicators/1october2020>

²¹ On the basis of an assessment of commercial property websites in September 2020 and compared with the Valuation Office Agency records of business floorspace and rateable values.

- 5-31 Commercial and Industrial Property Research published by the Valuation Office Agency [VOA] in 2005 indicates that for 2004/05, estimated vacancy rates for employment land totalled 11% for the West Midlands; 9% for England; and just 5% for Cannock Chase District. Although these vacancy rates are 15 years old now, they still represent the most recent industrial vacancy rates produced by VOA which are consistent for all districts across the country. Indeed, for the 7 years over which data is available, the rate never exceeded 6% and fell as low as 4% 1999/2000-2001/2002.
- 5-32 The data indicates that during a period of sustained economic growth (4 years before the recession), the proportion of available employment floorspace was lower than it is at present in Cannock Chase District. This may or may not have been influenced by the fact that substantial levels of employment land were delivered in the years running up to 2005 (52.2 ha between 1996-2006 as set out in Section 3.0).
- 5-33 Based on this data, it is reasonable to suggest that the lower end of the 8-10% 'ideal' vacancy rate for Cannock Chase District represents a robust benchmark for an appropriate level of available floorspace going forward, which reflects the longer-term equilibrium before the recession (both locally and nationally) and the historically very low rate of vacancy experienced in Cannock Chase District.
- 5-34 As per the previous 2019 ELR, where a reduction in jobs is forecast (e.g. manufacturing), the associated negative floorspace was halved (in line with common methodological practice amongst EDNAs undertaken elsewhere across the country), to reflect the fact that job decline at a particular company does not automatically translate into a comparable loss of floorspace, at least not in the short-medium term, due in part to companies being locked into leasing agreements etc.
- 5-35 The resultant floorspace estimates are provided in Table 5.4. They indicate an overall net gain of office/industrial floorspace in Cannock Chase District of 166,474 sqm between 2018 and 2038. This is almost entirely driven by an increased demand for B8 warehousing, despite a fall in demand for general industrial floorspace.

Table 5.4 Experian workforce job growth net employment floorspace requirements 2018-2038

Use class	Cannock Chase District floorspace (sqm)
E(g)(i)/(ii) Office / R&D	+4,758
E(g)(iii) Light Industrial	+18,413
B2 General Industrial	-14,081
B8 Warehousing	+157,384
Total Office / Industrial / Distribution	+166,474

Source: Experian June 2020 / Lichfields Analysis

Sensitivity Test: Past Trends Job Growth

- 5-36 This sensitivity test to the Experian baseline trends forward past jobs growth experienced in Cannock Chase District over the long term and trends the CAGR over the Plan period from 2018-2038.
- 5-37 As set out above, over the long term, Cannock Chase's economy has experienced strong growth levels over the past 20 years or so, with the understandable blip in the immediate aftermath of the recession in 2009/10-2010/11. Over that period (1997-2018), the number of office-based jobs increased by 1,806; warehouse/distribution jobs by 6,261; and 'other', non B-Class jobs by

6,006. The restructuring of the industrial sector saw a negligible growth of 27 jobs over those 21 years. This equates to an overall growth in workforce jobs by 14,100 over that 21-year period, at a CAGR of 1.74% annually. This is higher than the growth of 13,100 jobs / 1.63% annually recorded in the 2019 ELR for those years due to the inclusion of new, and more reliable, data at a local authority area level by Experian for 2017 and 2018.

- 5.38 Applying the CAGR of 1.74% annually from 2018 equates to a net job growth of 19,115 to 2038. Assuming the same sectoral representation for each industry in 2038 as the Experian baseline, constrained to the aforementioned overall net job growth figures, would result in a very strong office/industrial job growth of 9,923 to 2038 as summarised in Table 5.5.

Table 5.5 Forecast workforce jobs change in Cannock Chase 2018-2038 – Past Trends

Use class	Cannock Chase Workforce Jobs		Change
	2018	2038	2018-38
E(g)(i)/(ii) Office / R&D	4,836	6,758	+1,922
E(g)(iii) Light Industrial	5,130	7,093	+1,963
B2 General Industrial	5,026	5,527	+501
B8 Warehousing	9,559	15,096	+5,537
Total Employment Jobs	24,552	34,475	+9,923
Other Jobs	21,848	31,040	+9,192
Jobs in All Sectors	46,400	65,515	+19,115

Source: Experian June 2020 / Lichfields Analysis

- 5.39 The resultant floorspace estimates are provided in Table 5.6. They indicate a very significant overall net gain in office/industrial floorspace in Cannock Chase of around 589,000 sqm between 2018 and 2038. Overall, the employment floorspace need is driven by a strong past growth in B8 logistics jobs and to a lesser extent, a recovery in the manufacturing sector in the District in recent years.
- 5.40 Whilst the overall net job growth of over 19,000, which is almost 5-times the scale of growth that Experian is now projecting for the District, looks unrealistic, it nevertheless provides some justification to move towards a regeneration, or 'Policy-On' scenario on the grounds that pursuing the unadjusted baseline projection alone risks an unduly pessimistic economic future for Cannock Chase District.

Table 5.6 Past Trends workforce job growth net employment floorspace requirements 2018-2038

Use class	2018-2038 (sqm)
E(g)(i)/(ii) Office / R&D	+25,948
E(g)(iii) Light Industrial	+114,481
B2 General Industrial	+19,494
B8 Warehousing	+429,060
Total	+588,982

Source: Experian June 2020 / Lichfields Analysis

Scenario 2) Regeneration

- 5.41 An alternative job-based estimate of future needs was previously compiled which was termed the Regeneration, or 'Policy-On', scenario. This was based upon a review of key growth drivers in the region. The 2019 ELR undertook discussions with the Council's Economic Development

Officers, informed by a review of the target growth sectors set out in the SEPs prepared by the Stoke on Trent and Staffordshire Local Enterprise Partnership [LEP]; the Greater Birmingham and Solihull LEP and the West Midlands Combined Authority [WMCA]. To recap, the 2019 concluded that there were several core growth sectors that Officers confirmed should be promoted and supported in the years ahead across the various SEP areas, as summarised in Table 5.7.

Table 5.7 SEP Growth Sectors covering Cannock Chase District

Stoke on Trent & Staffordshire LEP	Greater Birmingham & Solihull LEP	West Midlands Combined Authority
<i>Five Advanced Manufacturing Sectors:</i>		<i>Transformational Sectors:</i>
Applied Materials	Advanced Manufacturing	Advanced Manufacturing
Agri-tech		Logistics and transport technologies
Aero-Auto		Construction (building technologies)
Medical Technology	Life Sciences	Lifesciences and social care
Energy	Energy	Low carbon and environmental technologies
<i>Cross-cutting sector:</i>		Business, professional and financial sectors
Digital	Disruptive and Emerging Technologies	Digital and creative
<i>Other Sector Strengths:</i>		<i>Enabling Sectors:</i>
Business and Professional Services	Financial and Professional Services	Public sector including education
Tourism and Leisure	Cultural and Creative Economy	Cultural economy including sport
Construction		Retail

Source: SSLEP SEP (April 2018) / GBSLEP SEP 2016-30 / WMCA SEP / Lichfields analysis – sectors in red cut across all 3 SEPs

5.42 As before, Cannock Chase shows growth in certain sectors which one or more of the SEPs have highlighted as being target sectors within which the region has an opportunity to develop a competitive advantage in. For instance, there is forecast to be a very substantial increase in land transport, storage and post in the latest set of Experian projections alongside specialised construction industries.

5.43 The WMCA produced a Technical Appendix on Growth Sectors that underpins its SEP. This examined 7 transformational sectors and concludes that over the period to 2030, job growth will proceed at the following rates:

- Advanced Manufacturing and Engineering: 10.9%
- Business, Professional and Financial Services: 47.6%
- Construction (Building Technologies): 40.0%
- Digital and Creative: 40.2%
- Life Sciences and Healthcare: 30.1%
- Logistics and Transport Technologies: 16.5%
- Low Carbon and Environmental Technologies: 3.4%

5.44 The 2019 ELR assessed the detailed classifications used in the Experian workforce projections to test whether there were any concrete policy justifications for modifying any of the categories in the light of these growth sectors targets. The Council's Economic Development Officer's

knowledge of current opportunities/threats in the District over the coming years were also factored into the analysis.

5.45

As there is considerable overlap with some of the sectors and the standard industrial classifications used by Experian, it was assumed that the 9 broad categories would broadly align as set out in Table 5.8. This exercise has been revisited in the light of the latest data as follows:

Table 5.8 Comparison between WMCA, GBSLEP and SSLEP Target Growth Sectors and SIC2 sectors

SSLEP/GBSLEP/WMCA SEP Target Growth Sectors	Approximate Comparable Standard Industrial Classifications (Baseline June 2020 Experian Cannock Chase District growth rates for 2018-38 in brackets)
Advanced Manufacturing / Engineering	Key Growth sector across all 3 SEPs.
	Manufacture of Computer & Electronics Products (-25%)/ Machinery & Equipment (0%)/ Other Manufacturing (-20%): Ultra Electronics created an R&D team in Cambridge because Cannock lacks the infrastructure and University linkages that others can offer. Ultra Electronics still manufactures in Rugeley. 10.9% WMCA region-wide growth still considered reasonable, albeit applied to a small base.
	Manufacture of Transport Equipment (0%): Key Growth Sector across the region. However, one major supplier (Gestamp) is due to relocate outside of the District, with the relocation of around 1,000 jobs to its new Wolverhampton plant (although part of the site could potentially be redeveloped for 0.64 ha B1c/B8), plus uncertainty over JLR. 2018 figure (400 jobs) held constant to 2038, with no net growth projected (For example, Gestamp reports that auto market volumes will not recover 2019 levels until 2024, according to its latest IHS forecasts ²²).
Life Sciences	Manufacture of Pharmaceutical Products (0%): Very limited pharmaceutical presence in Cannock Chase – no growth projected.
Energy / Low carbon and environmental technologies	Utilities (0%): WMCA SEP forecast is underpinned by 3.4% growth in this sector; Cannock Chase currently has a comparatively weak representation in this sector following the closure of Rugeley Power Station; however, clean growth is a key aspiration of the Council, which has a strong drive towards increased provision of renewable energy. Officers consider that this green agenda will create opportunities for the District and the Council is keen to ensure that the District plays its role in a wider West Midlands response to the 'Green Industrial Revolution'. The Council's Economic Prosperity Strategy (January 2020) is firmly focused on developing 'clean growth' sector and the Council wants to ensure that clean and green growth is part of the economic recovery in 2021. As such, the national growth rate of 11.1% is projected between 2018 and 2038.
Construction	Construction of Buildings (+9.1%) / Civil Engineering (+16.7%) / Specialised Construction Activities (+9.8%): WMCA SEP underpinned by 40% growth. Former Rugeley Power station site and HS2 development will provide some construction employment as will housing growth uplift – considered more than likely 20% rather than 40%. Discussions with Officers indicate that 40% seemed high, notwithstanding significant construction projects are in the pipeline including HS2, as will a housing growth uplift. For example, the Former Rugeley Power Station site is a significant example of a major construction project likely to come forward over the course of the Plan period. The redevelopment of the 139 ha site for a sustainable mixed-use neighbourhood including residential, community facilities, employment hubs and parks, aims to be one of the lowest carbon mixed use developments of its size in the UK. This has clear potential to generate

²² <https://www.gestamp.com/Media/Press/Press-Releases/2020/Gestamp-endured-the-toughest-semester-in-its-history-due-to-COVID-19>

SSLEP/GBSLEP/WMCA SEP Target Growth Sectors	Approximate Comparable Standard Industrial Classifications (Baseline June 2020 Experian Cannock Chase District growth rates for 2018-38 in brackets)
	substantial numbers of jobs during both construction and operation, directly and indirectly. The 20% uplift was considered to be more realistic, which is half the projected WMCA SEP growth of 40%, but closer to the national rate for certain construction sectors (notably the 17% growth projected 2018-38 in Cannock Chase in any case for Civil Engineering). It is also around double the level of baseline growth for the Construction of Buildings and Specialised Construction Activities sub-sectors in Cannock Chase District.
Logistics and transport technologies	<p>Wholesale (+5.6%) / Land Transport, Storage & Post (+33.9%):</p> <p>WMCA SEP underpinned by 16.5% job growth in logistics and transport technologies. This appears reasonable given the excellent strategic position of Cannock Chase District regarding the Motorway network. In particular, there are two major proposals that may come forward just beyond the District boundary, which should nevertheless further improve Cannock Chase's desirability as a logistics' destination further down the supply chain (although Officers consider that the main implications are likely to be on the demand on labour supply from the Council rather than generating demand for warehousing space in Cannock Chase):</p> <ul style="list-style-type: none"> • A planning application has been submitted and approved for the development of the West Midlands Interchange (Strategic Rail Freight Interchange), which lies within South Staffordshire District at Four Ashes Industrial Estate and is in close proximity to Cannock District. It will provide up to 743,200 sq. m of new rail-served and rail-linked warehousing. The developer is Kilbride with funding from the Grosvenor Group. Although this huge project is in South Staffordshire and has yet to be implemented, given that it is located close to the district boundary with Cannock Chase it could have significant implications on the regional and local employment land position over the medium to longer term. • The M6/M54/M6 Toll link road which is due to be completed in 2024 and will support local economic growth for Cannock (and other nearby towns) by improving traffic flow and enhancing east-west and north-south routes. <p>For these reasons it was considered that the District growth rates of 5.6% for wholesale / 33.9% for land transport, storage and distribution respectively could be achieved to 2038. These are higher than both the regional and national growth rates.</p>
Retail	<p>Retail (-1.9%):</p> <p>Significant development with Mill Green McArthur Glenn Designer Outlet due to open in early 2021; and a second phase highly likely to come forward soon. The Planning Statement suggests an overall growth of around 1,000 jobs overall.</p> <p>Given the current difficulties surrounding the retail sector following the pandemic, It was considered that this sector should therefore incorporate Cannock Chase's baseline growth (-1.9% to 2036), plus 1,000 retail jobs additional from the Outlet development as per the official website.</p>
Tourism and Leisure / Cultural and Creative Economy	<p>Recreation (14.3%):</p> <p>WMCA SEP targets growth of 44.2%. District has ambition to tap potential of tourism related activities- linked to accommodation and food services. Cannock Chase will appear on the map as a leisure destination due to mountain biking at the Commonwealth Games. However, the WMCA growth rate is considered too high. The E&W benchmark growth of 12.2% to 2038 is considered to be more realistic.</p>
Digital & Creative Industries	<p>Media Activities (0%); Telecoms (0%); Computing & Information Services (22.2%):</p> <p>The WMCA SEP targets growth of 40.2%. The Council's EDO considered this was far too high for Cannock Chase as there are much lower Experian baseline growth rates for Cannock Chase District. 0%, 0% and 22.2% respectively to 2038 have been retained.</p>
Business and Professional Services / Financial Services	<p>Finance (0%); Insurance & Pensions (0%); Real Estate (+25%); Professional Services (+4.8%); Other Private Services (0%):</p> <p>The WMCA SEP targets growth of 47.6%. The Council's EDO considered this was far too high for Cannock Chase, particularly as there has been a considerable amount of office floorspace</p>

SSLEP/GBSLEP/WMCA SEP Target Growth Sectors	Approximate Comparable Standard Industrial Classifications (Baseline June 2020 Experian Cannock Chase District growth rates for 2018-38 in brackets)
	lost in recent years through Permitted Development Rights. Retained much lower Experian baseline growth rates for Cannock Chase District with the exception of Other Private Services . Experian does not project any growth in this sector for Cannock Chase, which appears to be pessimistic given the growth in other sectors that would see a boost in the induced/indirect employment in this sector, which is currently under-represented. 7.0% E&W growth rate applied to Other Private Services to 2038.

Source: Lichfields Analysis / CCDC EDO /WMCA SEP

- 5.46 The adjustments to the Experian forecasts outlined above result in an **overall increase of 6,084 jobs to 2038** (2,184 higher than the baseline) and an increase in office/industrial jobs of 2,712 (796 higher than the baseline to 2038). Table 5.9 summarises the forecast job growth in the Regeneration Scenario.

Table 5.9 Regeneration workforce job change in Cannock Chase 2018-38

Use class	Cannock Chase Workforce Jobs		Change
	2018	2038	2018-38
E(g)(i)/(ii) Office / R&D	4,836	5,193	+357
E(g)(iii) Light Industrial	5,130	6,033	+903
B2 General Industrial	5,026	4,448	-578
B8 Warehousing	9,559	11,590	+2,031
Total Employment Jobs	24,552	27,264	+2,712
Other Jobs	21,848	25,220	+3,371
Jobs in All Sectors	46,400	52,484	+6,084

Source: Experian / Lichfields' Analysis

- 5.47 These employment forecasts were then converted to floorspace requirements in the same manner as the Experian baseline forecast. The resulting forecasts are more optimistic in terms of warehousing job growth and particularly light industrial growth. These are set out in Table 5.10.

Table 5.10 Regeneration jobs based (net) employment space requirements in Cannock Chase 2018-2038

Use class	2018-2038 (sqm)
E(g)(i)/(ii) Office / R&D	+4,819
E(g)(iii) Light Industrial	+52,655
B2 General Industrial	-10,410
B8 Warehousing	+157,384
Total	+204,447

Source: Lichfields' Analysis

B. Future Labour Supply

- 5.48 It is also important to take into account how many jobs (and hence how much employment space), would be necessary to broadly equate to the future objectively assessed need for housing across Cannock Chase District. In contrast to the other approaches, this approach focuses on the future supply of labour rather than the demand for labour. This scenario indicates the

amount of new jobs needed to match the future working-age population, and how much employment space would be needed to accommodate these jobs.

5.49 The Council asked Lichfields to model the following labour supply scenarios, based on uplifts to the current standard methodology figure (incorporating the 2014-based SNPP):

- 1 Current Standard Methodology [SM] figure (276 dpa, or 5,520 dwellings over 20 years);
- 2 Current SM figure, plus 500 dwellings for unmet Black Country needs (301 dpa, or 6,020 dwellings over 20 years);
- 3 Current SM figure, plus 1,500 dwellings for unmet Black Country needs (351 dpa, or 7,020 dwellings over 20 years); and,
- 4 Current SM figure, plus 2,500 dwellings for unmet Black Country needs (401 dpa, or 8,020 dwellings over 20 years).

5.50 This analysis takes account of:

- 1 **Population change** over the Local Plan period 2018-38, drawing on the 2014-based SNPP and equivalent Sub National Household Projections [SNHP]. This has been applied to provide consistency with the basis for the standard methodology for the calculation of local housing need as set out in the PPG²³.
- 2 **Economic activity rates for 2018** and anticipated future changes in **economic activity rates** for males and females over the age of 16. These were re-based to 2019 using the ONS's Annual Population Survey, and 2018/19 Mid-Year Population estimates [MYE], then projected forward using the projection rates published by the OBR in January 2017.
- 3 An **unemployment rate** of 3.63% for 2018, taken from the ONS Annual Population Survey [APS] Model-based Unemployment rate for that year, with an assumption that by 2038 there will have been a modest re-adjustment to the longer-term trend that is slightly above this historically low 2018 rate (with an average of 4.00% taken forward to 2038). Whilst it is highly likely that the unemployment rate will increase substantially over the next few years due to the economic crisis precipitated by the pandemic and ongoing Brexit uncertainty, clearly, we are planning for the long term, which takes into account a number of economic cycles.
- 4 **Labour Force Ratio**. This was calculated based on the APS (the number of economically active), unemployment rates and the latest Experian job projections for 2018 (46,400 jobs based in the District). The Labour Force [LF] Ratio used equated to 1.0536, i.e. there were more residents in employment living Cannock Chase District than there are jobs based in the District, resulting in net outward commuting patterns. This aligns with the 2011 Census Travel to Work data analysed in the 2019 EDNA which found that 24,097 local residents lived and worked in Cannock Chase out of a total of 38,976 people who work in the District. This equates to 61.8% of the residents. 23,502 of Cannock Chase's residents commute out of the District on a daily basis, compared to 14,879 commuting into the District – this results in a net outflow of 8,623 residents daily. The LF ratio was then held constant over the plan period to 2038 as this is broadly in line with the rates seen for Cannock Chase District since the recovery from the last recession.

5.51 The 2014-SNPP indicates an additional 4,834 persons living in Cannock Chase District between 2018 and 2038 (+4.9%), of which 5,702 will be over the age of 16, with a decrease of 868 children aged 15 and under. Applying the adjusted OBR economic activity rates for Cannock Chase District and factoring in an unemployment rate of 3.63% results in a projected labour

²³ Reference ID: 2a-005-20190220

force increase of 1,149 (+2.4%). As can be seen in Table 5.11, applying the LF ratio of 1.054 equates to a net job growth of 908 over the 20-year plan period.

Table 5.11 Projected population and labour force change associated with 2014-based SNPP, 2018-38

	2018	2038	Difference
Total population	99,635	104,468	+4,834
Over 16 population	81,677	87,379	+5,702
Economically active population	50,130	51,322	+1,192
Labour supply (less unemployed)	48,313	49,269	+956
Jobs (with a LF ratio of 1.0536)	45,856	46,763	+908

Source: Lichfields analysis, based on 2014 SNPP and OBR economic activity projections

- 5.52 The District's Local Housing Need [LHN] based on the Standard Methodology figure incorporates an affordability uplift from the 2014-based SNHP equivalent of 16.94% (as of December 2020). This increases the LHN for Cannock Chase 276 dwellings per annum [dpa] from 236 households per annum over the period 2020-2030. The implication of this will be that the delivery of 276 dpa in accordance with the LHN would support a greater level of population growth than would otherwise be associated with the 2014-based SNHP figure of 236 hpa. Furthermore, we are planning for a Plan period of 20 years, from 2018-38, which is greater than the 10-year plan period used to calculate the standard method. Over this period, the 2014-based SNHP projects that Cannock Chase District's households will grow by 4,160, or 208 hpa. A modest adjustment has also been made to the baseline to factor in a suitable allowance for empty/second homes of 2.87% for 2018²⁴. This translates the 208 hpa to 214 dpa.
- 5.53 In order to test the implications of the LHN figure, the SNPP population change for Cannock Chase District has been uplifted in accordance with the extent to which the dwelling growth diverges from the 2014-based SNHP baseline (hence the current LHN of 5,520 would result in 49,049 dwellings in 2038 in Cannock Chase District, 2.59% higher than the 2014-based SNHP would suggest. This rate of increase is then applied to the population growth differential between the two projections for 2038. We have applied this level of increase equally to each age/gender cohort and have assumed that the increase will apply evenly across the Plan period, with all other inputs held constant.
- 5.54 This assumption is applied on the basis that the additional houses will support an increased local population. Whilst some of the houses may be occupied by existing residents that are presently in concealed houses (and therefore within the local labour force already), the SM uplift is also intended to improve affordability so as to prevent working age people from having to move away from Cannock Chase (to more affordable areas). Furthermore, the other housing scenarios apply an uplift to address unmet housing need originating from adjoining Black Country authorities, which would presumably result in high levels of net inward migration into Cannock Chase. Therefore, these are considered to be reasonable assumptions given that the standard methodology applies the uplift in order to arrive at an annualised housing need figure.

Table 5.12 Demographic population modelling scenario outputs for 2018 to 2038 (net changes)

Demographic scenario	2018 Dwellings*	2038 Dwellings	Net Dwelling Growth 2018-2038	% Above 2014-based SNHP 2038 position	2018 Jobs	2038 Jobs	Jobs needed to meet projected population growth
Current 2014-based SNHP	43,529	47,812	4,283	n/a	45,856	46,763	+908
Current SM with 17% AR uplift (276 dpa)	43,529	49,049	5,520	2.59%	45,856	47,973	+2,118
SM + 500 dwelling unmet need	43,529	49,549	6,020	3.63%	45,856	48,462	+2,607

²⁴ Source: MHCLG (2018): Calculation of Council Tax Base October 2018

Demographic scenario	2018 Dwellings*	2038 Dwellings	Net Dwelling Growth 2018-2038	% Above 2014-based SNHP 2038 position	2018 Jobs	2038 Jobs	Jobs needed to meet projected population growth
SM + 1,500 dwelling unmet need	43,529	50,549	7,020	5.72%	45,856	49,441	+3,585
SM + 2,500 dwelling unmet need	43,529	51,549	8,020	7.82%	45,856	50,419	+4,563

Source: MHCLG LT Table 125 / Lichfields analysis, based on 2014 SNPP and OBR economic activity projections

*rebased to actual dwellings for 2018 as recorded in MHCLG LT Table 125 for Cannock Chase District

- 5.55 As can be seen from Table 5.12, this results in a net increase of 2,118 jobs under the Standard Methodology (including the AR uplift); rising to +2,607 with the additional 500 dwellings to meet unmet needs; +3,585 jobs with 1,500 extra dwellings and +4,563 jobs for 2,500 extra dwellings.
- 5.56 To calculate the employment land implications of these projections, the same assumptions concerning vacancy rates and employment densities as per the Experian baseline econometric demand-side forecasting work were applied to these enhanced job projections. The same distribution of employment by office/industrial and other uses as the Experian baseline scenario was also used.
- 5.57 The resultant projections and their job growth forecasts are presented in Table 5.13. This indicates that the net job growth for Cannock Chase District could range from a low of 118,217 sqm to a high of 184,429 sqm depending on the level of housing growth pursued by the Council.

Table 5.13 Cannock Chase District net employment floorspace required from labour supply growth scenarios 2018-2038 (sqm)

Demographic scenario	E(g)(i)/(ii) Office / R&D	E(g)(iii) Light Industrial	B2 General Industrial	B8 Warehousing	Total
Scenario 3) Current SM with 17% AR uplift (276 dpa)	2,277	7,162	-16,787	125,565	118,217
Scenario 4) SM + 500 dwelling unmet need	2,958	10,249	-16,044	134,296	131,459
Scenario 5) SM + 1,500 dwelling unmet need	4,320	16,424	-14,559	151,759	157,944
Scenario 6) SM + 2,500 dwelling unmet need	5,682	22,599	-13,074	169,222	184,429

Source: Lichfields analysis

Estimating the Land Requirement

- 5.58 The next step involves translating floorspace into land requirements for office, industrial and warehousing uses. Land requirements have been calculated by applying appropriate plot ratio assumptions to the floorspace estimates. As with the previous 2019 ELR, it has been assumed that a gross area of 1 ha is required to develop 4,000 sqm of industrial or warehousing / distribution space (equal to a plot ratio of 40%).
- 5.59 The resulting net land requirements for the labour demand and labour supply scenarios are set out in Table 5.14.

Table 5.14 Cannock Chase District net land requirements by labour demand and supply led scenarios (ha) 2018-38

Scenario	E(g)(i)/(ii) Office / R&D	E(g)(iii) Light Industrial	B2 General Industrial	B8 Warehousing	Total
1) Experian Baseline	1.19	4.60	-3.52	39.35	41.62
2) Regeneration	1.20	13.16	-2.60	39.35	51.11
3) Current SM with 17% AR uplift (276 dpa)	0.57	1.79	-4.20	31.39	29.55
4) SM + 500 dwelling unmet need	0.74	2.56	-4.01	33.57	32.86
5) SM + 1,500 dwelling unmet need	1.08	4.11	-3.64	37.94	39.49
6) SM + 2,500 dwelling unmet need	1.42		3.27	42.31	46.11

Scenario	E(g)(i)/(ii) Office / R&D	E(g)(iii) Light Industrial	B2 General Industrial	B8 Warehousing	Total
		5.65			

Source: Lichfields' Analysis

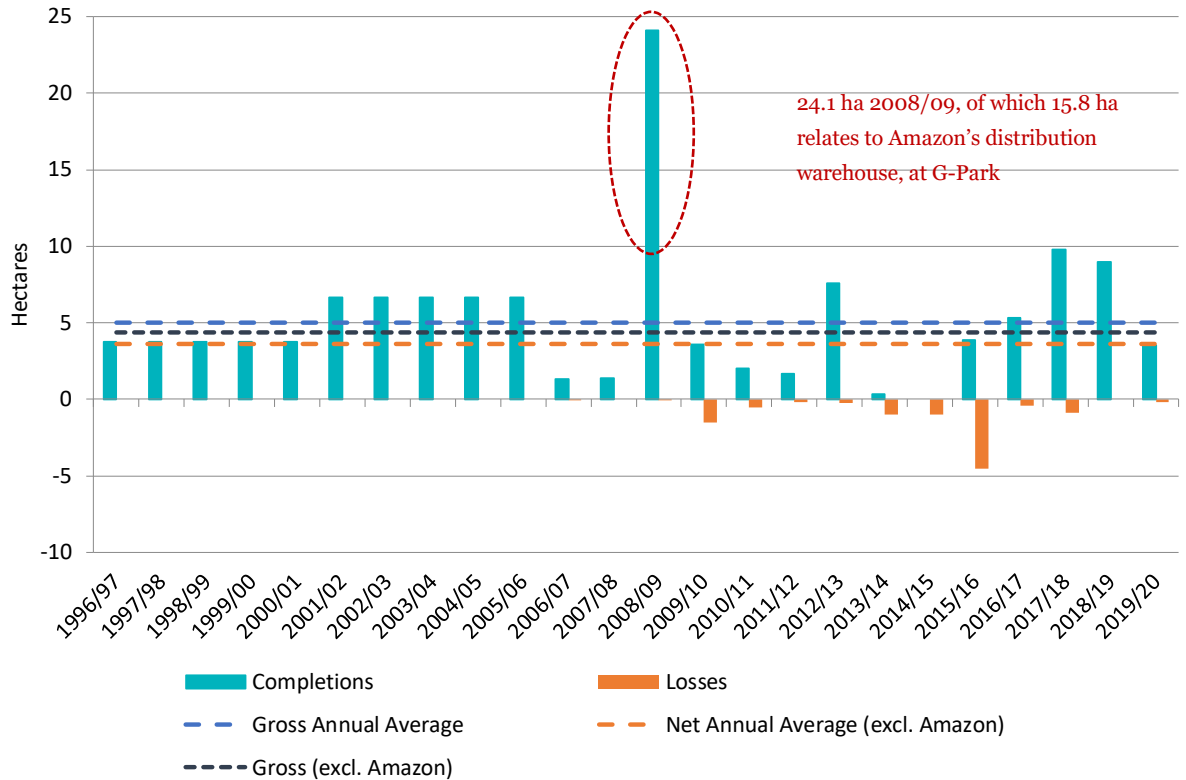
C. Past Take Up Rates

- 5.60 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not necessarily reflect past trends and some adjustments may be needed.
- 5.61 Monitoring data on past completions by (former) B-Class uses between 1996/97 and 2019/20 was provided by the Council and illustrated in Figure 5.2 below. As summarised in the previous ELR, between 1996/97 to 2000/01, a total of 18.84 ha was delivered, rising to 33.36 ha over the subsequent 5-year period to 2005/06. No annual breakdown was provided. For the 14-year period 2006/07-2019/20, a total of 73.45 ha of employment land was delivered, although subsequent analysis of the Annual Monitoring Report [AMR] data suggests that 5.14 ha relates to Sui Generis uses that are not strictly B-Class.
- 5.62 Excluding the 5.14 ha from the figures results in a total of 120.61 ha of employment land having been delivered over the past 24 years, at an annual average of 5.025 ha. This is slightly higher than the 4.915 ha reported for 22 years in the previous ELR due to 8.97 ha of employment land being delivered in 2018/19, and a further 3.5 ha in 2019/20. Since 2006/07, a total of 11.293 ha of B1a office land has been delivered, alongside 8.754 ha of B1c/B2 industrial land and 48.361 ha of B8 warehousing land.
- 5.63 However, it is clearly apparent from Figure 5.2 that there was a spike in delivery in 2008/09 of 24 ha, which is 14 ha higher than any other year in the monitoring period. Within the 24.1 ha, 15.8 ha relates to a single development – the vast Amazon strategic distribution warehouse at G-Park Business Park, Rugeley.
- 5.64 As before, there is a clear argument to suggest that the Amazon distribution depot is an anomaly to the figures. Furthermore, the recent DCO approval of the West Midlands Strategic Rail Freight Interchange in nearby South Staffordshire could have significant implications for big box logistics in Cannock Chase over the short to medium term. This may improve Cannock Chase's desirability as a provider of smaller industrial/warehousing sites further down the supply chain (with positive labour supply opportunities). However, given the size of the SRFI it may also dampen demand for big box logistics in Cannock Chase District and make vast developments such as the Amazon distribution depot seem even more of a one off for the foreseeable future. Further work may be required by the Councils involved to understand the likely impact the SFRI will have on the wider sub-region.
- 5.65 As with the previous ELR, if this development is excluded from the take up data, the overall figure reduces by 15.8 ha down to 104.81 ha – a long term annual average of **4.367 ha**. This is slightly higher than the medium-term average (2006/07-2017/18) of **3.758 ha**, although this of course includes the recessionary period and has the 15.8 ha Amazon site removed.
- 5.66 Data is also available on employment land that has been lost to alternative uses from 2006/07 onwards. As has been summarised earlier in this report, the bulk of this related to small office-to-residential permitted development rights conversions, and fewer, but larger scale, redevelopments of older industrial sites in the District. In total, 10.589 ha of employment land has been lost to alternative uses over the past 14 years, of which c. 27% has formerly been B1a office; 71% light / general industrial land and the remainder (2%) B8 warehousing/storage land.

This equates to around **0.756 ha** of land lost annually over the years, which is slightly lower on average than the 0.87 ha previously reported, as only 0.173 ha has been lost over the past 2 years.

5.67 Deducting this from the long-term annual average gross figure of 4.367 ha, this equates to **3.611 ha net** take up annually as shown in Figure 5.2.

Figure 5.2 Take-Up of (former) B-Class employment land in Cannock Chase District, 1996/97 – 2019/20



Source: CCDC / Lichfields Analysis

5.68 Table 5.15 presents the net annual take-up for the District by B-use class and projects this rate forward over the 20-year plan period. The data suggests that if past trends were to be replicated in future, this could justify the provision of around 60-72 ha (net) in Cannock Chase District to 2038. This is higher than the 50-67 ha net requirement identified in the previous ELR to 2038.

Table 5.15 Net Employment Space Requirements Based on Past Completions Trends, 2018-2038

		Annual Net Land Change (ha)	Total Net Land Requirements (2018-2038) (ha)
Medium Term (2006/07-2019/20)	Offices	0.604	12.09
	Light / General Industrial	0.086	1.73
	Distribution	2.310	46.21
	Total	3.001	60.03
Long Term (1996/97-2019/20)	Offices	0.735	14.71
	Light / General Industrial	0.188	3.76
	Distribution	2.688	53.75
	Total	3.611	72.21

Source: CCDC / Lichfields Analysis

5.69 This approach assumes that past trends of development would continue unchanged, which may not fully reflect changes in the economy as it returns to growth. On the other hand, future development rates for industrial space may be lower than has been achieved historically as the

sector rationalises and/or makes more efficient use of space. Clearly the recession and prolonged economic downturn have had a significant effect on the development of (former) B-Class space in Cannock Chase District in recent years and may well continue to do so until the economy recovers fully from the current pandemic, which may be some years hence.

5.70 There has also been a total of 22 instances of office conversions to residential uses, many under the Permitted Development Rights, in the past 9 years since 2011/12, with a total of 1.87 ha (c.18,700 sqm) lost over that time period. Many of the most attractive residential conversion sites are likely to have been progressed, and the lack of any such conversions since the previous ELR was undertaken suggests that this may well be the case.

5.71 Furthermore, the Experian modelling work demonstrates significant prospects for growth for the industrial / office employment sectors (particularly for B8 logistics).

5.72 In addition, all of the following must be considered when weighing up whether past take up rates are likely to increase in the future:

- 1 The long-term impacts of the economic downturn and uncertainty surrounding Brexit and the Covid-19 pandemic.
- 2 The move towards a more Business Services-orientated economy with significantly higher employment densities.
- 3 The continued restructuring of the traditional manufacturing economy with the potential for 'recycling' of older sites.
- 4 The new 'E' Use Class, which now incorporates the former B1 use class alongside A1 Shops, A2 Financial and Professional Services; A3 Food and Drink; D1 Non-Residential Institutions and D2 Assembly and Leisure. This will make it considerably easier to switch uses from B1 office, say, to retail without the need for planning permission (although the reverse is also true).
- 5 The significant reduction in public sector spending available to deliver difficult brownfield sites.
- 6 The need to consider alternative uses for existing Employment sites (i.e. for waste and recycling).

5.73 At the time of writing, there were a number of available sites with extant planning permission for (former) B-Class employment, including²⁵:

- **Ridings Park (plots 8-10), Eastern Way, Hawks Green, Cannock:** Outline planning permission for the business park was granted in March 1998 (CH/96/0566). Net developable area adjusted from 0.97 to **0.69 ha**, to exclude landscaping and existing car parking on site. Currently being marketed for design and build opportunities (Andrew Dixons). Current application CH/18/020 is full planning application for the erection of 2 industrial units, approved 14th May 2018.
- **Plot D, Blakeney Way, Cannock:** CH/19/274 is full planning permission for the erection of an industrial unit with ancillary offices, granted September 2019. This totals **1.49 ha**.
- **Land adjacent to, Unit 2, West Cannock Way, Cannock Chase Enterprise Centre, Hednesford:** CH/15/0162 is full planning permission for the erection of vehicle repair garage to accommodate mot testing, spray area, workshop and office on 0.07 hectares of land, granted August 2015.

²⁵ CCDC (2020): Employment Land Availability Assessment 2020

- **110 Walsall Road, Cannock:** CH/19/270 is full planning permission for the demolition of existing car sales office, construction of a new commercial unit (for use falling within A1, A2 & B1) for **0.05 ha**, with associated parking - granted December 2019.
- **Albion Works, Gestamp, Tallent, Wolverhampton Road:** CH/20/058 is full planning permission for a two phase development including the demolition of five existing buildings and the partial demolition of one building, removal of protected trees, formation of hardstanding for the storage and display of cars, landscaping, external alterations to retained buildings and change of use of site to car dealership including repair and maintenance and associated works; still to be determined. **0.69 ha** of land.
- **Former Rumer Hill Industrial Estate, Cannock:** CH/19/280 is full planning permission for the installation of a railhead and expansion of the depot site onto the adjoining former Rumer Hill Industrial Estate, granted July 2019. **4.92 ha** of B8 land.
- **Towers Business Park Phase II, Wheelhouse Lane, Rugeley:** Site remaining from Towers Business Park development. Currently being marketed for employment development. CH/17/255 is full planning permission for the Erection of a transport workshop on **1.4 ha** of land, granted October 2017.
- **Towers Business Park Phase II, Wheelhouse Lane, Rugeley:** Site remaining from Towers Business Park development. Site still being considered for employment redevelopment by landowner. Old CCDC Site Ref ELA036. CH/19/123 is outline planning permission for the erection of a storage facility, granted May 2019. Site reduction to **0.53 ha** in consideration of development RE4(a).
- **Land off Norton Hall Lane, Butts Lane, Norton Canes:** Full Planning Permission for mixed use development (residential and employment) granted May 2015 (CH/10/0294). Site owners are also promoting land for potential residential use. Site is subject to marketing exercise as part of planning consent- SHLAA ref N13(a). **2.2 ha** of land.
- **Granurite Ltd and Rugeley Tyre Service, Bostons Industrial Estate, Power Station Road, Rugeley:** CH/17/080 is full planning permission for the demolition of 2no. Existing employment buildings and the erection of 20no. Light industrial units, granted December 2017. **0.7 ha** of B1c land.
- **Land at the Academy Early Years Childcare (Former Talbot Public House), Main Road, Brereton:** CH/18/261 is full planning permission for the demolition of an existing public house and the erection of a replacement office building with mixed D1/B1 use, granted November 2018. Circa 500 sqm of office floorspace, equal to **0.14 ha**.
- **Norton House, Norton Canes Business Park, Norton Green Lane, Norton Canes:** CH/18/027 is full planning permission for part demolition of existing building and erection of one pair of industrial/warehouse units for B1 and B8 use on **0.18 ha** of land, granted March 2018.
- **Land at Lakeside Boulevard, Cannock:** CH/17/430 is full planning permission for the erection of motorhome showroom and workshop with associated car parking and landscaping on **0.72 ha** of land, granted March 2018. Site is currently **under construction**.
- **Former Hawkins Works, Watling Street, Bridgtown, Cannock:** CH/16/156 is full planning permission for the erection of a **0.8 ha** industrial unit for B1/B2/B8 use, granted September 2016. Discharge of conditions application approved October 2017. Currently **under construction**.

5.74

To summarise, as of April 2020, there was a total of 1.52 ha under construction, 2.73 hectares with outline planning permission, and 10.34 ha with full planning permission—14.59 ha

available for Employment Use in total (with a further 8.58 ha identified as being suitable but with no planning permission at present, giving a total available of 23.17 hectares). However, this does not include the former Rugeley Power Station site, which comprises 139 hectares of predominately brownfield land (cross-boundary with Lichfield District) that is currently proposed for mixed use redevelopment following closure of the power station, which could provide a further employment land element (understood to be in the order of 5 ha, split with Lichfields District).

- 5.75 **On balance, for Cannock Chase, it is suggested that the (lower) medium-term 3.001 ha net annual past take up rate represents the more robust figure going forward over the remainder of the plan period, particularly given that less accurate and detailed B-Class records are available from the Council before 2006/07.** This should be regularly monitored by Council Officers and amended as necessary. Nevertheless, for comparative purposes, the higher long-term figure has also been modelled as one of the scenarios.

Safety Margin

- 5.76 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to allow some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. This margin is a contingency factor, providing a modest additional land buffer so that supply is not too tightly matched to estimated demand, and so that shortages of land do not arise if future demand turns out to be greater than the forecasts. Such flexibility is sensible given the uncertainties in the forecasting process and the scope for delays in developing employment space.²⁶
- 5.77 The former South-East England Planning Partnership Board [SEEPB] guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For Cannock Chase District, the net margin set out above (based on medium-term trends excluding Amazon) of **6.003 ha** was used. This equates to two-years of average net take-up and is considered to be an appropriate level relative to the estimated scale of the original requirement.

Table 5.16 Cannock Chase District Safety Margin Allowances

Uses	Net Average Annual Take-up (ha)	2-year Safety Margin Added 2018-2038
Offices	0.604	1.209
Industrial & Warehousing	2.396	4.794
Total	3.001	6.003

Source: Lichfields Analysis

Planning Requirements

- 5.78 While the net employment space requirements presented above represent the minimum recommended quantum of employment space to plan for in Cannock Chase District over the plan period, the Council will need to take a view on the extent to which additional space should be planned for over and above the net requirements, in order to allow for replacement of ongoing losses of employment space during the Local Plan period.

²⁶ This safety margin is separate from the consideration of vacancy rate.

- 5.79 In a location such as Cannock Chase that is characterised by a constrained land supply, and development pressure from other higher value uses, there is a need to ensure a reasonable allowance that provides for some flexibility but avoids over-provision of land.
- 5.80 Cannock Chase District Council may wish to make an allowance for the replacement of future losses of employment space that may be developed for other (non-office/industrial) uses over the plan period. Where such an allowance is factored in to future employment space needs, it seeks to ensure that sufficient space is re-provided to account for employment space that could be lost moving forwards. It is intended, therefore, to provide some protection against the erosion of employment space over the plan period. This is a widely accepted approach in planning for future employment land needs.
- 5.81 Not all losses need necessarily to be replaced as some will reflect restructuring in the local economy as less space may be needed in some sectors in future. However, some replacement is needed to refresh the quality of the stock and to avoid the employment land supply continually declining. This would be on the basis that the stock of employment land in Cannock Chase District contains some older sites less likely to meet future needs and is of a scale that reflects past industrial patterns, rather than the amounts of land needed in future.
- 5.82 However, against this argument is the likelihood that other sites may also be lost by 2038, and these will represent losses to the overall land portfolio, reducing choice within the market.
- 5.83 Data provided to Lichfields by the Council indicates that recent losses have averaged **0.756 ha** per annum over the period 2006/07 to 2019/20. This is relatively low given the size of the current stock of floorspace in the District. As set out above, this average is slightly lower than the 0.87 ha average reported in the previous ELR, as just 0.173 ha of B-Class floorspace was lost over the most recent 2 years. As set out previously, half of these losses relate to just one year – 2015/16, when a former industrial site that previously accommodated a large automotive lighting factory was redeveloped for 111 residential dwellings.
- 5.84 There has also been a total of 22 instances of office conversions to residential uses, many under the Permitted Development Rights, in the past 9 years, with a total of 1.87 ha (c.18,700 sqm) lost over that time period.
- 5.85 Aside from sites with planning permission, there are numerous existing/former employment sites identified in the Council's 2018 Strategic Housing Land Availability Assessment that are identified as being developable for housing over the next 5-15 years which was reported in the previous 2019 ELR. At the time of writing, the SHLAA has not been updated. It identified 10 major existing employment sites that were vulnerable for alternative forms of development, and which could potentially result in the loss of **13.57 hectares** of employment land from the District's portfolio to residential uses (recognising that the Gestamp proposal would also see some employment land provided, albeit at a much smaller scale (30,000 sq ft) than is currently present on the site). The SHLAA identifies land supply over a 15-year period from 2018. The potential loss of 13.57 ha over this period would therefore equate to **0.90 ha per annum**.
- 5.86 An alternative approach to calculating land requirements with a margin of choice is to apply a rate of 'churn' equivalent to a proportion of the Council's existing stock per annum. A number of other ELRs have used a replacement figure of around 1% per annum²⁷, which would be the equivalent of Cannock Chase District's entire stock being replaced over a period of 100 years.

²⁷ See, for example, Lichfield District Council's Employment Land Review 2014 Update and work covering the areas of: The West of England Updated Employment Evidence (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire) November 2018; Greater Exeter Economic Development Needs Assessment (Devon County, East Devon, Exeter, Mid-Devon, Teignbridge and Dartmoor National Park) March 2017 and Dartmoor National Park Employment Land Review, January 2018.

This has been acknowledged as a valid alternative approach (to adjusting for anticipated future losses) when translating net employment land needs into a gross planning requirement.

- 5.87 Table 5.17 compares the rate of replacement needed for Cannock Chase’s office/industrial stock (based on the total amount of floorspace identified in the District by the VOA in 2019). It indicates that if the current loss replacement figure of 0.756 ha was taken forward, it would take 316 years for the Council’s stock to be replenished in full. At the other end of the scale, to replenish the whole stock in 50 years would require almost 4.8 ha of churn annually, which appears unrealistic. Applying the general ‘rule of thumb’ figure of 1% would require just under 2.4 ha of churn, or loss replacement, although in reality that could include some premises being replaced more frequently, and others not being replaced at all.

Table 5.17 Cannock Chase District Replacement Rate Analysis (2019)

	Annual Allowance	20 Year Allowance	Years Required to Replace all Cannock Chase B Class Space*
Trend Based	0.756 ha	15.12 ha	316 Years
Replacement at 0.4%	0.96 ha	19.14 ha	250 Years
Replacement at 0.5%	1.20 ha	23.93 ha	200 Years
Replacement at 1%	2.39 ha	47.85 ha	100 Years
Replacement at 2%	4.79 ha	95.70 ha	50 Years

Source: Lichfields analysis/VOA Business Floorspace (2019)

*Using a standard 40% plot ratio to translate floorspace to land

- 5.88 As set out in Table 2.5, just (20%) of all B class floorspace in Cannock Chase District was built prior to WWII, compared to 36% in the West Midlands and 40.0% in England and Wales. Around two thirds of office/industrial units were built after 1970, which is a far higher percentage than the regional (63%) or national (64%) rates. The District’s stock of space therefore comprises a much higher proportion of modern premises than might be expected nationally. This suggests a much lower rate of churn may be required to address the low proportion of older stock that is less likely to be fit to meet the needs of modern-day occupiers.
- 5.89 Other ELR studies²⁸ have noted that approximately 20% of historic completions have been achieved through (former) B-Use Class redevelopment (i.e. the re-use of formerly B-Use Class employment sites), with the remainder requiring new sites. This indicates that there will likely be a requirement for a high proportion of replacement activity on new sites to deliver new B-Use Class supply to meet modern occupier needs. This is broadly in line with the Table 3 of the Council’s Employment Land Availability Assessment, which indicates that of the 73.45 ha (former) B-Class completions 2006-2020, 13.88 ha, or 19%, comprised redevelopments on existing sites with the remaining 81% of completions taking place on new employment sites.
- 5.90 Replacing 0.5% of the floorspace would require an annual loss allowance of 1.2 ha which appears reasonable given that this would still take 200 years to replace the Council’s entire (but relatively modern) portfolio of sites. However, accepting that there will be an element of redevelopment on existing sites, **a reduction of around 20% to reflect this would be equal to 0.96 ha per annum.**
- 5.91 Balancing these considerations, it is accepted that factoring an element of future losses is not an exact science. Past trends would suggest a figure of 0.756 ha would be appropriate, rising to 0.9 ha based on employment land that could be lost (as identified in the SHLAA) and as high as 0.96 ha based on replacing 0.5% of the total stock, or churn. On balance, it is suggested that the trend-based replacement of **0.756 ha would represent a sufficient rate of churn/loss**

²⁸ West of England Joint Spatial Plan Area Updated Employment Evidence (2018)

replacement, although even this could be at the lower end of the scale given the amount of stock in the District. This equates to 15.12 ha over 20 years.

- 5.92 Table 5.18 provides an illustration of indicative gross land requirements in the event that the Council takes the decision to plan for the replacement of losses at 0.756 ha, based on a balanced review of churn/past trends.

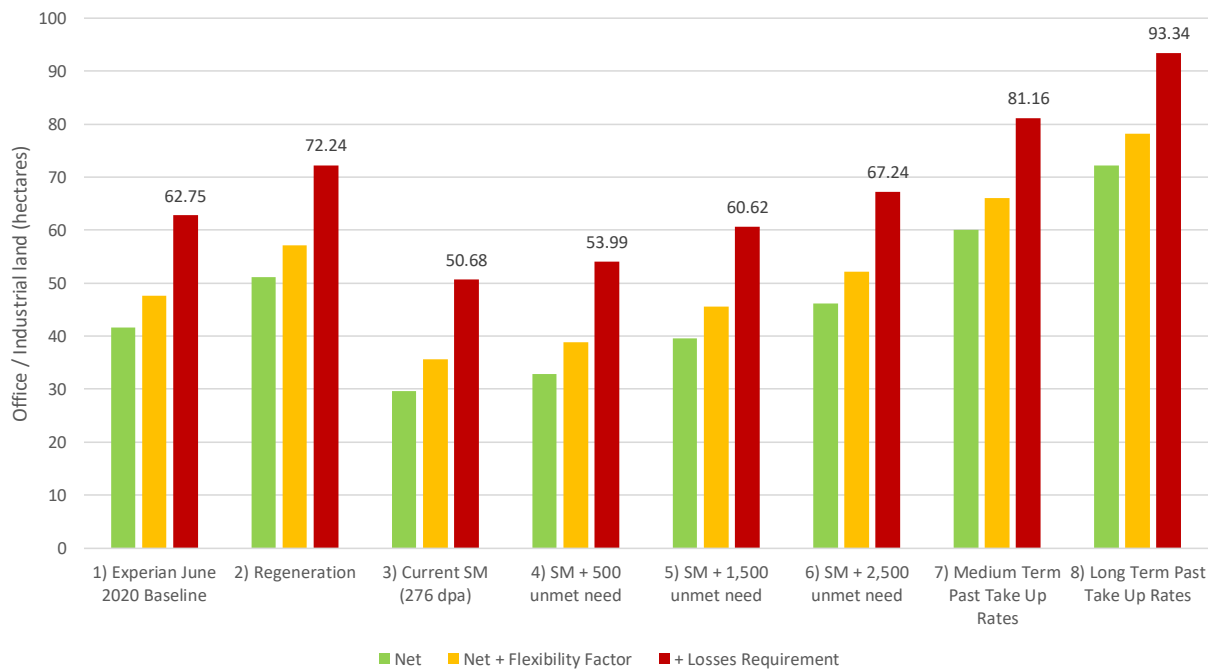
Table 5.18 Indicative Gross Land Requirements for Cannock Chase District (flexibility margin and replacement of losses) for 2018 to 2038

Scenario		Offices	Light Industrial	General Industrial	Warehousing	Total
1) Experian Baseline	Net	1.19	4.60	-3.52	39.35	41.62
	+ Flexibility Factor					47.62
	+ Loss Replacement					62.75
2) Regeneration	Net	1.20	13.16	-2.60	39.35	51.11
	+ Flexibility Factor					57.11
	+ Loss Replacement					72.24
3) Current SM with 17% AR uplift (276 dpa)	Net	0.57	1.79	-4.20	31.39	29.55
	+ Flexibility Factor					35.56
	+ Loss Replacement					50.68
4) SM + 500 dwelling unmet need	Net	0.74	2.56	-4.01	33.57	32.86
	+ Flexibility Factor					38.87
	+ Loss Replacement					53.99
5) SM + 1,500 dwelling unmet need	Net	1.08	4.11	-3.64	37.94	39.49
	+ Flexibility Factor					45.49
	+ Loss Replacement					60.62
6) SM + 2,500 dwelling unmet need	Net	1.42	5.65	-3.27	42.31	46.11
	+ Flexibility Factor					52.11
	+ Loss Replacement					67.24
7) Medium Term Past Take Up Rates	Net	12.09			47.94	60.03
	+ Flexibility Factor					66.03
	+ Loss Replacement					81.16
8) Long Term Past Take Up Rates	Net	14.71			57.51	72.21
	+ Flexibility Factor					78.22
	+ Loss Replacement					93.34

Source: Lichfields' analysis
Rounding errors may mean sums do not add.

- 5.93 The labour supply projections for Cannock Chase District are illustrated alongside the econometric and past take up projections in Figure 5.3. The two econometric scenarios range from 48 to 57 ha (net including flexibility), rising to between 63 ha and 72 ha gross if the Council includes the suggested rate of loss replacement/churn. The labour supply scenarios, which were not previously modelled in the 2019 ELR, range from 51 ha to 67 ha (gross) increasing on a broadly linear scale relating to the increased level of housing provided. Scenario 7 (Past Take Up Rate Medium Term), at 81 ha(gross) is higher than the 74 ha projected in the previous update, as employment land development have been slightly higher than the trend over the past couple of years which has brought the annual average up slightly. A similar pattern is observed over the long term, with Scenario 8 indicating a need for 93 ha (gross) compared to 91 ha in the 2019 ELR.

Figure 5.3 Comparison of scenario requirement for Employment land in Cannock Chase District 2018 to 2038



Source: Lichfields analysis

Implications of the new E Class on Employment Land in Cannock Chase

5.94 As of 1st September 2020, the Government’s changes to the Use Class Order [UCO] came into effect, with Use Classes A, B1 and D being revoked, and a new Use Class ‘E’ (Commercial, Business and Service) being introduced as well as Use Class F1 (Learning and Non-Residential Institutions) and F2 (Local Community) being introduced.

5.95 This essentially means that shops²⁹, financial and professional services (not medical), cafés or restaurants, offices (other than a use within Class A2), research and development of products or processes and for any industrial purposes (which can be carried out in any residential area without causing detriment to the amenity of the area) fall under the new ‘E’ Use Class. This will allow premises that fall under the ‘E’ Use Class to change use without needing planning permission.

5.96 The Government has stated that the main driver of these changes has been the need to enable the repurposing of buildings in town centres and on high streets, in order to revitalise town and city centres.

5.97 The new regulations are likely to lead to an increase in the number of premises changing use. While this could help to bring vacant units back into use, it also poses a risk that instead of creating diversity, less profitable or valuable uses may be priced out of town centres.

5.98 There is also a risk of impacting prime frontages in town centres. Should a large retail unit be repurposed for office use, then there is likely to be a break in the prime frontage, potentially having a negative impact on the attractiveness and coherence of town centres. There is also a risk of retailers being drawn out of the town centres to occupy vacant premises on business parks or industrial areas, thus competing with the town centre.

²⁹ Note: Shops of not more than 280 sqm mostly selling essential goods, including food and at least 1km from another similar shop are moved to Use Class F2.

- 5.99 From a Landlord's perspective, the new E Use Class represents an opportunity to secure the most valuable use for their assets. Premises falling into the E Use Class will benefit from being marketed across a number of sectors, widening the pool of potential tenants, which may give rise to some uplift in land values. It will be important for Cannock Chase District Council to monitor the impact of the new Use Class on the stock of employment floorspace across the District and to act accordingly if it is resulting in an increased level of losses of office/light industrial units.

Conclusions

- 5.100 This report has appraised a range of employment land projections for Cannock Chase District using a variety of methodologies in accordance with the PPG. It has updated the modelling analysis from the 2019 EDNA using new (and, despite the current pandemic, higher) Experian econometric projections; labour supply scenarios; and updated past take up rates and losses data.
- 5.101 As before, in interpreting the outputs of this section, regard should be had to the PPG which states that LPAs should assesses the need for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period. It is also important to recognise that there are inevitable uncertainties and limitations associated with modelling assumptions under the future growth scenarios considered. For example, there are some inherent limitations to the use of local level economic forecasts, particularly in the context of significant recent changes in the economy and the unforeseeable ongoing issues concerning the Covid-19 pandemic and Brexit. Economic forecasts are regularly updated and the resulting employment outputs will change over the plan period.
- 5.102 Eight different scenarios of future employment space requirements have been considered based on a range of lower and higher growth conditions that could arise in the future. The Experian baseline scenario (Scenario 1) forecasts a much higher level of job growth than before, of 3,900 net workforce jobs between 2018 and 2038. This is almost double the 2,000 net job growth that underpinned the 2019 EDNA. Furthermore, a much higher proportion of this net job growth is directly attributable to future success in sectors that have an Employment land component, specifically Land Transport, Storage and Post, which alone is projected to contribute 1,900 net job growth over the next 20 years. This results in a much higher level of employment land required, up from 26 ha in the 2019 EDNA, to 63 ha (gross) now.
- 5.103 On the face of it, this appears a much more realistic level of growth than before, particularly given the rapid growth of the local economy over an extended period of time, and the comparatively high levels of employment land that have been delivered in recent years, not to mention the growth opportunities likely to be forthcoming from major infrastructure investment that will benefit the local logistics market over the next few years such as the West Midlands Interchange in South Staffordshire and the M6/M54/M6 Toll link road.
- 5.104 Furthermore, as summarised above, as of April 2020, there was a total of 1.52 ha under construction, 2.73 hectares with outline planning permission, and 10.34 ha with full planning permission, which equates to 14.59 ha available for employment land in total (with a further 8.58 ha identified as being suitable but with no planning permission at present, giving a total available of 23.17 hectares).
- 5.105 As before, the Regeneration Scenario accelerates certain key industrial growth sectors identified in the various Strategic Economic Plans, refined following discussions with the Council's Economic Development Officers and prospective infrastructure projects which are likely to have a positive impact on employment growth in the District. This resulted in a net job growth of

6,007 to 2038, which is higher than the 4,530 in the 2019 EDNA as a result of the much higher Experian base.

- 5.106 The indicative labour supply projections were calculated based upon the Government's SM for calculating housing need, plus various levels of unmet need from the Black Country authorities. Lichfields modelled 4 labour supply scenarios: Current SM with 17% AR uplift (276 dpa); SM + 500 dwelling unmet need; SM + 1,500 dwelling unmet need; and SM + 2,500 dwelling unmet need. The net job growth ranged from 2,305 based on the standard methodology, to 4,759 factoring in an additional 2,500 dwellings to meet unmet needs from the Black Country. Only this latter scenario would produce a higher net job growth figure than the latest Experian baseline projection (+3,900). The labour supply employment land requirements range from 51 ha to 67 ha (gross).
- 5.107 Past take up, which aligns with the former 'predict and provide' approach to identifying employment land needs, indicates that the Council has been very successful in attracting new companies to the District, with a total of 126 ha of employment land delivered over the past 25 years (105 ha adjusting down for the Amazon distribution depot at G-Park and non B-Class uses). Lichfields' analysis suggests that this equates to 4.37 ha (net) over the long term, and 3.76 ha over the medium term. Trended forward, this results in a range of 66-78 ha net (81-93 ha gross) of employment land needed to 2038, with the long term take up representing the upper end of the range. As set out in Paragraph 5.7, it should be noted that the data provided by Council Officers relating to past take up since 2006/07 is particularly detailed, and hence it is considered that in this instance **further weight can be attached to the medium term past take up** scenario than might ordinarily be the case.
- 5.108 **Consequently, on the basis of these considerations, it is recommended that Cannock Chase District's employment land OAN should comprise a range of between 48 ha to 66 ha net between 2018 to 2038 (including flexibility). This range makes no allowance for the replacement of losses. Council officers will need to take a decision regarding the extent to which additional provision should be planned for, over and above the net requirement. The range rises further – to between 63 ha and 81 ha – if losses are replaced at 0.756 ha per annum. It should be noted, however, that these latter figures are indicative only.**
- 5.109 If the housing requirement is at or below the 7,020 net dwelling growth under labour supply Scenario 5 (276 dpa SM + 1,500 dwellings unmet need, i.e. 351 dpa) then this could have repercussions on the employment land target, which may have to be reduced as a consequence to ensure the two are not misaligned. It is strongly recommended that in these circumstances the Council undertake more detailed housing modelling to ensure the job projections are aligned closely with their housing requirement.
- 5.110 This 48-66 ha (net) range equates to the Experian Scenario (1) at the lower end, and the Medium-term Past Take Up Scenario (7) at the upper end. These land requirements are driven particularly by strong land requirements for B8 logistics, which is consistent with both past completions and sectors forecast to grow strongly in the Experian projections (and key target growth sectors in the SEPs). Furthermore, the bulk of extant planning permissions for employment sites relate to B8 warehousing (see, for example, Kingswood Lakeside and the Former Hawkins Works).
- 5.111 By their very nature, these are land-hungry designations with low densities of employment, hence the employment land requirements are particularly sensitive to changes in B8 forecasts (a modest increase/decrease in employment can lead to much greater impacts on land requirements than, say, office jobs).

- 5.112 In terms of how the 48 ha - 66 ha net (63-81 ha gross) employment land requirement for Cannock Chase District could be split between the Use Classes, the following quantitative and demand-based factors can be taken into account:
- 1 Historical changes to the stock of existing employment space show that the level and share of office space has increased by just 7% in recent years to 61,000 sqm between 2000/01 to 2018/19, whilst the level of industrial space has increased at a faster rate of 31% over the same period. Almost 900,000 sqm of industrial floorspace is located in Cannock Chase District according to VOA figures for 2018/19, which is almost 15-times higher than the volume of office space.
 - 2 Vacancy rates for industrial premises are very slightly higher than that of office premises, at 8.5% compared to 8.2% for the latter. Both figures are lower than the 13%/11% vacancy rate figures reported for the two sectors respectively as reported in the 2019 ELR.
 - 3 By 2038 just 21.0% of office/industrial jobs are projected to be in the higher employment density office space, compared to 79% in lower density industrial space.
 - 4 Around 10% of the employment land needed based on the Experian projections (Scenario 1) is needed for office, compared to c. 90% industrial land. This falls to 9% for office land based on the Regeneration Scenario 3, with the remaining 91% of need identified for industrial (primarily warehousing and distribution).
 - 5 The prioritised sectors identified in the review of key growth drivers suggests that demand will be particularly focussed towards advanced manufacturing and logistics-based sectors, although it is noted that office-based sectors such as Creative & Digital and Business Services are also targeted.
 - 6 Excluding the 2008/09 Amazon distribution centre, since 2006/07 21.5% of employment land completions has related to office space, compared to 16.6% for B1c/B2 industrial land, and 61.9% for B8 warehousing and logistics.
 - 7 Since 2011/12, 27% of employment floorspace losses have related to B1a/b offices; 71% B1c/B2 industrial and just 2% for B8 warehousing.
- 5.113 Taking the above factors into account, it is suggested that the following indicative split of office/industrial employment space could be appropriate for Cannock Chase District over the period 2018 to 2038:
- 1 20% for office; and,
 - 2 80% for industrial/distribution.
- 5.114 This is slightly more biased towards the provision of industrial land than was recommended in the previous ELR, which recommended a 25:75 split between office and industrial. This slight change reflects the ongoing strength in the logistics market, the increased take up of industrial land and the much stronger job growth projections in B8 sectors compared to office.

This report does not seek to make a planning or policy judgement; this is a matter for the Council when taking account of the information before them. The report therefore represents a first stage for further consideration of all relevant factors through the Local Plan process.

On this basis, the recommended employment land need for the Council is:

48 - 66 ha net between 2018 and 2038 (63 – 81 ha gross)

Of this range, it is suggested that around 80% should be identified for industrial / warehousing, and the remaining 20% for new office space.

- 5.115 The selection of the final employment land requirement will depend upon the preferred level of employment growth for Cannock Chase District and the extent to which Officers consider that this aligns with the Council's growth aspirations, including the need to reduce net out commuting and taking account of the forthcoming Economic Prosperity Strategy. The level of employment growth will be based upon the identification of policy aspirations relating to the promotion of key sectors in accordance with the economic and spatial vision for the area.

6.0 Conclusions and Recommendations

- 6.1 This report updates Cannock Chase District Council's employment land evidence base to inform its Local Plan review. In light of the Pandemic, and the uncertainties surrounding the consequences of Brexit, Lichfields was asked to revisit and update the 2019 EDNA, factoring in our understanding of the local impacts of the pandemic within the District to date based on the latest available data. This included an analysis of the latest econometric forecasts for how the District's economy may change and the effect on different commercial and industrial sectors over the short and medium-term. The report has remodelled the employment land targets and draws conclusions as to whether the previous 33-74 ha of employment land over the Plan period remains valid. It should be read in conjunction with the previous 2019 Study.
- 6.2 Cannock Chase District's economy faces a number of opportunities and challenges in future years. The pandemic has hit Cannock Chase's leisure, recreation, retail and hospitality sectors very hard and recovery is uncertain. The structural reliance on traditional manufacturing jobs is also a risk over the long term. Cannock Chase has experienced stronger employment growth (2.63% CAGR) than either regional (+1.51%) or national (1.44%) comparators in recent years, with a very strong representation in logistics, construction and manufacturing. However, Experian forecast a fall of 2,200 jobs this year for Cannock Chase primarily due to the Pandemic, whilst the recovery is likely to be more protracted than elsewhere. The high level of home working as a result of the Pandemic may also mean that future patterns of working are changed permanently, which may have a serious knock-on effect on the need for new office space.
- 6.3 In the medium/long term, Experian is projecting stronger employment growth in the District than was previous forecast, equating to +3,900 net jobs growth 2018-38, even accounting for the pandemic and Brexit. The Health, Residential Care & Social Work and Transport & Storage sectors are forecast to drive future job growth in Cannock Chase. Logistics growth in particular is forecast to remain strong as the move towards increased online retailing shows no signs of abating. Cannock Chase remains very well placed relative to the strategic rail and road network to benefit from the increased demand for storage and warehousing space. In addition, the latest 2018-based population projections are considerably more optimistic than the previous 2014-based iteration and suggests that Cannock Chase will have a growing labour supply at a higher rate than either the regional or national levels.
- 6.4 The Business Survey undertaken as part of this update demonstrated a welcome degree of optimism regarding Cannock Chase District's future prospects, although this was somewhat tempered by a view expressed by some businesses that their current premises are in need of investment and that refurbishment needs are also a key barrier to finding new premises. The Survey indicated a need for good quality employment sites, new or refurbished, to come to the market to provide choice for businesses and increase overall levels of affordability across the District.
- 6.5 In testing how these trends were likely to translate into future needs for employment land, the study considered 8 scenarios, with each drawing upon a different set of assumptions reflecting the latest econometric modelling; accelerating job creation to align with key growth aspirations; labour supply alignment; and comparison with past trends/job growth (both of which have been strong in the recent past).
- 6.6 The two econometric scenarios ranged from 48 to 57 ha (net including flexibility), rising to between 63 ha and 72 ha gross if the Council includes the suggested rate of loss replacement. The labour supply scenarios, which were not previously modelled in the 2019 ELR, range from 36 ha to 52 ha (net) increasing on a broadly linear scale relating to the increased level of housing

provided. Scenario 7 (Past Take Up Rate Medium Term), at 81 ha (gross), is higher than the 74 ha projected in the previous update, as employment land development has been slightly higher than the trend over the past couple of years which has brought the annual average up slightly. A similar pattern is observed over the long term, with Scenario 8 indicating a need for 93 ha (gross) compared to 91 ha in the 2019 ELR.

- 6.7 it is recommended that Cannock Chase District's employment land OAN should comprise a range of between **48 ha to 66 ha net** between 2018 to 2038 (including flexibility), which equates to the Experian Scenario (1) at the lower end and the Medium-term Past Take Up Scenario (7) at the upper end. These land requirements are driven particularly by strong land requirements for B8 logistics. The range makes no allowance for the replacement of losses. Council officers will need to take a decision regarding the extent to which additional provision should be planned for, over and above the net requirement. The range rises further – to between **63 ha and 81 ha** – if losses are replaced at 0.756 ha per annum. It should be noted, however, that these figures are indicative only.
- 6.8 If the housing requirement is at or below the 7,020 net dwelling growth under labour supply scenario 5 (276 dpa SM + 1,500 dwellings unmet need, which equates to 46 ha net, or 61 ha gross), then this could have repercussions on the employment land target which may have to be reduced as a consequence to ensure the two are not misaligned. It is strongly recommended that in these circumstances the Council undertake more detailed housing modelling to ensure the job projections are aligned closely with their housing requirement.
- 6.9 The approximate proportion of employment land uses is recommended to be 20% office 80% industrial/warehousing. This reflects the ongoing strength in the logistics market, the increased take up of industrial land and the much stronger job growth projections in B8 sectors compared to office.

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