

Cannock Chase Economic Development Needs Assessment Update Report

Cannock Chase District Council

08 January 2024

LICHFIELDS

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1.0 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] Covid-19 Assessment that Lichfields produced on the Council's behalf in December 2020. That report (which was itself an update to a previous Employment Land Review [ELR] undertaken by Lichfields in 2019), factored 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 sectors over the short and medium-term and test the impact on key industrial sectors.
- 1.2 The key outputs of the 2020 study were:
- 1 An analysis of Experian econometric forecast data to assess the employment growth across sectors in light of the pandemic, and a translation into demand for B1, B2 and B8 employment land uses to test whether the previous assessment of 33 to 74 ha of employment land over the Plan period remains valid to 2038;
 - 2 A stakeholder consultation update and a new Business Survey (issued to businesses in September 2020);
 - 3 Policy options and recommendations for the employment land requirement and demand in Cannock Chase District.
- 1.3 The 2020 EDNA concluded that Cannock Chase District's objectively assessed need [OAN] for employment land 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 were driven particularly by strong land requirements for B8 logistics. The range made no allowance for the replacement of losses. The report went on to state that Council officers would need to take a decision regarding the extent to which additional provision should be planned for, over and above the net requirement. The range rose further – to between **63 ha and 81 ha** – if losses were replaced at 0.756 ha per annum.
- 1.4 If the housing requirement was at, or below, the 7,020 net dwelling growth under labour supply Scenario 5 (276 dpa SM + 1,500 dwellings unmet need, which equated to 46 ha net, or 61 ha gross), then the report noted that 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 was recommended that in these circumstances the Council should undertake more detailed housing modelling to ensure the job projections are aligned closely with their housing requirement. The approximate proportion of employment land uses was recommended to be 20% office 80% industrial/warehousing. This reflected 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.
- 1.5 Since the 2020 EDNA was completed, we have seen the end of Covid-19 lockdowns, but an ongoing cost of living crisis, and the unforeseeable economic shocks resulting from the wars in Ukraine and Israel has resulted in all aspects of the region's economy having been impacted in some way. Lichfields has therefore been asked to review the economic conditions and trends using the latest September 2023 Experian forecasts. The report also analyses the implications of the latest 2021 Census data for the District as well as other

economic indicators, as well as the labour supply implications of Cannock Chase accommodating some of the unmet housing need from the adjoining Black Country authorities. This study also incorporates revised take up and losses data over the past three years, as well as incorporating the latest CoStar data relating to vacancy rates, availability, absorption rates and other market indicators.

- 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.

2.0 Updated Socio-Economic Context

Introduction

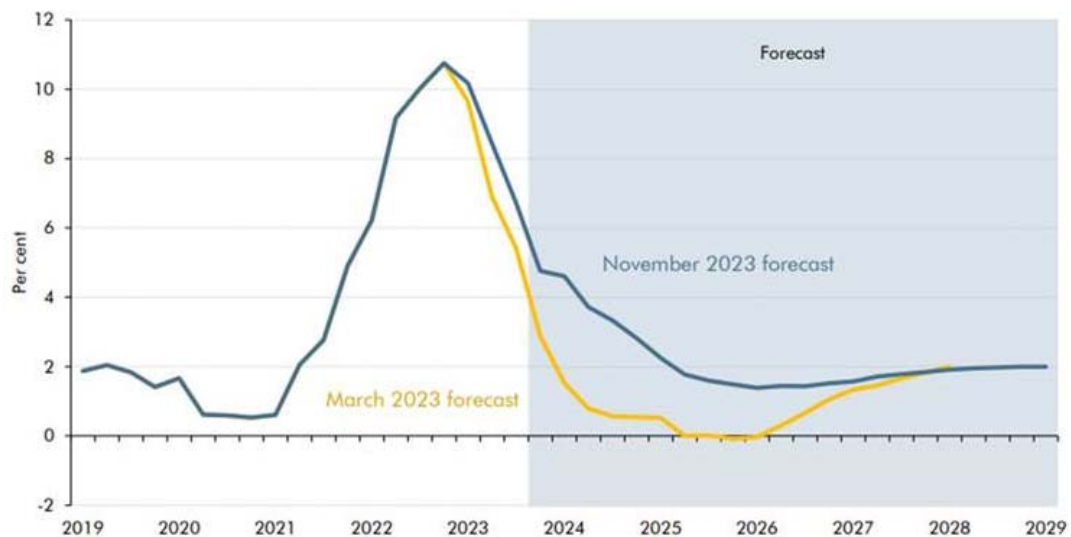
- 2.1 This section sets out the economic context for Cannock Chase District following the Covid-19 pandemic and ongoing cost of living crisis. The findings are based primarily upon statistical data sources.
- 2.2 The section revisits key indicators for a range of topics, including economic performance, business demography, labour market, population demographics and deprivation. 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 Drivers

- 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 Office for Budget's Responsibility's [OBR's] latest Economic and Fiscal Outlook [EFO] (November 2023) reports that the UK economy proved to be more resilient to the shocks of the pandemic and energy crisis than anticipated. By mid-2023, the level of real GDP stood nearly 2 percent above its pre-pandemic level and around 3 percent the OBR's March forecast. Survey data indicates that this unexpected economic strength can be attributed to a modest degree of excess demand rather than excess supply, alongside faster nominal wage growth than anticipated in March 2023.
- 2.5 Due to this, the OBR expects inflation to remain higher for longer, taking until Q2 2025 to return to the 2% target, which is over a year later than initially forecasted in March 2023. CPI Inflation fell from a 41-year high of 11.1% in October 2022, to 6.7% in the third quarter of 2023 which was 1.3 percentage points higher than OBR's March 2023 forecast.
- 2.6 More persistent inflation means that interest rates are likely to continue to remain higher. However, the OBR anticipates that past rises in interest rates are yet to have had their full effect on the economy due to the increased share of fixed rate mortgages meaning a slower pass-through of higher mortgage rates to household incomes. The Bank of England estimates that over half of the impact from two years of increased interest rates are still to be felt, which means there will continue to be significant knock-on effects for the wider economy for the foreseeable future.

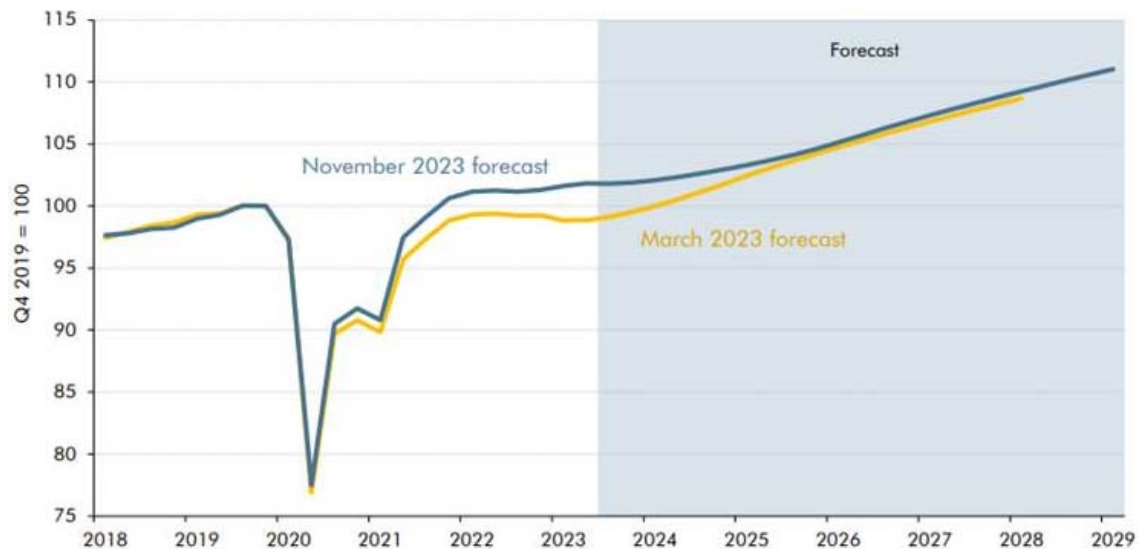
Figure 2.1 OBR CPI Inflation



Source: OBR September 2023

- 2.7 Due to this factor, the economy is expected to grow more slowly over the forecast period, with the level of real GDP in 2027 forecast to only be 0.6% higher than in March 2023. Lack of business and consumer confidence indicates that there will be continued weak growth over the second half of 2023. The ONS estimates that there will be zero growth in real GDP over Q3 2023 and only 0.1% in Q4.
- 2.8 On an annual basis, real GDP growth is forecast to slow from 4.3% in 2022 to 0.6% in 2023, and 0.7% in 2024. This is the result of squeezed real wages, higher interest rates, and declining government support compounding economic activity. Growth is expected to recover from 2025 at 1.4% and averaging 1.9% between 2026 and 2028 as interest rates decline. Overall, cumulative real growth from 2023-2027 is 2.4 percentage points lower than forecast in March 2023 due to a weaker forecast for potential output growth and less spare capacity in the economy.

Figure 2.2 Real GDP Figure



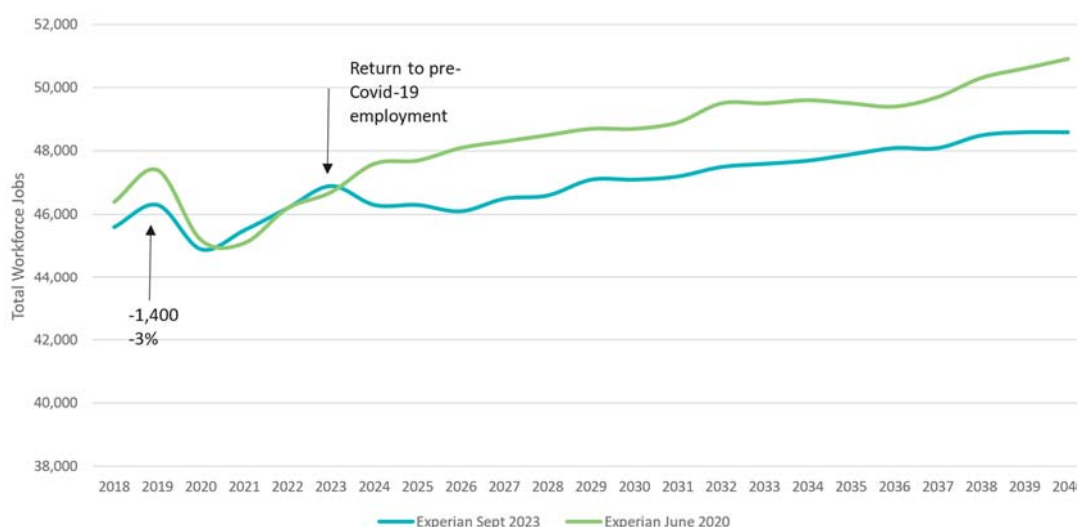
Source: OBR September 2023

Cannock Chase District's Economic Performance

Future Job Growth Prospects

- 2.9 The latest Experian forecasts for Cannock Chase District (September 2023) show that the District returned to pre-Covid-19 employment levels in 2023 after a substantial drop in Q2 2020 due to lockdown measures. At the time of its 2020 forecasts, Experian assumed the virus in the UK would be brought under control after five months of intensive suppression, with the economy bouncing back in the second half of the year. This assumption was largely correct, and a steady recovery can be seen from 2021 onwards.

Figure 2.3 Experian: Cannock Chase District Workforce Jobs



Source: Experian UK Macro Economic Forecast September 2023

- 2.10 In 2020 there was a fall of 1,400 jobs, equivalent to 3% of Cannock Chase District's workforce, with a further fall of 800 jobs in 2021 (-2%). Cannock Chase District returned to pre-Covid-19 levels in 2023, a year sooner than Experian's previous 2020 forecast (of 2024). However, with the current economic challenges and downturn in the UK economy, Experian forecast stagnated growth and small decline in jobs until 2027 (Figure 2.3). Both the immediate post-Covid-19 recovery and forecast economic downturn recovery are more protracted for Cannock Chase District than the UK average (a -2% decline in 2019-20, followed by a recovery by 2022).
- 2.11 Over the longer term, 'policy off' net job growth between 2018 and 2040 is anticipated to be in the order of 3,000, with much of this growth occurring in the first few years after the pandemic. This equates to a Compound Annual Growth Rate [CAGR] of 0.29%.
- 2.12 Cannock Chase District's moderate future job growth prospects contrast to the strong historic growth experienced since 2013 where an additional 6,200 jobs were created (net) to 2018, boosting the size of the local workforce by 16% and a CAGR of 2.97% - a growth rate substantially higher than the West Midlands and UK. However, going forward, the 0.29% CAGR growth rate for the District is below the comparator areas (Table 2.1).

Table 2.1 Historic and Projected Employment Change

	2013 to 2018		2018 to 2040	
	Net Workforce Jobs Growth	CAGR	Net Workforce Jobs Growth	CAGR
Cannock Chase District	6,200	2.97%	3,000	0.29%
West Midlands	249,990	1.78%	269,050	0.40%
UK	2,632,040	1.57%	4,857,660	0.59%

Source: Experian (September 2023) UK Local Market Forecasts Quarterly - Workforce Jobs: Lichfields analysis.

2.13

Table 2.2 presents the projected change in sectoral employment in Cannock Chase District over the Local Plan period 2018 to 2040. 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 and will continue to play a key role in providing local employment. The largest growth sector is likely to be in Transport & Storage, which is forecast by Experian to increase by 3,100 jobs, increasing by 55%. The next largest growth sector is Accommodation, Food & Recreation which is projected to increase by 50% or 1,800 jobs by 2040. Other significant growth sectors include Health & Social Care (+500 jobs) and Information and Communication (+300 jobs). The biggest decreases are forecast to be in Manufacturing with a loss of 1,000 jobs, construction (-800 jobs) and wholesale and retail (-800 jobs).

Table 2.2 Projected Sectoral Employment Change in Cannock Chase District 2018-40

	2018		2040		Change from 2018 to 2040	
Accommodation, Food & Recreation	3,600	8%	5,400	11%	1,800	50%
Agriculture, Forestry, Fishing & Mining	0	0%	0	0%	0	0%
Construction	5,700	13%	4,900	10%	-800	-14%
Education	2,600	6%	2,500	5%	-100	-4%
Finance & Insurance	400	1%	400	1%	0	0%
Health, Residential Care & Social Work	3,700	8%	4,200	9%	500	14%
Information & communication	900	2%	1,200	2%	300	33%
Manufacturing	4,800	11%	3,800	8%	-1,000	-21%
Professional & Other Private Services	6,400	14%	6,500	13%	100	2%
Public Services	1,000	2%	900	2%	-100	-10%
Transport & storage	5,600	12%	8,700	18%	3,100	55%
Utilities	500	1%	500	1%	0	0%
Wholesale & Retail	10,400	23%	9,600	20%	-800	-8%
All Sectors	45,600	100%	48,600	100%	3,000	7%

Source: Experian (September 2023) UK Local Market Forecasts Quarterly - Workforce Jobs. Lichfields analysis.

Labour Market

Employment

2.14

In the year to June 2023, 85.4% of Cannock Chase District's population aged 16-64 were economically active, meaning they were in, or actively seeking, employment. This is a higher level of economic activity than experienced across the West Midlands (78.0%) and UK (78.5%) over the same period¹. This figure is below the highest rate on record for the District, which was as high as 90.0% in April 2019-March 2020, and has fallen from some of the post-pandemic figures seen including July 2021-June 2022 (88.8%). This suggests

¹ ONS (2023) Annual Population Survey, July 2022-June 2023

that economic activity has not yet returned to pre-pandemic levels and may now be compounded by the wider economic challenges facing the labour market.

2.15 Figure 2.4 illustrates the (ONS model-based) unemployment rates in Cannock Chase District and the comparator areas for the financial years 2004 to 2022. 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 3.3% as of June 2023 (with 1,900 people unemployed). Whilst the unemployment rate started to increase from Q2 2020, reflecting the impact of Covid-19 lockdown measures, since Q3 2022 the unemployment rate has continued to decline.

Figure 2.4 Unemployment Rate aged 16+ (2004 - 2022)

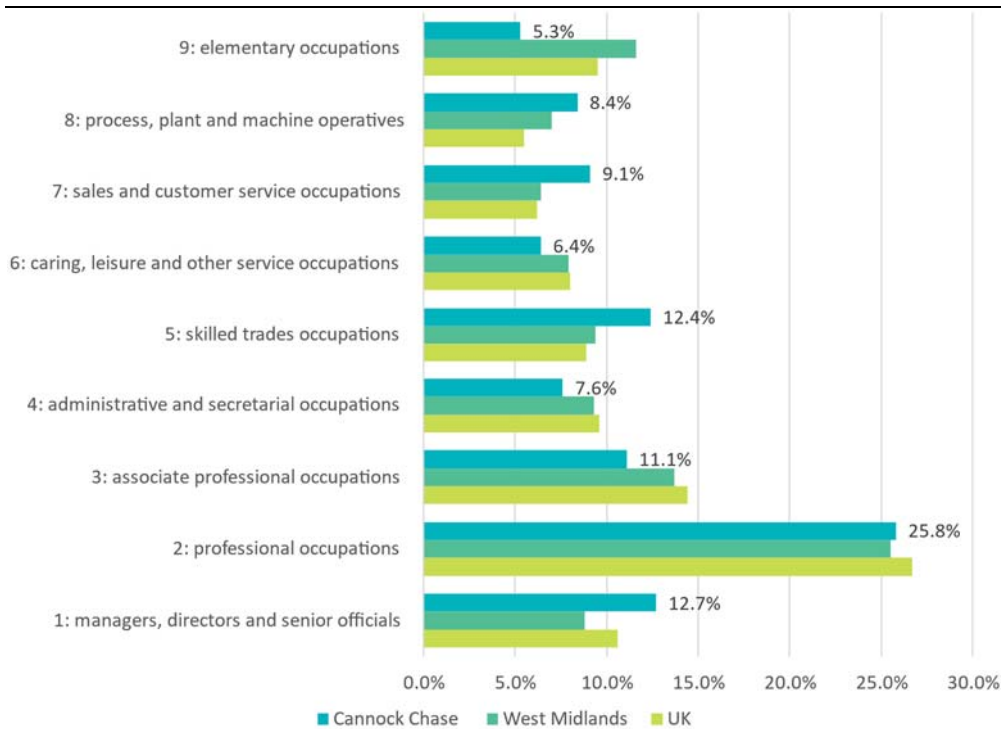


Source: ONS (2023) Annual Population Survey April 2004-March 2005 to July 2022-June 2023

Occupations

2.16 Figure 2.5 plots the proportion of Cannock Chase District's residents who are employed in certain occupation grades (as of 2022/2023) against regional and national comparators. In general, Cannock Chase District has a similar occupational composition to the West Midlands and UK. Just over a quarter of its workforce (25.8%) are classified as working in Professional Occupations, which is slightly higher than the West Midlands figure (25.5%) but below the national average (26.7%). The most notable difference is the proportion of the workforce in elementary occupations with only 5.3% in Cannock Chase District, which is less than half the regional rate (of 11.6%) and also well below the national rate of 9.5%.

Figure 2.5 Workforce Occupations (July 2022 - June 2023)



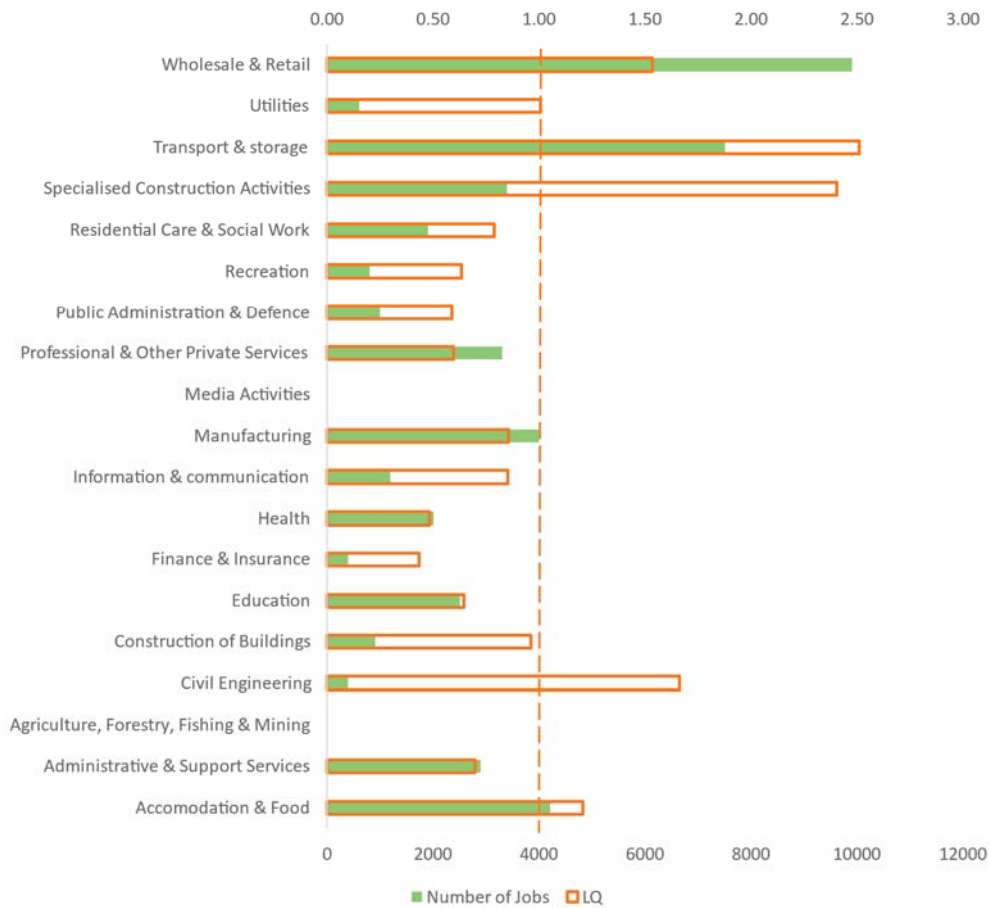
Source: ONS (2023) Annual Population Survey - Occupations

Location Quotients

- 2.17 Whilst recent Government policy has focused on spatial-led growth, there is an increasing need for a shift towards sector-based growth models. 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.
- 2.18 Figure 2.6 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, which has been updated using the 2023 Experian figures, 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 green bars show the absolute level of employment within Cannock Chase District accounted for by each sector.
- 2.19 The graph indicates that the District has an extremely strong employment representation in Transport & Storage, Specialised Construction Activities, Civil Engineering, Wholesale & Retail, and Accommodation & Food Services. In absolute terms, there continues to be a high proportion of people employed in the Wholesale & Retail and Transport & Storage sectors, likely reflecting the significant increase Cannock Chase has seen in B8 logistics development in recent years which includes storage and distribution given its proximity to the strategic road network.

2.20 There continues to be a very low rate, or near absence, of employment in professional service sectors including Finance & Insurance (400 jobs) and Public Administration (1,000 jobs). Whilst these sectors make up a small proportion of wider employment in the West Midlands, the proportion of employment in Cannock Chase is half the regional average.

Figure 2.6 Location Quotients of Economic Sectors in Cannock Chase District, 2023

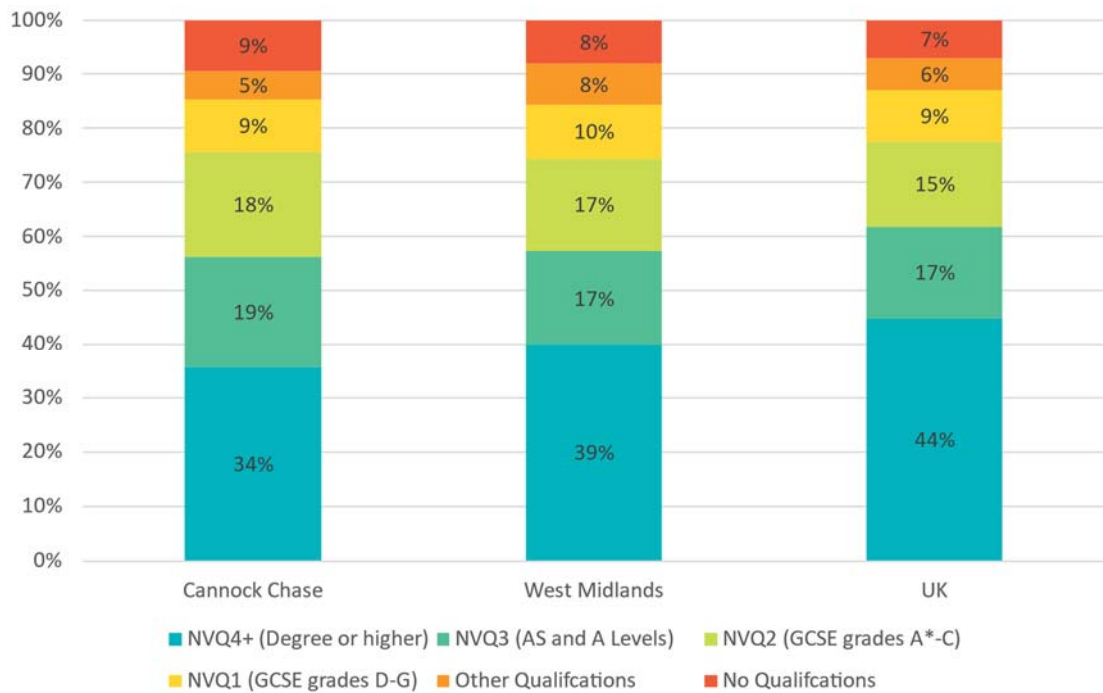


Source: Experian 2023 / Lichfields' Analysis

Skills and Qualifications

2.21 Figure 2.7 presents the qualification levels of residents aged 16 to 64. It indicates that Cannock Chase District currently under-performs against the proportion of residents qualified to AS/A-Level at 53%, compared to 56% in the West Midlands and 60% nationally. In particular, the proportion of people in the District with degree-level qualifications remains well below the national level. Cannock Chase District has a slightly higher proportion of residents with no qualifications, with just 5,400 residents unqualified out of 61,100 people living in the District aged 16-64.

Figure 2.7 Qualifications of People Aged 16 to 64* (January-December 2021)



Source: ONS (2022) Annual Population Survey

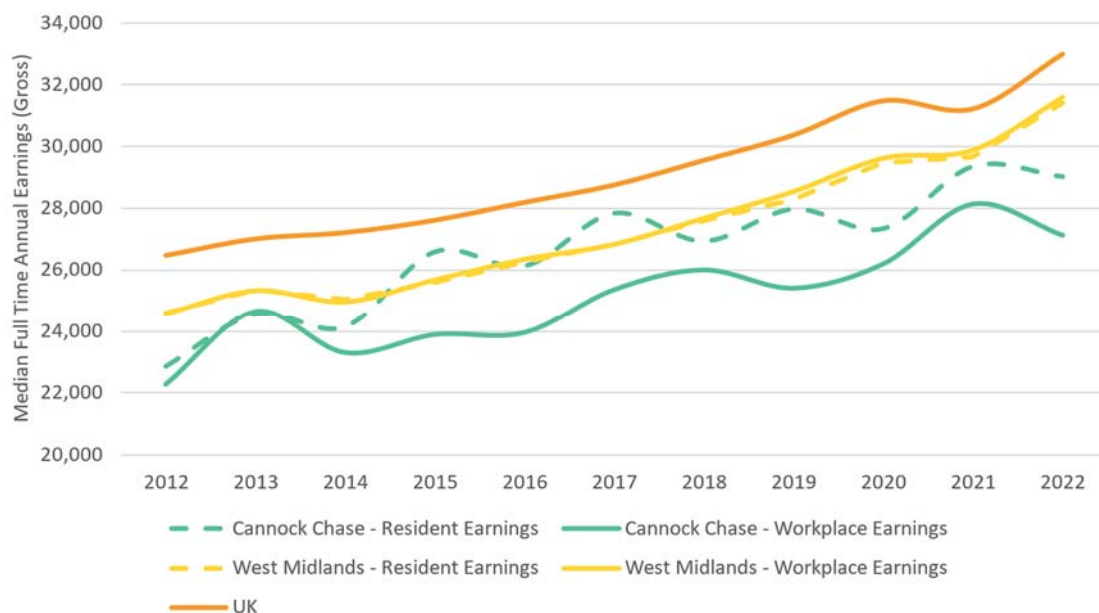
*It is noted that although the retirement age has now increased to 66, ONS still only records up to the age of 65.

Earnings

- 2.22 Figure 2.8 compares changes to the gross median annual earnings in Cannock Chase District, the West Midlands and the UK between 2012 and 2022. Earnings for Cannock Chase’s residents have been consistently lower than the national level, although they have tended to fluctuate around the West Midlands average. They are currently below the West Midlands rate, at £29,035 compared to £31,399, and well below the UK median gross annual earnings of £33,000.
- 2.23 Workplace-based earnings are also consistently lower than resident-based earnings in Cannock Chase District, at just £27,121.
- 2.24 Over the past ten years, Cannock Chase District’s resident earnings have increased at a lower rate than across the West Midlands and UK, increasing at 18% compared to 32% and 31% respectively. Workplace-based earnings in Cannock Chase have grown at an even slower rate during this time, by 15% compared to 33% regionally².

² ONS (2023) Annual Survey of Hours and Earnings 2022

Figure 2.8 Resident and Workplace Gross Median Annual Earnings 2012 - 2022



Source: ONS (2023) Annual Survey of Hours and Earnings

Business and Enterprise

2.25 In 2023, there was a total of 3,565 enterprises in West Midlands, which represents a growth of 470 (+15%) since 2013. This is considerably weaker than the growth seen across the West Midlands (+27%) and UK (+26%) over the same time period.

2.26 The business mix across the District is heavily skewed towards micro-businesses (those with 0-9 employees) comprising 88.4% of the total number of companies in the area. Whilst this reflects a similar picture to that seen both regionally and nationally, as a proportion of the business base it is below the West Midlands (88.9%) and UK (89.1%). This is due to a higher proportion of small enterprises (employing 10-49 people) which makes up 10.1% of the business base compared to 9.1% and 9.0% in the West Midlands and UK.

Table 2.3 Share of enterprises by size (2023)

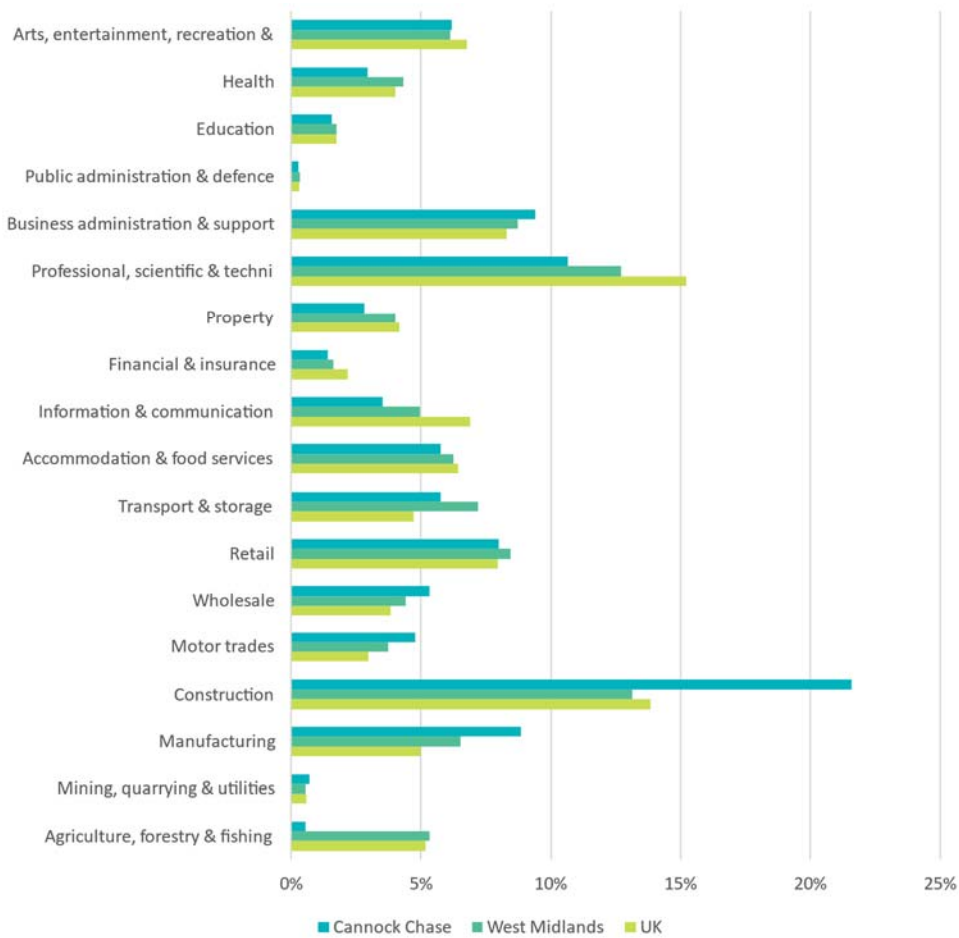
	Cannock Chase District	West Midlands	UK
Micro (0 to 9)	88.4%	88.9%	89.1%
Small (10 to 49)	10.1%	9.1%	9.0%
Medium-sized (50 to 249)	1.1%	1.5%	1.6%
Large (250+)	0.3%	0.4%	0.4%

Source: ONS (2023): UK Business Counts – enterprises by industry and employment size band

2.27 Figure 2.9 shows the share of enterprises in Cannock Chase District compared to the West Midlands and UK broken down by broad industrial sector. The highest share of enterprises is within the Construction sector at 21.6% (770) of all enterprises in Cannock Chase District. This is followed by Professional, Scientific and Technical Services comprising 10.7% (380) and Business Administration comprising 9.4% (335) of all businesses. Relative to the comparator areas, Cannock Chase District has a higher representation of Construction,

Business Administration, and Motor Trades, and an under-representation of businesses in Information and Communication, Financial and Insurance, and Professional, Scientific and Technical sectors.

Figure 2.9 Share of enterprises by Broad Industrial Sector (2022)



Source: ONS (2023): UK Business Counts – enterprises by industry and employment size band

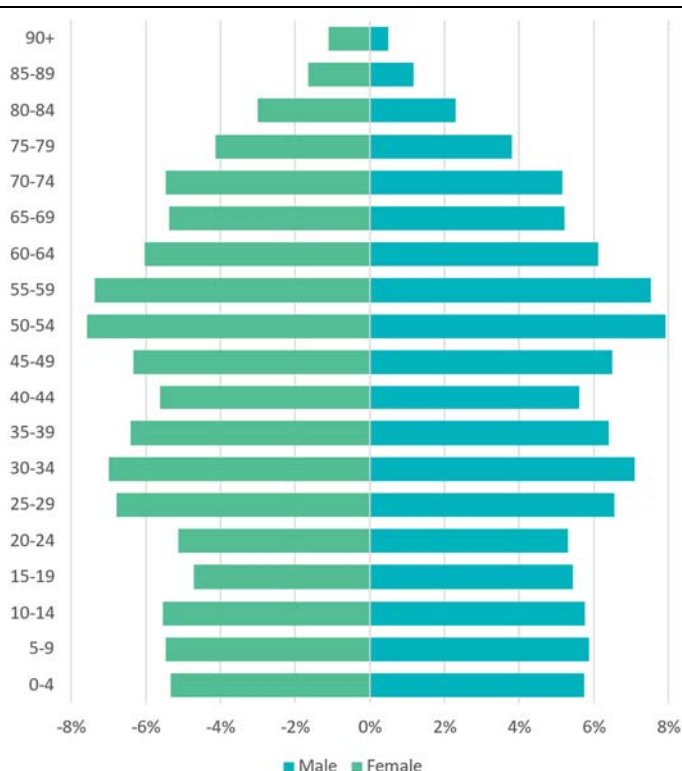
Population Demographics

2.28

Figure 2.10 illustrates Cannock Chase District population age and gender structure as reported in the 2021 Census. A total of 100,530 residents currently live in the District³. Overall, there is a ratio of 50.7 females to 49.3 males, which is similar to the national average. 63% of the total population in Cannock Chase District (62,930 people) are of working age. This is a lower proportion than the West Midlands (69%) and England as a whole (70%). The District also has a slightly higher proportion of over 65s living in the area, at 19,560 residents, or 19.0% of the population, compared with just 9.0% across the UK as a whole and 10.0% in the West Midlands.

³ ONS (2021) Census

Figure 2.10 Cannock Chase District Population Age Structure (2021)



Source: ONS (2021) Census

- 2.29 Population growth in Cannock Chase District has been modest compared to the West Midlands and England. The population grew by 9.1% between 2001 and 2021 compared to 11.8% in the West Midlands and 14.0% in England. However, this masks deep generational differences between the age groupings. The majority of population growth has been driven by those aged 65+ which increased by 54.7% over this period compared to 44.5% regionally and 45.0% nationally. By contrast, the number of working aged residents (16-64) only grew by 5.0% compared to 10.6% in the West Midlands and 13.3% in England.
- 2.30 These demographic changes suggest that Cannock Chase District labour market is not being replenished by younger people as quickly as elsewhere in the country. The future availability of labour supply will of course influence the demand for employment space.
- 2.31 The latest ONS 2018-based Sub-National Population Projections [SNPP] indicate that Cannock Chase District’s population growth will be around 13,370 between 2018 and 2040, a growth rate of 13.4%, which is higher than the West Midlands rate of 12.2% and significantly higher than the national rate of 9.3%. 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.
- 2.32 As can be seen from Table 2.4, this growth is not just confined to the very high levels of projected growth in the 65+ age groups, which are projected to increase substantially by 46.3% over the next 20 years, as the working age demographic indicates that we are set to gain 4,250 residents of working age, an increase of 6.7% on current 2018 levels. Although slightly lower than the regional growth rate of 7.4%, it is still more than double the national rate of 3.2%. 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 2.4 Population Growth for Cannock Chase District and comparator areas 2018-40

	Net Total Growth	Total Growth %	Working Age Growth	Working Age Growth %	State Pension age Growth	State Pension age Growth %
Cannock Chase District	13,367	13.4%	4,253	6.7%	8,773	46.3%
West Midlands	720,323	12.2%	269,463	7.4%	405,807	37.3%
England	5,180,699	9.3%	1,113,898	3.2%	4,347,794	42.7%

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

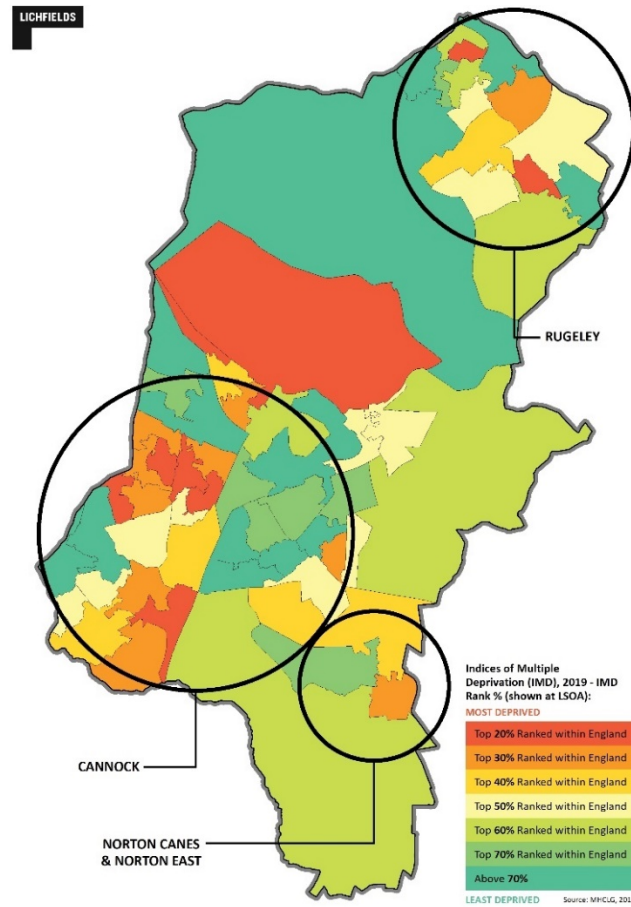
Commuting Patterns

- 2.33 It is possible to examine commuting relationships between local authority districts using 2021 Census origin and destination data. At the time of the 2021 Census, 14,945 residents commuted into Cannock Chase daily against 18,453 out-commuters, giving a net outflow of -3,508 commuters.
- 2.34 Due to the 2021 Census being conducted during the period of national Covid-19 restrictions, the ONS advises caution when analysing commuting data. Given the restrictions, a significantly higher than average number of employees were working from home than normal. Due to lockdown measures, there was also a large number of people on 'furlough' whom were not classed as in employment during this time. Origin and destination data for 2021 suggests that around 33,000 were on furlough in Cannock Chase. This reduces the number of people travelling into and out of Cannock Chase during this period.

Deprivation

- 2.35 Figure 2.11 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 2.11 Rank of Indices of Multiple Deprivation in Cannock Chase District



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

SWOT Analysis

2.36

The main strengths, weaknesses, opportunities and threats facing Cannock Chase District are summarised (and updated) in Table 2.5. This has taken into account the Covid-19 recovery and current economic uncertainty. It is based upon the economic conditions and trends discussed above.

Table 2.5 SWOT analysis

Current Strengths	Current Weaknesses
<ul style="list-style-type: none"> • Cannock Chase experienced stronger employment growth (2.97% CAGR) than either regional (+1.78%) or national (1.57%) 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 140,600 sqm since 2010. • The economic activity rate in Cannock Chase District is 85.4% which is extremely high and considerably higher 	<ul style="list-style-type: none"> • Cannock Chase District’s business stock has grown at a much weaker rate (15%) than either the West Midlands (27%) or the UK (26%) 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 by just 10,105 sqm since 2010 to 61,000 • 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.

<p>than the West Midlands (78.0%) and UK (78.5%) averages. Unemployment is just 3.3%</p> <ul style="list-style-type: none"> • Cannock Chase has a very high proportion of residents who are employed in Professional Occupations (at 25.8%), compared to 25.5% across the West Midlands. • Lower workplace earnings are attractive to businesses 	<ul style="list-style-type: none"> • 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"> • 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 • Transport & Storage and Accommodation, Food & Recreation 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 requirements are more flexible. • The latest 2018-based SNPP 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 	<ul style="list-style-type: none"> • Strong employment representation in logistics, which tend to employ lower levels of workers in absolute terms, although this is changing; however... • ...Amazon is ceasing operations and relocating staff from its Rugeley fulfilment centre in February 2024 to a new £500m operation in Sutton Coldfield 20 miles away. The site is the largest employer in the area, with c.1,000 staff • Weaker employment growth than was previous forecast, equal to +3,000 net jobs growth 2018-40, compared to 6,200 during 2013-2018 • 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 protracted return to pre-Covid-19 levels of jobs by 2027 due to the current economic challenges, a stark contrast to the UK recovery date of 2022 • 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. • Lower business start-up rates means that the uptake of new employment space may be slow • Manufacturing sector is forecast to decline by 21% by 2040

3.0 Commercial Property Market Update

Introduction

3.1 This section provides an updated overview of the current stock of employment space in the District, whilst also summarising latest 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 [E(g)(i)(ii)], manufacturing [E(g)(iii)/B2], and warehousing & distribution [B8]).

3.2 It then provides an overview of the property market from a national and local perspective. It looks at the key office and industrial employment locations in Cannock Chase and provides a view on rents and land values. This has been informed by a review of market trends and secondary data.

3.3 This analysis uses data from the following sources:

- 1 Commercial floorspace data from the ONS and various datasets from the Valuation Office Agency [VOA];
- 2 Monitoring data on commercial space from Cannock Chase District Council; and,
- 3 CoStar commercial property data.

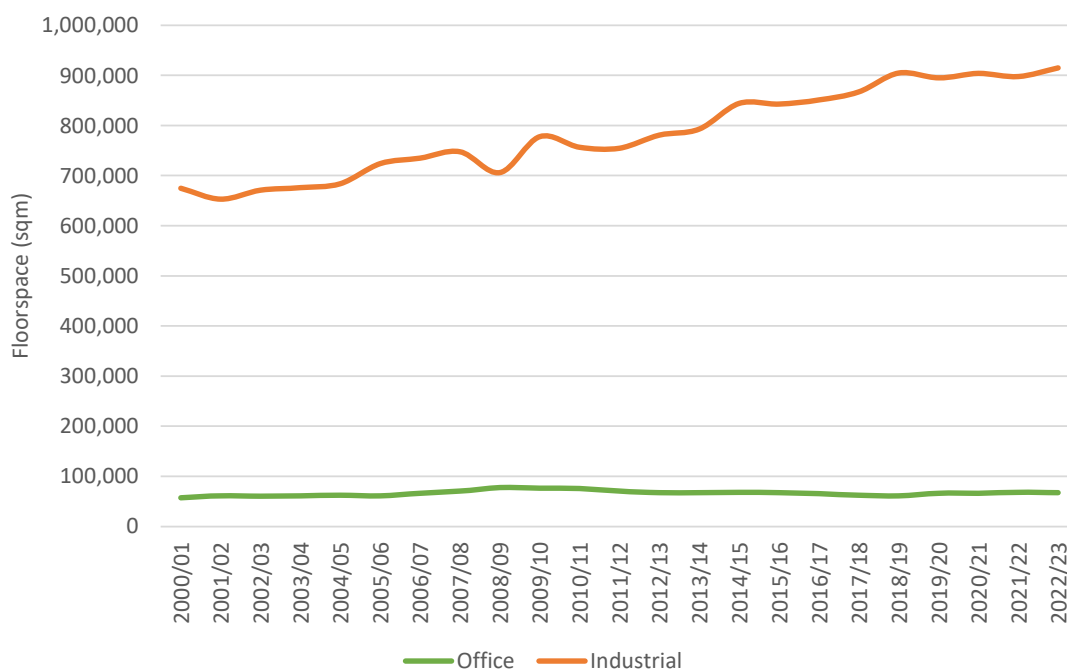
Development Rates

Employment Space

3.4 Figure 3.1 and Table 3.1 show data on industrial and office floorspace from the VOA. In total, Cannock Chase has approximately 982,000 sqm of employment floorspace, of which approximately 93.2% is factories/warehouses and 6.8% offices. Table 3.1 shows that over the period 2000/01 to 2022/23, commercial office space in Cannock Chase increased by around 10,000 sqm or 17.5% to reach approximately 67,000 sqm. However, this remains below the period peak of 77,000 sqm in 2008/09 just before the financial crisis. In comparison, the West Midlands and England & Wales saw increases in office floorspace of 10.6% and 4.4% respectively over the same period.

3.5 Between 2000/01 and 2022/23, the total amount of industrial floorspace in Cannock Chase District increased by a very substantial 240,000 sqm or 35.6% to approximately 915,000 sqm compared with a decrease of 5.2% across the West Midlands as a whole. Meanwhile, industrial space across England Wales decreased 2.1%, from 344.9 million sqm in 2000/01 to 337.8 million sqm in 2022/23.

Figure 3.1 Stock of Employment Floorspace in Cannock Chase District 2001-2023



Source: Valuation Office Agency (2023): NDR Floorspace Tables

Table 3.1 Growth in Employment Floorspace (2000/01 – 2022/23)

	Office			Industrial		
	Floorspace (sqm)	Change (2001-2023)	% Change (2001-2023)	Floorspace (sqm)	Change (2001-2023)	% Change (2001-2023)
Cannock Chase	67,000	+10,000	+17.5%	915,000	+240,000	+35.6%
West Midlands	6,445,000	+616,000	+10.6%	46,824,000	-2,594,000	-5.2%
England and Wales	83,070,000	+3,529,000	+4.4%	337,762,000	-7,170,000	-2.1%

Source: Valuation Office Agency (2023): NDR Floorspace Tables

3.6 Furthermore, the overall distribution of office and industrial floorspace has remained reasonably consistent over the period with office floorspace comprising 7.8% of total floorspace in 2000/01, peaking at 9.8% in 2008/09 and subsequently falling to 6.8% of total employment floorspace in 2022/23.

Spatial Distribution

3.7 Commercial property market data from CoStar provides insight on industrial and office floorspace. CoStar is an online commercial property database maintained by a team of market researchers which tracks in detail properties that appear on the market. Whilst this means that CoStar does not capture 100% of properties and floorspace as tracked by the VOA, it is considered to be relatively accurate for larger properties and provides insight and market analysis that would not otherwise be available.

3.8 Table 3.2 gives an indication of the number of office and industrial properties and floorspace in Cannock Chase. In terms of office space, there are a total of 150 office units

across Cannock Chase. Regarding industrial floorspace, there are a total of 356 industrial units across the District.

Table 3.2 Office and Industrial properties and floorspace in Cannock Chase

	Total
Office	
Properties	150
Floorspace (sqm)	112,033
Industrial	
Properties	356
Floorspace (sqm)	730,603
Total	
Properties	506
Floorspace (sqm)	842,637

Source: CoStar analysis (November 2023) / Lichfields Analysis

Quality of Premises

- 3.9 CoStar’s star rating system uses market-tested criteria which allows for analysis of the quality of existing office and industrial stock. CoStar’s criteria take account of architectural design, structures/systems, amenities, site/landscaping/exterior, and certifications. This analysis defines low quality properties as those rated 1-2 stars, average quality properties as those rated 3-stars and high-quality properties as those rated 4-5 stars.
- 3.10 Table 3.3 presents a breakdown of office and industrial properties in Cannock Chase District by star rating against the regional comparator. The data indicates that the District’s stock is heavily skewed towards average quality office premises, with 3-star premises accounting for 54.9% of total office stock. This contrasts with the wider West Midlands which has a lower proportion of 3-star premises (46.6%) and a higher proportion of lower quality (1-2 star) stock of commercial properties (51.0%) than Cannock Chase District (42.9%).
- 3.11 This pattern can be seen across office properties with 51.6% (79 properties) of average quality in Cannock Chase compared to 47.2% (4,414 properties) across the West Midlands. Furthermore, it is notable that just 2.6% of office stock across Cannock Chase District is of very high quality, although this aligns with the 2.5% regional figure.
- 3.12 The table also illustrates the quality of industrial properties across Cannock Chase District. Relative to the share of low-quality office space, the District has a lower share of low-quality industrial space. Of the 372 industrial properties, 41.7% (155 properties) are of low-quality compared to 51.5% across the West Midlands. Again, there are a higher number of properties rated average in quality at 209 or 56.2% compared to 46.3% across the West Midlands. There are slightly fewer high quality industrial premises with 8 or 2.3% of industrial properties compared to 2.4% across the West Midlands.

Table 3.3 Quality of Properties in Cannock Chase District and the West Midlands

	Cannock Chase District		West Midlands
	Properties	%	%
Office			
1 - 2 Star	70	45.8%	50.2%
3 Star	79	51.6%	47.2%
4 - 5 Star	4	2.6%	2.5%
Industrial			
1 - 2 Star	155	41.7%	51.5%
3 Star	209	56.2%	46.3%
4 - 5 Star	8	2.2%	2.3%
Total			
1 - 2 Star	225	42.9%	51.0%
3 Star	288	54.9%	46.6%
4 - 5 Star	12	2.3%	2.4%

Source: CoStar Analysis (November 2023) / Lichfields' Analysis

Floorspace Availability

3.13 Table 3.4 shows the availability of floorspace in the District, comprising any space that is currently vacant. The availability of office space in Cannock Chase currently stands at around 29,026 or 3.4%.

3.14 **There is a significant lack of available commercial and industrial floorspace across the District.** Office vacancy rates are particularly low, at just 1.1%, whilst industrial vacancies total 2.5% and warehousing is slightly higher, but still historically low, at 4.2%. By way of context, as recently as 2011, warehousing vacancy rates stood at 31.4% in Cannock Chase.

Table 3.4 Floorspace availability across Cannock Chase District (sqm)

Cannock Chase District	
Office	
Floorspace	112,033
Vacant	1,269
Vacant (%)	1.1%
Industrial	
Floorspace	183,333
Vacant	4,535
Vacant (%)	2.5%
Warehousing	
Floorspace	547,270
Vacant	23,222
Vacant (%)	4.2%
Total	
Floorspace	842,637
Vacant	29,026

Cannock Chase District	
Vacant (%)	3.4%

Source: CoStar Analysis (November 2023) / Lichfields' Analysis

Development Pipeline

3.15 CoStar does not indicate any projects currently under construction in the District.

4.0 Future Employment Land Needs

Introduction

4.1 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 extended plan period 2018 to 2040. These scenarios consider the need for office and industrial (i.e., manufacturing and warehousing) floorspace.

4.2 As well as considering the baseline forecast growth using Experian’s latest September 2023 econometric projections (the previous EDNA used June 2020 forecasts), the scenarios consider 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.

Methodology

4.3 The Government’s Planning Practice Guidance advises on how to calculate future employment land requirement. The Guidance⁴ 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.”*

4.4 This has not materially changed in the intervening years since Lichfields last undertook the assessment in 2020, hence our analysis has followed these approaches. An aspirational ‘regeneration-led’ scenario has been retained which considers additional demand that could be generated by key growth sectors, private sector developments and interventions.

4.5 The forecast employment land scenarios covering the 22-year period from 2018 to 2040 are:

- Baseline employment forecasts (**labour demand**), using Experian’s Local Market Quarterly Forecasts for September 2023 (compared to June 2020 previously). As a

⁴ MHCLG (February 2019) Planning Practice Guidance – 027 Reference ID: 2a-027-20190220

sensitivity test to this, we have trended-forward **past jobs growth** experienced in Cannock Chase District over the long term, from 2003-2023 and related this back to the Experian projection.

- **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.
- 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.
- 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. This incorporates three extra years of data since the 2021 study was undertaken.

4.6 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.

4.7 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.

4.8 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 considered, 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

Scenario 1) Experian Economic Forecasts (September 2023)

4.9 Experian econometric job forecasts were obtained by Lichfields to underpin this analysis. 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 and post-Covid economic climate. They are not constrained by either labour supply or land availability.

4.10 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 September 2023 projections, the population data that underpins the modelling comprises the ONS 2019 mid-year estimates [MYE] for 2017-19. 2018-based sub-national population projections [SNPP] for England were also used. The previous June 2020 Experian model run relied on the 2016 MYE and the 2016-based SNPP.
- 3 The forecasts do not consider 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.

New Growth Projections

- 4.11 Since the projections were last obtained in June 2020, the unprecedented economic shock resulting from the Covid-19 outbreak has generated considerable uncertainty for the local economy. The Experian forecast methodology note (see Appendix 1) states that projections continue for the UK to experience a muted growth of 0.2% this year. Given lingering above target inflation, high interest rates, income tax band freezes and a challenging outlook for the public finances a meaningful recovery does not emerge until 2025, and growth remains below the pre-Covid trend over a five-year horizon:

Table 4.1 September 2023 Regional Planning Service UK forecast (2019 prices).

	2018	2019	2020	2021	2022	2023	2024-28	2029-43
GDP Growth	1.7%	1.6%	-11.0%	7.6%	4.1%	0.3%	1.2%	1.8%
Workforce Jobs Growth	0.5%	1.5%	-1.6%	0.5%	2.7%	1.5%	0.5%	0.5%
Unemployment Rate	4.1%	3.8%	4.6%	4.5%	3.7%	4.2%	4.4%	4.0%
Real Income Growth	2.6%	2.1%	-1.0%	0.9%	-1.7%	0.4%	1.5%	2.0%
Spending Volumes Growth	2.5%	1.1%	-13.2%	6.2%	5.6%	0.4%	1.4%	1.8%
House Price Growth	3.3%	0.9%	2.8%	8.8%	10.3%	1.0%	2.0%	4.0%

Source: Experian UK Data Guide Macro Economic Forecasts (September 2023)

- 4.12 Over the longer term for Cannock Chase District, the September 2023 Experian baseline workforce employment projections reported a period of sustained employment growth since the depths of the last recession from 2013 and 2018 (see Table 4.2). There was an increase of 6,200 workforce jobs over this period, at a Combined Annual growth rate [CAGR] of 2.97%. This rate of growth is considerably higher than the national rate of growth (1.57% CAGR) and the regional level (1.78% CAGR).

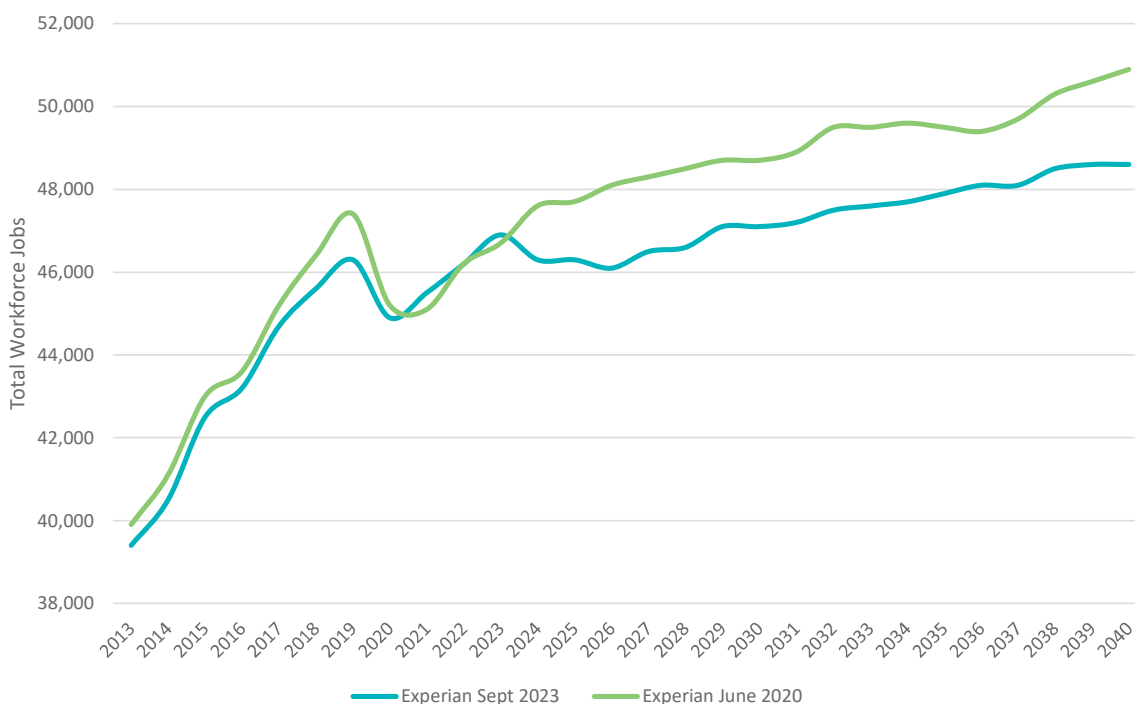
Table 4.2 Workforce Jobs Growth for Cannock Chase District and comparator areas

	2013-2018		2018-2040	
	Net Jobs Growth	CAGR	Net Jobs Growth	CAGR
Cannock Chase Experian September 2023 Projections	6,200	2.97%	3,000	0.29%
Cannock Chase Experian June 2020 Projections	6,500	3.06%	4,500	0.42%
West Midlands Experian Sept 2023 Projections	249,990	1.78%	269,050	0.40%
UK Experian Sept 2023 Projections	2,632,040	1.57%	4,857,660	0.59%

Source: Experian UK Macro Economic Forecasts June 2020 / September 2023

4.13 Moving forward, in 2019 the number of workforce jobs hit a high of 46,300 in Cannock Chase District. Following the sharp dip due to the Covid-19 pandemic and the new Brexit deal with the EU, the loss of 1,400 workforce jobs is overcome by 2023 after which time growth dips again to 2026, to gradually climb to 48,600 by 2040 – an increase of 3,000 workforce jobs between 2018 and 2030. This equates to a CAGR of 0.29% annually – a significant fall from the 2.97% stretching back to 2013 and below the 4,500 net job growth (+0.42% CAGR) in the June 2020 forecast. In comparison, the West Midlands and the UK as a whole are projected to experience job growth of 0.40% and 0.59% per annum respectively over the same 22-year time period to 2040.

Figure 4.1 Change in Total Workforce Jobs in Cannock Chase District (historic and projected) 2013 to 2040



Source: Experian UK Macro Economic Forecasts June 2020 / September 2023

4.14 Table 4.3 summarises those sectors expected to experience the largest absolute increases or decreases in employment for Cannock Chase District over the Plan period:

Table 4.3 Fastest growing and declining sectors in Cannock Chase District (2018 to 2040)

Sector	Experian September 2023		Experian June 2020
	Use Class	Net Jobs Growth	
Land Transport, Storage and Post	Purple	+3,100	+2,200
Accommodation and Food Services	Red	+1,700	+400
Health	Red	+400	+500
Computing and Information Services	Purple	+300	+200
Residential Care & Social Work	Red	+100	+800
Non-Metallic Products Manufacture	Purple	-200	-200
Specialised Construction Activities	Orange	-400	+500
Retail	Red	-400	0
Wholesale	Orange	-400	+300
Metal Products Manufacture	Purple	-500	-400

Source: Experian (June 2020 / September 2023) / Lichfields' analysis

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

- 4.15 The analysis shows that with one very notable exception, those sectors forecast by Experian to experience the greatest employment growth to 2040 are not likely to generate a significant requirement for additional office/industrial employment space (particularly Accommodation & Food Services and Health). The clear 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 a very substantial +3,100 jobs. This is significantly greater than the +2,200 net jobs growth forecast in the June 2020 iteration.
- 4.16 Conversely, many office/industrial employment sectors are forecast by Experian to decrease by 2040, with Metal Products Manufacturing projected to lose 500 jobs over the next 22 years, whilst Wholesale and Specialised Construction Activities are both projected to lose 400 jobs.

Employment Change by Use Class

- 4.17 Overall, it is expected that over the plan period 2018 to 2040 there is likely to be job growth of around 3,000, with over half (+1,616) relating to office/industrial/distribution jobs. This is shown in Table 4.4. In contrast, the previous June 2020 set of projections forecast 50% more growth (+4,500), albeit 'only' 2,163 of these related to B Class uses.

Table 4.4 Forecast workforce change in Cannock Chase District 2018-2040

Use class	Cannock Chase District Workforce Jobs		Change
	2018	2040	2018-40
E(g)(i)/(ii) Office / R&D*	5,233	5,668	435
E(g)(iii) Light Industrial**	4,446	3,998	-448
B2 General Industrial***	5,305	4,311	-994
B8 Warehousing****	9,687	12,310	2,623
Total Office / Industrial / Distribution Jobs	24,670	26,287	1,616
Other Jobs	20,930	22,313	1,384
Jobs in All Sectors	45,600	48,600	3,000

Source: Experian September 2023 / 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

- 4.18 Industrial-related employment occupying B2 industrial floorspace are forecast to lose 994 jobs over the period to 2038, whilst light industrial jobs are projected to decrease by 448. The warehouse and distribution sector is forecast to remain very strong with 2,623 net jobs growth, alongside more modest growth of 435 office jobs. There is also projected to be an increase of 1,384 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.
- 4.19 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.

Translating Jobs to Floorspace

- 4.20 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 need is related to job growth / decline in the financial and business service sectors⁵;
 - 2 The light industrial floorspace need is related to job growth / decline in some manufacturing sectors, specialised construction activities and some wholesale trades⁶;
 - 3 The general industrial floorspace need is related to job growth / decline in most manufacturing sectors⁷; and,
 - 4 The wholesale / distribution floorspace need is related to job growth / decline in the industrial sectors of wholesale and land transport, storage and postal services.⁸
- 4.21 The resulting figures have been translated into employment land projections using standard employment densities that have been applied to the forecast job change figures (adapted from the latest HCA⁹ Guidance on employment densities). These translate FTEs into workforce jobs, and plot ratios by use class.
- 4.22 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 47 sqm of employment floorspace (GEA).
 - 3 One general industrial workforce job requires 36 sqm of employment floorspace (GEA).
 - 4 One job per 64.5 sqm for general, small-scale warehouses (assumed to account for 33.33% of all requirements), 1 job per 71 sqm for medium box warehousing (assumed to account for another 33.33% of all requirements) and 1 job per 87.5 sqm for large scale, lower density warehouses (assumed to account for the remaining requirements).
- 4.23 The HCA 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.
- 4.24 It is accepted that the current Covid-19 pandemic has dramatically altered working patterns. Throughout 2022 the percentage of working adults reporting having worked from home has varied between 25% and 40%, without a clear upward or downward trend, indicating that homeworking is proving resilient to pressures such as the end of lockdown restrictions and increases in the cost of living. UK-wide, in the year to January 2023, the proportion of working adults that had travelled to work (both exclusively and in combination with working from home) was 44%¹⁰. Despite fluctuations, this proportion remains close to that seen during the height of the pandemic, with a peak of 49% of adults having worked from home in the last seven days in the first half of 2020.

⁵ i.e. Majority of BRES Sectors 58-74, Office administration and support, some activities of membership organisations and a proportion of Public Administration and Defence

⁶ Some printing and recording media; manufacture of computer and electronic products; some manufacture of furniture and repair & installation of machinery & equipment; majority of Specialised Construction Activities, plus car repair.

⁷ Remaining Manufacturing sectors, plus some construction and waste and remediation activities.

⁸ Wholesaling less car repairs retail car sales, plus post/couriers and land transport

⁹ HCA (November 2015): *Employment Densities Guide, 3rd Edition*

¹⁰ ONS (2023): Characteristics of homeworkers, Great Britain: September 2022 to January 2023

- 4.25 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 falling significantly.
- 4.26 Whilst in our view it is quite likely that there will be some long-term shift in working patterns because of the pandemic, at the time of writing (November 2023) it is still too soon to say how this will impact upon employment floorspace requirements. 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. That said, we have explored the potential impacts of any future need for Covid/health related measures in the sensitivity testing at the end of this chapter.
- 4.27 An adjustment has also been made to reflect the fact that a proportion of employment floorspace will always be vacant. Many sources are now suggesting that a figure of around 7.5%¹¹ / 8% should be used to calculate the normal, or equilibrium vacancy rate. However, CoStar data indicates that as of 2023 very little office, industrial and warehousing units are available in Cannock Chase (with vacancy rates equalling 1.1%, 2.5% and 4.2% respectively). These current levels of vacancy are historically low, with industrial/warehousing vacancies averaging 5.3% over the 10-year period 2014-2023 with commercial office at around 3.1% over the same period. Therefore, it is sensible to apply a degree of flexibility to allow for market fluctuations.
- 4.28 It is noted that the huge Amazon fulfilment centre in Rugeley, which employs 1,000 staff, is expected to close in February 2024. According to Amazon, a new £500m state of the art fulfilment centre in Sutton Coalfield, which is creating 400 new jobs for the region, is less than 20 miles from the site at Power Station Road. All employees at the Rugeley centre are being offered roles there or at other Amazon buildings nationwide¹². However, Council Officers are confident that given the current low levels of vacancy elsewhere and the strong demand for logistics in the area, a replacement occupier will be found quickly.
- 4.29 Based on this data and discussions with local agents it is reasonable to suggest that the lower end of the 8-10% 'ideal' vacancy rate typically used for EDNAs across the country represents a robust benchmark for an appropriate level of available floorspace going forward.
- 4.30 Where a reduction in jobs is forecast (e.g., for manufacturing), the associated amount of negative floorspace has been 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.
- 4.31 The resultant floorspace estimates are provided in Table 4.5. They indicate an overall net gain of office/industrial floorspace in Cannock Chase District of 188,023 sqm between 2018 and 2040. This is almost entirely driven by an increased demand for B8 warehousing, despite a fall in demand for industrial floorspace.

¹¹ Welsh Government (August 2015): Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan

¹² <https://www.expressandstar.com/news/business/2023/09/29/councillors-told-amazons-rugeley-site-is-expected-to-close-in-february/>

Table 4.5 Experian workforce job growth net employment floorspace needs 2018-2040

Use Class	Cannock Chase District floorspace (sqm)
E(g)(i)/(ii) Office / R&D	5,872
E(g)(iii) Light Industrial	-10,530
B2 General Industrial	-17,886
B8 Warehousing	210,567
Total Office / Industrial / Distribution	188,023

Source: Experian September 2023 / Lichfields Analysis

Sensitivity Test: Past Trends Job Growth

- 4.32 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 2018-2040.
- 4.33 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 the past ten years (2013-23), the number of workforce jobs increased by 7,500, at a CAGR of 1.76% annually.
- 4.34 Applying the CAGR of 1.76% annually from 2023 equates to a net job growth of 17,470 to 2040. Assuming the same sectoral representation for each industry in 2040 as the Experian baseline, constrained to the overall net job growth figures, would result in a very strong office/industrial job growth of 9,443 to 2040 as summarised in Table 4.6.

Table 4.6 Forecast workforce jobs change in Cannock Chase 2018-2040 – Past Trends

Use class	Cannock Chase Workforce Jobs		Change
	2018	2040	2018-40
E(g)(i)/(ii) Office / R&D	5,233	7,356	+2,123
E(g)(iii) Light Industrial	4,446	5,188	+742
B2 General Industrial	5,305	5,595	+290
B8 Warehousing	9,687	15,975	+6,288
Total Employment Jobs	24,670	34,113	+9,443
Other Jobs	20,930	28,957	+8,027
Jobs in All Sectors	45,600	63,070	+17,470

Source: Experian September 2023/ Lichfields Analysis

- 4.35 The resultant floorspace estimates are provided in Table 4.7. They indicate a very significant overall net gain in office/industrial floorspace in Cannock Chase of around 582,400 sqm between 2018 and 2040. Overall, the employment floorspace need is driven by a very strong past growth in B8 logistics jobs and to a lesser extent, a recovery in the light manufacturing sector in the District in recent years.
- 4.36 Whilst the overall net job growth of almost 17,500, which is almost 6-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 4.7 Past Trends workforce job growth net employment floorspace needs 2018-2040

Use class	2018-2040 (sqm)
E(g)(i)/(ii) Office / R&D	+28,655
E(g)(iii) Light Industrial	+37,671
B2 General Industrial	+11,273
B8 Warehousing	+504,798
Total	+582,396

Source: Experian September 2023/ Lichfields Analysis

Scenario 2) Regeneration

4.37

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 2020 and 2019 EDNAs incorporated 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 2020 EDNA 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 4.8.

Table 4.8 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

4.38

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.

4.39 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%

Job Acceleration in Key Growth Sectors

4.40 The 2019 and 2020 EDNAs 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.

4.41 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 4.9. This exercise has been revisited in the light of the latest data:

Table 4.9 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 September 2023 Experian Cannock Chase District growth rates for 2018-40 in brackets)
Advanced Manufacturing / Engineering	Key Growth sector across all 3 SEPs.
	Manufacture of Computer & Electronics Products (-25.0%)/ Machinery & Equipment (-25.0%)/ Other Manufacturing (0%): 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) has relocated outside of the District, with the transfer of around 1,000 jobs to its new Wolverhampton plant. 2018 figure (400 jobs) held constant to 2040, with no net growth projected (For example, Gestamp reported that auto market volumes will not recover 2019 levels until 2024, according to its IHS forecasts ¹³).
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 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

¹³ <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 September 2023 Experian Cannock Chase District growth rates for 2018-40 in brackets)
	<p>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 2023. As such, the national growth rate of 3.5% is projected between 2018 and 2040.</p>
Construction	<p>Construction of Buildings (-18.2%) / Civil Engineering (-33.3%) / Specialised Construction Activities (-10.0%):</p> <p>WMCA SEP underpinned by 40% growth. Former Rugeley Power station site development will provide some construction employment as will housing growth uplift – considered more than likely 10% rather than 40%. Discussions with Officers indicate that 40% seemed high, particularly as HS2 north of Birmingham has now been cancelled (although there will still be a connection to the West Coast mainline at nearby Handsacre near Rugeley).</p> <p>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. In April 2021, Cannock Chase District Council and Lichfield District Council granted outline planning permission for the redevelopment of the 139 ha site for a sustainable mixed-use neighbourhood including 2,300 homes, community facilities, Academy school, employment hubs and parks. It aims to be one of the lowest carbon mixed use developments of its size in the UK. This has clear potential to generate substantial numbers of jobs during both construction and operation, directly and indirectly. The cooling towers were demolished in June 2021, with remediation works underway and expected to be completed during 2023.</p> <p>The 10% uplift was considered to be more realistic, which is well below the projected WMCA SEP growth of 40%, but closer to the national rate for certain construction sectors (notably the 11.9% growth projected 2018-40 for Construction of Buildings and 9.6% for Specialised Construction Activities across the UK).</p>
Logistics and transport technologies	<p>Wholesale (-7.5%) / Land Transport, Storage & Post (+55.4%):</p> <p>WMCA SEP underpinned by 16.5% job growth in logistics and transport technologies. This appears low 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 near to Cannock District. It will deliver up to 743,200 sqm of new logistics space, directly connected to the West Coast Mainline, and up to 8,500 new jobs over the next 10 years on a 734-acre site. Although this huge project is in South Staffordshire and only just begun construction in October 2023, 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 and new junctions which are due to be completed between 2025 and 2030¹⁴ 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 -7.5% for wholesale / 55.4% for land transport, storage and distribution respectively could be achieved to 2040. The land transport growth rate is considerably higher than the regional and national growth rates, whilst the wholesale decline is broadly at the mid-point of the rate of decline projected regionally (-10.8%) and nationally (-5.8%).</p>

¹⁴ [M54 to M6 link road - National Highways](#)

SSLEP/GBSLEP/WMCA SEP Target Growth Sectors	Approximate Comparable Standard Industrial Classifications (Baseline September 2023 Experian Cannock Chase District growth rates for 2018-40 in brackets)
Retail	Retail (-7.8%): The previous EDNA 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. McArthur Glen Outlet West Midlands opened in early 2021 and this will have been incorporated into the Experian forecasts. For this reason, the -7.8% Cannock Chase figure has been used in this instance given the current difficulties surrounding the retail sector following the pandemic.
Tourism and Leisure / Cultural and Creative Economy	Recreation (14.3%): WMCA SEP targets growth of 44.2%. The District has ambition to tap potential of tourism related activities- linked to accommodation and food services. Whilst Cannock Chase appeared on the map as a leisure destination due to mountain biking at the Commonwealth Games, the WMCA growth rate is considered too high. The existing growth of +14.3% to 2040 is considered to be more realistic.
Digital & Creative Industries	Media Activities (0%); Telecoms (0%); Computing & Information Services (33.3%): The WMCA SEP targets growth of 40.2%. The Council's EDO considered this was too high for Cannock Chase as there are much lower Experian baseline growth rates for Cannock Chase District. 0%, 0% and 33.3% respectively to 2040 have been retained.
Business and Professional Services / Financial Services	Finance (0%); Insurance & Pensions (0%); Real Estate (0%); Professional Services (+9.5%); Other Private Services (-22.2%): The WMCA SEP targets growth of 47.6%. The Council's EDO considered this was too high for Cannock Chase, particularly as there has been a considerable amount of office floorspace lost to housing in recent years through Permitted Development Rights. Retained much lower Experian baseline growth rates for Cannock Chase District apart from Other Private Services . Experian projects negative growth in this sector for Cannock Chase, which appears to be pessimistic given the other sectors are projected to at least maintain their current employment levels into the long term (with Professional Services increasing by 9.5%) and this would support additional induced/indirect employment in this sector, which is currently under-represented. 8.0% UK growth rate is applied to Other Private Services to 2040.

Source: Lichfields Analysis / CCDC EDO /WMCA SEP

4.42

The adjustments to the Experian forecasts outlined above result in an **overall increase of 5,001 jobs to 2040** (2,001 higher than the baseline) and an increase in office/industrial jobs of 2,770 (1,154 higher than the baseline to 2040). Table 4.10 summarises the forecast job growth in the Regeneration Scenario.

Table 4.10 Regeneration workforce job change in Cannock Chase 2018-40

Use class	Cannock Chase Workforce Jobs		Change 2018-40
	2018	2040	
E(g)(i)/(ii) Office / R&D	5,233	5,668	435
E(g)(iii) Light Industrial	4,446	4,894	449
B2 General Industrial	5,305	4,569	-736
B8 Warehousing	9,687	12,310	2,623
Total Employment Jobs	24,670	27,441	2,770
Other Jobs	20,930	23,160	2,231
Jobs in All Sectors	45,600	50,601	5,001

Source: Experian / Lichfields' Analysis

Translating Jobs to Floorspace

- 4.43 These employment forecasts were then converted to floorspace needs in the same manner as the Experian baseline forecast. The resulting forecasts are less pessimistic in terms of general industrial losses and particularly light industrial growth. These are set out in Table 4.11.

Table 4.11 Regeneration jobs based (net) employment space needs in Cannock Chase 2018-2040

Use class	2018-2040 (sqm)
E(g)(i)/(ii) Office / R&D	+5,872
E(g)(iii) Light Industrial	+22,774
B2 General Industrial	-13,252
B8 Warehousing	+210,567
Total	+225,961

Source: Lichfields' Analysis

Scenarios 3-6: Future Labour Supply

- 4.44 It is also important to consider 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 number of new jobs needed to match the future working-age population, and how much employment space would be needed to accommodate these jobs.
- 4.45 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):
- Scenario 3: Current Standard Methodology [SM] figure (264 dpa, or 5,808 dwellings over 22 years).
 - Scenario 4: Current SM figure, plus 500 dwellings for unmet Black Country needs (287 dpa, or 6,308 dwellings over 22 years).
 - Scenario 5: Current SM figure, plus 1,500 dwellings for unmet Black Country needs (332 dpa, or 7,308 dwellings over 22 years); and,
 - Scenario 6: Current SM figure, plus 2,500 dwellings for unmet Black Country needs (378 dpa, or 8,308 dwellings over 22 years).
- 4.46 This analysis takes account of:
- 1 **Population change** over the Local Plan period 2018-40, 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 PPG¹⁵.
 - 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 2021 using the ONS's Annual Population Survey and the latest 2021 Census data, then projected forward using the projection rates published by the OBR in July 2018.

¹⁵ Reference ID: 2a-005-20190220

- 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 2040 there will have been a modest re-adjustment to the current rate of 3.30% as of 2023. Whilst it is possible that the unemployment rate will increase over the next few years due to the ongoing economic uncertainty precipitated by the pandemic and conflicts in Ukraine and the Middle East, 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 2023 Experian job projections starting at 2018 (when 45,600 jobs were based in the District). The Labour Force [LF] Ratio used equated to 1.072¹⁶, 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 2040 as this is broadly in line with the rates seen for Cannock Chase District since the recovery from the last recession.

4.47 The 2014-SNPP indicates an additional 5,361 persons living in Cannock Chase District between 2018 and 2040 (+5.4%, pro-rata'd one year from 2039-2040), of which 6,281 are over the age of 16, with a decrease of 919 children aged 15 and under. Applying the adjusted 2021 Census economic activity rates for Cannock Chase District and the growth factors from the 2018 OBR projections and factoring in an unemployment rate of 3.3% results in a projected labour force increase of 257. This is lower than the figure reported in the 2020 EDNA due to the incorporation of 2021 Census data, which indicated that the number of economically active residents living in the District had decreased in the intervening years, the longer plan period, despite the slightly higher 2018 OBR growth projections which factor in the Government's proposed change to the state pension age.

4.48 As can be seen in Table 4.12, applying the LF ratio of 1.072 equates to a net job growth of 383 over the 22-year plan period.

Table 4.12 Projected population and labour force change associated with 2014-based SNPP, 2018-40

	2018	2040	Difference
Total population	99,634	104,995	+5,361
Over 16 population	81,677	87,957	+6,281
Economically active population	50,122	50,378	+257
Labour supply (less unemployed)	48,305	48,716	+411
Jobs (with a LF ratio of 1.072)	45,056	45,440	+383

Source: Lichfields analysis, based on 2014 SNPP, 2021 Census and OBR economic activity projections

4.49 The District's Local Housing Need [LHN] based on the Standard Methodology figure incorporates an affordability uplift from the 2014-based SNHP equivalent of 22.25% (as of July 2023). This increases the LHN for Cannock Chase to 264 dwellings per annum [dpa] from 216 households per annum over the period 2023-2033. The implication of this will be that the delivery of 264 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

¹⁶ The LF Ratio for 2018, of 1.072, was calculated on the basis of the number of economically active residents less those unemployed (48,886), divided by the Experian Jobs figure of 45,600 for that year.

216 hpa. Furthermore, we are planning for a Plan period of 22 years, from 2018-40, 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 4,404, or 200 hpa. A modest adjustment has also been made to the baseline to factor in a suitable allowance for empty/second homes of 2.72%¹⁷. This translates the 200 hpa to 206 dpa.

4.50 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 5,808 would result in 49,218 dwellings in 2040 in Cannock Chase District, 2.67% 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 2040. 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.

4.51 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 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 reasonable assumptions given that the standard methodology applies the uplift to arrive at an annualised housing need figure.

Table 4.13 Demographic population modelling scenario outputs for 2018 to 2040 (net changes)

Demographic scenario	2018 Dwellings*	2040 Dwellings	Net Dwelling Growth 2018-2040	% Above 2014-based SNHP 2040 position	2018 Jobs	2040 Jobs	Jobs needed to meet projected population growth
Current 2014-based SNHP	43,410	47,937	4,527	n/a	45,056	45,440	+383
3) Current SM with 22% AR uplift (264 dpa)	43,410	49,218	5,808	102.67%	45,056	46,654	+1,598
4) SM + 500 dwelling unmet need	43,410	49,718	6,308	103.72%	45,056	47,128	+2,072
5) SM + 1,500 dwelling unmet need	43,410	50,718	7,308	105.80%	45,056	48,076	+3,020
6) SM + 2,500 dwelling unmet need	43,410	51,718	8,308	107.89%	45,056	49,024	+3,968

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

4.52 As can be seen from Table 4.13, this results in a net increase of 1,598 jobs under the Standard Methodology (including the AR uplift); rising to +2,072 with the additional 500 dwellings to meet unmet needs; +3,020 with 1,500 extra dwellings and +3,968 jobs for 2,500 extra dwellings.

4.53 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.

¹⁷ Source: MHCLG: Calculation of Council Tax Base October 2018 – 2021, an average has been taken of the past 4 years

The same distribution of employment by office/industrial and other uses as the Experian baseline scenario was also used.

- 4.54 The resultant projections and their job growth forecasts are presented in Table 4.14. This indicates that the net floorspace growth for Cannock Chase District could range from a low of 152,359 sqm to a high of 212,647 sqm depending on the level of housing growth pursued by the Council.

Table 4.14 Cannock Chase net employment floorspace required from labour supply growth scenarios 2018-40 (sqm)

Demographic scenario	E(g)(i)/(ii) Office / R&D	E(g)(iii) Light Industrial	B2 General Industrial	B8 Warehousing	Total
3) Current SM with 22% AR uplift (264 dpa)	3,665	-13,240	-20,125	182,059	152,359
4) SM + 500 dwelling unmet need	4,411	-12,324	-19,368	191,698	164,417
5) SM + 1,500 dwelling unmet need	5,904	-10,492	-17,854	210,974	188,532
6) SM + 2,500 dwelling unmet need	7,396	-8,659	-16,341	230,250	212,647

Source: Lichfields analysis

Estimating the Land Needs

- 4.55 The next step involves translating floorspace into land needs for office, industrial and warehousing uses. Land needs have been calculated by applying appropriate plot ratio assumptions to the floorspace estimates. As with the previous EDNAs, 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%).
- 4.56 The resulting net land needs for the labour demand and labour supply scenarios are set out in Table 4.15.

Table 4.15 Cannock Chase District net land needs by labour demand and supply led scenarios (ha) 2018-40

Scenario	E(g)(i)/(ii) Office / R&D	E(g)(iii) Light Industrial	B2 General Industrial	B8 Warehousing	Total
1) Experian Baseline	1.47	-2.63	-4.47	52.64	47.01
2) Regeneration	1.47	5.69	-3.31	52.64	56.49
3) Current SM2 (264 dpa)	0.92	-3.31	-5.03	45.51	38.09
4) SM + 500 dwelling unmet need	1.10	-3.08	-4.84	47.92	41.10
5) SM + 1,500 dwelling unmet need	1.48	-2.62	-4.46	52.74	47.13
6) SM + 2,500 dwelling unmet need	1.85	-2.16	-4.09	57.56	53.16

Source: Lichfields' Analysis

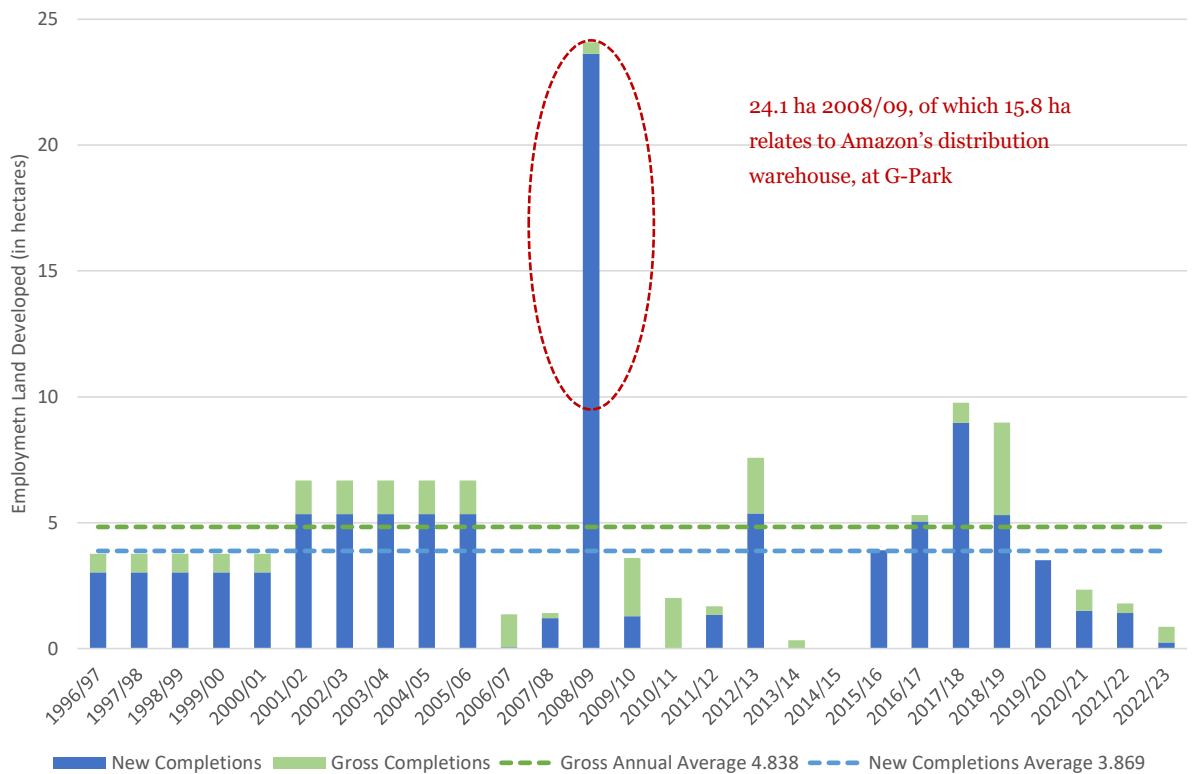
Scenarios 7: Medium Term Take Up Rates and 8: Long Term Past Take-Up Rates

- 4.57 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.
- 4.58 Monitoring data on past completions by (former) B-Class uses between 1996/97 and 2022/23 was provided by the Council and illustrated in Figure 4.2 below. As summarised

in the previous EDNA, 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.

- 4.59 For the 17-year period 2006/07-2022/23, a total of 78.42 ha of employment land was delivered, although subsequent analysis of the Authority Monitoring Report [AMR] data suggests that 5.88 ha relates to Sui Generis uses that are not strictly B-Class. Of the 78.42 ha total, 62.7 ha related to development on 'new' sites, with the remaining 15.72 ha on redeveloped employment sites. 3.81 ha of the 62.7 ha relates to Sui Generis uses.
- 4.60 Excluding the Sui Generis uses from the figures results in a total of 124.74 ha of employment land having been delivered over the past 27 years, at an annual average of 4.62 ha. This is lower than the 5.025 ha reported for 24 years in the previous EDNA due to just 4.97 ha having come forward in total in the past three years (i.e. 1.66 ha per annum).
- 4.61 However, it is clearly apparent from Figure 4.2 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 Amazon strategic distribution warehouse at G-Park Business Park, Rugeley.
- 4.62 As before, there is a clear argument to suggest that the Amazon distribution depot is an anomaly in 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.
- 4.63 As with the previous EDNAs, if this development is excluded from the take up data, the overall figure reduces by 15.8 ha down to 108.94 ha – a long term annual average of **4.03 ha**. This is higher than the medium-term average (2006/07-2022/23) of **3.34 ha**, although this, of course, includes the recessionary period and has the 15.8 ha Amazon site removed.
- 4.64 Between 2006/07 and 2022/23, 15.72 ha of the 78.42 ha comprised employment uses coming forward on redeveloped employment sites. This suggests that 20% of the total completions relates to churn in the market. Although no comparable data is provided for the longer-term period back to 1996, if it is assumed that a similar rate of churn (20%) occurred (and removing the Sui Generis uses as before), then **the resultant 'new' completions average 3.73 ha with the Amazon site included and 3.14 ha without, over the past 27 years. Over the medium (17 year) term, these figures fall to 3.464 ha with Amazon, and 2.535 ha without.**

Figure 4.2 Take-Up of (former) B-Class employment land in Cannock Chase District, 1996/97 – 2022/23



Source: CCDC / Lichfields Analysis

4.65

Table 4.16 presents the gross annual take-up for the District by B-use class (both including and excluding redevelopment on existing sites) and projects this rate forward over the 22-year plan period. The data suggests that if past trends were to be replicated in future, this could justify the provision of around **73-89 ha** in Cannock Chase District to 2040 (gross), or **56-69 ha (net of churn)**.

Table 4.16 Employment Space Needs Based on Past Completions Trends, 2018-2040 (excluding Amazon)

		Gross Completions		New Completions (net of churn)	
		Annual Land Change (ha)	Total Land Needs (2018-2040) (ha)	Annual Land Change (ha)	Total Land Needs (2018-2040) (ha)
Medium Term (2006/07-2022/23)	Offices	0.66	14.44	0.52	11.50
	Light / General Industrial	0.70	15.48	0.54	11.97
	Distribution	1.98	43.50	1.47	32.29
	Total	3.34	73.43	2.53	55.77
Long Term (1996/97-2022/23)	Offices	2.11	46.41	0.65	14.26
	Light / General Industrial	2.20	48.30	0.67	14.84
	Distribution	5.92	130.30	1.82	40.04
	Total	4.03	88.77	3.14	69.14

Source: CCDC / Lichfields Analysis

4.66

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.

- 4.67 In addition, the previous EDNA reported that between 2011 and 2019, there had been a total of 22 instances of office conversions to residential uses, many under the Permitted Development Rights. This equated to a total of 1.87 ha (c.18,700 sqm) lost over that 9-year time period. Of the 8.409 ha of B-Class land that had been lost up to 2020, 26.7% related to B1a/b office; 71.2% B1c/B2 industrial; and just 2.0% B8 warehousing.
- 4.68 Since that time, additional information has been provided by CCDC. This indicates that in the three years between 2019/20 and 2022/23, some 2,543 sqm (0.63 ha) was lost (and 500 sqm gained) due to changes of use under the Prior approval mechanism, across 8 sites in Cannock Chase.
- 4.69 Setting to one side the Prior Approval for a change of use of agricultural buildings to a flexi (Class R) use for 500 sqm, the most significant losses of employment land include:
- 2019/20: The Bothy, r/o 34 North Street, Gilpin Court, Bridgtown: Proposed change of use from office (B1A) to dwelling-house (C3) (loss of 22 sqm (E(g)i));
 - 2020/21: 20-24, Anson Street, Rugeley: Change of Use from Offices (B1(a)) to Dwellinghouse (C3) (loss of 1,308 sqm (E(g)i));
 - 2020/21: Unit C, Beecroft Court, Cannock: change of use from Offices (B1) to 12 apartments (C3), resulting in the loss of 391 sqm (E(g)i);
 - 2021/22: Unit E & F, Beecroft Court, Cannock: change of use from offices to dwelling house (20 apartments), resulting in the loss of 558 sqm (E(g)i); and,
 - 2022/23: 23-25, Market Street, Hednesford: change of use from office space to 2-bed flat (loss of 264 sqm (E(g)i)).
- 4.70 Many of the most attractive residential conversion sites are likely to have been progressed.
- 4.71 Furthermore, the Experian modelling work demonstrates significant prospects for growth for the industrial / office employment sectors (particularly for B8 logistics).
- 4.72 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 cost-of-living crisis continued economic uncertainty, the wars in Ukraine and the Middle East, Brexit and the continued fallout from the Covid-19 pandemic.
 - 2 The move towards a more Business Services-orientated economy with significantly higher employment densities.
 - 3 The impact of higher levels of home working.
 - 4 The continued restructuring of the traditional manufacturing economy with the potential for 'recycling' of older sites.
 - 5 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).

4.73 At the time of writing, there were a number of available sites with extant planning permission for (former) B-Class employment, including¹⁸:

- **Former Hawkins Works, Watling Street, Bridgtown, Cannock (0.8 ha):** CH/16/156 is full planning permission for the erection of an industrial unit for B1/B2/B8 use, granted September 2016. Discharge of conditions application approved October 2017. Site separated into two phases, and phase 1 has been completed.
- **Delta Way Business Park, Longford Road, Cannock (0.47 ha):** CH/20/073 is a full planning application for the construction of a new light industrial unit with car parking & associated works, granted October 2020. Discharge of Conditions Application Submitted October 2021.
- **Hill Farm, 84 Hayfield Hill, Cannock Wood, Rugeley (0.55 ha):** Site proposed for use of buildings and land to light industrial (B1) and the retention of the fork lift truck store (CH/19/173). Planning permission granted July 2020. Site forms part of larger SHLAA site C373. Site is within the Green Belt and borders the Courtbanks Covert SBI and ancient wood.
- **Albion Works, Gestamp Tallent, Wolverhampton Road, Cannock (0.69 ha):** 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. Granted May 2020.
- **Cannock Wood Industrial Estate, Cannock Wood Street, Cannock (1.85 ha):** CH/20/255 is a full planning permission to retain bays 1 & 2 partially converted former covered aggregate bays into light industrial units B1 & B2, granted October 2020. CH/20/256 is full planning permission to convert former aggregate bays 3-8 into Light Industrial B1 & B2 units. insert new mezzanine floors into all units 1-8, add toilet block extensions to all units, granted October 2020. The site is currently under construction.
- **Cannock Elim Church, Girton Road, Rumer Hill, Cannock (0.08 ha):** CH/20/390 is full planning permission for change of use from F2 to E including first floor extension, granted January 2021. The site is currently under construction.
- **Fleur De Lys, Watling Street, Cannock (0.29 ha):** CH/22/0327 is prior approval for a proposed change of use of agricultural buildings to a flexible use within storage and distribution use class B8, approved November 2022.
- **Victoria Shopping Park, Victoria Street, Hednesford (0.13 ha):** CH/23/0080 is planning permission for the construction of new office building with car park and associated works, granted March 2023.
- **Towers Business Park Phase II, Wheelhouse Lane, Rugeley (0.53 ha):** 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- has now expired. Site reduction in consideration of development RE4(a). Landowners still promoting site.
- **Land off Power Station Road, Rugeley (0.31 ha):** CH/20/064 is a full planning application for the erection of B1/B2/B8. Site does not cover entirety of site RE4 - granted June 2021.

¹⁸ CCDC (2023): Employment Land Availability Assessment 2023

- **Rugeley Power Station, Rugeley (3.5 ha):** Entire site (cross boundary with Lichfield DC) proposed for residential led mixed use redevelopment following closure of the power station in the short term. Site subject of adopted development brief SPD and outline planning application CH/19/201 which includes 5ha of employment land for B1/B2 class use, which is cross boundary (circa 3.5 ha indicative only within CCDC). Decommissioning and site clearance expected within circa 4 years. Site also included within SHLAA Site Ref R127. Part of site (forming golf course) lies within Flood Zone 2/3. Green Space Network. Historic Landfill. Significant demolition required. Ground remediation works have begun. Discharge of Conditions has begun and submission of further applications on the site and Reserved Matters.
- **Land at Power Station Road/A51, Rugeley (1.8 ha):** Site adjacent to existing Towers Business Park and Rugeley Power Station. Discussions have been had with the landowner/developer promoting development on site. CH/20/306 is an application for removal of existing hardstanding and erection of a retail foodstore, granted January 2021.
- **Granurite Ltd and Rugeley Tyre Service, Bostons Industrial Estate, Power Station Road, Rugeley (0.7 ha):** CH/17/080 is for the full planning permission for the demolition of 2no. Existing employment buildings and the erection of 20 Light industrial units, granted December 2017. Discharge of Conditions submitted March 2021.
- **Land at the Academy Early Years Childcare (Former Talbot Public House), Main Road, Brereton (0.14 ha):** 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. Discharge of Conditions submitted December 2018, October 2020. Circa 500 sqm of office floorspace. The site is being considered for use as a children's care home. Currently under construction.
- **Unit 6 The Levels Industrial Estate, The Levels, Brereton, Rugeley (0.2 ha):** CH/22/0085 is full planning permission for the extension to the existing industrial unit to produce a separate second unit with a mezzanine floor, granted April 2022. Discharge of Conditions submitted.
- **Land off Norton Green Lane, Norton Canes (0.56 ha):** Full Planning Permission for the erection of industrial units granted Oct 2004 (CH/01/0703). Part of site implemented- 2 units remain to be developed on site. Historic Landfill. Proximity to AQMA. Site is currently being used as a construction test/training site by tenant of unit 17 (Central Construction Training Ltd) so unavailable for further units at present. Currently under construction.
- **The Lead Mill, Rolling Mill Road, Cannock (0.17 ha):** CH/20/150 is full planning permission for the erection of a proposed storage unit, granted September 2020. CH/22/0192 is planning permission for a proposed storage unit (B8), granted October 2022.

4.74 To summarise, according to the Council's latest ELAA, as of April 2023, there was a total of 3.43 ha under construction, 4.03 hectares with outline planning permission, and 5.32 ha with full planning permission –therefore there is **12.78 ha available for Employment Use in total** (with a further 5.05 ha identified by the Council in its 2023 ELAA as being 'readily available' but with no extant planning permission at present, giving a **total availability of 17.83 hectares**).

4.75 The previous 2020 EDNA recommended that the (lower) medium-term past take up rate represented the most robust figure going forward. The latest CCDC ELAA figures suggest

that take up rates have declined over the past three years, which is leading to a downward trajectory; however, the market evidence summarised in Section 3.0 suggests that this does not necessarily reflect the strength of the commercial property market in the area, with low vacancy rates, increasing rental levels and other positive market indicators suggesting an area increasingly under stress and one that is in need of further good quality employment sites capable of addressing a range of market needs.

4.76 **On this basis, both the medium- and long-term trends are considered to have equal merit when considering the need for employment land going forward. This should be regularly monitored by Council Officers and amended as necessary.**

Safety Margin

4.77 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.¹⁹

4.78 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 margin set out above (based on medium-term trends excluding Amazon and churn) of **5.07 ha** was used. This equates to two-years of average take-up and is an appropriate level relative to the estimated scale of the original need.

Table 4.17 Cannock Chase District Safety Margin Allowances

Uses	Net Average Annual Take-up (ha)	2-year Safety Margin Added 2018-2040
Offices	0.52	1.05
Industrial & Warehousing	2.01	4.02
Total	2.53	5.07

Source: Lichfields Analysis

Planning Needs

4.79 While the net employment space needs discussed 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 needs, to allow for replacement of ongoing losses of employment space during the Local Plan period.

4.80 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.

¹⁹ This safety margin is separate from the consideration of vacancy rate.

- 4.81 Cannock Chase District Council should 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 into 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.
- 4.82 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.
- 4.83 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.
- 4.84 Data provided to Lichfields by the Council indicates that recent losses have averaged **1.00 ha** per annum over the past ten years to 2021/22. This is slightly higher than the 0.76 ha loss replacement figure taken forward in the previous EDNA, based on longer term past trends. This is partially due to 1.784 ha being lost to alternative uses in just one year recently (in 2020/21).
- 4.85 There are several existing/former employment sites identified in the Council's 2023 Employment Land Availability Assessment that are identified as being developable for housing over the next 15 years. It identifies 4 existing employment sites that could come forward for residential use, and which could potentially result in the loss of **3.34 hectares**²⁰ of employment land from the District's portfolio to residential uses, even setting to one side the loss of the very substantial 55 ha Rugeley Power Station site.
- 4.86 The 1.00 ha losses figure seen over the past ten years is fully in line with the expected rate which informed the Local Plan (Part 1) target (circa 1 ha per annum of losses assumed).
- 4.87 An alternative approach to calculating land needs 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 EDNAs have used a replacement figure of between 0.5% and 1% per annum²¹, with the latter rate being the equivalent of Cannock Chase District's entire stock being replaced over a period of 100 years. 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 need.
- 4.88 Table 4.18 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 2023). It indicates that if the current loss replacement figure of 1 ha was taken forward, it would take 196 years for the Council's stock to be replenished in full. Applying the general 'rule of thumb' figure of 1% would require just under 1.96 ha of churn, or loss replacement,

²⁰ Comprising 0.43 ha at H52 - Gregory Works, Armitage Road, Brereton; 2.6 ha at Rumer Hill Industrial Estate, Cannock; 0.19 ha at Park Road Offices, Cannock (H6); and 0.12 ha at 26-28 Wolverhampton Road, Cannock (H39).

²¹ 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.

although in reality that could include some premises being replaced more frequently, and others not being replaced at all. The 0.5% replacement figure is virtually identical to the past trend losses, at 0.98 ha per annum.

Table 4.18 Cannock Chase District Replacement Rate Analysis (2023)

	Annual Allowance	22 Year Allowance	Years Required to Replace all Cannock Chase B Class Space*
10-yr Trend Based	1.00	22.02 ha	196 years
Replacement at 0.5%	0.98	21.60 ha	200 years
Replacement at 1%	1.96	43.21 ha	100 years

Source: Lichfields analysis/VOA Business Floorspace (2023)

*Using a standard 40% plot ratio to translate floorspace to land, and adjusted by 20% to reflect churn

- 4.89 As set out in the 2020 EDNA, 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%) rates²². The District's stock of space therefore comprises a much higher proportion of modern premises than might be expected nationally. This suggests a lower rate of churn may be required to address the relatively low proportion of older stock that is less likely to be fit to meet the needs of modern-day occupiers.
- 4.90 Other EDNAs²³ 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 rate is fully in line with the Council's latest 2023 Employment Land Availability Assessment, which indicates that of the 78.42 ha (former) B-Class completions 2006-2023, 15.72 ha, or 20%, comprised redevelopments on existing sites with the remaining 80% of completions taking place on new employment sites.
- 4.91 Replacing 0.5% of the floorspace would require an annual loss allowance of 1.23 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 0.98 ha per annum.**
- 4.92 Furthermore, from 1st of April 2023 the minimum Energy Performance Certificate [EPC] rating at which a commercial property can be let will be an EPC of E. Ongoing government consultation suggests that this will result in a minimum EPC requirement for a commercial property being a D by 2025, a C by 2027, and potentially, a minimum requirement of B by 2030.
- 4.93 Therefore, older buildings are likely to need considerable expenditure to try and conform to these increased requirements. However, this may not be viable for much of the older stock and large sectors of the current market supply could become unfit for purpose, and consequently redundant.

²² 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

²³ West of England Joint Spatial Plan Area Updated Employment Evidence (2018)

- 4.94 Cannock Chase's SME market could be at risk to these ongoing changes, especially if/when this legislation comes into effect in 2027 and 2030. This will potentially reduce the amount of viable, and available leasehold market stock available to occupiers and could significantly increase the rate of employment land losses. However, as it has a more modern stock than many authorities, the District may be less affected by these changes than other parts of the country.
- 4.95 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 1 ha would be appropriate and 0.98 ha based on replacing 0.5% of the total stock, or churn. On balance and given the modern nature of much of the industrial stock, it is suggested that **a figure of 1.00 ha would represent a sufficient rate of churn/loss replacement**. This equates to 22 ha over the full plan period.
- 4.96 Table 4.19 provides an illustration of indicative land needs if the Council takes the decision to plan for the replacement of losses at 1 ha, based on a balanced review of churn/past trends.

Table 4.19 Indicative Land Needs for Cannock Chase District (flexibility margin and replacement of losses) for 2018 to 2040

Scenario		Offices	Light Industrial	General Industrial	Warehousing	Total	2020 EDNA TOTAL
1) Experian Baseline	Net	1.47	-2.63	-4.47	52.64	47.01	41.62
	+ Flexibility Factor					52.08	47.62
	+ Loss Replacement					74.09	62.75
2) Regeneration	Net	1.47	5.69	-3.31	52.64	56.49	51.11
	+ Flexibility Factor					61.56	57.11
	+ Loss Replacement					83.58	72.24
3) Current SM with 17% AR uplift (264 dpa)	Net	0.92	-3.31	-5.03	45.51	38.09	29.55
	+ Flexibility Factor					43.16	35.56
	+ Loss Replacement					65.18	50.68
4) SM + 500 dwelling unmet need	Net	1.10	-3.08	-4.84	47.92	41.10	32.86
	+ Flexibility Factor					46.17	38.87
	+ Loss Replacement					68.19	53.99
5) SM + 1,500 dwelling unmet need	Net	1.48	-2.62	-4.46	52.74	47.13	39.49
	+ Flexibility Factor					52.20	45.49
	+ Loss Replacement					74.22	60.62
6) SM + 2,500 dwelling unmet need	Net	1.85	-2.16	-4.09	57.56	53.16	46.11
	+ Flexibility Factor					58.23	52.11
	+ Loss Replacement					80.25	67.24
7) Medium Term Past Take Up Rates	Net of churn	11.50	44.26			55.77	60.03
	+ Flexibility Factor					60.84	66.03
	Gross					78.50*	81.16
8) Long Term Past Take Up Rates	Net of churn	14.26	54.88			69.14	72.21
	+ Flexibility Factor					74.21	78.22
	Gross					93.84**	93.34

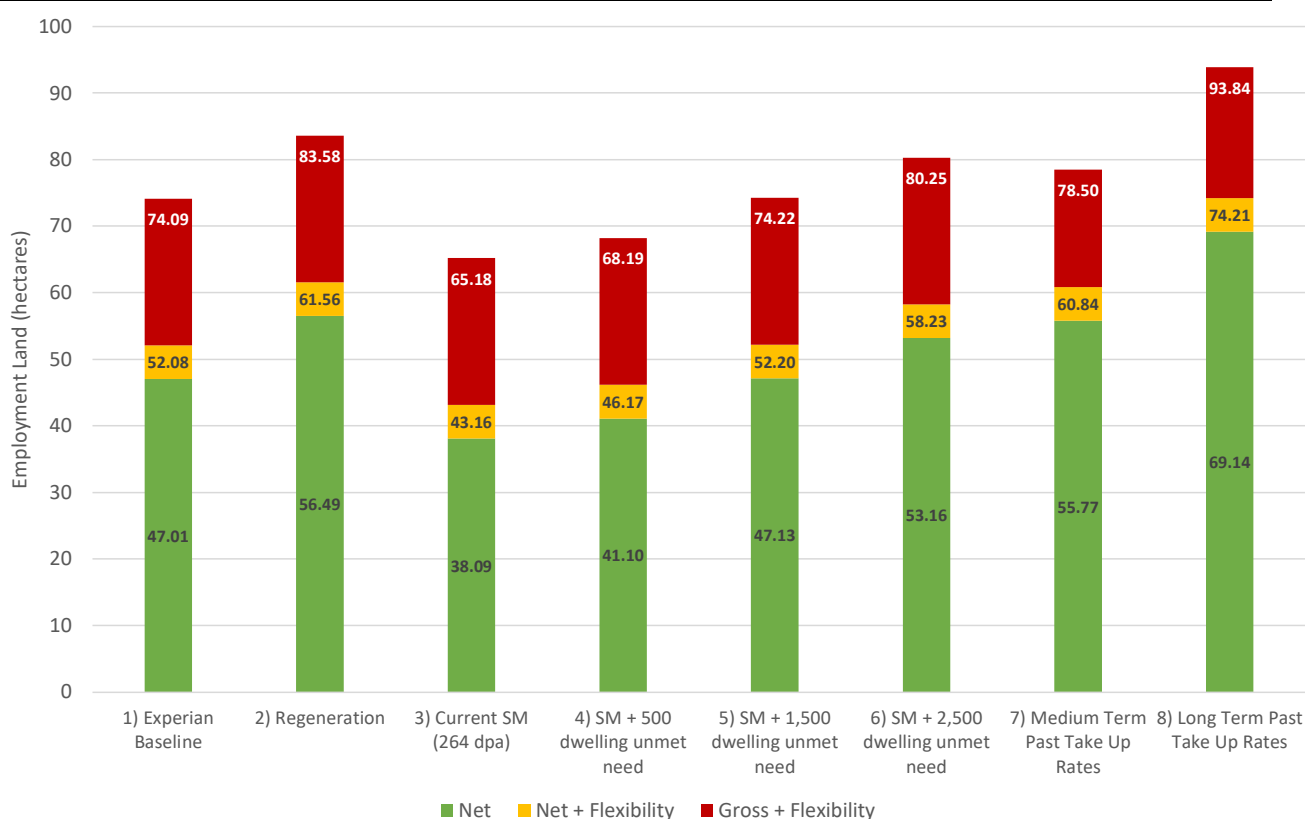
Source: Lichfields' analysis. Rounding errors may mean sums do not add.

*includes 17.66 ha on redeveloped former employment sites. **includes 19.63 ha on redeveloped former employment sites.

- 4.97 The labour supply projections for Cannock Chase District are illustrated alongside the econometric and past take up projections in Figure 4.3. The two econometric scenarios range from 52 to 62 ha (net including flexibility), rising to between 74 ha and 84 ha gross if the Council includes the recommended rate of loss replacement/churn. The labour supply scenarios range from 43 ha to 58 ha (net + flexibility) and from 65 ha to 80 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 61 ha (net of churn + flexibility), rising to 78.5 ha gross, is lower than the 81 ha projected in the previous update, as employment land development have been slightly lower than the trend over the past three years which has brought the annual average down. Scenario 8 indicates a need for 74 ha (net of churn, plus flexibility) and 94 ha gross. The latter figure is comparable to the 93 ha in the 2020 EDNA, as the impact of a lower level of take up in the past 3 years is ameliorated by the 27-year appraisal period and countered by the two-year extension to the plan period.

Figure 4.3 Comparison of scenarios for Employment Land in Cannock Chase District 2018 to 2040



Source: Lichfields analysis

Conclusions

4.98 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 2020 EDNA using new Experian econometric projections; labour supply scenarios incorporating the latest standard methodology housing need figure of 264 dpa; and updated past take up rates and losses data. The plan period has also been extended two years, from 2038 to 2040.

4.99 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, Brexit and the cost-of-living crisis. Economic forecasts are regularly updated, and the resulting employment outputs will change over the plan period.

- 4.100 Eight different scenarios of future employment space needs 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 lower level of job growth than before, of 3,000 net workforce jobs between 2018 and 2040 compared to 3,900 previously. However, a 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 3,100 net job growth over the next 20 years, a big uplift on the 1,900 net growth previously. This results in a higher level of employment land required, up to 74 ha (gross) now.
- 4.101 On the face of it, this appears a 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.
- 4.102 Furthermore, as summarised above, as of April 2023, there was a total of 3.43 ha under construction, 4.03 hectares with outline planning permission, and 5.32 ha with full planning permission –therefore there is 12.78 ha available for Employment Use in total (with a further 5.05 ha identified by the Council in its 2023 ELAA as being ‘readily available’ but with no extant planning permission at present, giving a **total availability of 17.83 hectares**).
- 4.103 As before, the Regeneration Scenario accelerates certain key industrial growth sectors identified in the various SEPs, 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 5,001 to 2040, which is lower than the 6,007 in the 2020 EDNA as a result of the lower Experian base (although again there is a greater bias towards more land-hungry uses, resulting in a higher land requirement).
- 4.104 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 four labour supply scenarios: Current SM with 22% AR uplift (264 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 1,598 based on the standard methodology, to 3,968 factoring in an additional 2,500 dwellings to meet unmet needs from the Black Country. These reflect different economic growth rates from the 2021 Census and higher OBR 2018 growth projections. The labour supply employment land needs range from 43 ha – 58 ha net (plus flexibility), and 65 ha to 80 ha gross.
- 4.105 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 131 ha of employment land delivered over the past 27 years (109 ha adjusting down for the Amazon distribution depot at G-Park and non B-Class uses). Lichfields’ analysis suggests that this equates to 3.14 ha (net of churn, 4.03 ha gross) over the long term, and 2.53 ha (3.34 ha gross) over the medium term. Trended forward, this results in a range of 61-74 ha net plus flexibility (79-94 ha gross) of

employment land needed to 40 with the long term take up representing the upper end of the range.

- 4.106 **Consequently, based on these considerations, Cannock Chase District's employment land OAN comprises a range of between 43 ha to 74 ha net between 2018 to 2040 (including flexibility).** The 43 ha net figure is equivalent to the Scenario 3) Current SM + flexibility. The 74 ha figure relates to the upper end of the scenarios (specifically Scenario 8 Long term past take up, including flexibility, but net of churn). All of the scenarios sit within this range.
- 4.107 **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 need. The range rises further – to between 65 ha (again, Scenario 3) and 94 ha (Scenario 8) – if a suitable adjustment for losses is factored into the model.**
- 4.108 **It is for the Council to make a policy choice as to where within this broad range its preferred employment land requirement sits, but it should broadly be in alignment with its chosen housing target.**
- 4.109 For example, if the Council's preferred housing requirement is equal to the 7,020 net dwelling growth under labour supply Scenario 5 (264 dpa SM + 1,500 dwellings unmet need, i.e., 332 dpa) then this would have repercussions on the employment land target, which may have to be adjusted as a consequence to ensure the two are not misaligned. It is recommended that the Council undertake more detailed housing modelling to ensure the job projections are aligned closely with their housing requirement.
- 4.110 The SM2+ 500 dwelling Scenario 4 sits towards the lower end of this range. If the Council were to pursue this housing target in its Plan, then the level of employment land that would equate to Scenario 4 would be 46 ha net, 68 ha gross.
- 4.111 These land needs 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.
- 4.112 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).
- 4.113 The 43-74 ha net / 65-94 ha gross ranges are greater (at the upper end of the scale) than the 48-66 ha net / 63-81 ha gross ranges set out in the previous EDNA, reflecting a combination of an extended plan period (2018-38 vs. 2018-40), higher loss replacement (from 0.756 ha to 1.0 ha per annum), and updated economic activity rates, unemployment levels and labour force ratios.
- 4.114 In terms of how the updated 43-74 ha net (65-94 ha gross) employment land need for Cannock Chase District could be split between the Use Classes, the following quantitative and demand-based factors can be considered:
- 1 Historical changes to the stock of existing employment space show that the level and share of office space has not increased at all over the past decade, staying at 67,000 sqm between 2014 and 2023, whilst the level of industrial space has increased at a faster rate of 15% over the same period. 915,000 sqm of industrial floorspace is in

Cannock Chase District according to VOA figures for 2023, which is almost 14-times higher than the volume of office space.

- 2 Vacancy rates for industrial premises are higher than that of office premises, at 3.8% compared to 1.1% for the latter (notwithstanding the challenge of Amazon relocating from their vast logistics centre in Rugeley imminently). These figures are lower than the 8.7%/3.2% vacancy rate figures reported for the two sectors respectively as recently as 2018 according to CoStar data and are well below the 8-10% general equilibrium level.
- 3 By 2040 just 22% of B-Class jobs are projected to be in the higher employment density office space, compared to 47% in lower density logistics space.
- 4 Just 10% of the employment land needed based on the Experian projections (Scenario 1) is needed for office. 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 on 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 20% of employment land completions has related to office space, compared to 21% for B1c/B2 industrial land, and 59% for B8 warehousing and logistics.
- 7 Since 2011/12, 23% of employment floorspace losses have related to B1a/b offices; 75% B1c/B2 industrial and just 2% for B8 warehousing.

4.115 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 2040:

- 1 15% for office; and,
- 2 85% for industrial/distribution.

4.116 This is more weighted towards the provision of industrial land than was recommended in the previous EDNA, which recommended a 20:80 split between office and industrial. This slight change reflects the ongoing strength in the logistics market, the increased take-up of industrial land; the stagnation of the office market over the past ten years 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 employment land range identified for Cannock Chase District is:

43-74 ha net between 2018 and 2040 (65-94 ha gross)

Of this range, it is suggested that around 85% should be identified for industrial / warehousing, and the remaining 15% for new office space.

4.117 It is stressed that this employment land needs assessment does not fully address the needs of strategic logistics that meet a 'bigger than local' requirement. Guidance on the scale of

this unmet strategic B8 need should be sought via a sub-regional study covering the wider FEMA.

- 4.118 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.

5.0 Conclusions and Recommendations

- 5.1 Lichfields has been commissioned by Cannock Chase District Council [the Council] to prepare an update to the Economic Development Needs Assessment [EDNA] Covid-19 Assessment that Lichfields produced on the Council's behalf in December 2020. That report (which was itself an update to a previous Employment Land Review [ELR] undertaken by Lichfields in 2019), factored 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 sectors over the short and medium-term and test the impact on key industrial sectors. The report has remodelled the employment land targets and draws conclusions as to whether the previous 48-66 ha (net) / 63-81 ha (gross) of employment land over the Plan period remains valid. It should be read in conjunction with the previous Study.
- 5.2 Cannock Chase District's economy faces a number of opportunities and challenges in future years. The pandemic hit Cannock Chase's leisure, recreation, retail and hospitality sectors very hard, and recovery remains very fragile given the current situation in Ukraine and the Middle East, as well as the cost of living crisis and political uncertainty. The structural reliance on traditional manufacturing jobs is also a risk over the long term, as is the imminent loss of the large Amazon fulfilment centre at Rugeley and the 1,000 jobs based there.
- 5.3 The latest Experian forecasts for Cannock Chase District (September 2023) show that the District returned to pre-Covid-19 employment levels in 2023 after a substantial drop in Q2 2020 due to lockdown measures. In 2020 there was a fall of 1,400 jobs, equivalent to 3% of Cannock Chase District's workforce, with a further fall of 800 jobs in 2021 (-2%). Cannock Chase District returned to pre-Covid-19 levels in 2023, a year sooner than Experian's previous 2020 forecast (of 2024). However, with the current economic challenges and downturn in the UK economy, Experian forecast stagnated growth and small decline in jobs until 2027.
- 5.4 Both the post-Covid-19 recovery and forecast economic downturn recovery have been more protracted for Cannock Chase District than the UK average (a -2% decline in 2019-20, followed by a recovery by 2022). 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.
- 5.5 In the medium/long term, Experian is projecting weaker employment growth in the District than was previous forecast, equating to +3,000 net jobs growth 2018-40, compared to 3,900 jobs to 2038 previously. Much of this growth is forecast to occur in the first few years after the pandemic, which equates to a CAGR of 0.29%. However, the largest growth sector is likely to be in Transport & Storage, which is forecast by Experian to increase by 3,100 jobs, increasing by 55%. Logistics growth is therefore forecast to remain strong as the move towards increased online retailing shows no signs of abating.
- 5.6 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.

- 5.7 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).
- 5.8 The two econometric scenarios ranged from 52 to 62 ha (net including flexibility), rising to between 74 ha and 84 ha gross if the Council includes the suggested rate of 1ha per annum loss replacement. The labour supply scenarios range from 43 ha to 58 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 78.5 ha (gross), is slightly lower than the 81 ha projected in the previous update, as employment land development has been slightly lower than the trend over the past 3 years which has brought the annual average down slightly. This is not the case for the longer term, which identifies a gross need for 94 ha compared to 93 ha previously, as the slowdown in take up over the past three years is ameliorated over a longer time frame and is outweighed by the inclusion of two extra years (2038-40) in the forecast.
- 5.9 **Consequently, Cannock Chase District's employment land range is between 43 ha and 74 ha net for the period 2018 to 2040 (including flexibility). This range makes no allowance for the replacement of losses. The Council will need to take a decision regarding the extent to which additional provision should be planned for, over and above the net need. The range rises further – to between 65 ha and 94 ha – if losses are replaced at an appropriate rate.**
- 5.10 This range does not make provision for the full need for strategic B8 logistics in the area, which should be identified as part of a wider study across the sub-region.
- 5.11 It is for the Council to make a policy choice as to where within this broad range its preferred employment land requirement sits, but it should broadly be in alignment with its chosen housing target.
- 5.12 For example, if the housing requirement is at or below the net dwelling growth under labour supply scenario 4 (SM + 500 dwellings unmet need, then this could have repercussions on the employment land target (which equates to 46 ha net, or 68 ha gross) to ensure the two are not misaligned. It is recommended that the Council undertake more detailed housing modelling to ensure the job projections are aligned closely with their housing requirement.
- 5.13 The approximate proportion of employment land uses is recommended to be 15% office 85% industrial/warehousing. This reflects the ongoing strength in the logistics market, the increased take up of industrial land, weak past growth in commercial office floorspace and the much stronger job growth projections in the B8 sector compared to office.

the 1990s, the number of people in the world who are poor has increased from 1.2 billion to 1.6 billion. The number of people who are extremely poor has increased from 600 million to 800 million.

There are a number of reasons why the number of people who are poor has increased. One reason is that the world's population has increased. Another reason is that the world's economy has not grown fast enough to create enough jobs for all the people who are looking for work.

There are a number of things that we can do to help reduce the number of people who are poor. One thing is to help the world's economy grow faster. Another thing is to help create more jobs for people who are looking for work.

There are a number of things that we can do to help create more jobs for people who are looking for work. One thing is to help start new businesses. Another thing is to help people who are looking for work to get the skills that they need to get a job.

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Birmingham

0121 713 1530

birmingham@lichfields.uk

5.14

Edinburgh

0131 285 0670

edinburgh@lichfields.uk

Manchester

0161 837 6130

manchester@lichfields.uk

Bristol

0117 403 1980

bristol@lichfields.uk

Leeds

0113 397 1397

leeds@lichfields.uk

Newcastle

0191 261 5685

newcastle@lichfields.uk

Cardiff

029 2043 5880

cardiff@lichfields.uk

London

020 7837 4477

london@lichfields.uk

Thames Valley

0118 334 1920

thamesvalley@lichfields.uk

@LichfieldsUK

lichfields.uk