Economic Needs Assessment

Newcastle-under-Lyme & Stoke-on-Trent

June 2020

Contents

Our reference
NEWP3004

This report was commissioned in **February 2020**, and largely drafted over the period to **June** in line with the original programme for the Joint Local Plan. Discrete elements of the analysis, purely relating to supply, were completed beyond this point due to the limitations of lockdown.

Executive Summary

This Economic Needs Assessment has been produced by Turley – alongside a separate but linked Housing Needs Assessment (HNA) – on behalf of Newcastle-under-Lyme Borough Council and Stoke-on-Trent City Council ('the Councils'). It is intended to update their employment land evidence, last reviewed in 2015[1], and comply with national planning policy that has since been revised[2]. It provides evidence to inform the preparation of a Joint Local Plan, while establishing links with ambitious economic strategies that already exist to address local and wider priorities in this area.

It should be noted at the outset that while this report takes a long-term view guided by trends historically observed over a reasonable period of time, it has unfortunately been produced at a time of exceptional economic volatility. Reporting has coincided with the coronavirus pandemic (Covid-19) which prompted an unprecedented shutdown of economic activity, with inevitable uncertainty about the timescales for the expected recovery and only limited evidence available on its local or even national impact. This clearly increases the level of uncertainty when considering – as required by national planning policy – the prospect of future economic growth in the study area over the long-term. With this report intended to inform the production of a new Local Plan, the Councils are advised to closely monitor wider and local economic trends during its preparation, particularly as the economy recovers from the pandemic, and review the continued applicability of any conclusions drawn at this uncertain time. Similarly, this economic context has limited the potential for and representativeness of engagement with the business community in particular as part of the study. Future updates will need to incorporate engagement with businesses as the evidence is used to underpin emerging planning policy.

Understanding existing trends

The analysis in this report reveals the progress that the study area – capturing the entirety of both Stoke-on-Trent and Newcastle-under-Lyme – has made in the years since the last Employment Land Review (ELR) was prepared in 2015. In summary:

Job growth has been sustained in recent years, most notably – though not exclusively – in Stoke-on-Trent where the rate of job creation has accelerated far beyond the forecast favoured in the last ELR. This has spanned a range of sectors, including health, logistics, IT and construction, but public services, wholesale and retail continue to account for the largest shares of all jobs in the study area. Professional services remain relatively underrepresented, but it is notable that professional *occupations* are increasingly prevalent amongst the

[1] NLP (2015) Newcastle-under-Lyme and Stoke-on-Trent Joint Employment Land Review

[2] MHCLG (2019) National Planning Policy Framework

workforce which may have contributed towards a recent rise in average earnings that nonetheless remain relatively low;

The resident labour force has responded positively to this improving economic context, with the rate of unemployment in each authority having substantially fallen to – or near – record lows as of 2019. A growing proportion of residents are working in higher paying roles, with their average earnings rising as a result, and an increasing number are highly qualified with fewer possessing no qualifications. Certain areas remain highly deprived in a national context, however;

New offices, warehouses and industrial premises have been delivered in recent years, but existing space has also been lost. The study area continues to be defined by its offer of industrial space, much of which is dated – and often lost – but with recent provision appearing to have enabled a slight improvement in quality. There is proportionately less office space in the study area than seen nationally or in some neighbouring areas, largely concentrated in Hanley and the town centre of Newcastle-under-Lyme as well as in business parks, and while such space continues to be provided – including through a small number of large schemes – it is also being simultaneously lost at a similar rate. The delivery of new warehousing space is in contrast outpacing the rate of loss and therefore markedly growing the stock of such premises, which are largely concentrated on a number of sites along the A500 in Stoke-on-Trent and are locally unique in being relatively high quality; and

Market activity has generally slowed in recent years, having peaked around the point at which the 2015 ELR was published. In the case of industrial and warehousing premises, which cannot be separated in this particular analysis, this slowdown appears driven by a lack of availability rather than reducing demand, with the most accessible parts of the study area – along the A500, A50 and M6 – still viewed as premier locations for distribution in particular. There are, though, exceptions to the general trend, with Stoke-on-Trent continuing to see a relatively large number of increasingly sizeable office transactions before a flurry of smaller premises were leased last year.

Availability rates for offices across the study area have fallen from recessionary highs to align closely with the regional and national average, but the prevalence of second hand stock and the finite capacity of this locally oriented market mean that this has not perceptibly inflated average rents. Rents for warehouses have, in contrast, surged in Stoke-on-Trent especially, potentially due to the provision of quality new space and the extremely low availability rate. The availability rate has also fallen across industrial premises, in a fundamental change from the trend observed in the last ELR, which has led to a rise in average rents that still remain low due to the “sub-prime” nature of the market.

Assessing the current supply of employment land

In the current context described above, Aspinall Verdi have sought to reassess the current supply of employment land last reviewed in the 2015 ELR, based on the Councils' criteria and their occasionally revised classification of sites.

This current supply has been found to offer **circa 293.4ha of developable land in total**, with the majority (228.7ha) located in Stoke-on-Trent and the residual 64.8ha in Newcastle-under-Lyme. Existing allocations are an important but increasingly small component of the latter but there are no such sites remaining in Stoke-on-Trent, and this means that the vast majority of the existing supply across the study area is vacant land either within or adjacent to existing employment sites. This is augmented by circa 66.6ha of land with extant planning permission.

This current supply has been evaluated by Aspinall Verdi, based on criteria set by the Councils, with sites indicatively ranked – at a necessarily high level – against 12 factors linked to their market appeal, physical characteristics and sustainability. This indicates that good or very good sites account only for around a third (97ha) of the current supply across the study area, with most sites instead considered to be relatively average.

A similar process has been followed by Aspinall Verdi in assessing further sites identified by the Councils, or submitted through the call for sites process, as offering the potential for future employment uses. It is for the Councils to consider, through the plan-making process, whether these sites are appropriate for such development noting that a large proportion are in the Green Belt, but it can nonetheless be observed that they collectively offer a further 366.7ha of potential employment land. This is, though, largely attributable to eight sites in Newcastle-under-Lyme, which are of a "strategic" scale and are separately considered further in that context.

Estimating future demand and the balance with supply

This report has attempted to quantify the future demand for employment land and floorspace over the emerging plan period, using the approaches suggested in Planning Practice Guidance (PPG) and drawing upon the latest available evidence. It is important to recognise that each approach has strengths and limitations, and none should be viewed as definitive with a degree of interpretation necessary.

The PPG encourages the use of employment forecasts, and three have been obtained from the leading providers – Experian, Cambridge Econometrics and Oxford Economics – to inform this study. They offer divergent views on the potential for job growth in the study area, as was the case when the last ELR was prepared, with Experian forecasting 794 additional jobs annually – driven by health and logistics especially – but Oxford Economics implying that 167 jobs will be *lost* each year, with a pronounced reduction in the manufacturing sector for example. Its negative outlook also appears influenced by an underlying

assumption of population decline, which appears unlikely, and this forecast can be justifiably attributed less weight as a result.

Even the remaining forecasts, from Experian and Cambridge Econometrics, require careful and critical consideration given the limitations brought by their "top-down" methodologies. This led to an early divergence from all but one of the forecasts drawn upon in the previous ELR, and emphasises the need for sense checks which now suggest that Experian offers the most appropriate baseline forecast for this area because:

It would less severely slow the recent rate of job growth, particularly in Stoke-on-Trent;

An earlier Experian forecast, presented in the last ELR, successfully predicted the job growth that has occurred in recent years with remarkable accuracy; and

The sectors in which Experian generally takes a more positive outlook – such as health, logistics, IT and professional services – have all seen strong job growth in recent years, and remain priorities both locally and across the LEP area.

While an appropriate baseline, Experian's assumption that the recent rate of job growth in this area will more than halve appears to conflict with ambitious economic strategy and a continuing programme of investment. A more optimistic version of this Experian forecast has therefore been developed, by adjusting – based on the past trend and the occasionally more optimistic Cambridge Econometrics forecast – and then testing the outlook for individual sectors. This suggests that some 1,179 jobs could be created annually, elevating the baseline by nearly half and allowing for a modest and conceivable fall from the recent growth trend.

Beyond employment forecasts, the PPG also advocates demographically derived assessments of labour supply, albeit this is arguably redundant where the Councils plan to deliver the housing separately found – in the HNA – to be needed to support the above levels of job growth. Simply meeting the minimum need for housing could, though, lead to a lower level of job creation over the plan period, and this can provide a reasonable basis for a "labour supply" scenario.

Following the assignment of jobs to use classes, their translation to both floorspace and land and the allowance for losses and flexibility, it has been estimated that **circa 132ha of employment land could be needed under such a labour supply scenario, rising to 137ha under the Experian forecast and 171ha under the higher job growth scenario.** This is in each case orientated towards land suitable for warehouses (95-124ha) with a smaller need for industrial land (12-36ha) or office premises (8-10ha). The estimated need for the latter would, however, significantly increase where lower density development prevails in business parks.

These scenarios have been complemented by an approach linked to past take-up, which is also supported by the PPG and suggests – based on the Councils'

monitoring, consistent plot ratios and an allowance for flexibility – a higher need for **around 275ha** of land over the plan period. This is likewise underpinned by a higher need for warehouses (169ha), industrial premises (91ha) and offices (15ha or more in lower density locations).

In purely quantitative terms, the overall need implied under any of the aforementioned scenarios could be met through the current supply of circa 293ha of employment land. The scale of any implied surplus could, however, diminish quite significantly when removing sites awaiting planning permission for other uses, and accounting for the deliverability challenges that could be faced by average and poorer quality sites. Only 97ha of the current supply has been classified as good or very good, suggesting a potential shortfall of *quality* employment sites – capable of adapting to changing market demands – despite an apparent surplus in quantitative terms.

In purely quantitative terms, the above would imply that it would be reasonable for the Councils to consider identifying additional employment land in the emerging plan to ensure sufficient flexibility and choice and ensure that the supply of land does not constrain the continued growth of the local economy. This is only reinforced when considering the specific need for land suitable for:

Offices, where supply appears quantitatively sufficient to meet future demand but it is apparent that under closer examination there is likely to be a shortfall of land to meet needs. This recognises that the quantified supply relies to a large extent on Keele Science Park and a notably diminishing supply of land in Hanley city centre and Newcastle-under-Lyme town centre. The Councils are advised to therefore closely monitor the availability of other sites which could provide higher quality office space, in central or more peripheral locations where they are considered to represent an appropriate use;

Warehouses, where the sizeable need that could result from a continuation of past take-up trends may not be met through the rapidly diminishing supply in locations attractive to the market – such as Chatterley Valley, Etruria Valley / Festival Park and Trentham Lakes – that have recently accommodated much of this development. This suggests that the Councils should consider identifying further sites, with a particular focus on land capable of accommodating increasingly large warehouses to supplement existing, smaller sites, reflecting strong evidence of continued market demand; and

Industrial premises, where the supply appears reasonable in quantitative terms but lacking in quality with issues around market demand, location and deliverability. The Councils may wish to consider the extent to which higher scoring sites identified in the potential future supply could offer additional flexibility, in response to a proven need and demand.

Considering the potential for strategic sites

This report has also raised the prospect of identifying – through the Local Plan process – a new strategic site, or sites, in response to evidenced need and demand from logistics operators seeking large plots of land close to the

motorway network. This follows the identification of a potential shortfall of land suitable for warehouses in established locations, relative even to local needs, and acknowledges further evidence of a regional shortage of such land across the West Midlands.

Aspinall Verdi have in this context assessed further sites identified by the Councils and deemed capable of potentially meeting this need, based on specific criteria, using the scoring framework applied for the current supply. This indicates that a number of sites – currently designated as Green Belt – warrant further consideration from the Councils as they develop the Joint Local Plan, with such a process naturally also requiring appraisal of the justification for changing Green Belt boundaries.

Introduction

Turley has been commissioned by Newcastle-under-Lyme Borough Council and Stoke-on-Trent City Council ('the Councils') to update their employment land evidence, last reviewed in 2015[3]. This report is intended to represent an Economic Needs Assessment (ENA) in compliance with the National Planning Policy Framework[4] (NPPF) as updated in 2019.

This ENA is intended to be used by the Councils to inform their preparation of a new Joint Local Plan. This will replace the current adopted Newcastle-under-Lyme and Stoke-on-Trent Joint Core Spatial Strategy (2009), the saved policies from the Newcastle-under-Lyme Local Plan (2011) and the Stoke-on-Trent City Plan (2001).

The ENA has been prepared in parallel with a Housing Needs Assessment (HNA), which itself updates the Councils' previously published Strategic Housing Market Assessment and its subsequent update[5]. The two studies share informing baseline analysis relating to the historic and forecast growth of the local economy and the area's demography.

It is important to recognise that the two reports have been produced during a period of exceptional economic volatility, with the study commencing in February 2020. This followed the UK's departure from the EU on 31 January with associated uncertainties regarding the nature and consequences of new trading relationships. This uncertainty has been further compounded by the outbreak of coronavirus (Covid-19), culminating in an unprecedented shutdown of economic activity in the UK and across the world. While this is yet to have been reflected in data drawn upon to inform this report, it clearly increases the level of uncertainty when considering the prospect of future economic growth and changing market demands, which is acknowledged as relevant throughout the report. Where it is recognised that this evidence-based report is to be used to inform planning policy, the Councils are advised to closely monitor both wider and local economic trends in the context of the conclusions drawn at this point in time.

Scope of study

The analysis undertaken within the ENA is in conformity with Planning Practice Guidance (PPG). The analysis focuses on the joint plan area covered by the two authorities with the 2015 Employment Land Review (ELR) indicating that this geography – hereafter referenced as 'the study area' – represents an appropriate functional economic market area (FEMA).

In overview, the study includes:

[3] NLP (2015) Newcastle-under-Lyme and Stoke-on-Trent Joint Employment Land Review

[4] MHCLG (2019) National Planning Policy Framework

[5] Turley (2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council; Turley (2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council

An assessment of the existing stock of commercial floorspace and employment land and the extent to which this has changed since the 2015 ELR;
Analysis of market demand including an evidenced understanding of existing business needs in the study area. Where it is recognised out of necessity that this study has been undertaken in the midst of the Covid-19 crisis, it was agreed with the Councils that it was not appropriate to undertake a structured engagement exercise with businesses at the current point in time. It is recommended that the Councils undertake a process of business consultation as part of an early review and reflect this accordingly in their interpretation of the findings;
A forecasting of the future need for employment land based on a range of datasets and methodologies, which take account of forecast changes in employment over the period from 2020 to 2037;
Analysis of the quantitative and qualitative supply / demand balance and the implications for policy in ensuring a sufficiently flexible supply of employment land exists through emerging policy; and
Separate consideration of the logistics sector and its future requirements recognising historic performance and indicators of market demand in the study area. This includes separate consideration as to the need for sites of strategic significance to meet this specific component of market demand.
The ENA does not itself determine the overall provision of employment land, as this will be subject to the new Joint Local Plan process, including ongoing Duty to Co-operate processes between the Councils and proximate authorities.

2015 Employment Land Review

The ELR was published in 2015 to comply with the previous iteration of the NPPF (2012) and associated PPG. It is of note that whilst there are changes to the guidance for the preparation of studies of this nature there is also a degree of consistency as to the required analysis and outputs.
The previous ELR identified and acknowledged the extent to which the local economy of Stoke-on-Trent and Newcastle-under-Lyme has undergone a process of restructuring over the past 40 years or so, away from the traditional manufacturing base for which the area was internationally renowned, towards a more service-oriented economy, in particular logistics and distribution. However, it was noted that its employment space remains dominated by industrial uses, with these accounting for around 70% of total employment floorspace, but with the growth in logistics reflected in a skewing of new B-class completions in recent years to B8 warehousing uses.
The area's growing representation of logistics and distribution businesses was identified in no small part as a reflection of its strategic location at the heart of the UK and its good connectivity, with access to excellent road (M6, A50, A500) and rail (West Coast Main line) links. However, the ELR also highlighted that the local economy was characterised by poor rates of entrepreneurial activity,

with fewer smaller businesses in both authorities, high unemployment and a lower rate of self-employment, in particular within Stoke-on-Trent, relative to regional and national averages.

With regards the supply of employment land this was dominated in terms of overall quantum in both authorities by a small number of large sites. It was identified that a substantial proportion of sites in both authorities were not classified as 'Very Good' or 'Good' following the assessment criteria used to assess their market appeal and deliverability.

It was identified that the commercial property market was relatively localised to the two authorities, albeit that the potential existed for policy and strategy to pro-actively target and attract footloose business requirements arising along the M6 corridor. The analysis of future demand indicated that for Stoke-on-Trent, between 146 ha and 201 ha was required over the period from 2013 to 2039, of which between 36.5 and 50.25 ha relates to office land, and between 109.5 and 150.75 ha relates to industrial or warehousing land. It was recommended that in order to rebalance the portfolio of land in the authority, around 13ha should be de-allocated to leave around 97 ha (net). This would suggest a shortfall of between 49 ha and 104 ha.

For Newcastle-under-Lyme, between 44 and 133 ha of employment land was identified as being required over the same period, of which between 11 and 33 ha related to office land, and between 33 and 100 ha for industrial / warehousing land. A smaller amount of land was recommended for de-allocation to achieve a more balanced portfolio, leaving around 74 ha (net). The outcome was a range between a quantitative oversupply of 30 ha and a quantitative shortfall of 49 ha.

Report structure

The report is structured as follows:

Section 2 – National Policy and Guidance
Section 3 – Economic and Spatial Context
Section 4 – Local Economic Health-check
Section 5 – Overview of Employment Space
Section 6 – Commercial Property Market Review
Section 7 – Review of Employment Sites
Section 8 – Demand Assessment
Section 9 – Demand / Supply Balance
Section 10 – Strategic Sites Assessment
Section 11 – Summary and Conclusions

National Policy and Guidance

1.1 National planning policy sets out the imperative of promoting economic growth and rebalancing the economy to ensure that growth serves to 'build a

country that works for everyone'[6]. This accords with the Government's Industrial Strategy, which aims to create an economy that boosts productivity and individuals' earning power throughout the UK[7].

1.2 The NPPF was revised within this context, initially in July 2018 with further minor updates in February 2019. It states that:

"Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development…"[8]

1.3 It continues by stating that:

"The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation and in areas with high levels of productivity, which should be able to capitalise on their performance and potential"[9]

1.4 Planning policies are therefore expected to draw upon 'relevant and up-to-date evidence' and[10]:

Set out a clear economic vision and strategy which **positively and proactively encourages sustainable economic growth**, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
Set criteria, or identify strategic sites, for **local and inward investment** to match the strategy and to meet anticipated needs over the plan period;
Seek to address **potential barriers to investment**, such as inadequate infrastructure, services or housing, or a poor environment;
Be **flexible** enough to accommodate needs that are not anticipated in the plan, allow for new working practices and enable a rapid response to changes in economic circumstances;
Recognise and address the **specific locational requirements of different sectors**, making provision for clusters of knowledge-driven, creative and high technology industries as well as storage and distribution operations at a variety of scales and in suitably accessible locations; and
Support **a prosperous rural economy**, by enabling the sustainable growth and expansion of all types of businesses in such areas, supporting the development and diversification of agricultural businesses, enabling appropriate tourism or leisure developments and retaining local services and facilities.

1.5 The PPG further confirms that:

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[6] Cabinet Office (2017) Building a country that works for everyone: the government's plan

[7] HM Government (2017) Industrial Strategy: building a Britain fit for the future

[8] MHCLG (2019) National Planning Policy Framework, paragraph 80

[9] *Ibid*, paragraph 80

[10] *Ibid*, paragraphs 31, 81 and 82

"Strategic policy-making authorities will need to prepare a robust evidence base to understand existing business needs, **which will need to be kept under review to reflect local circumstances and market conditions.** National economic trends may not automatically translate to particular areas with a distinct employment base"[11] (emphasis added)

1.6 Policy-making authorities are advised of the 'need to liaise closely with the business community…to understand their current and potential future requirements'[12]. Such engagement should aim to understand businesses' 'changing needs and identify barriers to investment'[13].

1.7 Authorities' evidence of market demand should reflect 'the locational and premises requirements of particular types of business', and should be drawn from:

"…local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums"[14]

1.8 Authorities are also required to assess 'wider market signals relating to economic growth, diversification and innovation'[15].

1.9 The PPG makes clear that a 'range of data' should be used to 'develop an idea of future needs'. This includes but is not limited to employment forecasts, with the PPG also emphasising the importance of taking account of past take-up trends and 'consultation with relevant organisations'[16]. Any such data should be assessed in the context of 'longer term economic cycles', with authorities encouraged to 'consider and plan for the implications of alternative economic scenarios'[17].

1.10 Further advice is provided on how the specific locational requirements of specialist sectors can be addressed:

"When assessing what land and policy support may be needed for different employment uses, it will be important to understand whether there are **specific requirements in the local market** which affect the types of land or premises needed. Clustering of certain industries (such as some high tech, engineering, digital, creative and logistics activities) can play an important role in supporting collaboration, innovation, productivity, and sustainability, as well as in driving the economic prospects of the areas in which they locate. Strategic policy-making authorities will need to develop a clear understanding of such needs and how they might be addressed taking account of relevant evidence and

[11] PPG Reference ID 2a-025-20190220

[12] PPG Reference ID 2a-026-20190220

[13] PPG Reference ID 61-040-20190315

[14] PPG Reference ID 2a-026-20190220

[15] *Ibid*

[16] PPG Reference ID 2a-027-20190220

[17] *Ibid*

policy within Local Industrial Strategies. For example, this might include the need for greater studio capacity, co-working spaces or research facilities"[18]

1.11 The PPG recognises that such specialist needs are 'often more qualitative in nature and will have to be informed by engagement with businesses and occupiers within relevant sectors'[19].

1.12 Fundamentally, the NPPF requires strategic policies to make 'sufficient provision' for employment and other commercial development[20]. They should be positively prepared, seeking to meet assessed needs 'as a minimum' if they are to be deemed sound[21]. They must be justified and based on proportionate evidence, and consistent with delivering sustainable development[22]. From an economic perspective, this means that the planning system should:

"…help build a strong, responsive and competitive economy, by ensuring that **sufficient land of the right type is available in the right places at the right time to support growth, innovation and improved productivity**; and by identifying and coordinating the provision of infrastructure"[23] (emphasis added)

Summary

1.13 National policy requires planning authorities to create the conditions in which businesses can invest and expand, allowing areas to build upon their local strengths and encouraging sustainable economic growth.

1.14 Planning policies should be flexible to rapidly respond to unanticipated needs or changes in the economy, and should be based on relevant, wide ranging and up-to-date evidence. Local authorities should retain a clear and current understanding of businesses' needs, and regularly review both local circumstances and market conditions.

Future needs should be met as a minimum through strategic policies that make sufficient provision for business premises. This ensures that the planning system can play its role in building a strong, responsive and competitive economy which responds to identified needs, by ensuring that the right type of land is available at the right time and in the right places to support growth, innovation and improved productivity.

Economic and Spatial Context

This section establishes the economic context for the study. This provides an important framing for the subsequent sections of analysis, considering:
The national economic context, in headline terms;

[18] PPG Reference ID 2a-032-20190722

[19] *Ibid*

[20] MHCLG (2019) National Planning Policy Framework, paragraph 20

[21] *Ibid*, paragraph 35a

[22] *Ibid*, paragraphs 35b and 35d

[23] *Ibid*, paragraph 8

The local and sub-regional strategic economic context to establish the stated aspirations for ongoing restructuring of the local economy and the investment which has been identified to deliver change; and
The economic geography, as represented by the previously defined FEMA, used for the purpose of assessing need and demand at an appropriate scale.

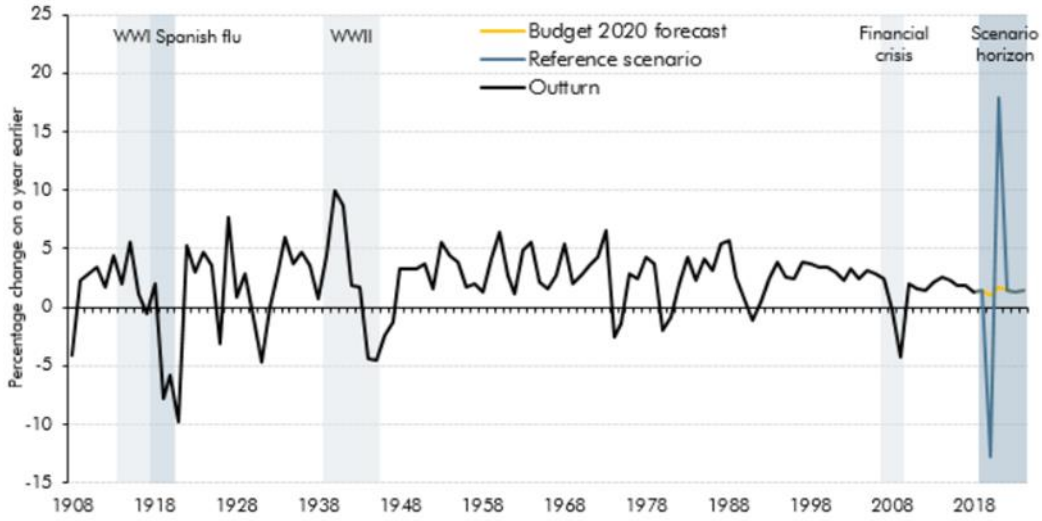
National economic context

In February 2020, the UK economy was considered to be in reasonably good health, with business and consumer optimism increasing and retail sales recovering. There had been an observed 'bounce back from the uncertainty' that existed prior to December's election, albeit this optimism had yet to translate into actual growth with the economy remaining relatively flat. The labour market was nonetheless strong, with average earnings having returned to the levels seen prior to the financial crisis, employment remaining at a near-record high and unemployment being at a near-record low[24]. This was a more positive context than existed when the last ELR was produced, following a period of recovery from the last recession, in 2015.
The situation rapidly changed with the outbreak of coronavirus, which coincided with a delayed Budget in March 2020. This anticipated a 'temporary economic disruption' but emphasised that 'the fundamentals of the UK economy are strong'[25].
The Office for Budget Responsibility (OBR) produced national forecasts to inform this Budget, the first since the UK's formal departure from the EU, but these were quickly outdated by the unprecedented response to the coronavirus pandemic in the UK. The OBR subsequently produced a new "coronavirus reference scenario" in April 2020 – stressing that this did not represent a traditional forecast – which acknowledged the measures taken by the Government to attempt to offset the short and long-term impact of the effective shutting down of the national economy.
The OBR stressed that this scenario only represented an initial assessment and was based on the illustrative assumption that people's movements (and thus economic activity) would be heavily restricted for three months and would get back to normal over the subsequent three months. The scenario implies a drop in GDP of around 35% in the second quarter of 2020, but that GDP regains its pre-virus level by the fourth quarter. The severity of both the fall and recovery in GDP is illustrated in the chart shown at Figure 3.1 which was produced by the OBR.

GDP decline in historical perspective

[24] House of Commons Library (26 February 2020) Economic Indicators, February 2020

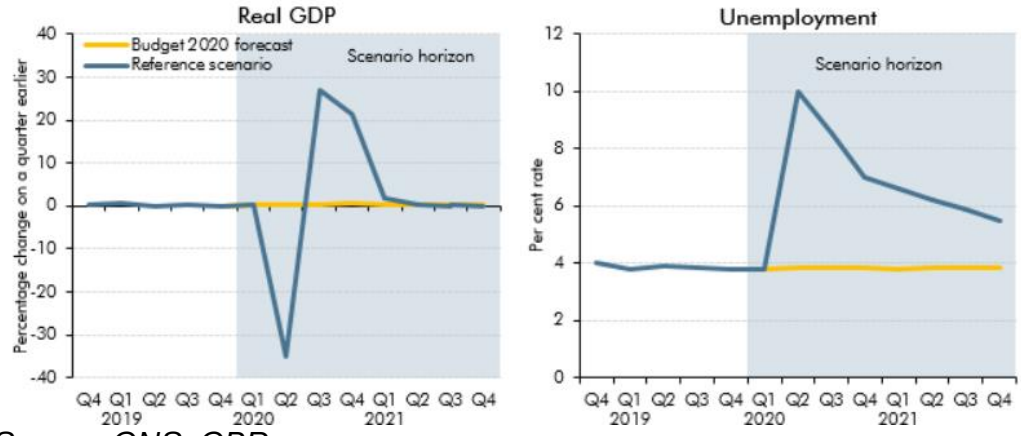
[25] HM Treasury (12 March 2020) Budget 2020, executive summary



Source: Bank of England, ONS, OBR

The OBR also considers the implications on the labour force with the scenario assuming a steep rise in the unemployment rate to 10% in the second quarter, equivalent to an increase in unemployment of 2.1 million (to a total of 3.4 million). As with GDP the assumed increase is sharp, almost entirely occurring within the first month. The recovery is assumed to be less rapid, but is nonetheless expected to occur as shown in Figure 3.2 with unemployment assumed to come close to recovering to pre-virus levels by the final quarter of 2021.

Real GDP and unemployment: reference scenario versus Budget forecast



Source: ONS, OBR

Whilst this is only one potential scenario, as the OBR acknowledges, actual data is not available to validate or otherwise the outcomes of the assumptions made at the point at which this research has been undertaken.

It is important to note that the Chancellor – speaking following the release of the OBR forecasts – was clear to state that the Government's response to the crisis was intended *'to make sure as restrictions are changed, we can, as quickly as*

possible, get people back to work; get businesses moving again; and recover our economy'[26].

This sentiment and the analysis presented by the OBR are considered as being important in ensuring that the analysis – while acknowledging an unprecedented economic context – does not prematurely or inappropriately speculate on the long-term implications of the pandemic, where it is assumed that recovery will occur. Indeed, it is considered that there remains a general need to balance negative sentiment against the positive approach expected of planning policies, particularly given that authorities have been firmly encouraged to '*plan for the recovery*'[27].

Local policy and strategy

The Councils' Core Spatial Strategy was adopted in October 2009. This set out the strategic approach to development across the joint plan area for the period from 2006 to 2026. Evidently the majority of this plan period has passed and as noted in section 1 the Councils are in the process of developing an updated Local Plan.

A full review of existing policies was set out in the 2015 ELR, with the local adopted policy context remaining unchanged. In summary this identified that within the joint Core Strategy strategic policies relating to employment provision and economic development are set out in Policy SP1 and SP2. It was stated that these seek, *inter alia*, to:

Focus employment provision towards sites accessible to, and within, the North Staffordshire Regeneration Zone;

Take forward the area's Regional Investment Site, Chatterley Valley;

Diversify and modernise the centres for new business investment;

Develop the City Centre of Stoke-on-Trent (i.e. Hanley) as the main focus for mixed use regeneration incorporating new office led schemes and Newcastle Town Centre as a focus for office development incorporated into mixed use schemes;

Focus retail and office development towards the City Centre and Newcastle Town Centre. Development in other centres will be of a nature and scale appropriate to their respective position and role within the hierarchy of centres;

Develop high value business growth through investment in Keele University and Keele Science Park, the University Quarter including Staffordshire University and University Hospital, and in the new growth sectors of medical and healthcare technologies and creative industries;

Attract new service-based industries; and

Strategically plan land use on major brownfield sites for higher value business growth

[26] https://www.gov.uk/government/speeches/chancellor-delivers-daily-coronavirus-update-14-april-2020

[27] MHCLG (March 2020) Planning Update Newsletter

Separate Area Spatial Policies (ASP) also provided further policy expectations which included specific development targets for commercial floorspace or the delivery of key sites within the different sub-authority spatial areas.

The extent to which this plan-led strategy has been successful or otherwise forms an important context for considering the changing shape of the local economy and the available supply of employment land in subsequent sections of this report.

The Councils approved a draft Joint Local Plan – Part One document in 2020. The intention was to consult upon this document in spring 2020 but the onset of the Covid-19 crisis delayed this process, with no date fixed for this being undertaken at the time this report was written. Recognising the intention of the Councils to draw upon this evidence base to further develop emerging policy, this document is not summarised here, however by way of context with regards the strategic priorities for the economy the following are considered of note:

There is a stated objective to seek to reduce net outward migration, support and boost business growth, prioritise job growth and diversify the employment base. The intention is to secure better-quality and better-paid jobs in the area;

The legacy of vacant former industrial sites has helped accommodate new businesses with sites being redeveloped quickly. Initiatives such as the Ceramics Valley Enterprise Zone (EZ) have assisted in this process. The implications of this success, however, is that new opportunities to accommodate new commercial floorspace in the urban area are perceived to be reducing. It is specifically noted that in Newcastle-under-Lyme growth is potentially constrained due the lack of suitable land supply with similarly limited opportunities in the urban area;

Investment is being directed at improving existing transport links with the committed Etruria Valley Link Road (ELVR) scheme enhancing links between areas of employment opportunity and other potential schemes including the City East Link Road (CELR) are aimed at improving connectivity between the A50 and the city centre. On a more macro scale the authorities are working with partners to explore the potential to increase line capacity to Crewe. This would enable connectivity to the proposed HS2 Hub at Crewe to be improved, as would the proposed dualling of the westernmost section of the A500 to Crewe; and

With regards the distribution of employment development the draft plan emphasises the importance of building on the success of the EZ and the development of the two universities as local centres of excellence in R&D alongside associated businesses including technology clusters which are established at Keele Science and Innovation Park. The strategy continues to seek to consolidate the appeal of the offer of the City and Town Centres for office development.

Outside of adopted and emerging policy the authorities and the Local Enterprise Partnership (LEP) – the Stoke-on-Trent and Staffordshire LEP – within which

they are located have also established a range of economic strategies and objectives aimed at maintaining the restructuring and growth of the local economy.

The LEP published a Local Industrial Strategy (LIS) in March 2020, drawing upon a detailed evidence base report[28] (September 2019). The LIS is intended to build on the Strategic Economic Plan update published in April 2019.

The LIS states that the overall ambition is to be a *'hot spot of enterprise, ambition and business growth, where digital, transport and energy networks drive productivity and inclusion through innovation, inward investment and with a high quality of life'*[29].

Where the LIS contains a detailed strategic route-map to support the area to continue to be a major economic driver, a number of key aspects have been identified below which are considered to form a particularly important context for this study:

A continued specialism in **advanced manufacturing** with the LEP area responsible for half of net national jobs growth in manufacturing since 2010.

An important specialism in **energy innovation and low carbon adoption** with the Stoke-on-Trent District Heating Network one of only two such geothermal district heating systems in the UK, aiming to supply the city with cheap, sustainable energy. The Smart Energy Network Demonstrator at Keele University and the Hydeploy programme are sites for researchers to develop commercial propositions for smart energy, supporting a national transition to green energy.

A major centre for **modern logistics** recognising its location at the intersection of three major engines of UK growth (the West and East Midlands and the North West).

A growing **professional services** business base with HS2 anticipated to further improve the competitiveness of the area's ability to attract businesses in the sector.

Investment in **digital infrastructure** with Stoke-on-Trent City Council set to launch a new high-speed 1GBps (gigabit-per-second) full-fibre broadband network, building on successful pilot Fibre-to-the-Premise (FTTP) network at Etruria Valley.

The rural nature of large parts of the LEP area have also encouraged the creation of a number of **highly successful business parks** recognising the benefits of strong connectivity and a highly attractive environment.

Business activity and the strong commercial premises offer to be promoted in **town and city centres and rural areas**, reflecting growing demand for office space and high quality commercial units.

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[28] Stoke-on-Trent & Staffordshire Enterprise Partnership (September 2019) Local Industrial Strategy – Evidence Base

[29] Stoke-on-Trent & Staffordshire Local Industrial Strategy – March 2020, page 4

Seek to prioritise **major strategic infrastructure schemes** including increasing capacity on the M6 through the Smart Motorway programme, a link between the M54 and the M6, addressing congestion issues on the A50/A500 and A5, longer term improvements for the A38 corridor, maximising the benefit from HS2 (including the Handsacre rail link) and Midlands Rail Hub.

Specifically the **A500 / A50 corridor** is recognised as an important growth corridor being the location of Festival Park (home to Bet365, Wardell Armstrong and Vodafone) Atlanta in Burslem and Trentham Lakes. The corridor also includes the Staffordshire University campus in the centre of Stoke-on-Trent which has emerged as a hub for digital and creative businesses. Equally Cobra Biologics, based at the Keele University Science Park is a world leader in pharmaceuticals. The A500 notably connects to Crewe and therefore provides a link to HS2 with the LIS identifying that the corridor can be enhanced through the right investment in Stoke-on-Trent city centre.

The supporting evidence base to the LIS is referenced where it augments local level analysis in subsequent sections of this report.

The LIS evidently recognises the potential opportunities arising out of transport investment with the Government's continued commitment to HS2 having the potential long-term to significantly enhance connections. The two Councils are part of the Constellation partnership which includes 5 other authorities (Cheshire West & Chester, Cheshire East, Stafford, Crewe and Staffordshire Moorlands) and 2 LEPs. This partnership launched an HS2 Growth Strategy in November 2018. This outlines how HS2 has the potential to be a catalyst for generating investment and substantial infrastructure developments across the area. Stoke-on-Trent is identified as the capital of the Constellation.

In capturing the value of investment the partnership outlines a strategy to centre activity on three HS2 transport hubs at Crewe, Stoke-on-Trent and Stafford. Where a new HS2 rail hub would be created at Crewe, fast HS2 services would proceed to Stoke-on-Trent and Stafford supported by 'next tier' regional rail services and investment in public transport.

The strategy cites evidence commissioned by the partners which identifies that HS2 will 'bring high value jobs and investment to the region and that improved national and local connectivity, including optimisation of released capacity in existing rail infrastructure, will facilitate a shift to new industries and sectors, particularly those that rely on specialist knowledge and skills'[30]. As a result of identified investment the partnership proclaims a target to grow the economy across the sub-region by over 20% by 2040. This is indicated as translating into delivering at least 120,000 new jobs and 100,000 new homes. In terms of specific sectors the informing research has identified HS2 sensitive sectors including: financial; professional and business services; science and technology; creative and digital; logistics and distribution; and

[30] Accelerated Growth, Accelerating opportunities – Constellation Partnership HS2 Growth Strategy (October 2018), page 6

automotive/aerospace. The work also suggests there will be an uplift in other key sub sectors including: advanced manufacturing (including ceramics, motor vehicles, electronics and machinery); and housing-led employment including construction and supply-chain related businesses.

The two authorities, as part of the Stoke and Staffordshire LEP, are also covered by the Midlands Engine Strategy, published in March 2017. This establishes a set of objectives aimed at improving the resilience of the regional economy with the Government committing to give Midlands LEPs £392 million to invest over the next four years, of which £23.3 million will go to the Stoke and Staffordshire LEP. Specifically the Strategy identifies £8.5 million for first phase improvements to the Hanley-Bentilee link road in Stoke and Staffordshire to improve journey times and reliability, particularly for buses. It also identifies £6.9 million to support development of three projects to form an Advanced Manufacturing Hub in the Stoke and Staffordshire area, with these projects including additional workspace at the JCB Academy as well as an AgriSTEM academy at South Staffordshire College and an advanced manufacturing and design centre at Stafford College.

The Midlands Engine has undertaken research into a number of key sectors in the area. For example analysis was undertaken of MedTech sector[31] which identified that Stoke & Staffordshire represented a second tier cluster with 54 MedTech business sites, representing 6% of the regional total and around 1,700 people employed in the sector. In the context of current national events noted above, this sector is evidently one which is likely to see growth with the research noting that the area has notable specialisms in Anaesthetic and Respiratory Technology alongside others with Medigas one of the larger employers who manufacture gas for use in anaesthetic and respiratory control. The cluster of these businesses at Keele University Science and Innovation Park, as referenced above, has been enabled by the facilities available on the 70-acre campus with continued investment planned to ensure continued growth. Similarly the Advanced Materials research for the Midlands Engine provides further detail as to the specialisms in the production of ceramics in the area, referencing leading businesses such as the James Kent Group based in Stoke-on-Trent. Specific reference is made to the EZ and specifically Etruria Valley and the location of businesses such as Wade Ceramics.

Finally the Midlands Engine published a portfolio of investment opportunities in 2018[32]. This identified that the demand for Grade A offices across the Midlands was increasing particularly within core city centres and around future transport hubs. It identifies three sites in Stoke-on-Trent City Centre including Genr8 and Realis Estates Ltd development at Smithfield which is a 62,000 sqm commercial led development including two 10,000 sqm office buildings already completed

[31] Midlands MedTech Sector Analysis (2019), Hatch Regeneris

[32] Midlands Engine Investment Opportunities, February 2018.

and occupied. It also identified the Midlands as the UK's premier location for logistics and distribution operations.

Functional Economic Market Area (FEMA)

The 2015 ELR considered the extent to which the two local authorities were positioned within a wider or standalone FEMA. This was based on 2011 Census data on migration and commuting rates which remains the most up-to-date comprehensive information for understanding commuting and the containment of moves. The analysis was undertaken to ensure conformity with the PPG at the time which included suggestions as to how the FEMA could be defined, noting that whilst there was no standard approach, it was possible to define them on account of travel to work and housing market areas. The current PPG retains a recognition as to the absence of a standard approach but suggests a number of similar factors to consider[33], including:

The extent of any Local Enterprise Partnership within the area;
Travel to work areas;
Housing market area;
Flow of goods, services and information within the local economy;
Service market for consumers;
Administrative area;
Catchment areas of facilities providing cultural and social well-being; and
Transport network.

The 2015 ELR in considering travel to work areas identified that whilst neither of the districts in isolation showed a level of containment above 75% (ONS definition for a travel to work area) when grouped together they did form a self-contained FEMA. Business survey data was also considered to reinforce the identification of the two authorities as a collective FEMA. The analysis of 2011 Census commuting data from the 2015 ELR is replicated at Table 3.1 below.

2011 Commuting data analysis to establish the FEMA in the 2015 ELR

	Live and work in LA	Resident workforce population	Workplace population	Net migration	FEMA Test (live and work in same area)	FEMA Test (working and live)
Stoke	74,593	108,538	114,646	6,108	68.7%	65.1%
Newcastle	28,104	57,642	49,584	-8,058	48.8%	56.7%
Stoke and Newcastle	**130,690**	**166,180**	**164,230**	**-1,950**	**78.6%**	**79.6%**

[33] PPG Reference ID: 61-019-20190315

Source: 2015 ELR (ONS Census, 2011)

It is noted that comparable analysis in the 2015 SHMA also identified that whilst relationships existed with adjacent or proximate authorities, the two authorities could be identified as an appropriate housing market area. A review of the latest available data on migration within the HNA continues to validate the significance of the relationships shared by the authorities. It is considered in this context for the purpose of this study that this sufficiently justifies the retention of the two authorities as forming an appropriate FEMA in accordance with the current PPG.

This conclusion is reinforced where it is recognised that surrounding authorities continue, through the updating of their own Local Plans, to evidence their own needs on the basis of geographic areas which do not include or overlap with Stoke-on-Trent and Newcastle-under-Lyme. This is captured in Table 3.2 which summarises the position concluded within each authority's latest published evidence.

Overview of Economic Need Evidence in Adjoining Authorities

Local authority	Evidence base document	FEMA definition
Cheshire East	Cheshire East Employment Land Review (Nov. 2012)	The ELR considered need and supply of employment land for the administrative area of Cheshire East only. The Local Plan was adopted in 2017 with the Inspector's Report considering the Council's evidence base to be robust in this regard.

Staffordshire Moorlands	Staffordshire Moorland ELR Update (Feb. 2017)	The ELR Update identifies that Staffordshire Moorlands has a low commuting self-containment with strong commuting links with Stoke-on-Trent and Newcastle-under-Lyme. It also highlights that housing market evidence indicates similar housing market linkages. However, the evidence limits itself to considering the need and supply for employment land to Staffordshire Moorlands alone but notes that the Council should continue to engage with Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council to ensure that the needs of businesses and its residents are met. The Local Plan was submitted for examination in June 2018 and is subject to examination with the Council having received post hearing advice and recommendations from the Inspector in February 2020. It is understood that the Council's evidential approach to consider needs separately for the authority has not been challenged.
Stafford	Economic and Housing Development Needs Assessment (Jan 2020)	The HEDNA, which has only recently been published, concludes that the FEMA predominantly aligns with the administrative boundary of Stafford borough.
Shropshire	Employment Land Review and Sites Assessment (2011)	The study, whilst dated, considers need and demand for Shropshire alone. It is understood that as part of the Local Plan Review subsequent evidence is anticipated to be produced but the Council has not at this point in time produced an up-to-date economic needs assessment which considers the appropriate FEMA. A SHMA published in 2020 concludes, however, that Shropshire represents a self-contained HMA.

Source: Turley analysis of various Council published evidence base documents

While it is evident from the above table that the adjacent authorities have all individually progressed plan-making without seeking to prepare joint evidence with Stoke-on-Trent or Newcastle-under-Lyme, it is also the case – particularly in the case of Staffordshire Moorlands – that there are recognised market linkages between the authorities. This reflects transport linkages and the proximity of built-up-areas.

As recognised above, in the context of economic strategies both locally and at the LEP level, transport linkages are particularly important in understanding the nature of functional relationships between the economic centres of the two authorities and other proximate economies. In terms of road connections the two authorities are bisected by the M6, which connects Manchester to Birmingham and then London as well as the A500 and A50 which runs east to west and connects with Crewe to the west and settlements such as Uttoxeter, Derby and Nottingham to the east and the M1. Stoke-on-Trent's rail station is also located on the West Coast mainline with regular services north to Manchester and London, as well as calling points in between, to the south. Equally the Crewe-Derby-Nottingham rail line also provides rail access east to west.

While it is apparent that the area demonstrates a strong level of self-containment, thereby reinforcing the legitimacy of evidencing need jointly as a FEMA, these strong transport connections represent an important context with regards market demand for different sectors of the economy and types of commercial floorspace. This is explored further in subsequent sections of the report.

Summary

This study has been undertaken through a period of almost unprecedented economic turmoil resulting from a global pandemic. At the time of writing the UK economy is still directly affected by these external factors and it is too early to draw any local understanding of its implications over the short-term on the basis of data available. That said, reference is made in this section to the current outlook of the OBR, at the time of writing, with regards the anticipated recovery of the economy from the deep shock starting to be evidenced or predicted in national datasets

In this context, it is important to acknowledge that prior to the outbreak of coronavirus the UK economy was in comparatively good health, and a gradual recovery is anticipated. The current circumstances represent part of a longer economic cycle, which is a particularly key consideration when recognised that the evidence in this report is intended to take a longer-term view over a plan period. In this context it is important that the evidence is mindful of the longer-term objectives of national policy and the role that planning policies are intended to play in supporting economic growth.

At a local level, it is apparent that the Councils have through planning policy and economic strategy established an ambition to encourage the economic growth of the study area and improve its resilience. This has included targeted spatial strategies which have sought to direct development and employment generating uses in the city centre, specifically identified strategic employment sites and in proximity to the area's universities as well as through the regeneration of brownfield sites which have arisen out of the ongoing evolution of the industrial business base. Existing and emerging plans have also sought to facilitate economic growth by reducing trends of net outward migration, thereby changing the size and profile of the labour-force, and build on planned investment in transport infrastructure which will elevate the market appeal and connectivity of the area's employment destinations.

The Councils have also worked with the LEP to formulate economic strategy which extends over a wider footprint and seeks to enhance and deliver against these objectives and the opportunities available. This includes a recognition of the specialisms of the area and the opportunity to generate growth in key sectors, including but not limited to advanced manufacturing, energy innovation, modern logistics, professional services, digital infrastructure, creative businesses and IT and MedTech (including pharmaceuticals).

The Councils are also part of the Constellation partnership which is directly aimed at ensuring that the area benefits in full from the potentially catalytic role of HS2 in attracting and growing the area's business base in a number of those sectors identified above, albeit recognising the longer-term nature of this investment.

The above highlights the importance of understanding the wider economic context in considering market need and demand in the study area. Whilst this is important in framing the analysis, a headline review of key indicators continues to affirm the conclusion reached in the 2015 ELR that the two authorities form an appropriate functional economic market area (FEMA) for the purpose of assembling an understanding of the need and supply for employment land in accordance with the current PPG.

Local Economic Health-check

Subsequent sections of this report consider how the economy and the commercial markets of Stoke-on-Trent and Newcastle-under-Lyme are anticipated to change over the plan period, to inform an evidence-based justification as to the potential impact on the need for employment land.

This understanding of future growth prospects needs to take account of how the area's economy has changed over recent years, where it is acknowledged that growth will in large part build from its current comparative strengths and weaknesses. This section therefore presents a local economic health-check which considers key indicators such as changing employment levels, labour force and business demographics.

Employment growth

The Business Register and Employment Survey (BRES) is 'the official source of employee and employment estimates by detailed geography and industry'[34]. It draws upon a wide range of information to provide publicly available estimates of employment, including employees and working business owners, for the period from 2009 to 2018 inclusive. The annual release of new estimates increasingly allows change to be tracked over time, over a longer period than was possible when the ELR – which similarly made a number of references to BRES data – was produced[35].

As summarised at Table 4.1, BRES data suggests that circa 14,672 additional jobs have been created across the study area since 2009, which aside from being the earliest year of data available is also notably the year in which the Core Spatial Strategy was adopted. All but 183 of these jobs are implied to have been located in Stoke-on-Trent, indicating that Newcastle-under-Lyme has seen a considerably lower rate of job growth in this time.

34

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/businessregisterandemploymentsurveybres

35 The ELR cited BRES data at various points, albeit with fewer years' data available at that time (2009-13)

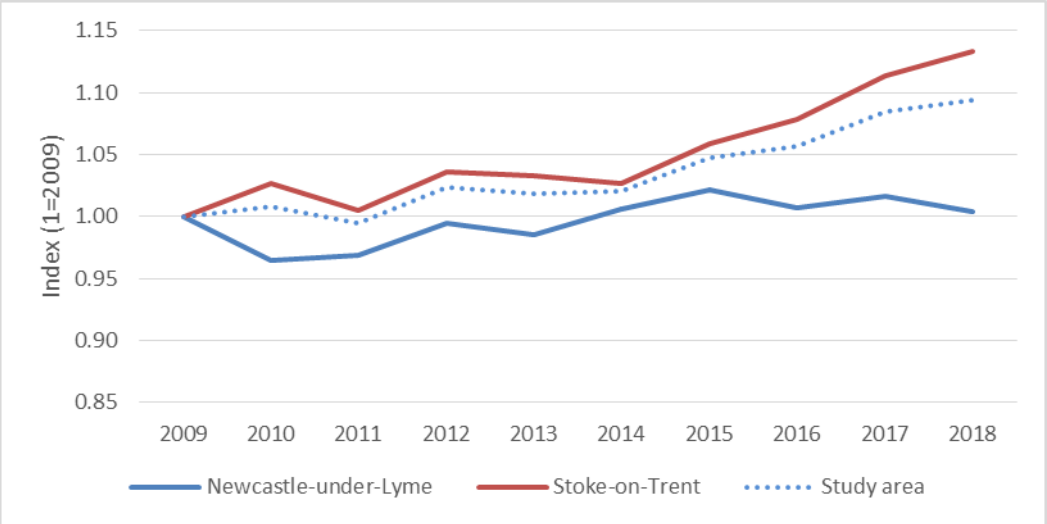
Recent Employment Growth (2009-18)

	2009	2018	Change	Change per annum	Change per annum[36] (%)
Stoke-on-Trent	108,509	122,998	14,489	1,610	1.3%
Newcastle-u-Lyme	46,805	46,988	183	20	0.0%
Study area	**155,314**	**169,986**	**14,672**	**1,630**	**0.9%**
SSLEP	434,410	487,144	52,734	5,859	0.9%
West Midlands	2,403,489	2,642,037	238,548	26,505	1.0%
England	24,068,097	26,841,506	2,773,409	308,157	1.1%

Source: BRES

Although BRES data can be prone to fluctuation in a single year, indexing annual change over this period reveals sustained employment growth in Stoke-on-Trent since 2014. Employment in Newcastle-under-Lyme has evidently been more stable, but nonetheless has recovered from a decline that followed the last recession with more jobs in each of the last five years than were recorded in 2009. As such, while the borough is implied to have created only 20 jobs per annum since 2009, this average rises to 177 jobs per year – or 0.2% growth per annum – when calculated over the past five years (2013-18).

Indexed Change in Employment (2009-18)



Source: BRES; Turley analysis

[36] All BRES data from 2015 onwards includes businesses registered for Pay as You Earn (PAYE) albeit a figure which includes and excludes such businesses is available for 2015 only. As such, this average consistently *excludes* such businesses when calculating change in 2014/15, but *includes* such businesses when calculating change from 2015/16 onwards. This is considered to provide the most reliable estimate of annual change

Recent growth can be helpfully set in the context of forecasts presented in the previous ELR, which covered the period from 2013 to 2039. It is accepted in undertaking this indicative exercise that economic forecasting, by nature, is rarely proven to be entirely accurate, due to the dynamic nature of the economy at a global, national and local level. It is also recognised that the forecasts considered growth over a relatively long period of 26 years, less than one fifth of which is currently captured in official data, and the cyclical nature of economies means that periods of both growth and decline can be reasonably expected over such a long-term horizon. Nonetheless, a review provides an early if high level indication of potential divergence from forecasts, which is of considerable value when reviewing more up-to-date forecasts later in this report.

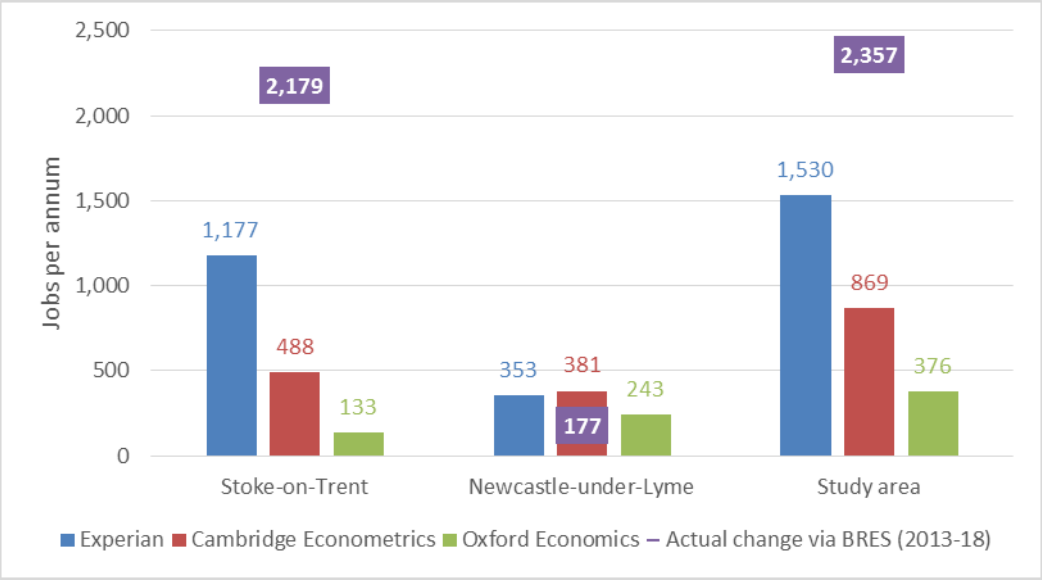
Table 8.10 of the ELR summarised the level of growth implied in total within each authority by three forecasts, produced by Experian, Oxford Economics and Cambridge Econometrics. The forecasts were seen to have '*striking*' differences, suggesting that as many as 1,530 jobs per annum could be created across the study area under the Experian forecast or as few as 376 jobs per year under the Oxford Economics scenario[37]. This was particularly driven by variance in the outlook for Stoke-on-Trent, which was forecast to create 133 jobs per annum by Oxford Economics but nearly nine times as many (1,177pa) by Experian. The ELR ultimately favoured on balance the Cambridge Econometrics forecasts that envisaged the creation of 869 jobs per annum – thus falling broadly midway within this wide range – due to their alignment with past trends and their more even spread of growth across sectors[38].

In headline terms, it can be seen from Figure 4.2 that the annual employment growth implied by BRES since 2013 has surpassed that which was forecast for the study area in the ELR. This is entirely driven by Stoke-on-Trent, which to date has exceeded even the most optimistic Experian forecast on an average annual basis. Newcastle-under-Lyme, in contrast, has not seen employment growth of the scale that was forecast under any scenario over the long-term. This does, however, highlight a more positive recent trend of job creation in the borough than the earlier Table 4.1 indicated over the slightly longer-term since 2009 (20 jobs per annum over that longer period, but 177 jobs per annum since 2013).

Estimated Employment Change Relative to ELR Forecasts (2013-39)

[37] NLP (2015) Newcastle-under-Lyme and Stoke-on-Trent Joint Employment Land Review, Table 8.10 and paragraph 8.45

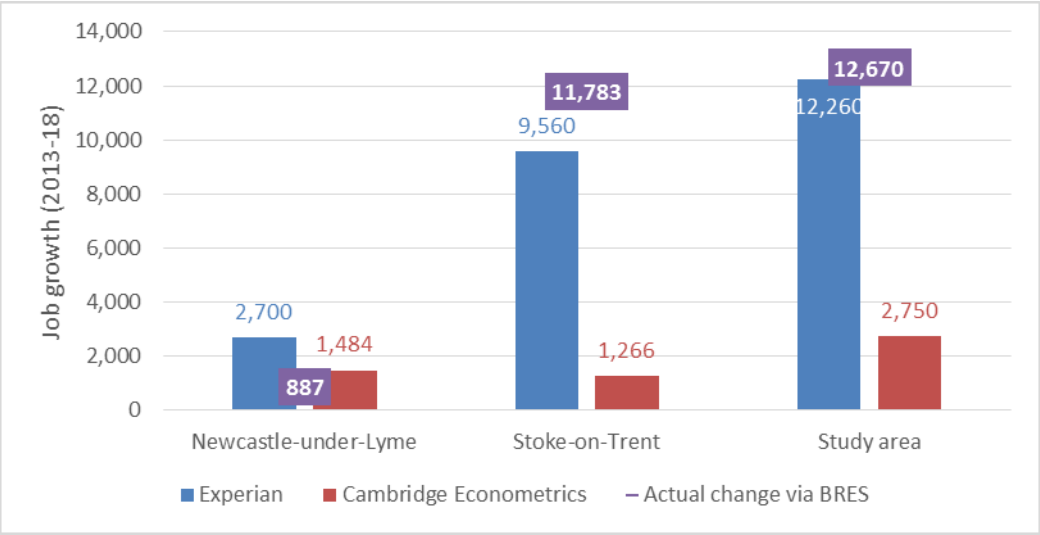
[38] *Ibid*, paragraph 8.53



Source: BRES; Turley analysis

This benchmarks change to date against the annual average over the entire period covered by the ELR (2013-39), taking no account of the forecast trajectory of growth. Two of the detailed forecasts – from Experian and Cambridge Econometrics – are however available for further analysis, allowing comparison against their anticipated growth to 2018. This reveals a notably close alignment with the level of growth forecast across the study area by Experian, and indicates that almost 10,000 more jobs have been created to date than were previously forecast by Cambridge Econometrics. This is again driven entirely by Stoke-on-Trent, with Newcastle-under-Lyme seeing more modest growth than was anticipated by either forecast.

Estimated Employment Change Relative to Available ELR Forecasts (2013-18)



Source: BRES; Turley analysis

While the comparably detailed forecast from Oxford Economics is not available to inform this study, Figures 8.2 and 8.4 of the ELR allow more general observations to be made about the level of alignment to date. Oxford Economics forecast the creation of fewer jobs in Stoke-on-Trent over the initial years to 2018 than Experian, meaning that it has fallen further short of the actual trend. Over this initial five year period, this forecast was apparently the most optimistic of the three presented for Newcastle-under-Lyme, as shown at Figure 8.4 of the ELR, implying in the context of the above that actual job growth to date in the borough has fallen still further short of this higher forecast.

Employment growth by sector

Table 4.2 summarises the average annual change in employment within individual sectors, both over the full period for which BRES data is available (2009-18) and in the past five years[39] (2013-18). The more recent average is colour coded to aid interpretation of trends, highlighting in green where the trend has recently improved relative to the slightly longer-term average and in red where the trend has recently worsened.

[39] The ELR makes limited reference to BRES data for the period to 2013, and data for this five year period therefore was not available at that point. It also relates to the first five years of its assessment period (2013-39)

Average Annual Change in Employment by Sector

	Stoke-on-Trent 09-18	Stoke-on-Trent 13-18	Newcastle-under-Lyme 09-18	Newcastle-under-Lyme 13-18	Study area 09-18	Study area 13-18 ↓
Human health & social work	556	800	0	-100	556	**700**
Transportation & storage	0	400	56	100	56	**500**
Information & communication	278	400	-178	0	100	**400**
Construction	0	200	28	100	28	**300**
Professional, scientific & technical	56	100	111	150	167	**250**
Accommodation & food services	0	100	0	100	0	**200**
Administrative & support services	0	200	0	0	0	**200**
Education	0	200	0	0	0	**200**
Other service activities	28	100	11	-50	39	**50**
Agriculture, forestry & fishing	0	5	0	20	0	**25**
Real estate activities	28	0	22	0	50	**0**
Utilities	-22	-40	41	38	19	**-2**
Mining & quarrying	-9	-6	0	0	-9	**-6**
Arts, entertainment & recreation	111	0	0	-60	111	**-60**
Financial & insurance activities	-28	-50	-33	-20	-61	**-70**
Manufacturing	222	0	56	-100	278	**-100**
Public administration & defence	0	-100	-22	-20	-22	**-120**
Wholesale & retail trade	333	0	-111	-200	222	**-200**

Source: BRES

Across the study area as a whole, the human health and social work sector has seen the most pronounced job growth, accelerating further in recent years. This is entirely driven by Stoke-on-Trent, with Newcastle-under-Lyme seeing no change over the longer-term and a slight decline in employment during recent years. Further interrogation indicates that this growth is attributable to hospital activities, and thus a potential reflection of investment at the Royal Stoke University Hospital.

Some 500 jobs in transportation and storage have also been created in each of the past five years, on average, substantially improving on the longer-term trend. These jobs have been created in both authority areas, albeit with Stoke-on-Trent seeing the more rapid acceleration over the past five years. Further

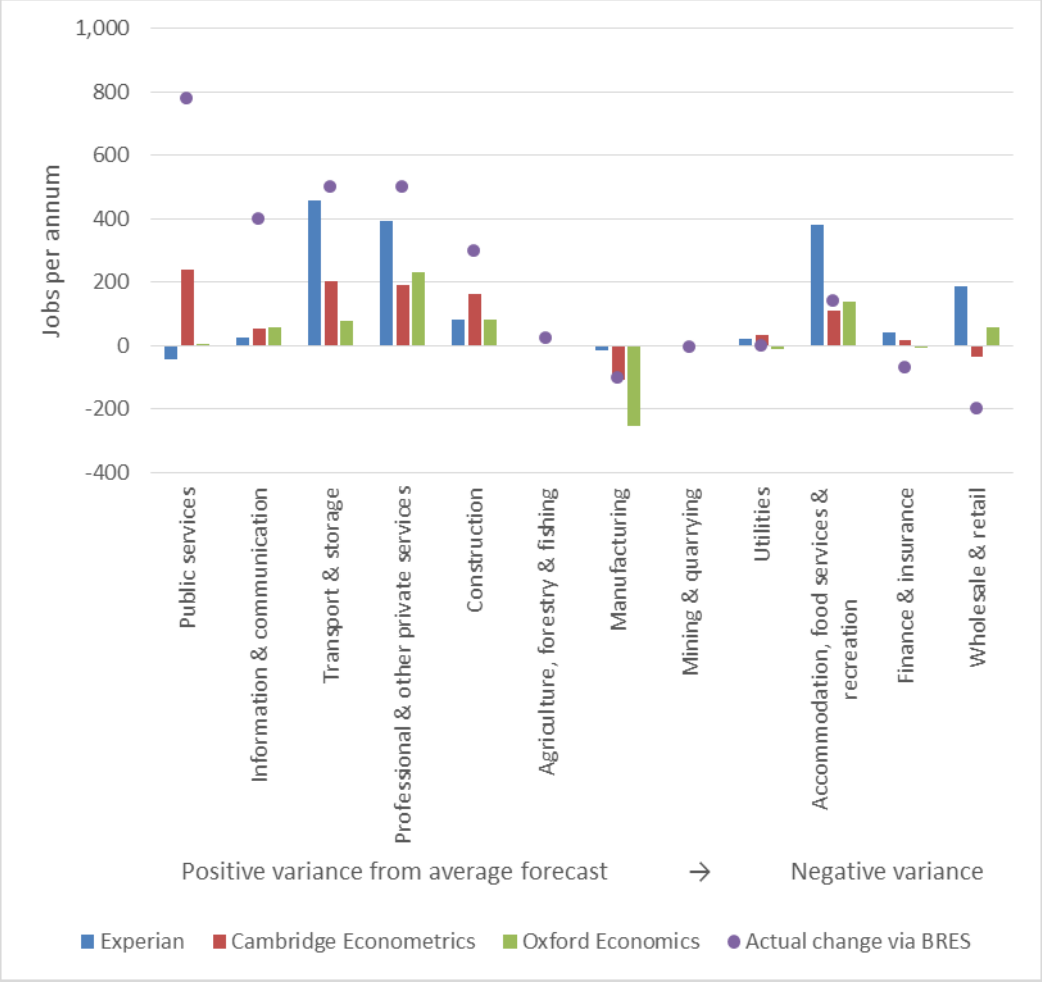
analysis reveals that this largely comprises of warehousing and storage activities.

In contrast, there has been a decline in the number of wholesale and retail jobs in the study area over the past five years, departing from a longer-term trend of growth. This has been driven by a lack of new jobs in the sector within Stoke-on-Trent, and a more pronounced reduction than previously seen in Newcastle-under-Lyme.

Public administration has also seen a recent acceleration in its decline, with manufacturing recently losing an average of 100 jobs per annum despite having actually *created* circa 278 jobs annually on average since 2009. This indicates that there was employment growth in the sector prior to 2013.

The performance of individual sectors over the past five years can again be compared to the forecasts presented in the last ELR, albeit some aggregation of the sectors presented above is necessary to align with those presented at its Table 8.10. Figure 4.4 focuses on the study area as a whole and necessarily compares the average job growth annually recorded over the past five years to that annually envisaged over the long-term by each forecast.

Average Annual Change in Employment Relative to ELR Forecasts



Source: BRES; Turley analysis

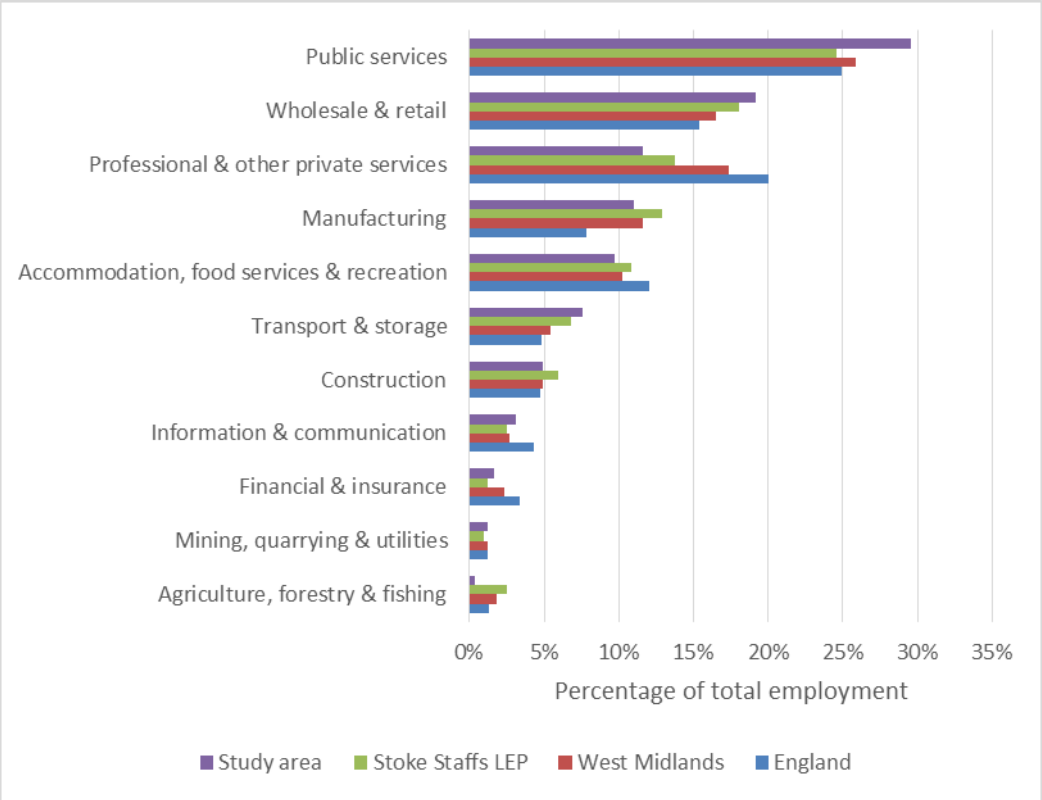
BRES data suggests that the study area has created substantially more jobs in public services – capturing health, education and public administration, though driven by the former in this case – than was envisaged by any of the forecasts. It has also created considerably more jobs in information and communication than were forecast. Recent job growth in the transport and storage and professional services sector has, however, aligned relatively closely with the more optimistic of the original forecasts, produced by Experian.

In contrast, the wholesale and retail sector has evidently contracted in employment terms, rather than creating the new jobs expected under two of the three forecasts. A similar if slightly less pronounced position is shown for finance and insurance. The recent decline in manufacturing aligns almost precisely with that previously forecast over the long-term by Cambridge Econometrics, with the scale of growth in accommodation, food services and recreation also showing a reasonable level of alignment with two of the three forecasts.

Following this period of growth, Figure 4.5 overleaf confirms that public services represent the largest employment sector in the study area, as in the other comparator geographies but to an even greater extent. Despite the contraction in wholesale and retail noted above, the sector remains the second-largest employer, accounting for a larger proportion of the workforce than the comparator geographies. The transport and storage sector also forms a greater contribution to employment in the study area than in the wider LEP area, the West Midlands region and nationally. The importance of this sector to the local economy is highlighted in the LIS, referenced in section 3, identifying that significant local employers in the sector including Shirley's Transport and CH Gore Haulage. It also notes that major wholesale and retail businesses in the study area include Fedex, TK Maxx, Gap, DHL, ARPA and DEE SET.

Whilst representing the third most significant sector in the study area, professional & other private services nonetheless accounts for a far smaller proportion of total employment than recorded in the wider LEP area, the West Midlands and nationally. Manufacturing, having declined over recent years as noted above, accounts for a smaller proportion of employment than is recorded in the LEP area and the West Midlands, albeit is more prevalent in the study area than in England as a whole. It is important to note in this context that the LIS also identifies that there remains a spatial concentration of manufacturing jobs in study area, noting that that significant local employers in the area include Goodwin International, Barkers Engineering, Churchill China, Gough and Co, Michelin Tyre, Wade Ceramics, IAE, Marangoni Tread, KMF and Lucideon.

Contribution to employment by sector (2018)



Source: BRES

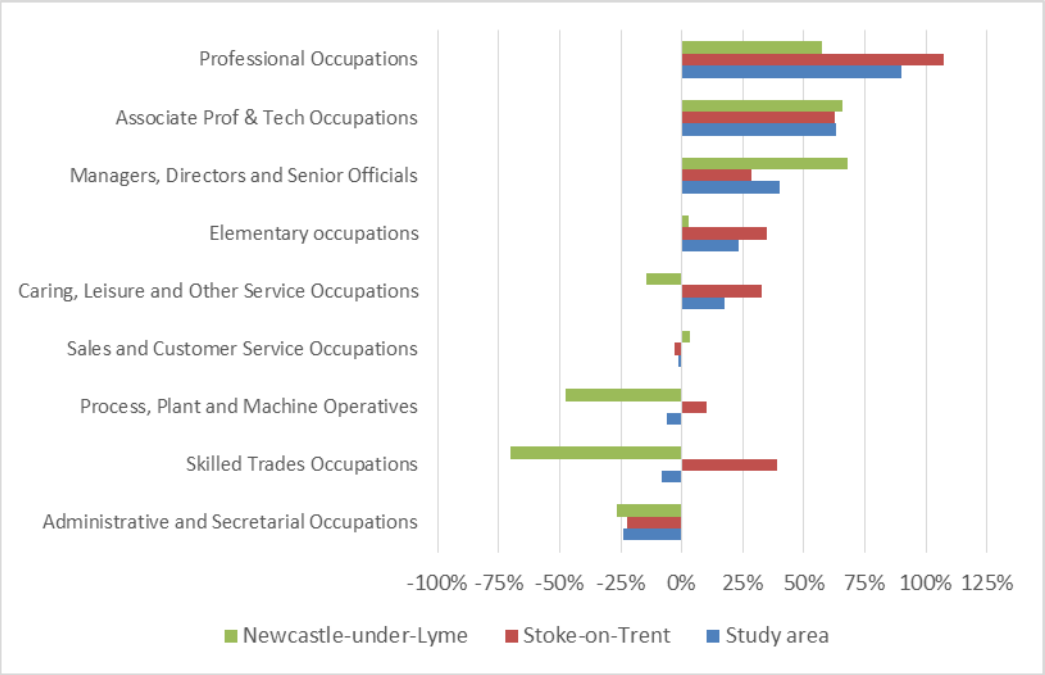
Nature of employment growth

The changing numbers of employment opportunities and their sectorial breakdown has implications for the types of jobs that the workforce in the area are undertaking. BRES data does not provide a breakdown of occupational categories but insight can be gained from the Annual Population Survey[40] (APS) undertaken by the ONS.

The chart below shows the percentage change in the number of people employed in each of the major groups as defined by the ONS's Standard Occupational Classification (SOC) 2010 in Newcastle-under-Lyme, Stoke-on-Trent and the study area as a whole. It can be seen that the most significant growth in employment was recorded for professional occupations and associate professional & technical occupations, where the number of jobs increased by 90% and 63% respectively across the study area. Indeed, the number of jobs in the former occupation more than doubled in Stoke-on-Trent in the period 2009-2019.

Percentage change in workforce employment by occupation (2009-2019)

[40] ONS via Nomis (2019) Annual Population Survey: Jan-Dec 2009; Jan-Dec 2019



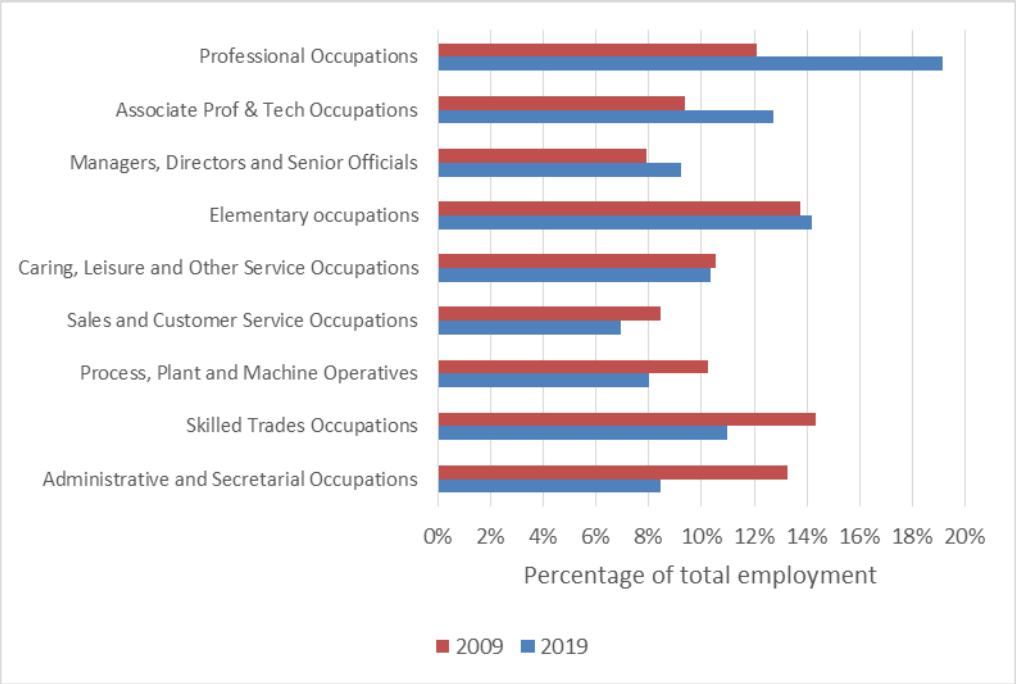
Source: APS

The above change in the number of people employed in these various occupations provides an indication of the changing occupational structure of the study area, by comparing the proportion of the workforce employed in different occupations in 2009 and 2019. It is ordered to show the occupations becoming increasingly prevalent at the top, and becoming less prevalent at the bottom.

As set out at Figure 4.7, it can be seen that professional occupations are the most prevalent occupation type in the study area, as of 2019, and this has also seen the most significant growth over the period since 2009. Employment in associate professional & technical occupations, managers, directors & senior officials and elementary occupations also grew in terms of representation in the study area's workforce.

In contrast it is noted that the representation in the workforce of several of the most prevalent occupations as of 2009 – including skilled trades and administrative and secretarial occupations – decreased over the period to 2019.

Change in occupational structure of the study area's workforce (2009-19)



Source: APS

Figure 4.8 plots percentage employment growth by occupation in the study area against annual average earnings for each occupation in the West Midlands (in the absence of local data), as sourced from the 2019 Annual Survey of Hours and Earnings (ASHE). It can be seen that several of those occupations which recorded the greatest proportionate growth between 2009 and 2019 – for example professional occupations, associate professional & technical occupations and managers, directors & senior officials – are those which command the highest average wages, suggesting a shift towards higher-earning roles.

It should also, however, be noted that employment growth has also been recorded for those occupations where average earnings are typically lower, such as caring, leisure & other service occupations and sales & customer service occupations and that a reduction in the contribution to the area's total employment has been recorded in relatively high-earning occupations, such as skilled trades. This provides a useful insight into the evolving profile of the local economy and the workforce, the implications of which are considered further later in this section through a separate consideration of the changing resident labour-force.

Average annual earnings by percentage change in employment by occupation (2009-19)

Source: APS; AHSE

1.15 Further analysis of ASHE data indicates that overall average workplace-based earnings in the study area's constituent authorities increased over the ten years to 2019, albeit by a greater extent in Stoke-on-Trent than in Newcastle-under-Lyme. It is noted that the 20% growth in average earnings in Stoke-on-Trent slightly exceeded the rate across the West Midlands as a whole and nationally (19% and 17% respectively) whilst earnings in Newcastle-under-Lyme grew at a slower rate (16%) than all comparator geographies. It is important to recognise in the context of this positive growth that in the case of both authorities, but in particular in Newcastle-under-Lyme, this increase is from a comparatively low base with average wages remaining notably below the regional and national average as of 2019.

Table 1.1: Change in workplace gross annual median wages (all employee jobs) (2009 – 2019)

	2009	2019	Change
Newcastle-under-Lyme	£20,901	£24,270	**16%**
Stoke-on-Trent	£22,164	£26,615	**20%**
West Midlands	£23,958	£28,536	**19%**
England	£26,133	£30,667	**17%**

Source: ASHE

An evolving business base

UK Business Counts produced by the ONS provide an indication of change in the profile of businesses in the study area, albeit it should be noted that data is only available from 2010 onwards. This is based on “local units”, which could be individual sites within a larger enterprise.

This data suggests that the number of businesses in the study area grew by around 1,470 units between 2010 and 2019. This represents growth of circa 14%, which is lower than the proportionate growth rate in the West Midlands (20%) and nationally (25%). Growth in unit numbers was slightly greater in Stoke-on-Trent than in Newcastle-under Lyme. Whilst the number of business units increased by 970 in Stoke-on-Trent (growth of 14%) during this period, the comparable figure for Newcastle-under-Lyme was 500 (growth of 13%).

Table 4.4 suggests that the divergence from regional and national trends is mostly attributable to a more modest growth in micro businesses, considering that growth in this size of business is that which drives overall change in business numbers. Both Stoke-on-Trent and Newcastle-under-Lyme saw lesser growth in the number of such businesses, at 16% and 14% respectively, than recorded regionally (22%) or nationally (28%).

Newcastle-under-Lyme did, however, see relatively significant growth in medium and large businesses (adding circa 25 and 5 businesses of these sizes respectively, representing growth of 22% and 33%) which exceeded that recorded in all other comparator geographies. There were, though, no additional business units of this size recorded in Stoke-on-Trent, meaning that the study area as a whole has seen a comparable trend to the region and country in this regard.

It is nonetheless reasonable to suggest that this positive trend could, in part at least, result from local businesses undergoing a process of expanding their workforce as a result of their comparative success and growth as they have increased the size of their workforces and thus progressed through the size classifications listed in the column headings of Table 4.4. Conversely, the low rates of small business development in the study area could mean that there has been less success in achieving comparably progressive growth in businesses from micro-sized to small.

Change in business base by number of employees (2010-19)

		Micro 0 - 9 employees	Small 10 - 49 employees	Medium 50 - 249 employees	Large 250+ employees	**Total change**
Newcastle-under-Lyme	Units	430	40	25	5	**500**
	%	14%	7%	22%	33%	**13%**
Stoke-on-Trent	Units	845	125	0	0	**970**

	%	16%	10%	0%	0%	**14%**
Study area	Units	1,275	165	25	5	**1,470**
	%	15%	9%	6%	7%	**14%**
West Midlands	%	22%	9%	6%	6%	**20%**
England	%	28%	13%	11%	6%	**25%**

Note: Some figures may appear not to sum due to rounding
Source: UK Business Counts

Changes in the labour market

The analysis earlier in this section focused on jobs within the study area, affecting a workforce that can reside either locally or elsewhere. The analysis below considers the characteristics of the *resident* labour force in its entirety, a large proportion of whom work in the area.

Participation

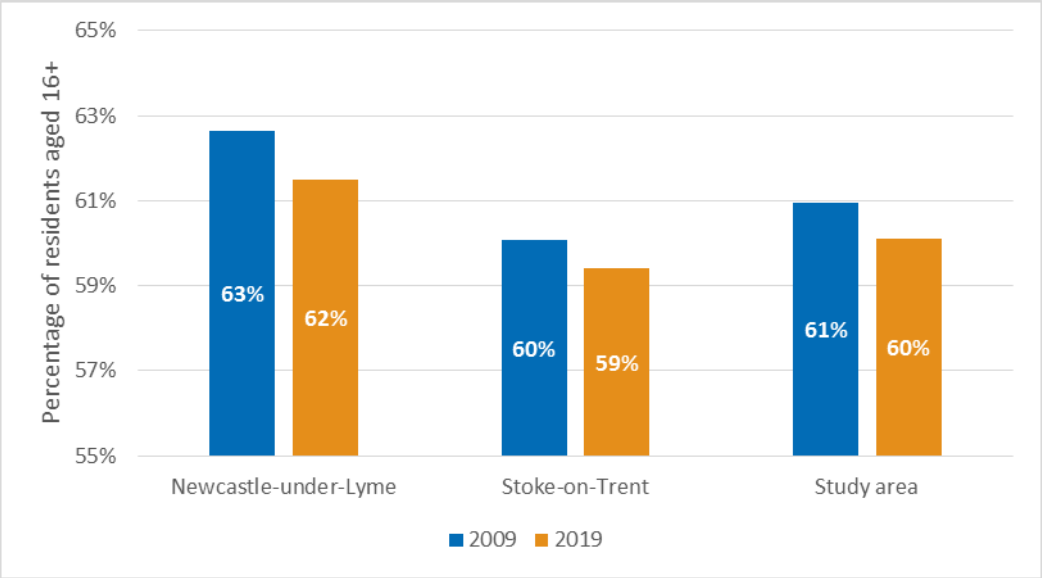
1.16 Figure 4.9 outlines the change in economic activity rates in the individual authorities and the study area as a whole, as reported by the APS[41]. Economic activity relates to whether or not an adult (aged 16 and over) was working or looking for work at the time of the survey, thus illustrating the extent to which they are actively participating in the labour market.

1.17 APS data reports that the absolute number of economically active people 16 and over in the study area increased from circa 180,500 in 2009, to 187,800 by 2019. This represented growth of circa 7,300 economically active people.

1.18 On a proportionate basis, however, the APS does also indicate that 60% of people aged between 16 and over in the study area were economically active as of 2019, this being a slightly lower rate than in 2009, when the rate was recorded as 61%.

Economic activity rates (2009-19)

[41] ONS via Nomis (2020) Annual Population Survey: Jan 2009-Dec 2009; Jan 2019-Dec 2019



Source: APS

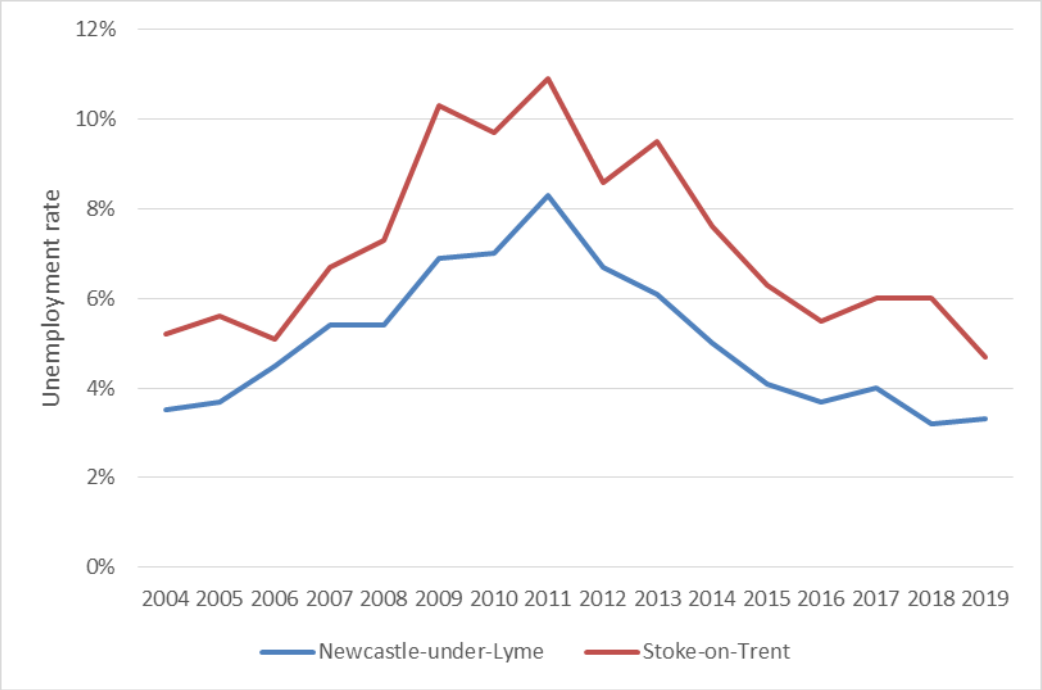
1.19 It is important, however, to unpack what this data shows further with a broadly stable activity rate appearing to sit at odds with a picture of job growth. In this context, it is important to recognise wider demographic changes which have also occurred over this period, which have seen the number of older people who are no longer active in the workforce increase (an issue considered further in the HNA). This naturally reduces the activity rate even where the absolute number of people classified as economically active increases, as noted above.

Additionally, it is important to recognise that growth in the number of economically inactive students has impacted upon these figures. By way of illustration, whilst in 2009 around 10,200 out of a total 115,700 economically inactive people in the study area were students (this equating to 9% of all economically inactive people), by 2019, the number of economically inactive students stood at 16,900, this representing an increased proportion – circa 14% of the total 124,700 – of people who were economically inactive in the study area. It is noted that this rise in economically inactive students actually occurred in the context of a reduction in the total number of students registered at the area's universities over the same period, suggesting an increasing tendency to participate in the labour market. The impact of the student population is considered in greater detail within the HNA

Unemployment

The unemployment rate illustrates the number of adults without a job that are available to start work, and is another important indicator of the health of the labour market. Figure 4.10 shows that each authority has seen substantial reductions in unemployment since the peaks recorded during the last recession. In 2019, the unemployment rate in Stoke-on-Trent was at its lowest for at least fifteen years, while Newcastle-under-Lyme remained close to the long-term low recorded in the previous year.

Unemployment Rates in Stoke-on-Trent and Newcastle-under-Lyme

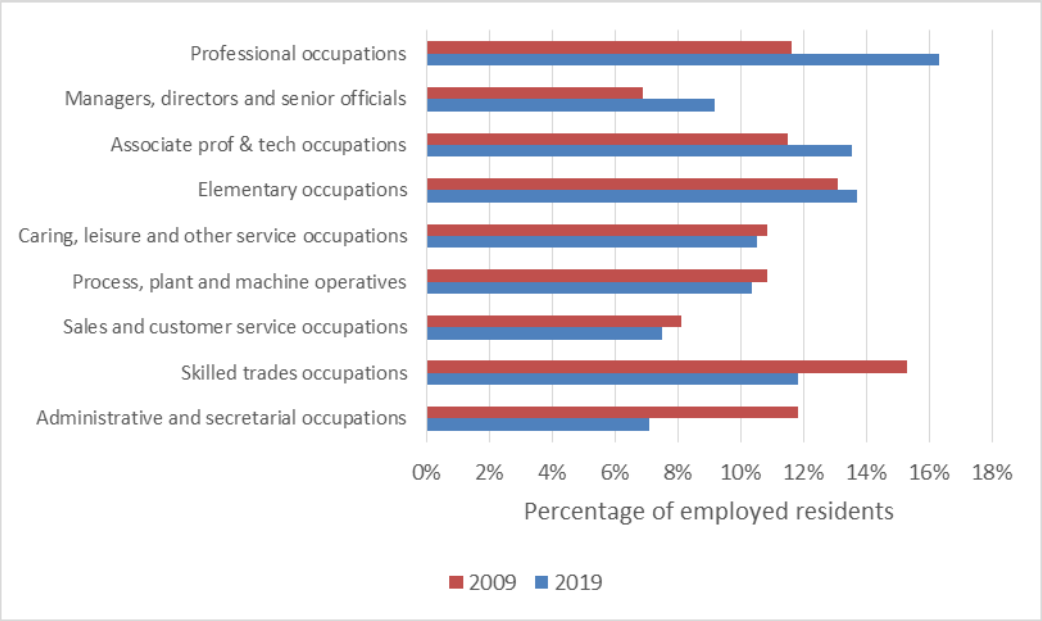


Source: ONS

Occupational structure

As demonstrated by Figure 4.11, APS data indicates that change in the occupational structure amongst the study area's residents was similar to that of its workforce, as was outlined earlier in this section at Figure 4.6. The greatest occupational shift in terms of the workforce between 2009 and 2019 was recorded in professional occupations, with this also being true of the resident population. It is, however, noted that the growth in the proportion of residents employed as managers, directors & senior officials was slightly greater than that recorded for associate professional & technical employees, whilst the inverse was true in terms of workplace employment.

Change in occupation structure of the study area's residents (2009-19)



Source: APS

Earnings and Skills

While the earlier analysis considered the earnings of those working in the area, this can be compared against the earnings of those *residing* in the area irrespective of where they work. As can be seen from Table 4.5, whilst the median wages of residents in Stoke-on-Trent increased at a faster rate between 2009 and 2019 than in the West Midlands and England as a whole, earnings in Newcastle-under-Lyme grew to a lesser extent than all comparator geographies.

When comparing against the workplace-based earnings data (Table 4.3), it is notable that whilst median wages for residents in Newcastle-under-Lyme have consistently been higher (standing at £26,620 as of 2019) than the borough's workplace wages (£24,270 as of 2019), the converse is true in Stoke-on-Trent, where the 2019 median resident wage of £25,424 is exceeded by workplace wages of £26,615. This suggests that a proportion of Newcastle-under-Lyme residents commute outside of the borough to access higher-paid jobs than are available locally, with the opposite occurring in Stoke-on-Trent.

However, it is also noted that whilst resident earnings have increased proportionally in line with workplace earnings in Stoke-on-Trent (both around 20%), the 16% growth in workplace-based wages in Newcastle-under-Lyme is slightly greater than the 14% growth in residents' earnings.

Change in resident gross annual median wages (all employee jobs) (2009-19)

	2009	2019	**Change**
Newcastle-under-Lyme	£23,272	£26,620	**14%**
Stoke-on-Trent	£21,248	£25,424	**20%**
West Midlands	£23,942	£28,262	**18%**

England	£26,145	£30,661	**17%**

Source: ASHE

APS data highlights that residents of the study area are increasingly holding higher levels of qualifications. As shown by Table 4.6, the proportion of residents aged between 16 and 64 holding qualifications equating to NVQ4+ has risen in the study from 19% to 27% since 2009, with the proportion holding no qualifications having fallen from 17% to 11% over this period. This is broadly in line with regional and national trends; for example, the proportion of people in this age group holding NVQ4+ qualifications in the West Midlands and England increased to similar extents over the same period (albeit from higher base rates, respectively from 25% to 34% and from 30% to 40%). Similarly, the proportion of 16-64 year olds in the West Midlands holding no qualifications decreased from 16% to 10% and in England fell from 12% to 7%.

Whilst the above analysis indicates that the level of qualifications held by the population of the study area is on the whole lower than the regional and national averages, the direction of travel nonetheless evidently provides a positive context and is likely to have been a contributory factor to the improvements seen in resident incomes noted above and aligns with the positive aspects of the changing occupational profile noted above.

Highest level of qualification (2009-2019)

	Newcastle-under-Lyme 2009	Newcastle-under-Lyme 2019	Stoke-on-Trent 2009	Stoke-on-Trent 2019	**Study area 2009**	**Study area 2019**
No qualifications	14%	7%	18%	13%	**17%**	**11%**
Other qualifications	5%	5%	9%	7%	**8%**	**6%**
NVQ1+	81%	89%	73%	81%	**76%**	**83%**
NVQ2+	67%	79%	56%	67%	**60%**	**71%**
NVQ3+	45%	51%	36%	46%	**39%**	**48%**
NVQ4+	23%	30%	18%	26%	**19%**	**27%**

Source: APS

Deprivation

Published by the Ministry for Housing, Communities and Local Government, the English Indices of Deprivation is the official measure of relative deprivation in England, the most recent edition being published in 2019[42]. An established methodological framework is followed in broadly defining deprivation to encompass a wide range of an individual's living conditions, which is based on 39 separate indicators, organised across seven distinct domains of

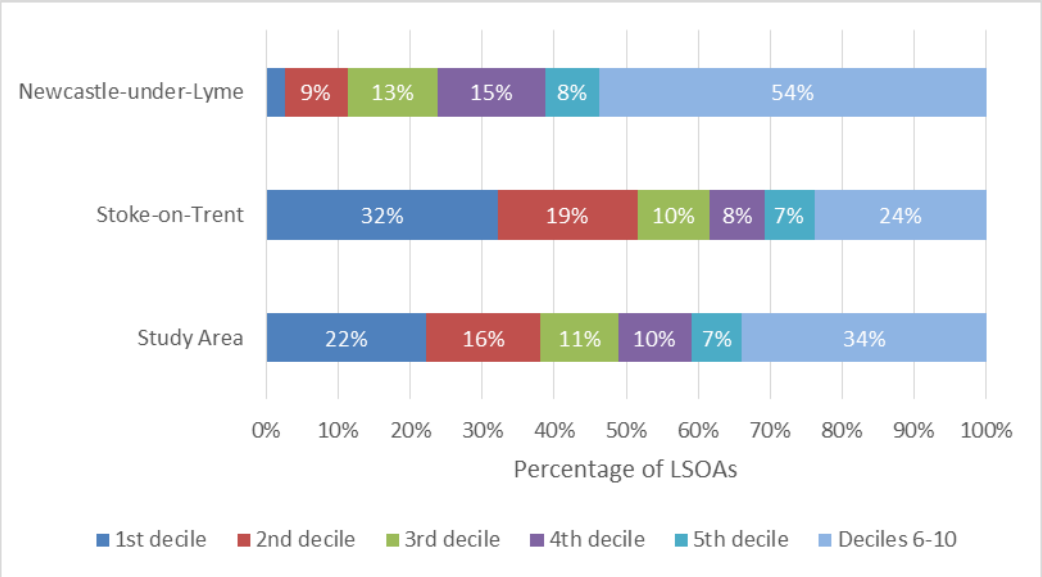
[42] MHCLG (2019) English indices of deprivation 2019

deprivation[43], which are then combined and weighted to calculate the Index of Multiple Deprivation (IMD).

The IMD is an overall measure of multiple deprivation experienced by people living in an area and is calculated for every Lower-layer Super Output Area (LSOA), or neighbourhood, in England. All neighbourhoods in England are then ranked according to their level of deprivation relative to that of other areas. High-ranking LSOAs are therefore considered the 'most deprived', and the IMD presents LSOAs ranking by decile i.e. with those authorities that are ranked within the 10% most deprived nationally being with the 1st decile, and so on.

As outlined in the below chart, circa 22% of the study area's LSOAs are ranked within decile 1 (i.e. within the top 10% most-deprived nationally). This is largely driven by high rates of deprivation in Stoke-on-Trent, where almost a third (32%) of neighbourhoods are ranked in decile 1, whilst this is the case for just 3% of Newcastle-under-Lyme's LSOAs. Indeed, whilst over half of Stoke-on-Trent's LSOAs are ranked within the top 20% most deprived, over half of Newcastle-under-Lyme's are ranked within the 50% least-deprived.

Percentage of LSOAs by IMD 2019 Decile



Source: IMD 2019

The continued concentration of communities characterised by deprivation in parts of the study area is an important ongoing issue particularly where it is set in the context of a range of more positive indicators as to the improving health of the local economy in the analysis above. This continues to highlight the importance of the strategies and investment identified in section 3 in ensuring that a greater proportion of people living in the study area are able to benefit from the impacts of economic growth, with this also highlighting the potential

[43] The seven domains comprise: income; employment; health & disability; education, skills & training; crime; barriers to housing & services and living environment.

vulnerability of parts of the study area to periods in the economic cycle which are more negative.

Summary

This section has provided a health-check of the local economy of the study area, drawing upon the latest local data available at the time of writing. As stated elsewhere in this report it acknowledged that these datasets precede the Covid-19 situation which is ongoing at the time at which the report has been prepared, with an inevitable lag-time before robust and representative data is available to fully assess its implications.

This health-check has illustrated the progress that the local economy had made up to 2018/2019 (depending on the data referenced) when compared with the context in which the 2015 ELR was prepared.

In headline terms, the study area saw over the period to 2018 a general positive trend in job growth with the years since 2014 in particular representing a period of significant employment generation. Indeed over the nine years between 2009 and 2018 the area saw the addition of close to 15,000 new jobs. The division of these new jobs has not been equal between the two authorities, with the vast majority of new jobs being located in Stoke-on-Trent. The implied annual level of job growth recorded in more recent years has outpaced the average rate forecast within the ELR from its 2013 base. This highlights that this period has been one of particular positive growth, albeit it is recognised that this must be viewed in the context of what will inevitably be a longer-term cycle of more negative stretches of a plan period, noting the ELR forecast average levels of job growth through to 2039 with just over twenty years of this period remaining. In this context, it is noted that the actual level of job growth recorded in the first five years of the ELR forecasts shows a strong alignment with the upper Experian forecast used therein.

This job growth has been driven by a range of sectors, with the most significant growth recorded in human health and social work driven by investment at the Royal Stoke University Hospital. Indeed the strong presence of health jobs is an important contributor towards public services continuing to be the largest sector of employment. This is closely followed by the transportation and storage sector, relating to growth in logistics businesses and floorspace with the latter considered in detail in the next section. In this context, it is noted that the importance of the transport and storage to the local economy has increased, albeit smaller in scale than wholesale and retail despite this sector contracting in recent years. Whilst there are a number of sectors recording more modest but positive growth – including information and communication and professional services – it is noted that declines have been registered in public administration and manufacturing. That said, it is important to recognise that the study area continues to have an important and significant concentration of manufacturing jobs and employers.

The profile of jobs impacts on the occupational structure of the study area's workforce with professional occupations being the most prevalent group and having seen the most significant growth. This has translated into a comparatively strong growth in workforce incomes which is also mirrored in growth in residents' incomes, albeit it is important to recognise that when compared to regional and national comparators incomes remain notably low. That said, the study area saw growth across a range of occupations with these including those where incomes are generally lower, such as caring, leisure and other service occupations and sales & customer service occupations.

The strong growth in jobs has been supported by a growing business base, albeit the rate of growth has not kept pace with regional and national trends primarily due to there being proportionately fewer additional micro-businesses in the study area over the past decade. The rate of business growth in both Stoke-on-Trent and Newcastle-under-Lyme is broadly aligned, in proportionate terms, but the latter has notably seen stronger growth in the number of medium and larger businesses employing at least 50 people. This may include businesses attracted to the area as well as existing businesses that have expanded over time.

This positive context has also supported change in the local labour force, beyond a rise in incomes as noted above. This includes a notable reduction in unemployment and broadly stable rates of economic participation, albeit with the latter being moderated when considered across the population by an ageing demographic trend and the declining participation of students. The growth in higher earning occupations noted above has also been supported by a general up-skilling of the labour force with elevated numbers of residents holding qualifications equating to NVQ4+ and a reduction in those with no qualifications.

Whilst the above generally paints a positive picture, it is important to recognise that certain communities remain characterised by significant and sustained levels of deprivation. This continues to form an important context with regards the importance of the aspirations of the economic strategies summarised in the previous section to ensure that the benefits of a positive local economy are felt throughout the workforce and resident population.

Overview of Employment Space

This section provides an overview of the profile of employment space in Stoke-on-Trent and Newcastle-under-Lyme. The section initially profiles the authorities' commercial stock to update that presented in the 2015 ELR[44]. It then sets this in the context of selected comparator areas to identify the features which continue to make the commercial stock profile distinct. The section concludes with a consideration as to how recent changes in stock have

[44] It is noted that the analysis in this section classifies employment space as that made up of offices, industrial or warehouse premises. The 2015 ELR also included retail and other commercial floorspace in the figures presented.

changed this current profile reflecting on the longer-term trends considered in the 2015 ELR.

Current Stock of Employment Floorspace

The online property database CoStar has been used to conduct research into the current supply of employment premises and floorspace in Newcastle-under-Lyme and Stoke-on-Trent, thereby providing an updated position to that which was established by the 2015 ELR.

Premises and Floorspace

Total employment space supply in the study area, in terms of number of premises and quantum of floorspace, is set out in Table 5.1. This shows the difference in the scale of employment floorspace between the two authorities underpinning the comparative analysis of their distinct economies in the preceding section. The scale of difference is significant with total employment floorspace in Stoke-on-Trent equating to more than twice the quantum in Newcastle-under-Lyme.

As identified by the 2015 ELR, industrial and warehouse stock continue to represent the majority of employment floorspace in Newcastle-under-Lyme and Stoke-on-Trent. This reflects the industrial legacy of the area as well as the significant growth in warehouse facilities over more recent years, as noted already in this report. Unsurprisingly, given the sector's space requirements, warehouses constitute the largest quantum of employment space in both authorities whilst not representing the highest number of premises.

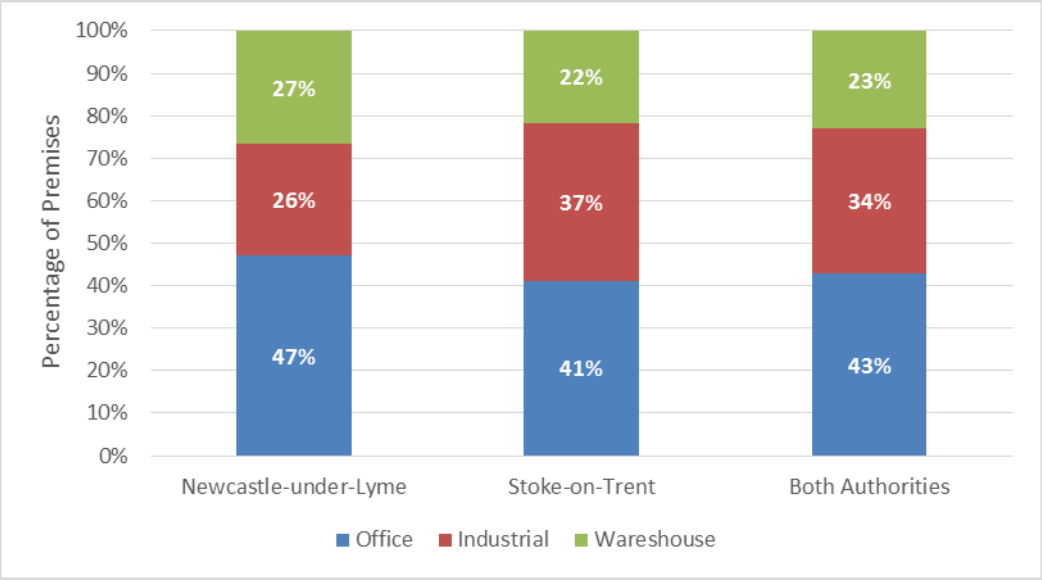
Number of properties and quantum of employment floorspace by type, 2020

Type	Newcastle-under-Lyme Premises	Newcastle-under-Lyme Sqm	Stoke-on-Trent Premises	Stoke-on-Trent Sqm	**Both Authorities Premises**	**Both Authorities Sqm**
Office	196	140,508	441	319,967	**637**	**460,475**
Industrial	109	166,799	398	646,259	**507**	**813,058**
Warehouse	111	525,241	233	1,152,085	**344**	**1,677,326**
Total	**416**	**832,548**	**1,072**	**2,118,311**	**1,488**	**2,950,859**

Source: Turley analysis of CoStar data, 2020

Figure 5.1 shows the proportionate split of the individual premises by type in each authority. This highlights the fact that employment stock in terms of units is, in proportionate terms, slightly more oriented towards offices (representing 47% of all properties) and warehouses (26%) in Newcastle-under-Lyme than in Stoke-on-Trent (respectively 41% and 22%), where industrial properties constitute a greater proportion (37%) of the authority's stock. When both authorities are taken in combination, offices account for the greatest proportion (43%) of properties.

Percentage of All Employment Premises by Type, 2020

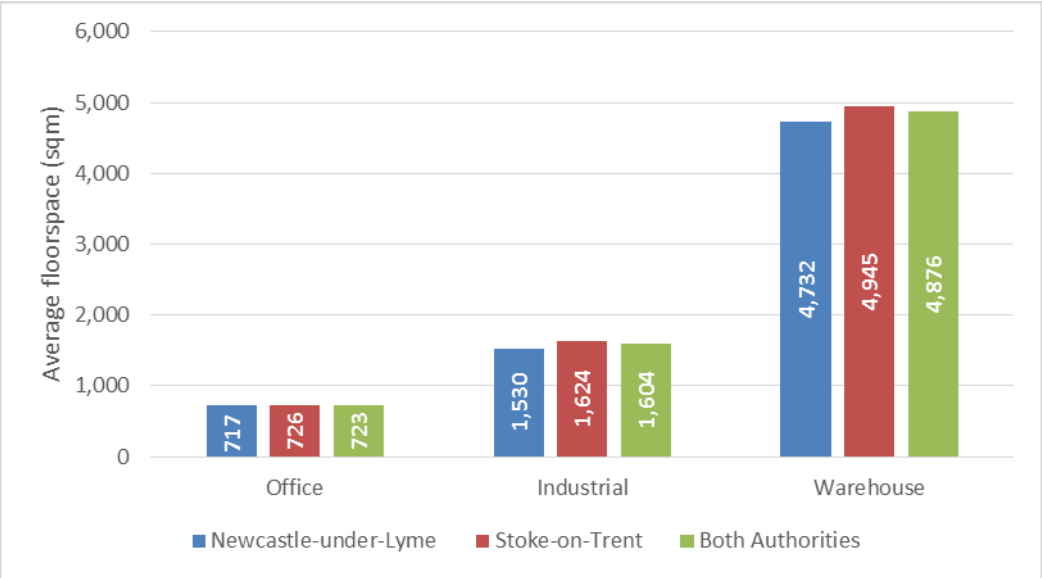


Source: Turley analysis of CoStar data, 2020

Figure 5.2 illustrates the average property size for the various property types in the two authorities individually and in combination. As outlined above, warehouses are on average far larger than industrial and office premises, with warehouses in Stoke-on-Trent recorded as occupying slightly greater areas on average than those in Newcastle-under-Lyme. A similar trend in terms of

comparison between average premises size in the two authorities – albeit to lesser extents – is observed for industrial properties and (to a lesser extent still) office premises.

Average employment premises size, 2020



Source: Turley analysis of CoStar data, 2020

Quality and Age of Employment Stock

Stock quality has been examined through the analysis of CoStar's property rating system, which provides a benchmark for rating and categorising buildings. CoStar's building rating criteria is set out in Table 5.2.

CoStar Building Rating Criteria

	Office (B1)	Industrial (B2 / B8)
1 and 2 Stars	In need of significant refurbishment or only suitable for smaller tenants. Lowest rents in market.	Suitable for smaller, unique industrial uses. Limited functionality. Lowest rents in market.
3 Stars	An older structure, but not refurbished. Standard ceiling heights with less efficient floor plates. Average or near average market rents.	Smaller structures with lower eaves heights. Limited land for expansion and access. Average or near average market rents.

4 and 5 Stars	New or refurbished construction exhibiting the latest trends in office design. Prominent in its context. Sustainable and energy efficient. High quality materials and systems. Efficient floor plates and generous ceiling heights. High glazing ratios for daylight and views. Rents above market averages.	Efficient loading ratios. High eaves heights. Land available for manoeuvrability, access and expansion. Likely new, large, modern distribution and warehouse facilities. Adequate roof lights. Flexibility to accommodate various tenants and uses. Rents above market averages.

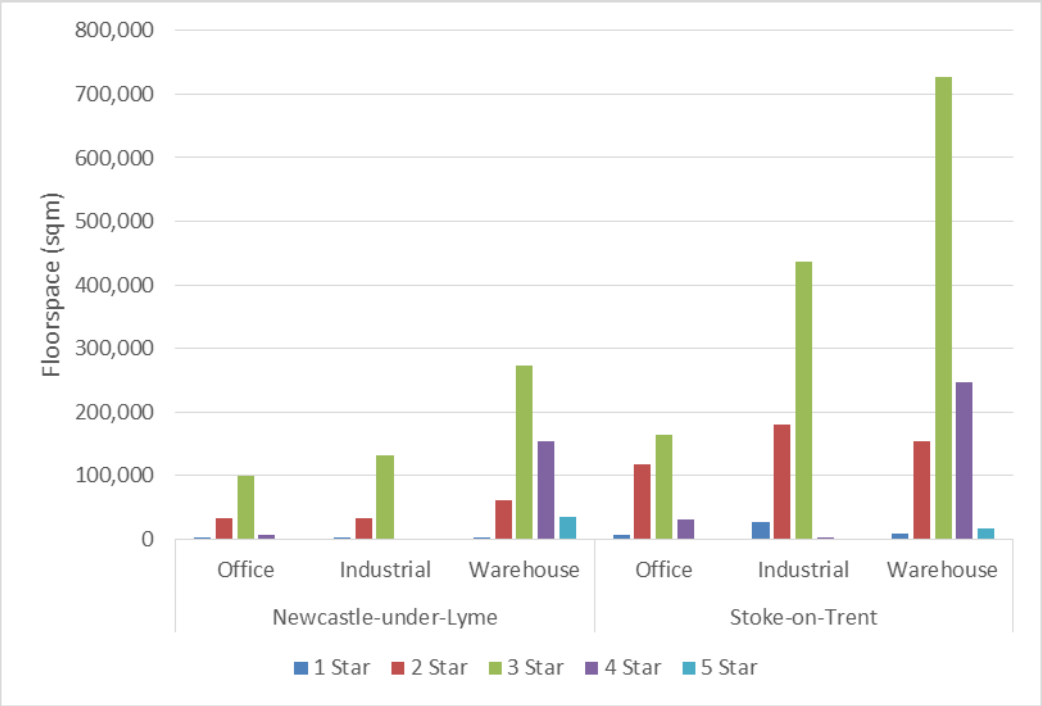
Source: CoStar, 2020

As already identified through the policy review in section 3, the issue of a legacy of old and now lower quality stock, particularly industrial units, has formed an important feature of the local commercial market. Figure 5.3 uses the CoStar classifications to provide a profile of the current stock with this serving to highlight that the issue remains. The analysis clearly shows that the greatest share of floorspace for all property types in both authorities is that of medium quality (3 stars). Whilst the amount of floorspace attracting only 1 star is limited it is clear that there is notable amount of space classified as only 2 stars, with this particularly the case in Stoke-on-Trent.

In parallel the analysis also shows a very limited provision of 4 and 5-star industrial floorspace in either authority. However, reflecting the growth of warehouse space as observed in earlier sections both Newcastle-under-Lyme and Stoke-on-Trent do have a limited supply of 4 and 5-star warehouse space and, to a lesser extent, office space.

It is noted that, whilst, Stoke on Trent has a significantly higher overall quantum of warehouse floorspace, a higher proportion of Newcastle-under-Lyme's warehouse space is rated as good quality (i.e. 4 or 5 stars). For example, over a third (36%) of the latter's warehouse space is assigned a 4 or 5-star rating by CoStar, compared with 10% of the former's. The opposite is, however, the case in terms of office space; 10% of Stoke-on-Trent's office supply is rated 4 or 5 stars, whilst the proportion in Newcastle-under-Lyme is just 5%.

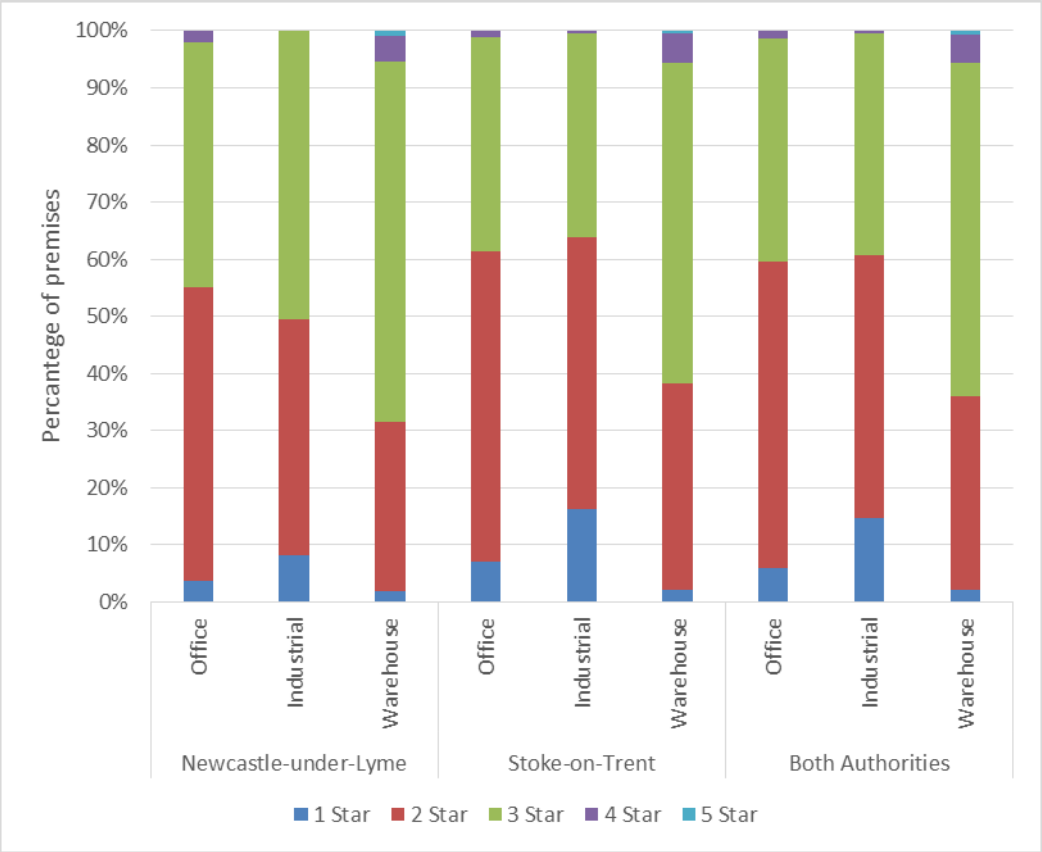
Quality rating of employment floorspace, 2020



Source: Turley analysis of CoStar data, 2020

A similar analysis in terms of the proportion of all employment premises is presented at Figure 5.4. This confirms that, in terms of the quality of premises themselves in each authority, units in Newcastle-under-Lyme of are of generally higher quality than in Stoke-on-Trent. This can be seen by the higher proportion of 1 and 2-star properties of all types in Stoke-on-Trent and corresponding larger representation of 3-star properties in Newcastle-under-Lyme.

Quality rating of employment premises, 2020



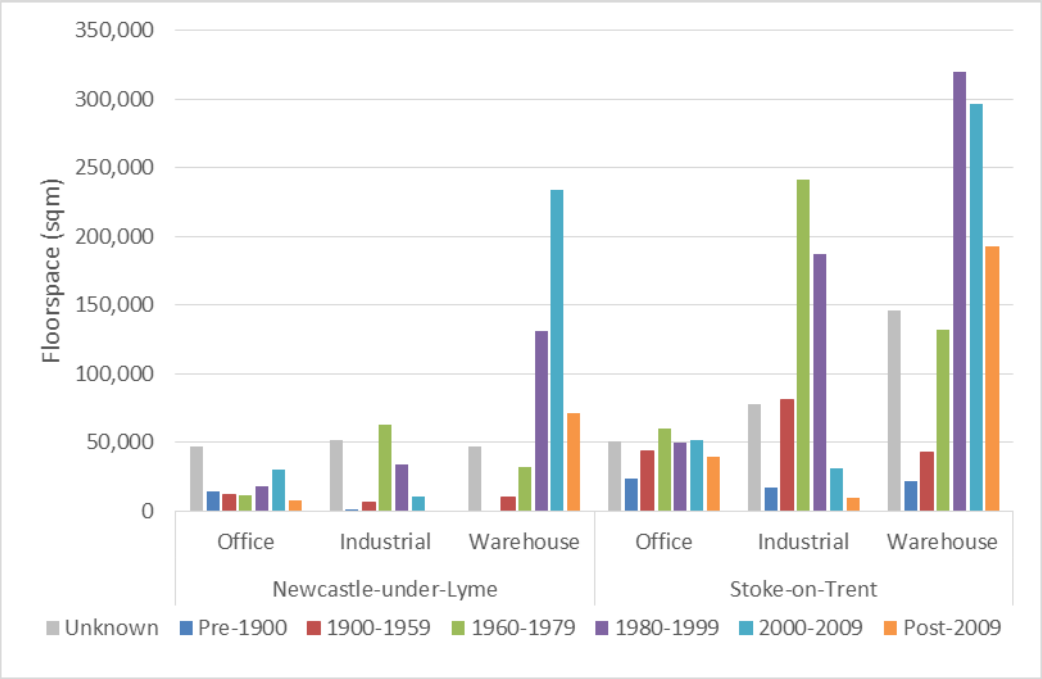
Source: Turley analysis of CoStar data, 2020

It is noted that the 2015 ELR highlights that local agents identified an '*acute shortage*' of good quality, well-located, second-hand industrial accommodation in both Newcastle-under-Lyme and Stoke-on-Trent. The analysis of CoStar ratings indicates that this issue is likely to continue to be of particular significance in Stoke-on-Trent where over 60% of industrial stock continues to be rated as having 1 or 2 stars (i.e. of lowest quality). It is noted that a similar issue appears to also be the case with regard to office space, with both authorities having over 55% of stock classified in this way, and with this being the highest proportion of all three property types in Newcastle-under-Lyme.

Figure 5.5 outlines the year of construction/refurbishment of the various types of existing employment floorspace in the two authorities by way of providing context to the analysis of the quality of stock above. Where the review of policy and strategy highlighted that the area has seen a growth in the warehouse market this is validated through this analysis which shows that this type of floorspace has the most significant representation in terms of newer stock. Indeed both authorities have seen a substantial amount of warehouse floorspace constructed since 1980. Significantly a large amount of this stock has been built in the last 20 years with the authorities seeing particularly strong growth over the period 2000 – 2009 but this also being sustained in more recent years. Further analysis as to the changing profile of new floorspace is included later in the section.

The greatest quantum of industrial floorspace in both Stoke-on-Trent and Newcastle-under-Lyme was constructed pre-2000 (where the year of construction is known). Whilst the quantum of office floorspace constructed post-2000 exceeded the floorspace that dates from previous 20-year periods, it can be seen that a significant proportion of Stoke-on-Trent's office space was constructed prior to the year 2000. The vast majority of industrial floorspace in both authorities is also pre-2000, with both authorities seeing the highest representation of its industrial stock being built in the 1960s and 1970s with this reflecting the significant industrial heritage of both areas and forming an important determining factor in the prevalence of lower quality stock of this type as identified above.

Age of employment floorspace, 2020

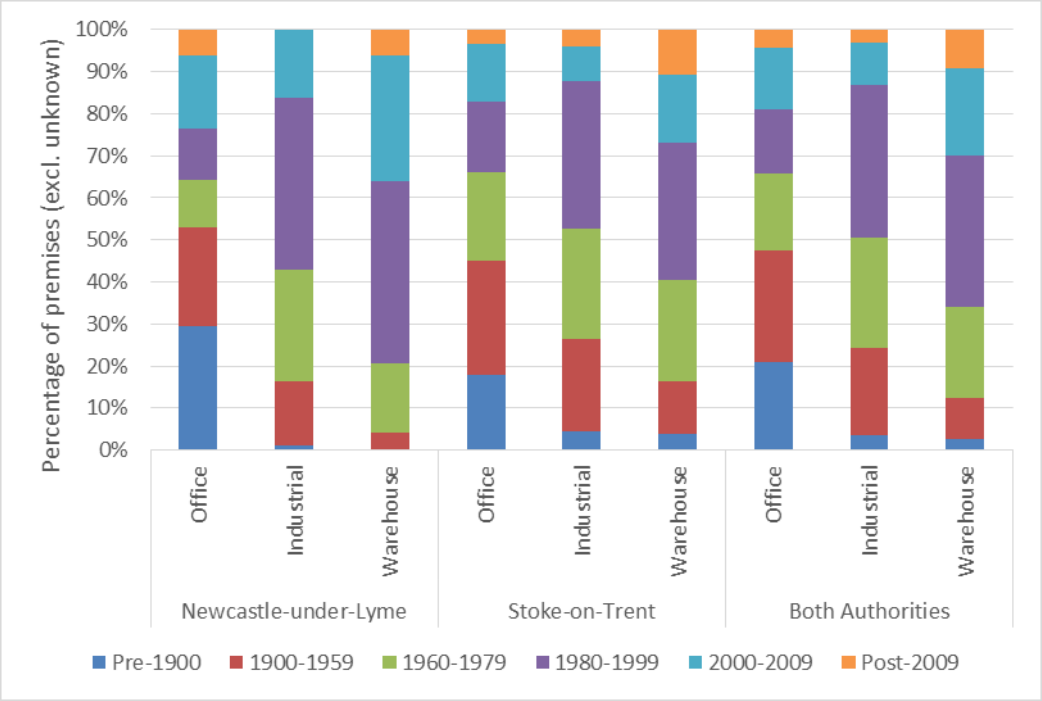


Source: Turley analysis of CoStar data, 2020

Figure 5.6 also considers the age of employment space supply, this time in terms of premises as opposed to floorspace. It can be seen that over 20% of office properties across both areas (almost 30% in Newcastle-under-Lyme) were constructed prior to 1900, this actually outnumbering the proportion constructed post-2000. This reflects the historical stock seen in the traditional centres which developed as settlements grew as important employment centres.

Whilst, in terms of warehouse units, it is noted that the proportion constructed post-2000 in Stoke-on-Trent is particularly strong, the 2015 ELR highlighted that a higher proportion of Newcastle-under-Lyme's industrial stock was constructed in the 1970s onwards in comparison to Stoke-on-Trent, a finding which appears to be reflected in the below analysis.

Age of employment premises, 2020



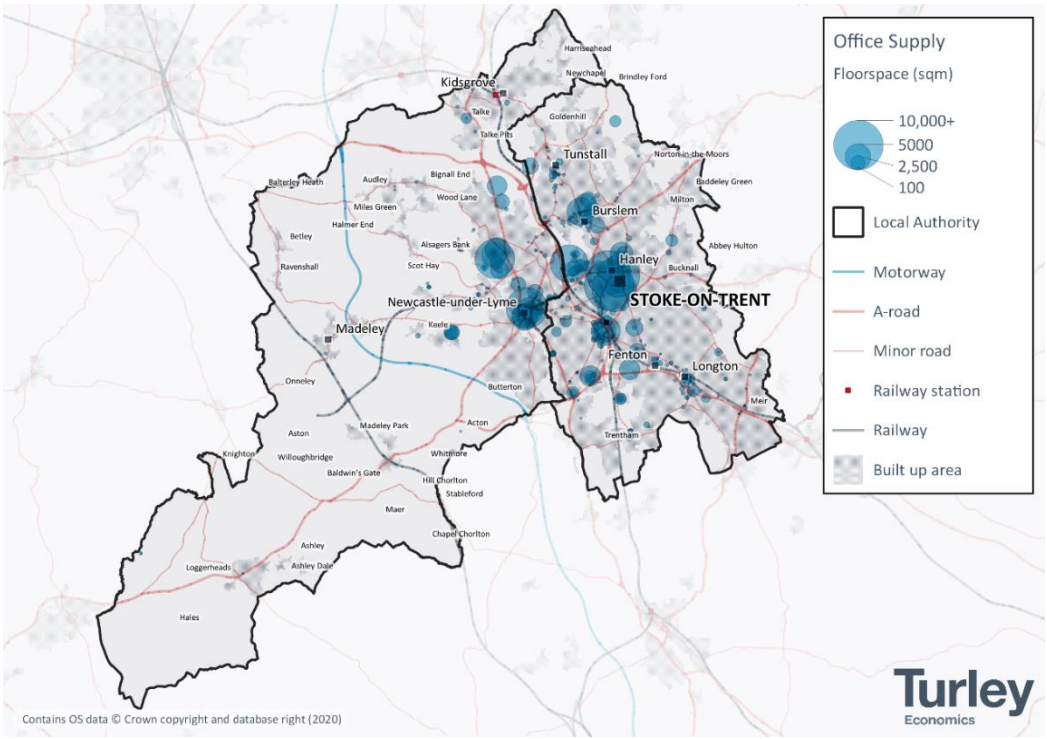
Source: Turley analysis of CoStar data, 2020

Spatial Distribution of Employment Stock

Office

In order to add to the understanding of the profile of stock, Figure 5.7 shows the spatial distribution of office floorspace across the two authorities, with the size of the marker denoting the quantum of floorspace supply in a given location. It is clear that this type of floorspace is concentrated in the major commercial centres in both authorities – with Hanley being the principal City Centre in Stoke-on-Trent – and significant provision is also recorded in the authorities' other centres, such as Burslem and, to a lesser extent, Fenton, Longton and Tunstall. There is also a significant quantum of office floorspace at the Lymedale Business Park to the north-west of Newcastle-under-Lyme town centre and a smaller cluster at Keele University.

Supply of Office Floorspace, 2020

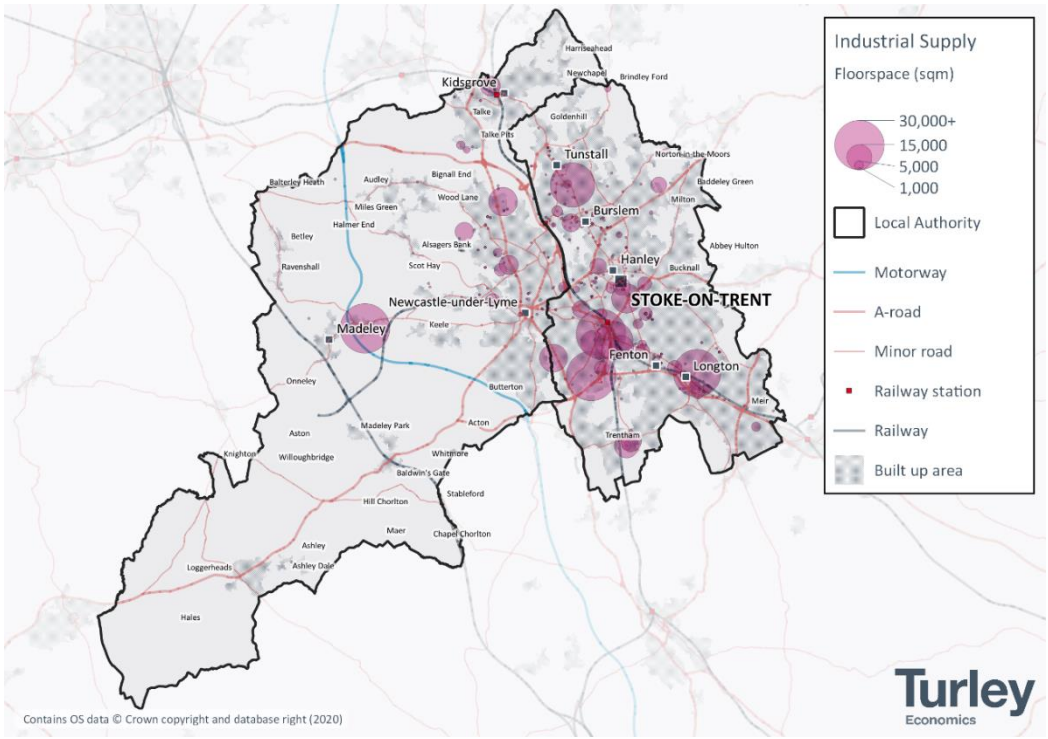


Source: CoStar, 2020

Industrial

In terms of industrial floorspace, comparable mapping shown at Figure 5.8 reveals that supply has generally clustered to a large extent to the south of Stoke-on-Trent city centre around the A50, including at the settlement of Longton and the area between Fenton and Stoke-on-Trent. Significant quantums are also seen at Madeley in Newcastle-under-Lyme borough with the large industrial works / Tarmac quarry located there, as well as around Tunstall and Burslem in Stoke-on-Trent to the north of the city centre around the A500. Other smaller clusters in Newcastle-under-Lyme are also apparent along the A34 including units at the Lymedale Business Park.

Supply of Industrial Floorspace, 2020

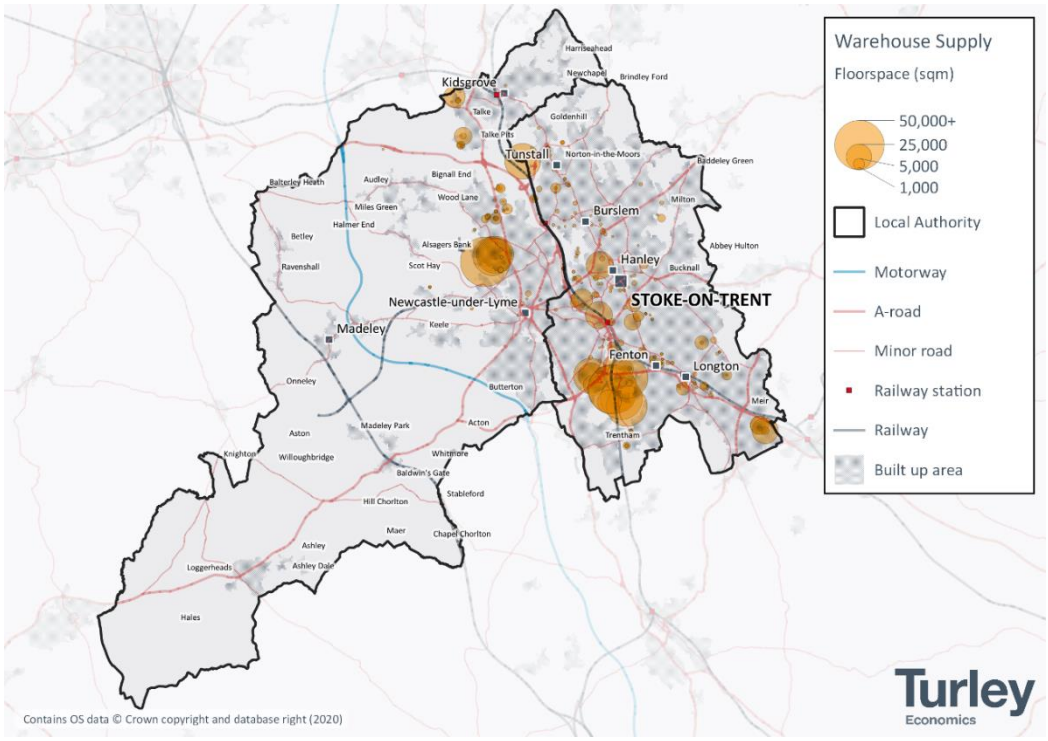


Source: CoStar, 2020

Warehouse

Warehouse floorspace follows a similar pattern to industrial, concentrating to the south of Stoke-on-Trent along the A34 and A50 roads. In Newcastle-under-Lyme there is a significant concentration at the Lymedale Business Park, reflecting the presence of the distribution centres of businesses such as TK Maxx and New Look and a Parcelforce depot.

Supply of Warehouse Floorspace, 2020



Source: CoStar, 2020

Comparison with Neighbouring and Wider Areas

The analysis has been expanded to include those authorities neighbouring Newcastle-under-Lyme and Stoke-on-Trent[45] and, where possible, the West Midlands region and England as a whole, in order to better understand the extent to which provision of employment space in the study area is similar to or deviates from the offer in wider areas.

Premises and Floorspace

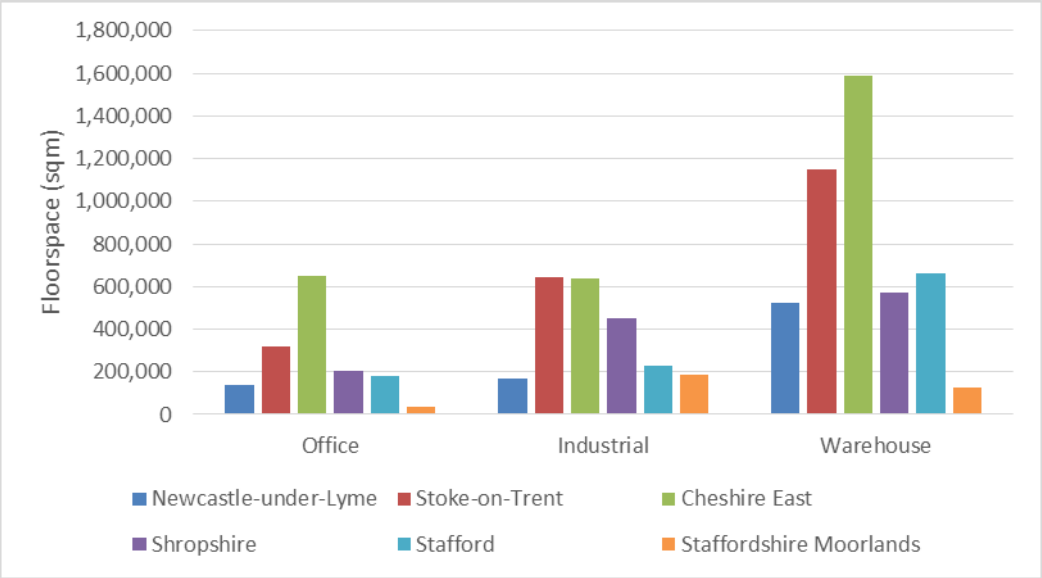
Figure 5.10 compares the overall scale of floorspace by type in the two authorities with the comparator areas. It highlights that of the analysed authorities, Stoke-on-Trent accommodates the greatest quantum of industrial floorspace, providing marginally more than Cheshire East. This reaffirms the significance of this aspect of its stock profile. Conversely, Newcastle-under-Lyme offers the least industrial floorspace out of the analysed authorities.

It can also be seen that Stoke-on-Trent accommodates around half of the quantum of office floorspace offered in Cheshire East again highlighting the significant difference in profile. As the 2015 ELR highlighted, the comparatively low proportion that this property type makes up of its overall stock is even more pronounced when compared with the national average. Newcastle-under-Lyme accommodates a broadly similar (albeit slightly lower) quantum of office space to that which is recorded in Shropshire and Stafford.

[45] Cheshire East, Shropshire, Stafford and Staffordshire Moorlands.

Aside from Cheshire East, Stoke-on-Trent accommodates significantly more warehouse space than the other analysed authorities, the totals of which recorded in Newcastle-under-Lyme, Shropshire and Stafford being broadly similar.

Employment Floorspace Supply in Comparator Authorities, 2020

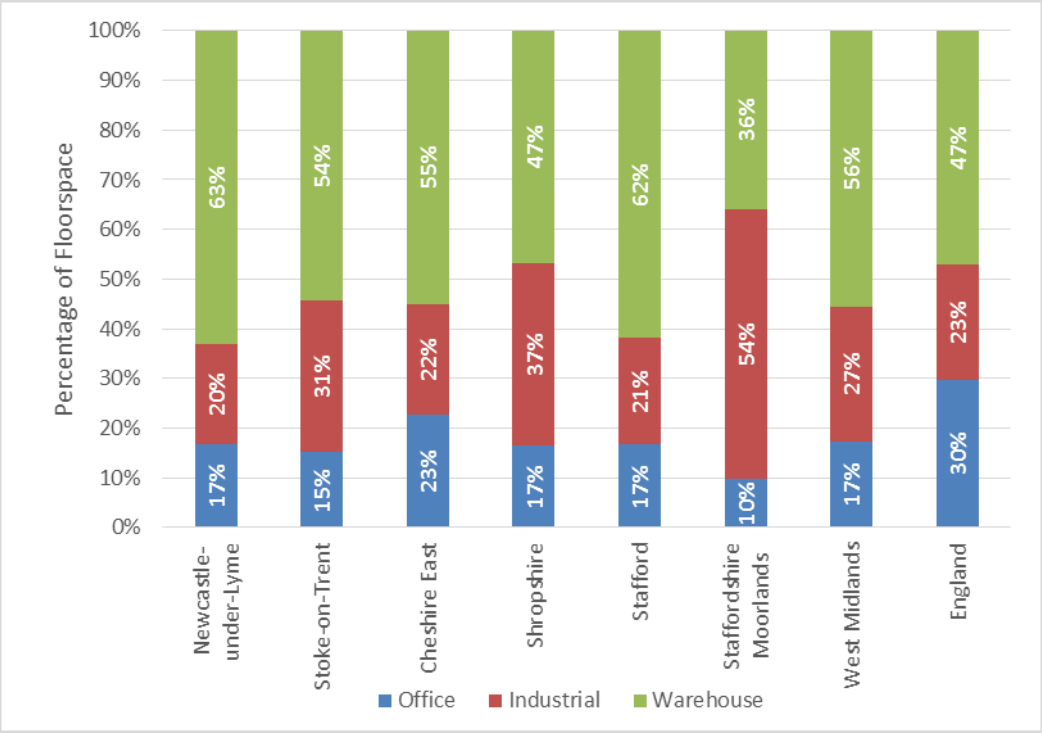


Source: Turley analysis of CoStar data, 2020

As shown by Figure 5.11, the profile of employment floorspace of Newcastle-under-Lyme and Stoke-on-Trent is far more weighted towards industrial and warehouse floorspace than is the case in England as a whole, and, as such, office space accounts for a lower proportion of space. Whilst office uses account for 17% and 15% respectively in Newcastle-under-Lyme and Stoke-on-Trent, the figure nationally is 30%, reflecting the findings presented at Figure 4.1 of the 2015 ELR. This is a trend also seen in most of the neighbouring authorities (albeit to a lesser extent of Cheshire East) and is, indeed, reflective of the West Midlands region as a whole.

A notably large proportion of Newcastle-under-Lyme's and Stafford's total employment floorspace is made up of warehouses (63% and 62% respectively) relative to the other comparator geographies. However, industrial floorspace contributes a slightly lower proportion of Newcastle-under-Lyme's total floorspace (20%) in comparison with all other comparator geographies, including across England as a whole (where industrial floorspace represents 23% of floorspace). Of all areas, Staffordshire Moorlands is that where industrial floorspace accounts for the greatest proportion of floorspace.

Percentage of All Employment Floorspace by Type, 2020

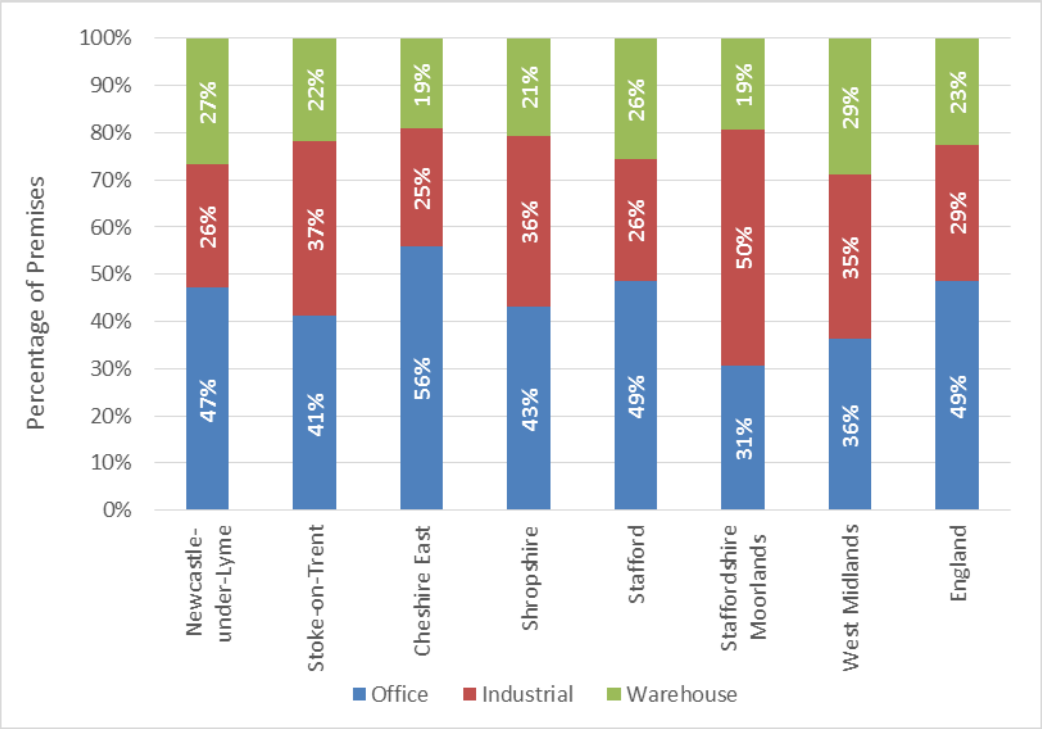


Source: Turley analysis of CoStar data, 2020

Figure 5.12 shows the proportionate breakdown by number of premises rather than floorspace. It can be seen that offices make up a greater proportion of Newcastle-under-Lyme and Stoke-on-Trent's stock of employment properties (47% and 41% respectively) than recorded in the wider West Midlands region (36%), albeit the office contribution in the authorities is slightly lower than the national average (49%) and significantly lower than in the neighbouring authority of Cheshire East (56%). This serves to highlight that an important distinction is the size of office premises in Stoke-on-Trent in particular.

A relatively large proportion of Stoke-on-Trent's premises (37%) are industrial in nature, aligning closely with the regional average but remaining lower than the average for Staffordshire Moorlands. Proportionately fewer properties are warehouses, but Newcastle-under-Lyme in particular has a relatively large concentration of such units which approaches the regional average.

Percentage of All Employment Premises by Type, 2020

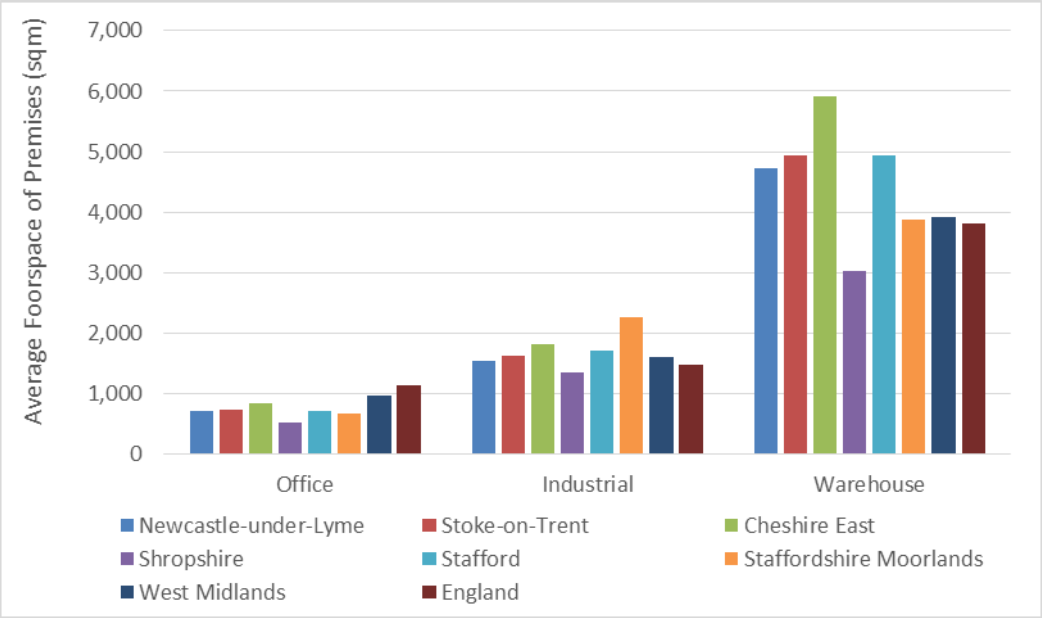


Source: Turley analysis of CoStar data, 2020

The above highlights the importance of the size of premises as a defining feature of the stock of the area with Figure 5.13 showing the average size of various types of employment space in Newcastle-under-Lyme and Stoke-on-Trent, their neighbouring authorities as well as regionally and nationally. This confirms that office premises in both Newcastle-under-Lyme and Stoke-on-Trent are smaller on average than Cheshire East, the West Midlands and England, but are larger than in Shropshire, Stafford and Staffordshire Moorlands.

Industrial units are of a broadly similar size in both Newcastle-under-Lyme, Stoke-on-Trent and the wider West Midlands region, with the average size of warehouses in the two authorities exceeding the West Midlands and England figures.

Average Floorspace of Premises, 2020

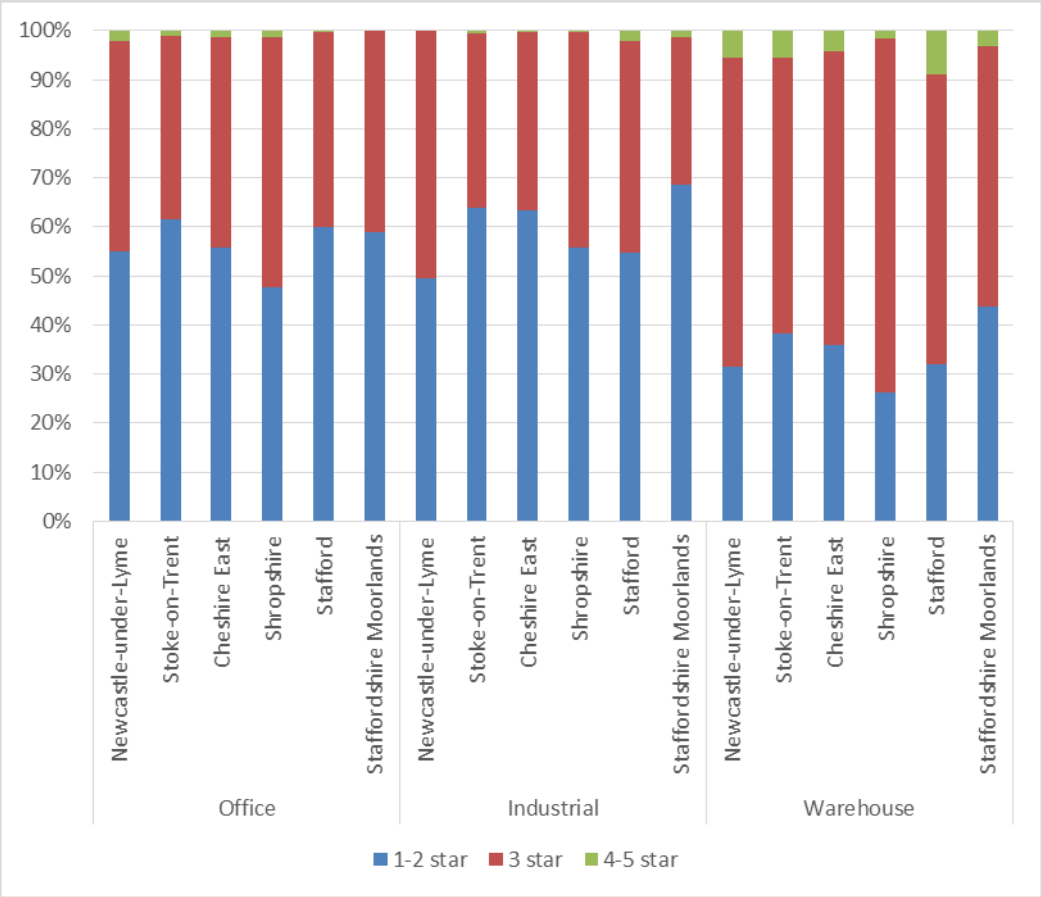


Source: Turley analysis of CoStar data, 2020

Quality and Age in Neighbouring Authorities

Using the same CoStar classification method referenced above, comparison can be made as to the relative quality of stock in surrounding authorities. This shows that for offices there is a very similar profile across all of the areas. In terms of industrial stock, Newcastle-under-Lyme is revealed to have the lowest proportion of poorer-quality stock (1 and 2 star) with Staffordshire Moorlands showing a notably high proportion in this regard. In terms of warehousing space only Stafford records a higher proportion of 4 star stock to both Newcastle-under-Lyme and Stoke-on-Trent, with Staffordshire Moorlands again showing the highest proportion of stock classified as the lower grades.

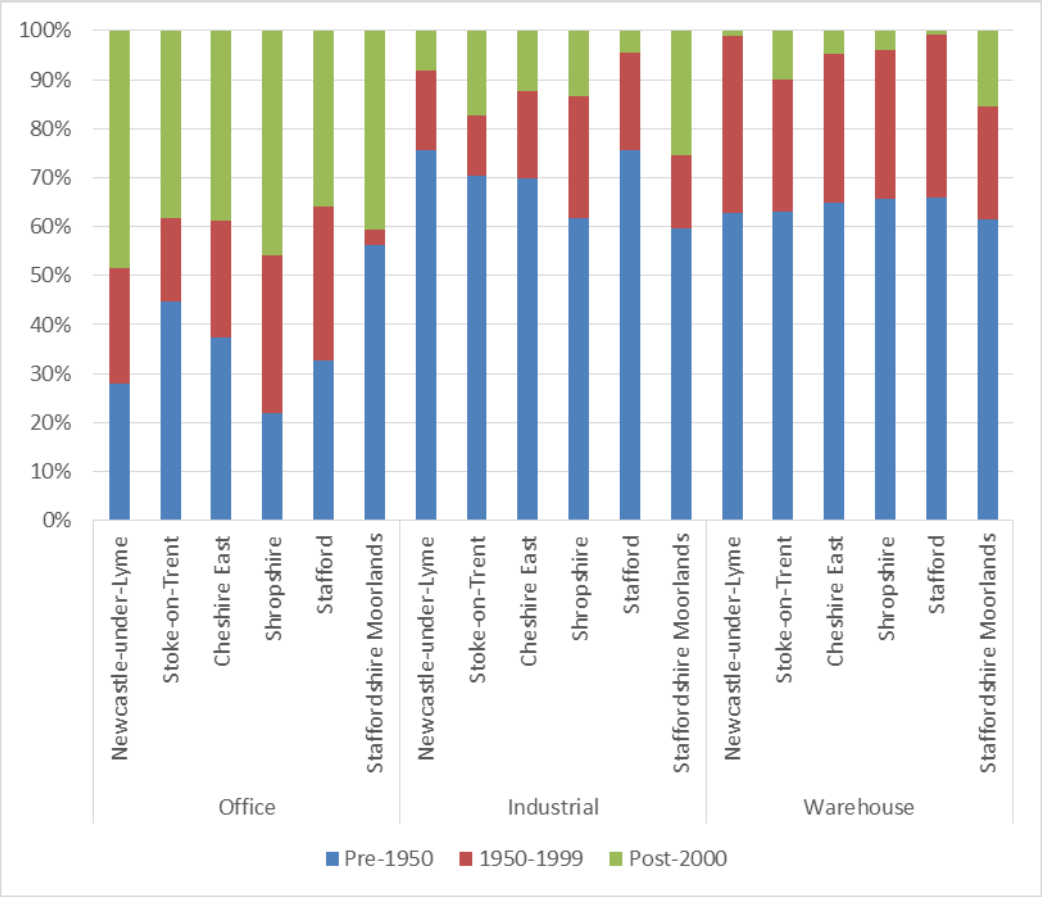
Quality of Employment Premises by Type, 2020



Source: Turley analysis of CoStar data, 2020

In terms of age, CoStar records Newcastle-under-Lyme as having a high proportion of office premises that were constructed post-2000 relative to neighbouring authorities. This analysis also indicates that high proportion of Stoke-on-Trent's industrial and warehouse properties were constructed post-2000 relative to each of the neighbouring authorities with the exception of Staffordshire Moorlands. This is shown at Figure 5.15.

Age of Employment Premises by Type, 2020



Source: Turley analysis of CoStar data, 2020

Changing Trends

The above analysis has considered the evolution of the stock over the long-term by considering the comparative age of stock. This section considers in more detail how the stock has recently developed through additions and losses.

The Councils monitor the individual developments that add to their inventories, or shrink them when premises are lost to alternative uses. This provides an important insight into churn in the market. The monitoring data referenced here is the latest available at the time of analysis and has been supplied by the Councils to inform this study. It has been subject to a process of standardisation to provide a consistent picture across the study area, but the monitoring itself has not been validated.

The Councils' monitoring data can be used to consistently track the quantum of floorspace completed annually since 2012. This represents a gross measure, capturing additions only. It is clear from Table 5.3 that more than half of the space completed in recent years has been warehousing, averaging around 30,800sqm per annum since 2012 but consistently exceeding this metric in the past four years with more than double this amount completed in 2015/16 for example. This year also saw a particularly large amount of office and industrial space completed, nearly doubling a long-term average for the latter for example. The completion of around 46,400sqm of office space in 2015/16 is at

least eight times more than developed in any other year, inflating the annual average as a result, and is largely attributable to three large schemes in Stoke-on-Trent[46]. The provision of new office stock in this year, noting these schemes reflect a range of 'city centre' provision and more traditional business park space, is an important consideration in highlighting that new space has been made available, albeit not in a consistent manner. Indeed where this single year is removed the average annual completion level falls to 3,898 sqm across the study area.

More generally, in considering the analysis in Table 5.3 it can be seen from the split of the annual average that most of the additional floorspace has been in Stoke-on-Trent (83%), particularly in terms of warehousing where some 92% of space has been in the city. It is noted that this in no small part reflects the amount of available land for such uses. Newcastle-under-Lyme has accommodated a slightly greater share of new office space (23%) and industrial premises (19%).

Completed Employment Space (sqm), Gross (2012-19)

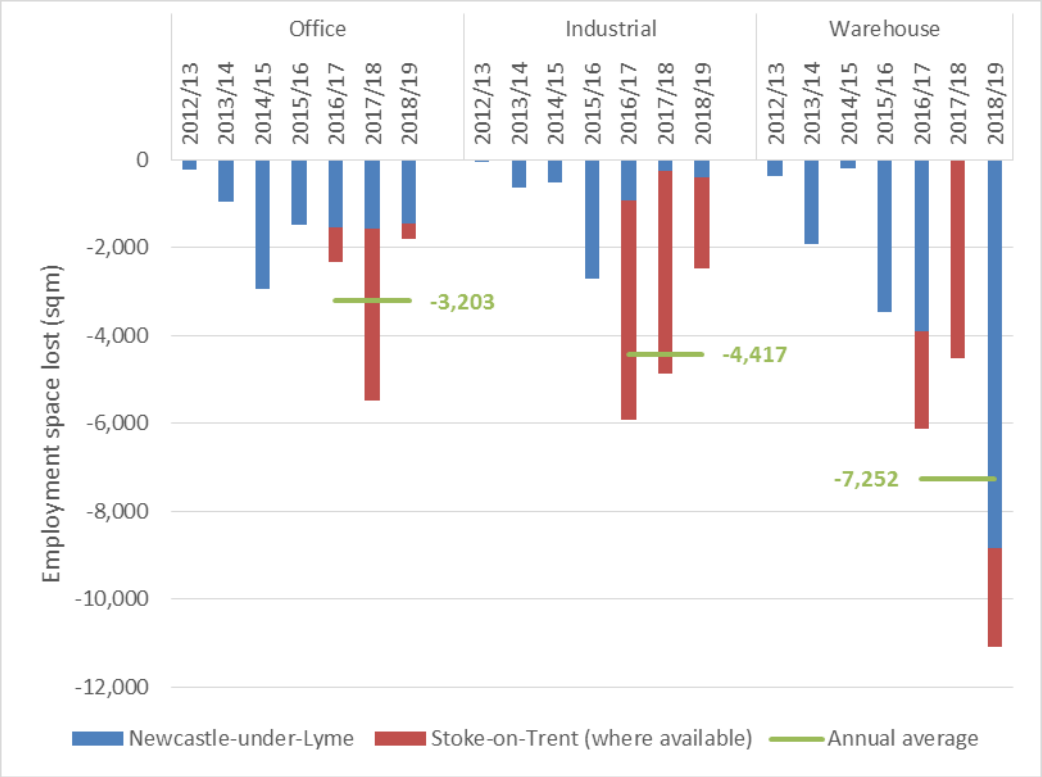
Sqm	Office B1a/b	Industrial B1c/B2	Warehouse B8	Total
2012/13	3,896	5,776	10,255	19,927
2013/14	4,317	21,444	7,523	33,284
2014/15	1,726	12,429	8,469	22,624
2015/16	46,365	30,227	66,291	142,883
2016/17	4,945	10,091	37,973	53,009
2017/18	5,512	11,556	34,678	51,745
2018/19	2,994	23,603	50,464	77,061
Study area annual average	**9,965**	**16,446**	**30,808**	**57,219**
Stoke-on-Trent average	7,651	13,383	28,474	49,508
Newcastle-u-Lyme average	2,314	3,063	2,333	7,711

Source: Councils' monitoring; Turley analysis

The above takes no account of lost employment space, which determines the net addition to stock. This is also monitored by the Councils, albeit only in the last three years in the case of Stoke-on-Trent. The following chart therefore illustrates longer-term trends in Newcastle-under-Lyme, since 2012, and overlays the equivalent figures for Stoke-on-Trent for the last three years where data is available. An annual average for the entire study area over this three year period is also shown.

[46] 18,297sqm at Smithfield in Hanley; 14,153sqm at Bet365 development in Etruria; and 7,800sqm at the Wedgwood Estate

Employment Space Lost in the Study Area (2012/16-19)



Source: Councils' monitoring; Turley analysis

Most of the employment space lost in the study area has been warehousing, with circa 7,250sqm lost on average in the past three years and longer-term evidence of a trend of increasing losses in Newcastle-under-Lyme. Industrial space has also been lost at a rate of circa 4,400sqm per annum, but this has been slowing in the past three years and has markedly reduced from the recent peak in Newcastle-under-Lyme. Around 3,200sqm of office space has been lost annually over the past three years, albeit this may be influenced by volatility in Stoke-on-Trent and the limited years of data available contrasting with a more consistent pattern in Newcastle-under-Lyme, with the analysis noting above that despite new completions over a longer period the net recorded office space has remained comparatively static.

Summary

This section has served to reaffirm the defining features of the employment stock of the study area, as identified in the 2015 ELR and in the Councils' development of their emerging Joint Local Plan.

The study area, and Stoke-on-Trent in particular, continues to be defined by its offer of industrial floorspace, much of which was built over 50 years ago with resultantly lower quality. New space has though been developed, with an average of 16,500 sqm annually completed in gross terms since 2012, primarily in Stoke-on-Trent. This is likely to have contributed towards a slight improvement in the quality of stock, albeit it remains the case that relatively few

premises are in the highest quality brackets defined by CoStar. Industrial stock has also been lost in recent years, at an average rate of around 4,400sqm per annum over the period monitored by the Councils.

The study area has a comparatively low representation of office space when considered at a national level, and even more notably when compared to neighbouring Cheshire East, albeit it does represent the largest percentage of the three stock types, at 43% of all stock across the study area. Long-term growth in the overall quantum of office space was observed in the last ELR, and the Councils' monitoring indicates that new office floorspace continues to be delivered at an average rate of circa 9,965 sqm per annum since 2012 albeit with this strongly influenced by one year (2015/16, shortly after the last ELR was published) in which 46,365sqm was delivered in large part through three schemes ('city centre' and business park in nature). Whilst comparable data on losses is not available over this period, it is clear that around 3,200sqm has been lost over the last three years for which data is available. This level of losses is more finally balanced with completions over the same period with this in turn having an impact on the employment trends noted in the earlier section. While this suggests that the stock of office space has remained broadly consistent, when allowing for losses, the study area has in contrast seen a substantial growth in warehouse space over recent years and since the turn of the century. It is clear that the gross addition of stock has been even more pronounced with an annual average of 30,808sqm of new warehouse space being developed between 2012/13 and 2018/19 (equating to over 215,000sqm). Whilst comparable data is not available over the same time period for losses, as noted above, this suggests that whilst comparatively significant at an average of 7,252sqm per annum over the last three years this is exceeded by some way in terms of completions. This provides further important context to the changes in employment noted in the preceding section of the report and the predominant concentration of new jobs being created in Stoke-on-Trent. It is notable that warehousing space is the one type of stock in which the area has a relatively high quality offer when compared to other areas, with this being particularly true of the stock in Newcastle-under-Lyme.

The above profile has manifested in a clearly demarcated spatial distribution of employment floorspace. In terms of office development this is relatively concentrated in the 'city centre' of Hanley and in Newcastle-under-Lyme town centre with smaller concentrations in other smaller settlements. It is important to note that there are, however, clusters of office space at other employment locations such as Keele University and Lymedale Business Park in Newcastle-under-Lyme, with this an important feature of the local market. The latter also features as an important location for industrial and, to an even greater extent, warehousing space. In terms of both industrial and warehouse floorspace, however, the greatest concentrations nonetheless remain to the south of Stoke-

on-Trent city centre. There is also a concentration of industrial space to the north of Stoke-on-Trent around the settlement of Tunstall.

Commercial Property Market Review

This section builds on the preceding analysis to present a market perspective of the need and demand for employment floorspace. This initially considers a range of market signals for each of the types of floorspace including rental levels, numbers of transactions and levels of vacancy. This analysis is undertaken using available secondary data. The section then separately considers data held by the Councils on enquiries for new premises and sites. This analysis is augmented through the market perspective provided by Aspinall Verdi which draws on their local market knowledge and intelligence.

The PPG references the value which can be gained through consultations with local businesses to understand their future aspirations and demands for premises, and potentially new land. Where it is recognised out of necessity that this study has been undertaken in the midst of the Covid-19 crisis, it was agreed with the Councils that it was not appropriate to undertake a structured engagement exercise with businesses understandably focused on the short-term at the current point in time. The intention is for this study to be subject to separate consultation, with views sought from those active in the commercial markets of the area in the future. It is recommended, recognising the criticisms made of previous ELR evidence in the area in this regard[47], that in updating this evidence a separate process of business consultation is undertaken at a more appropriate time. Where appropriate the analysis continues to reference the outcomes of the business survey undertaken just over five years ago to inform the 2015 ELR.

Aspinall Verdi market overview and context

After the global financial crisis, the UK enjoyed a decade of economic growth, with little hint of recession in sight until the Covid-19 crisis struck. The UK commercial real estate market has also flourished during this period. Investors have deployed more than £500 billion of capital across all property sectors, while office occupiers have acquired more than 160 million sqft of space. Values in many markets have reached all-time highs.

The continued e-commerce growth has seen logistics emerge as the best performing UK commercial real estate sector and this trend is considered likely to continue over the next 12 months (and beyond), albeit noting this is a period of particular economic and market uncertainty as already highlighted in section 3.

Demand for industrial and logistics space during 2019 and into 2020 remained strong with take-up reaching in excess of 30 million sqft for the year, exceeding

[47] The 2015 ELR notes at paragraph 5.2 that in a previous appeal (Trentham Lakes) the lack of a survey of businesses to determine future aspirations and demands of existing businesses as well as the fact the study was not subject to public consultation was identified as a point of criticism.

the 10-year annual average by 17%. Rental growth was expected to moderate in 2020, although the recent demand for storage from food retailers arising from the current market context at the time of writing has in actual fact driven demand even higher. There is also demand for logistics units located in heavily populated areas and these will reach above average return. The supply/ demand dynamic also remains healthy.

Until March 2020, property investors remained concerned about two risks to the global economy. The first was the escalating US-China trade war, and the second being that trade talks between the UK and EU fail and the threat of "no deal" re-emerges. It is of note that both of these issues have not necessarily disappeared but have been overtaken at least in the short-term by the Covid-19 situation. Whilst these issues are accepted, market insights provided by Aspinall Verdi indicate that prime yields for office and industrial assets should remain stable, although prime yields for retail assets may rise as the year progresses reflecting the disruption taking place in that sector at time of writing due to the Covid-19 situation.

In 2018 the digital sector accounted for 6.7% of UK GDP and by 2028 this was forecast to continue to rise, with UK university cities considered likely to benefit from any such growth in the digital economy. In this sector it is also noted that occupiers in general seek more flexibility when leasing office space. By inference the growth of this sector would be expected to see the volume of flexible office space offered by landlords and third-party providers increase over the immediate term at least. Aspinall Verdi consider that the expected outcome of this trend is that developers will focus more on mixed-use and campus schemes that use retail and leisure to enhance employees' work-life balance. Aspinall Verdi suggest that this focus could also spur further demand for office parks on the fringes of city centres.

When putting the above market trends in context, and comparing the market analysis in this update and the 2015 ELR, it is important to acknowledge that in the earlier study it was highlighted that the two authorities were only just starting to see a recovery from the downturn that followed the recession, with developer confidence noted as not having filtered into more economically marginal locations such as Stoke-on-Trent and Newcastle-under-Lyme[48]. The subsequent years, prior to the more challenging context that exists currently, can be defined as more benign and positive market conditions with this reflected in the more positive market context described above, albeit recognising that the full consequences of the current Covid-19 situation remain unknown.

[48] Newcastle-under-Lyme and Stoke-on-Trent: Joint Employment Land Review (2015), Lichfields. Paragraph 6.3

Market segments

Office (B1a/b)

Table 6.1 uses CoStar data to record the number of office lettings and quantum of floorspace leased in Newcastle-under-Lyme and Stoke-on-Trent over the period 2009 – May 2020.

Looking at the two authorities together, this data validates the findings of the 2015 ELR in so much as it shows a recovery from lower levels of transactions immediately following the recession, to stronger levels of take-up in 2012, in 2014/15 and, to a lesser extent in 2016, declining further thereafter.

This was bolstered by the completions of the Smithfield units in Hanley City Centre (where in 2016 circa 1,800 sqm was leased by the NHS in Smithfield 1 and circa 3,500 sqm was leased by Water Plus Ltd in Smithfield 2) and the new headquarters on Festival Park for Bet365 (where circa 1,800 sqm was leased by the firm in 2015) as referenced in the 2015 ELR and the previous section.

Other notable office leases during this period included:

Circa 1,400 sqm leased by Johnson Health Tech UK at Riverside Park in Stoke-on-Trent in 2016;

Circa 3,750 sqm leased by TMT First at Lymedale Business Park in Newcastle-under-Lyme in 2015;

Circa 1,250 sqm leased by the NHS at The Midway in Newcastle-under-Lyme in 2015;

Circa 2,800 sqm leased by Knights plc at The Brampton in Newcastle-under-Lyme in 2014;

Circa 2,050 sqm leased by Davies Chartered Loss Adjusters in Stoke-on-Trent centre in 2014;

Circa 1,400 sqm leased by NSL Ltd at Lymedale Business Park in Newcastle-under-Lyme in 2013; and

Circa 1,200 sqm leased by the NHS at Bellringer Road in 2012.

This momentum, however, does not appear to have been maintained as transactions have returned to comparatively low levels, with 2019 seeing the lowest overall quantum of floorspace leased across the two authorities (5,150 sqm) since 2010 and Newcastle-under-Lyme recording the lowest number of transactions in this past calendar year (6) than in any year throughout the analysed period. These low levels of transactions reflect both the lack of new supply, as shown in the previous section, and a reluctance of the market to absorb the second hand supply of stock created by the provision of the new developments midway through the last decade.

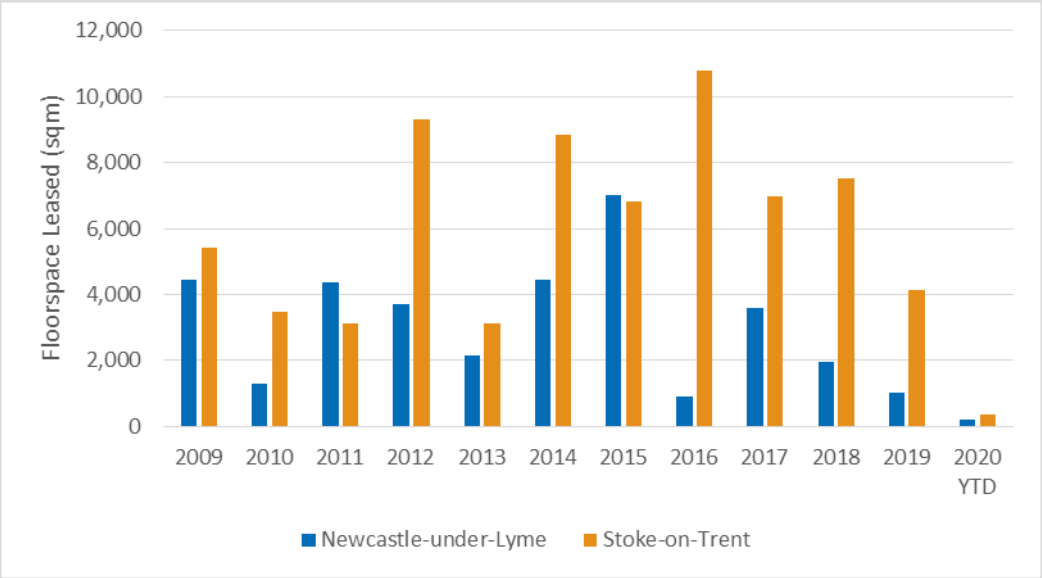
Office Transactions, 2009-2020 YTD (May)

Year	Newcastle-under-Lyme Leases	Newcastle-under-Lyme Sqm Leased	Stoke-on-Trent Leases	Stoke-on-Trent Sqm Leased	**Both Authorities Leases**	**Both Authorities Sqm Leased**
2009	16	4,448	26	5,398	**42**	**9,846**
2010	10	1,308	20	3,457	**30**	**4,765**
2011	14	4,382	23	3,129	**37**	**7,511**
2012	23	3,720	33	9,320	**56**	**13,040**
2013	7	2,156	20	3,120	**27**	**5,275**
2014	11	4,435	32	8,855	**43**	**13,291**
2015	11	7,005	24	6,815	**35**	**13,820**
2016	7	902	27	10,774	**34**	**11,675**
2017	13	3,586	24	6,964	**37**	**10,550**
2018	12	1,968	16	7,518	**28**	**9,486**
2019	6	1,018	30	4,132	**36**	**5,150**
2020 YTD (May)	1	185	1	349	**2**	**534**
Total	**131**	**35,114**	**276**	**69,831**	**407**	**104,994**
Annual Average (2009/19)	***11***	***2,926***	***23***	***5,819***	***34***	***8,745***

Source: Turley analysis of CoStar data, 2020

Figure 6.1 graphically presents the same data in terms of quantum leased. This shows that whilst Stoke-on-Trent generally sees higher levels of office take-up, with 2011 and 2015 being the sole years when the quantum of floorspace leased in Newcastle-under-Lyme exceeded that of its neighbour, there is a high degree of volatility between the two authorities. For example whilst the highest annual take-up over this period in Stoke-on-Trent was recorded in 2016 (10,774 sqm), this was the year in which the lowest annual take-up was recorded in Newcastle-under-Lyme (902 sqm).

Office Floorspace Leased, 2009-2020 YTD (May)

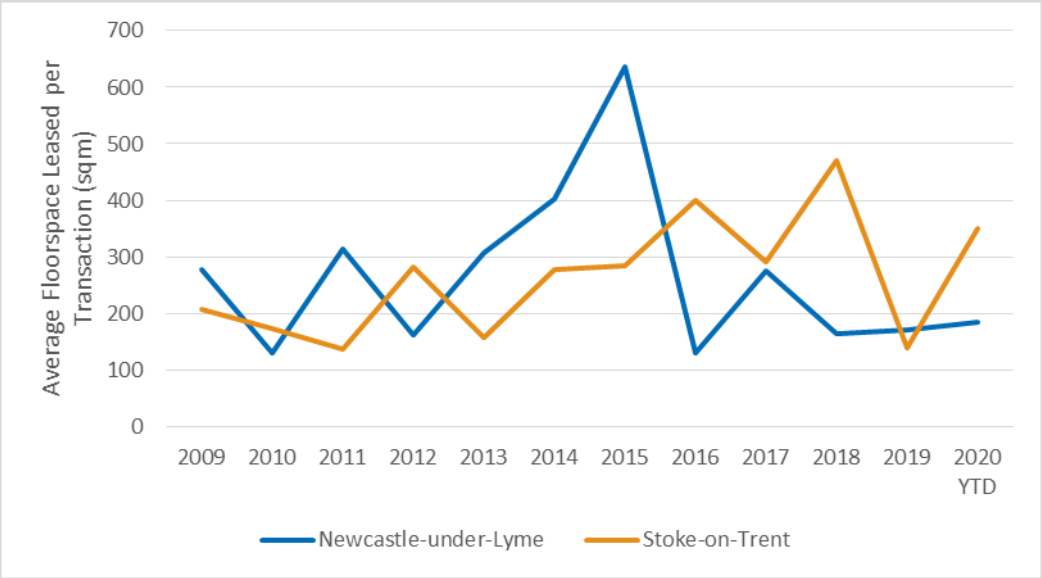


Source: Turley analysis of CoStar data, 2020

A further layer of understanding can be built by considering the average size of transactions per annum. Figure 6.2 confirms that the annual average floorspace leased per office transaction in Stoke-on-Trent rose from a low of 136 sqm per lease in 2011 to 470 sqm per lease in 2018, before falling back down to 138 sqm per lease in 2019. The highest annual average floorspace leased per office transaction in Newcastle-under-Lyme was recorded in 2015 (637 sqm), having seen a year-on-year rise since 2012. It is noted that the high average in this year was largely attributable to one large transaction (the aforementioned lease of circa 3,750 sqm by TMT First at Lymedale Business Park, having previously been occupied as a call centre by Vodafone). The following year, however, the average floorspace leased per transaction per annum in the borough fell to its lowest level in the period (129 sqm).

The 2015 ELR noted that the local office market is generally driven by smaller occupiers seeking offices of 100 to 500 sqm, with office requirements of 1,000 sqm and above being seen as significant requirements in the local market. This is reflected in the below analysis, with average floorspace transacted per lease recorded as being between the 100-500 sqm markers in almost every year in both authorities (the outlier being Newcastle-under-Lyme in 2015 as explained above).

Average Floorspace Leased per Office Transaction per Annum, 2009-2020 YTD (May)



Source: Turley analysis of CoStar data, 2020

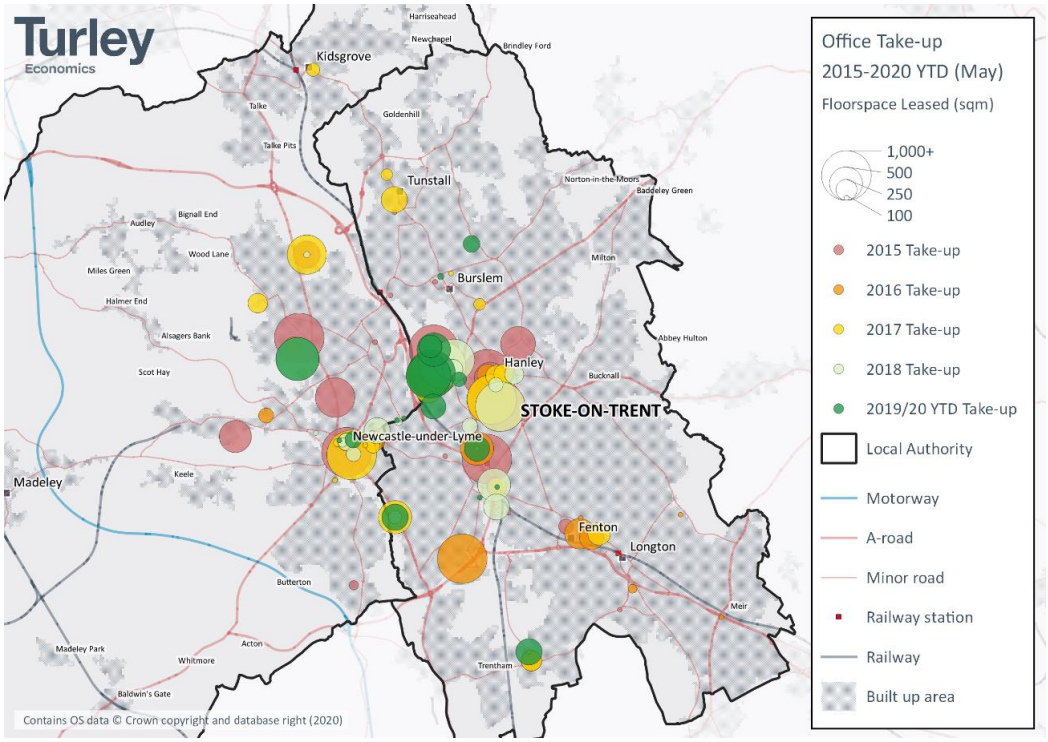
The 2015 ELR noted that, at the national level, long-term trends showed the growth in the number of office workers outpacing office floorspace, resulting in a decline of the density ratio of floorspace per employee, therefore making it possible for these types of workspaces to become smaller and more compact, with home-working, self-employment and technology also being factors leading to reduced office space requirements. Whilst the ELR stated that stakeholder engagement carried out as part of its study indicated that this trend of smaller office spaces being sought was applicable to Newcastle-under-Lyme and Stoke-on-Trent, this does not appear to be reflected in this study's analysis of CoStar data with average lease floorspaces remaining comparatively constant and indeed rising in Stoke-on-Trent up until the last two years.

Whilst not discernible through the data presented, a trend stated by Aspinall Verdi as being notable in recent times is that well connected towns used by commuters to bigger cities (Manchester and Birmingham) have seen a rise in experienced people deciding to be self-employed closer to home – often in managed workspace/ co-working space. Anecdotally, local agents have reported to Aspinall Verdi that this is happening in Newcastle-under-Lyme and Stoke-on-Trent.

Evidently the current context in which this research is written could mean that this trend results in longer-term behavioural changes in this regard with a demand for 'touchdown' space (i.e. relatively informal co-working and breakout spaces) in such towns. At this point in time however, it is not possible to ascertain whether this will translate into different requirements or a continuation of current trends.

Figure 6.3 outlines the spatial distribution of the take-up of office floorspace in Newcastle-under-Lyme and Stoke-on-Trent since 2015, with the colour of the marker denoting the calendar year, and the size of the marker denoting the quantum of floorspace taken up.

Take-up of Office Floorspace, 2015-2020 YTD (May)



Source: Turley analysis of CoStar data, 2020

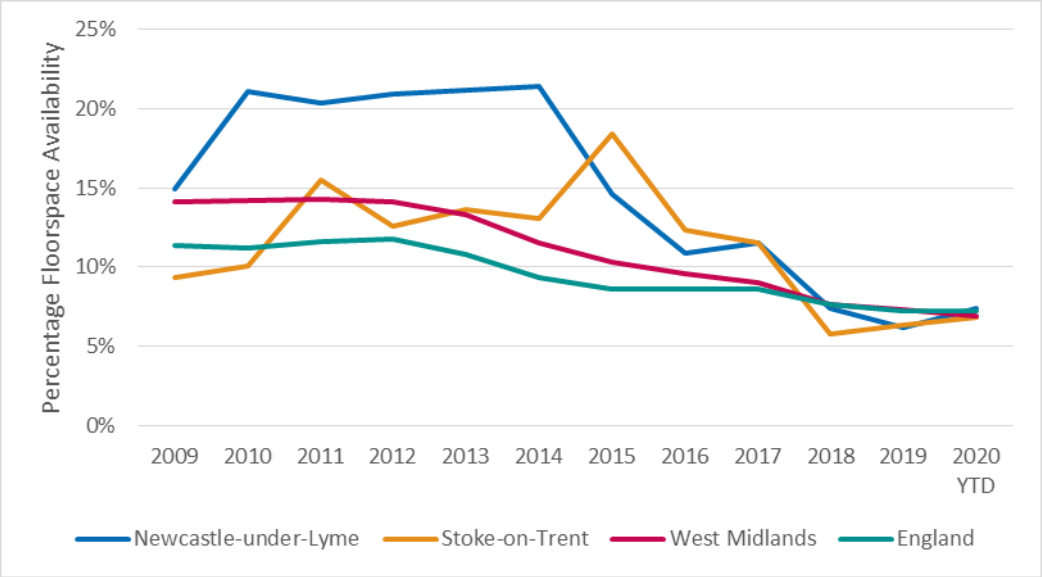
It can be seen that the commercial areas in Hanley City Centre and Festival Park to the west of Hanley have seen a significant proportion of office floorspace leased in recent transactions (i.e. in 2018 and 2019/20), with concentrations also being recorded in Lymedale Business Park to the north-west of the town of Newcastle-under-Lyme and, albeit to a lesser extent, in Newcastle-under-Lyme town centre itself.

This mix of in-town versus suburban is a national trend and reflects that businesses choose the location that suits them and how they service their clients. Civic, legal and professional firms need town locations close to civic buildings and transport hubs, whereas those services linked to manufacturing or construction need modern office accommodation on a well-maintained business park benefiting from excellent access links to the UK motorway network and on-site parking. Aspinall Verdi identify these distinct requirements as having supported the popularity of Festival Park and Lymedale Business Park alongside the positive occupation of new town/city centre space.

Again drawing on data sourced from CoStar, Figure 6.4 outlines the percentage availability[49] of office floorspace in Newcastle-under-Lyme and Stoke-on-Trent, benchmarked against the regional and national rates.

[49] CoStar defines 'available' space as the total amount of space that is currently being marketed as available for lease or sale in a given time period, this including any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. This metric therefore provides a broader measure of floorspace availability than the vacancy rate.

Office Floorspace Availability Rate, 2009-2019



Source: Turley analysis of CoStar data, 2020

It can be seen that between 2009 and 2014, the availability rate of office floorspace in Newcastle-under-Lyme exceeded that recorded in Stoke-on-Trent and the regional and national averages. Since 2015, however, the office availability rate fell in both authorities, this aligning with regional and national trends, and, as of May 2020, office availability in both authorities was comparable to that recorded in the West Midlands and England as a whole (circa 7%).

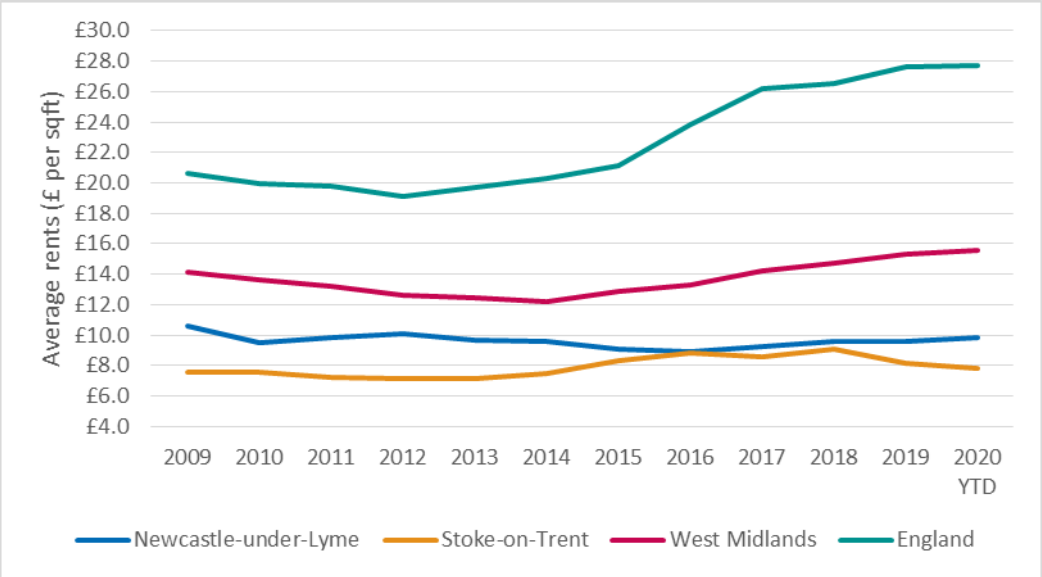
Aspinall Verdi note that this is in common with many similar areas in recent times. Robust economic growth and increased confidence from the SME community has led to a demand for office space. The relative lack of new stock in the market means that these companies are constrained by supply and as a result have to settle for poorer quality existing stock.

As noted by the 2015 ELR, a typical 'liquid' market (i.e. a market with a suitable number of premises available for firms to relocate and expand into) usually displays availability rates of around 8-10%. The previous ELR noted that, at the time of its writing, vacancy in Newcastle-under-Lyme and Stoke-on-Trent's office stock was higher than this typical benchmark and that this suggested a large oversupply of premises relative to supply. Availability of office stock in both authorities has since, however, decreased notably, with CoStar data indicating that availability rate in fact currently sits slightly below the desired 8-10% benchmark suggesting that the market was, as of 2019, potentially constrained as a result of reduced availability.

Whilst this would suggest an increasingly constrained market average per sqft rents in both authorities have remained below the regional and national (significantly so in terms of the latter) averages since 2009. Whilst growth has

been recorded in both regional and national office rents since 2014, there has been less significant change in Newcastle-under-Lyme and Stoke-on-Trent.

Average Office Rents per Annum (£ per sqft), 2009-2019



Source: Turley analysis of CoStar data

This is likely to reflect the predominance of second hand supply, much of which is lower quality, across both areas even in the context of reduced available supply. It is also reflective of the fact that the office market in Stoke and Newcastle is local and therefore finite. The limit in the scale of demand means that rents have to date been below the level necessary to trigger large scale new investment from outside investors, with this likely to continue in advance of any fundamental change in the defining features of the market (noting over the long-term the investment in HS2 could be viewed as having the potential to do this).

This observation is reflected in the fact that over the last three years, only 42% of investment in office space in Stoke-on-Trent and Staffordshire has been made by private investors. There is also a lower proportion of institutional investment in office space in the study area than in the West Midlands, with just 11% of total office investment made by institutional investors, compared to 64% in the West Midlands

It is further noted in context of the above that in more recent years rental levels appear to have fallen over the last couple of years in Stoke-on-Trent having reached a ten-year high in 2018.

Aspinall Verdi consider this to be symptomatic of the local market. There are clear strengths in the local economy, as shown by the analysis in section 4, and there is demand for offices in the right locations, but there is not enough scale of demand to support a fully functioning office market. In this context it is observed that there is likely to remain a role for the public sector to encourage the development of flexible small business space in the area. This space should

be high quality and aspirational in design. This will help provide a place for companies to start up and grow.
In many cases this will be serviced office space, though in some cases small hybrid workspace units may be more important. Keele University's Science and Innovation Park hosts 60 businesses, including a nationally significant life sciences cluster, creating a productive environment for collaboration between researchers from the university and different organisations.
This specialist sectoral expertise will clearly benefit the area and can have a positive economic impact, but evidently operates outside of the local office market as a result of its specialist nature. That said the importance of such space and associated employment is noted with research showing that each job in the knowledge economy creates three jobs in the supply chain, so it can have a positive impact on demand for space in the local economy.

Industrial and Warehouse (B1c, B2 and B8)

The 2015 ELR identified that new industrial floorspace had then recently come forward as a result of the strong transport connectivity offered by proximity to the M6 and links to the M1 via the A50. This had attracted a wide variety of national retailers to build national / regional distribution centres in the area, with development at the time most recently seen at the Trentham Lakes development, with further growth expected on Etruria Valley. As the previous section's analysis confirms, the growth of warehouse space has been sustained over the last five years in Stoke-on-Trent in particular.
A similar analysis to that of the office space above has been undertaken using CoStar data for industrial and warehouse space to understand comparative demand. Table 6.2 again provides a summary of take-up of industrial and warehouse floorspace in the authorities since 2009. It should be noted that, due to the differing levels of information contained within those CoStar datasets which cover supply of floorspace and those which cover market activity, it is not possible to provide a breakdown of market activity between B1c/B2 (i.e. light industrial and industrial) and B8 (i.e. warehouse) as was presented for supply in the previous chapter. The below table therefore presents the combined take-up for these use classes.

Industrial and Warehouse Transactions, 2009-2020 YTD (May)

Year	Newcastle-under-Lyme Leases	Newcastle-under-Lyme Sqm Leased	Stoke-on-Trent Leases	Stoke-on-Trent Sqm Leased	**Both Authorities Leases**	**Both Authorities Sqm Leased**
2009	31	25,983	60	96,576	**91**	**122,619**
2010	28	37,007	57	70,830	**85**	**107,894**

2011	26	15,814	52	34,990	**78**	**50,856**
2012	29	57,448	88	53,940	**117**	**111,476**
2013	20	69,673	59	68,154	**79**	**137,886**
2014	11	28,201	45	44,800	**56**	**73,046**
2015	12	14,385	44	123,238	**56**	**137,667**
2016	17	33,400	48	108,931	**65**	**142,380**
2017	16	24,806	31	42,856	**47**	**67,693**
2018	7	13,524	39	40,828	**46**	**54,391**
2019	17	20,558	29	22,674	**46**	**43,260**
2020 YTD	1	269	1	621	**2**	**891**
Total	**215**	**341,069**	**553**	**708,438**	**768**	**1,050,060**
Annual Average (2009/19)	***19***	***30,982***	***50***	***64,347***	***70***	***95,379***

Source: Turley analysis of CoStar data, 2020

It can be seen that 2016, the year following the 2015 ELR, saw the highest overall take-up of industrial and warehouse floorspace during the analysed period (142,380 sqm), albeit take-up fell significantly in subsequent years. The year preceding the ELR saw the highest annual quantum of floorspace leased in Stoke-on-Trent (123,238 sqm), whilst the year which saw the highest take-up in Newcastle-under-Lyme was 2013 (69,673 sqm).

The high levels of floorspace leased in 2015 and 2016 in Stoke-on-Trent were predominantly driven by a small number of large leases by major occupiers, including:

Circa 35,500 sqm leased by Marks & Spencer to the south of Stoke-on-Trent centre in 2016;

Circa 26,600 sqm leased by DHL to the north of Stoke-on-Trent centre in 2016;

Circa 20,400 sqm leased by Amazon on Stanley Matthews Way to the south of Stoke-on-Trent centre in 2016;

Circa 49,000 sqm leased by Dunelm at Radial Park in 2015; and

Circa 41,900 sqm leased by Screwfix on Stanley Matthews Way in 2015

Similarly, large leases have also had a significant impact on total floorspace leased in Newcastle-under-Lyme during certain years in this period, notable transactions including:

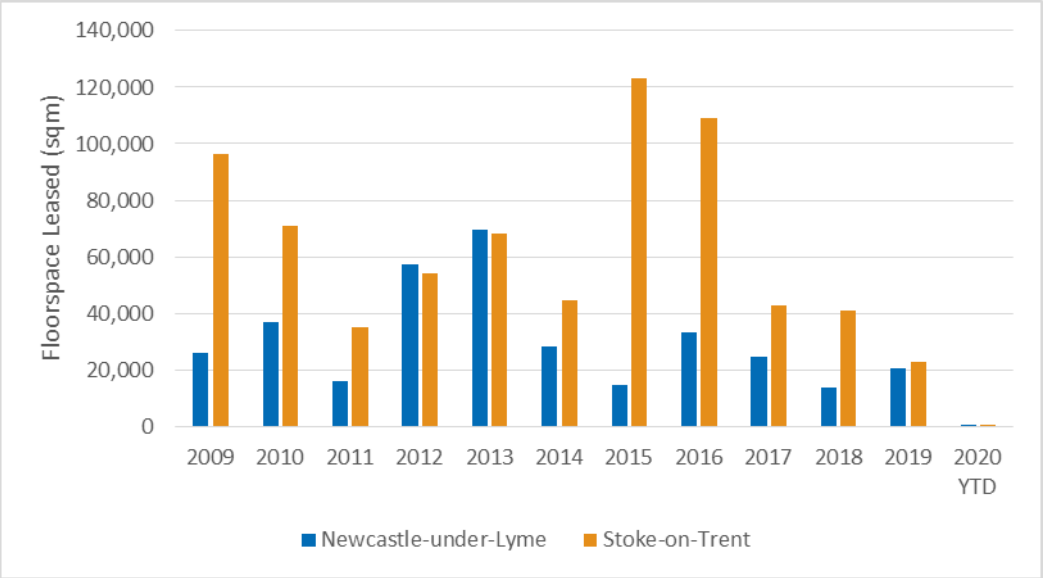
Circa 24,100 sqm leased by TK Maxx at Lymedale Business Park in 2016;

Circa 35,600 sqm leased by JCB World Logistics to the west of Tunstall in 2013; and

Circa 38,500 sqm leased by Smyths Toys at Lymedale Business Park in 2012.

Figure 6.6 illustrates the changing trend over time more clearly. This shows that since 2016 levels of floorspace leased has fallen markedly.

Industrial Floorspace Leased, 2009-2020 YTD (May)



Source: Turley analysis of CoStar data, 2020

This must, however, be set in the context of new floorspace coming to the market as it is clearly not the case that there is no demand for industrial and warehouse space in this area, indeed it is a sought-after area and Aspinall Verdi are aware of logistics companies that would like to invest here if appropriate sites are available. The area is viewed by the industry as a premier national distribution location as virtually the whole of the UK, from the south coast to the Scottish Lowlands, can be reached within legal HGV drivers' hours.

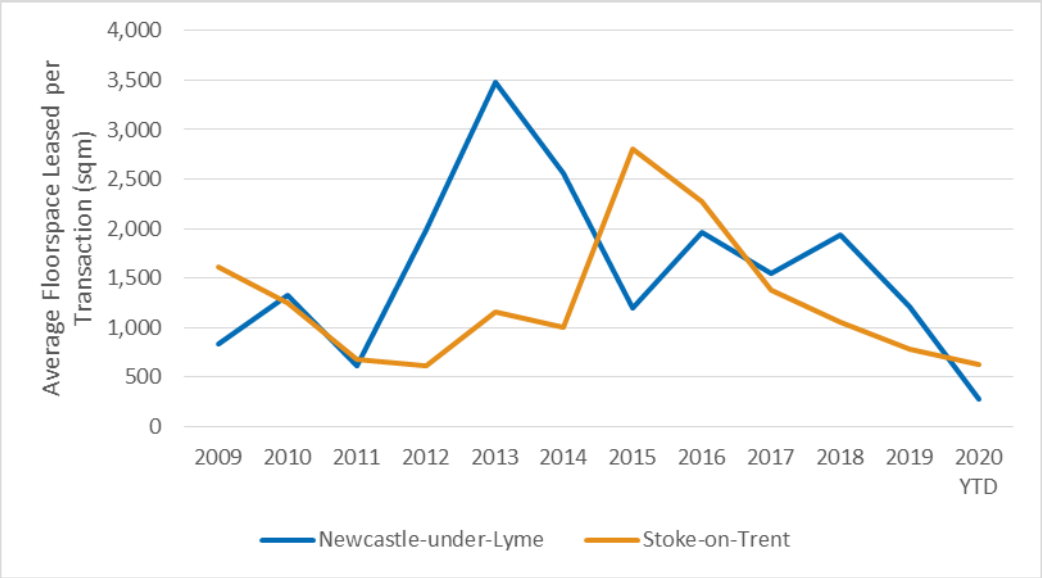
The development of Tunstall Arrow by Network Space is a good example of the fact that if the right industrial and logistics sites are developed, they will attract occupiers – drawn to this location by the excellent transport links and the high standard of the units. Such is the success of the scheme that Phase Two is being developed speculatively.

The recent deal to acquire the remaining 46 acres of land at St Modwen Park Stoke Central from Tata Steel will allow the developer (St Modwen) to bring forward an additional 800,000 sqft of land for industrial and logistics premises. Aspinall Verdi believe that that there is further pent-up demand for well-located sites offering high quality space for local companies and those footloose companies looking to take advantage of the area's strategic location. The implications of this are reflected further in later sections of this report.

As with office transactions, the quantum of floorspace leased on average per industrial and warehouse transaction per annum has fluctuated in both authorities over the period since 2009. Between 2012 and 2015, the annual average quantum leased per transaction in Stoke-on-Trent generally increased, reaching a high of circa 2,800 sqm in 2015, before falling year-on-year thereafter, averaging circa 620 sqm in 2019. This reflected the lease deals associated with a number of large transactions as noted above. In Newcastle-under-Lyme, the annual average quantum leased per transaction also generally

rose over the period to 2018 (the peak being circa 3,500 sqm in 2013, albeit this is mainly attributable to one large transaction at JCB World Logistics to the north of the borough), before falling in 2019.

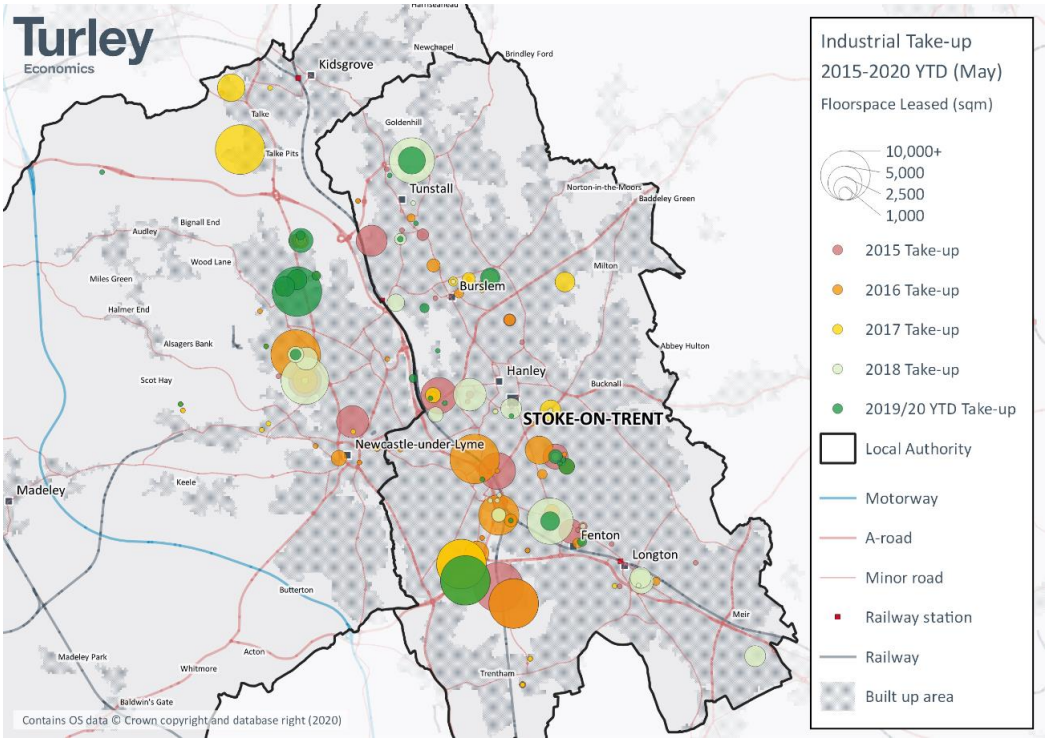
Average Floorspace Leased per Industrial and Warehouse Transaction, 2019-2020 YTD (May)



Source: Turley analysis of CoStar data, 2020

Figure 6.8 shows the spatial distribution of take-up of industrial and warehouse space over the past 5 years.

Take-up of Industrial and Warehouse Floorspace, 2015-2020 YTD (May)



Source: Turley analysis of CoStar data, 2020

It can be seen that recent transactions for industrial floorspace have been concentrated at key locations such as Lymedale and Brookhouse Road business parks in Newcastle-under-Lyme, Tunstall Arrow to the north of Tunstall (which accommodates businesses including DHL and Air Liquide UK) and also along key transport corridors, such as the A50 to the south of Stoke-on-Trent and the roads connecting the centres of Hanley, Stoke-on-Trent, Fenton and Longton.

This reflects the success of Tunstall Arrow and Festival Park referenced above. There is a high demand for sites that are fit for the purposes of modern industry. Aspinall Verdi's market intelligence has identified businesses wanting to move away from outmoded buildings in constrained sites with poor road access. These businesses are seeking space with easy access to the A500 and the M6. This recognises that as well as access to markets, there is a population of more than 320,000 within a 20-minute drive time of the site. Business uses including manufacturing, trade counters, distribution, offices and uses such as restaurants and roadside trade are all attracted by these locational fundamentals.

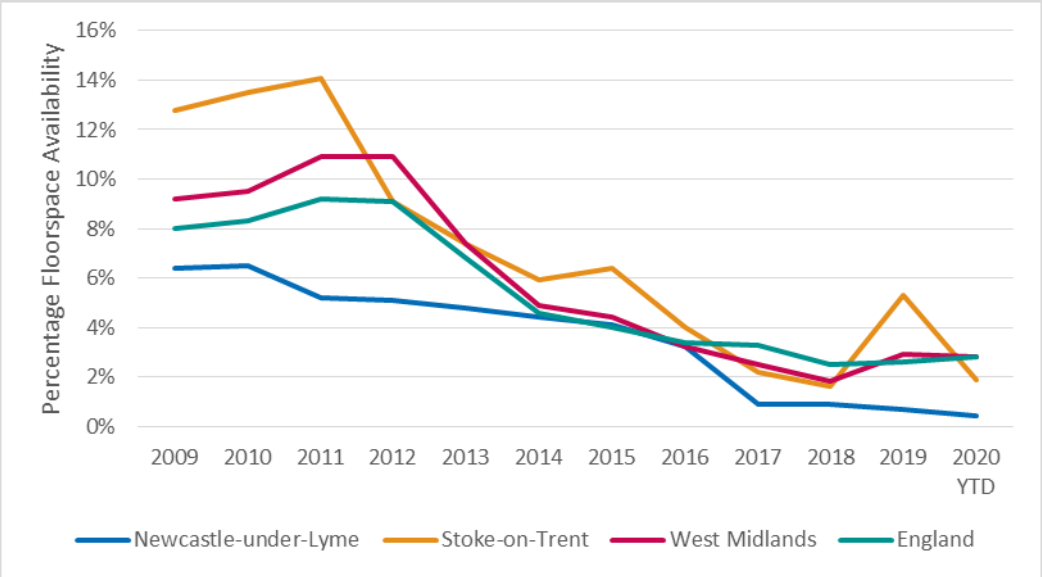
In this context it is noted by Aspinall Verdi that Network Space's Tunstall Arrow development is a good example as to the type and size of development which the market demands. This was an £11m speculative industrial development, the first phase of which, delivering some 12,000 sqm in five detached industrial units ranging from 1,000 sqm to 4,000 sqm in size, was completed with all of the units under offer. This has attracted high quality tenants Q-railing, DHL Express, Boels Rental and SG Fleet and also one inward investment – Pramac Generac. This development has established a new high quality business park for the north of the city. It has been built on remediated brownfield land and the high quality buildings have made a long-lasting positive impact for the area. The second phase of Tunstall Arrow is due to be brought forward in 2021 to deliver another five high quality detached units ranging from 1,200sqm to 2,800 sqm. In addition, Enterprise Zone status, as referenced in section 3, offers significant advantage to companies including reduced business rates and enhanced capital allowances.

For availability and rents, CoStar data enables the disaggregation between industrial and warehouse floorspace, meaning that analysis of these market signals can be conducted separately for these uses.

Figure 6.9 outlines percentage industrial floorspace availability in the authorities since 2009, benchmarked against the regional and national rates. It can be seen that industrial availability in Stoke-on-Trent exceeded the West Midlands and national averages at the start of this period, whilst the rate recorded in Newcastle-under-Lyme was significantly lower than its neighbour and the wider comparator areas. However, significantly whilst availability rates fell nationally and regionally over subsequent years the fall was more marked in Stoke-on-Trent in particular, and, as of May 2020, availability in both authorities is

recorded as being lower than the regional and national averages, with industrial availability in Newcastle-under-Lyme being close to zero.

Industrial (B1c/B2) Availability, 2009-2019

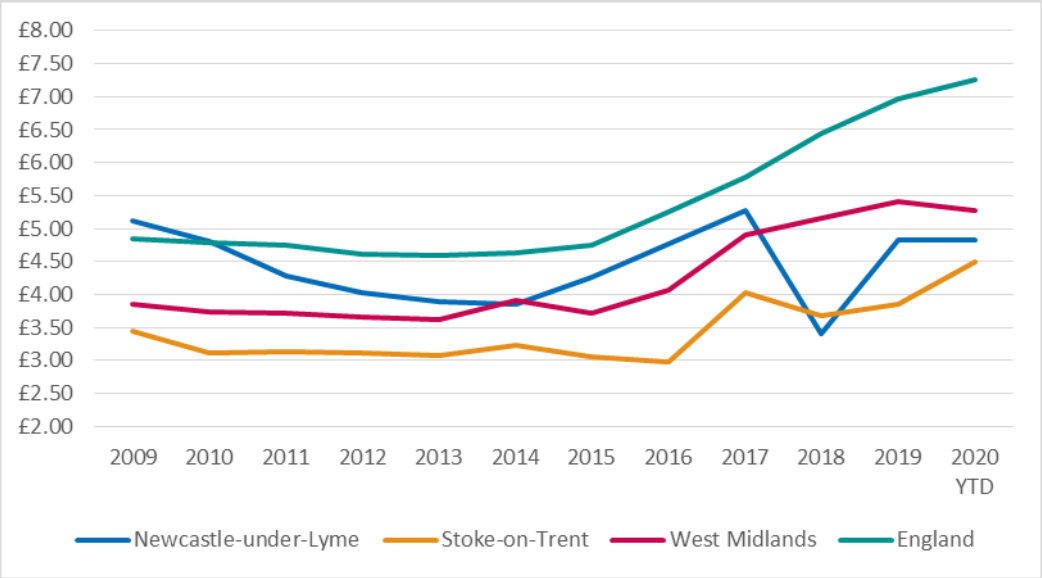


Source: Turley analysis of CoStar data, 2020

The ELR identified a potential over-supply of industrial and warehouse floorspace in both authorities in 2015. The latest CoStar data indicates that this position has changed significantly, suggesting that there is now an under-supply of this type of space when measuring against the 8-10% availability benchmark that provides an optimal level of market liquidity and when set in the context of even levels seen in the comparator areas.

Figure 6.10 looks at rental levels over the same period. Whilst availability has clearly fallen, this has not translated into an increase in rental levels towards those seen nationally. Indeed whilst rents in 2009 in Newcastle-under-Lyme exceeded those in Stoke-on-Trent and the regional and national averages, reflecting the relatively low availability in the borough at this time, they now fall short of regional and national levels.

Average Industrial (B1c/B2) Rents (£ per sqft), 2009-2019



Source: Turley analysis of CoStar data

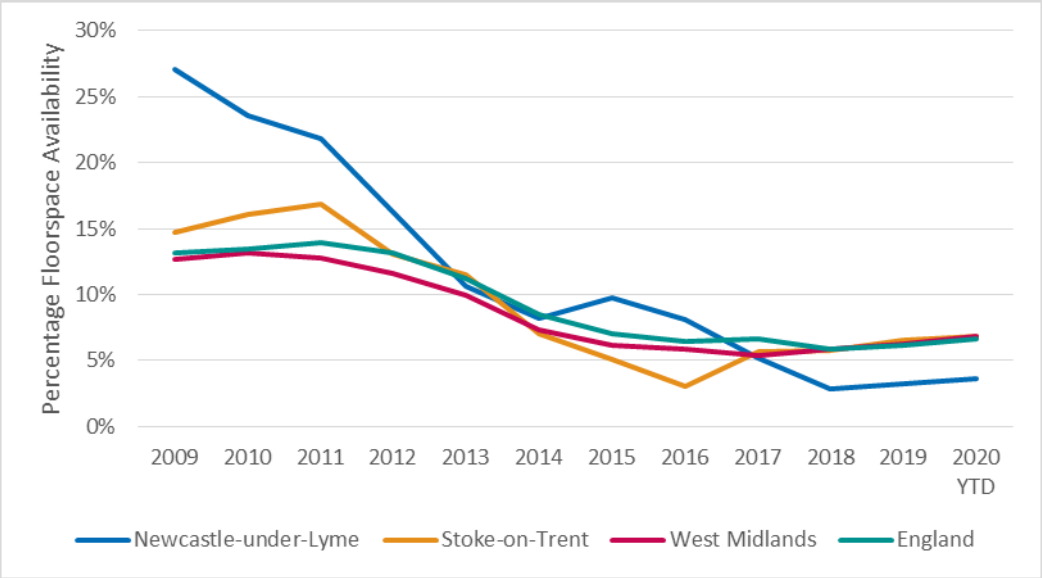
As would be arguably expected from a market away from the larger conurbations, rents in Stoke-on-Trent whilst seeing growth from 2016 are notably lower than the regional and national rates, albeit they have breached the gap to a large extent with Newcastle-under-Lyme.

This continuing strong demand for new space is reflected in the fact that 57% of investment in industrial space in Stoke-on-Trent and Staffordshire over the last three years has been made by institutional investors, compared to 36% by private investors. This is a higher proportion of institutional buyers than in the West Midlands. The market for industrial space is far more institutionalised in Stoke-on-Trent and Staffordshire than for the office market, where a far greater proportion of investment comes from private actors.

The growth of the logistics market in recent years, largely serving e-commerce, has been hugely beneficial to the area, with over 4,000 local jobs created since 2010. The prime locations broadly cover the A500, A50 to Blythe Bridge and M6 corridor from junctions 14 to 16. Many of these new requirements will only take new space in the premium locations described above and this means that the market from the existing stock largely comes from the local market which is broadly constant and as such, demand does not drive up rents significantly.

Figure 6.11 shows that warehouse availability has fallen in both authorities and in the West Midlands and England as a whole since 2009, with the most significant change being recorded in Newcastle-under-Lyme. Whilst availability in the borough was over 25% at the beginning of this period, this has generally fallen year-on-year to the present day, and is now under 5%. Availability in Stoke-on-Trent decreased from a high of circa 17% in 2011 to around 7% currently, which is in line with the regional and national rates.

Warehouse (B8) Availability, 2009-2019



Source: Turley analysis of CoStar data, 2020

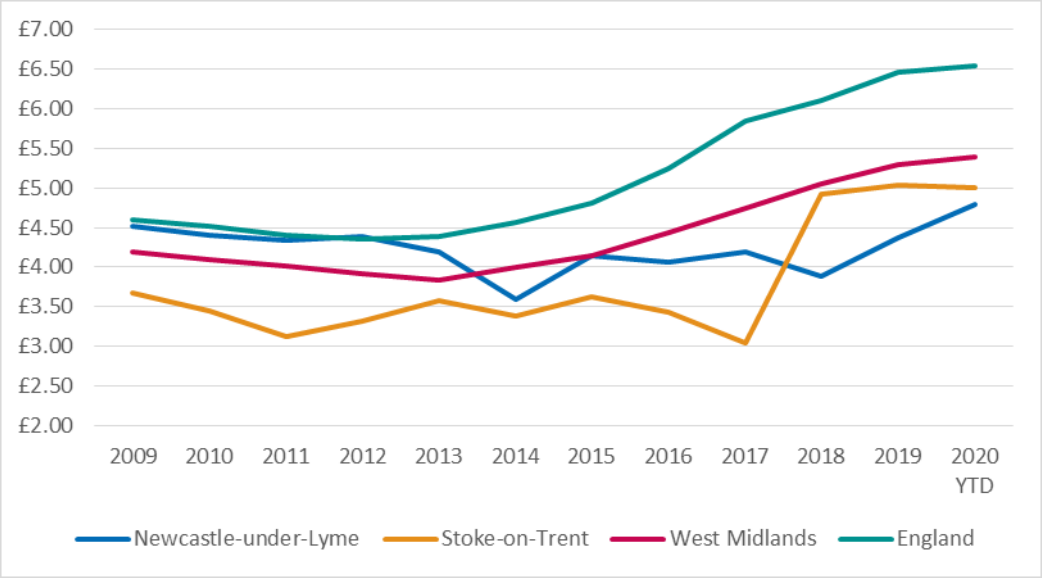
As highlighted above, the ELR identified a potential over-supply of industrial and warehouse floorspace in both authorities in 2015. The latest CoStar data indicates that availability of warehouse floorspace in both Newcastle-under-Lyme has fallen since 2015, but rates in Stoke-on-Trent have risen slightly with this reflecting the provision of new stock. Current availability rates suggest that there is now a potential under-supply of warehouse space in Newcastle-under-Lyme and, albeit to a lesser extent, Stoke-on-Trent when measuring against the 8-10% availability benchmark that provides an indication of optimal market liquidity. This forms important context where in the case of Stoke-on-Trent in particular the market has seen new stock being delivered over the last five years.

Aspinall Verdi stated the opinion that, if anything, this shortage of space is likely to be sustained as long as suitable sites are developed at the right locations. Occupiers will pay higher rents and floorspace will trade at better yields if they are given quality accommodation in locations that allow them to serve customers quickly and efficiently. As well as the aforementioned Tunstall Arrow, successful new developments at St. Modwen Park Stoke South and St. Modwen Park Stoke Central, will provide a range of unit sizes that will be attractive to business occupiers at two of the region's most attractive logistics locations. The e-commerce sector is likely to grow even further post Covid-19 and Stoke and Newcastle are well placed to benefit from this expansion, provided the right type of sites are available for development, a point again returned to in later sections of this report.

Conversely, the lesson from the market is that occupiers will not pay higher rents for existing, decades-old premises. Rents and yields in Newcastle-under-Lyme will match those achieved at Tunstall Arrow and the St Modwen schemes if new, high quality developments are built at accessible locations close to the A500.

Despite this picture of low availability, Figure 6.12 shows that warehouse rents in Stoke-on-Trent and Newcastle-under-Lyme remained below regional and national averages, with the gap broadening in particular against the national picture. It is noted that rising rents in Stoke-on-Trent over more recent years as a result of higher quality new stock have surpassed those in Newcastle-under-Lyme and approached the levels recorded in the wider West Midlands region, which have risen steadily since 2013.

Average Warehouse (B8) Rents (£ per sqft), 2009-2019



Source: Turley analysis of CoStar data

As mentioned above, Stoke-on-Trent and Newcastle-under-Lyme have a locational advantage with regard to enabling logistics operators to serve the e-commerce market. The wider area is viewed by the industry as a national distribution location, seeing as virtually the whole of the UK can be reached within legal HGV drivers' hours. It is also favourably located for drivers serving the Irish market from the port at Holyhead. The area is a traditional manufacturing area and there is demand from indigenous businesses looking for modern space, as well as those looking to take advantage of the area's embedded skills base. The A500/ A50 corridor linking with the M6 has clearly benefited the area, with its ability to service the Potteries area, as well as the southern end of the North West conurbation, the northern Midlands and parts of the East Midlands. The West Coast Main Line also passes through.

However, despite this and the continuing demand for new quality space in attractive locations, the sub-region is not considered 'prime' by the market. Aspinall Verdi commented that this is a locational issue and that it is difficult at the current point in time to see this situation changing; it was stated that there are more highly-sought-after areas and, even if rents rise in Stoke-on-Trent, they will rise by as much, if not more, in the prime locations on the periphery of

the two large conurbations to the north and south, where the sheer weight of demand drives growth in market.

Nonetheless, despite the principles of demand and supply, views obtained by Aspinall Verdi confirm that Stoke-on-Trent and Newcastle-under-Lyme need to focus on being the best in their area of influence. For example, they compete with locations like Crewe and Stafford, and need to ensure that a pipeline of new, well-located developments come forward. It was stated by Aspinall Verdi that these need to serve the broad spectrum of employment uses, by providing space for start-ups and SMEs through to large companies. Flexibility in design was cited as the key consideration, as this can lower build costs, whilst maintaining quality standards.

In this context Aspinall Verdi highlight the recent planned development by St Francis Group in Cheshire East. This consists of 74,600 sqm of logistics warehouses on a 16 ha site in Alsager, in partnership with Tilstone Industrial. The submitted application seeks the development of two industrial units of 19,300 sqm and 13,300 sqm respectively, as well as outline consent for an additional 42,000 sqm of units. This flexibility means that the developer can react to the market and could see a large unit of this size built, or several smaller units.

In contrast, a reliance on older, outmoded stock in poor locations that are not fit for purpose, would not deliver employment growth, as there will be both insufficient demand from local businesses and outside investors will not even consider the area, as the available buildings will not meet the design and sustainability standards that are required by many businesses. A smaller market would subsequently result in lower rental growth and less investment activity.

Business enquiries

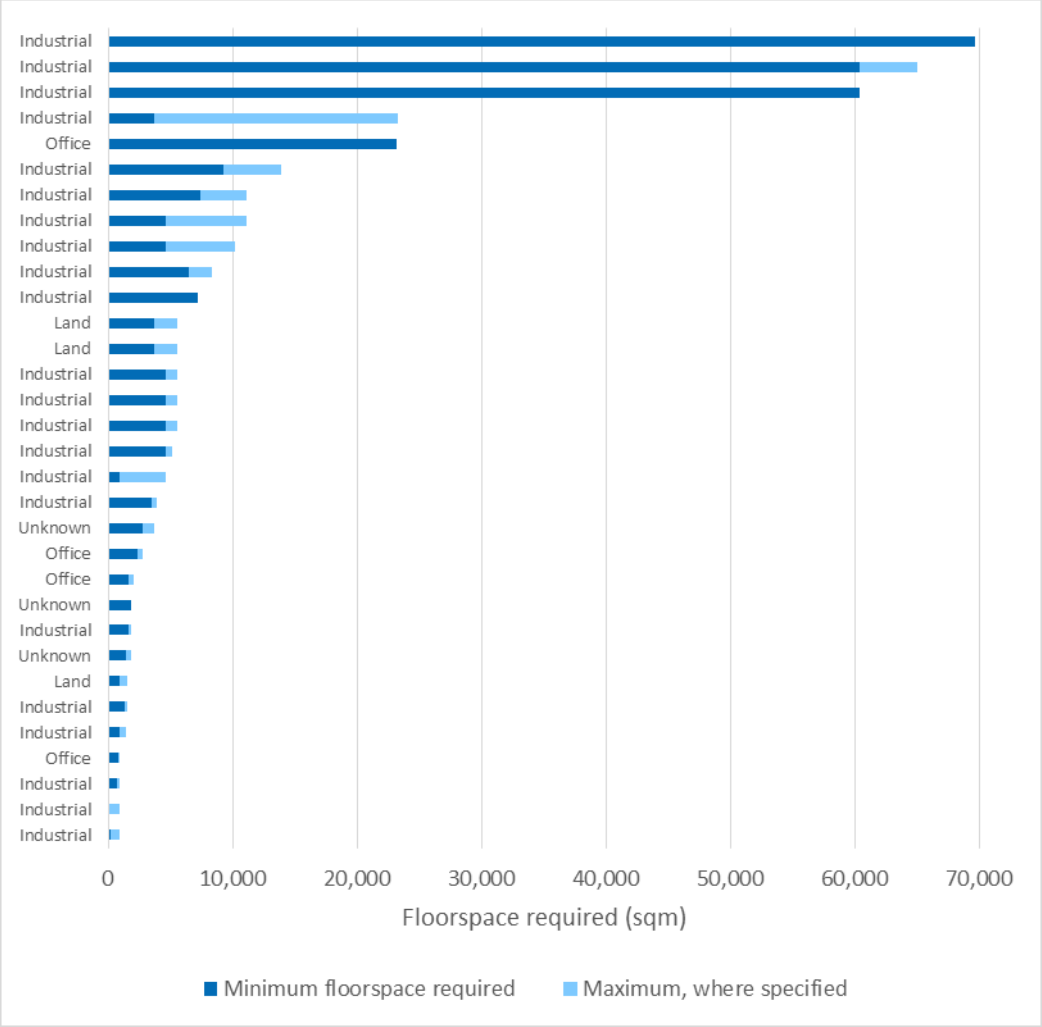
The PPG highlights that '*discussions with developers*' can provide an indication of market demand[50].

The Councils' inward investment teams are continuously engaged in such discussions. Their monitoring indicates that some 32 enquiries have been received over the near two year period for which data has been provided (April 2018 to March 2020), albeit it was emphasised that this could be dampened by investors' perceptions of a lack of available space. Indeed the Make it Stoke-on-Trent and Staffordshire Investment Services team (Make it Stoke) were clear to caveat this information with the fact that property agents and potential occupiers do not always formalise their enquiries about availability due to the perception that there is a lack of suitable land and/or premises across Newcastle-under-Lyme and Stoke-on-Trent. It is important to interpret the data in this context. While acknowledging this limitation, it is clear that the data suggests that most enquiries (22) related to industrial units in the first instance, with less interest in offices (4) and the remainder seeking either land or an unknown property type

[50] PPG Reference ID 2a-026-20190220

(both 3). Three industrial occupiers required premises of at least 60,000sqm – considerably larger than the average property in this area, shown at Figure 5.2 – with two occupiers requiring around 25,000sqm.

Investment Enquiries (2018-20)



Source: Councils' monitoring

Summary

This section provides a market perspective on the need and demand for different types of employment space, drawing upon available secondary data with additional insight from Aspinall Verdi.

The take-up of office space peaked in 2015/16, bolstered by Smithfield and Festival Park, and has since reduced at the study area scale driven in large part by Newcastle-under-Lyme. There has been a less pronounced fall in Stoke-on-Trent, which has continued to see a relatively large number of transactions. The amount of space leased in each transaction in the city has been recently increasing, on average, but did fall markedly with a flurry of smaller premises leased in 2019. Availability rates across the study area have fallen from the

recessionary highs observed in the last ELR to align closely with the regional and national average, reflecting a trend seen in similar areas as a result of robust economic growth and growing confidence in the SME community. The prominence of second hand office stock, of generally lower quality, means that reduced availability has not increased average rents, which remain lower than regional and national benchmarks. This, coupled with what is currently a locally oriented and thus limited market, generally serves to discourage large scale inward investment in office space until a fundamental change – potentially HS2 – occurs. A short-term priority, in this context, could be to encourage the small-scale development of flexible office space, high quality and aspirational in design, to support the growth of start-ups.

The 2015 ELR separately observed that the connectivity of this area, and continued growth in e-commerce, had then recently led to the development of a large number of national and regional distribution centres. While it is not possible to separate such transactions from those of industrial premises, the combined take-up of these properties appears to have peaked around that point, with less space leased in subsequent years. This reduction appears driven by a lack of availability rather than reducing demand, however, with this area continuing to be viewed as a premier location for distribution in particular where appropriate sites are available. This is reflected in inquiries received by the Councils' inward investments teams, which predominantly if broadly relate to industrial rather than office space. Location is a key consideration, with Aspinall Verdi aware of a wide range of businesses seeking easy access to the A500 and M6 for example. Enterprise Zone status has also been identified by Aspinall Verdi as having the potential to continue to be attractive to occupiers.

The availability rate across warehouses has reduced to the point where there is arguably now an undersupply, relative to the level that offers an optimal degree of liquidity in the market. Average rents in Stoke-on-Trent in particular have surged since 2017 to approach the regional average, linked to some extent to the recent delivery of quality new space. Aspinall Verdi believe that there will remain high demand for such space, especially in prime locations such as the A500, A50 to Blythe Bridge and J14-16 of the M6, but occupiers are unlikely to pay higher rents for the ageing premises that currently exist elsewhere.

The availability of industrial premises has also fallen significantly, to a level that is lower than the national and regional average and close to zero in Newcastle-under-Lyme. This represents a fundamental change since the last ELR raised the prospect of oversupply, and has generally led to a rise in average rents – as seen nationally and regionally – albeit while remaining relatively low. This reflects the longstanding perception of a "sub-prime" and locally oriented market, primarily due to its location between the Manchester and Birmingham conurbations each of which offer sought-after prime markets at their periphery. Views expressed to Aspinall Verdi suggest that Stoke-on-Trent and Newcastle-under-Lyme can reasonably aim to be the best in their area of influence,

competing with locations such as Crewe and Stafford through the delivery of new, well-located schemes across all employment uses. It is observed that in order to match market demand and build in flexibility for evolving needs, this should include units which vary in size from 1,000 sqm to 4,000 sqm (i.e. of moderate size) to larger units between 15,000 and 20,000 sqm and even larger up to 40,000+ sqm. This reflects evidence of recent completed or proposed schemes in the study area and in neighbouring markets. In contrast, a reliance on older, outmoded stock in poor locations would be unlikely to support employment growth, as it would not attract outside investors and there is considered to be insufficient demand from local businesses.

Review of Employment Sites

This section presents the findings of an updated assessment of the employment land supply in Newcastle-under-Lyme and Stoke-on-Trent undertaken independently by Aspinall Verdi. This assessment has built on that presented in the previous 2015 ELR and was undertaken following a methodology prescribed by the Councils. It has included consideration of the characteristics and quality of existing and undeveloped employment sites across the study area based on a list of sites provided by the Councils.

Overview of assessed sites

The 2015 ELR included a comprehensive review of those sites which it considered could form part of a meaningful and deliverable employment land portfolio and could therefore potentially be allocated for employment use in a new Joint Local Plan. The ELR assessed 117 sites in total, of which 74 were in Stoke-on-Trent and the remaining 43 in Newcastle-under-Lyme. Some of these sites formed part of the Councils' existing supply, whereas others were identified as forming part of their potential future supply.

The Councils reviewed the sites previously assessed for the purpose of this update and confirmed which sites were to be retained in this assessment, again confirming the extent to which they formed part of the existing or future supply. The Councils also added to the list of sites[51]. In total, this assessment therefore considers 123 sites, of which 73 are in Stoke-on-Trent and 50 in Newcastle-under-Lyme.

Committed supply of employment space

As in the 2015 ELR, the committed supply is comprised of the following:

Local Plan allocations – sites allocated for employment development under policies in the Local Plan, that have not yet been built out;

Vacant land within existing employment areas – employment sites incorporating underutilised land. It is noted for the purpose of this assessment

[51] Stoke-on-Trent included four sites not previously assessed in the 2015 ELR and Newcastle-under-Lyme six additional sites. Newcastle-under-Lyme also split one of the sites previously assessed into two sites. It is also noted that a number of sites previously assessed in the 2015 ELR have been removed from the list of sites to be considered in this assessment by the Councils.

following the Councils' methodology this includes vacant buildings. It also includes vacant land / premises adjacent to existing employment areas and vacant land / premises within previously developed sites that include non-employment uses which they consider appropriate for employment uses. In a number of instances sites in this classification include active uses albeit they are considered by the Councils as non-permanent or enabling the potential for further development; and

Extant planning permissions – other sites with extant planning permission (i.e. permissions that have not yet expired and could be implemented) for employment development. The Councils confirmed that this was up-to-date at the point when the information was provided in June 2020 and reflects where possible the April 2020 base point of the assessment[52].

The committed supply of employment space has been identified by the Councils as falling within the above categories, with each confirming that the sites included in these classifications are available for development now and in compliance with current policy.

Local Plan allocations

The 2015 ELR confirmed that Stoke-on-Trent City Council does not have any allocated sites. Whilst the Council continues to progress a new Local Plan, this remains the case.

The Newcastle-under-Lyme Local Plan (2011) allocated land for industrial and business use. The 2015 ELR noted that the majority of this land had been developed but that a number of sites remained available. In updating the assessment, the following sites – newly labelled using the codes presented in brackets – remain:

Chatterley Valley (west of mainline): 27.27 ha[53] (2020-N13)
London Road, Chesterton: 1.62 ha[54] (2020-N28)
Kidsgrove Station Road: 0.71 ha[55] (2020-N45)
University of Keele Science Park (Phase 3): 15.03 ha[56] (2020-N32)
Chemical Lane: 2.1 ha[57] (2020-N17)
Land at Watermills Road, Chesterton: 1.22ha[58] (2020-N24)

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[52] Account was taken of updated information on permissions on a limited number of sites as of September 2020 at the request of the Councils. In a number of instances, where the permission is an outline, Newcastle-under-Lyme took the decision to retain the classification of 'allocated site'.

[53] The 2015 ELR identified a net developable area of 37.53 ha. It is noted that 24.5 ha of the site is subject to an outline planning application, leaving only 3.07 ha of the allocation without permission where it is recognised that the Council advises that 18.8 ha of the site will be retained for green infrastructure (with part of the site a local wildlife designation)

[54] It is noted that in the 2015 ELR this was included but with a 0 ha net developable area

[55] Note this has reduced slightly from the site area in the 2015 ELR (0.91 ha) where it was referred to as 'station yard'

[56] Note the site area has been increased slightly by the Council from the 2015 ELR assessment (14.5ha)

[57] Note this has slightly reduced from the 2015 ELR (2.56 ha)

[58] It is noted that the site is subject to an application for residential use.

In addition to the above, the 2015 ELR noted that a number of sites were supported for the renewal of planning permissions under saved Policy E9 of the Newcastle-under-Lyme Local Plan. The following continue to have residual net developable areas:

Rowhurst Close, Chesterton: 1.52 ha[59] (2020-N23)

Chatterley Valley (east of mainline): 5.2 ha[60] (2020-N12)

Centre 500, Former Wolstanton Colliery Stock Yard: 2.61 ha[61] (2020-N61)

The sites above are all included in the assessment of Newcastle-under-Lyme's current employment land supply and collectively represent a supply of 57.6 ha. This is lower than the 66.86 ha identified within the 2015 ELR, with this largely reflecting changes in the net developable areas calculated by the Council. It is noted that a large part of this supply is attributable to the Chatterley Valley site (2020-N13) which has an outline planning application granted in the last few years, and its development would therefore notably reduce this supply. It is similarly noted that Land at Watermills Road (2020-N24) is subject to an application for residential development which would further reduce the available supply from the existing allocations. The implications of such potential changes on the available supply are considered further in section 9.

Vacant land within existing employment sites

The Councils revisited the sites assessed within the 2015 ELR and confirmed which of those formerly classified as committed employment sites continued to include parcels of underutilised employment land within their curtilage. These parcels of land are understood, based on information provided by the Councils, not to benefit from extant planning permission but have the potential to be developed for employment purposes.

Employment sites previously included in the 2015 ELR which had been cleared or vacated, and continue to be viewed by the Councils as capable of contributing to current supply, have also been included.

The Councils also sought to include any new sites falling into this defined category. This included a number of sites previously identified as part of the future pipeline in the 2015 ELR, with the Councils considering that it was appropriate to move them into this classification where they were viewed as available and suitable for employment uses. In a number of instances, it is understood that this includes sites or vacant premises which sit adjacent to or on the edge of existing employment sites as well as a small number of sites which include active uses but which the Councils view as non-permanent or available for re-development based on their current use, albeit the title previously used for this classification has been retained from the 2015 ELR.

[59] Note this has slightly reduced from the 2015 ELR (3.5 ha)

[60] Note this has reduced from 5.5 ha in the 2015 ELR

[61] Note the site area has been increased from the 2015 ELR assessment (2.38ha)

These sites total 162.5 ha in Stoke-on-Trent and 6.8 ha in Newcastle-under-Lyme[62].

Sites with extant planning permission

The Councils used their monitoring data to identify sites with extant planning permissions for B-class uses that were to be considered within the assessment, and therefore included in the current employment supply. In total there was 66.2 ha of such land with extant planning permission in Stoke-on-Trent and only 0.4 ha in Newcastle-under-Lyme. It is of note in the case of the latter that the inclusion of the outline planning permission on the Chatterley Valley site (N13) would significantly elevate this to nearly 25 ha, albeit given that it remains an outline permission it continues to be classified by the Council as an allocated site to avoid double-counting. The inclusion of this site would, however, suggest that there is in the order of 91 ha of land benefitting from up-to-date permissions across the study area.

As noted in the 2015 ELR, there is no guarantee that these permissions will be implemented and brought forward for employment use over the plan period. If any permissions were to lapse, this could have implications for the overall demand/supply balance, by increasing any surplus of employment space or reducing any shortfall for example.

Methodology for assessment

All of the sites referenced above were inspected by Aspinall Verdi and assessed against the Councils' criteria and the prescribed scoring framework with a degree of judgement applied to reflect individual characteristics of sites. This is explained in greater detail at **Appendix 1**, but to summarise each site was scored against 12 indicators grouped into the following:

Market signals – this considered the scale of the development opportunity, evidence of current market appeal to national and international companies or perceived future appeal to such occupiers, the potential for a clustering effect (or existing evidence thereof) and an indicator of current demand with regards occupancy levels or perceived market demand judged by Aspinall Verdi;

Physical signals – this considered the prominence of the site based on its accessibility via the road network, as well as the existing condition and quality of the site / buildings taking into account the age of development and the condition of premises or ground conditions as appropriate. Consideration was also given to the quality of the external environment of the site with regards its setting; and

Sustainability signals – this considered the site's strategic access as judged by its proximity to a strategic road junction and/or more local road junction and the nature of access accounting for congestion. Consideration was also given to

[62] This compares with 55.51 ha in the 2015 ELR in Stoke-on-Trent and 2.4 ha in Newcastle-under-Lyme. The sizeable increase in Stoke-on-Trent in particular is understood to be the result of the Council's decision to introduce and reclassify many of the sites previously identified as 'other' or 'call for sites', where they were deemed as representing vacant land within or adjacent to existing employment uses.

walkability to public transport and services, the proximity to urban areas and access to labour and services.

Whilst sites were scored on the basis of the Councils' framework, recognising that there is a necessary degree of judgment in the scoring process reflecting site specific characteristics Aspinall Verdi provided a qualitative assessment of their suitability for employment use drawing on the input information, their market knowledge, compliance with planning policy set out in the NPPF and additional qualitative information including that was gathered through site visits. As in the 2015 ELR, this process has categorised sites as 'very good', 'good', 'average', 'poor', and 'very poor'[63]. In a similar manner to the earlier study, this is intended to provide a broad indication of the overall quality of employment land supply rather than a comparison of one site against another.

Greater weight has been given to sites which are considered to respond positively to market needs and where it is understood that existing constraints can be more readily overcome. Sites understood to face significant impediments to development – such as contamination, or a specific policy designation[64] – have been downgraded. This is because the assessment takes a 'policy-on' perspective of the current employment sites, assessing sites as they would be considered for a planning application for their (re)development were they to come forward as of today, albeit with this assessment necessarily made at a strategic level. If any site constraints were to be removed in the future, including policy constraints, the scoring of a site would be likely to improve.

In broad terms the sites scoring enables the quantification of the supply of :

Very good / good sites i.e. high quality sites which should be retained and protected;

Average sites i.e. sites which provide an adequate employment function and should be retained and monitored; and

Poor or very poor sites i.e. lower quality sites, including those where employment uses are likely to no longer represent an efficient use of land and where re-allocation or removal from the supply could be considered.

Appendix 2 includes a proforma for each site against the Councils' criteria including a short commentary for each site provided by Aspinall Verdi with accompanying site photos. This commentary is accompanied by Aspinall Verdi's market-led recommendations for the future use of each site. It is noted that this is primarily reflective of the commercial assessment of the site, and <u>does not constitute a recommendation in policy terms</u> with this to be undertaken by the Councils as they proceed to develop the Joint Local Plan.

[63] Where the scoring of sites in this way has been led by a judgement by Aspinall Verdi they have broadly followed the scoring of sites where sites scoring 45+ received a 'very good', 34 – 44 a 'good', 25 – 33 a 'average', 21 – 25 a 'poor' and 20 and below a 'very poor' scoring.

[64] It is noted that the Councils have confirmed that none of the sites included in the current supply are in the Green Belt, however Aspinall Verdi have applied the scoring criteria to the future sites which do include sites in the Green Belt.

It is important to acknowledge that the assessment is based on a consideration of current conditions and the intrinsic qualities of each site. The scoring of sites would be subject to change in the future reflecting the evolution of the market and/or other factors. It should be noted that scoring of the sites is not intended to represent a Sustainability Appraisal, and also that no detailed viability work has been undertaken to inform the assessment.

Site assessment results

In overall net terms, 293.4 ha of committed employment land has been assessed, of which 228.7 ha is in Stoke-on-Trent and 64.8 ha in Newcastle-under-Lyme.

Table 7.1 overleaf presents a summary of the assessed sites in Stoke-on-Trent, including their 2020 ENA reference, the net site area[65] and their ranking on the five point scale noted above. Table 7.2 presents the same information for the sites in Newcastle-under-Lyme.

The grading and the recommendation for each site, which is contained within the proformas in **Appendix 2**, takes into account a qualitative judgement by Aspinall Verdi which considers key issues related to sustainability, market attractiveness and policy adherence. It is noted as per the 2015 ELR that the presentation of the sites and their grading is presented on a *'without prejudice'* basis as evidence to inform the preparation of the Joint Local Plan. It does not constitute Council policy, and future employment allocations will be determined through the formal consultation as part of the Local Plan preparation process.

In summarising Table 7.1 – which focuses on Stoke-on-Trent – overleaf, it can be seen that 5 sites with a net developable area of 14.3 ha were ranked as 'Very Good', 27 sites (62.8 ha) were ranked as 'Good', 30 sites (135.6 ha) were ranked as 'Average', 2 sites (15.7 ha) were ranked as 'Poor' and 2 sites (0.3 ha) were ranked as 'Very Poor'.

It can be seen that a number of the sites listed have a net developable area, determined by the Council, of zero. These sites are primarily understood to currently be in employment use with no space at this time to accommodate further development.

[65] The net developable site areas for sites have been provided by the Councils based on their own assessments.

Summary of assessments – current employment sites in Stoke-on-Trent

Ref. **2020-**	Name	Net Area (ha)	Rank
S1	140 Broad Street Hanley	0.00	**Very Good**
S2	Broad Street Area	0.37	**Very Good**
S4	Central Business District (Smithfield)	2.00	**Very Good**
S7	East and West Precincts, Hanley	3.75	**Very Good**
S69	Former Johnson Matthey, Whittle Rd, Meir	8.19	**Very Good**
S9	Etruria Valley Phase 2a Forge Lane Etruria	3.05	**Good**
S60	Trentham Lakes North	5.92	**Good**
S19	Trinity St/Marsh St North, Hanley	0.24	**Good**
S43	Diamond Gimson Works, King St, Fenton	2.68	**Good**
S58	Sideway/Radial Park - CFS 14	3.30	**Good**
S12	Fuchs Lubricants, New Century Street, Hanley	0.00	**Good**
S30	West of Ivy House Rd	0.00	**Good**
S54	Riverside Park off Campbell Road	0.85	**Good**
S72	Park Hall Business Village	0.00	**Good**
S35	Former Brownhills Tileries, Harewood Street, Tunstall	8.58	**Good**
S38	Land off High St, Tunstall - CFS 9	1.14	**Good**
S67	Business Unit 1 (Recticel), Enterprise Way, Meir Park	0.00	**Good**
S41	Valley Works, Ravensdale, Tunstall	0.00	**Good**
S50	Building 94F, Stone Road, Trent Vale	0.00	**Good**
S8	Wades, Trade Park 4, Hanley Economic & Festival Court	1.70	**Good**
S21	Holdcroft Honda, Sneyd Street, Cobridge	0.22	**Good**
S23	Severn Trent Water Depot, Federation Rd, Burslem	0.00	**Good**
S40	North of Cartlich Street	8.94	**Good**
S20	Former Focus DIY, Milburn Road, Cobridge	0.00	**Good**
S56	The Campbell Centre	0.00	**Good**
S3	Butters Festival Way	0.00	**Good**

S10	Etruria Valley Phase 3a & 3b, Forge Lane Etruria	20.50	**Good**
S73	Shires Bathrooms, Uttoxeter Rd	0.00	**Good**
S33	Chatterley Valley (Area 3)	1.05	**Good**
S11	Former Clarence Primary School, Sampson St	0.43	**Good**
S59	South Car Park Stanley Matthews Way Trentham Lakes	0.74	**Good**
S16	Land at Clough Street (Including CFS 12)	3.46	**Good**
S17	Land off New Century St, Hanley - CFS 23	0.00	**Average**
S24	Unit 1 & 2, Hot Lane Industrial Estate	0.00	**Average**
S48	Site at Clarence Road/ Don Bur Service	0.00	**Average**
S45	Fenpark Industrial Estate	0.00	**Average**
S32	Chatterley Valley (Area 2)	3.11	**Average**
S25	Westport Road/Hall Street/Pack Horse Lane, Burslem	0.00	**Average**
S39	Land off Scotia Road	1.52	**Average**
S55	Site off Whieldon Road	3.70	**Average**
S44	Ex Phoenix Timber, Foley Rd, Longton	0.00	**Average**
S31	Chatterley Valley (Area 1)	3.07	**Average**
S6	College (Snow Hill Building)	0.23	**Average**
S52	Land at Whielden Rd - CFS 5	2.97	**Average**
S36	Former Ravensdale Sportsfield, Land off Chemical Lane	6.53	**Average**
S68	Calvery Street and Lower Spring Rd	0.00	**Average**
S49	Staffordshire House/Fenton 25	8.10	**Average**
S77	Newcastle Street, Middlesport	0.70	**Average**
S34	Chatterley Valley (Area 6): Tunstall Sewage Works	10.69	**Average**
S13	Gas Holder site, Etruscan St	0.94	**Average**
S71	Meir Depot, Uttoxeter Road, Meir - CFS 21	1.76	**Average**
S66	Sandford Hill	0.00	**Average**
S63	Wilson Rd, Hanford - CFS 13	52.49	**Average**
S47	Hewitts, Victoria Rd, Fenton	2.06	**Average**
S65	Mossfield Road - New 8	7.48	**Average**
S76	Chatterley Road, Tunstall	0.85	**Average**
S5	Cliffe Vale/Caradon Twyfords Excelsior Wks	11.77	**Average**
S64	Land at Mossfield Road/ Mossfield Industrial Estate	1.55	**Average**

S46	Former Sub-Station, Bute Street, Fenton	0.35	**Average**
S42	Berryhill Pottery	11.44	**Average**
S27	Cockshot Sidings, Shelton New Rd, Shelton	2.85	**Average**
S70	Land at Jnct. of Park Hall Rd/Anchor Rd, Adderly Green	1.40	**Average**
S15	Land at Century Street/Waterloo Rd, Hanley	6.55	**Poor**
S37	Land Between Huntilee Road and Scotia Rd, Tunstall	9.19	**Poor**
S78	Bellerton Lane, Norton	0.30	**Very Poor**
S79	Gower Street	0.04	**Very Poor**

Summary of site assessments for current employment sites in Newcastle-under-Lyme

Ref. **2020-**	Name	Net Area (ha)	Rank
N32	Keele Science Park, Phase 3	15.03	**Good**
N12	Chatterley Valley (East of mainline), Chatterley	5.2	**Good**
N29	Land at Meadow Street/London Road, Chesterton	0	**Good**
N47	Silverdale Business Park, Cemetery Road, Silverdale	0.37	**Good**
N13	Chatterley Valley (West of mainline), Chatterley	27.57	**Average**
N28	Land at London Road, Chesterton	1.62	**Average**
N51	Water Street, George Street, Newcastle	0	**Average**
N31	Land between Lower Milehouse Lane and Brymbo Road	0	**Average**
N24	Land off Watermills Road, Chesterton	1.22	**Average**
N11	Land and buildings at West Avenue, Kidsgrove	1.21	**Average**
N10	West Avenue, Kidsgrove	2.3	**Average**
N17	Chemical Lane Site	2.1	**Average**
N60	Hilltop Business Centre, Talke	0.44	**Average**
N22	Ex Servicemen's Club, Heathcote Street	0	**Average**
N23	Rowhurst Close, Chesterton	1.52	**Average**
N7	Land off Linley Road, Kidsgrove	2.86	**Poor**
N45	Station Road, Kidsgrove	0.71	**Poor**
N61	Former Wolstanton Colliery Stock Yard (Centre 500)	2.61	**Poor**

In summarising the outcome of the assessment presented above for Newcastle-under-Lyme, no sites were ranked as ‘Very Good’, 4 sites (20.6 ha) were ranked as ‘Good’, 11 sites (38.0 ha) were ranked as ‘Average’, 3 sites (6.2 ha) were ranked as ‘Poor’ with no sites ranked as ‘Very Poor.’

In quantitative terms, the 2015 ELR observed – as noted in section 1 of this report – that the supply was dominated by a small number of large sites. This remains the case based on the information in the table above, particularly in Newcastle-under-Lyme.

The above suggests in qualitative terms that both authorities have a reasonable range of employment sites, albeit with the majority falling into the ‘average’

category, with a relatively small proportion falling in the ‘very good’ or ‘good’ category. This broadly accords with the conclusion of the 2015 ELR, albeit the stronger market conditions observed in preceding sections of this report have improved the general perception of a number of sites with regards their deliverability based on Aspinall Verdi’s assessment. The proformas in **Appendix 2** include references to a site’s potential to accommodate different B-class uses where appropriate. While the Government announced changes to the Use Classes Order while this study was being finalised, there is considered to remain value in retaining the longstanding definitions for the purposes of understanding where gaps exist for different types of premises.

Future supply of employment space

The Councils identified a number of sites which do not fall into the current employment site classifications, but were requested to be assessed following a consistent approach. These sites have been classified, like in the 2015 ELR, as a separate potential source of future employment land supply. These sites include those submitted to the Councils through the ‘Call for Sites’ stage of the emerging Joint Local Plan, and other sites which the Councils have identified independently.

Taken together, the supply of such land is significant at 366.7 ha. This is predominantly in Newcastle-under-Lyme, which accounts for 340.5 ha of this supply, with the residual 26.2 ha in Stoke-on-Trent. It is of note that 265.8 ha of the potential future supply in Newcastle-under-Lyme is formed by 8 large sites along the A500 corridor which are all in the Green Belt.

These sites were assessed by Aspinall Verdi in the same manner as the current supply of employment land. Table 7.3 sets out the total scale of supply assessed with regards current and future supply.

Available potential net employment space in Stoke-on-Trent and Newcastle-under-Lyme

Source	Employment space, net (ha)Stoke-on-Trent	Employment space, net (ha)Newcastle-under-Lyme	Employment space, net (ha)Study area
Existing supply of employment land			
Local Plan allocations	0	57.6	**57.6**
Vacant land within existing employment sites	162.5	6.8	**169.3**
Sites with extant planning permission for B-class employment development	66.2	0.4	**66.6**

Sub-total	**228.7**	**64.8**	**293.4**
Potential future supply of employment land			
Call for sites	26.2	172.6	198.8
Other sites assessed	0	167.9	167.9
Sub-total	**26.2**	**340.5**	**366.7**
Grand total	**254.9**	**405.3**	**660.1**

Source: Stoke-on-Trent Council / Newcastle-under-Lyme Council / Aspinall Verdi analysis

As referenced above the future supply is dominated by a small number of large sites in Newcastle-under-Lyme all of which are in the Green Belt. Table 7.4 represents the potential future supply shown in Table 7.3 but omits these 8 larger sites with this illustrating a much more modest potential future supply figure. It is noted that this also includes a number of sites currently in the Green Belt.

Potential Future Supply – Excluding the 8 larger Green Belt sites

Source	Employment space, net (ha) Stoke-on-Trent	Employment space, net (ha) Newcastle-under-Lyme	Employment space, net (ha) Study area
Existing supply of employment land			
Local Plan allocations	0	57.6	**57.6**
Vacant land within existing employment sites	162.5	6.8	**169.3**
Sites with extant planning permission for B-class employment development	66.2	0.4	**66.6**
Sub-total	**228.7**	**64.8**	**293.4**
Potential future supply of employment land			
Call for sites	26.2	**45.9**	**72.0**
Other sites assessed	0	**28.8**	**28.8**
Sub-total	**26.2**	**74.7**	**100.9**
Grand total	**254.9**	**139.4**	**394.3**

Source: Stoke-on-Trent Council / Newcastle-under-Lyme Council / Aspinall Verdi analysis

Section 8 proceeds to set out a range of scenarios of demand for employment space which are then compared in section 9 against the current supply of employment land to identify any potential surplus or shortfall of land in quantitative terms. Consideration is also given to qualitative factors reflecting on the recommendations arrived at for the sites that form the total supply.

Recognising the number of large sites in the future employment supply, section 10 considers the potential evidential justification for the Joint Local Plan to consider the allocation of a new strategic site(s) taking into account the analysis in section 7 and market insight provided by Aspinall Verdi.

Summary

Aspinall Verdi have undertaken an independent update to the supply of employment land in the study area, building on the analysis presented in the 2015 ELR. This has included a full refresh of the information and a re-assessment of sites using a set of criteria determined by the Councils.

Using the same categories as the 2015 ELR, but accounting for the reclassification of sites by the Councils, this section has identified a current supply of employment land that totals 293.4 ha. This is primarily located in Stoke-on-Trent, which accounts for 228.7 ha of this supply, with the residual 64.8 ha in Newcastle-under-Lyme.

In reviewing this supply, it is noted that the residual supply of allocated land in Newcastle-under-Lyme has fallen since the 2015 ELR reflecting the take-up of land and the granting of permissions as well as changes to net developable areas. The residual supply of allocated land is estimated at 57.6 ha with no such land in Stoke-on-Trent. The vast majority of the current supply is therefore classified as vacant land within or adjacent to existing employment sites with this accounting for 162.5 ha of land within Stoke-on-Trent alone.

There is a relatively sizeable supply of land with extant planning permission, some 66.6 ha, with almost all of this in Stoke-on-Trent. This reinforces the analysis of market performance earlier in the report with a number of these permissions seeing development continuing to be built out.

In considering the indicative quality of the current supply, it is noted that approximately 98 ha is classified as very good or good with the vast majority of this supply classified as average.

The assessment has included consideration of a further supply of sites which have been identified by the Councils, or submitted through the call for sites process, as offering the potential for future employment uses. The appropriateness of these sites for future employment development will need to be considered through the Local Plan process but they collectively provide a substantial further supply of some 366.7 ha. It is noted, however, that 265.8 ha of this supply relates to just 8 sites in Newcastle-under-Lyme along the A500 corridor. These sites are considered separately in section 10 with regards to their potential 'strategic' role in meeting a specific identified need.

Demand Assessment

This section attempts to quantify the demand for employment land and floorspace over the period from 2020 to 2037. The approach is considered to adhere to the PPG, which requires use of '*a range of data which is current and*

robust'[66]. This is suggested to include employment forecasts, demographically derived assessments and analysis based on the past take-up of employment land. All such information is considered in the context of local business trends, as profiled in the preceding sections of this report.

The guidance is fundamentally unchanged from that in place when the 2015 ELR was prepared, meaning that this report takes a broadly comparable approach – in developing a range of scenarios – while incorporating the latest available information.

In undertaking the assessment, it is recognised that different approaches naturally have individual strengths and disadvantages. For example, the economic forecasts and adjusted iterations take account of anticipated changes to the performance and composition of the local economy, but assumptions are required to translate estimates of job growth – themselves uncertain – into further estimates of gross floorspace and land requirements. The past take-up approach, in contrast, is directly based on actual delivery of employment land and development but is by its nature curtailed to historic trends which themselves cannot take into account future shifts in the local economy or investment beyond that which has happened in the past. No scenario should therefore be viewed as definitive, and a degree of interpretation may be necessary in responding to this evidence.

Methodology

Forecasts of employment growth

Introducing the baseline forecasts

1.20 As in the last ELR, and as encouraged by the PPG, forecasts have been obtained from all three of the leading providers to inform this study, namely:

Experian, specifically its quarterly release dated March 2020;

Oxford Economics, dated March 2020; and

Cambridge Econometrics, dated June 2019.

It is acknowledged that each of the above forecasts was produced before the outbreak of coronavirus, which is having a profound economic impact across the world at the time of writing as recognised in section 3. However, the latest national analysis summarised earlier in this report envisages an eventual recovery to pre-virus trends, meaning that for the purposes of robustly assessing future needs – which must be based on evidence available at a point in time – the use of forecasts produced prior to the pandemic is considered to remain justified. Indeed, it is entirely unavoidable in the absence of timely and robust local data with which to build forecasts.

[66] PPG Reference ID 2a-027-20190220

Even the most recent forecasts have also been produced at a time of uncertainty around the UK's future relationship with the European Union and indeed other trade partners, that may be subject to future trade deals. They are understood to assume an orderly transition to new trading arrangements, with minimal disruption, and implicitly seek to illustrate the effect of such an outcome on employment in the study area.

The following table compares the overall level of employment growth envisaged under each forecast, over the period to be covered by the new Local Plan (2020-37). This reveals divergent views on the potential for job growth in this area, as confirmed in section 4 to have also been the case when the last ELR was prepared. The Experian forecast suggests that 794 jobs could be created across the study area annually, but Oxford Economics forecasts the *loss* of circa 167 jobs each year. As in the ELR, Cambridge Econometrics forecasts job growth within the resultantly wide range, albeit while assuming that Newcastle-under-Lyme sees the strongest growth in proportionate terms unlike the more balanced position seen under the other forecasts.

Forecast Employment Growth (2020-37)

Forecast		Additional jobs	Jobs per annum	Annual growth rate
Experian	Stoke-on-Trent	9,500	559	0.4%
	Newcastle-under-Lyme	4,000	235	0.4%
	Study area	**13,500**	**794**	**0.4%**
Cambridge Econometrics	Stoke-on-Trent	5,310	312	0.2%
	Newcastle-under-Lyme	3,818	225	0.4%
	Study area	**9,128**	**537**	**0.3%**
Oxford Economics	Stoke-on-Trent	-1,680	-99	-0.1%
	Newcastle-under-Lyme	-1,163	-68	-0.1%
	Study area	**-2,842**	**-167**	**-0.1%**

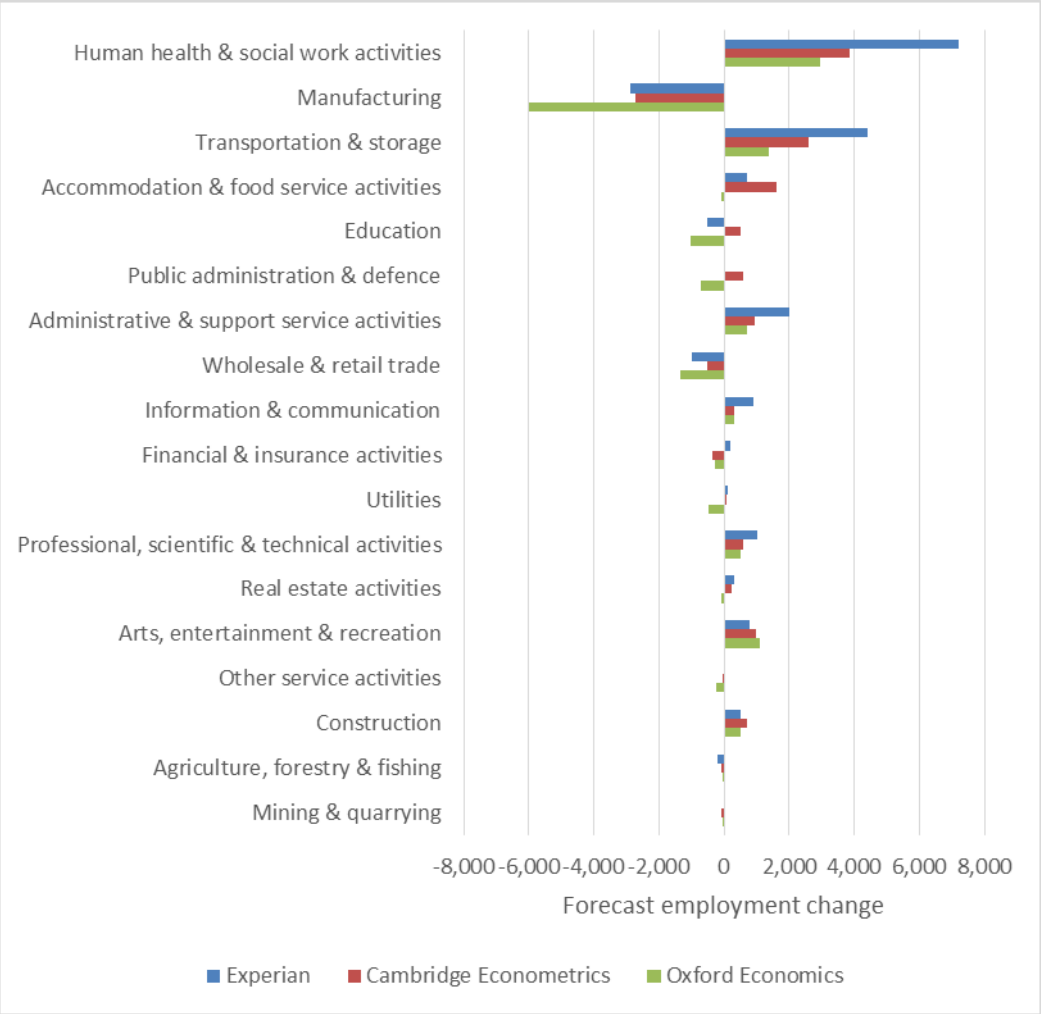
Source: Experian; Cambridge Econometrics; Oxford Economics

Each of the forecasts can be broken down to understand the implied growth prospects of individual sectors in this area. The level of detail available does differ, although a process of aggregation allows direct comparison of the future growth forecast across 18 common sectors[67].

[67] This is largely based on the 19 sector breakdown sourced from Oxford Economics, but with "electricity, gas, steam and air conditioning supply" and "water supply; sewerage, waste management and remediation activities" aggregated into a single "utilities" category to reflect the absence of such a split in the Experian forecast

Figure 8.1 compares the number of additional jobs forecast in each sector across the study area over the period assessed in this report. It is ordered according to the absolute scale of difference between the forecasts for each sector, with those sectors seeing the greatest variation identified at the top and those with more consistent forecasts at the bottom.

Comparing Employment Growth Forecast by Sector in the Study Area (2020-37) (Greatest divergence at the bottom of the graph)



Source: Experian; Cambridge Econometrics; Oxford Economics; Turley analysis

In general terms, it can be seen that Experian has made the more optimistic assumptions in ten sectors, with Cambridge Econometrics more positive in six instances and Oxford Economics the most positive only twice – in arts, entertainment and recreation and agriculture, forestry and fishing.

The greatest range of job growth is shown for the human health and social work sector, where Experian envisages around double the number of new jobs as the other forecasts. Experian's forecast is however more aligned with that of Cambridge Econometrics for the manufacturing sector, with almost 3,000 jobs assumed to be lost, but with Oxford Economics taking a more negative view in

forecasting the loss of more double this number of jobs. This is equivalent to 30% of the existing jobs that it records in the sector.

Transportation and storage also sees a degree of divergence between the forecasts, albeit with agreement that there will be job growth in this sector and variance only in the scale of that growth. This is also the case in other sectors, such as administrative and support services, information and communication, professional services, recreation and construction. The forecasts are similarly united in foreseeing job losses in the wholesale and retail sector, albeit of varying scales.

There is less consistency for a number of other sectors, however, where the absolute level of change is more modest. Oxford Economics does not share the view of the other forecasters that accommodation and food services will create new jobs in this area, for example, and Cambridge Econometrics is the only forecaster to predict job growth in the education and public administration sectors.

Evaluating the forecasts

While the use of employment forecasts alongside other datasets is encouraged by the PPG, it is important to appreciate that such baseline forecasts – of the type introduced above – have inherent limitations. They require careful and critical consideration.

It is acknowledged by the forecasting houses themselves that their "top-down" methodologies mean that they will not fully recognise defining features of local economies, including local specialisms and associated growth opportunities for example. Employment growth in individual sectors can be significantly influenced by the forecaster's view of the national economy in particular.

It is therefore wise to undertake 'sense checks' in reviewing baseline forecasts because comprehensive evidence from other areas has shown that even 'state-of-the-art techniques' can often result in projections of employment growth that fall 'below the actual outturn by a significant margin'[68]. This has to some extent proven to be an issue in this area, with BRES data introduced in section 4 highlighting an early divergence from all but one of the forecasts drawn upon in the previous ELR for example.

The analysis below therefore interrogates the forecasts in greater detail within this context, with a view to endorsing, adjusting or – where not sufficiently representative – attributing less weight to the baseline forecasts sourced to inform this study.

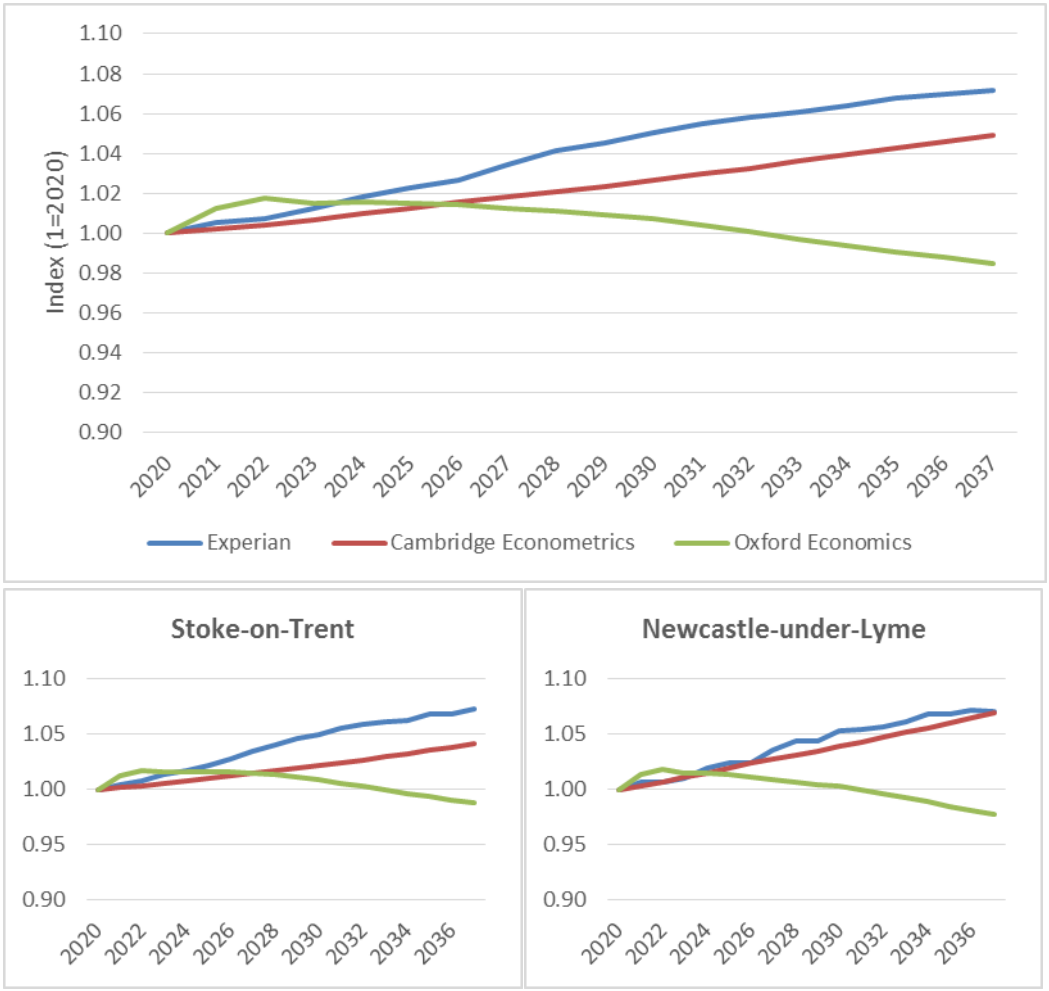
Extreme influence of underlying assumptions

The job losses cumulatively forecast by Oxford Economics notably contrast with the growth envisaged by the other forecasting houses, and also conflict with the recent growth trend. This alone is considered to warrant further investigation.

[68] Cambridgeshire and Peterborough Independent Economic Review, final report (September 2018)

The profile of growth over time immediately appears an influential factor. Figure 8.2 indexes forecast change in employment from 2020 onwards, and reveals a critical assumption by Oxford Economics that job growth will occur in the initial two years of the plan period before job losses prevail and reduce overall employment levels thereafter to 2037. This profile is largely identical in each authority, and contrasts with the more stable growth envisaged by Experian and Cambridge Econometrics over the full plan period. Indeed, there is actually a strong degree of alignment between the latter two forecasts for Newcastle-under-Lyme in particular.

Indexed Employment Growth Forecast in Study Area (2020-37)

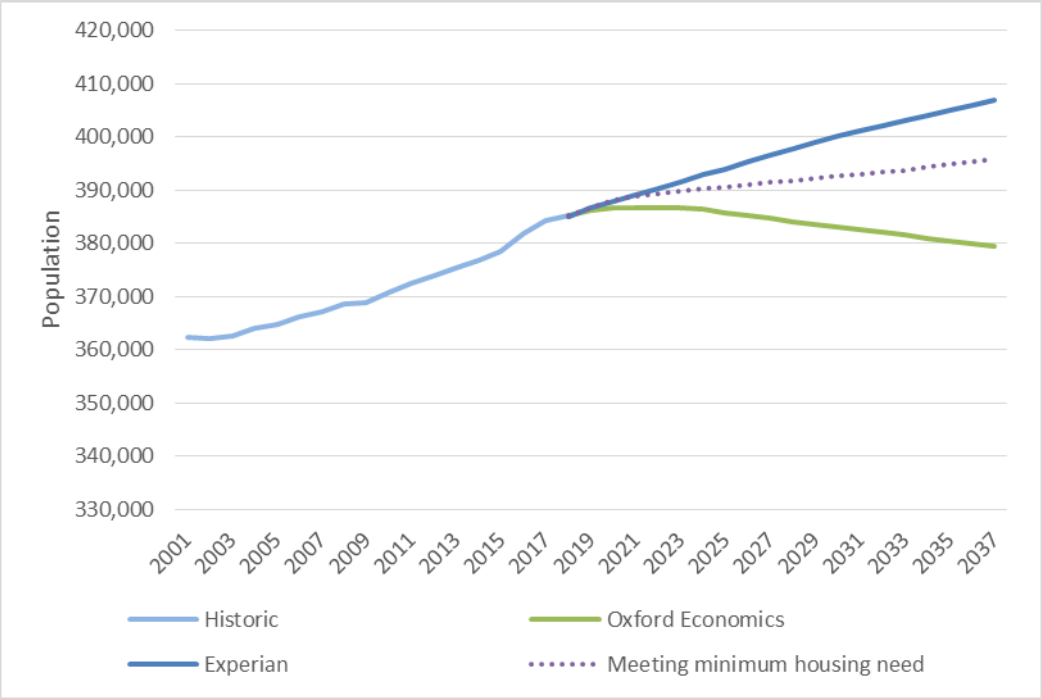


Source: Experian; Cambridge Econometrics; Oxford Economics; Turley analysis

Further investigation suggests that Oxford Economics' divergent outlook is indivisibly linked to an underlying assumption that the population of the study area will reduce in size, driven by an assumption that there will be sustained

out-migration of a scale that is largely without recent precedent[69]. This differs from the population growth known to be assumed by Experian, and likely assumed by Cambridge Econometrics (albeit this cannot be verified using the data available). Population decline over the plan period would represent a reversal of the recent trend and is considered without justification in the context of the official demographic datasets considered in the HNA. Equally, when considering the analysis in the HNA, such an assumption contrasts with the finding that meeting even the minimum need for housing in the study area – linked to the Government's standard method – would reasonably be expected to grow the population to some extent.

Comparing Population Growth Assumed in the Forecasts



Source: Oxford Economics; Experian; ONS; Edge Analytics

This strongly suggests that the Oxford Economics forecast should be interpreted with extreme caution, as it does not reflect the population growth that is considered as likely in this area when a range of other supporting evidence is considered. For the purposes of this assessment it can be justifiably attributed less weight given these fundamental concerns.

Taking account of past trends in job growth

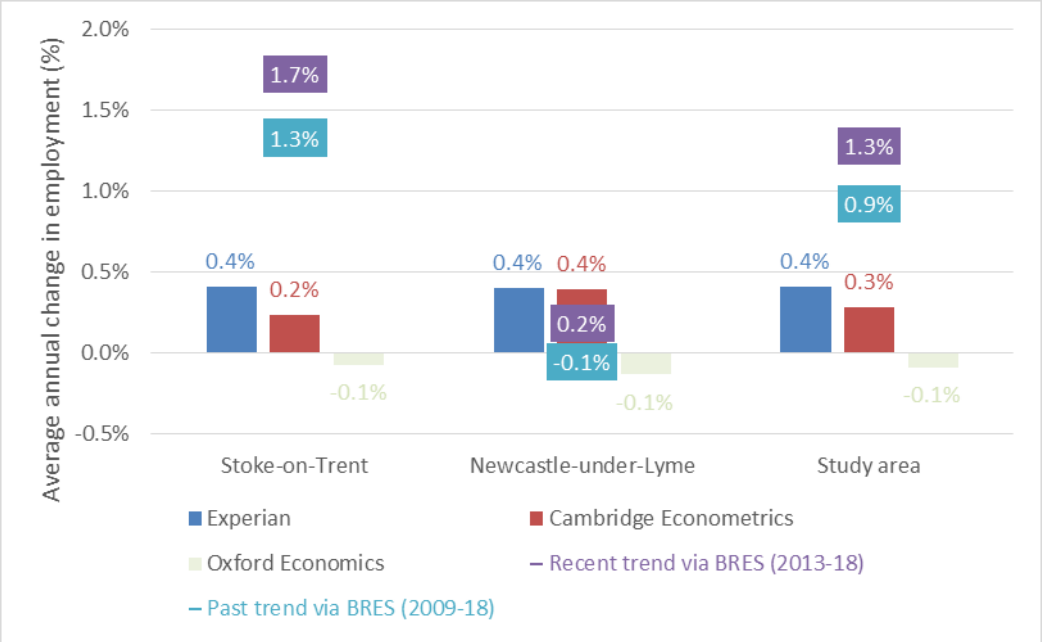
The remaining forecasts from Experian and Cambridge Econometrics are more closely aligned, but the scale of growth does vary with Experian forecasting the

[69] The Oxford Economics forecast assumes that there will be an average net outflow of 502 people from the study area each year, capturing both domestic and international migration. Only once since 2001, at the height of the last recession, has such a large outflow occurred (927; 2007/08) with the area actually attracting an average net annual *inflow* of 456 people since 2001

creation of around 48% more jobs over the plan period. In simple terms, this means that Experian foresees three jobs being created for every two envisaged by Cambridge Econometrics.

This is an important distinction when appreciating the extent to which each forecast would implicitly slow the recent rate of job creation in the study area. Even the most optimistic forecast from Experian would more than halve the rate of growth experienced since 2009, as shown at Figure 8.4. This is driven by Stoke-on-Trent, where Experian predicts employment growth at less than a third of the rate seen recently. This offsets the allowance for a doubling of the recent rate of job growth in Newcastle-under-Lyme to produce a more negative outcome for the entire study area.

Benchmarking Forecast Employment Growth against Past Trends



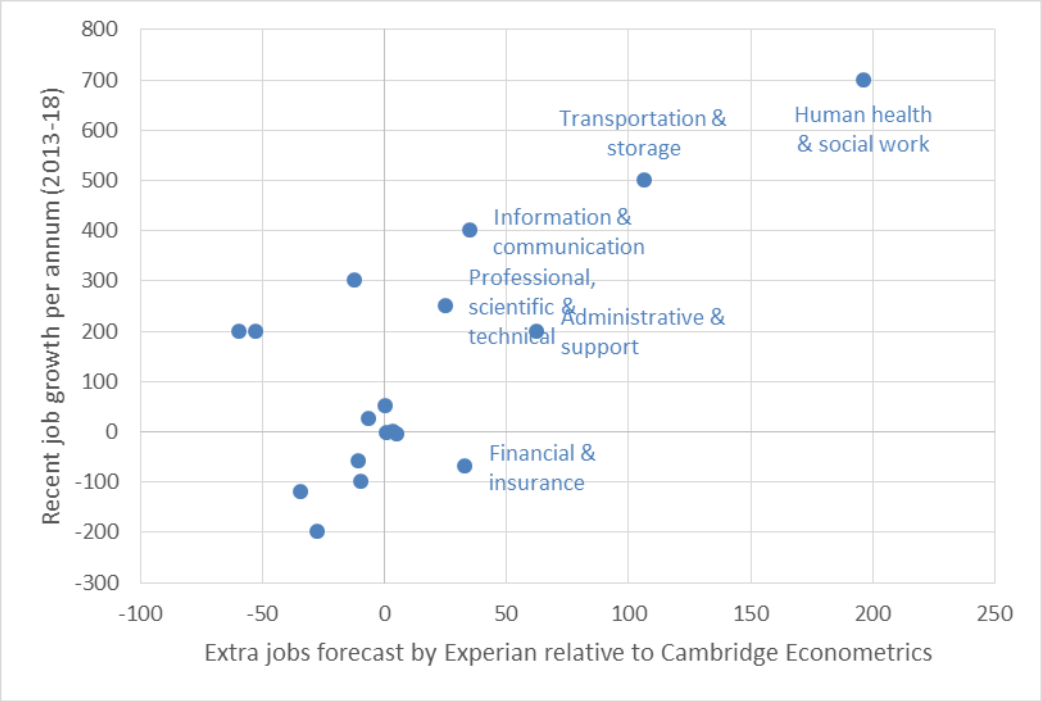
Source: BRES; Experian; Cambridge Econometrics; Oxford Economics; Turley analysis

This suggests that, on the basis of giving reasonable weight to recent local job trends in the study area, it would be reasonable to consider the more optimistic scenario from Experian as being more representative, if only to minimise the scale of assumed departure from past trends. The accuracy with which an earlier Experian forecast, presented in the 2015 ELR, predicted subsequent job growth across this area – as shown at Figure 4.3 – is also an equally relevant consideration which supports such an approach.

This approach appears still further justified when considering the individual sectors in which Experian forecasts will provide a more significant contribution to job growth than Cambridge Econometrics. This is summarised at Figure 8.5 which shows the difference between the two forecasts alongside the scale of growth recently experienced in each sector. This indicates that Experian

generally has a more positive outlook for sectors that have been successfully creating new jobs in recent years, most notably health, logistics, IT and professional services and administrative support. All but the latter have also been notably identified as priority sectors for the study area and the LEP area, as highlighted in section 3.

Recent Performance of Sectors Forecast to Create More Jobs by Experian



Source: Experian; Cambridge Econometrics; Turley analysis

Incorporating optimism

The above analysis indicates that there are a combination of justifying factors for concluding that the Experian forecast represents the most appropriate baseline for the combined area of Stoke-on-Trent and Newcastle-under-Lyme. It does, however, remain the case that its forecast creation of 794 jobs per annum over the plan period would more than halve the recent rate of growth, with some 1,630 jobs having been created annually since 2009.

This would not generally be the expected outcome of either a continuing programme of investment or an ambitious economic strategy, as described in section 3 of this report. It is therefore considered reasonable to adjust the baseline forecasts and develop alongside it a more optimistic growth scenario.

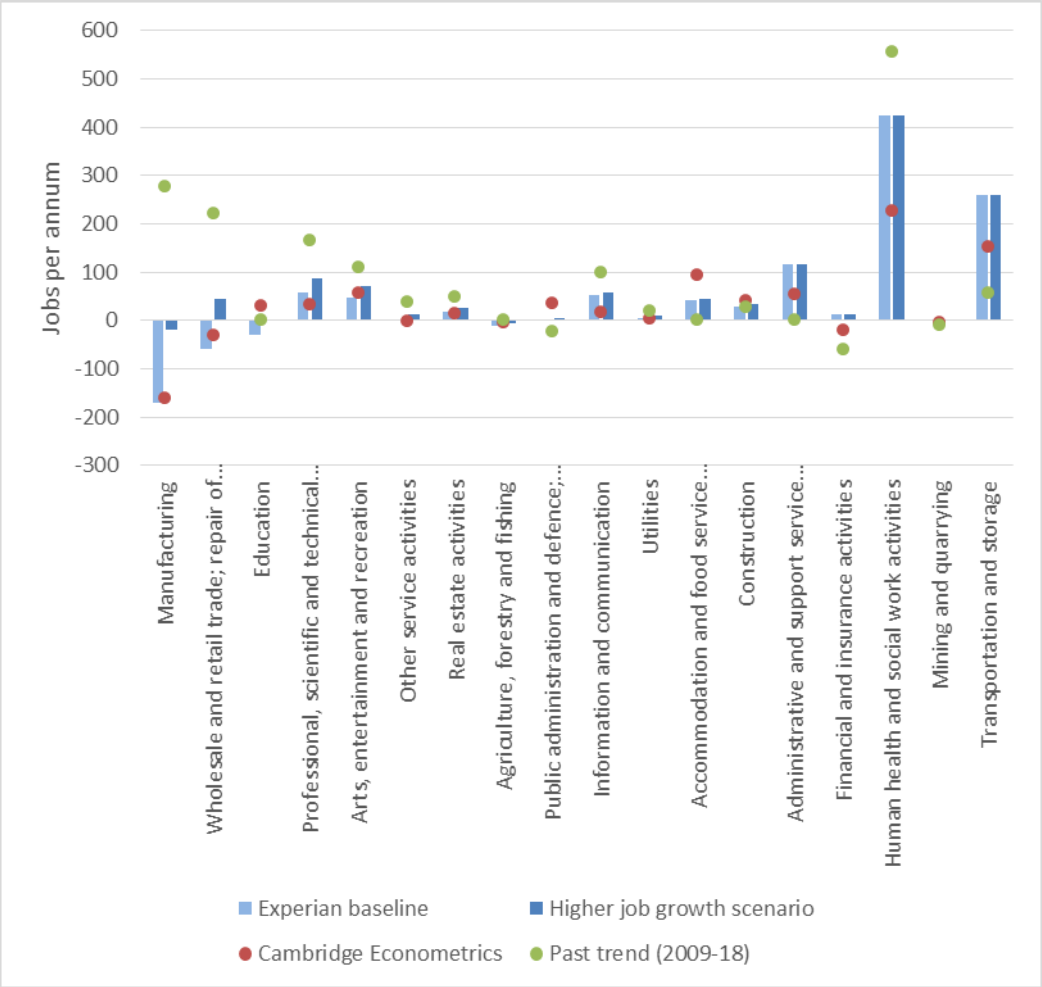
It is acknowledged that there are various approaches that can be taken in adjusting forecasts, to account for the local factors that have not been taken into account in their production and incorporate a degree of optimism or aspiration related to the anticipated impacts of investment. The last ELR, for example, developed a so-called “policy-on” scenario which applied adjustments linked to known investments and projects, incorporating details on associated job

creation and the specific sectors that could be affected. Such an approach can however prove challenging in robustly demonstrating the additionality of projects beyond the growth already forecast by the baseline. It also depends on detailed information being available for each project and is exposed to the risk of projects not being implemented or delivered in the manner planned (a particularly key consideration when recognising the uncertainty that exists at the time of writing). Such project-specific adjustments can also omit the full impact of wide-ranging interventions that aim to generate growth across the whole economy, rather than in individual sectors.

Recognising that there is no single recommended method for adjusting employment forecasts, this report takes an approach which differs from the 2015 ELR. It allows for the continued success of sectors that have recently grown in a period of comparative economic buoyancy, particularly where another forecasting house – specifically Cambridge Econometrics – is also more optimistic on their prospects for future growth. This provides two independent reasons for taking a more optimistic view than implied by Experian, and produces a variant forecast that can be tested for consistency with local ambitions and strategies.

This variant scenario has been developed by calculating an average of the two forecasts plus the recent trend, all on an average annual basis. Where this average exceeds the level of job growth implied in a sector by Experian, the outlook for that sector is uplifted to align with the average. The following chart illustrates the impact of such an approach, ordered left to right by the scale of adjustment.

Impact of Adjustments to Baseline (jobs per annum; 2020-37)



Source: Turley analysis

The manufacturing sector evidently receives the greatest adjustment, principally due to its creation of new jobs in recent years which partially counteracts the negative sentiment of the forecasts that likely originates from a national or indeed global assumption[70]. Employment is implied to remain relatively stable following the adjustment, which clearly represents a more positive outcome for such a locally significant sector that is being overtly supported in the LIS. It does not envisage substantive job growth in the sector, but this is arguably reasonable given the changing global market and advances in technology which will impact on levels of employment separate to productivity gains.

Wholesale and retail trade receives a boost through this approach, albeit with the level of employment growth assumed over the plan period remaining relatively modest compared to other sectors. The education sector is no longer assumed to decline but remains stable, while allowance is also made for slightly more pronounced growth in professional services.

[70] The 16% decline in manufacturing jobs forecast in the study area by Experian aligns closely with its regional and national outlook over the same period (15/17% respectively). This is also the case for the Cambridge Econometrics forecast, where a 15% contraction mirrors the 14% decline forecast both across the West Midlands and the UK. This indicates that there is a "top-down" assumption of job losses in the sector, rather than specific local intelligence

The largest growth sectors actually receive no adjustment through this approach, with Experian already forecasting growth in the health sector that exceeds the calculated average for example. The same is true for transportation and storage, where Experian forecasts a level of growth beyond both the recent trend and that envisaged by Cambridge Econometrics. The level of growth forecast in this sector also exceeds that envisaged by Experian at the regional and national level, providing assurance that this is recognised as a local specialism even under the baseline[71].

There is clearly a great deal of uncertainty – heightened at the time of writing – around the scale of future job growth overall or in any sector, and it is therefore generally recognised that predicting future job growth cannot and should not be an exact science. Overall, however, and without intending to justify the outcome for each individual sector, the method outlined above is considered to provide a reasonable basis for a more optimistic job growth scenario for Stoke-on-Trent and Newcastle-under-Lyme. It suggests that some **1,179 jobs could be created annually** over the plan period, elevating the baseline by nearly half (49%) and allowing for only a 28% reduction in the recent growth trend. While this continues to slow the recent rate of growth to an extent, such an outcome is certainly conceivable given the cyclical nature of the economy over the long-term.

Considering labour supply

Beyond the use of employment forecasts, the PPG also recommends the development of '*demographically derived assessments of current and future local labour supply*'[72]. This can draw upon the HNA produced alongside this study.

The HNA suggests that a minimum of 855 dwellings per annum need to be provided in the study area over the plan period, based on the standard method of assessing local housing needs. It presents modelling to suggest that such a level of housing provision, in combination with changing labour force behaviours, could grow the labour force and support around **340 additional jobs each year**[73].

This would clearly represent a lower level of job growth than forecast by both Cambridge Econometrics and Experian. The HNA itself made this observation, and presented further modelling to suggest that circa 1,220 dwellings per annum could be needed to grow the labour force and support the job growth forecast by Experian. Around 1,520 dwellings per annum could be needed to

[71] Under the Experian baseline, employment in the transportation and storage sector is forecast to grow by 25% compared to 15% in the West Midlands and 13% across the UK. This represents the largest divergence from the regional and national forecast of any sector

[72] PPG Reference ID 2a-027-20190220

[73] Turley (2020) Housing Needs Assessment: Newcastle-under-Lyme & Stoke-on-Trent, Table 3.4

support the higher job growth scenario developed above, in which 1,179 jobs could be created annually.

Where the Councils pursue such scenarios and provide the necessary level of housing provision, the supply of labour would intentionally grow to support the employment growth forecasts favoured earlier in this section, with this alignment removing the need for a separate '*demographically derived*' assessment of employment needs. Such an approach is, however, of some value in considering the implications of meeting only the minimum need for housing implied by the standard method, and this is taken forward as a scenario in the analysis below. This does require assumptions to be made around the distribution of jobs by sector, which have been derived from the baseline Experian forecast for illustration.

Translating employment into land requirements

1.21 The PPG continues to describe four key relationships that must be considered when translating employment forecasts into land requirements, as follows[74]:

Standard industrial classifications (SIC) sectors to use classes. This requires assignment of jobs to land use categories, isolating those requiring land in B use classes;

SIC sectors to types of property. This estimates the proportion of employment that is likely to require each type of property in B use classes, namely offices (B1a/b), industrial premises (B1c/B2) and warehouses (B8);

Employment to floorspace, based on employment density. This draws upon published evidence to estimate the amount of floorspace needed by each additional employee, which is subsequently aggregated; and

Floorspace to site area, using a plot ratio. This final step considers the amount of land that may be required to accommodate new floorspace.

These relationships are considered in turn below to establish the floorspace and land that may be required to accommodate the level of employment growth envisaged under the various scenarios developed in this section.

Sectors to use classes

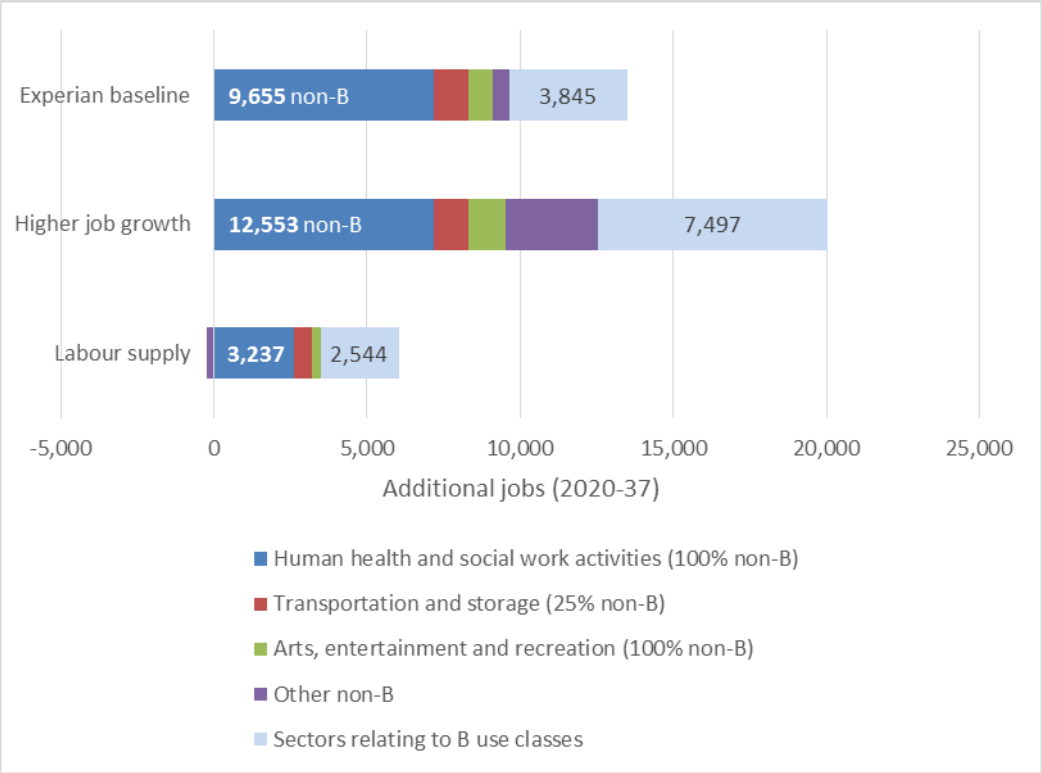
While this report has considered employment growth across all sectors, it is widely understood that only those activities requiring space in B use classes generate a need for employment land as distinct from other business premises, such as shops, hotels and community facilities. It is therefore necessary to isolate jobs in sectors that are unlikely to require space in B use classes, and remove these from the forecast.

Appendix 3 details the assumptions that have been indicatively made at this stage, based on best practice and experience of similar studies.

[74] PPG Reference ID 2a-030-20190220

Applying these assumptions suggests that as many as 81% of new jobs may not relate to B use classes, under the labour supply scenario. This falls to 63%, though remains a clear majority, under the higher job growth scenario. This is largely driven across the scenarios by the growing human health and social work sector, as well as arts, entertainment and recreation, with each of these sectors assumed to only occupy space outside B use classes. A proportion of additional jobs in the transportation and storage sector are also assumed to require such premises.

Job Growth Accommodated in Non-B Use Classes (2020-37)



Source: Turley analysis

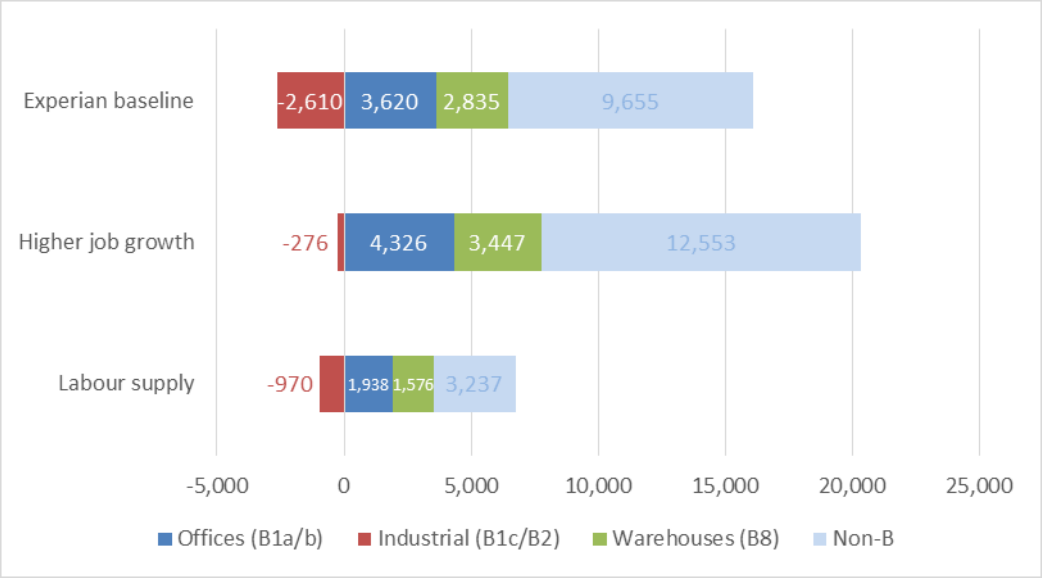
As shown above, it is assumed that as many as 12,553 new jobs will be accommodated in the study area through space that does not fall into B use classes. The Councils are advised to consider how such forecast change in non-B sectors can be accommodated through policies or site allocations that meet this implied need, which is necessarily excluded from the following sections of this analysis but could have separate and distinct land requirements.

Sectors to property types

Building upon the above, it is necessary to give consideration to the type of property in B use classes that may be required to accommodate jobs created in each sector. The assumptions applied in this regard are again based on best practice, and are detailed at **Appendix 3**.

These assumptions have been applied to the change envisaged in each sector, before a process of aggregation to understand the overall need for different types of property. As shown at Figure 8.8, this implies a predominant need for offices, which are assumed to accommodate as many as 4,326 jobs over the plan period. Slightly fewer jobs are assumed to require warehouses, predominantly in the transportation and storage sector. Each scenario anticipates a decline in the number of jobs requiring industrial premises, linked to the outlook for the manufacturing sector, albeit this impact is evidently less pronounced under the higher job growth scenario.

Assumed Distribution of Employment Growth by Premises (2020-37)



Source: Turley analysis

Employment to floorspace

The next stage considers the amount of floorspace needed to accommodate each additional employee.

Published national evidence on employment densities is widely used in such calculations, as in the 2015 ELR, although updated evidence has been produced by the former Homes and Communities Agency (HCA) in the intervening period[75]. This sought to reflect the 'latest industry 'norms' of how space is planned, developed and utilised' as of 2015, particularly considering the implications of recent technological improvements, the evolution of new forms of workspace, changing trading formats and sectorial activity[76].

In order to convert the job growth summarised at Figure 8.8 into floorspace in B use classes, the varying densities published for different types of offices,

[75] HCA (November 2015) Employment Density Guide, third edition

[76] *Ibid*, paragraphs 1.3 and 3.5

industrial and warehousing premises have been respectively averaged as follows:

Office – general office (corporate; professional services; public sector; technology; media and telecoms; finance and insurance) and call centres;

Industrial – light industrial, industrial and manufacturing; and

Warehouse – national distribution centre, regional distribution centre and "final mile" distribution centre.

While published densities relate to different metrics of floorspace, they have been independently converted such that they consistently relate to the gross external area[77] (GEA). This is considered to provide the most appropriate basis for calculating employment land requirements, and produces employment densities summarised at Table 8.2 below.

Employment Densities (sqm GEA per full time equivalent employee)

Office	Industrial	Warehouse
13.3sqm	44.8sqm	73.5sqm

Source: HCA, 2015; Turley analysis

It is important to note that employment densities are applied on the basis of full time equivalent (FTE) jobs, rather than *all* jobs as has been the focus up to this point. While the baseline Experian forecasts include a consistent measure of FTE jobs, it has been necessary to convert the higher job growth and labour supply scenarios. This has been based on the ratio between workforce and FTE jobs implied by Experian in 2020 and 2037, with an average taken from these two years to allow for forecast change.

Applying employment densities to these estimates of future change in FTE employment provides an indication of the amount of additional employment floorspace that could be required to support future job growth in the study area. As shown in the following table, this suggests a particularly sizeable need for warehousing space, ranging from circa 101,700sqm under the labour supply scenario to nearly 220,000sqm under the higher job growth scenario. There is a smaller implied need for additional office space, reflecting the generally more intensive use of this space, ranging from 19,300sqm to circa 45,000sqm. The forecast decline in sectors requiring industrial space leads to an implied contraction of up to 110,100sqm under the Experian baseline, albeit this moderates where a more optimistic assumption is made on the prospects of the manufacturing sector in the higher job growth scenario.

Implied Need for Employment Space in B Use Classes[78] (2020-37)

[77] For offices, 15% uplift to convert net internal area (NIA) to gross internal area (GIA), and further 5% uplift to convert GIA to gross external area (GEA). For industrial, 5% uplift to convert NIA to GIA, and a further 5% uplift to convert GIA to GEA. No conversion is necessary for warehouses given the publication of an employment density on the basis of GEA

[78] Unrounded figures have been used in the conversion of FTE jobs to floorspace

	Experian baseline Additional FTE jobs	Experian baseline Floorspace (GEA, sqm)	Higher job growth Additional FTE jobs	Higher job growth Floorspace (GEA, sqm)	Labour supply Additional FTE jobs	Labour supply Floorspace (GEA, sqm)
Office (B1a/b)	2,284	37,512	3,385	44,962	1,455	19,321
Industrial (B1c/B2)	-2,457	-110,090	-266	-11,923	-894	-40,066
Warehouse (B8)	2,500	183,767	2,987	219,581	1,383	101,686
Total B	**2,868**	**111,189**	**6,106**	**252,620**	**1,944**	**80,941**

Source: HCA; Experian; Turley analysis

Scenarios have been principally developed for the entire study area, given the economic integration between the two authorities. This means that decisions around the sectors to be adjusted have been made at this scale, before being implemented through adjustments to the forecasts for the individual authorities. It is nonetheless possible to provide a breakdown of the scenarios for both Stoke-on-Trent and Newcastle-under-Lyme, where this remains valued by the Councils, albeit it should be noted that the outcomes have not been justified to the same extent at this level. Any implied redistribution between the authorities, such as for office space when moving from the Experian baseline to the higher job growth scenario for example, simply represents a consequence of the modelling approach rather than having been justified as a locally appropriate outcome.

Implied Need for Employment Space in B Use Classes (2020-37)

GEA, sqm	Stoke-on-Trent Experian baseline	Stoke-on-Trent Higher job growth	Stoke-on-Trent Labour supply	Newcastle-under-Lyme Experian baseline	Newcastle-under-Lyme Higher job growth	Newcastle-under-Lyme Labour supply
Office (B1a/b)	19,285	35,592	5,642	18,227	9,370	13,679
Industrial (B1c/B2)	-92,925	-12,328	-27,183	-17,165	406	-12,883
Warehouse (B8)	79,111	114,577	23,142	104,656	105,004	78,544
Total B	**5,472**	**137,841**	**1,601**	**105,717**	**114,779**	**79,341**

Source: HCA; Experian; Turley analysis

Floorspace to site area

Finally, the amount of land that could be required to accommodate additional floorspace can be estimated. Unlike employment densities, there remains no official recent guidance on plot ratios which should be used in such calculations, with the default assumption typically – as in the 2015 ELR – that industrial and warehouse premises are single storey units occupying 40% of their plots.

While the 2015 ELR previously applied a similarly low plot ratio of 40% for office premises, apparently based on relatively dated guidance and evidence that primarily envisaged the development of business parks[79], it is now considered reasonable to assume a more intensive use of available plots for office development, recognising that some office schemes can be expected in higher density urban areas. In the absence of official guidance, a ratio of 150% is considered a reasonable assumption in this context, generally allowing for configuration over multiple storeys with a two storey office filling three quarters of its plot or a three storey office occupying half of its plot for example. The Councils should, however, be aware that a greater quantum of land would be needed to accommodate new floorspace where lower density development prevails, and this is considered as a sensitivity later in this section.

As shown at Table 8.5, this suggests that as much as 54.9ha of additional land in B use classes could be needed to accommodate forecast demand for new floorspace, reducing to circa 16.7ha under the labour supply scenario. This is predominantly driven by a need for land suitable for warehouses, with a substantially smaller but positive need also implied for offices. There is implied to be no need for additional industrial land, albeit this simply reflects the land that could be needed to physically accommodate new jobs – or in this case declining employment – and does not represent a definitive position where it is recognised that individual businesses in the sector will have specific needs to account for factors beyond just employee numbers.

Implied Need for Additional Land in B Use Classes (2020-37)

	Experian baseline Additional floorspace (GEA, sqm)	Experian baseline Additional land (ha)	Higher job growth Additional floorspace (GEA, sqm)	Higher job growth Additional land (ha)	Labour supply Additional floorspace (GEA, sqm)	Labour supply Additional land (ha)
Office (B1a/b)	37,512	2.5	44,962	3.0	19,321	1.3
Industrial (B1c/B2)	-110,090	-27.5	-11,923	-3.0	-40,066	-10.0

[79] Office of the Deputy Prime Minister (2004) Employment Land Reviews: guidance note

Warehouse (B8)	183,767	45.9	219,581	54.9	101,686	25.4
Total B	**111,189**	**20.9**	**252,620**	**54.9**	**80,941**	**16.7**

Source: Turley analysis

This can again be technically broken down for the individual authorities, albeit with the earlier caveats remaining valid.

Implied Need for Land in B Use Classes (2020-37)

ha	Stoke-on-Trent Experian baseline	Stoke-on-Trent Higher job growth	Stoke-on-Trent Labour supply	Newcastle-under-Lyme Experian baseline	Newcastle-under-Lyme Higher job growth	Newcastle-under-Lyme Labour supply
Office (B1a/b)	1.3	2.4	0.4	1.2	0.6	0.9
Industrial (B1c/B2)	-23.2	-3.1	-6.8	-4.3	0.1	-3.2
Warehouse (B8)	19.8	28.6	5.8	26.2	26.3	19.6
Total B	**-2.2**	**27.9**	**-0.6**	**23.1**	**27.0**	**17.3**

Source: Turley analysis

Allowing for losses

The above represent net estimates, simplistically assuming that floorspace is only required where a new job is created, and is vacated where a job is lost. It is acknowledged that this is not the sole factor driving a need for employment land.

The ongoing loss of employment space, for example – shown earlier at Figure 5.17 – theoretically requires the provision of new space if the overall stock is not to diminish. Such a process can also replace ageing premises, and improve the quality of employment space in the area.

Where the Councils aim to support this process, by allowing for the replacement of losses with new development, the need for employment land naturally rises. This can be illustrated through reference to the recent rate of loss calculated at Figure 5.17, in the absence of consistent long-term data, with floorspace then converted to land based on the plot ratios introduced earlier in this section.

Allowance for Losses

	Stoke-on-Trent	Newcastle-under-Lyme	Study area
Offices			
Annual losses	1,685sqm	1,519sqm	3,204sqm
Replaced over plan period (17yrs)	28,645sqm	25,823sqm	54,468sqm
Land required over plan period	1.9ha	1.7ha	3.6ha
Industrial			
Annual losses	3,894sqm	522sqm	4,416sqm
Replaced over plan period (17yrs)	66,198sqm	8,784sqm	75,072sqm
Land required over plan period	16.5ha	2.2ha	18.8ha
Warehouses			
Annual losses	3,006sqm	4,246sqm	7,252sqm
Replaced over plan period (17yrs)	51,102sqm	72,182sqm	123,284sqm
Land required over plan period	12.8ha	18.0ha	30.8ha

Source: Councils' monitoring; Turley analysis

It is acknowledged that the assumed replacement of *all* losses departs from the assumption made in the last ELR, which judged that only some of the space lost should be replaced. The use of recent data does, however, mean that the annual allowance for losses is actually smaller in this assessment, ostensibly due to a lower rate of loss[80].

Adding this allowance for losses to the net estimates presented at Table 8.5 suggests that as much as 108.1ha of employment land could be needed over the plan period, under the higher job growth scenario. Most of this land is required to be suitable for warehousing use, with the need for such premises ranging from 56.2ha to 85.7ha. There is a narrower range in terms of office land (4.9-6.6ha) and an inconsistent position in terms of industrial land, with the implied oversupply under the Experian baseline reversing to suggest a need for circa 15.8ha of land under the higher job growth scenario.

[80] Losses over the period from 2004 to 2014 informed the judgement made in the 2015 ELR, while this report has necessarily focused on trends in the past three years (2016-19)

Implied Need for Additional Land in B Use Classes, Allowing for Losses (2020-37)

	Experian baseline Additional floorspace (GEA, sqm)	Experian baseline Additional land (ha)	Higher job growth Additional floorspace (GEA, sqm)	Higher job growth Additional land (ha)	Labour supply Additional floorspace (GEA, sqm)	Labour supply Additional land (ha)
Office (B1a/b)	91,980	6.1	99,430	6.6	73,789	4.9
Industrial (B1c/B2)	-35,018	-8.8	63,149	15.8	35,006	8.8
Warehouse (B8)	307,051	76.8	342,865	85.7	224,970	56.2
Total B	**364,013**	**74.1**	**505,444**	**108.1**	**333,765**	**69.9**

Source: Turley analysis

This is again broken down below to the individual authorities, with caveats.

Implied Need for Land in B Use Classes (2020-37)

ha	Stoke-on-Trent Experian baseline	Stoke-on-Trent Higher job growth	Stoke-on-Trent Labour supply	Newcastle-under-Lyme Experian baseline	Newcastle-under-Lyme Higher job growth	Newcastle-under-Lyme Labour supply
Office (B1a/b)	3.2	4.3	2.3	2.9	2.3	2.6
Industrial (B1c/B2)	-6.7	13.5	9.8	-2.1	2.3	-1.0
Warehouse (B8)	32.6	41.4	18.6	44.2	44.3	37.7
Total B	**29.1**	**59.2**	**30.6**	**45.1**	**49.0**	**39.3**

Source: Turley analysis

Past take-up

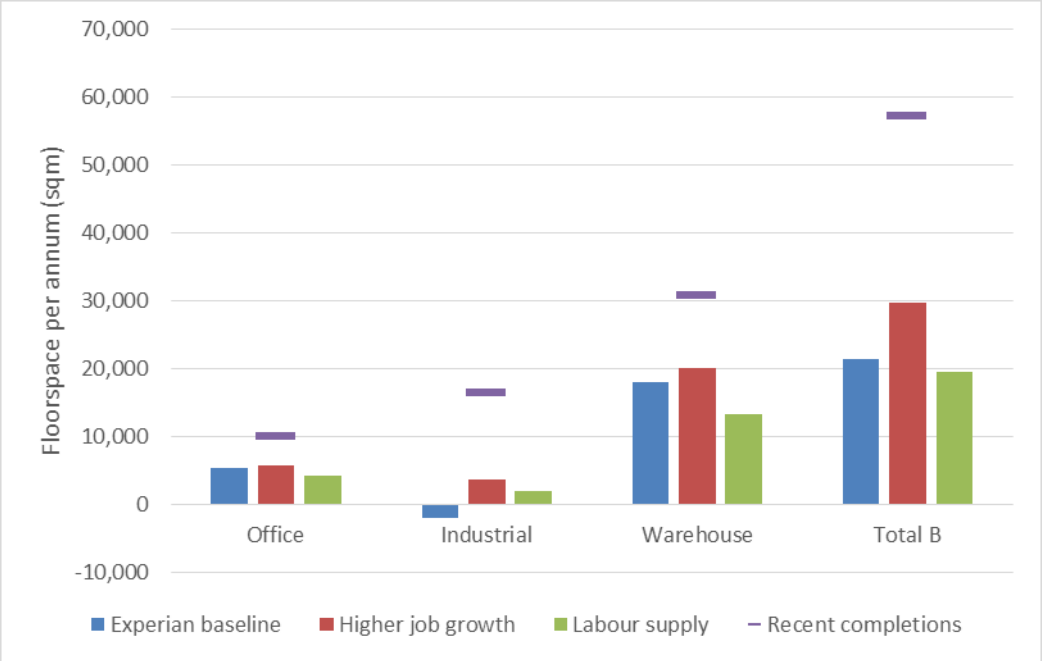
The PPG suggests that '*analysis based on the past take-up of employment land and property*' can also provide an indication of future needs[81].

The Councils' monitoring, summarised at Table 5.3, indicates that circa 57,200sqm of employment space has been completed annually across the study area in recent years. This represents a gross measure of additions only, which is considered to remove the need to allow for losses on the basis that such development has already done so.

[81] PPG Reference ID 2a-027-20190220

The scenarios developed above suggest that up to 505,444sqm of employment space could be needed across the study area over the emerging plan period, which equates to circa 29,730sqm per annum on average. This is little more than half the recent rate of development, albeit this is somewhat proportionate when recognised that this scenario itself assumes a 28% slowing of the recent rate of job creation. The departure from the recent trend in terms of completions is most extreme for industrial premises, where even the most optimistic higher job growth scenario suggests a need for less than a quarter of the space completed in recent years.

Benchmarking Annual Need for Floorspace against Recent Completions



Source: Councils' monitoring; Turley analysis

A simple continuation of recent trends would see some 972,700sqm of employment space completed across the study area during the plan period. This could require circa 212ha of land, when applying the plot ratios introduced earlier in this section, of which around 131ha would need to be suitable for warehouses. Much of the need for employment land would arise in Stoke-on-Trent in such a scenario and in this context it is important to recognise the point observed in section 6 that take-up in Newcastle-under-Lyme is likely to have been influenced by the more limited supply of land and the insight provided by the Make it Stoke team as to the negative influence of this on business enquiries.

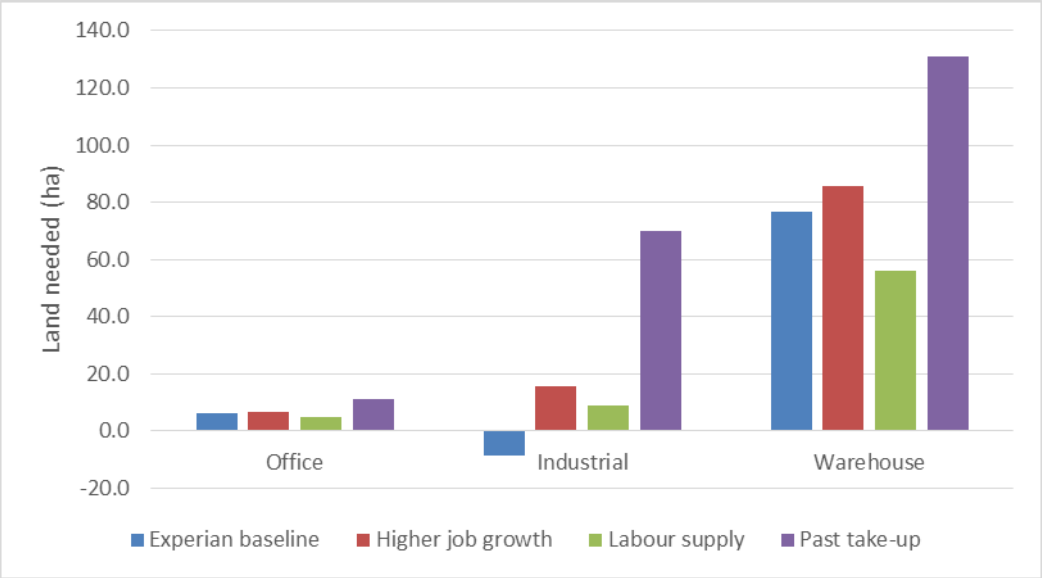
Extrapolating Past Completions of Employment Space over Emerging Plan Period (2020-37)

	Stoke-on-Trent Annual sqm	Stoke-on-Trent Total sqm	Stoke-on-Trent Land ha	Newcastle-under-Lyme Annual sqm	Newcastle-under-Lyme Total sqm	Newcastle-under-Lyme Land ha	Study area Annual sqm	Study area Total sqm	Study area Land ha
Office	7,651	130,067	8.7	2,314	39,338	2.6	9,965	169,405	11.3
Industrial	13,383	227,511	56.9	3,063	52,071	13.0	16,446	279,582	69.9
Warehouse	28,474	484,058	121.0	2,333	39,661	9.9	30,808	523,736	130.9
Total	**49,508**	**841,636**	**186.6**	**7,711**	**131,070**	**25.6**	**57,219**	**972,723**	**212.1**

Source: Councils' monitoring; Turley analysis

The implied need for up to 212ha of employment land evidently surpasses the earlier scenarios, which ranged from circa 70ha to 108ha. Much of this divergence relates to industrial land and to a slightly lesser extent warehousing, with a considerably narrower range (4.9 – 11.3ha) implied for office premises.

Comparing Scenarios for the Study Area (2020-37)



Source: Turley analysis

Allowing for choice and flexibility

In order to plan positively for future employment growth, it is widely considered best practice to add a margin of choice and flexibility. This additional land

provides businesses and developers with a reasonable choice of sites, and allows for delays in sites coming forward. Without a buffer, any delay of this nature risks constraining job growth due to a shortage of available space. Establishing such a margin is not an exact science, and requires a degree of judgement. It is considered reasonable to apply an allowance equivalent to five years' supply, based on the recent rate of development summarised earlier at Table 5.3 converted to land through the application of plot ratios. This adds a buffer of circa 62ha to the aforementioned estimates, which represents the land required to accommodate around 57,200sqm of new development annually for five years.

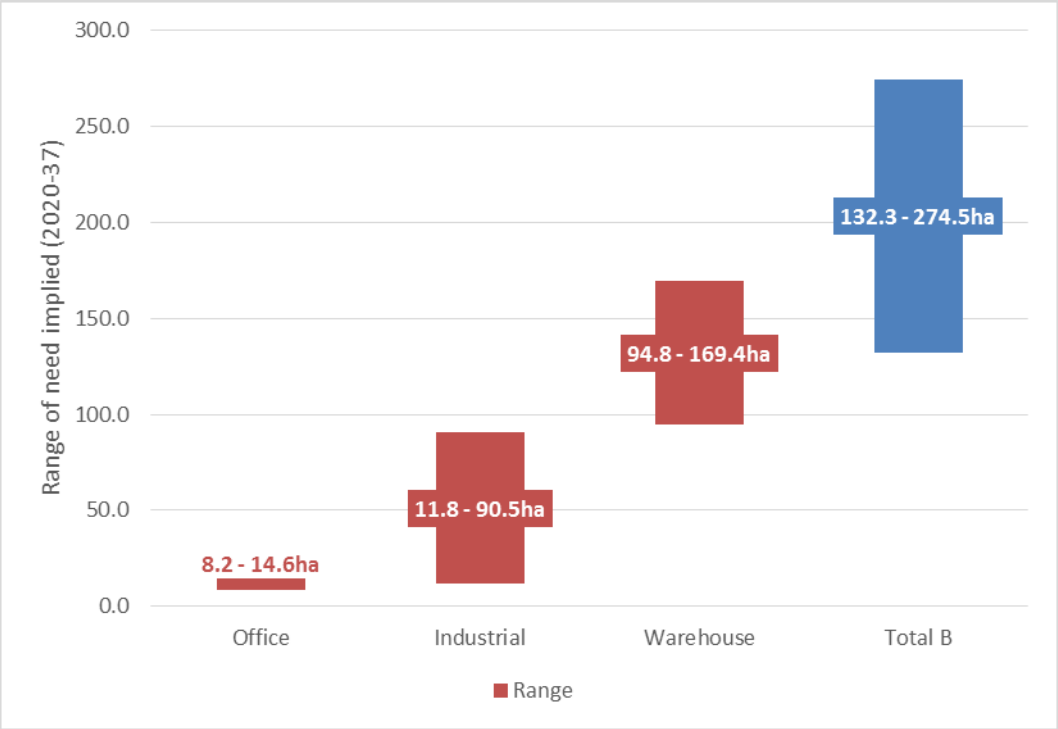
Implied Need for Employment Land with Flexibility Margin (2020-37)

	Experian baseline Gross need	Experian baseline …with margin	Higher job growth Gross need	Higher job growth …with margin	Labour supply Gross need	Labour supply …with margin	Past take-up Gross need	Past take-up …with margin
Office	6.1	9.5	6.6	10.0	4.9	8.2	11.3	14.6
Industrial	-8.8	11.8	15.8	36.3	8.8	29.3	69.9	90.5
Warehouse	76.8	115.3	85.7	124.2	56.2	94.8	130.9	169.4
Total	**74.1**	**136.5**	**108.1**	**170.5**	**69.9**	**132.3**	**212.1**	**274.5**

Source: Turley analysis

This implies a need for between 132ha and 275ha of employment land across the study area during the plan period. While a reasonably wide range, the following chart shows that this does narrow when focusing on the need for different types of premises, implying that between 8ha and 15ha of land suitable for offices may be needed for example. There remains a particularly wide range in terms of industrial premises, due to the disconnect between forecast job losses at the lower end but continued take-up of premises at the upper end. Opportunities to narrow this range are considered in the following section.

Range of Employment Land Requirements (2020-37)



Source: Turley analysis

The table below confirms the implied split between the two authorities, following the allowance for flexibility. It is again emphasised that the approach has been primarily justified at the study area level, and as such more limited weight should be attributed to these outputs.

Implied Need for Employment Land with Flexibility Margin (2020-37)

	Stoke-on-Trent Experian baseline	Stoke-on-Trent Higher job growth	Stoke-on-Trent Labour supply	Stoke-on-Trent Past take-up	Newcastle-under-Lyme Experian baseline	Newcastle-under-Lyme Higher job growth	Newcastle-under-Lyme Labour supply	Newcastle-under-Lyme Past take-up
Office	5.7	6.8	4.8	11.2	3.7	3.1	3.4	3.4
Industrial	10.0	30.2	26.5	73.6	1.8	6.1	2.8	16.8
Warehouse	68.1	77.0	54.2	156.6	47.1	47.2	40.6	12.8
Total	**83.9**	**114.0**	**85.5**	**241.4**	**52.6**	**56.5**	**46.8**	**33.1**

Source: Turley analysis

Acknowledging particular uncertainties relating to office land

Any assessment of the need for employment land produces only broad estimates, which are sensitive to the underlying assumptions that are necessarily made.

This sensitivity is particularly illustrated when considering office land. As noted earlier, this assessment has specifically allowed for higher density office development than assumed in the 2015 ELR. The 2015 ELR's assumption that office schemes effectively fill 40% of their plot with a single storey originates from a study produced in 1997, which was cited in now withdrawn guidance alongside reference to '*other studies*' that implied a wide range of between 25% and 200%[82]. The lower end of this range related to business parks (25-40%) while the upper end related to higher density town centre offices (75-200%).

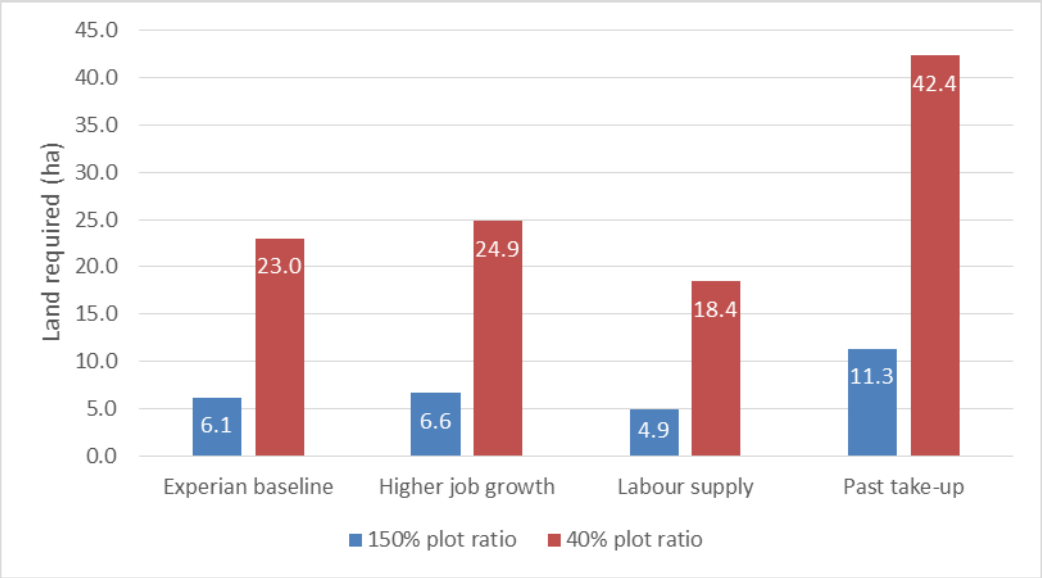
It is acknowledged that a range of office schemes could be conceivably developed in this area, which offers established and successful business parks alongside a more embryonic town and city centre market as highlighted in the earlier sections of this report.

This prospect naturally creates significant uncertainties around the amount of land needed to accommodate a fixed amount of office floorspace in this specific local context. Eight times as much land would be needed to accommodate the lowest density office development foreseen in the withdrawn guidance, for example, than if that space was delivered through a high density city centre scheme (25/200%).

The 2015 ELR applied an assumption towards the lower end of this range, implying that business park development would be dominant, but this report has assumed that higher density development will prevail. Recognising that no assumption will be entirely accurate or representative, it can be seen from the following chart that aligning with the earlier assumption would markedly increase the office land implied to be needed under each scenario by a factor of 3.75. This arguably widens the relatively narrow range of office land implied to be needed to suggest that as much as 42ha may actually be required if lower density office schemes prevail, rising to 46ha when applying a further flexibility margin.

Impact of Lower Density Office Assumption (2020-37)

[82] Office of the Deputy Prime Minister (2004) Employment Land Reviews: guidance note, Annex D Box D.7



Source: Turley analysis

Acknowledging the potential implications of this wider range of need for office land in particular is considered to be important for the Councils as they develop the policies for employment land in the emerging plan. This recognises the current market evidence in section 6 which affirms that while there is a comparatively muted market for investment in office space locally, there is justification for encouraging a supply of flexible space which responds to business needs. In recent years it is noted that this has manifested itself in a range of different types of office space development coming forward.

Summary

This section has attempted to quantify the demand for employment land and floorspace over the emerging plan period, using the approaches suggested in the PPG and drawing upon the latest available evidence. It is important to recognise that each approach has strengths and limitations, and none should be viewed as definitive with a degree of interpretation necessary.

The use of employment forecasts is encouraged by the PPG, and three have been obtained from the leading providers – Experian, Cambridge Econometrics and Oxford Economics – to inform this study. All unavoidably predate the coronavirus pandemic but their use for the purposes of robustly understanding long-term needs is considered to remain justified in the absence of sufficiently timely and robust local data, particularly given the expectation of an eventual economic recovery.

The forecasts offer divergent views on the potential for job growth in this area, as was the case when the last ELR was prepared. Experian forecast the creation of 794 jobs annually across the study area, driven by the health and logistics sectors in particular, but Oxford Economics imply that 167 jobs will be *lost* each year with a pronounced 30% reduction in manufacturing jobs for example. Such a negative outlook cannot however be separated from an

underlying assumption that the population will reduce in size through largely unprecedented out-migration, and with a range of evidence suggesting such an extreme outcome to be unlikely this forecast can be justifiably attributed less weight.

Even the remaining forecasts, from Experian and Cambridge Econometrics, require careful and critical consideration given the limitations brought by their "top-down" methodologies. This led to an early divergence from all but one of the forecasts drawn upon in the previous ELR, highlighting the need for sense checks. Such a process indicates that the Experian forecast represents the most appropriate baseline for this area, because:

It would less severely slow the recent rate of job growth, particularly in Stoke-on-Trent;

An earlier Experian forecast, presented in the last ELR, successfully predicted the job growth that has occurred in recent years with remarkable accuracy; and

The sectors for which Experian generally takes a more positive outlook – such as health, logistics, IT and professional services – have all seen strong job growth in recent years, and remain priorities both locally and across the LEP area.

While an appropriate baseline, Experian's assumption that the recent rate of job growth will more than halve appears to conflict with an ambitious economic strategy and a continuing programme of investment. A more optimistic scenario has therefore been developed, adjusting the outlook for individual sectors – where justified both by past trends and the occasionally more optimistic Cambridge Econometrics forecast – before testing the outcomes for consistency with local ambitions. This suggests that some 1,179 jobs could be created annually, elevating the baseline by nearly half and allowing for a more modest 28% reduction in the recent growth trend – a conceivable outcome given economic cycles over the long-term.

Beyond employment forecasts, the PPG also advocates demographically derived assessments of labour supply. The separate HNA outlines the housing that could be required to support the above scenarios, eliminating the need for a separate assessment where these options are pursued by the Councils, but also indicates that a considerably lower rate of job growth – averaging circa 340 jobs per annum – could occur where the Councils simply plan to meet the minimum housing need implied by the standard method. This has provided the basis for a "labour supply" scenario in this section.

Following the assignment of jobs to use classes, their translation to both floorspace and land and the allowance for losses and flexibility, it has been estimated that **circa 132ha of employment land could be needed under such a labour supply scenario, rising to 137ha under the Experian baseline and 171ha under the higher job growth scenario.** This is in each case oriented towards land suitable for warehouses (95-124ha) with a smaller need for industrial land (12-36ha) or office premises (8-10ha). The estimated

need for the latter would, however, grow where lower density development prevails in business parks for example with this considered in a separate sensitivity scenario under which the need for office space is increased by a factor of approximately 3.75.

These scenarios have been complemented by an approach linked to past take-up, also supported by the PPG, which draws upon the Councils' monitoring of completed employment space. A continuation of the recent rate of development could see some 973,000sqm of commercial space completed over the emerging plan period, requiring **around 275ha of land** when applying consistent plot ratios and a flexibility margin. This elevates the range implied by the other scenarios, both overall and specifically for warehouses (169ha), industrial premises (91ha) and offices (15ha or more in lower density locations).

Demand / Supply Balance

This section uses the forecasts of future employment needs presented in section 8 and draws comparisons with the identified supply of current employment land, as introduced in section 7.

A simple quantitative supply / demand balance exercise is initially undertaken. It is recognised, however, that such an exercise inevitably reflects only a static point in time, and consideration is also therefore given to intelligence gathered about the sites – through Aspinall Verdi's assessment and information supplied by the Councils – with a view to identifying where specific factors may result in a short-term depletion of the identified current supply which could impact on the balancing exercise. Similarly, consideration is given to Aspinall Verdi's recommendations for sites, noting where they have arrived at a perceived justification for potential removal from the supply on the basis of commercial market appeal in particular.

Further to the above, the adequacy of the current sites in meeting need/ demand is considered in more qualitative terms. This recognises the clustering of sites and the commercial market analysis presented in section 6 of this report in particular. It is of note that the timing of this research during the Covid-19 pandemic has meant that the research has not been able to engage with businesses, and any such exercise would in any case present an unrepresentative picture with regards long-term market potential as noted earlier in the report.

It is strongly recommended that the Councils closely monitor business activity and take the opportunity through consultation on the Local Plan and in the subsequent updating of this analysis to engage fully with businesses as the economy and market recovers and reflect on this accordingly in interpreting the findings of this section in particular. This recognises the importance of such engagement in accordance with the PPG as summarised in section 2.

Pipeline supply

The assessment undertaken by Aspinall Verdi of each of the sites identified by the Councils provides a snapshot of available employment land in the study area.

As recognised within the ELR, such an exercise must always be viewed as a comparatively inexact science where the total amount of land available (the supply side of the equation) is indeterminate. This recognises that the actual amount is dependent upon:

The size of private reserves (i.e. industrial land held with existing businesses for expansion). These are normally excluded from the analysis as they are not generally available for development at that point in time;

The number of windfall sites arising which are not presently allocated nor have been identified by the Councils as a result of their collation of sites, but which may become available for such uses; and

The number of further sites becoming available through the recycling of land currently in industrial use.

Bearing these points in mind, as set out in section 7, the site assessment exercise suggests that the current supply comprises of:

Sites allocated for employment development in the Local Plan that remain undeveloped (Newcastle-under-Lyme only);

Vacant land within existing employment sites or in some cases the Councils have identified land adjacent to existing employment sites which is primarily brownfield; and

Other sites with extant planning permission for B-class uses.

Table 9.1 shows that this represents 293.4 ha of land in total. Of this, only 64.8 ha is in Newcastle-under-Lyme, made up almost entirely of remaining allocated land, with the vast majority being in Stoke-on-Trent (228.7 ha) and primarily being vacant land identified by the Council as being available and assessed appropriately by Aspinall Verdi.

Current net employment space in Stoke-on-Trent and Newcastle-under-Lyme

Source	Employment space, net (ha)Stoke-on-Trent	Employment space, net (ha)Newcastle-under-Lyme	Employment space, net (ha)Study area
Existing supply of employment land			
Local Plan allocations	0	57.6	**57.6**
Vacant land within existing employment sites	162.5	6.8	**169.3**

Sites with extant planning permission for B-class employment development	66.2	0.4	**66.6**
Sub-total	**228.7**	**64.8**	**293.4**

Source: Stoke-on-Trent Council / Newcastle-under-Lyme Council / Aspinall Verdi analysis

This identified current supply is substantially larger for Stoke-on-Trent than the assessed current supply in the 2015 ELR (110.18 ha). This is the result of a number of factors, but it is noted that in the previous ELR sites which had been cleared more than ten years ago and remained vacant were placed into the future supply. Such a distinction has not been made within this assessment with the Council identifying those sites considered to form the current supply which has led to their retention in the current supply. The available supply in Newcastle-under-Lyme has notably fallen from the 77.47 ha identified in the 2015 ELR, which as noted in section 7 is understood to reflect both the development of sites but also updated net developable area estimates provided by the Council.

In quantitative terms such a volume of supply is evidently significant, but in accordance with the NPPF – as referenced in section 2 – plan-makers must ensure that 'sufficient land of the right type is available in the right places at the right time to ensure growth, innovation and improved productivity'[83]. The NPPF further identifies that:

"Planning policies and decisions need to reflect changes in the demand for land. They should be informed by regular reviews of both the land allocated for development in plans, and of land availability. Where the local planning authority considers there to be no reasonable prospect of an application coming forward for the use allocated in a plan:

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

in the interim, prior to updating the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area"[84]

Finally, the NPPF confirms that authorities should 'also take a positive approach to applications for alternative uses of land which is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs'[85].

The following sections establish the quantitative and qualitative supply / demand balance in the context of these policy requirements.

[83] MHCLG (2019) National Planning Policy Framework, paragraph 8

[84] *Ibid*, paragraph 120

[85] *Ibid*, paragraph 121

Quantitative balance

Table 9.2 initially compares, at the study area scale, the four scenarios of need from section 8 with the current supply identified in Table 9.1.

Current supply vs need scenarios (ha)

Scenario	Need	Supply	Surplus (+) or shortfall (-)
Experian baseline	136.5	293.4	**+156.9**
Higher job growth	170.6	293.4	**+122.8**
Labour supply	132.3	293.4	**+161.1**
Past take-up	274.2	293.4	**+19.2**

Source: Turley analysis

In headline terms, this suggests that there exists a surplus of current employment land supply against each of the scenarios of between 19.2 ha and 161.1 ha. This would imply a significant potential surplus of land for employment purposes. Table 9.3 provides the same analysis but broken down for the two authorities separately, albeit it is important to recall that the need scenarios are less reliable at this scale.

Separate balancing exercise by authority (ha)

	Stoke-on-Trent Need	Stoke-on-Trent Supply	Stoke-on-Trent Surplus/ shortfall	Newcastle-under-Lyme Need	Newcastle-under-Lyme Supply	Newcastle-under-Lyme Surplus/ shortfall
Experian baseline	83.9	228.7	**+144.8**	52.6	64.8	**+12.2**
Higher job growth	114	228.7	**+114.7**	56.6	64.8	**+8.2**
Labour supply	85.5	228.7	**+143.2**	46.8	64.8	**+18.0**
Past take-up	241.1	228.7	**-12.4**	33.1	64.8	**+31.7**

Source: Turley analysis

For Newcastle-under-Lyme, this continues to suggest a surplus against all of the need scenarios with this ranging from 8.2 ha to 31.7 ha. For Stoke-on-Trent whilst a significant surplus is recorded for three out of the four scenarios the higher need implied under the past take-up scenario suggests a shortfall of 12.4 ha.

In considering the make-up of the current supply it is noted in section 7 that across the study area there is a supply of land with extant planning permissions of some 66.6 ha. The addition of the large outline permission on site 2020-N13 to this would suggest a higher figure of some 91 ha. Comparing this with the annual implied need based on the scenarios in section 8 (i.e. dividing the total figure by the 17 years of the plan period) suggests that it could offer between

11.7 and 5.6 years of supply, with this illustrated in Table 9.4. Further consideration of the qualitative factors affecting the potential timing of supply is provided later in this section.

Years of supply accommodated on sites with planning permission (including 2020-N13)

	Annual need over 17 years	Supply of land with extant planning permissions (including 2020-N13)	**Potential years of supply**
Experian baseline	8.0 ha	91.1 ha	**11.3 years**
Higher job growth	10.0 ha	91.1 ha	**9.1 years**
Labour supply	7.8 ha	91.1 ha	**11.7 years**
Past take-up	16.1 ha	91.1 ha	**5.6 years**

Source: Turley analysis

Where it is noted that the above supply is reflective of a point-in-time, with a base date of April 2020 used to align with the Councils' monitoring, there are a number of sites across the two authorities that were at the time of writing subject to applications which are awaiting determination. These include applications which propose uses other than employment. Whilst the outcomes of these applications remain unknown at this point in time, it is reasonable to identify the potential implication of these sites being lost from the supply where they are approved for other uses. These sites include:

Wilson Road (2020-S63) – this site, totalling **52.49 ha**, is subject to a planning application (submitted September 2019) awaiting determination for full permission for 29 residential homes and outline permission for up to 471 dwellings, a primary school and a GP practice. The permission covers the entirety of the assessed employment site with the exception of Trentham Rugby Club to which access is to be retained. Where this area of the site could come forward for employment uses even if permission for other parts is approved, this constitutes a relatively small part of the total site;

Land at Century Street/Waterloo Rd, Hanley (2020-S15) – 6.55 ha – the site receives a 'poor' score which recognises its current disuse and overgrown appearance. Given its current condition it is felt to have very limited commercial market appeal for employment uses and this is reflected by an application for residential uses being made recently;

Land at Junction of Park Rd/Anchor Rd, Adderley Green (2020-S70) – 1.4 ha – where the site receives an average score and is considered to have potential for light industrial uses reflecting its prominence and location it is understood that the site has been subject to an application for residential uses during the course of this study;

Butt Lane/West Avenue (2020-N10) – an application is awaiting determination for 66 residential homes on the site, which extends to cover **2.3 ha** in total; and **Land off Watermills Road, Chesterton (2020-N24)** – an application is awaiting determination for 67 dwellings on the site of **1.22 ha**. It is noted that the site previously had permission for 65 residential dwellings but this lapsed. Taken collectively, these sites have a combined site area of **63.96 ha**, with **60.44 ha** of this land in Stoke-on-Trent and **3.52 ha** in Newcastle-under-Lyme. Further to the above the Councils have confirmed that they have a number of sites which they no longer see as being used for employment uses, with the Councils viewing them as being more appropriate for residential uses. These are:

Land and buildings at West Avenue, Kidsgrove (2020-N11) – developable area of **1.21 ha**;

Hilltop Business Centre, Talke (2020-N60) – developable area of **0.44 ha**;

Land between Huntilee Road and Scotia Road (2020-S37) – developable area of **9.19 ha**[86]; and

Trinity St / Marsh St North, Hanley (2020-S19) – developable area of **0.24 ha**[87].

Table 9.5 shows the effect of removing these sites from the current supply.

Current supply removing sites anticipated to be delivered for other uses based on current applications or the Councils' information

	Stoke-on-Trent	Newcastle-u-Lyme	**Study area**, cumulative
Current supply	228.7	64.8	**293.4**
Wilson Road (2020-S63)	-52.49		**-52.49**
Land at Century Street (2020-S15)	-6.55		**-59.04**
Trinity St/Marsh St North (2020-S19)	-0.24		**-59.28**
Land between Huntilee Road (2020-S37)	-9.19		**-68.47**
Land at Junction of Park Hall Rd (2020-S70)	-1.4		**-69.87**
Butt Lane/West Avenue (2020-N10)		-2.3	**-72.17**
Land off Watermills Road, Chesterton (2020-N24)		-1.22	**-73.39**
West Avenue, Kidsgrove (2020-N11)		-1.21	**-74.60**
Hilltop Business Centre (2020-N60)		-0.44	**-75.04**
Total with deductions	**158.8**	**59.6**	**218.41**

Source: Turley analysis

[86] It is noted that this site is part of the Council's funding bid for HIF and is being actively promoted for residential uses

[87] Stoke-on-Trent Council observed that they have had recent enquiries for residential uses on the site and suggested the site was more likely to come forward as residential uses as a result.

This shows a notably reduced supply which is some 75 ha lower across the two authorities. Table 9.6 shows the effect of this reduced supply on the supply / demand balance following the same format as Table 9.3.

Supply / Demand balance adjusted for sites removed at Table 9.5

	Stoke-on-Trent Need	Stoke-on-Trent Supply	Stoke-on-Trent Surplus /shortfall	Newcastle-under-Lyme Need	Newcastle-under-Lyme Supply	Newcastle-under-Lyme Surplus /shortfall	Study area surplus/ shortfall
Experian baseline	83.9	158.8	**74.9**	52.6	59.6	**7.0**	**81.9**
Higher job growth	114	158.8	**44.8**	56.6	59.6	**3.0**	**47.8**
Labour supply	85.5	158.8	**73.3**	46.8	59.6	**12.8**	**86.1**
Past take-up	241.1	158.8	**-82.3**	33.1	59.6	**26.5**	**-55.8**

Source: Turley analysis

Table 9.6 shows that if these sites are removed from the current supply, this would result in a shortfall across the study area of some 55.8 ha under the past take-up scenario. It would also amplify the calculated shortfall in Stoke-on-Trent individually under the same scenario to just over 80 ha. The deduction of the sites from the supply in Newcastle-under-Lyme would imply a reduced surplus of only 3 ha under the higher job growth scenario.

In addition to the above, Aspinall Verdi have identified a number of sites through the assessment process, principally those scoring poor or very poor, which will need to be monitored and could be considered for de-allocation, or release for re-allocation to a different use. It is important to note in this regard that the site assessments have not been informed by detailed site investigation work or site ownership information (other than where this has been provided by the Councils). In addition viability work has not been undertaken. Equally, it is ultimately for the Councils to consider how these sites align with their vision and the policy approach set out in the emerging Plan through the future Local Plan formulation process.

In the case of Newcastle-under-Lyme, the following two sites are considered suitable for removal from the supply, albeit given their small size this does not significantly reduce the total land supply:

Former Wolstanton Colliery Stock Yard (2020-N61) – 2.61 ha – the site receives a ‘poor’ score. This reflects the comparatively poor quality and irregular shape of the site which is understood to impact on its market appeal. Furthermore it is understood that access to the site is significantly restricted as a result of the construction of the Etruria link road; and

Station Road, Kidsgrove (2020-N45) – 0.71 ha – the site receives a 'poor' score and it is understood that this site has been safeguarded for future uses related to Kidsgrove Train Station and specifically car parking provision[88].

There are similarly a number of sites in Stoke-on-Trent which could also be viewed as being less likely to come forward for high quality employment uses. This includes:

Gower Street (2020-S79) – 0.04 ha – the site receives a 'very poor' score. This recognises that the site is not located on a main road and as such is not considered to be suitable for modern industry. It would be difficult to see the site as identified being developed unless it formed part of bigger land assembly exercise;

Bellerton Lane (2020-S78) – 0.30 ha – the site receives a 'very poor' score recognising its location and the perceived likelihood of it being advanced for other uses. It is noted that the site previously had planning permission for B2/B8 uses, but this lapsed in 2018;

Garth Street, Hanley (2020-S29) – 1.43 ha – the site is in active use as a car park and a range of primarily commercial properties. However, from a market perspective it is considered to be in a relatively unattractive location for future employment development and could have potential as a medium rise edge of centre residential site; and

Mossfield Road – New 8 (2020-S65) – 7.48 ha – the site sits in a comparatively strong location for employment uses and offers the potential for a local employment site. However, from a commercial perspective it is considered that potential development values will be low and as a result viability issues are potentially limiting the site's deliverability. Comparable residential values would be more likely to enable the site to overcome these viability challenges and ensure its delivery. This would reduce the quantum of employment land implied as being part of the supply.

Where the removal of the above sites from the current supply is clearly a judgement of the Councils, Table 9.7 again provides an illustration as to the effect on the supply / demand balance building from the adjusted supply in Table 9.6.

[88] It is noted that site 2020-N7 also receives a 'poor' score which would suggest it could be removed from the supply. However, Newcastle-under-Lyme Borough Council confirmed that they considered its retention appropriate in the assessment.

Supply/demand balance accounting for the removal of sites identified by Aspinall Verdi for potential de-allocation / re-allocation

	Stoke-on-Trent Need	Stoke-on-Trent Supply	Stoke-on-Trent Surplus/shortfall	Newcastle-under-Lyme Need	Newcastle-under-Lyme Supply	Newcastle-under-Lyme Surplus/shortfall	Study area surplus/shortfall
Experian baseline	83.9	149.6	**65.7**	52.6	56.3	**3.7**	**69.3**
Higher job growth	114	149.6	**35.6**	56.6	56.3	**-0.3**	**35.2**
Labour supply	85.5	149.6	**64.1**	46.8	56.3	**9.5**	**73.5**
Past take-up	241.1	149.6	**-91.5**	33.1	56.3	**23.2**	**-68.4**

Source: Turley analysis

Table 9.7 shows that where these sites were removed from the supply, accounting for those sites subject to outstanding permissions for other uses, the residual supply would be reduced further to approximately 206 ha across the study area (approx. 150 ha in Stoke-on-Trent and 56 ha in Newcastle-under-Lyme). This would further exacerbate the shortfall against the past take-up scenario across the study area, specifically in Stoke-on-Trent, and would tip Newcastle-under-Lyme into a shortfall position against the higher job growth scenario.

In purely quantitative terms, the above would imply that it would be reasonable for the Councils to consider identifying additional employment land in the emerging plan to ensure sufficient flexibility and choice and ensure that the supply of land does not constrain the continued growth of the local economy. This conclusion is considered further in the context of qualitative factors below.

Qualitative factors

In headline terms it is first important to reflect on the comparative scoring of sites which make up the current supply. It is observed in section 7 that across the study area approximately 97 ha of land was classified as ‘very good’ or ‘good’. Where again this would suggest a supply of land which could accommodate in the order of 6 years of supply against the uppermost of the scenarios of need it is clear that this includes a number of individual larger sites. Indeed Keele Science Park forms the vast majority of this land in Newcastle-under-Lyme and where it is recognised that this site has specific development requirements, considered further below, this therefore suggests a shortfall of land which is above ‘average’ in the borough. The picture is more mixed in Stoke-on-Trent with 32 sites making up this supply and therefore presenting a more diverse supply. However, it is understood based on information provided

by the ‘Make it Stoke-on-Trent and Staffordshire Investment Services’ team (Make it Stoke) that a number of these sites will based on current activity be fully developed out by the end of 2021, thereby significantly reducing the quantum of land represented by those better scoring sites in the authority.
In this context, it is apparent that many of the stronger scoring sites are largely concentrated in a number of clusters, with these also including some of the ‘average’ sites which have seen new floorspace being delivered over recent years. These clusters are therefore important to understand with regards their contribution to meeting needs but also in highlighting potential deficiencies.
Similarly it is also important to give consideration to the nature of need and demand for different types of commercial floorspace. These aspects are considered below:

Office floorspace

Looking first at the supply which could accommodate potential office space, the single largest site is Keele Science Park, which represents an important area of ongoing growth and employment accommodation albeit it is recognised that future uses are tightly restricted to reflect its research focus and ownership. The Phase 3 site (2020-N32) represents a residual 15.03 ha of the supply identified in Newcastle-under-Lyme (approximately 17%). However, as recognised throughout earlier sections its future use is anticipated to build on the current clustering of businesses with relationships with Keele University. The ongoing success in attracting such businesses and enabling higher value jobs with a particular emphasis on MedTech businesses evidently aligns with wider strategic economic objectives, as referenced in section 3, and will in reality attract investment from businesses outside the study area but this means it has limited capacity to accommodate more general office needs noting. In addition that it is understood that proposed development has to demonstrate an R&D link with the University.
In this regard it is noted that, beyond the current supply, site N34 – located within the Green Belt – forms part of the potential *future* supply with a net developable area of some 12.15 ha. This forms part of a wider Growth Masterplan produced by the University and the Councils should, despite the calculated quantitative surplus, give consideration to the appropriateness of ensuring that growth is not constrained by exploring the justification for the identification of the site as ongoing expansion space for the University in the emerging plan. This will evidently require consideration as to the full justification of release given its Green Belt status which is outside of the scope of this study.
As set out in section 3 the planning strategy to date has viewed the centre of Hanley as a primary location for new office space. Looking at the supply within a broad geographic definition of this area indicates that there remain a number of sites in and around the city centre, including those within the City Centre and Etruria Road Corridor Action Plan area which remain un-developed. A number

of these sites have, however, recently seen development which means there is no residual land available on them. Remaining sites are understood to include:
Site 2020-S7 which has 3.75 ha remaining and is classified as very good. The site has previously had planning permission which has lapsed but the site has been cleared ready for development. It is anticipated, however, based on Aspinall Verdi's review of the site that the office component will form part of a mixed use development with potential for the overall scale of provision to be quite modest as a result;
Site 2020-S2 which has a developable area of 0.37ha and a very good score with the southern part of the site having planning approval for a hotel (yet to be delivered) and a seven storey mixed use building on the northern part of the site;
Site 2020-S16 is of a similar size at 3.46 ha and has been partially developed with development to date forming a mixed-use site including residential and is classified as good;
Site 2020-S15 which is the largest of the sites at 6.55 ha but is more peripheral in its location and scores poorly as a result of constraints and its location. It is recognised that the site will be likely to require residential uses to overcome viability constraints and it is unclear as to the extent of residual employment noting the Council's suggested removal of the site noted above; and
There are a number of other sites within the location which are all smaller in size[89]. Two of these sites (2020-S11, 0.43 ha and 2020-S19, 0.24 ha) are scored as good. The latter of these has also, as referenced above, been identified by the Council for removal from the potential current supply. There is also another site[90] of 1.43 ha, which, however, scores only average and Aspinall Verdi observed that there are no obvious signs of current demand to bring these sites forward for employment uses. Again given their location it is recognised that residential uses may be a suitable alternative option as indicated by the information noted above with regards site 2020-S19.
Similarly the centre of Newcastle-under-Lyme has also been identified in planning strategy as an appropriate location for office space. A review of the assessment of sites suggests a more limited supply of available sites in this geography, which cumulatively are identified as being likely to represent just over 2ha of land[91]. These sites all score relatively well albeit it is noted that interest on a number to date has reflected an ambition for them to be developed out as mixed-use developments thereby again likely reducing the land which would could come forward directly for employment generating uses.
The scenarios of need in section 8 forecast a requirement for up to 14.6 ha of land for office development. The sites identified above – which are considered

[89] It is noted a number of sites have a net developable area of 0 including 2020-S17, 2020-S18 and 2020-S12

[90] Site 2020-S29 (1.43 ha) is on the eastern fringe of the city centre

[91] This includes sites 2020-N54, 2020-N49, 2020-N52 and 2020-N51

to have greater potential to bring forward employment uses, noting this excludes those that the Councils have suggested removing – suggest an available supply which is likely to fall short of this need. Where a mix of uses is brought forward on those sites identified above which reduces further the developable area for office development this shortfall would be even more pronounced. This suggests that there is likely to be an identifiable shortfall of land to meet the forecast need for office space where the larger site at Keele Science Park is fully excluded and it is recognised that city centre sites are by their nature more susceptible to being attractive to other uses alongside employment.

In this context the Make it Stoke team have confirmed that their interaction with agents has highlighted a shortage of Grade A availability and a concern that the existing current supply of sites provide a limited opportunity to service large scale requirements for office uses where these should arise in the future. This suggests that the Councils should give consideration to further land opportunities for the provision of office space, with the city centre continuing to be prioritised, to identify additional flexibility and an increase in Grade A space specifically suitable to a range of size requirements.

In this context, the Make it Stoke team have also noted a surge in demand for more flexible office space in recent months, with this undoubtedly related to the pandemic and resultantly forced changes to behaviours. Whilst the longevity of this demand is difficult to judge, the ability to respond to such behavioural changes reinforces the need for an improved and more flexible supply of land which may require a consideration of potential sites outside of current areas of policy focus.

In this context it is also recognised, reflecting on the market evidence in section 6, that the market has historically provided pavilion and smaller flexible office space in locations outside of the city/town centres, including for example around Lymedale Business Park. The existing current supply of land in this location is relatively limited and potential future sites scoring more positively are considered more likely to come forward for B2 and B8 uses. Similarly, as noted above other sources such as Festival Park are not anticipated to see such development within the remaining land parcels. In this context and noting the analysis in section 8 considering the implications of applying lower density assumptions for offices, which suggested the need could be as high as 46 ha, the Councils could reasonably give consideration to the potential for additional sites to be identified to accommodate such needs where demand is evident. This would need to be undertaken alongside a monitoring of the availability of sites in the city centre as part of its ongoing regeneration and a consideration of any implications this could have for ensuring investment in the centre is sustained and prioritised in line with the Councils' objectives.

Warehousing

Where the market analysis in section 6 identified a potential under-supply of warehouse space in Newcastle-under-Lyme and to a lesser extent Stoke-on-Trent, the need scenarios in section 8 reaffirmed a future need for between 94.8 ha and 169.4 ha of land to accommodate warehouse uses. As referenced earlier in the report such development has been coming forward in more recent years in key clusters related to Trentham and Etruria Valley and more recently Chatterley Valley with the provision of new space identified as being largely contained within Stoke-on-Trent since the 2015 ELR (Table 5.3 and Figure 5.16). These are identified strategic locations for such development and form an important component of the overall supply picture for meeting needs for this type of space over the future plan period. It is therefore important to understand the scale and quality of the residual supply in these areas.

Chatterley Valley, to the south of the study area, has strategic connections to the motorway network via the A500/ A50 / A34. To date development has come forward primarily on the sites in the Stoke-on-Trent administrative area. A review of the collection of sites reveals:

Sites 2020-S32, 2020-S33, 2020-S34, 2020-S35, 2020-S36 and 2020-S77 in Stoke-on-Trent are identified as having a residual net developable area of 30.66 ha. This land is all subject to planning permissions and is in the process of being built out with larger areas of parts of these sites having already been developed. It is noted that 2020-S41 forms part of this cluster but is fully developed out;

The inclusion of site 2020-S40, to the south east but on the same road connection, adds a further supply of 8.94 ha and is also subject to a partial planning permission;

Sites 2020-N12 and 2020-N13 in Newcastle-under-Lyme can be considered as forming part of the same employment cluster. Site 2020-N13 (west of the mainline) has outline permission for 24.5 ha of B2/B8 uses. It is understood that whilst topography and infrastructure related to access have been contributing factors to the site not coming forward to date, it is anticipated that these can be overcome with a reasonable expectation that the development of the site will proceed in the short/ medium term. Adding this to the above suggests a cumulative supply of land with extant planning permission for such uses of circa 64.1 ha; and

In addition to the above permissioned supply sites 2020-N12 (5.2ha), 2020-S31 (3.07ha) and 2020-S33 (1.05ha) are classified as vacant available sites, with 2020-N12 an allocated site. Furthermore there is a residual 3.07 ha remaining without permission on 2020-N13. These constitute a further 12.39 ha of potential supply for similar uses. This means a **composite potential supply of approximately 76.5 ha** in this particular location which can provide for general B2/B8 uses. It is noted that the sites have a variety of classifications with

regards their overall quality but are generally viewed as average and above and the majority is already subject to permission (circa 84%).

Another large component of the supply is concentrated around Trentham. Sites S63 and S58, which adjoin one another, constitute almost 56 ha of the total supply, with this primarily made up of site S63. It is noted that the residual part of site S58, 3.30 ha (noting total site is over 25ha) is being currently built out for B8 uses with this a strong performing location already identified earlier in the report. However, site S63 despite forming a large part of the total supply (52.5 ha) is subject currently to an application which is awaiting determination for residential uses as referenced above. It is noted that site S60 represents a further 5.92 ha of space in the location with permission for B1/B8 uses and it is understood from the Make it Stoke team that development is expected to commence in 2021. The combination of sites 2020-S58 and 2020-S60 represent a total supply of **9.22 ha**, albeit it is the case that this supply is in the process of being built out and as a result will be removed from the current supply in the near future. Collectively whilst evidently continuing to provide B8 uses to meet needs the overall capacity has reduced significantly in this location since the 2015 ELR with this reflective of the demand for B8 in particular given the site's connectivity to the motorway network (Junction 17) via the A500.

Another larger cluster of land along the strategic road network is comprised of sites S8, S9 and S10 within the Etruria Valley, often known as Festival Park. Site S10 represents 20.50 ha alone. Whilst it was subject to a permission for B2/B8 uses this has lapsed but continues to represent a perceived opportunity for such uses where it builds on existing recent development and as noted above further office development is considered less likely on the remaining land. Indeed, demand is illustrated by the ongoing development of site S9 with only 3.05 ha remaining and currently being built out, similarly S8 is also almost built out with only 1.70ha to develop. Site N61 also forms part of this potential cluster being an allocation for some 2.61 ha, albeit its delivery is considerably hampered as a result of the delivery of the Etruria link road. This does still, however, represent a strong potential location to bring forward such uses albeit with no potential for further expansion identified outside of these sites which collectively represent a capacity of **27.86 ha** and it is noted in a number of cases are currently being built out.

Collectively these three areas therefore offer in the order of **114 ha of land potentially considered suitable for B2/B8 and in strong market locations**[92]. This is evidently a comparatively strong supply albeit it is noted in the context of recent take-up/ development underway, and recognising that the vast majority is subject to permissions, that there is a strong chance that this provision will be used up relatively swiftly and that it falls at the bottom end of the range identified as being needed.

[92] It is noted that this figure excludes any residual employment land on S63.

It is recognised that a number of other sites in the current supply could offer further capacity to meet such needs, specifically sites in and around the Lymedale Business Park for example, albeit these are comparatively small in scale and do not benefit in market terms from the high profile locations of those identified above. Similarly with regards access this is primarily through existing residential areas thereby limiting their comparative market appeal and development uses.

Outside of these locations whilst there are other clusters of supply, for example around Fenton (sites S28, S42, S47 and S49) there is evidently less market demand for development. This is apparent in the absence of permissions and competing pressures for the sites to be used for residential uses (noting permission for site S42 was recently rejected). Other sites whilst collectively contributing to the overall supply picture are on the whole small in nature and lacking the critical mass alongside other sites or do not have the strategic road connections necessary to stimulate demand. These are more likely to lend themselves to providing for B2 uses as considered in the final sub-section below.

It is therefore important that the Councils give consideration to the potential need for new sites which could support ongoing demand for B8 uses in particular. It is recognised that a number of sites exist in the future supply and score relatively well, particularly around Lymedale Business Park (sites N26, N27 and N30, noting in the case of N27 that this is subject to an extant outline planning application) and could be considered as part of this supply. It is considered, however, that they are likely to attract comparable occupiers to those already on the existing employment sites and therefore a mix of B2 and smaller B8 and potentially B1 uses.

It is apparent from the analysis in sections 5 and 6 that that there had been a clear trend towards the delivery of larger warehouses. Where it is recognised that there is a specific need for larger sites to cater the changing needs of such occupiers the appropriateness of such sites to meet demand needs to be taken into account in identifying a future portfolio of sites. This lends itself to consideration being given to larger more strategic sites to meet these needs with this considered further in section 10.

Industrial space

The analysis in section 8 identified a need for between 11.8 ha and 90.5 ha of land for more general industrial uses alongside that of warehouse space noted above.

It is recognised that many of the sites assessed in the current supply could be suitable for both industrial and warehouse uses. The analysis above has sought to isolate out those sites more likely to accommodate specific warehouse demands albeit it is recognised that competition for B2 uses could place further pressure on this supply.

As set out in the quantitative balance, it would appear on paper that within this wide range it is likely that the residual supply of current sites can absorb the identified need in general terms. As noted in section 7, however, it is clear that many of these sites are relatively disparate in terms of their location and/or have particular localised issues with regards delivery not least recognising the comparative values for such uses. It is also the case that most of these sites receive at best an average score in the assessment, with the better performing sites typically much smaller[93], reinforcing these more qualitative observations. In this context where there is unlikely to be a pressing need for additional sites; the Councils should give consideration to any better scoring sites assessed as part of the future supply by Aspinall Verdi. This could include those sites, for example, in and around Lymedale Business Park noted above. Similarly there are a number of sites in Stoke-on-Trent included in the future supply which it is understood are regeneration priorities for the Council and could as part of potentially a mix of uses accommodate such needs where this was light industrial uses. However, in this context it is considered appropriate for the Councils to respond positively to other sites which are forthcoming which are advanced for the development of industrial uses where this fits with strategic economic objectives and has identified market demand for such uses to ensure that a proactive response is provided to support these sectors of the economy.

Summary

The analysis in this section has revealed, based on the full current supply identified in section 7, that there is a quantitative surplus of current employment land across the study area when compared to the full range of need assessed in section 8 (132.3 – 274.5 ha). Looking at the two authorities separately, albeit with caveats, the same exercise suggests that whilst a modest surplus exists in Newcastle-under-Lyme under all of the scenarios in Stoke-on-Trent there is a shortfall of land against the highest need scenario for the authority, that being the past take-up scenario.

In reviewing the current supply in more detail, and recognising that it represents a point in time assessment, the analysis presented in the section has highlighted that this supply picture will change. Specifically it is identified that there are a number of sites subject to outstanding planning applications which would reduce the available current supply notably. Furthermore the Councils have identified other sites which they see proceeding for non-employment uses which again would be anticipated to further erode the supply. Finally in reflecting on their site visits and market insight Aspinall Verdi have also identified a number of sites which they consider could be candidates for de-

[93] Of all sites in Stoke-on-Trent considered suitable for B2 uses, those graded "good" or "very good" are around half the size on average of those deemed "average", "poor" or "very poor" (2.7/5.4ha respectively). In Newcastle-under-Lyme, the "good" sites considered suitable for B2 uses are typically only a third of the size of those graded as "average", "poor" or "very poor" (2.1/6.5ha respectively).

allocation or re-allocation. Where all of these sites were removed from the current supply, the analysis indicates that there would be a quantitative shortfall of supply across the study area under the higher of the need scenarios (the past take-up scenario) with this more acute in Stoke-on-Trent. Similarly for Newcastle-under-Lyme the review of potential sites which could be removed from the current supply would see a shortfall arise under its higher scenario of need (the higher job growth scenario) therefore also indicating the possibility of a quantitative shortfall here as well.

The high proportion of sites scored as average, as noted in section 7, also suggests at a broad level that the deliverability of some sites will challenge the realistic scale of any surplus over the plan period.

Similarly where 97 ha of land is classified as 'good' or 'very good' in the case of Newcastle-under-Lyme this is largely represented by one site (Keele Science Park Phase 3) and when considered in the context of the supply of sites with extant planning permissions whilst suggesting a pipeline over the short-term it equally indicates that there is a risk that the short-term supply of sites may not provide sufficient flexibility to respond to changing market demands.

A qualitative assessment of the supply reinforces this conclusion where specifically considering the extent to which the supply will meet the identified range of needs for different types of commercial floorspace, namely offices, industrial and warehouse. This has revealed a number of areas which the Councils should consider in the development of their emerging plan:

Where the supply in quantitative terms suggests there exists sufficient land to accommodate the identified need for office space (up to 14.6 ha) the Councils should consider further the need to monitor the availability of other sites which could provide high quality office space both in a city centre location but also in more peripheral locations where the market has previously developed business park/ flexible space. This recognises that a large share of the quantum of land suitable for such uses, noting this would be alongside industrial uses, is represented by a single site which is a further phase of Keele Science Park and understood to be subject to restrictions in demonstrating linkages to the University (the future expansion of which may need to be considered separately to reflect evidence of emerging demand) and that the supply of land in the city centre has reduced and is likely to reduce further on the basis of the Council's recommendations with regards sites which are unlikely to deliver much if any employment space. Similarly the supply of land in Newcastle-under-Lyme town centre is modest in scale. This recognises in both cases a tendency towards sites progressing as residential schemes or as mixed-use developments which means that the resulting space attributed for offices is likely to be comparatively modest. It also recognises that other sites adjacent to areas where new offices have previously been delivered are considered more likely to come forward for B2/B8 uses on the basis of recent market activity and that the demand analysis

in section 8 highlighted potentially higher need requirements where there is a continuation of lower density office space being required;

The analysis identified a significant need for new warehousing space under the past take-up scenario in particular, reflecting the delivery of such space in recent years. This has been concentrated in areas such as Chatterley Valley, Etruria Valley / Festival Park and Trentham Lakes. It is considered that such sites remain attractive to this market where they benefit from access to the strategic road network and there is evidence of an increasing demand for larger footprints of warehouses. The review of supply, however, suggests that the available land remaining in these locations falls short of the full range of quantified need. This would suggest a need for the Councils to consider identifying further sites which can accommodate the needs of B8 floorspace. There are a number of smaller sites adjacent to or within existing employment areas which form part of the assessed future supply which should be considered further by the Councils for future inclusion, including those around Lymedale Business Park. However, where there is a market demand for larger footprints of building such sites are unlikely to satisfy demand. The potential for additional larger site(s) within the future supply to accommodate these needs, including a wider strategic need for such sites recognising the proximity to the motorway network, is considered further in section 10 of this report; and

Where it is recognised that many of the sites in the current supply could come forward for B2 uses, including those considered primarily for B8 uses, in quantitative terms there would appear to be a reasonable supply of land to accommodate the broad range of needs for industrial uses identified in section 8. However, it is recognised that many of these sites receive only an average score reflecting issues around market demand, location and deliverability related to a number of factors. The Councils will need to consider the extent to which higher scoring sites captured in the future supply could offer additional flexibility where there is proven need and demand from specific users requiring industrial floorspace.

Whilst this review necessarily focuses on the need for employment land in accordance with guidance, the views input to the study from the Make it Stoke service affirm the importance of ensuring that in translating the evidence into policy, consideration is given to ensure the identified provision for land reflects the growth aspirations of the Councils, for new jobs and a move to the high value productivity sectors whilst maintaining the area’s dominance as a logistics hub. The current lack of quality available land and stock to service large scale investment enquiries including indigenous/organic business growth is, based on the intelligence provided by the Make it Stoke team, becoming acute, particularly with the exponential growth in e-commerce which is driving increased demand for opportunities in the study area as well as a wider geography linked to the strategic transport network. This is considered in further detail within the next section of the report.

It is reasonable to conclude in this context that there is an imperative on the Councils in planning for employment provision to ensure a balanced approach to meeting demand and growth. This will be important in ensuring that the area is successful in attracting major new investments and thereby facilitating job creation and economic growth and resilience.

Strategic Sites Assessment

The analysis in section 8 identified a substantial and predominant need or demand for land suitable for the provision of warehousing premises, up to 169.4 ha. This reflects forecast growth in sectors requiring such commercial floorspace as well as the substantial demand evidenced through recent levels of take-up.

The analysis in section 9 has considered the supply of available current employment land to meet this substantial need. It has identified that whilst land remains available in the locations in which development of this nature has been coming forward, such as Chatterley Valley, Etruria Valley/ Festival Park and Trentham Lakes, the remaining supply will not accommodate this local need in full. Even where other sites judged to be suitable but less attractive to the market in other locations across the study area are considered, the conclusion is that there remains a potential need for the Councils to identify a new generation of site(s) to accommodate future need and demand. This also recognises key evidence of requirements for increasingly large building footprints which by necessity require larger sites.

This conclusion must also be set in the context of an appreciation of a recognised wider strategic need for larger sites close to the M6.

This section firstly summarises the PPG and its recognition of the appropriateness of considering the need for and supply response for logistics as being distinct from a wider assessment of need and supply. Where the analysis in section 8 has identified a substantial need for warehousing space, this section provides additional market commentary on the specific need arising from the growth of the logistics sector and its changing requirements already referenced in section 6. It then introduces the strategic sites in more detail and explains how they have been selected and defined, before presenting Aspinall Verdi's assessment of each of the sites. Implications for the plan-making process are then established as the conclusion to the section.

National policy and guidance

The NPPF makes explicitly clear the importance of providing for '*storage and distribution operations at a range of spatial scales and in suitably accessible locations*' through '*planning policies and decisions*' which '*recognise and address the specific locational requirements*' of the sector[94].

[94] MHCLG (2019) National Planning Policy Framework, paragraph 82

The PPG further emphasises that:
"The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land)"[95]
It recognises that these requirements range from *'strategic facilities serving national or regional markets'* through to *'last mile facilities serving local markets'*, with the former in particular requiring *'significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled labour'*[96].

Demand for logistics space

As referenced above, the need scenarios presented in section 8 indicate a strong need/ demand for employment land to accommodate warehouse space across the study area, estimated to range between 94.8 and 169.4 ha over the plan period. This reflects evidence of strong local demand from logistics operators reflected in notable levels of recent take-up and delivery on key sites along the A500 with strong connections to the motorway network.
The growth in demand for logistics space is closely related to the continued rise in the proportionate share of retail in e-commerce, with no evidence to suggest that its growth will not continue for the foreseeable future. There is similarly an increasing trend for larger building footprints and a clear preference for proximity to the motorway network. The demand in the study area therefore remains increasingly related to the accessibility of the M6, via Junctions 14 to 16.
Further evidence is presented below to expand upon this position.

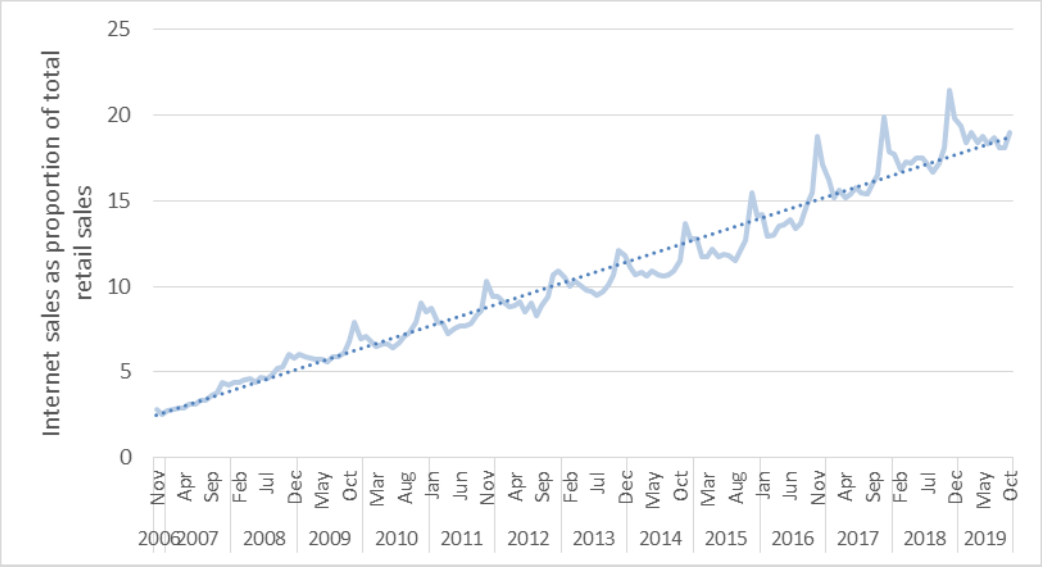
Wider research on the growth of the logistics sector

Logistics is an integral and essential element of the national economy and underpins the efficient operation of activity in most sectors. It supports a range of industries from manufacturers to wholesalers and importers, retailers and e-commerce businesses as well as parcel carriers and third party logistics providers.
The sector's contribution to the national economy has been recognised by the National Infrastructure Commission (NIC), whose recent Freight Study[97] confirmed the sector as comprising around 195,000 enterprises, employing 2.5 million people, and contributing £121 billion gross value added (GVA) to the economy[98].

[95] PPG Reference ID 2a-031-20190722
[96] *Ibid*
[97] National Infrastructure Commission (2019) Better Delivery: The Challenge for Freight, Freight Study Final Report
[98] *Ibid, p17*

The continuing growth of e-commerce has been, and will continue to be, an important structural driver of logistics demand. Take-up of online retail has seen the UK emerge as the third largest online shopping market in the world and the largest in Europe[99]. Take-up continues to grow, as shown at Figure 10.1, to the extent that the internet now accounts for around 19 pence in every pound spent on retail in Great Britain[100]. This has almost trebled from the same point a decade ago, when almost 7 pence per pound was spent online.

Internet Sales as Proportion of Total Retail Sales (Nov 2006 – Oct 2019)



Source: ONS

The trend towards online retail is being led by younger people and has reached a point of near ubiquity amongst this demographic, as shown by a recent national survey which found that some 97% of those aged 16 to 34 throughout Great Britain had shopped online within the past year[101]. It is also notable from the same survey that the take-up of online retail is growing amongst those aged 35 and over, with over three quarters (76%) shopping online within the past twelve months compared to 70% one year ago.

Instant gratification is also becoming the norm, with a growing number of UK consumers using (and expecting) next day delivery for an item that they had bought online[102]. Such demand is expected to grow further with associated increases in the number of companies offering next day, same day and on demand deliveries with implications for additional local level logistics facilities to meet customer demands[103].

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[99] Ofcom (2019) Online Nation: 2019 report

[100] ONS (2019) Retail Sales Index internet sales, October 2019

[101] ONS (2019) Online shopping, by age group, 2018 to 2019, Great Britain

[102] Ofcom (2018) Annual monitoring update on the postal market: financial year 2017-18, paragraph 4.17. In 2018, 58% of UK consumers reported using next-day delivery, compared to 55% in 2017

[103] National Infrastructure Commission (2019) Better Delivery: The Challenge for Freight, Freight Study Final Report

These factors are already resulting in new operational models that require 'the right type of logistics space in the right locations', from national and regional distribution through to last mile fulfilment and pick up points[104]. Last mile operations in particular must be located in the '*sweet spot*' that balances immediate proximity to the consumer, labour force availability and accessibility via the road network, and generally requires units of up to 100,000sqft[105] (c. 9,300sqm).

The availability of land for distribution centres and other infrastructure has therefore been recognised as crucial for the efficient operation of the sector, and in particular for enabling optimised 'last mile' facilities from which to run efficient and low congestion operations[106].

A lack of available sites and stock often acts as a barrier preventing occupiers from achieving the desired 'sweet spot', resulting in longer travel distances, more carbon emissions, greater fuel and driver cost to the business and a reduced ability to meet customer demand for quick deliveries[107]. Access to labour may also be reduced in these circumstances, and it therefore follows that locating local (or 'last mile') logistics facilities close to existing concentrations of population and likely areas of housing and population growth has the potential to facilitate more efficient patterns of distribution, reducing operating costs and environment effects.

Regional and national distribution centres will likely require greater space and perhaps more cubic capacity. These centres will target locations close to the regional centres of Birmingham and Manchester and will pay premiums to locate there. Positively, agent insight suggests there will continue be an increase in demand for satellite urban logistics units to decrease delivery times to the sub-regional locations.

This appetite for space means that the supply of available warehouses in the UK remains constrained and the availability of development land has been eroded significantly over the past few years. It will also mean that activity in the market will spread out from the core (overheating) market areas.

Consumer demand is also highly sensitive to changes in population. The HNA produced alongside this report highlighted that the population of the study area is set to grow where this is accommodated in a supply of new homes. The link between homes and warehousing, both in terms of quantum and location has recently been evidenced in research published by the British Property Federation[108]. Drawing on commercial market data on warehouse floorspace, it was identified that there is presently 69 sqft of warehouse floorspace, on

[104] BPF (2019) What Warehousing Where? Understanding the relationship between homes and warehouses to enable positive planning, p11 and p21
[105] *Ibid*, p21 and p46
[106] National Infrastructure Commission (2019) Better Delivery: The Challenge for Freight, Freight Study Final Report
[107] BPF (2019) What Warehousing Where? Understanding the relationship between homes and warehouses to enable positive planning, p49-50
[108] *Ibid*

average, for every home in England[109]. Critically, as the population grows, there is likely to be a corresponding increase in consumer demand and the need for warehouse space.

It is, therefore, the customer who is driving demand in the sector and as innovations move forward, this demand is set to remain strong. This strength in demand will give continued confidence to the investment market, which has seen logistics become of the strongest asset classes.

These trends were evident even before the pandemic, ongoing at the time of writing, but early indications are that this has only reinforced these drivers of demand. After an initial pause, the market has continued to witness strong activity for larger distribution warehouses in the order of the size threshold noted above (i.e. equal to or greater than 100,000 sq ft / 9,300 sqm) in Q2 2020.

Regional research and strategy

1.22 The recognised and growing demand from the logistics sector, and the need for an appropriate employment land supply response, means that this issue has been considered at a regional / sub-regional level.

1.23 In 2015 the West Midlands Strategic Employment Sites Study[110] (WMSES) was published. This highlighted an immediate need for additional strategic employment sites across the West Midlands to address shortages of supply. It was noted in the study that these sites were expected to be over and above provision to meet local needs.

1.24 The LIS, introduced in section 3, references the conclusion of the WMSES which identified a growing long term demand for strategic employment sites within the West Midlands and a lack of available sites. It also confirms that ongoing research continues to show *'an acute shortage of strategic employment sites'*[111].

1.25 The LIS identifies in this context that Stoke-on-Trent and Staffordshire have a number of major locations that align with the PPG and the clear requirement for strategic sites facilities serving regional markets to have excellent access to strategic transport networks. This includes the Stoke-on-Trent and North Staffordshire corridor which broadly covers the A500, A50 to Blythe Bridge and M6 corridor from Junctions 14 to 16.

1.26 The importance of this corridor is also recognised in the spatial framework for investment which is established in the Midlands Connect Strategy[112]. This framework is based on four Strategic Economic Hubs and six intensive Growth Corridors, which are judged as critical to the economy of both the Midlands and the UK as a whole. The adopted West

[109] Based on 1.64 billion sqft of warehouse floorspace divided by 24 million homes in England in 2017

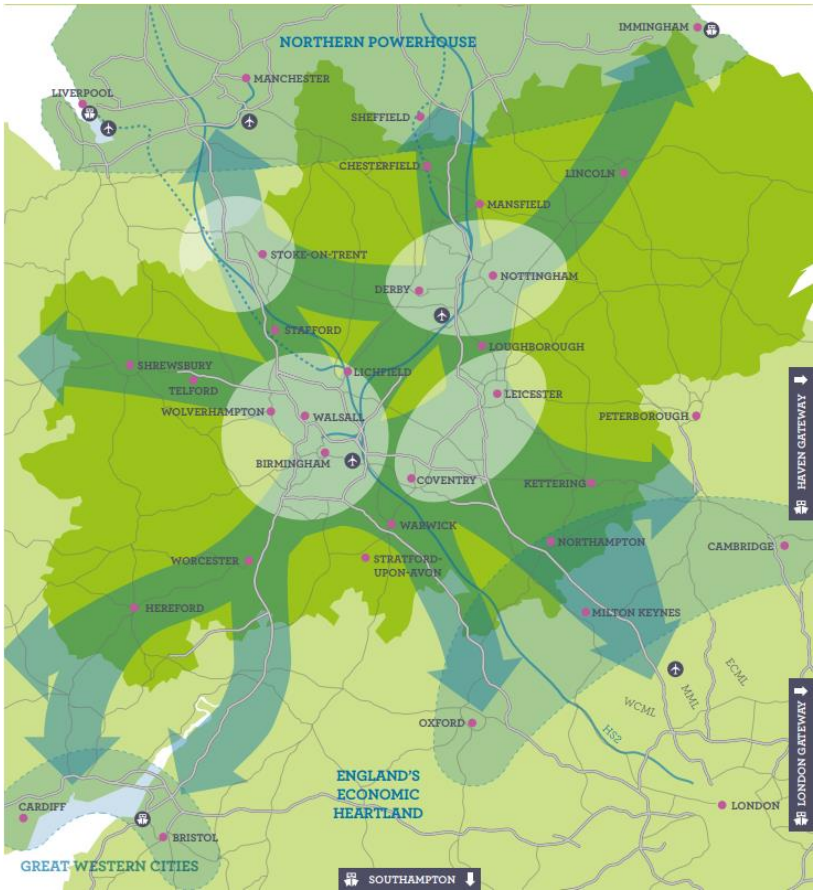
[110] West Midlands Strategic Employment Sites Study', PBA/JLL, September 2015

[111] Stoke-on-Trent & Staffordshire Local Industrial Strategy – March 2020, paragraph 3.11

[112] Midlands Connect (2017) Midlands Connect Strategy: Powering the Midlands Engine

Midlands Strategic Transport Plan[113] (STP) highlights that focused infrastructure improvements in these areas could boost the UK economy by up to £800 million per annum by 2036[114]. One of the identified Growth Corridors covers the M6, stretching north between Birmingham and Manchester. This corridor encompasses the study area and shows the important link to the Northern Powerhouse area. This can be seen in Figure 10.2.

Midlands Connect Strategy – Intensive Growth Corridors and Strategic Economic Hubs



Source: Midlands Connect

Noting the importance of logistics to the local economy, as established through earlier sections of this study and considered further below, the LIS states in the context of the growth of this sector across the LEP area that:

"There also continues to be a steady stream of investment enquiries from firms with similar requirements…There is therefore an opportunity for further strategic employment sites to be identified, particularly within the key market locations referenced in the strategic sites study"[115]

[113] West Midlands Combined Authority (2017) West Midlands Combined Authority Strategic Economic Plan: Making our mark… the West Midlands, the best region in the UK to do business

[114] West Midlands Combined Authority (2015) Movement For Growth: The West Midlands Strategic Transport Plan

[115] Stoke-on-Trent & Staffordshire Local Industrial Strategy – March 2020, paragraph 3.14

Local evidence of demand

The regional evidence, whilst recognising a need across the wider area, emphasises a differentiation in demand / market values across the West Midlands. Areas with highest market appeal are predominantly located further south and in particular across the M42 corridor.

This picture is broadly reflected in local market evidence provided by Aspinall Verdi. This confirms that despite investment and proven demand in the sites considered in the current supply along the A500/ A50 corridor, the sub-region is not considered 'prime' by the market. This is reflected in the comparative values shown in Table 10.1 which demonstrates that land in other comparative areas is more highly sought-after and businesses will pay more to locate there.

Comparative rental values and land values for warehouse space

Area	Rent (new)	Rent (2nd hand)	Land Value (per acre)
Stoke	£5.25	£4.00	£300,000
Stafford	£5.50	£4.00	£400,000
Derby	£6.00	£4.00	£400,000
Birmingham NW	£6.00	£4.25	£550,000
Warrington	£6.75	£5.50	£700,000
Manchester	£6.75	£5.50	£700,000

Source: Colliers International

This is locational and from a market perspective Aspinall Verdi do not see this situation changing in the short to medium term. However, it is apparent from the analysis of investment inquiries included at Figure 6.13 of this report that there has been recorded interest in sites in the bracket noted above in the last two years with interest for substantially larger units as well. On the basis of market evidence, Aspinall Verdi therefore considers that the study area has an opportunity to attract those occupiers who want a local delivery base, those who do not need such rapid access to markets and companies happy to work in locations with a lower cost base. They observe that from their own intelligence there remains a significant pipeline of such occupiers requiring space.

In this context, it is apparent that there is a strong rationale for the Councils to consider the identification of a new generation of site(s) able to accommodate large scale logistics operators in the plan period. This responds both to evidence of a local need which will potentially not be met through the supply of current sites – particularly further into the plan period – and also the area's location within a wider area characterised by a demand for more strategic sites directly aimed at larger scale regional and national logistics occupiers. These logistics occupiers, as referenced above, typically require units greater than 100,000 sq.ft with notably larger units increasingly observed as being required which means that sites require flexibility to be able to scale up to accommodate

units at the bottom of this range but also much larger units of 600,000 sq.ft and above where such requirements arise.

The Councils' supply of potential strategic sites

Where the emphasis is on identifying strategic sites, it is considered reasonable to broadly adopt the threshold used within the WMSES, that being sites which are larger than 25 ha. This ensures consistency with further work being undertaken to update the WMSES, which is being led by the West Midlands Combined Authority (WMCA). This definition also recognises that such sites should be considered to be attractive to national or internationally mobile business activity. It is recognised in the WMSES that such sites are likely to be undeveloped ('greenfield') by nature. Where Green Belt is designated in the study area, its strategic sites appear equally likely to be classified as such.

As noted in section 9, there are two sites in the current supply which exceed the minimum size threshold, namely 2020-N13 (Chesterton) and 2020-S63 (Wilson Road). In the case of the former this is largely subject to an extant planning permission and is considered as forming a key part of the existing supply which will contribute to meeting the local need for warehouse space. In the case of site 2020-S63, it is observed in section 9 that this is the subject of an undetermined planning application for residential uses. Whilst the outcome of this decision is evidently to be determined, this highlights a risk that this site will not be available to accommodate such needs. Were it to remain available, it could enable a more immediate supply response but in this context it is evidently reasonable to consider the potential of further sites as well.

As set out in section 7, a number of large sites along the A50/A34 in Newcastle-under-Lyme have been identified within the pool of potential future sites that have been assessed. Those that fit the strategic sites criteria, with two exceptions explained below, are included in Table 10.2. This includes their net developable area and their calculated score, based on the assessment undertaken by Aspinall Verdi. It is noted that all of the sites are currently located in the Green Belt. Proformas for each of the strategic sites are included separately within **Appendix 2** which includes additional contextual information and a breakdown of the scoring.

Potential Identified Strategic Sites from the Future Supply

Site reference no.	Site name	Planning status	Estimated net developable area (ha)	Aspinall Verdi score
2020-N2	Land adjoining A500 & M6 (J16)	Green Belt	54.38	37
2020-N55	Jamage South	Green Belt	26.01	35

2020-N56	Great Oak, Land South of A500	Green Belt	34.97	34
2020-N57	Land South of Audley Road	Green Belt	18.23	30
2020-N20	Red Street	Green Belt	28.1	34
2020-N14	High Carr Colliery	Green Belt	9.33	30
2020-N1	Eardley End Area A	Green Belt	46.54	32
2020-N6	Land south of A500, Land north of Audley	Green Belt	48.26	32
Total			**265.82**	

Source: Stoke-on-Trent and Newcastle-under-Lyme Councils, Aspinall Verdi analysis

Whilst site 2020-N57 has an area that is smaller than the 25 ha threshold, which is noted, its location and scale are considered to warrant inclusion in this analysis. The table above also includes the High Carr Colliery site (2020-N14) in Newcastle-under-Lyme, located reasonably close to Junction 16 of the M6, despite its net developable area (9.33 ha) falling below the strategic sites threshold. Whilst this site is located close to the junction between the A500 and A34 and sits on the other side of the A34 to the Red Street site, it has been considered in this section albeit evidently in isolation it would not provide the scale of development potential associated with the criteria established within the WMSES.

In headline terms, whilst it is not the intention of this study to recommend a preferred site or sites, the above scoring suggests that site 2020-N2 (Land adjoining the A500 / M6 junction) achieves the strongest outcome. This reflects the locational advantages of the site which means it has the potential to appeal to national / international occupiers given its prominence on the M6. It is understood that the site is being actively promoted and that work has been undertaken to overcome accessibility issues as well as those associated with power and utilities. This work has not been subject to review by Aspinall Verdi but does provide confidence as to the site's deliverability albeit it is recognised that issues around access in particular are challenging. In addition to overcoming access issues the Council will need to consider the extent to which the sites shape and topography will enable it to accommodate the largest format of warehouses for which the strategic demand noted above identifies there is current demand.

There is a cluster of sites around the A34/A500 roundabout, the location of which means that they benefit from comparatively strong visibility. These sites

are in close proximity to the successful Chatterley Valley sites and would notably represent a further concentration of such uses where the existing allocated site 2020-N13 is built out. A number of these sites also score well, albeit it is notable that where they build on the existing site portfolio the Councils would need to consider the extent to which they offer the same opportunity as other sites to create a truly high profile strategic site which will compete for investment on a more regional scale. Sites 2020-N56 and 2020-N20 are evidently of a 'strategic' scale particularly where they could be progressed jointly, albeit it is understood there is a gap in ownerships between the sites which would need to be considered. Key to their potential deliverability is achieving a solution to access onto the A34/A500 roundabout as well as overcoming any issues relating to ground conditions. In the case of the access issue it is understood in relation to site 2020-N20 Staffordshire County Council have given consideration to a potential solution, albeit with this considered in the context of residential uses. It is noted that in developing site 2020-N56 recognition would need to be given to the Wedgwood Monument. As with site 2020-N2 the Councils would need to give consideration as to any implication of the topographies of the sites to accommodate larger format warehouses. Site 2020-N55 is also of a strategic scale and scores comparatively, and indeed slightly better than sites 2020-N56 and 2020-N20. It is understood, however, that constraints to delivery are significant including a requirement for major road upgrades to enable its delivery. Where 2020-N14 is also part of this cluster as is 2020-N57 (the size of which as noted above falls below the threshold alone) these do not score as highly and their justification would need to be considered in the context of the advancement of the other sites in this cluster alongside potential challenges to deliverability, with 2020-N57 understood to be a former colliery site with associated challenges to its viable delivery.

The final cluster is made up of sites 2020-N1 and 2020-N6, which are located along the A500. Whilst not in the same high profile motorway location as 2020-N2, they are in close proximity to the same junction, albeit while remaining similarly distant from the critical mass of existing sites / development to the east. Both of the aforementioned sites receive lower scores than 2020-N2, as well as various other sites, with a particular issue around the accessibility of 2020-N6 from the A500 which will likely be expensive to resolve and potentially detrimental to the viability of any development on this site. Furthermore, both sites – and indeed 2020-N6 – are located further from their potential workforce than the sites clustered around the A50/A500 roundabout, and the Councils will therefore need to consider the issue of transport through the future development of their evidence base.

Acknowledgement of emerging supply in proximate areas

The assessment has considered the need for a further strategic site(s) in the context of the evidence for Stoke-on-Trent and Newcastle-under-Lyme. It is,

however, apparent that occupiers and demand operate at a wider strategic scale as demonstrated in the review of the regional studies above. Similarly as referenced above it is understood that the WMCA is updating this regional evidence and the Councils will need to have reference to the conclusions of this work in order to understand any implications for the case for the area accommodating a wider strategic need for new logistics sites.

At a more local level, the Councils will also need to consider the evidential case for identifying a strategic site in the context of other sites which are available and/or being identified in emerging Local Plans.

In this context Aspinall Verdi have undertaken a review of potential competing locations. They identify that there is a major new development happening to the north – St Francis Group's plans for the redevelopment of the BAE site at Radway Green as a Logistics Park, the Panattoni development at Crewe Commercial Park and Tritax's Midpoint 18 at Middlewich all competing.

They also note that to the south (and closer to the prime logistics 'golden triangle'), there is a new large development at Redhill Business Park in Stafford where Stoford are developing a new distribution facility for Pets at Home. Further south again, the 4.5 million sq.ft West Midlands Interchange will provide further competition. Another large logistics park in the M6 Corridor that will be competing for large occupier requirements, looking to service Staffordshire and the North Midlands, is Prologis Park Fradley. This has attracted a number of logistics centres for local, regional and national occupiers including Screwfix, Tesco, DHL and Anixter.

This evidently provides important context in any decision the Councils reach as to the appropriateness and justification for the identification of a strategic site(s) with emerging plans in proximity needing to be kept under review. It is understood that ongoing discussions through the Duty to Co-operate will consider the scale of needs at a local and strategic level, and the extent to which sites in adjacent authorities are evidenced as meeting a larger than local need. This is beyond the scope of this study but it is noted that the appropriateness of identifying additional sites of this nature in the study area relates to a potential shortfall to meet local needs as well as a wider strategic need.

Summary and implications for plan-making

The above affirms that there is a potential evidence based justification for the Councils to identify a new strategic site(s) through the Local Plan process to respond to evidence of need and demand from strategic operators specifically related to demand for logistics in proximity to the motorway network. This demand responds to evidence of a potential shortfall of such land related to local needs as assessed in section 9 as well as a recognition of an identified shortfall of such sites at the regional level (West Midlands) based on published evidence.

Aspinall Verdi have undertaken an assessment of sites which meet specific criteria, and could therefore potentially meet this need. The sites have been subjected to a similar assessment exercise that was undertaken for the current sites earlier in this report. This indicates that a number of sites have the potential for further consideration by the Councils, as part of the development of the new Local Plan.

Where the sites are currently designated as Green Belt, the Councils would need to undertake a strategic Green Belt review, which is outside of the scope of this study, to assess the extent to which it is appropriate to make adjustments to the area's Green Belt boundary. Similarly sites would need to be subject to a sustainability appraisal to independently appraise their potential for development.

Summary and Conclusions

This Economic Needs Assessment has been produced by Turley on behalf of Newcastle-under-Lyme Borough Council and Stoke-on-Trent City Council. This is intended to update the Councils' employment land evidence, last reviewed in 2015, and comply with national planning policy that has since been revised. It provides evidence to inform the preparation of a Joint Local Plan, while establishing links with ambitious economic strategies that already exist to address local and wider priorities in this area.

It should be noted at the outset that while this report takes a long-term view guided by trends historically observed over a reasonable period of time, it has unfortunately been produced at a time of exceptional economic volatility. Reporting has coincided with the coronavirus pandemic (Covid-19) which prompted an unprecedented shutdown of economic activity, with inevitable uncertainty about the timescales for the expected recovery and only limited evidence available on its local or even national impact. This clearly increases the level of uncertainty when considering – as required by national planning policy – the prospect of future economic growth in the study area over the long-term. With this report intended to inform the production of a new Local Plan, the Councils are advised to closely monitor wider and local economic trends during its preparation, particularly as the economy recovers from the pandemic, and review the continued applicability of any conclusions drawn at this uncertain time. Similarly, this economic context has limited the potential for and representativeness of engagement with the business community in particular as part of the study. Future updates will need to incorporate engagement with businesses as the evidence is used to underpin emerging planning policy.

Understanding existing trends

The analysis in this report reveals the progress that this area has made in the years since the last Employment Land Review (ELR) was prepared in 2015. In summary:

Job growth has been sustained in recent years, most notably – though not exclusively – in Stoke-on-Trent where the rate of job creation has accelerated far beyond the forecast favoured in the last ELR. This has spanned a range of sectors, including health, logistics, IT and construction, but public services, wholesale and retail continue to account for the largest shares of all jobs in the study area. Professional services remain relatively underrepresented, but it is notable that professional *occupations* are increasingly prevalent amongst the workforce which may have contributed towards a recent rise in average earnings that nonetheless remain relatively low;

The resident labour force has responded positively to this improving economic context, with the rate of unemployment in each authority having substantially fallen to – or near – record lows as of 2019. A growing proportion of residents are working in higher paying roles, with their average earnings rising as a result, and an increasing number are highly qualified with fewer possessing no qualifications. Certain areas remain highly deprived in a national context, however;

New offices, warehouses and industrial premises have been delivered in recent years, but existing space has also been lost. The study area continues to be defined by its offer of industrial space, much of which is dated – and often lost – but with recent provision appearing to have enabled a slight improvement in quality. There is proportionately less office space in the study area than seen nationally or in some neighbouring areas, largely concentrated in Hanley and the town centre of Newcastle-under-Lyme as well as in business parks, and while such space continues to be provided – including through a small number of large schemes – it is also being simultaneously lost at a similar rate. The delivery of new warehousing space is in contrast outpacing the rate of loss and therefore markedly growing the stock of such premises, which are largely concentrated on a number of sites along the A500 in Stoke-on-Trent and are locally unique in being relatively high quality; and

Market activity has generally slowed in recent years, having peaked around the point at which the 2015 ELR was published. In the case of industrial and warehousing premises, which cannot be separated in this particular analysis, this slowdown appears driven by a lack of availability rather than reducing demand, with the most accessible parts of the study area – along the A500, A50 and M6 – still viewed as premier locations for distribution in particular. There are, though, exceptions to the general trend, with Stoke-on-Trent continuing to see a relatively large number of increasingly sizeable office transactions before a flurry of smaller premises were leased last year. Availability rates for offices across the study area have fallen from recessionary highs to align closely with the regional and national average, but the prevalence of second hand stock and the finite capacity of this locally oriented market mean that this has not perceptibly inflated average rents. Rents for warehouses have, in contrast, surged in Stoke-on-Trent especially, potentially due to the provision

of quality new space and the extremely low availability rate. The availability rate has also fallen across industrial premises, in a fundamental change from the trend observed in the last ELR, which has led to a rise in average rents that still remain low due to the “sub-prime” nature of the market.

Assessing the current supply of employment land

In the current context described above, Aspinall Verdi have sought to reassess the current supply of employment land last reviewed in the 2015 ELR, based on the Councils’ criteria and their occasionally revised classification of sites.

This current supply has been found to offer **circa 293.4ha of developable land in total**, with the majority (228.7ha) located in Stoke-on-Trent and the residual 64.8ha in Newcastle-under-Lyme. Existing allocations are an important but increasingly small component of the latter but there are no such sites remaining in Stoke-on-Trent, and this means that the vast majority of the existing supply across the study area is vacant land either within or adjacent to existing employment sites. This is augmented by circa 66.6ha of land with extant planning permission.

This current supply has been evaluated by Aspinall Verdi, based on criteria set by the Councils, with sites indicatively ranked – at a necessarily high level – against 12 factors linked to their market appeal, physical characteristics and sustainability. This indicates that good or very good sites account only for around a third (97ha) of the current supply across the study area, with most sites instead considered to be relatively average.

A similar process has been followed by Aspinall Verdi in assessing further sites identified by the Councils, or submitted through the call for sites process, as offering the potential for future employment uses. It is for the Councils to consider, through the plan-making process, whether these sites are appropriate for such development noting that a large proportion are in the Green Belt, but it can nonetheless be observed that they collectively offer a further 366.7ha of potential employment land. This is, though, largely attributable to eight sites in Newcastle-under-Lyme, which are of a “strategic” scale and are separately considered further in that context.

Estimating future demand and the balance with supply

This report has attempted to quantify the future demand for employment land and floorspace over the emerging plan period, using the approaches suggested in the PPG and drawing upon the latest available evidence. It is important to recognise that each approach has strengths and limitations, and none should be viewed as definitive with a degree of interpretation necessary.

The PPG encourages the use of employment forecasts, and three have been obtained from the leading providers – Experian, Cambridge Econometrics and Oxford Economics – to inform this study. They offer divergent views on the potential for job growth in the study area, as was the case when the last ELR was prepared, with Experian forecasting 794 additional jobs annually – driven

by health and logistics especially – but Oxford Economics implying that 167 jobs will be *lost* each year, with a pronounced reduction in the manufacturing sector for example. Its negative outlook also appears influenced by an underlying assumption of population decline, which appears unlikely, and this forecast can be justifiably attributed less weight as a result.

Even the remaining forecasts, from Experian and Cambridge Econometrics, require careful and critical consideration given the limitations brought by their "top-down" methodologies. This led to an early divergence from all but one of the forecasts drawn upon in the previous ELR, and emphasises the need for sense checks which now suggest that Experian offers the most appropriate baseline forecast for this area because:

It would less severely slow the recent rate of job growth, particularly in Stoke-on-Trent;

An earlier Experian forecast, presented in the last ELR, successfully predicted the job growth that has occurred in recent years with remarkable accuracy; and

The sectors in which Experian generally takes a more positive outlook – such as health, logistics, IT and professional services – have all seen strong job growth in recent years, and remain priorities both locally and across the LEP area.

While an appropriate baseline, Experian's assumption that the recent rate of job growth in this area will more than halve appears to conflict with ambitious economic strategy and a continuing programme of investment. A more optimistic version of this Experian forecast has therefore been developed, by adjusting – based on the past trend and the occasionally more optimistic Cambridge Econometrics forecast – and then testing the outlook for individual sectors. This suggests that some 1,179 jobs could be created annually, elevating the baseline by nearly half and allowing for a modest and conceivable fall from the recent growth trend.

Beyond employment forecasts, the PPG also advocates demographically derived assessments of labour supply, albeit this is arguably redundant where the Councils plan to deliver the housing separately found to be needed to support the above levels of job growth. Simply meeting the minimum need for housing could, though, lead to a lower level of job creation over the plan period, and this can provide a reasonable basis for a "labour supply" scenario.

Following the assignment of jobs to use classes, their translation to both floorspace and land and the allowance for losses and flexibility, it has been estimated that **circa 132ha of employment land could be needed under such a labour supply scenario, rising to 137ha under the Experian forecast and 171ha under the higher job growth scenario.** This is in each case orientated towards land suitable for warehouses (95-124ha) with a smaller need for industrial land (12-36ha) or office premises (8-10ha). The estimated need for the latter would, however, significantly increase where lower density development prevails in business parks.

These scenarios have been complemented by an approach linked to past take-up, which is also supported by the PPG and suggests – based on the Councils' monitoring, consistent plot ratios and an allowance for flexibility – a higher need for **around 275ha** of land over the plan period. This is likewise underpinned by a higher need for warehouses (169ha), industrial premises (91ha) and offices (15ha or more in lower density locations).

In purely quantitative terms, the overall need implied under any of the aforementioned scenarios could be met through the current supply of circa 293ha of employment land. The scale of any implied surplus could, however, diminish quite significantly when removing sites awaiting planning permission for other uses, and accounting for the deliverability challenges that could be faced by average and poorer quality sites. Only 97ha of the current supply has been classified as good or very good, suggesting a potential shortfall of *quality* employment sites – capable of adapting to changing market demands – despite an apparent surplus in quantitative terms.

In purely quantitative terms, the above would imply that it would be reasonable for the Councils to consider identifying additional employment land in the emerging plan to ensure sufficient flexibility and choice and ensure that the supply of land does not constrain the continued growth of the local economy. This is only reinforced when considering the specific need for land suitable for:

Offices, where supply appears quantitatively sufficient to meet future demand but it is apparent that under closer examination there is likely to be a shortfall of land to meet needs. This recognises that the quantified supply relies to a large extent on Keele Science Park and a notably diminishing supply of land in Hanley city centre and Newcastle-under-Lyme town centre. The Councils are advised to therefore closely monitor the availability of other sites which could provide higher quality office space, in central or more peripheral locations where they are considered to represent an appropriate use;

Warehouses, where the sizeable need that could result from a continuation of past take-up trends may not be met through the rapidly diminishing supply in locations attractive to the market – such as Chatterley Valley, Etruria Valley / Festival Park and Trentham Lakes – that have recently accommodated much of this development. This suggests that the Councils should consider identifying further sites, with a particular focus on land capable of accommodating increasingly large warehouses to supplement existing, smaller sites, reflecting strong evidence of continued market demand; and

Industrial premises, where the supply appears reasonable in quantitative terms but lacking in quality with issues around market demand, location and deliverability. The Councils may wish to consider the extent to which higher scoring sites identified in the potential future supply could offer additional flexibility, in response to a proven need and demand.

Considering the potential for strategic sites

This report has also raised the prospect of identifying – through the Local Plan process – a new strategic site, or sites, in response to evidenced need and demand from logistics operators seeking large plots of land close to the motorway network. This follows the identification of a potential shortfall of land suitable for warehouses in established locations, relative even to local needs, and acknowledges further evidence of a regional shortage of such land across the West Midlands.

Aspinall Verdi have in this context assessed further sites identified by the Councils and deemed capable of potentially meeting this need, based on specific criteria, using the scoring framework applied for the current supply. This indicates that a number of sites – currently designated as Green Belt – warrant further consideration from the Councils as they develop the Joint Local Plan, with such a process naturally also requiring appraisal of the justification for changing Green Belt boundaries.

Site Assessment Criteria

The following site scoring criteria were provided by the Councils and used by Aspinall Verdi in their updated assessment of the Councils' identified supply of employment sites. It should be noted that individual judgements as to the score ascribed were made by Aspinall Verdi where the criteria could not be directly applied for a specific site – where it is not possible to evaluate building age on a site with no buildings, for example – with the overall score, and the site's general attractiveness relative to others assessed, taken into account in applying such judgements.

Site Assessment Criteria

Market Signals	Score
Development opportunities	
Space for expansion / new buildings without having to re-develop / demolish existing buildings	5
Capacity to significantly expand / extend / intensify existing buildings on site as they are still appropriate / suitable for the site	4
Area(s)/Site(s) with existing building(s) that have the potential to be redeveloped	3
Limited space for minor extension(s) to existing buildings	2
No space to expand / opportunity sites within / adjacent to the site	1
Nature of current and potential market appeal to occupiers	
High Level of National and International Companies	3
Limited presence of National and International Companies	2
No national or international companies, exclusively Staffordshire based	1

Existing evidence of and/or potential for clustering effect	
A large cluster of high tech / value businesses providing for specific niche or sector in the market	4
A large cluster of low tech / value businesses	3
A small cluster of related businesses	2
The site is a single building with no clustering effect	1
Current vacancy levels / perceived market demand	
90 - 100% occupancy	5
80 - 90% occupancy	4
60 - 80% occupancy	3
40 - 60% occupancy	2
Less than 40% occupancy	1
Physical Signals	**Score**
Prominence	
Visible from the major road network	5
Visible site on a main road or prominent estate	4
On a main road or prominent estate, but concealed away from view	3
Visible from a minor road or estate	2
Accessible from a residential road with no visible entrance	1
Building Age	
Post 2010	5
2000- 2010	4
1990- 2000	3
1970-1990	2
Pre 1970	1
Condition of premises / ground condition	
Good	4
Average	3
Poor	2
Derelict	1
External Environment	
Excellent quality environment	5
High quality environment	4
Average quality environment	3
Below average quality environment	2
Poor quality environment	1
Sustainability Signals	**Score**
Strategic Access	
Within 1 km of a strategic road junction	5
Within 2 km of a strategic road junction	4

Within 3 km of a strategic road junction	3
Over 3 km from junction or access and / or through constrained / local roads / or through city/town centre or residential areas	2
Over 5 km from junction or access and / or through constrained / local roads / or through city/town centre or residential areas	1
Local Access	
Easy access to strategic road network with no congestion hotspots on route	4
Site only has one congestion hotspot on route to the strategic road network	3
Site has multiple congestion hotspots on route to strategic road network	2
The site is either: directly adjacent to a congestion hotspot and has multiple hotspots on route to strategic road network or; its main access route(s) are unsuitable for the type of traffic it takes and has multiple congestion hotspots on route to strategic road network	1
Public Transport	
Within a 10 min walk of main bus route, train station or cycle lanes	3
Greater than a 10 min walk of main bus route, train station or cycle lanes	2
No services within close proximity	1
Proximity to urban areas and access to labour and services	
Adjacent to a City, Town, District or Local centre; good pedestrian access residential areas and regular public transport	5
Near to a City, Town, District or Local centre; good pedestrian access residential areas and regular public transport	4
Easy site access to a City, Town, District or Local centre; and with reasonable access to local services and regular public transport	3
City, Town, District or Local centre is not easily accessible with limited access to local services and regular public transport	2
Remote site, no services or residential areas in the vicinity	1

Site Assessment Proformas

Sector to Use Class Matrix

	Offices B1a/b	Industrial B1c/B2	Warehouse B8	Non-B
Accommodation & food service activities	0%	0%	0%	100%
Administrative & support service activities	80%	0%	0%	20%

Agriculture, forestry & fishing	0%	0%	0%	100%
Arts, entertainment & recreation	0%	0%	0%	100%
Construction	0%	0%	5%	95%
Education	0%	0%	0%	100%
Financial & insurance activities	80%	0%	0%	20%
Human health & social work activities	0%	0%	0%	100%
Information & communication	80%	0%	0%	20%
Manufacturing	0%	90%	10%	0%
Mining & quarrying	0%	0%	0%	100%
Professional, scientific & technical activities	90%	0%	0%	10%
Public administration & defence	50%	0%	0%	50%
Real estate activities	80%	0%	0%	20%
Transportation & storage	0%	0%	75%	25%
Utilities	0%	0%	0%	100%
Wholesale & retail trade; motor vehicles	0%	0%	20%	80%

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