

Technical Cover Paper for Stoke-on-Trent

Housing and Economic Needs Assessment

March 2021



City of
Stoke-on-Trent

Contents

1. Introduction 1
2. Recent Trends in the Economy and Housing Market 1
3. Future Employment Growth 4
4. Future Housing Needs 6
5. Need for Employment Land 16
6. Summary 20

Introduction

Stoke-on-Trent City Council ('the Council') last year partnered with Newcastle-under-Lyme Borough Council to commission joint evidence on the housing and economic needs of their shared geographic area, which culminated in the production of two reports dated June 2020¹.

These reports were intended to form part of the evidence base for a joint Local Plan, with their conclusions therefore focusing on the collective features and needs of the whole area. A decision has since though been made to advance separate Local Plans.

The Council has, in this context, commissioned Turley to produce this further paper, which builds from the existing reports but aims to more clearly draw out the findings and implications for Stoke-on-Trent specifically. This is intended to assist the Council as it approaches an initial consultation on issues and options for its own Local Plan.

This paper does not attempt to account for new data that has been released since the reports were originally prepared nor reflect an economic context that continues to evolve and remains severely impacted by the coronavirus pandemic, the recovery from which should be continuously monitored by the Council as advised in the original reports. This paper does, however, acknowledge a change in the standard method of assessing housing need – announced in December 2020 – given its direct implications for Stoke-on-Trent. The paper is structured as follows:

Section 2 – Recent Trends in the Economy and Housing Market – a summary of the key trends that have recently emerged in Stoke-on-Trent, where the Housing Needs Assessment (HNA) and Economic Needs Assessment (ENA) previously described trends across the whole area including Newcastle-under-Lyme;

Section 3 – Future Employment Growth – an overview of the approach to forecasting future job growth, specifically in relation to Stoke-on-Trent;

Section 4 – Future Housing Needs – a summary of conclusions on the overall number of homes needed in Stoke-on-Trent, also considering the implications of the newly-revised standard method. Conclusions on the size and type of housing needed, the need for affordable housing and the specific needs of different groups are also summarised;

Section 5 – Need for Employment Land – an overview of the evidenced need for employment land in Stoke-on-Trent, when existing supply is balanced against future demand;

Section 6 – Summary – a concise summary of this paper, with explanation of its implications for the emerging Local Plan for Stoke-on-Trent.

Recent Trends in the Economy and Housing Market

¹ Turley (June 2020) Housing Needs Assessment: Newcastle-under-Lyme and Stoke-on-Trent; Turley (June 2020) Economic Needs Assessment: Newcastle-under-Lyme and Stoke-on-Trent

Section 2 of the HNA and various sections of the ENA² respectively summarised recent trends in the housing market and local economy of Stoke-on-Trent, particularly focusing on change in the years since the Council last updated its evidence base. This report identifies the key trends of relevance to Stoke-on-Trent, and signposts through footnotes where this analysis can be found in each report.

Recent trends in the housing market

The housing stock of Stoke-on-Trent has continued to grow in recent years, with an average of 761 dwellings per annum provided since 2015 – the last year covered in the Strategic Housing Market Assessment³ (‘the SHMA Update’). As many as 1,008 homes per annum have actually been provided in this time, this recently unprecedented level being achieved in the last year for which data was available at the time of drafting (2018/19), albeit this is understood to include a sizeable amount of student accommodation⁴.

The size and profile of new homes provided has had a very limited impact on the overall make-up of the housing stock, as would be expected, with semi-detached and terraced housing remaining dominant. There appears to have been particularly notable growth in the stock of flats, but they remain less prevalent than seen nationally or regionally⁵.

The population of Stoke-on-Trent has continued to steadily grow, but this has latterly slowed. International migration continues to be a key driver, peaking in 2015/16 with the attraction of Bulgarian and Romanian nationals but since reducing⁶. Births continue to outnumber deaths, albeit to a lessening extent, and more people generally leave Stoke-on-Trent – to neighbouring Newcastle-under-Lyme and Staffordshire Moorlands, for example – than move in from elsewhere in the UK⁷. There has, though, been a notably smaller outflow of young people aged 16 to 24 in recent years even if this has not prevented a slight reduction in the proportionate representation of such residents⁸. In contrast, those aged 65 and over – and to a lesser extent families aged 25 to 39, and under 16 – account for a growing share of the population in Stoke-on-Trent.

House prices and rents have both risen in recent years, suggesting a degree of imbalance between supply and demand. Over the period to 2019, the average price paid for housing has risen by almost a quarter (24%) since calculated in the 2015 SHMA, for the twelve months to August 2014, and while this outpaced the growth seen nationally house prices remain relatively low in

² Sections 4, 5 and 6

³ Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council

⁴ See paragraphs 2.3 to 2.6, and Figure 2.1, of the HNA

⁵ See Figures 2.2 and 2.4 of the HNA

⁶ See Figure 2.11 of the HNA

⁷ See Figures 2.10 and 2.12 of the HNA

⁸ See Figure 2.14 and Table 2.1 of the HNA

this context⁹. The relationship between house prices and earnings has also been relatively stable, the affordability of housing in this area being an important defining feature of the market¹⁰. The average price paid in 2019 was also nearly a quarter lower than the equivalent figure for Newcastle-under-Lyme, with evidence that Stoke-on-Trent accounted for a larger share of the lower value transactions across the combined geography which tended to involve terraced houses¹¹.

Recent economic and commercial market trends

Stoke-on-Trent has seen sustained employment growth in recent years, with the average creation of 1,630 jobs per annum since 2009 meaning that growth has accelerated far beyond the forecast favoured in the 2015 Employment Land Review¹² (ELR). This has spanned a range of sectors, including health – following investment at the Royal Stoke University Hospital – logistics, IT and construction¹³, but public services, wholesale and retail continue to account for the largest shares of all jobs in Stoke-on-Trent. 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 low¹⁴.

The resident labour force has responded positively to this improving economic context, with the rate of unemployment in Stoke-on-Trent – yet to show the impact of the coronavirus pandemic when the ENA was drafted – having markedly fallen to a record low as of 2019¹⁵. A growing proportion of residents were working in higher paid roles to that point, with their average earnings rising as a result, and an increasing number were highly qualified with fewer possessing no qualifications¹⁶. Large parts of Stoke-on-Trent remain highly deprived in a national context, however¹⁷.

New offices, warehouses and industrial premises have been recently delivered in Stoke-on-Trent, at a gross rate of circa 49,500sqm per annum¹⁸, but existing space has also been lost. Stoke-on-Trent continues to be defined by its offer of industrial space, with some 650,000sqm – as of 2020 – spread throughout the city but particularly clustered to the south¹⁹. Much of this industrial space is dated – with this reflected in a sustained loss of a proportion

⁹ See Table 2.2 of the HNA

¹⁰ See Figure 3.1 of the HNA

¹¹ See Figures 2.17 and 2.19 of the HNA

¹² NLP (2015) Newcastle-under-Lyme and Stoke-on-Trent Joint Employment Land Review. The comparison is made with actual job growth at Figure 4.3 of the ENA

¹³ See Table 4.2 of the ENA, and paragraphs 4.12 to 4.13

¹⁴ See Table 4.3 of the ENA

¹⁵ See Figure 4.10 of the ENA

¹⁶ See Figure 4.11, Table 4.5 and Table 4.6 of the ENA. While the former is not broken down to Stoke-on-Trent alone, a review of the underlying data confirms a similar trend to the whole study area

¹⁷ See Figure 4.12 of the ENA

¹⁸ See Table 5.3 of the ENA

¹⁹ See Table 5.1 and Figure 5.8 of the ENA

of this space annually – but recent provision notably appears to have enabled a slight improvement in quality²⁰. There is proportionately less office space in Stoke-on-Trent than seen nationally or in some neighbouring areas, with such space mainly concentrated in Hanley, and while it continues to be provided – including through a small number of large schemes – it is also being lost to other uses²¹. The delivery of new warehousing space is far outpacing the rate of loss and markedly growing the stock of such premises in Stoke-on-Trent, reaching some 1.15 million sqm as of 2020. This is largely concentrated along the A500 and is locally unique in being of relatively high quality²².

Trends in market activity have varied between different types of commercial property. The take-up of industrial and warehousing premises – which cannot be separated in this particular analysis – appears to have peaked around the point at which the 2015 ELR was published, with the slowdown appearing to have been driven by an overall lack of availability (across existing and new premises) rather than reducing demand given that the A500 and A50 are, along with the M6, still viewed as premier locations for distribution in particular. In contrast, Stoke-on-Trent has continued to see a relatively large number of increasingly sizeable office transactions, prior to a flurry of smaller premises being leased in 2019. Availability rates for offices 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, potentially due to the provision of quality new space and the extremely low availability rate. Availability has also reduced across industrial premises, in a fundamental change from the trend observed in the last ELR, and while this has led to a rise in average rents they remain relatively low due to the “sub-prime” nature of the market.

Future Employment Growth

In assessing the future demand for employment land, the ENA acknowledged that various approaches are suggested by Planning Practice Guidance (PPG) including the use of employment forecasts²³. Such forecasts also have value in assessing housing needs, acting either as a reference point or an input assumption to understand the number of homes that could be needed to support a particular level of employment growth.

On this basis, and in response to the PPG, three forecasts were obtained from the leading providers – Experian, Cambridge Econometrics and Oxford Economics – to inform the ENA, and the HNA in turn. They offer divergent views on the potential for job growth across the study area and in Stoke-on-

²⁰ See Figures 5.12, 5.14 and 5.16 of the ENA

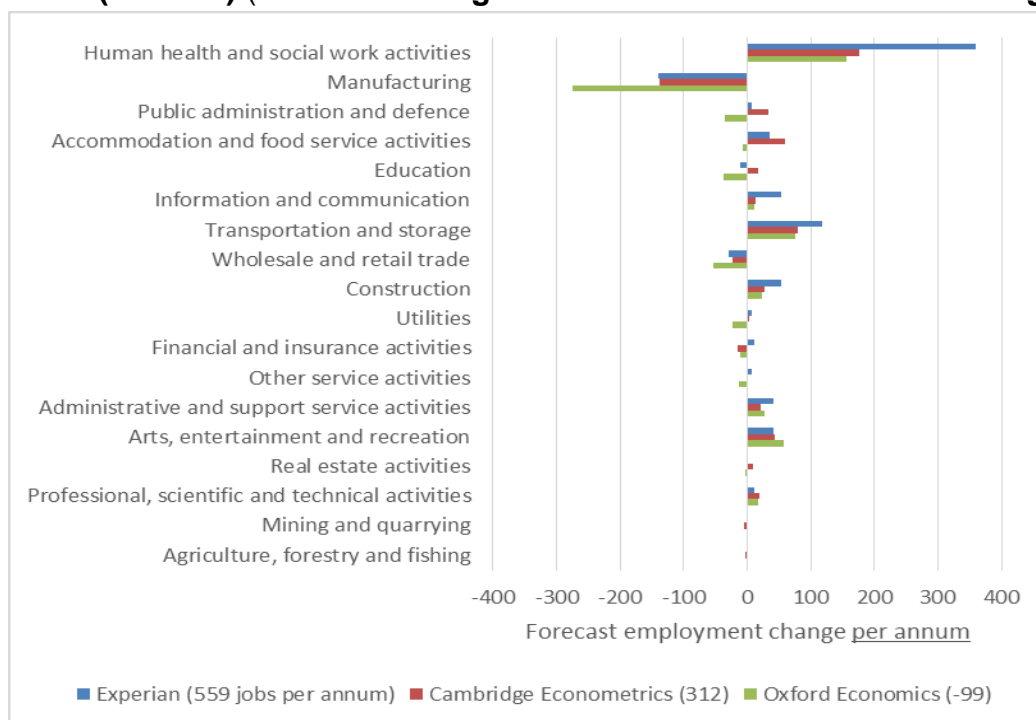
²¹ See Figure 5.7, Figure 5.11, Table 5.3 and Figure 5.16 of the ENA

²² See Table 5.1 and Figures 5.9, 5.10 and 5.14 of the ENA

²³ PPG Reference ID 2a-02920190220

Trent, as was the case when the last ELR was prepared. Experian forecast an additional 559 jobs annually in Stoke-on-Trent – driven by health and logistics especially – but Oxford Economics imply that 99 jobs will be *lost* each year, with a more pronounced reduction in the manufacturing sector for example. Cambridge Econometrics forecast a level of growth within this range, at circa 312 jobs per annum.

Comparing Employment Growth Annually Forecast by Sector in Stoke-on-Trent (2020-37) (Greatest divergence is shown at the bottom of the graph)



Source: Experian; Cambridge Econometrics; Oxford Economics; Turley analysis
See also **Figure 8.1** of the ENA

The more negative outlook of the Oxford Economics forecast does, however, appear influenced by an underlying assumption of population decline – shown at Figure 8.2 of the ENA – which appears unlikely to materialise. This forecast can be justifiably given less weight for this reason alone.

Even the remaining forecasts, from Experian and Cambridge Econometrics, require careful and critical consideration given the limitations brought about by their “top-down” methodologies. This has previously 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 the Experian forecast 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 where around 1,610 jobs per annum have been created on average between 2009 and 2018;

An earlier Experian forecast, presented in the last ELR, successfully predicted the job growth that has occurred in recent years with a strong degree of 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 area covered by the Stoke and Staffordshire Local Enterprise Partnership²⁴ (LEP). While an appropriate baseline, under which **559 jobs per annum** could be created in Stoke-on-Trent over the period covered by the ENA (2020-37), the assumption that the recent rate of job growth across its study area will more than halve presents a challenge to the ambitious economic strategy outlined to date by the Council and the LEP and the continuing programme of investment aligned to this strategy.

A more optimistic version of this Experian forecast has therefore been developed, by adjusting the outlook for individual sectors based on an area-wide comparison with the past trend and the occasionally more optimistic Cambridge Econometrics forecast. Put simply, this allows – at the study area scale²⁵ – for the continued success of sectors that have recently grown in an economically buoyant period, particularly where this other forecasting house is also more optimistic on their prospects for future growth. Across the whole study area, these adjustments most notably affect the outlook for manufacturing, wholesale, retail, education and professional services. This approach deliberately differs from the “policy-on” scenario developed through project-specific adjustments in the last ELR, where such scenarios are not necessarily advised or required by the PPG and often have their own limitations²⁶.

Where this approach was developed and justified for the study area as a whole, it can be observed that the adjustments elevated the Experian baseline by nearly half to suggest that 1,179 jobs per annum could be created annually over the period covered by the ENA (2020-37). The effect is slightly more pronounced for Stoke-on-Trent, raising the baseline by circa 62% to imply that some **903 jobs per annum** could be created. This significantly reduces the implicit fall from the recent trend, but importantly does not preclude the Council from choosing to plan for a still higher level of job growth – closer to this past trend – should this better reflect its ambitions.

Future Housing Needs

²⁴ Summarised in section 3 of the ENA

²⁵ The mechanics of this adjusted forecast mean that although it is designed to be optimistic, there are positive and negative adjustments applied to sectors in each area with the implication that some jobs are redistributed between Stoke-on-Trent and Newcastle-under-Lyme. This was inconsequential at the time that the approach was developed, when the two authorities were being considered jointly, and has not been revisited since the decision was made to advance separate Local Plans

²⁶ See paragraph 8.28 of the ENA

Overall number of homes needed

The revision of the National Planning Policy Framework (NPPF) in July 2018 introduced a new, standard method for determining '*the minimum number of homes needed*', and it continues to make clear that '*strategic policies should be informed by a local housing need assessment*' conducted through this method²⁷. The related PPG emphasises that the method provides only a '*minimum starting point in determining the number of homes needed in an area*', requiring plan-makers to assess the existence of circumstances that justify planning for a higher – or exceptionally, lower – level of housing need than the standard method suggests²⁸.

The HNA confirmed that the standard method implied a minimum need for **855 dwellings per annum** across the study area, inclusive of **500 dwellings per annum** in Stoke-on-Trent, at the time of drafting in mid-2020. While this has since evolved – a point returned to later in this section – the combined figure at that time was observed to align precisely with the housing requirement jointly adopted through the Core Spatial Strategy in 2009, and was also identical to the average rate of delivery across the study area between 2013 and 2019. This was not necessarily the case for Stoke-on-Trent alone, however, with its existing housing requirement slightly higher at 570 dwellings per annum and an average of 693 homes having been delivered annually over this six year period. The HNA presented demographic modelling²⁹ which suggested that simply meeting the minimum need then implied by the standard method, across the whole study area, would slow the population growth that had recently occurred and allow the population to grow by only 2% over the period from 2020 to 2037. Equivalent modelling is available for Stoke-on-Trent alone, also extending to cover the longer period to 2040 since chosen by the Council. It suggests that the city's population could grow at an even slower rate of 1% were only 500 dwellings per annum provided to either 2037 or 2040, and an assumed recovery in the rate of younger household formation materialises³⁰.

The modelling implies that this is due to demographic changes in the existing population absorbing much of the capacity brought by these new homes, leaving little headroom to attract additional residents such that a continued net outflow of people from Stoke-on-Trent appears likely in this scenario. Despite allowing for some growth in younger people aged 16 to 24, the working age population as a whole – aged 16 to 64 – appears unlikely to grow where only 500 dwellings per annum are provided, but the older population could grow by almost a quarter. This is shown by the following table, which mirrors Table 3.3 of the HNA and adds outputs for 2040.

²⁷ MHCLG (2019) National Planning Policy Framework, paragraph 60

²⁸ PPG Reference ID 2a-010-20201216

²⁹ See paragraphs 3.28 to 3.31 of the HNA, and its Appendix 1

³⁰ Paragraph 3.29 of the HNA explains the positive adjustments made to younger household formation rates within the modelling

Modelled Impact of Providing 500 Dwellings per Annum on the Population of Stoke-on-Trent (2020-2037/40)

	2020*	2037	Change % 2020-37 change		2040	Change % 2020-40 change	
15 and under	52,642	47,512	-5,129	-10%	48,276	-4,366	-8%
16 to 24	29,473	32,442	2,969	10%	31,532	2,059	7%
25 to 39	53,785	51,519	-2,266	-4%	53,114	-672	-1%
40 to 64	77,140	73,130	-4,011	-5%	73,297	-3,844	-5%
65 and over	44,471	54,756	10,285	23%	55,081	10,610	24%
Total	257,511	259,359	1,848	1%	261,300	3,788	1%
16 to 64	160,399	157,091	-3,308	-2%	157,942	-2,456	-2%

Source: Edge Analytics, 2020* Modelled

The HNA proceeded to estimate the number of additional jobs that could be created in such a scenario, by applying reasonable and evidence-based assumptions on unemployment, economic participation, commuting and the holding of second jobs³¹. Its Table 3.4 suggested that **circa 340 jobs per annum** could be supported throughout the study area to 2037 where housing provision was limited to the then-outcome of the standard method. This included **circa 163 jobs per annum** in Stoke-on-Trent, which modestly rises to **around 197 jobs per annum** when considered over a slightly longer plan period (2020-40). Each figure is markedly lower even than the baseline employment forecast sourced from Experian and introduced in section 3 of this paper, which anticipates 559 jobs per annum in Stoke-on-Trent, albeit this only forecasted job growth out- to 2037.

With the standard method observed as being deliberately reflective of past trends, the HNA referenced the 2017 SHMA Update – where this continues to provide useful context according to the PPG³² – and highlighted its similar conclusion that simply sustaining past demographic trends in the study area would likely not provide the labour force necessary to support a reasonable level of future job growth therein.

The HNA, in this context, presented further modelling linked to the employment growth scenarios introduced in section 3 of this paper. They suggested that around **1,220 dwellings per annum** could be needed throughout the study area to support the baseline Experian forecast, rising to **1,520 dwellings per annum** to support the higher job growth scenario. This range notably framed the level of housing need concluded in the 2017 SHMA Update (1,390dpa) where it is based on updated information but similar principles, being linked to assumptions on future job growth. Provision of this scale would boost the recent rate of housing delivery, in line with the objectives of the NPPF, and while reliant on above-trend – if not unprecedented – levels of in-migration provision

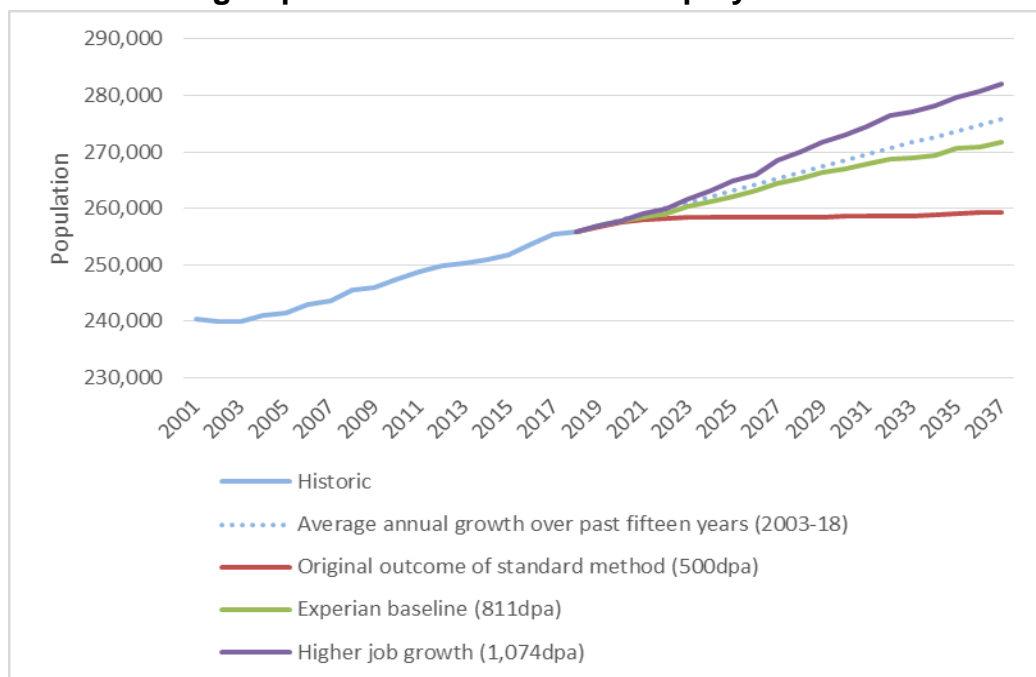
³¹ Outlined at paragraph 3.37 of the HNA

³² PPG Reference ID 2a-010-20201216

within the range would essentially sustain the long-term rate of population growth across the whole study area.

Table 4.5 presented the implied split between the two authorities reflecting the scale of job growth respectively forecast in each area and their underlying demographic characteristics. It suggested that **811 dwellings per annum** could be needed in Stoke-on-Trent to support job growth in line with the Experian forecast, but that circa **1,074 dwellings per annum** could be needed to support the higher job growth scenario. The horizon of the employment forecasts means that this modelling runs only to 2037, and cannot currently be extended to 2040. Either scenario would boost housing supply in Stoke-on-Trent, where an average of 693 dwellings per annum have been completed over the past six years and fewer (c.559dpa) have been provided on average over a longer-term period back to 2000. The lower scenario would broadly sustain the population growth recorded over the last fifteen years, as shown at Figure 4.1 below, whereas this would potentially accelerate under the higher growth scenario especially from 2026 onwards.

Benchmarking Population Growth under Employment-led Scenarios



Source: Edge Analytics; ONS; Turley analysis

See also **Figure 4.9** of ENA

The HNA concluded, at the time, that the standard method did not appear fully representative of housing needs in the study area, and suggested that the employment growth scenarios – both robust and justified in the context of national policy and guidance – could act as valuable reference points for the Councils as they exercised their judgement on the level of growth to be pursued through future plan-making.

Evolution of the standard method

The HNA did, however, also highlight the Government’s intention to imminently review the standard method. This process eventually commenced after the report was drafted, with a summer consultation on a new approach that the Government subsequently decided not to take forward³³. It instead chose to largely retain the existing method, with the sole addition of a 35% uplift for the authorities that predominantly cover the twenty most populous towns and urban centres. This list of the largest towns and urban centres is intended to be refreshed annually, to continuously reflect the latest population data, but currently requires 35% uplifts to be applied in all London boroughs and 19 other local authorities, including Stoke-on-Trent which ranks 14th in the list. It has fallen by only one place over the period since 2011, for which consistent data is available, and as of 2019 the population remains some 21% larger than Northampton, the most populated town currently outside the top twenty³⁴. This indicates that Stoke-on-Trent is likely to remain in the top twenty, and thus be required to apply the 35% uplift, for the foreseeable future.

The introduction of this additional uplift in December 2020 meant that there was then implied to be a greater need for **at least 675 dwellings per annum** in Stoke-on-Trent, albeit the need for the baseline to continuously reflect the ‘current year’³⁵ means that this has already risen slightly to **684 dwellings per annum** as of early 2021. This figure is once again likely to change – even if only modestly – when new affordability ratios are released on 25 March, but will thereafter be fixed until the end of the year.

Evolving Outcome of the Standard Method for Stoke-on-Trent

	June 2020*	December 2020	February 2021
1 Baseline: projected annual household growth ³⁶	484.4	484.4	491.3
2 Median affordability ratio, 2019	4.51	4.51	4.51
Adjustment factor (rounded, unrounded in calculation)	3.2%	3.2%	3.2%
Baseline with affordability adjustment	500	500	507
3 Latest adopted housing requirement	570	570	570
Notional cap, not applicable in this case	798	798	798
4 Cities and urban centres uplift	n/a	+35%	+35%
Adjusted baseline with uplift	n/a	675	684

³³ MHCLG (August 2020) Changes to the current planning system: consultation on changes to planning policy and regulations; MHCLG (December 2020) Government response to the local housing need proposals in “Changes to the current planning system”

³⁴ ONS (2020) Population estimates – small area based by single year of age, for “major towns and cities”

³⁵ PPG Reference ID 2a-004-20201216

³⁶ 2014-based household projections, over ten years from the ‘current year’ (2020 or 2021)

Minimum local housing need, per annum	500	675	684
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Source: MHCLG; ONS; Turley analysis*

Table 3.2 of the HNA

Equivalent modelling to that described above, for the previous outcome of the standard method, has not been produced to reflect the uplifted figure. It is nonetheless evident that this figure falls roughly midway between the outcome of the standard method when the HNA was prepared (500dpa) and the scenario linked to the baseline Experian forecast (811dpa). It logically follows that the population would, through the provision of up to 684 dwellings per annum, grow to a greater extent than appears likely if only 500 homes are provided each year. This means that more jobs could be supported through growth in the labour force, but this is unlikely to reach the level forecast by Experian where this is implied to need at least 811 dwellings per annum.

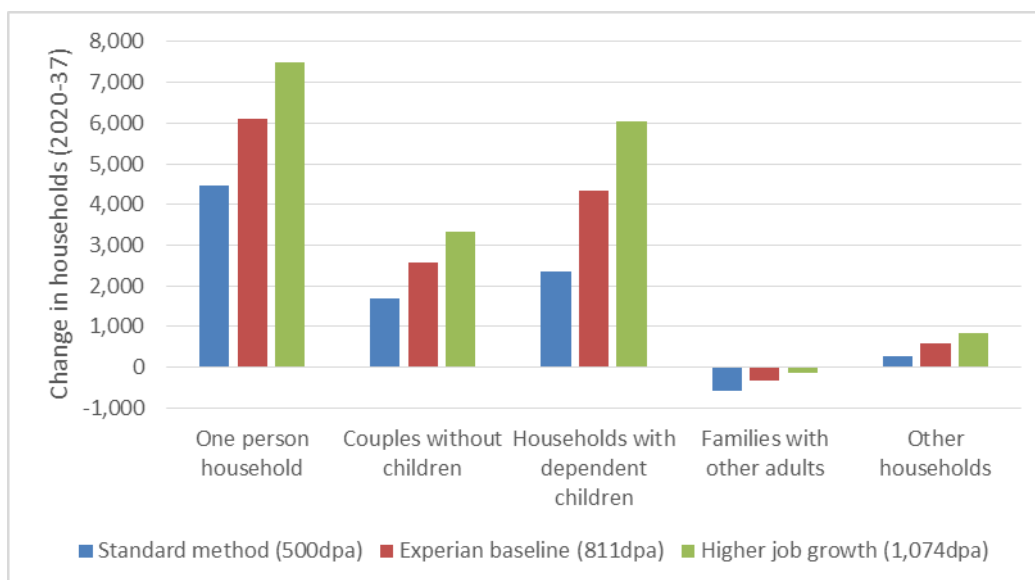
Size and type of housing needed

Beyond the overall number of homes needed, the NPPF requires assessment of the size and type of housing needed. The modelling presented in the HNA, and referenced in this paper, allows overall housing need to be segmented in this way.

The HNA anticipated substantial growth in the number of one person households living in its study area, alongside growth in the number of couples without children and households with dependent children. The scale of this growth varied depending on whether housing provision was assumed to align with the standard method or support either baseline or higher job growth, and Figure 4.2 below shows that the same is true for Stoke-on-Trent alone.

Supporting higher job growth, for example, would be expected to see more than twice the number of additional families than would result from the scenario then linked to the standard method.

Projected Change by Household Type (2020-37)



Source: Edge Analytics; Turley analysis - See also **Figure 5.2** of the HNA

Such different households naturally have varying requirements in terms of housing, Table 5.1 of the HNA showing that people living alone in Stoke-on-Trent tended to – though did not always – live in smaller homes for example. Households with dependent children and unrelated adults, in house shares for instance, were more likely to occupy larger properties. This is a reflection both of households’ ability to exercise choice in the market, and also the stock of housing available locally.

Table 5.2 of the HNA – replicated below – shows that a continuation of these local trends, robustly evidenced by the 2011 Census, could see most of the additional households forming in Stoke-on-Trent requiring two or three bedrooms. Although weighted towards the former (43/37%) under the scenario linked to the then-outcome of the standard method, this becomes gradually more balanced under the higher job growth scenario (41/40%). The proportion of households requiring at least four bedrooms also rises between these scenarios, with a modest fall in the proportion requiring only one bedroom.

Implied Size of Housing Required in Stoke-on-Trent (2020-37)

	Standard method (500dpa)	Experian baseline (811dpa)	Higher job growth (1,074dpa)
1 bed	14%	12%	11%
2 beds	43%	41%	41%
3 beds	37%	39%	40%
4+ beds	6%	7%	8%
Total	100%	100%	100%

Source: Turley; Edge Analytics; Census 2011

See also **Table 5.2** of the HNA

The HNA’s Table 5.3 estimates, based on the existing stock profile, that meeting this need in Stoke-on-Trent could require around three in four homes

(c.75%) to be houses, with circa 15% of households needing flats and around 10% requiring bungalows.

This does, however, offer only illustrative modelling of the available evidence, which can be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for all sites given the need to respond to changing market demands, local context and viability factors.

Consideration can also be given to other factors in establishing an appropriate mix, such as the Council’s long-held ambition to improve the quality of its housing offer, through the provision of so-called executive housing for example, as a means of satisfying the needs of higher earners that have historically tended to move elsewhere. The Council could justifiably pursue a policy-led approach that would provide a greater number of large homes in support of these aspirations, recognising that residents employed in certain higher paid roles – that are prevalent in sectors forecast to grow across the study area – currently show a greater tendency to occupy larger housing, as shown by Figure 5.5 of the HNA.

Need for affordable housing

Section 6 of the HNA applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated. The same approach was followed in the earlier 2017 SHMA Update, albeit its calculation was presented in an alternative form.

The first stage of the calculation established the scale and profile of affordable housing need in gross terms, capturing around 1,740 households in Stoke-on-Trent that were in the greatest need on the Council’s housing register. A further need for circa 992 affordable homes was also expected to arise each year, as new households form and existing households’ circumstances change.

Combined, these factors generated **a gross need for circa 1,095 affordable homes per annum** throughout Stoke-on-Trent over the period covered by the HNA (2020-37). Appendix 2 of the HNA showed that this underpinned by a particularly strong need for one bedroom properties, with a lesser – though still notable – need for two and three bedroom homes.

The PPG subsequently requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply for example. This indicated that around 956 affordable homes could become available annually in Stoke-on-Trent, this being slightly lower than the estimated gross need to suggest **a residual net need for 139 affordable homes per annum**. There is implied to be a shortfall of all but two bedroom properties, which is particularly acute for one bedroom homes as summarised below.

Affordable Housing Need in Stoke-on-Trent (2020-37)

	1 bed	2 beds	3 beds	4+ beds	Total
Total gross need over plan period	524	242	252	77	1,095
Estimated supply per annum	293	475	177	10	956

Net need per annum	231	-234	75	67	139
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Source: Turley analysis

See also **Appendix 2** of the HNA

This imbalance between the need for and supply of affordable homes, alongside evidence that the existing stock is incapable of accommodating a substantial backlog of households on the housing register, highlights the importance of ensuring that new supply is brought forward. This is also important where it is recognised that any erosion of the existing stock, through Right to Buy or reduced lettings in a single year for example, could swiftly result in a larger shortfall.

Consideration has also been given to the potential role of different affordable products in meeting the gross need that has been locally evidenced³⁷. The analysis in the HNA indicates that affordable rent is the only product, of those assessed, to require a lower income than would be required to access the open market, which acts as the threshold below which affordable housing is assumed to be needed. Other products, such as shared ownership and discounted market sale, can nonetheless be expected to play a role in the functional housing market – enabling movement which frees up more affordable homes, for example – even if their impact could be tempered by the application of discounts to new build properties that generally attract a premium.

Specific needs of different groups

The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. Sections 7 and 8 of the HNA therefore considered the specific needs of:

Older people, a growing cohort of the population that appears likely to grow further regardless of the future level of housing delivery³⁸. Table 7.3 of the HNA indicates that this growth, in Stoke-on-Trent alone, is assumed to generate an **additional need for circa 23-26 bedspaces in communal establishments**, that is excluded from the overall dwelling requirements specified earlier. Table 7.4 shows that a further annual demand for circa 66-75 units of other specialist elderly accommodation could also be anticipated, based on industry toolkits, but this is *included* in the assessed total need for dwellings;

People with disabilities, who in Stoke-on-Trent – and the study area as a whole – tend to live in private households rather than institutional accommodation³⁹. Nearly a quarter of residents are limited to some extent in their daily activities, but this increases markedly with age such that the growing elderly population alone is likely to increase the number of residents with disabilities⁴⁰. The Council should be aware of this growing need in establishing appropriate policies on new housing provision, but the continued adaptation of

³⁷ See paragraphs 6.31 to 6.50, and Tables 6.9 to 6.12, of the HNA

³⁸ See Figure 7.6 of the HNA

³⁹ See Figure 7.9 of the HNA

⁴⁰ See Figures 7.7 and Figure 7.10 of the HNA

existing homes – through Disabled Facilities Grants, for example – will also be necessary where funding is available given that new homes account for only a fraction of the overall stock;

Families with children, that often own their generally larger homes in Stoke-on-Trent but also rely to a notable extent on social housing and the private rented sector – more so than seen in Newcastle-under-Lyme⁴¹. The city could accommodate as many as 6,050 additional households with children over the plan period, and this cohort will likely maintain its representation as a proportion of all households under any of the scenarios presented in the HNA. This reaffirms the importance of providing sufficient larger housing, suitable for families, as part of any mix;

Privately renting households, which are likely to grow in number given projected growth in those household types – such as unrelated sharing adults and families – that currently show the greatest tendency to rent⁴². Demand for rented housing is also likely to grow where the area creates the new jobs envisaged within the ENA, as those roles that tend to be filled by privately renting individuals are currently prevalent in the sectors forecast to grow. This demand could be predominantly met through stock managed by private landlords, but the Council is advised to closely monitor the success of a pioneering Build to Rent scheme being delivered in the city centre to understand the potential role of such developments in meeting a continued local need for quality rented accommodation;

Students, who have fluctuated in number at Staffordshire University leading to a recent consolidation at the Stoke-on-Trent campus. While Covid-19 has created short-term uncertainty, the university does have growth plans, having approved an £80m investment in the campus that was paused when the HNA was drafted. The projections developed to 2037, in the HNA, primarily allowed for indigenous growth amongst residents of traditional student age, meaning that the realisation of significant growth in the student population could generate an additional need for housing that is not explicitly taken into account. The Council is advised to maintain dialogue with Staffordshire University to fully understand its long-term growth plans and their implications for the local housing market. In the short-term, there is unlikely to be a substantial need for new accommodation beyond that already in the pipeline, except where the Council wishes to support and encourage an improvement in the quality of provision or reduce pressure on the private housing market; and

Self-builders, that appear relatively small in number given that only 182 households in Stoke-on-Trent had registered their interest with the Council. The Council should nonetheless actively monitor the adequacy and number of plots

⁴¹ See Figures 8.1 and 8.2 of the HNA

⁴² See Figure 8.3 of the HNA

that are available for such housing, mindful of the general desire for larger homes amongst those expressing an interest⁴³.

Need for Employment Land

Current supply of employment land

With the market context having changed since the last ELR was prepared in 2015 – as summarised in section 2 of this paper – the current supply of employment land was reassessed by Aspinall Verdi in section 7 of the ENA.

This took account of the Councils' specified scoring criteria and their updated classification of sites⁴⁴.

This current supply was found – at Table 7.3 of the ENA – to offer circa 293.4ha of developable land throughout the study area, the majority (**228.7ha**) being located in Stoke-on-Trent with this largely comprised of vacant land within existing employment sites (162.5ha) and to a lesser extent sites with extant permission for employment use (66.2ha). There are no site allocations remaining in Stoke-on-Trent, as identified within the 2015 ELR.

This supply was evaluated by Aspinall Verdi, according to the Councils' criteria, with sites indicatively ranked – at a necessarily high level – against twelve measures linked to their market appeal, physical characteristics and sustainability⁴⁵. This indicates that good or very good sites account for around a third (77ha) of the current supply in Stoke-on-Trent, with most sites instead considered to be relatively average⁴⁶.

A similar process was 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 uses⁴⁷. It is now 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 largely attributable to Newcastle-under-Lyme, however, with only 26.2ha of such land identified in Stoke-on-Trent.

Estimating future demand

Section 8 of the ENA attempted to quantify the future demand for employment land and floorspace between 2020 and 2037, using the approaches suggested by the PPG and drawing upon the latest available evidence at the time. It was recognised that each approach has strengths and limitations, such that none should be viewed as definitive as some interpretation is necessary.

The PPG encourages the use of employment forecasts, the evaluation of which has already been introduced at section 3 of this paper. It also advocates demographically derived assessments of labour supply, albeit this is arguably redundant where the Council plans to deliver the housing that is needed to

⁴³ See Table 8.2 of the HNA

⁴⁴ See Paragraph 7.4 of the ENA

⁴⁵ See Appendix 1 of the ENA for a description of the criteria, also summarised at paragraph 7.16

⁴⁶ See Table 7.1 of the ENA

⁴⁷ See Table 7.3 of the ENA

support forecast job growth. Simply meeting the minimum need for housing implied by the standard method could, though, lead to a lower level of job creation which provides a reasonable basis for a “labour supply” scenario, even if this is now slightly outdated by the change in the standard method.

The jobs suggested by each scenario have been assigned to use classes, translated into floorspace and then land with allowances finally made for losses and flexibility. This suggests that circa 132ha of employment land could be needed under a labour supply scenario, rising to 137ha under the Experian forecast and 171ha under the higher job growth scenario. For Stoke-on-Trent alone, there is a range from **circa 84ha to 114ha**, a large component relating to warehouses (54-77ha) followed by industrial premises (10-27ha) and offices⁴⁸ (5-7ha). The estimated need for the latter would, however, significantly increase if lower density development prevails in business parks⁴⁹.

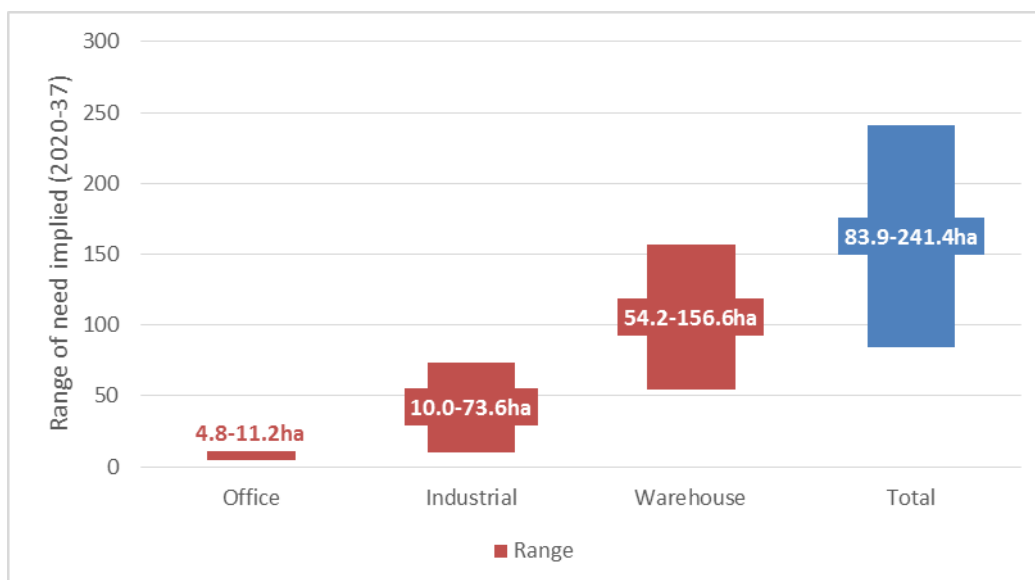
These scenarios have been complemented by an approach linked to past take-up, which is also supported by the PPG and suggests – based on the Council’s monitoring, consistent plot ratios and an allowance for flexibility – a higher need for around 275ha of land across the study area, the majority (**241ha**) relating to Stoke-on-Trent alone. This scenario likewise suggests a greater need for offices (11ha or more) and industrial premises (74ha) as well as warehouses (157ha), the latter reflecting the recent demand for and delivery of large logistics sites. Indeed, the scenario as a whole is based on – and thus extrapolates forward – a period of particularly strong job growth in Stoke-on-Trent. Sustaining this growth will evidently depend on the supply of accessible sites close to the strategic road network in particular.

Figure 5.1 below summarises the range created by the above scenarios for Stoke-on-Trent, in a comparable format to Figure 8.11 of the ENA.

Range of Employment Land Requirements for Stoke-on-Trent (2020-37)

⁴⁸ See Table 8.12 of the ENA

⁴⁹ See Figure 8.12 of the ENA



Source: Turley analysis

Balance between supply and demand

The overall need implied across the study area by any scenario could be met, in purely quantitative terms. Table 9.3 of the ENA shows that this is largely also the case for Stoke-on-Trent alone, with only the past take-up scenario – linked to a period of particularly strong growth – suggesting a shortfall of circa 12ha against the current supply of around 229ha.

The situation does, however, substantially change when removing:

The sites that were awaiting planning permission for other uses when the ENA was prepared⁵⁰;

Other sites that the Councils envisaged being developed for residential use⁵¹; and

The poorest quality sites that are most likely to face deliverability challenges in bringing forward employment space⁵².

The removal of these sites reduces supply to circa 206ha across the study area, including 150ha in Stoke-on-Trent, and this enlarges the city's shortfall against the past take-up scenario to some 92ha as summarised in Table 5.1.

Supply/Demand Balance for Stoke-on-Trent

	Estimated need (2020-37)	against current supply (228.7ha)	Surplus/shortfall..... ...with above sites removed (149.6ha)
Experian baseline	83.9ha	+114.8ha	+65.7ha
Labour supply	85.5ha	+143.2ha	+64.1ha
Higher job growth	114.0ha	+114.7ha	+35.6ha

⁵⁰ Outlined at paragraph 9.17 of the ENA, including three sites in Stoke-on-Trent with the largest some 52ha in size

⁵¹ Outlined at paragraph 9.19 of the ENA, including two sites in Stoke-on-Trent

⁵² Outlined, for Stoke-on-Trent, at paragraph 9.25 of the ENA

Past take-up	241.1ha	-12.4ha	-91.5ha
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Source: Turley analysis

See also **Tables 9.3 and 9.7** of the ENA

This suggests that it would be reasonable for the Council to consider identifying additional employment sites of high quality to provide sufficient flexibility and choice, and ensure that the supply of land does not constrain the further growth of the local economy.

This is only reinforced when considering the specific need for land suitable for: **Offices**, where supply across the study area appears quantitatively sufficient to meet future demand but closer examination reveals a likely shortfall of quality sites given the extent to which land at Keele Science Park makes up a significant proportion of the quantitative supply and the rapidly diminishing supply of land in Hanley town centre. The ENA identified in Stoke-on-Trent that the residual supply of undeveloped sites in and around the city centre suggest an available supply which is likely to fall short of need. This is likely to be exacerbated where a number of these sites are understood to be coming forward for mixed-use schemes in which office floorspace is a comparatively small component. 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 supply of sites limits the opportunity to service large scale requirements for office uses where these should arise in the future. The Council is advised to closely monitor the availability of other sites which could provide higher quality office space, in central or more peripheral locations as appropriate;

Warehouses, where the sizeable need that could result from a continuation of past take-up trends – a reflection of an evolving logistics market – may not be met through the rapidly diminishing supply in attractive locations that have recently accommodated much of this development such as Chatterley Valley, Etruria Valley / Festival Park and Trentham Lakes. It is noted in the ENA, for example, that a number of the larger sites remaining in and around Chatterley Valley are located in Newcastle-under-Lyme, with much of the land in Stoke-on-Trent in this location already subject to planning permissions and in the process of being built-out⁵³. The subsequently confirmed loss of the last large remaining site at Trentham Lakes, with permission recently granted for a residential-led scheme, also significantly diminishes the supply in this part of the A50 corridor. There does remain some capacity within Etruria Park (Festival Park) albeit again a number of sites are currently being built out eroding this supply further⁵⁴. This suggests that further sites could be identified, with a particular focus on land capable of accommodating increasingly large warehouses – that remain in demand – to supplement the existing smaller sites; and

⁵³ See paragraph 9.41 of the ENA

⁵⁴ See paragraph 9.43 of the ENA

Industrial premises, where the supply appears reasonable in quantitative terms but lacking in quality with issues around market demand, location and deliverability. Indeed it is observed in the ENA that most of these sites receive at best an average score in the assessment, with the better performing sites typically being smaller in size. The Council may wish to consider the potential of higher quality sites to offer additional flexibility, in response to a proven need and demand.

The potential for strategic sites

The ENA also raised the prospect of identifying a new strategic site, or sites, in response to the evidenced needs and demands of logistics operators seeking large plots of land close to the motorway network. Stoke-on-Trent has largely been responsible for meeting this need in recent years, through its delivery of strategic scale warehousing sites – as referenced in the findings above – but the supply in established locations is now largely exhausted with a shortfall also evident across the West Midlands.

The ENA evaluated eight sites that the Councils identified as being potentially capable of meeting this need, using the scoring framework applied to the current supply. All eight sites are located in Newcastle-under-Lyme, this reflecting the increasingly limited supply of large and strategically accessible sites in Stoke-on-Trent. It is anticipated that these sites – all currently designated as Green Belt – will be considered further through the plan-making process. The identification of any such strategic site and the implications this will have on the land supply in Stoke-on-Trent, and indeed wider changes to the location of employment opportunities, will need to be monitored by the Council in the development of its own Local Plan.

Summary

The HNA and ENA respectively highlight ongoing changes in the housing market and economy of Stoke-on-Trent, and demonstrate a need for new homes and employment space over the period to be covered by the new Local Plan.

The HNA references the standard method through which the minimum need for housing can be calculated. This figure – deliberately aligned with past trends, and flagged in the HNA as a potential underestimate in the case of Stoke-on-Trent – has since evolved and increased following the Government's review of the method in December 2020, albeit without reaching the level of need that the HNA suggested could result from even a baseline level of job growth reasonably forecast by Experian. As such, where Stoke-on-Trent continues to be successful in creating new jobs, the growing population appears likely to generate a greater need for housing – of all sizes and types – than implied even by the revised standard method. The separate calculation also suggests a continued need for affordable housing, to clear an existing backlog and meet newly arising need.

Stoke-on-Trent continues to possess a considerable supply of employment sites, albeit of variable quality. These sites could, in a quantitative sense, satisfy future needs under certain scenarios, but appear unlikely to support a continuation of the high take-up trends seen during a recently buoyant period – particularly where sites are lost to other uses or face deliverability challenges. The analysis in the ENA suggests a particular shortage of *quality* sites, adaptable to the changing requirements of individual businesses in locations that are attractive to the market. This is particularly apparent in the logistics market, where Stoke-on-Trent has recently offered strategic scale warehousing sites in attractive and accessible locations but now has few such sites remaining.

It is important to recognise that both the HNA and ENA were produced at a point in time, which unfortunately coincided with the onset of the coronavirus pandemic. While its long-term outlook, informed by long-term trends, provides a robust evidential basis to inform the early stages of the plan-making process, the Council is advised to keep the findings under review as it prepares its Local Plan, making refinements where new evidence becomes available. This process of monitoring and reviewing the evidence base will need to respond, for example, to indications from the local business community – and the commercial and residential market more generally – as to how the recovery from the pandemic, and associated investments, will impact on property and land requirements. This is likely to require a degree of flexibility in both the interpretation of the evidenced need and the associated process of plan-making.

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